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

FORM 10-Q

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended March 31, 2020

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the transition period from ______ to ______
Commission file number 1-11840

Allstate
You're in good hands.

THE ALLSTATE CORPORATION

(Exact name of registrant as specified in its charter)

Delaware	**36-3871531**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

2775 Sanders Road, Northbrook, Illinois 60062

(Address of principal executive offices) (Zip Code)

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

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	**Trading Symbols**	**Name of each exchange on which registered**
Common Stock, par value $.01 per share	ALL	New York Stock Exchange Chicago Stock Exchange
5.100% Fixed-to-Floating Rate Subordinated Debentures due 2053	ALL.PR.B	New York Stock Exchange
Depositary Shares represent 1/1,000th of a share of 5.625% Noncumulative Preferred Stock, Series G	ALL PR G	New York Stock Exchange
Depositary Shares represent 1/1,000th of a share of 5.100% Noncumulative Preferred Stock, Series H	ALL PR H	New York Stock Exchange
Depositary Shares represent 1/1,000th of a share of 4.750% Noncumulative Preferred Stock, Series I	ALL PR I	New York Stock Exchange

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☒	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☐
		Emerging growth company	☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

As of April 20, 2020, the registrant had 314,116,095 common shares, $.01 par value, outstanding.

The Allstate Corporation
Index to Quarterly Report on Form 10-Q
March 31, 2020

Part II Other Information

Part I. Financial Information
Item 1. Financial Statements

The Allstate Corporation and Subsidiaries
Condensed Consolidated Statements of Operations (unaudited)

($ in millions, except per share data)	Three months ended March 31, 2020	2019
Revenues		
Property and casualty insurance premiums	$ 9,235	$ 8,802
Life premiums and contract charges	617	628
Other revenue	265	250
Net investment income	421	648
Realized capital gains (losses)	(462)	662
Total revenues	**10,076**	**10,990**
Costs and expenses		
Property and casualty insurance claims and claims expense	5,341	5,820
Shelter-in-Place Payback expense	210	—
Life contract benefits	501	497
Interest credited to contractholder funds	132	162
Amortization of deferred policy acquisition costs	1,401	1,364
Operating costs and expenses	1,399	1,380
Pension and other postretirement remeasurement (gains) losses	318	15
Restructuring and related charges	5	18
Amortization of purchased intangibles	28	32
Interest expense	81	83
Total costs and expenses	**9,416**	**9,371**
Gain on disposition of operations	1	1
Income from operations before income tax expense	**661**	**1,620**
Income tax expense	112	328
Net income	**549**	**1,292**
Preferred stock dividends	36	31
Net income applicable to common shareholders	**$ 513**	**$ 1,261**
Earnings per common share		
Net income applicable to common shareholders per common share - Basic	$ 1.62	$ 3.79
Weighted average common shares - Basic	317.4	332.6
Net income applicable to common shareholders per common share - Diluted	$ 1.59	$ 3.74
Weighted average common shares - Diluted	322.4	337.5

See notes to condensed consolidated financial statements.

The Allstate Corporation and Subsidiaries
Condensed Consolidated Statements of Comprehensive Income (unaudited)

($ in millions)	Three months ended March 31, 2020	2019
Net income	$ 549	$ 1,292
Other comprehensive (loss) income, after-tax		
Changes in:		
Unrealized net capital gains and losses	(1,357)	974
Unrealized foreign currency translation adjustments	(39)	5
Unamortized pension and other postretirement prior service credit	4	(12)
Other comprehensive (loss) income, after-tax	**(1,392)**	**967**
Comprehensive (loss) income	**$ (843)**	**$ 2,259**

See notes to condensed consolidated financial statements.

