

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

Form 13F

FORM 13F COVER PAGE

Report for the Calendar Year or Quarter Ended: SEPTEMBER 30, 2007

Check here if Amendment ; Amendment Number: _____
This Amendment (Check only one.): is a restatement.
 adds new holdings entries.

Institutional Investment Manager Filing this Report:

Name: ALLSTATE LIFE INSURANCE COMPANY
Address: 3075 SANDERS ROAD, SUITE 64A
NORTHBROOK, IL. 60062-7127

Form 13F File Number: 28-01037

The institutional manager filing this report and the person by whom it is signed hereby represent that the person signing the report is authorized to submit it, that all information contained herein is true, correct and complete, and that it is understood that all required items, statements, schedules, lists, and tables, are considered integral parts of this form.

Person Signing this Report on Behalf of Reporting Manager:

Name: PAUL SCHUTT
Title: ASSISTANT VICE PRESIDENT INVESTMENT OPERATIONS
Phone: 847-402-5169

Signature, Place, and Date of Signing:

/s/ PAUL SCHUTT NORTHBROOK, IL. 11/13/2007

[Signature] [City, State] [Date]

Report Type (Check only one.):

- 13F HOLDINGS REPORT. (Check here if all holdings of this reporting manager are reported in this report.)
- 13F NOTICE. (Check here if no holdings reported are in this report, and all holdings are reported by other reporting manager(s).)
- 13F COMBINATION REPORT. (Check here if a portion of the holdings for this reporting manager are reported in this report and a portion are reported by other reporting manager(s).)

List of Other Managers Reporting for this Manager:

FORM 13F SUMMARY PAGE

Report Summary:

Number of Other Included Managers: ONE

Form 13F Information Table Entry Total: 67

Form 13F Information Table Value Total: 472,290 (THOUSAND)

List of Other Included Managers:

Provide a numbered list of the name(s) and Form 13F file number(s) of all institutional investment managers with respect to which this report is filed, other than the manager filing this report.

[If there are no entries in this list, state "NONE" and omit the column headings and list entries.]

