



# The Allstate Corporation

**Goldman Sachs 2022 US Financial Services Conference**  
**Tom Wilson, Chair, President and Chief Executive Officer**

12.7.2022

# Forward-looking Statements and Non-GAAP Financial Information

This presentation contains forward-looking statements and information. This presentation also contains non-GAAP measures that are denoted with an asterisk. You can find the reconciliation of those measures to GAAP measures within our most recent earnings release and investor supplement.

Additional information on factors that could cause results to differ materially from this presentation is available in the 2021 Form 10-K, Form 10-Q for September 30, 2022, our most recent earnings release, and at the end of these slides. These materials are available on our website, [www.allstateinvestors.com](http://www.allstateinvestors.com), under the “Financials” link.

# Allstate's Strategy To Increase Shareholder Value

## Increase Personal Property-Liability Market Share



Leveraging Allstate brand, customer base and capabilities



## Expand Protection Services



## Current Strategic Priorities

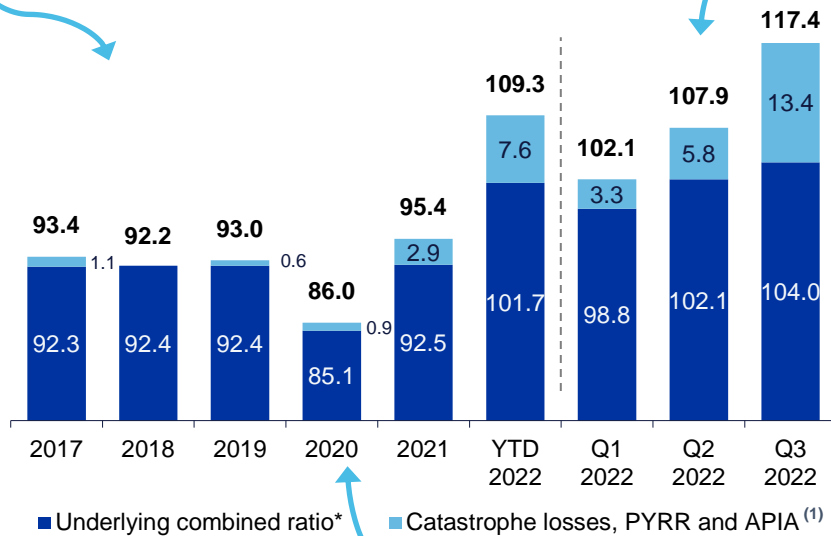
- Executing comprehensive plan to improve profitability
- Advancing Transformative Growth strategy
- Protection Services generating profitable growth
- Reducing investment portfolio exposure to higher interest rates and economic recession

# Industry-leading Auto Insurance Returns Impacted by Rising Loss Costs

Strong performance drives favorable combined ratio gap to industry of 6.5 points on average from 2017 - 2021

Margin pressure driven by rapid severity escalation beginning in 2021 and prior year reserve reestimates

Allstate Protection auto insurance combined ratio



Reduced auto accident frequency due to the pandemic

Executing comprehensive approach to restore auto margins to mid-90's combined ratio target:

**Rate Increases**

- Implemented Allstate brand rates 12.1% year to date (October) in 2022
- Anticipate meaningful rate increases to continue for remainder 2022 and into 2023

**Underwriting Actions**

- Implementing stricter auto new business underwriting requirements

**Expense Reductions**

- Achieved half of targeted ~6.0 point reduction in adjusted expense ratio\* from 2018 to 2024<sup>(2)</sup>
- Reducing advertising spend remainder of 2022

**Claims Excellence**

- Modifying claims practices to manage loss costs
- Leveraging scale, innovation and analytics to drive accuracy and operational efficiency

<sup>(1)</sup> Reflects combined ratio impact of catastrophe losses, prior year reserve reestimates and amortization of purchased intangibles