The Allstate Corporation and Subsidiaries
Condensed Consolidated Statements of Financial Position (unaudited)

($ in millions, except par value data)	March 31, 2020		December 31, 2019	
Assets				
Investments				
Fixed income securities, at fair value (amortized cost, net $58,945 and $56,293)	$	59,857	$	59,044
Equity securities, at fair value (cost $3,631 and $6,568)		3,701		8,162
Mortgage loans, net		4,759		4,817
Limited partnership interests		7,087		8,078
Short-term, at fair value (amortized cost $5,671 and $4,256)		5,671		4,256
Other, net		3,767		4,005
Total investments		**84,842**		**88,362**
Cash		338		338
Premium installment receivables, net		6,401		6,472
Deferred policy acquisition costs		4,742		4,699
Reinsurance and indemnification recoverables, net		9,214		9,211
Accrued investment income		593		600
Property and equipment, net		1,123		1,145
Goodwill		2,544		2,545
Other assets, net		3,876		3,534
Separate Accounts		2,434		3,044
Total assets	**$**	**116,107**	**$**	**119,950**
Liabilities				
Reserve for property and casualty insurance claims and claims expense	$	27,148	$	27,712
Reserve for life-contingent contract benefits		12,244		12,300
Contractholder funds		17,404		17,692
Unearned premiums		14,999		15,343
Claim payments outstanding		892		929
Deferred income taxes		331		1,154
Other liabilities and accrued expenses		9,849		9,147
Long-term debt		6,633		6,631
Separate Accounts		2,434		3,044
Total liabilities		**91,934**		**93,952**
Commitments and Contingent Liabilities (Note 12)				
Shareholders’ equity				
Preferred stock and additional capital paid-in, $1 par value, 25 million shares authorized, 81.0 thousand and 92.5 thousand shares issued and outstanding, $2,025 and $2,313 aggregate liquidation preference		1,970		2,248
Common stock, $.01 par value, 3.0 billion shares authorized and 900 million issued, 315 million and 319 million shares outstanding		9		9
Additional capital paid-in		3,519		3,463
Retained income		48,326		48,074
Treasury stock, at cost (585 million and 581 million shares)		(30,209)		(29,746)
Accumulated other comprehensive income:				
Unrealized net capital gains and losses on fixed income securities with credit losses		—		70
Other unrealized net capital gains and losses		714		2,094
Unrealized adjustment to DAC, DSI and insurance reserves		(184)		(277)
Total unrealized net capital gains and losses		**530**		**1,887**
Unrealized foreign currency translation adjustments		(98)		(59)
Unamortized pension and other postretirement prior service credit		126		122
Total accumulated other comprehensive income (“AOCI”)		**558**		**1,950**
Total shareholders’ equity		**24,173**		**25,998**
Total liabilities and shareholders’ equity	**$**	**116,107**	**$**	**119,950**

See notes to condensed consolidated financial statements.

The Allstate Corporate and Subsidiaries
Condensed Consolidated Statements of Shareholders' Equity (unaudited)

($ in millions, except per share data)	Three months ended March 31, 2020	2019
Preferred stock par value	**$ —**	**$ —**
Preferred stock additional capital paid-in		
Balance, beginning of period	2,248	1,930
Preferred stock redemption	(278)	—
Balance, end of period	**1,970**	**1,930**
Common stock par value	**9**	**9**
Common stock additional capital paid-in		
Balance, beginning of period	3,463	3,310
Forward contract on accelerated share repurchase agreement	75	—
Equity incentive plans activity	(19)	(19)
Balance, end of period	**3,519**	**3,291**
Retained income		
Balance, beginning of period	48,074	44,033
Cumulative effect of change in accounting principle	(88)	21
Net income	549	1,292
Dividends on common stock (declared per share of $0.54 and $0.50)	(173)	(167)
Dividends on preferred stock	(36)	(31)
Balance, end of period	**48,326**	**45,148**
Deferred ESOP expense	**—**	**(3)**
Treasury stock		
Balance, beginning of period	(29,746)	(28,085)
Shares acquired	(511)	—
Shares reissued under equity incentive plans, net	48	43
Balance, end of period	**(30,209)**	**(28,042)**
Accumulated other comprehensive income		
Balance, beginning of period	1,950	118
Change in unrealized net capital gains and losses	(1,357)	974
Change in unrealized foreign currency translation adjustments	(39)	5
Change in unamortized pension and other postretirement prior service credit	4	(12)
Balance, end of period	**558**	**1,085**
Total shareholders' equity	**$ 24,173**	**$ 23,418**

See notes to condensed consolidated financial statements.