No.	Form 13F File Number	Name
1	028-10298	ALLSTATE INVESTMENTS LLC

FORM 13F REPORT

NAME OF REPORTING MANAGER: ALLSTATE LIFE INSURANCE COMPANY

COLUMN 1	COLUMN 2	COLUMN 3	COLUMN 4	COLUMN 5			COLUMN 6	COLUMN 7	COLUMN 8		
NAME OF ISSUER	TITLE CLASS	CUSIP	VALUE (x\$1000)	SHRS OR PRN AMT	SH/ PRN	PUT/ CALL	INVESTMENT DISCRETION	OTHER MANAGERS	VOTING AUTHORITY SOLE SHARED NONE		
HARRIS CORP.	COMMON	413875105	767	13,272	SH		DEFINED	1	X		
HEWLETT PACKARD REINSURANCE GROUP	COMMON	428236103	747	15,000	SH		DEFINED	1	X		
AMERICA INC	COMMON	759351109	6,236	110,000	SH		DEFINED	1	X		
SCHERING-PLOUGH	NON-REDEEM P/S	806605705	1,524	5,500	SH		DEFINED	1	X		
SVB FINANCIAL GROUP	COMMON	78486Q101	3,315	70,000	SH		DEFINED	1	X		
TRANSOCEAN INC.	COMMON FOREIGN	G90078109	1,526	13,500	SH		DEFINED	1	X		
TRAVELERS COMPANIES INC 3M COMPANY 0%	COMMON	89417E109	1,007	20,000	SH		DEFINED	1	X		
11/21/2032	DEBT	88579YAB7	15,355	16,600,000	PRN		DEFINED	1	X		
AFFILIATED MANAGERS GRP 2.793750%											
02/25/2033	DEBT	008252AE8	1,089	350,000	PRN		DEFINED	1	X		
ALLERGAN INC 1.500000%											
04/01/2026	DEBT	018490AL6	4,625	4,000,000	PRN		DEFINED	1	X		
ALZA CORP 0% 07/28/2020	DEBT	02261WAB5	5,866	6,500,000	PRN		DEFINED	1	X		
AMDOCS LIMITED .500000% 03/15/2024	DEBT	02342TAD1	8,157	7,750,000	PRN		DEFINED	1	X		
AMERICAN FINANCIAL GROUP 1.486100%											
06/02/2033	DEBT	025932AD6	6,566	13,100,000	PRN		DEFINED	1	X		
AMGEN INC .375000%											
02/01/2013	DEBT	031162AQ3	4,089	4,500,000	PRN		DEFINED	1	X		
AON CORP 3.500000%											
11/15/2012	DEBT	037389AT0	573	275,000	PRN		DEFINED	1	X		
BEST BUY 2.250000%											
01/15/2022	DEBT	086516AF8	10,438	9,500,000	PRN		DEFINED	1	X		
BLACKROCK INC 2.625000% 02/15/2035	DEBT	09247XAB7	10,098	5,750,000	PRN		DEFINED	1	X		
BRISTOL-MYERS SQUIBB 2.510000% 09/15/2023	DEBT	110122AN8	15,559	15,500,000	PRN		DEFINED	1	X		
CAMERON INTL CORP 2.500000% 06/15/2026	DEBT	13342BAB1	14,788	10,000,000	PRN		DEFINED	1	X		
CARNIVAL CORP 1.132000% 04/29/2033	DEBT	143658AV4	9,987	14,500,000	PRN		DEFINED	1	X		
CARNIVAL CORP 2.000000% 04/15/2021	DEBT	143658AN2	6,281	5,000,000	PRN		DEFINED	1	X		
CENTERPOINT ENERGY INC 3.750000% 05/15/2023	DEBT	15189TAM9	13,932	9,650,000	PRN		DEFINED	1	X		
COSTCO WHOLESALE CORP 0% 08/19/2017	DEBT	22160QAC6	446	320,000	PRN		DEFINED	1	X		
DANAHER CORP 0% 01/22/2021	DEBT	235851AF9	13,663	11,350,000	PRN		DEFINED	1	X		
DEVON ENERGY CORPORATION 4.900000% 08/15/2008	DEBT	25179MAA1	11,351	6,500,000	PRN		DEFINED	1	X		
DEVON ENERGY CORPORATION 4.950000% 08/15/2008	DEBT	25179MAB9	1,048	600,000	PRN		DEFINED	1	X		
DOMINION RESOURCES INC 2.125000% 12/15/2023	DEBT	25746UAT6	6,303	5,475,000	PRN		DEFINED	1	X		
FISHER SCIENTIFIC INTL 3.250000% 03/01/2024	DEBT	338032AX3	13,271	8,500,000	PRN		DEFINED	1	X		
FLUOR CORP 1.500000% 02/15/2024	DEBT	343412AA0	901	350,000	PRN		DEFINED	1	X		
GENZYME CORP 1.250000% 12/01/2023	DEBT	372917AN4	12,056	11,400,000	PRN		DEFINED	1	X		
GILEAD SCIENCES INC .625000% 05/01/2013	DEBT	375558AH6	599	500,000	PRN		DEFINED	1	X		
HASBRO INC 2.750000% 12/01/2021	DEBT	418056AN7	7,531	5,700,000	PRN		DEFINED	1	X		
HCC INSURANCE HOLDINGS 1.300000% 04/01/2023	DEBT	404132AB8	10,760	8,325,000	PRN		DEFINED	1	X		
HEWLETT-PACKARD CO 0% 10/14/2017	DEBT	428236AC7	8,866	11,100,000	PRN		DEFINED	1	X		
INTEL CORP 2.950000% 12/15/2035	DEBT	458140AD2	6,314	6,100,000	PRN		DEFINED	1	X		
INTL GAME TECHNOLOGY 2.600000% 12/15/2036	DEBT	459902AP7	18,932	19,075,000	PRN		DEFINED	1	X		
IVAX CORP 4.500000% 05/15/2008	DEBT	465823AG7	3,098	3,000,000	PRN		DEFINED	1	X		
LABORATORY CORP AMERICA HOLDINGS	DEBT	50540RAG7	12,075	11,500,000	PRN		DEFINED	1	X		
LEHMAN BROTHERS HOLDINGS .250000% 05/08/2010	DEBT	524908FN5	1,445	1,500,000	PRN		DEFINED	1	X		
LIBERTY MEDIA CORP .750000% 03/30/2023	DEBT	530718AF2	221	200,000	PRN		DEFINED	1	X		
LIBERTY MEDIA CORP 3.250000% 03/15/2031	DEBT	530715AR2	1,202	1,500,000	PRN		DEFINED	1	X		
LOCKHEED MARTIN CORP 3.018130% 08/15/2033	DEBT	539830AP4	15,206	10,000,000	PRN		DEFINED	1	X		
LOWE'S COMPANIES INC .861000% 10/19/2021	DEBT	548661CG0	13,160	12,950,000	PRN		DEFINED	1	X		