<sup>(2)</sup> A reconciliation of non-GAAP measure to the expense ratio, a GAAP measure, is not possible on a forward-looking basis because it is not possible to provide a reliable forecast of future expenses and targeted reductions as of the reporting date

# Broad Auto Insurance Rate Increases Will Continue Into 2023

Growth in average earned premium per policy is accelerating, but lags average gross premium due to 6-month policy terms

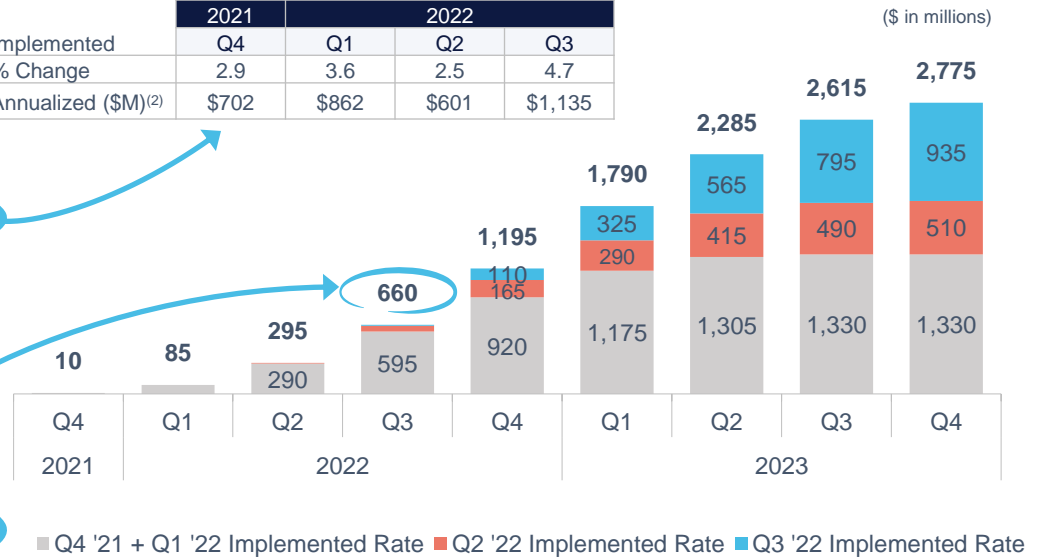
## Auto earned premiums lag implemented rate increases

Estimated Allstate brand auto earned premium from rates implemented over last 12 months<sup>(1)</sup>

	2021		2022	
Implemented	Q4	Q1	Q2	Q3
% Change	2.9	3.6	2.5	4.7
Annualized (\$M) <sup>(2)</sup>	\$702	\$862	\$601	\$1,135

Annualized Allstate brand rate increases of nearly \$3.3 billion<sup>(1)</sup> since the start of Q4 2021