The Allstate Corporation and Subsidiaries
Condensed Consolidated Statements of Cash Flows (unaudited)

($ in millions)	Three months ended March 31, 2020	2019
Cash flows from operating activities		
Net income	$ 549	$ 1,292
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation, amortization and other non-cash items	155	157
Realized capital (gains) losses	462	(662)
Pension and other postretirement remeasurement (gains) losses	318	15
Gain on disposition of operations	(1)	(1)
Interest credited to contractholder funds	132	162
Changes in:		
Policy benefits and other insurance reserves	(654)	(114)
Unearned premiums	(272)	(201)
Deferred policy acquisition costs	38	33
Premium installment receivables, net	26	(39)
Reinsurance recoverables, net	24	179
Income taxes	28	303
Other operating assets and liabilities	222	(410)
Net cash provided by operating activities	**1,027**	**714**
Cash flows from investing activities		
Proceeds from sales		
Fixed income securities	12,114	9,034
Equity securities	5,250	633
Limited partnership interests	749	241
Other investments	116	44
Investment collections		
Fixed income securities	555	628
Mortgage loans	118	104
Other investments	61	68
Investment purchases		
Fixed income securities	(14,667)	(9,056)
Equity securities	(1,619)	(871)
Limited partnership interests	(357)	(282)
Mortgage loans	(142)	(114)
Other investments	(129)	(89)
Change in short-term investments, net	(1,953)	(552)
Change in other investments, net	37	47
Purchases of property and equipment, net	(65)	(80)
Acquisition of operations	—	(18)
Net cash provided by (used in) investing activities	**68**	**(263)**
Cash flows from financing activities		
Redemption of preferred stock	(288)	—
Contractholder fund deposits	246	254
Contractholder fund withdrawals	(471)	(458)
Dividends paid on common stock	(159)	(158)
Dividends paid on preferred stock	(29)	(31)
Treasury stock purchases	(414)	—
Shares reissued under equity incentive plans, net	8	(5)
Other	12	(1)
Net cash used in financing activities	**(1,095)**	**(399)**
Net increase in cash	**—**	**52**
Cash at beginning of period	338	499
Cash at end of period	**$ 338**	**$ 551**

See notes to condensed consolidated financial statements.

The Allstate Corporation and Subsidiaries
Notes to Condensed Consolidated Financial Statements
(Unaudited)

Note 1 General

Basis of presentation

The accompanying condensed consolidated financial statements include the accounts of The Allstate Corporation (the "Corporation") and its wholly owned subsidiaries, primarily Allstate Insurance Company ("AIC"), a property and casualty insurance company with various property and casualty and life and investment subsidiaries, including Allstate Life Insurance Company ("ALIC") (collectively referred to as the "Company" or "Allstate"). These condensed consolidated financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP").

The condensed consolidated financial statements and notes as of March 31, 2020 and for the three month periods ended March 31, 2020 and 2019 are unaudited. The condensed consolidated financial statements reflect all adjustments (consisting only of normal recurring accruals) which are, in the opinion of management, necessary for the fair presentation of the financial position, results of operations and cash flows for the interim periods.

These condensed consolidated financial statements and notes should be read in conjunction with the consolidated financial statements and notes thereto included in the Company's annual report on Form 10-K for the year ended December 31, 2019. The results of operations for the interim periods should not be considered indicative of results to be expected for the full year. All significant intercompany accounts and transactions have been eliminated.

Recent development

The Novel Coronavirus Pandemic or COVID-19 ("Coronavirus") has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel restrictions, government-imposed shelter-in-place orders, quarantine periods and social distancing, have caused material disruption to businesses globally resulting in increased unemployment, a potential recession and increased economic uncertainty.

Depending on its length and severity, the Coronavirus and the related containment actions may significantly affect the Company's results of operations, financial condition and liquidity, including sales of new policies and shared economy demand, retention, supply chain disruption and severity costs, life insurance mortality and hospital and outpatient claim costs, annuity reserves, lower investment valuations and returns and increases in credit allowance exposure. In addition, the actions may impact the Company's operations.