MEDTRONIC INC 1.625000% 04/15/2013	DEBT	585055AM8	6,758	6,000,000	PRN	DEFINED	1	X
MERRILL LYNCH & CO 0% 03/13/2032	DEBT	590188W46	12,738	11,400,000	PRN	DEFINED	1	X
NABORS INDUSTRIES INC .940000% 05/15/2011	DEBT	629568AP1	7,670	8,000,000	PRN	DEFINED	1	X
NABORS INDUSTRIES INC 0% 06/15/2023	DEBT	629568AL0	1,040	1,000,000	PRN	DEFINED	1	X
NEWMONT MINING CORP 1.250000% 07/15/2014	DEBT	651639AF3	7,378	6,500,000	PRN	DEFINED	1	X
NEXTEL COMMUNIC OMNICOM GROUP 0% 07/01/2038	DEBT	65332VAY9	13,217	13,250,000	PRN	DEFINED	1	X
PRUDENTIAL FINANCIAL INC 2.940000% 12/12/2036	DEBT	744320AG7	13,822	13,500,000	PRN	DEFINED	1	X
PSS WORLD MEDICAL INC 2.250000% 03/15/2024	DEBT	69366AAB6	591	500,000	PRN	DEFINED	1	X
RPM INTERNATIONAL INC. 1.389000% 05/13/2033	DEBT	749685AK9	6,423	9,900,000	PRN	DEFINED	1	X
SANDISK CORP 1.000000% 05/15/2013	DEBT	80004CAC5	950	1,000,000	PRN	DEFINED	1	X
SCHLUMBERGER LIMITED 2.125000% 06/01/2023	DEBT	806857AD0	1,049	400,000	PRN	DEFINED	1	X
SCIELE PHARMA INC 2.625000% 05/15/2027	DEBT	808627AA1	1,073	1,000,000	PRN	DEFINED	1	X
SELECTIVE INS GROUP 1.615500% 09/24/2032	DEBT	816300AB3	3,360	6,000,000	PRN	DEFINED	1	X
ST JUDE MEDICAL INC 1.220000% 12/15/2008	DEBT	790849AD5	1,016	1,000,000	PRN	DEFINED	1	X
TEVA PHARMACEUT FIN BV .375000% 11/15/2022	DEBT	88164MAB4	1,448	700,000	PRN	DEFINED	1	X
TEVA PHARMACEUT FIN BV 1.750000% 02/01/2026	DEBT	88165FAA0	3,161	3,000,000	PRN	DEFINED	1	X
TEVA PHARMACEUT FIN LLC .250000% 02/01/2024	DEBT	88164RAB3	5,704	4,400,000	PRN	DEFINED	1	X
TJX COMPANIES INC 0% 02/13/2021	DEBT	872540AL3	13,326	13,650,000	PRN	DEFINED	1	X
TRANSOCEAN INC 1.500000% 05/15/2021	DEBT	893830AD1	12,580	8,000,000	PRN	DEFINED	1	X
US BANCORP 3.605630% 02/06/2037	DEBT	902973AT3	6,446	6,500,000	PRN	DEFINED	1	X
WALT DISNEY COMPANY 2.125000% 04/15/2023	DEBT	254687AU0	13,102	10,750,000	PRN	DEFINED	1	X
WELLS FARGO COMPANY 4.898750% 05/01/2033	DEBT	949746FA4	13,687	13,750,000	PRN	DEFINED	1	X
WYETH 2.390000% 01/15/2024	DEBT	983024AD2	14,595	13,850,000	PRN	DEFINED	1	X
"STOCK"			7	15,121				
DEBT			60	457,169				422,470,000
REPORT TOTALS			67	472,290				422,717,272