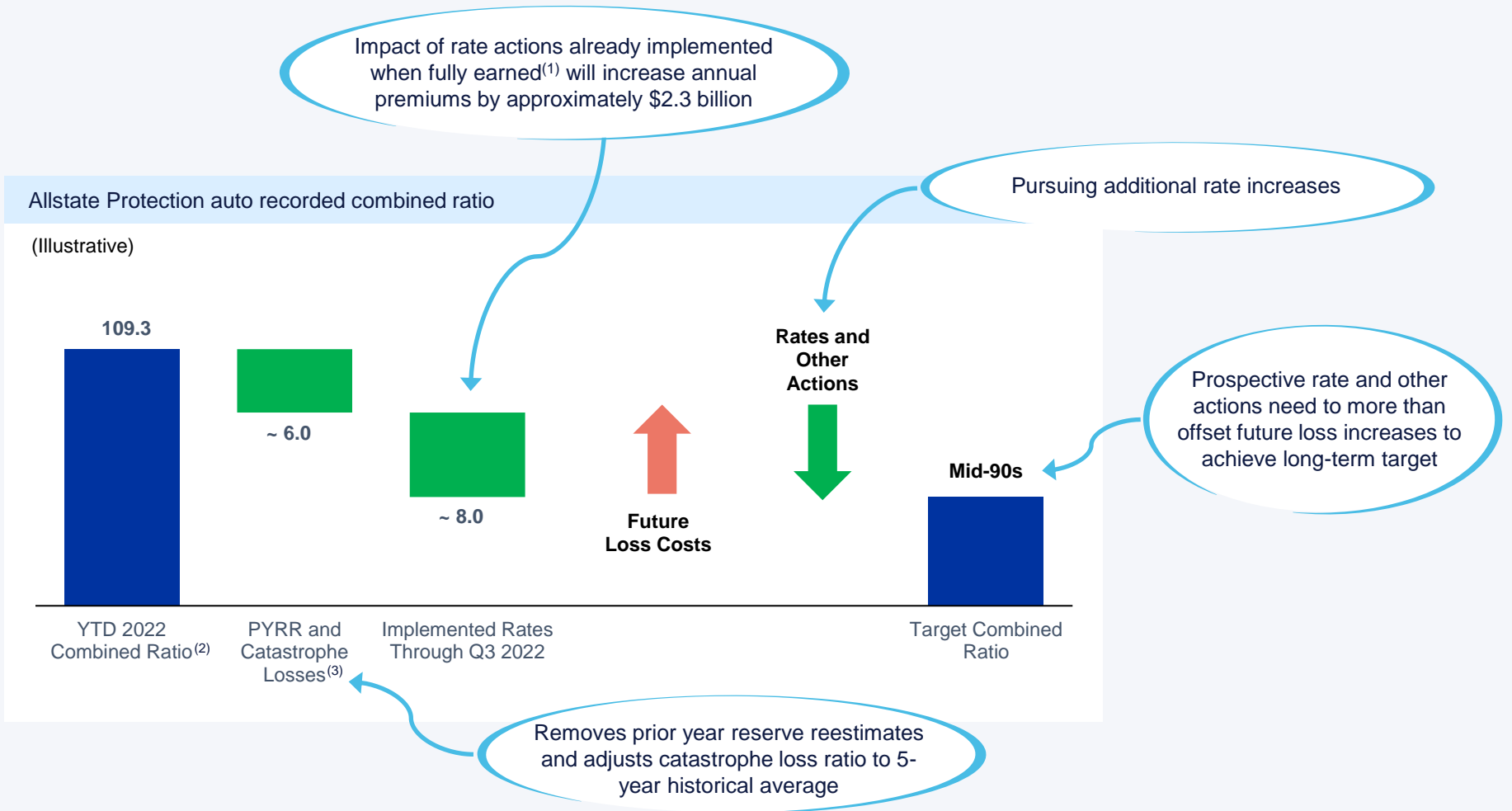
Rate increases implemented to date are influencing earned premium levels and anticipated to increase into 2023



<sup>(1)</sup> Estimated increase to earned premiums from rate increases implemented in Q4 2021, Q1 2022, Q2 2022 and Q3 2022 assuming 85% translates into written and ultimately earned premiums

<sup>(2)</sup> Leverages prior year end written premium to estimate annualized impact from implemented rate in each quarter. Actual amounts will be based on retention and mix of customers

# Rate Actions to Date Will Improve Auto Insurance Profitability; Additional Actions Needed to Offset Future Loss Cost Increases



<sup>(1)</sup> Estimated increase to earned premiums from rate increases implemented assuming 85% translates into written and ultimately earned premiums

