Samuel H. Pilch
Group Vice President and Controller
Allstate Life Insurance Company

July 9, 2010

Mr. James B. Rosenberg
Senior Assistant Chief Accountant
U.S. Securities and Exchange Commission
100 F Street NE
Washington, DC 20549

Re: Allstate Life Insurance Company
Form 10-K for the Year Ended December 31, 2009
Filed on March 12, 2010
File Number: 000-31248

Dear Mr. Rosenberg:

This letter is being submitted in response to the comment set forth in your letter dated June 25, 2010, to Mr. Samuel Pilch, Group Vice President and Controller of Allstate Life Insurance Company, with respect to the above-referenced filing.

For your convenience, we have set forth the original comment from your letter in bold typeface with the expanded disclosure information requested appearing below.

The Company plans to include the expanded disclosure information in its second quarter 2010 Form 10-Q. We are currently developing the information we are proposing to disclose.

Original offering information for credit enhancement and key cash flow assumptions is not used by management in its other-than-temporary impairment assessment; and accordingly, the proposed disclosures do not include that information.

We further note that in response to certain of the comments in your letter relating to The Allstate Corporation dated April 21, 2010, our first quarter 2010 Form 10-Q included expanded discussion of unrealized losses on certain of our below investment grade residential mortgage-backed securities, commercial mortgage-backed securities and asset-backed securities beginning on page 53.

We received your verbal follow up comment on July 6, 2010 related to your review of The Allstate Corporation. Any disclosure changes made in response to that comment will also be made in the Allstate Life Insurance Company second quarter 2010 Form 10-Q.

Management's Discussion and Analysis of Financial Condition and Results of Operations
Application of Critical Accounting Estimates
Investments
Impairment of Fixed Income and Equity Securities, page 16

1. **You have residential mortgage-backed securities, commercial mortgage-backed securities, and asset-backed securities with unrealized losses of $1.0 billion, $952 million, and $518 million, respectively at December 31, 2009. Please expand your disclosures to support your assessment that these investment securities are not impaired by including:**

   - **The average level of subordination, guarantees and cash reserves at inception and at year-end for securities rated Ba, B and Caa or lower;**
   - **The key cash flow assumptions, such as estimated prepayment rates, default rates, loss severity, the value of underlying collateral and expected recoveries and how they differ from the cash flow assumptions when the investments were first acquired;**

   - **A discussion explaining why credit losses do not exist for securities that have been in an unrealized loss position for over 12 months particularly given that average unrealized loss is 36%, 35% and 28% of amortized costs for residential mortgage-backed securities, commercial mortgage-backed securities, and asset-backed securities, respectively, and 44%, 35% and 59%, respectively of amortized costs for below investment grade securities within these three securities categories. These average percentages represent fair values that are significantly below amortized cost and, most likely, there are many securities where the percentage of unrealized loss to amortized cost is significantly higher than the average.**

The following disclosure will be added.

Other-than-temporary impairment assessment for structured securities

The following table summarizes the fair value and gross unrealized losses of fixed income securities by type and investment grade classification as of June 30, 2010.

($ in millions)	Investment grade		Below investment grade		Total	
	Fair value	Unrealized losses	Fair value	Unrealized losses	Fair value	Unrealized losses
U.S. government and agencies	$	$	$	$	$	$
Municipal						
Corporate						
Foreign government						
RMBS						
CMBS						
ABS						
Redeemable preferred stock						
Total	$	$	$	$	$	$

We have experienced declines in the fair value of fixed income securities primarily due to wider credit spreads since the time of initial purchase, which are largely due to macroeconomic conditions and credit market deterioration, including the impact of declining real estate valuations, which continue to persist in 2010. As of June 30, 2010, RMBS, CMBS and ABS in total comprised $XX billion or XX% and $XX billion or XX% of gross unrealized losses on investment grade and below investment grade securities, respectively.

