UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934

Date of report (Date of earliest event reported): March 8, 2006

THE ALLSTATE CORPORATION
(Exact name of Registrant as Specified in Charter)

Delaware	**1-11840**	**36-3871531**
(State or other jurisdiction of organization)	(Commission File Number)	(IRS Employer Identification No.)

2775 Sanders Road **Northbrook, Illinois**	**60062**
(Address of Principal Executive Offices)	Zip

Registrant's telephone number, including area code: **(847) 402-5000**

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

o Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

o Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

o Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

o Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Section 8 – Other Events

Item 8.01. Other Events.

On March 8, 2006, the Registrant issued a press release announcing that it and its subsidiaries Allstate Life Insurance Company ("ALIC") and Allstate Life Insurance Company of New York ("ALNY") had entered into a definitive agreement ("Agreement") with Prudential Financial, Inc. and its subsidiary The Prudential Insurance Company of America (collectively "Prudential") for the sale pursuant to a combination of coinsurance and modified coinsurance reinsurance of substantially all of its variable annuity business. A copy of the press release is filed as Exhibit 99 to this report.

Total consideration is expected to be approximately $581 million, subject to adjustment for changes in equity markets and interest rates between the effective date of the Agreement and the closing of the transaction. ALIC has entered into an economic hedge that it believes will substantially reduce its economic exposure to the variability of this arrangement from the period between the effective date of the Agreement and closing. As a result of the modified coinsurance reinsurance, the separate account assets and liabilities will remain on the Registrant's consolidated statements of financial position, but the related results of operations will be fully reinsured to Prudential. The sale is expected to result in the recognition of a small gain, which will be amortized into earnings over the life of the Agreement. A level of cash or cash equivalents in an amount equal to ALIC's and ALNY's fixed (general) account liabilities of approximately $1 billion, net of the consideration, will be needed to settle the obligation to Prudential at closing under the coinsurance portion of the Agreement. An evaluation will occur in the first quarter of 2006 regarding available sources of funds for settlements, which may include such items as cash flows from operations, sales of existing investments or borrowings.

Under the Agreement, the Registrant, ALIC and ALNY will each indemnify Prudential for certain pre-closing contingent liabilities (including extra-contractual liabilities of ALIC and ALNY and liabilities specifically excluded from the transaction) that ALIC and ALNY have agreed to retain. In addition, the Registrant, ALIC and ALNY will each indemnify Prudential for certain post-closing liabilities that may arise from the acts of ALIC, ALNY and their agents, including in connection with ALIC's and ALNY's provision of transition services.

The terms of the Agreement will give Prudential the right to be the exclusive provider of its variable annuity products through the Allstate proprietary agency force for three years and a non-exclusive preferred provider for the following two years. During a transition period, ALIC and ALNY will continue to issue new variable annuity contracts, accept additional deposits on existing business from existing contractholders on behalf of Prudential and, for a period of twenty-four months or less, service the reinsured business while Prudential prepares for the migration of the business onto its servicing platform.

ALIC and ALNY have also agreed to continue to issue variable annuity contracts in the financial institutions channel for a period of at least thirty-three months and cede them to Prudential. The Agreement is subject to regulatory approval and is expected to be completed by the end of the second quarter of 2006.

In 2005, ALIC's and ALNY's variable annuity business generated approximately $278 million in contract charges on separate account balances of $14 billion and general account balances of $2 billion as of December 31, 2005. Separate account balances totaling approximately $1 billion related to the variable life business and three companies held for sale continue to be retained by ALIC.

Section 9 – Financial Statements and Exhibits

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits

Exhibit No.	Description
99	Registrant's press release dated March 8, 2006.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

THE ALLSTATE CORPORATION

By: /s/ Mary J. McGinn
Name: Mary J. McGinn
Title: Secretary

Date: March 13, 2006

NEWS

FOR IMMEDIATE RELEASE

Contact: Michael Trevino
(847) 402-5600

Allstate Signs Agreement for Reinsurance of Variable Annuities

Northbrook, Ill., March 8, 2006 — Today, The Allstate Corporation announced it has reached definitive agreements with Prudential Financial, Inc. for the reinsurance of its existing variable annuity business and for an exclusive distribution arrangement. The price for the entire transaction is $580.5 million and is subject to adjustment for market changes for the period between the execution date of the agreement and the closing date. The agreement is subject to regulatory approval and the transaction is expected to be completed by the end of the second quarter of 2006.

The company's variable annuity products, with approximately $16 billion in account values, are manufactured by Allstate Financial, the business segment that provides life insurance, retirement and investment products to individuals and institutional customers. As part of the transaction, Prudential Financial will become the exclusive provider of variable annuity products through Allstate's exclusive agency channel and will take on Allstate's distribution responsibilities in the broker-dealer channel. Allstate Financial will continue to market variable annuities through its extensive set of bank distribution relationships by transitioning to an Allstate-branded, Prudential designed variable annuity product.

"This transaction will enable Allstate Financial to dedicate additional resources and better deploy capital to a more focused portfolio of life insurance, fixed annuity and equity indexed annuity products where we have scale and significant market presence," said Casey Sylla, chairman and president, Allstate Financial. "It represents another action we are taking to deliver products and services on a more cost effective basis."

Prudential Financial will manufacture variable annuity products for sale through Allstate's proprietary distribution force, which consists of approximately 12,400 exclusive agency owners in the U.S. (8,000 of whom are licensed to sell securities products) and 1,300 exclusive financial service representatives for the next three years. After this exclusive period, Prudential Financial will be a non-exclusive preferred provider for the following two years.

"We are very pleased with this agreement and look forward to an outstanding relationship with Prudential Financial. We think it is a win for our business, our agency force and our customers. Allstate Financial can focus on leveraging our strengths in our core products."

After operating expenses and the amortization of deferred acquisition costs, the variable annuity business had historically only a minor contribution to Allstate Financial's operating results. The company expects to recognize a small GAAP gain on the transaction, which will be amortized into earnings over the life of the agreement.

Now celebrating the 75th anniversary of the founding of Allstate Insurance Company, The Allstate Corporation (NYSE: ALL) is the nation's largest publicly held personal lines insurer. Widely known through the "You're In Good Hands With Allstate®" slogan, Allstate helps individuals in approximately 17 million households protect what they have today and better prepare for tomorrow through approximately 14,100 exclusive agencies and financial professionals in the U.S. and Canada. Customers can access Allstate products and services such as auto insurance and homeowners insurance through Allstate agencies, or in select states at allstate.com and 1-800 Allstate®. Encompass℠ and Deerbrook® Insurance brand property and casualty products are sold exclusively through independent agents. The Allstate Financial Group provides life insurance, supplemental accident and health insurance, annuity, banking and retirement products designed for individual, institutional and worksite customers that are distributed through Allstate agencies, independent agencies, financial institutions and broker-dealers.

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