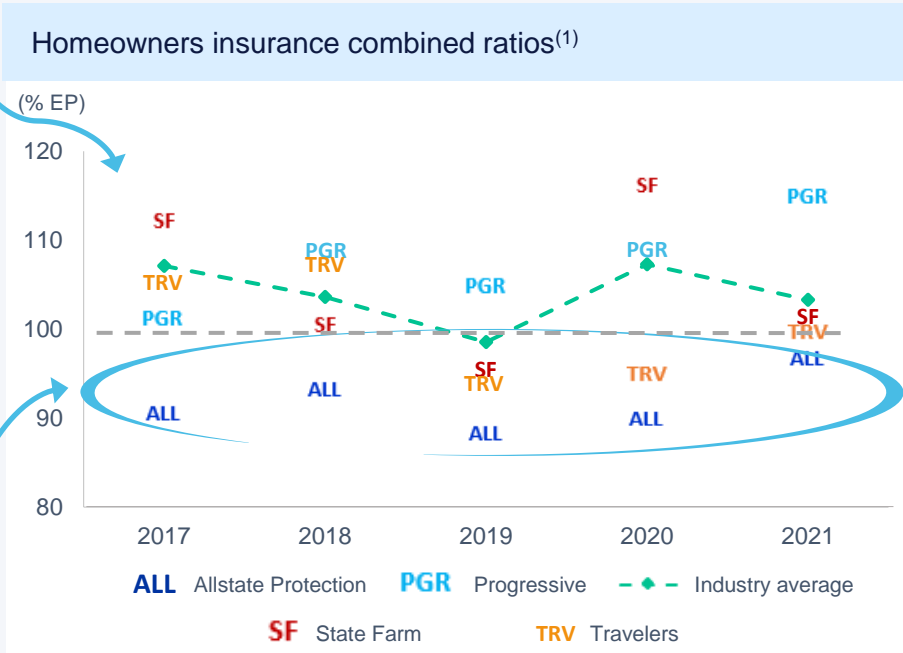
<sup>(2)</sup> Reflects year to date combined ratio through September 2022

<sup>(3)</sup> Adjusts combined ratio for impact of prior year reserve reestimates year to date and normalizes impact of catastrophe losses to average of the last 5 years

# Homeowners Insurance Generates Attractive Returns

Homeowners insurance combined ratio ~12.0 points better than industry average from 2017 - 2021

Increased average premiums, primarily due to inflation in insured home valuations and implemented rate increases



Allstate Protection homeowners operating statistics

	Q3 2022	Var to PY	Q3 YTD	Var to PY
Written premium (\$ in millions)	\$3,286	9.4%	\$8,820	12.9%
Average premium gross written (\$) <sup>(2)</sup>	1,635	13.3%	1,596	13.5%
Combined Ratio	91.2	(19.8) pts	94.2	(6.0) pts
Underlying Combined Ratio*	74.6	3.0 pts	71.4	1.8 pts
Policies in Force (in thousands)			7,237	1.4%

Superior underwriting performance

Higher underlying combined ratio driven by increasing claim severity due to rising labor and materials costs

Limiting new business where margin objectives cannot be achieved near-term, including no longer writing new homeowners in California