As of June 30, 2010, our gross unrealized losses were primarily concentrated in below investment grade RMBS, including Alt-A and Subprime, and CMBS structured securities. Gross unrealized losses on below investment grade Alt-A, Subprime and CMBS securities at June 30, 2010 totaled $XX billion and were negatively impacted by weakened underlying collateral performance and declining residential and commercial real estate prices, decreased liquidity and large risk premiums. Also included in below investment grade RMBS is $XX million of gross unrealized losses related to Prime securities, which we do not consider significant. Fair values, which are obtained from third-party valuation service providers and are subject to review as disclosed in our Application of Critical Accounting Estimates, contain discounts for illiquidity and high volatility that have been associated with these markets for the last several years. In contrast, the credit loss component of a fair value decline is measured by our best estimate of future cash flows discounted at the security's original or current effective rate, as appropriate, consistent with accounting principles generally accepted in the United States of America ("GAAP") requirements. To the degree that the present value of our best estimate of future cash flows is less than amortized cost, other-than-temporary impairment write-downs have been recorded in earnings. The remaining unrealized losses, which are recorded in accumulated other comprehensive income, are due to factors other than credit, such as illiquidity and risk premium, and are expected to reverse over the lives of these securities.

Consistent with their ratings, our portfolio monitoring indicates that the investment grade securities have a relatively low risk of default. Securities rated below investment grade, comprising those with a Moody's equivalent rating of Ba, B and Caa or lower have a higher level of risk of default and can be more volatile.

Other-than-temporary impairment assessment for below investment grade Alt-A and Subprime RMBS

The credit loss evaluation for Alt-A and Subprime securities involves calculating an estimate of future cash flows based on the underlying collateral, which is then applied to the various classes of the issued securities based on their respective contractual provisions of the securitization trust as determined at origination. Securities with total projected cash flows including consideration of credit enhancement and/or reliable bond insurance that exceed amortized cost are not other-than-temporarily impaired. The analysis considers actual collateral performance and reflects our outlook on housing, employment and gross domestic product ("GDP").

Factors affecting these estimates include, but are not limited to, security specific collateral delinquency and loss severity trends, collateral type, transaction vintage year, geographic concentrations, borrower credit quality and origination practices of the transaction sponsor. Given the diverse nature of our holdings and the security specific analysis that we conducted, the results of our cash flow projections for each issue can vary significantly. Residential home prices have deteriorated substantially during the last 24 months and as a result the value of the underlying collateral has declined. Rising unemployment, tight credit conditions and weakening consumer confidence not only contributed to weakened cash flow performance during 2009, but also negatively impacted our expectations regarding future cash flow performance, both of which are critical in assessing other-than-temporary impairments.

Our projected cash flow assumptions are lower than the assumptions when the securities were originated as reflected by their current credit ratings and other credit statistics presented in the tables below. These securities continue to perform substantially in line with anticipated or contractual cash flows.

- As of June 30, 2010, below investment grade Alt-A securities with other-than-temporary impairments recorded have a projected weighted average underlying default rate and a projected weighted average loss severity used to evaluate impairment of XX% and XX%, respectively, which resulted in projected cumulative losses of XX%. For other below investment grade Alt-A securities, the projected weighted average underlying default rate and projected weighted average loss severity used to evaluate impairment were XX% and XX%, respectively, which resulted in projected cumulative losses of XX%. The actual class level cumulative realized principal losses as reported by the trustee, which reduce the par value of the class of securities we own, totaled $XX million as of June 30, 2010.

- As of June 30, 2010, below investment grade Subprime securities with other-than-temporary impairments recorded have a projected weighted average underlying default rate and a projected weighted average loss severity used to evaluate for impairment of XX% and XX%, respectively, which resulted in projected cumulative losses of XX%. For other below investment grade Subprime securities, the projected weighted average underlying default rate and projected weighted average loss severity used to evaluate impairment were XX% and XX%, respectively, which resulted in projected cumulative losses of XX%. The actual class level cumulative realized principal losses as reported by the trustee, which reduce the par value of the class of securities we own, totaled $XX million as of June 30, 2010.

The following table shows certain credit statistics for our below investment grade Alt-A and Subprime securities.