The magnitude and duration of the global pandemic and the impact of actions taken by governmental authorities, businesses and consumers to mitigate health risks create significant uncertainty. The Company will continue to closely monitor and proactively adapt to developments and changing conditions. Currently, it is not possible to reliably estimate the length and severity of the pandemic or its impact to the Company's operations, but the effects could be material and may continue, emerge or accelerate into 2021.

Adopted accounting standard

Measurement of Credit Losses on Financial Instruments Effective January 1, 2020 the Company adopted new Financial Accounting Standards Board ("FASB") guidance related to the measurement of credit losses on financial instruments that primarily affected mortgage loans, bank loans and reinsurance recoverables.

Upon adoption of the guidance, the Company recorded a total allowance for expected credit losses of $289 million, pre-tax. After consideration of existing valuation allowances maintained prior to adopting the new guidance, the Company increased its valuation allowances for credit losses to conform to the new requirements which resulted in recognizing a cumulative effect decrease in retained income of $88 million, after-tax, at the date of adoption. The measurement of credit losses for available-for-sale fixed income securities measured at fair value is not affected except that credit losses recognized are limited to the amount by which fair value is below amortized cost and the credit loss adjustment is recognized through a valuation allowance which may change over time but once recorded cannot subsequently be reduced to an amount below zero. Previously these credit loss adjustments were recorded as other-than-temporary-impairments ("OTTI") and were not reversed once recorded.

Changes to significant accounting policies

NEW *Measurement of credit losses* The Company carries an allowance for expected credit losses for all financial assets measured at amortized cost and considers past events, current conditions, and reasonable and supportable forecasts and reports the financial assets on the Condensed Consolidated Statements of Financial Position at amortized cost, net of credit loss allowances ("amortized cost, net"). The Company also carries a credit loss allowance for fixed income securities where applicable and, when amortized cost is reported, it is net of credit loss allowances. For additional information, refer to the Investments, Reinsurance recoverables, Indemnification recoverables, or Premium installment receivable topics of this section.

The Company also estimates a credit loss allowance for commitments to fund mortgage loans, bank loans and agent loans unless they are unconditionally cancellable by the Company. The related allowance is reported in other liabilities and accrued expenses.

Allowance for credit losses

($ in millions)	March 31, 2020	January 1, 2020
Fixed income securities	$ 4	$ —
Mortgage loans	85	45
Other investments		
Bank loans	79	53
Agent loans	5	5
Investments	**173**	**103**
Premium installment receivables	96	91
Reinsurance recoverables	74	74
Other assets	18	18
Assets	**361**	**286**
Commitments to fund mortgage loans, bank loans and agent loans	4	3
Liabilities	**4**	**3**
Total	**$ 365**	**$ 289**

Investments Fixed income securities include bonds, asset-backed securities ("ABS") and mortgage-backed securities ("MBS"). MBS includes residential and commercial mortgage-backed securities. Fixed income securities, which may be sold prior to their contractual maturity, are designated as available-for-sale ("AFS") and are carried at fair value. The difference between amortized cost, net and fair value, net of deferred income taxes and related life and annuity deferred policy acquisition costs ("DAC"), deferred sales inducement costs ("DSI") and reserves for life-contingent contract benefits, is reflected as a component of AOCI. The Company excludes accrued interest receivable from the amortized cost basis of its AFS fixed income securities. Net investment income for AFS fixed income securities includes the impact of accreting the credit loss allowance for the time value of money.

Mortgage loans, bank loans and agent loans are carried at amortized cost, net, which represent the amount expected to be collected. The Company excludes accrued interest receivable from the amortized cost basis of its mortgage, bank and agent loans. Credit loss allowances are estimates of expected credit losses, established for loans upon origination or purchase, and consider all relevant information available, including past events, current conditions, and reasonable and supportable forecasts over the life of an asset. Loans are evaluated on a pooled basis when they share similar risk characteristics; otherwise, they are evaluated individually.

The changes in the credit loss allowances related to fixed income securities, mortgage loans, bank loans and agent loans are reported in realized capital gains and losses. Realized capital gains and losses on investment sales are determined on a specific identification basis and exclude credit losses already recognized through an allowance.