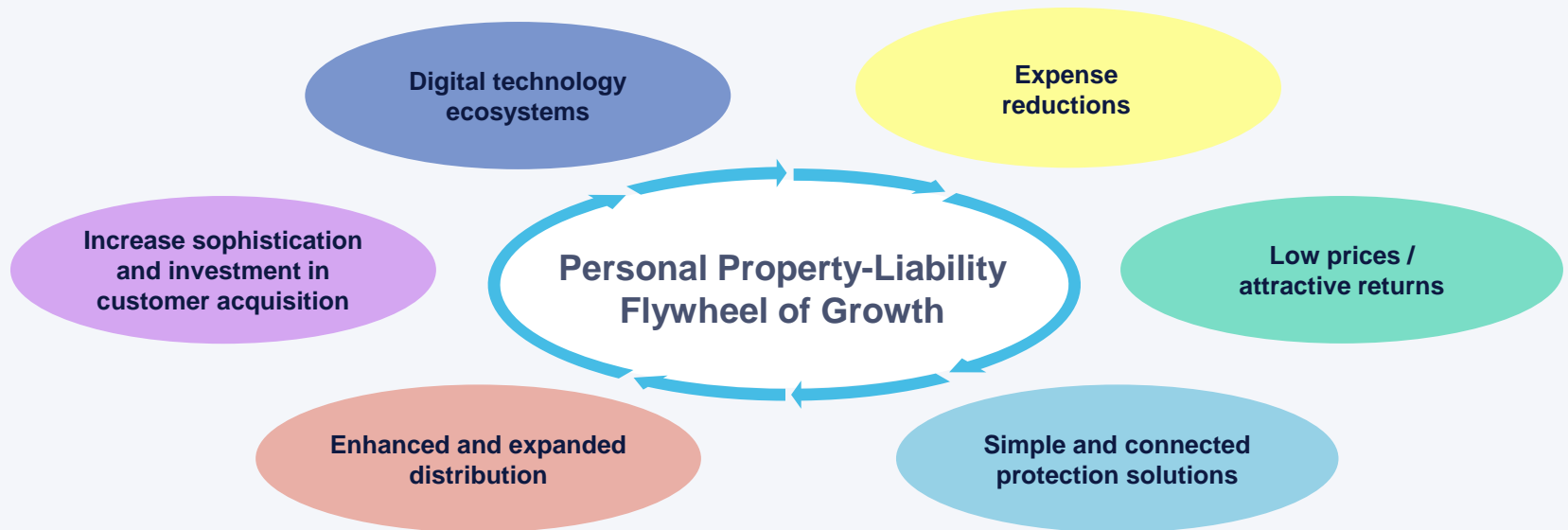
<sup>(1)</sup> Industry and competitor information 2017 – 2021 represents statutory results per S&P Global Market Intelligence. Allstate reflects GAAP results

<sup>(2)</sup> Reflects Allstate brand

# Transformative Growth To Increase Personal Property-Liability Market Share

## Multi-year initiative to build a low-cost digital insurer with broad distribution

- Improve customer value
- Expand customer access
- Increase sophistication and investment in customer acquisition
- Deploy new technology ecosystems
- Drive organizational transformation



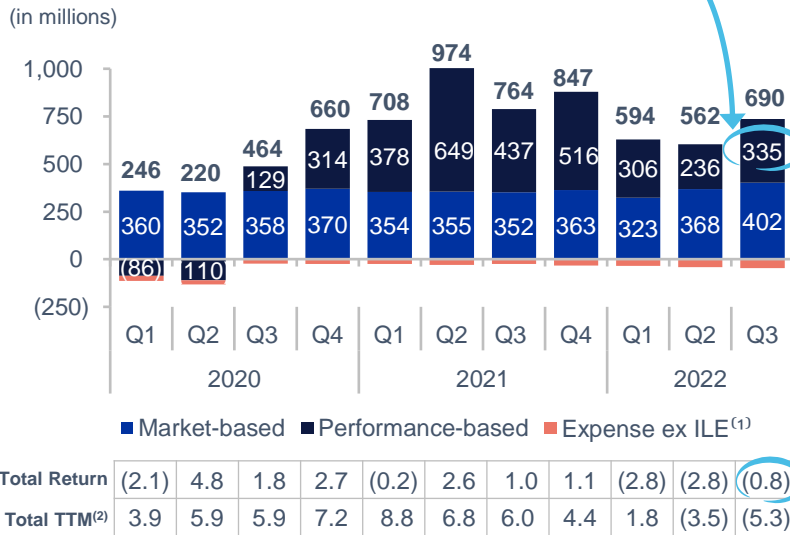


# Net Investment Income Benefited From Higher Reinvestment Yields; Proactive Portfolio Management Protected Portfolio Value