($ in millions)	As of and for the three months ended				
	June 30,	March 31,	December 31,	September 30,	June 30,

	2010	2010	2009	2009	2009
Par value (1)					
Alt-A	$	$	$	$	$
Subprime					
Delinquency rates (2)					
Alt-A	%	%	%	%	%
Subprime	%	%	%	%	%
Cumulative collateral losses (3)					
Alt-A	%	%	%	%	%
Subprime	%	%	%	%	%
Average credit enhancement (4)					
Alt-A	%	%	%	%	%
Subprime	%	%	%	%	%
Principal payments (5)					
Alt-A	$	$	$	$	$
Subprime					

(1) Par value has been reduced by principal payments and security level principal losses.
(2) Delinquency rates as of period end are weighted average delinquency rates based on the number of loans that are 60 days or more past due as reported by the servicers.
(3) Cumulative collateral losses as of period end are based on the actual losses incurred on the collateral underlying these securities. Actual losses on the securities we hold are significantly less than the losses on the underlying collateral as presented in this table, as a majority of the securities we hold include substantial credit enhancements.
(4) The weighted average credit enhancement as of period end reflects structural subordination and is expressed as the percentage of pool losses that can occur before the class of the security we own will incur its first dollar of principal loss.
(5) Reflects cash received from principal payments, including prepayments, during the period.

The following tables show information about our below investment grade Alt-A securities with gross unrealized losses by credit rating.

	June 30, 2010								
	With other-than-temporary impairments recorded				Other				
($ in millions)	Ba	B	Caa or lower	Total	Ba	B	Caa or lower	Total	Total
Alt-A									
Par value (1)	$	$	$	$	$	$	$	$	$
Fair value									
Unrealized losses									
Total (2)									
12-24 months (3)									
Over 24 months (4)									
Unrealized losses over 20% (5)									
Total									
12-24 months (3)									
Over 24 months (4)									
Cumulative write-downs recognized (6)					n/a	n/a	n/a	n/a	
Average credit enhancement (7)	%	%	%	%					%

	December 31, 2009								
	With other-than-temporary impairments recorded				Other				
	Ba	B	Caa or lower	Total	Ba	B	Caa or lower	Total	Total
Alt-A									
Par value (1)	$	$	$	$	$	$	$	$	$
Fair value									
Unrealized losses									
Total (2)									
12-24 months (3)									
Over 24 months (4)									
Unrealized losses over 20% (5)									
Total									
12-24 months (3)									
Over 24 months (4)									
Cumulative write-downs recognized (6)					n/a	n/a	n/a	n/a	
Average credit enhancement (7)	%	%	%	%					%

(1) Par value has been reduced by principal payments and security level principal losses.
(2) Includes total gross unrealized losses.
(3) Includes total gross unrealized losses on securities in an unrealized loss position for a period of more than 12 and less than or equal to 24 consecutive months.
(4) Includes total gross unrealized losses on securities in an unrealized loss position for a period more than 24 consecutive months.
(5) Includes gross unrealized losses greater than or equal to 20% of amortized cost.
(6) Includes cumulative net write-downs recorded in accordance with current accounting guidance.
(7) The weighted average credit enhancement reflects structural subordination and is expressed as the percentage of pool losses that can occur before the class of the security we own will incur its first dollar of principal loss.

Other-than-temporary impairment write-downs have been recorded for XX% of our below investment grade Alt-A securities as of June 30, 2010, with approximately XX% of the decline in fair value recognized in earnings. For securities in this group that are rated Caa or lower, XX% have had other-than-temporary impairment write-downs recorded in earnings as of June 30, 2010. In general, Alt-A securities that are not other-than-temporarily impaired have higher credit enhancements than those with other-than-temporary impairments recorded.

XX%, XX% and XX% of our below investment grade Alt-A securities with gross unrealized losses were issued with Aaa, Aa and A original ratings and capital structure classifications, respectively. All below investment grade Alt-A securities with unrealized losses that have aged greater than 12 consecutive months were issued as investment grade

securities with XX%, XX% and XX% receiving Aaa, Aa and A original ratings and capital structure classifications, respectively.