Reinsurance recoverables The Company evaluates reinsurer counterparty credit risk and records reinsurance recoverables net of credit loss allowances. The Company assesses counterparty credit risk for individual reinsurers separately when more relevant or on a pooled basis when shared risk characteristics exist. The evaluation considers the credit quality of the reinsurer and the period over which the recoverable balances are expected to be collected. The Company considers factors including past events, current conditions and reasonable and supportable forecasts in the development of the estimate of credit loss allowances.

Allowances for property and casualty and life reinsurance recoverables are established primarily through risk-based evaluations.

The property and casualty recoverable evaluation considers the credit rating of the reinsurer, the period over which the reinsurance recoverable balances are expected to be recovered and other relevant factors including historical experience of reinsurer failures. Reinsurers in liquidation or in default status are evaluated individually using the Company's historical liquidation recovery assumptions and any other relevant information available including the most recent public information related to the financial condition or liquidation status of the reinsurer.

For life reinsurance recoverables, the Company uses a probability of default and loss given default model developed independently of the Company to estimate current expected credit losses. The life recoverable evaluation utilizes factors including historical industry factors based on the probability of liquidation, and incorporates current loss given default factors reflective of the industry.

The Company monitors the credit ratings of reinsurer counterparties and evaluates the circumstances surrounding credit rating changes as inputs into its credit loss assessments. Uncollectible reinsurance recoverable balances are written off against the allowances when there is no reasonable expectation of recovery.

The changes in the allowances are reported in property and casualty insurance claims and claims expense and life contract benefits.

Indemnification recoverables The Company participates in various indemnification programs, including industry pools and facilities which are reimbursement mechanisms that assess participating insurers for expected insured claims, reimburse participating insurers for qualifying paid claims and permit participating insurers to recoup amounts assessed directly from insureds. The amounts reported as indemnification recoverables include amounts billed to indemnitors on losses paid as well as estimates of amounts expected to be recovered from indemnitors on insurance liabilities that have been incurred but not yet paid. The design and function of these indemnification programs does not result in the retention of insurance or reinsurance risk by the indemnitor. Based on the Company's evaluation of these programs on an individual basis, the establishment of credit loss allowances is not warranted at this time. The Company has not experienced any historical credit losses related to its indemnification programs. The Company continues to monitor these programs to determine whether any changes from historical experience have emerged or are expected to emerge or whether there have been any changes in the design or administration of the programs that would require establishment of credit loss allowances.

Premium installment receivables Premium installment receivables represent premiums written and not yet collected, net of the credit loss allowance for uncollectible premiums. These receivables are primarily outstanding for one year or less. The Company utilizes historical internal data including aging analyses to estimate allowances under current conditions and for the forecast period. The Company regularly evaluates and updates the data and adjusts its allowance as appropriate. As of March 31, 2020, the credit loss allowance for premium installment receivables increased to $96 million from $91 million as of January 1, 2020, primarily due to a $42 million increase in the provision for credit losses, partially offset by a $37 million decrease in the allowance due to the write-off of uncollectible premium installment receivable amounts during the period.

Pending accounting standards

Changes to the Disclosure Requirements for Defined Benefit Plans In August 2018, the FASB issued amendments to modify certain disclosure requirements for defined benefit plans. New disclosures include the weighted-average interest crediting rates for cash balance plans and other plans with interest crediting rates and explanations for significant gains and losses related to changes in the benefit obligation during the reporting period. Disclosures to be eliminated include amounts expected to be reclassified out of AOCI and into the income statement in the coming year and the anticipated impact of a one-percentage point change in the assumed health care cost trend rate on service and interest cost and on the accumulated benefit obligation. The amendments are effective for annual reporting periods beginning after December 15, 2020. The impacts of adoption are to the Company's disclosures only.

Accounting for Long-Duration Insurance Contracts In August 2018, the FASB issued guidance revising the accounting for certain long-duration insurance contracts. The new guidance introduces material changes to the measurement of the Company's reserves for traditional life, life-contingent immediate annuities and certain voluntary accident and health insurance products.