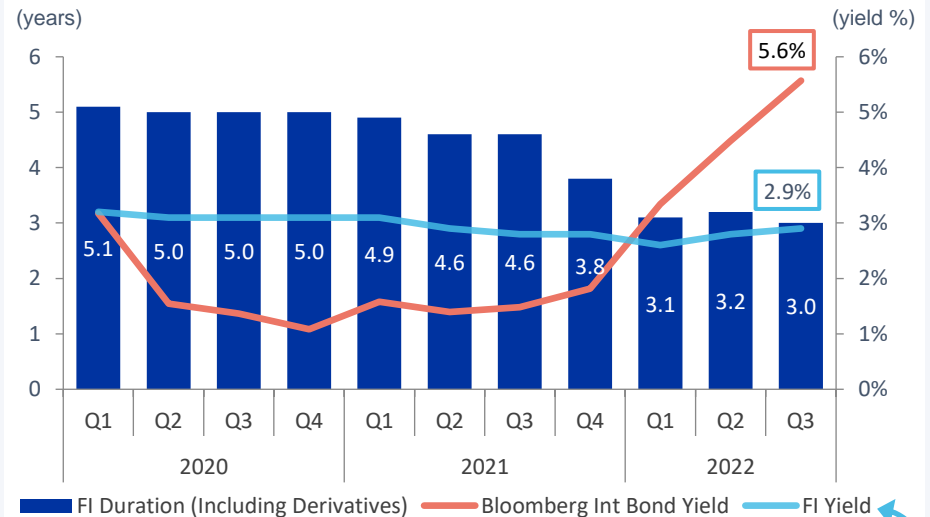
Three individual investments generated 97% of performance-based income in Q3

Remained defensively positioned to interest rates and recession/inflation sensitive assets, mitigating negative impact of higher market yields and public equity market decline

## Net investment income



## Fixed income duration and yield<sup>(3)</sup>



Negative total return due to reduced valuations of bonds and equities

Reinvestment into higher market yields will increase future income levels

<sup>(1)</sup> Investee level expenses (ILE) comprised of asset level operating expenses are netted against market-based and performance-based income

<sup>(2)</sup> Trailing twelve months

<sup>(3)</sup> Fixed income duration includes interest rate derivative positions. Corporate Bond Yield is intermediate maturity sourced from Bloomberg

## Broader Protection Businesses Have Significant Value

Broader Protection Businesses Performance (2021 Results)				
Market Facing Business	Revenue <sup>(1)</sup>		Profit	
	2021 (in millions)	CAGR (3-year)	EBITDA* <sup>(2)</sup> (in millions)	Adj. Net Income (in millions)
<b>Allstate Health &amp; Benefits</b>	<b>\$2,254</b>	<b>23.0%<sup>(3)</sup></b>	<b>\$274<sup>(4)</sup></b>	<b>\$208</b>
<b>Protection Services</b>	<b>\$2,336</b>	<b>20.7%</b>	<b>\$273</b>	<b>\$179</b>
<i>Allstate Protection Plans</i>	<i>\$1,195</i>	<i>32.4%</i>	<i>\$191</i>	<i>\$142</i>
<i>Allstate Dealer Services</i>	<i>\$517</i>	<i>8.3%</i>	<i>\$49</i>	<i>\$34</i>
<i>Arity</i>	<i>\$252</i>	<i>42.0%<sup>(3)</sup></i>	<i>\$13</i>	<i>\$3</i>
<i>Allstate Roadside</i>	<i>\$244</i>	<i>(7.0)%</i>	<i>\$19</i>	<i>\$7</i>
<i>Allstate Identity Protection</i>	<i>\$128</i>	<i>100.0%</i>	<i>\$1</i>	<i>\$(7)</i>
	<b>\$4,590</b>		<b>\$547</b>	<b>\$387</b>

Generated approximately 10%  
of total Allstate revenues

<sup>(1)</sup> Revenues exclude the impact of net gains and losses on investments and derivatives