The following tables show information about our below investment grade Subprime securities with gross unrealized losses by credit rating.

	June 30, 2010								
	With other-than-temporary impairments recorded				Other				
($ in millions)	Ba	B	Caa or lower	Total	Ba	B	Caa or lower	Total	Total
Subprime									
Par value (1)	$	$	$	$	$	$	$	$	$
Fair value									
Unrealized losses									
Total (2)									
Insured (3)									
12-24 months (4)									
Over 24 months (5)									
Unrealized losses over 20% (6)									
Total									
12-24 months (4)									
Over 24 months (5)									
Cumulative write-downs recognized (7)					n/a	n/a	n/a	n/a	
Average credit enhancement (8)	%	%	%	%					%

	December 31, 2009								
	With other-than-temporary impairments recorded				Other				
	Ba	B	Caa or lower	Total	Ba	B	Caa or lower	Total	Total
Subprime									
Par value (1)	$	$	$	$	$	$	$	$	$
Fair value									
Unrealized losses									
Total (2)									
Insured (3)									
12-24 months (4)									
Over 24 months (5)									
Unrealized losses over 20% (6)									
Total									
12-24 months (4)									
Over 24 months (5)									
Cumulative write-downs recognized (7)					n/a	n/a	n/a	n/a	
Average credit enhancement (8)	%	%	%	%					%

(1) Par value has been reduced by principal payments and security level principal losses.

(2) Includes total gross unrealized losses.
(3) Includes gross unrealized losses on securities with bond insurance. These unrealized losses are included in the aging below.
(4) Includes total gross unrealized losses on securities in an unrealized loss position for a period of more than 12 and less than or equal to 24 consecutive months.
(5) Includes total gross unrealized losses on securities in an unrealized loss position for a period more than 24 consecutive months.
(6) Includes gross unrealized losses greater than or equal to 20% of amortized cost.
(7) Includes cumulative net write-downs recorded in accordance with current accounting guidance.
(8) The weighted average credit enhancement reflects structural subordination and is expressed as the percentage of pool losses that can occur before the class of the security we own will incur its first dollar of principal loss.

Other-than-temporary impairment write-downs have been recorded for XX% of our below investment grade Subprime securities as of June 30, 2010, with approximately XX% of the decline in fair value recorded in earnings. For securities in this group that are rated Caa or lower, XX% have had other-than-temporary impairment write-downs recorded in earnings as of

June 30, 2010. In general, Subprime securities that are not other-than-temporarily impaired have higher credit enhancements than those with other-than-temporary impairments recorded, or are reliably insured.

XX%, XX% and XX% of our below investment grade Subprime securities with gross unrealized losses were issued with Aaa, Aa and A original ratings and capital structure classifications, respectively. All below investment grade Subprime securities with unrealized losses that have aged greater than 12 consecutive months were issued as investment grade with XX%, XX% and XX% receiving Aaa, Aa and A original ratings and capital structure classifications, respectively.

During 2009, we experienced weakened underlying collateral performance resulting in lower subordination credit enhancement on certain of our Alt-A and Subprime securities, which resulted in our recording the credit loss portion of the fair value decline in earnings for those other-than-temporarily impaired securities, consistent with GAAP requirements. We recorded the remaining fair value decline on Alt-A and Subprime securities as unrealized capital losses in accumulated other comprehensive income, in accordance with GAAP, because total projected cash flows including consideration of credit enhancement and/or reliable bond insurance were equal to or exceeded amortized cost.

Increases in default trends or adverse changes in relevant variables, such as real estate prices, employment or interest rates, which differ from our current expectations, could negatively impact future cash flow performance of the underlying collateral and our expectations of losses related to these securities. Our best estimate of total projected cash flows at June 30, 2010 supports the temporary nature of these unrealized losses recorded in accumulated other comprehensive income; however, adverse future changes in relevant variables noted previously could impact this outlook.