Under the new guidance, measurement assumptions, including those for mortality, morbidity and policy terminations, will be required to be reviewed and updated at least annually. The effect of updating measurement assumptions other than the discount rate are required to be measured on a retrospective basis and reported in net income. In addition, reserves under the new guidance are required to be discounted using an upper-medium grade fixed income instrument yield that is updated through OCI at each reporting date. Current GAAP requires reserves to utilize assumptions set at policy issuance unless updated current assumptions indicate that recorded reserves are deficient.

The new guidance also requires DAC and other capitalized balances currently amortized in proportion to premiums or gross profits to be amortized on a constant level basis over the expected term for all long-duration insurance contracts. DAC will not be subject to loss recognition testing but will be reduced when actual lapse experience exceeds expected experience. The new guidance will no longer require adjustments to DAC and DSI related to unrealized gains and losses on investment securities supporting the related business.

All market risk benefit product features will be measured at fair value with changes in fair value recorded in net income with the exception of changes in the fair value attributable to changes in the reporting entity's own credit risk, which are required to be recognized in OCI. Substantially all of the Company's market risk benefits are reinsured and therefore these impacts are not expected to be material to the Company.

The new guidance is effective for financial statements issued for reporting periods beginning after December 15, 2021, thereby requiring restatement of prior periods presented. Early adoption is permitted. The new guidance will be applied to affected contracts and DAC on the basis of existing carrying amounts at the earliest period presented or retrospectively using actual historical experience as of contract inception. The new guidance for market risk benefits is required to be adopted retrospectively.

The Company is evaluating the anticipated impacts of applying the new guidance to both retained income and AOCI. The requirements of the new guidance represent a material change from existing GAAP, however, the underlying economics of the business and related cash flows are unchanged. The

Company is evaluating the specific impacts of adopting the new guidance and anticipates the financial statement impact of adopting the new guidance to be material, largely attributed to the impact of transitioning to a discount rate based on an upper-medium grade fixed income investment yield and updates to mortality assumptions. The Company expects the most significant impacts will occur in the run-off annuity segment. The revised accounting for DAC will be applied prospectively using the new model and any DAC effects existing in AOCI as a result of applying existing GAAP at the date of adoption will be eliminated.

Simplifications to the Accounting for Income Taxes In December 2019, the FASB issued amendments to simplify the accounting for income taxes. The amendments eliminate certain exceptions in the existing guidance including those related to intraperiod tax allocation and deferred tax liability recognition when a subsidiary meets the criteria to apply the equity method of accounting. The amendments require recognition of the effect of an enacted change in tax laws or rates in the interim period that includes the enactment date, provide an option to not allocate taxes to a legal entity that is not subject to tax as well as other minor changes. The amendments are effective for interim and annual reporting periods beginning after December 15, 2020. The new guidance specifies which amendments should be applied prospectively, retrospectively, or on a modified retrospective basis through a cumulative-effect adjustment to retained income as of the beginning of the year of adoption. The impact of adoption is not expected to be material to the Company's results of operations or financial position.

Note 2 Earnings per Common Share

Basic earnings per common share is computed using the weighted average number of common shares outstanding, including vested unissued participating restricted stock units. Diluted earnings per common share is computed using the weighted average number of common and dilutive potential common shares outstanding.

For the Company, dilutive potential common shares consist of outstanding stock options and unvested non-participating restricted stock units and contingently issuable performance stock awards. The effect of dilutive potential common shares does not include the effect of options with an anti-dilutive effect on earnings per common share because their exercise prices exceed the average market price of Allstate common shares during the period or for which the unrecognized compensation cost would have an anti-dilutive effect.

Computation of basic and diluted earnings per common share

(In millions, except per share data)	**Three months ended March 31, 2020**	**2019**
Numerator:		
Net income	$ 549	$ 1,292
Less: Preferred stock dividends	36	31
Net income applicable to common shareholders	**$ 513**	**$ 1,261**
Denominator:		
Weighted average common shares outstanding	317.4	332.6
Effect of dilutive potential common shares:		
Stock options	3.3	3.1
Restricted stock units (non-participating) and performance stock awards	1.7	1.8
Weighted average common and dilutive potential common shares outstanding	**322.4**	**337.5**
Earnings per common share - Basic	$ 1.62	$ 3.79
Earnings per common share - Diluted	$ 1.59	$ 3.74
Anti-dilutive options excluded from diluted earnings per common share	0.8	4.0

Note 3 Acquisitions

iCracked On February 12, 2019, the Company acquired iCracked Inc. ("iCracked") which offers on-site, on-demand repair services for smartphones and tablets in North America, supporting Allstate Protection Plans' (formerly known as SquareTrade) operations. In conjunction with the iCracked acquisition, the Company recorded goodwill of $17 million.