<sup>(2)</sup> Reflects adjusted net income before taxes, depreciation and restructuring

<sup>(3)</sup> Revenues include impacts from acquisition of National General in 2021

<sup>(4)</sup> Reflects adjusted net income before taxes of \$57 million and restructuring of \$9 million

# Allstate's Strategy To Increase Shareholder Value

## Increase Personal Property-Liability Market Share



Leveraging Allstate brand, customer base and capabilities



## Expand Protection Services



## Increasing Shareholder Value

- Improving auto insurance profitability
- Continuing to generate strong homeowners insurance returns
- Advancing Transformative Growth strategy
- Profitably grow Protection Services and Health and Benefits
- Increase net investment income through proactive portfolio management



# Forward-looking Statements

This presentation contains “forward-looking statements” that anticipate results based on our estimates, assumptions and plans that are subject to uncertainty. These statements are made subject to the safe-harbor provisions of the Private Securities Litigation Reform Act of 1995.

Forward-looking statements do not relate strictly to historical or current facts and may be identified by their use of words like “plans,” “seeks,” “expects,” “will,” “should,” “anticipates,” “estimates,” “intends,” “believes,” “likely,” “targets” and other words with similar meanings. These statements may address, among other things, our strategy for growth, catastrophe, exposure management, product development, investment results, regulatory approvals, market position, expenses, financial results, litigation, and reserves. We believe that these statements are based on reasonable estimates, assumptions and plans. Forward-looking statements speak only as of the date on which they are made, and we assume no obligation to update any forward-looking statements as a result of new information or future events or developments. In addition, forward-looking statements are subject to certain risks or uncertainties that could cause actual results to differ materially from those communicated in these forward-looking statements. Factors that could cause actual results to differ materially from those expressed in, or implied by, the forward-looking statements include risks related to:

- Insurance and Financial Services (1) unexpected increases in claim frequency and severity; (2) catastrophes and severe weather events; (3) limitations in analytical models used for loss cost estimates; (4) price competition and changes in regulation and underwriting standards; (5) actual claims costs exceeding current reserves; (6) market risk and declines in credit quality of our investment portfolio; (7) our subjective determination of fair value and amount of credit losses for investments; (8) our participation in indemnification programs, including state industry pools and facilities; (9) inability to mitigate the impact associated with changes in capital requirements;

(10) a downgrade in financial strength ratings;

Business, Strategy and Operations (11) competition in the industries in which we compete and new or changing technologies; (12) implementation of our transformative growth strategy; (13) our catastrophe management strategy; (14) restrictions on our subsidiaries’ ability to pay dividends; (15) restrictions under terms of certain of our securities on our ability to pay dividends or repurchase our stock; (16) the availability of reinsurance at current levels and prices; (17) counterparty risk related to reinsurance; (18) acquisitions and divestitures of businesses; (19) intellectual property infringement, misappropriation and third-party claims;

Macro, Regulatory and Risk Environment (20) conditions in the global economy and capital markets, including the economic impacts from the recent military conflict between Russia and Ukraine; (21) a large-scale pandemic, the occurrence of terrorism, military actions, or social unrest; (22) the failure in cyber or other information security controls, as well as the occurrence of events unanticipated in our disaster recovery processes and business continuity planning; (23) changing climate and weather conditions; (24) restrictive regulations and regulatory reforms, including limitations on rate increases and requirements to underwrite business and participate in loss sharing arrangements; (25) losses from legal and regulatory actions; (26) changes in or the application of accounting standards; (27) loss of key vendor relationships or failure of a vendor to protect our data, confidential and proprietary information, or personal information of our customers, claimants or employees; (28) our ability to attract, develop and retain talent; and (29) misconduct or fraudulent acts by employees, agents and third parties.

Additional information concerning these and other factors may be found in our filings with the Securities and Exchange Commission, including the “Risk Factors” section in our most recent annual report on Form 10-K.