Other-than-temporary impairment assessment for below investment grade CMBS

The credit loss evaluation for CMBS involves calculating an estimate of future cash flows based on the underlying collateral, which is then applied to the various classes of the issued securities based on their respective contractual provisions of the securitization trust as determined at origination. Securities with total projected cash flows including consideration of credit enhancement that exceed amortized cost are not other-than-temporarily impaired. Actual realized losses in the CMBS market have historically been low and, we believe, are not predictive of future losses. Therefore, our projections of collateral performance rely on probability-weighted scenarios informed by credit opinions obtained from third parties, such as nationally recognized credit rating agencies, industry analysts and a CMBS loss modeling advisory service.

Factors affecting these estimates include, but are not limited to, estimates of current and future property prices, current and projected rental incomes, the propensity of the commercial mortgage defaults under these assumptions and loss severity given default. Estimates of future property prices and rental incomes consider specific property-type and metro area economic trends such as employment, property vacancy and rental rates, and forecasts of new supply in the commercial real estate markets. Other considerations include borrower payment history, the origination practices of the transaction sponsor, overall collateral quality and diversification, transaction vintage year, maturity date, overall structure of the transaction and other factors that may influence performance. Given the diverse nature of our holdings and the security specific analysis that we conducted, the results of our cash flow projections for each issue vary significantly.

Commercial property prices have deteriorated substantially during the last 24 months and property rental incomes are declining as the commercial real estate sector adjusts to lower macro-economic activity. In addition, tight credit markets and conservative underwriting standards continue to stress commercial mortgage borrowers' ability to refinance obligations. Considering these developments, our impairment assessments assume (i) all loans delinquent 60 days or more default, (ii) otherwise performing loans default at an average rate of XX%, and (iii) average loss severity on defaulted loans is XX%. The resulting cumulative loss rates by vintage year of the security range from a low of XX% for holdings with a vintage year of 2003 to a high of XX% for holdings with a vintage year of 2007. The average projected collateral-level cumulative loss for the portfolio is XX%. These securities continue to perform substantially in line with anticipated or contractual cash flows.

The following table shows certain credit statistics for our below investment grade CMBS securities.

	As of and for the three months ended				
($ in millions)	June 30, 2010	March 31, 2010	December 31, 2009	September 30, 2009	June 30, 2009
Par value (1)	$	$	$	$	$
Delinquency rates (2)	%	%	%	%	%
Cumulative collateral losses (3)	%	%	%	%	%
Average credit enhancement (4)	%	%	%	%	%
Principal repayments (5)	$	$	$	$	$

(1) Par value has been reduced by principal payments and security level principal losses.
(2) Delinquency rates as of period end are weighted average delinquency rates based on the number of loans that are 60 days or more past due as reported by the servicers.
(3) Cumulative collateral losses as of period end are based on the actual losses incurred on the collateral underlying these securities. Actual losses on the securities we hold are significantly less than the losses on the underlying collateral as presented in this table, as a majority of the securities we hold include substantial credit enhancements.
(4) The weighted average credit enhancement as of period end reflects structural subordination and is expressed as the percentage of pool losses that can occur before the class of the security we own will incur its first dollar of principal loss.
(5) Reflects cash received from principal payments, including principal prepayments, during the period.

The following tables show information about our below investment grade CMBS securities with gross unrealized losses by credit rating.

	June 30, 2010								
	With other-than-temporary impairments recorded				Other				
($ in millions)	Ba	B	Caa or lower	Total	Ba	B	Caa or lower	Total	Total
CMBS									
Par value (1)	$	$	$	$	$	$	$	$	$
Fair value									
Unrealized losses									
Total (2)									
12-24 months (3)									
Over 24 months (4)									
Unrealized losses over 20% (5)									
Total									
12-24 months (3)									
Over 24 months (4)									
Cumulative write-downs recognized (6)					n/a	n/a	n/a	n/a	
Average credit enhancement (7)	%	%	%	%					%