Note 4 Reportable Segments

Measuring segment profit or loss

The measure of segment profit or loss used in evaluating performance is underwriting income for the Allstate Protection and Discontinued Lines and Coverages segments and adjusted net income for the Service Businesses, Allstate Life, Allstate Benefits, Allstate Annuities, and Corporate and Other segments. A reconciliation of these measures to net income applicable to common shareholders is provided below.

Underwriting income is calculated as premiums earned and other revenue, less claims and claims expenses ("losses"), Shelter-in-Place Payback expense, amortization of DAC, operating costs and expenses, amortization of purchased intangibles and restructuring and related charges as determined using GAAP.

Adjusted net income is net income applicable to common shareholders, excluding:

- Realized capital gains and losses, after-tax, except for periodic settlements and accruals on non-hedge derivative instruments, which are reported with realized capital gains and losses but included in adjusted net income
- Pension and other postretirement remeasurement gains and losses, after-tax
- Valuation changes on embedded derivatives not hedged, after-tax
- Amortization of DAC and DSI, to the extent they resulted from the recognition of certain realized capital gains and losses or valuation changes on embedded derivatives not hedged, after-tax
- Business combination expenses and the amortization or impairment of purchased intangibles, after-tax
- Gain (loss) on disposition of operations, after-tax
- Adjustments for other significant non-recurring, infrequent or unusual items, when (a) the nature of the charge or gain is such that it is reasonably unlikely to recur within two years, or (b) there has been no similar charge or gain within the prior two years

Reportable segments revenue information

($ in millions)	Three months ended March 31, 2020	2019
Property-Liability		
Insurance premiums		
Auto	$ 6,154	$ 5,930
Homeowners	2,038	1,935
Other personal lines	471	459
Commercial lines	218	183
Allstate Protection	8,881	8,507
Discontinued Lines and Coverages	—	—
Total Property-Liability insurance premiums	8,881	8,507
Other revenue	181	176
Net investment income	202	291
Realized capital gains (losses)	(103)	497
Total Property-Liability	**9,161**	**9,471**
Service Businesses		
Consumer product protection plans	206	145
Roadside assistance	51	63
Finance and insurance products	97	87
Intersegment premiums and service fees (1)	38	33
Other revenue	52	47
Net investment income	10	9
Realized capital gains (losses)	(24)	8
Total Service Businesses	**430**	**392**
Allstate Life		
Traditional life insurance premiums	153	154
Interest-sensitive life insurance contract charges	180	183
Other revenue	32	27
Net investment income	128	127
Realized capital gains (losses)	(31)	(5)
Total Allstate Life	**462**	**486**
Allstate Benefits		
Traditional life insurance premiums	9	9
Accident and health insurance premiums	244	250
Interest-sensitive life insurance contract charges	29	29
Net investment income	20	19
Realized capital gains (losses)	(14)	4
Total Allstate Benefits	**288**	**311**
Allstate Annuities		
Fixed annuities contract charges	2	3
Net investment income	47	190
Realized capital gains (losses)	(269)	156
Total Allstate Annuities	**(220)**	**349**
Corporate and Other		
Net investment income	14	12
Realized capital gains (losses)	(21)	2
Total Corporate and Other	**(7)**	**14**
Intersegment eliminations (1)	(38)	(33)
Consolidated revenues	**$ 10,076**	**$ 10,990**

(1) Intersegment insurance premiums and service fees are primarily related to Arity and Allstate Roadside Services and are eliminated in the condensed consolidated financial statements.