	December 31, 2009								
	With other-than-temporary impairments recorded				Other				
	Ba	B	Caa or lower	Total	Ba	B	Caa or lower	Total	Total
CMBS									
Par value (1)	$	$	$	$	$	$	$	$	$
Fair value									
Unrealized losses									
Total (2)									
12-24 months (3)									
Over 24 months (4)									
Unrealized losses over 20% (5)									
Total									
12-24 months (3)									
Over 24 months (4)									
Cumulative write-downs recognized (6)					n/a	n/a	n/a	n/a	
Average credit enhancement (7)	%	%	%	%					%

(1) Par value has been reduced by principal payments.
(2) Includes total gross unrealized losses.
(3) Includes total gross unrealized losses on securities in an unrealized loss position for a period of more than 12 and less than or equal to 24 consecutive months.
(4) Includes total gross unrealized losses on securities in an unrealized loss position for a period more than 24 consecutive months.
(5) Includes gross unrealized losses greater than or equal to 20% of amortized cost.
(6) Includes cumulative net write-downs recorded in accordance with current accounting guidance.
(7) The weighted average credit enhancement reflects structural subordination and is expressed as the percentage of pool losses that can occur before the class of the security we own will incur its first dollar of principal loss.

Other-than-temporary impairment write-downs have been recorded for XX% of our below investment grade CMBS securities as of June 30, 2010, with approximately XX% of the decline in fair value recorded in earnings. For securities in this group that are rated Caa or lower, XX% have had other-than-temporary impairment write-downs recorded in earnings as of June 30, 2010. The reduction in CMBS securities that are not other-than-temporarily impaired is primarily due to sales and, to a lesser extent, other-than-temporary impairment assessments in the period.

XX%, XX% and XX% of our below investment grade CMBS securities with gross unrealized losses were issued with Aaa, Aa and A original ratings and capital structure classifications, respectively. All below investment grade CMBS securities with unrealized losses that have aged greater than 12 consecutive months were issued as investment grade with XX%, XX% and XX% receiving Aaa, Aa and A original ratings and capital structure classifications, respectively.

Indicators of potential future loss in the CMBS portfolio increased significantly during 2009 and 2010 which resulted in our recording the credit loss portion of the fair value decline in earnings for certain holdings, consistent with GAAP requirements. We recorded the remaining fair value decline as unrealized capital losses in accumulated other comprehensive income, in accordance with GAAP, because total projected cash flows including consideration of subordination credit enhancement were equal to or exceeded amortized cost.

Increases in default trends or adverse changes in relevant variables, such as commercial real estate prices, rental incomes or employment, which differ from our current expectations, could negatively impact future cash flow performance of the underlying collateral and our expectations of losses related to these securities. Our best estimate of total projected cash flows at June 30, 2010 supports the temporary nature of these unrealized losses recorded in accumulated other comprehensive income; however, adverse future changes in the relevant variables noted previously could impact this outlook.

Other-than-temporary impairment assessment for below investment grade ABS

The credit loss evaluation for ABS primarily relies on expectations of future losses on the underlying collateral and structural considerations of each issue. The projection of future losses is based on our expectations for investment grade corporate, bank loan and high yield markets. Our expectations are formulated through ongoing monitoring and participation in these markets, and considers opinions from third parties, such as industry analysts and strategists, and credit rating agencies as well as our overall economic outlook for indicators such as unemployment and GDP. The expected performance of each transaction considers expected collateral losses and credit enhancement levels, as well as factors including default rates, expected recoveries, prepayment rates, changes in interest rates and other characteristics. In addition, the performance of collateral underlying certain ABS securities is actively monitored by external managers, allowing for enhanced collateral management actions which help mitigate the risk of loss.

The company acknowledges that:

- the company is responsible for the adequacy and accuracy of the disclosure in the filing;
- staff comments or changes to disclosure in response to staff comments do not foreclose the Commission from taking any action with respect to the filing; and
- the company may not assert staff comments as a defense in any proceeding initiated by the Commission or any person under the federal securities laws of the United States.

If you have any questions regarding this response letter, please contact Kathleen Enright, Assistant Vice President Financial Reporting, at (847) 402-8110 or me at (847) 402-2213.

Very truly yours,

/s/ Samuel H. Pilch

Samuel H. Pilch
Group Vice President and Controller
Allstate Life Insurance Company