Reportable segments financial performance

($ in millions)	Three months ended March 31, 2020	2019
Property-Liability		
Allstate Protection [1]	$ 1,348	$ 703
Discontinued Lines and Coverages	(3)	(3)
Total underwriting income	**1,345**	**700**
Net investment income	202	291
Income tax expense on operations	(303)	(202)
Realized capital gains (losses), after-tax	(82)	393
Property-Liability net income applicable to common shareholders	**1,162**	**1,182**
Service Businesses		
Adjusted net income	37	11
Realized capital gains (losses), after-tax	(19)	7
Amortization of purchased intangibles, after-tax	(21)	(24)
Service Businesses net loss applicable to common shareholders	**(3)**	**(6)**
Allstate Life		
Adjusted net income	80	73
Realized capital gains (losses), after-tax	(25)	(4)
Valuation changes on embedded derivatives not hedged, after-tax	12	—
DAC and DSI amortization related to realized capital gains and losses, after-tax	(3)	(2)
Allstate Life net income applicable to common shareholders	**64**	**67**
Allstate Benefits		
Adjusted net income	24	31
Realized capital gains (losses), after-tax	(10)	3
Allstate Benefits net income applicable to common shareholders	**14**	**34**
Allstate Annuities		
Adjusted net loss	(139)	(25)
Realized capital gains (losses), after-tax	(213)	124
Valuation changes on embedded derivatives not hedged, after-tax	2	(3)
Gain on disposition of operations, after-tax	1	1
Allstate Annuities net (loss) income applicable to common shareholders	**(349)**	**97**
Corporate and Other		
Adjusted net loss	(107)	(103)
Realized capital gains (losses), after-tax	(17)	1
Pension and other postretirement remeasurement gains (losses), after-tax	(251)	(11)
Corporate and Other net loss applicable to common shareholders	**(375)**	**(113)**
Consolidated net income applicable to common shareholders	**$ 513**	**$ 1,261**

(1) During the first quarter of 2020, the Company announced a Shelter-in-Place Payback of over $600 million to customers, as the significant decline in the number of auto accidents contributed favorably to the underwriting results. $210 million of this cost was accrued in first quarter 2020 and the remainder will be recognized in second quarter 2020.

Note 5 Investments

Portfolio composition

($ in millions)	March 31, 2020	December 31, 2019
Fixed income securities, at fair value	$ 59,857	$ 59,044
Equity securities, at fair value	3,701	8,162
Mortgage loans, net	4,759	4,817
Limited partnership interests	7,087	8,078
Short-term investments, at fair value	5,671	4,256
Other, net	3,767	4,005
Total	**$ 84,842**	**$ 88,362**

Amortized cost, gross unrealized gains (losses) and fair value for fixed income securities

($ in millions)	Amortized cost, net	Gross unrealized Gains	Gross unrealized Losses	Fair value
March 31, 2020				
U.S. government and agencies	$ 5,104	$ 295	$ —	$ 5,399
Municipal	8,182	555	(28)	8,709
Corporate	43,624	1,242	(1,231)	43,635
Foreign government	884	30	(3)	911
ABS	852	3	(19)	836
MBS	299	71	(3)	367
Total fixed income securities	**$ 58,945**	**$ 2,196**	**$ (1,284)**	**$ 59,857**

	Amortized cost	Gross unrealized Gains	Gross unrealized Losses	Fair value
December 31, 2019				
U.S. government and agencies	$ 4,971	$ 141	$ (26)	$ 5,086
Municipal	8,080	551	(11)	8,620
Corporate	41,090	2,035	(47)	43,078
Foreign government	968	16	(5)	979
ABS	860	8	(6)	862
MBS	324	96	(1)	419
Total fixed income securities	**$ 56,293**	**$ 2,847**	**$ (96)**	**$ 59,044**

Scheduled maturities for fixed income securities

($ in millions)	March 31, 2020 Amortized cost, net	March 31, 2020 Fair value
Due in one year or less	$ 2,920	$ 2,927
Due after one year through five years	24,825	24,849
Due after five years through ten years	20,360	20,451
Due after ten years	9,689	10,427
	57,794	**58,654**
ABS and MBS	1,151	1,203
Total	**$ 58,945**	**$ 59,857**

Actual maturities may differ from those scheduled as a result of calls and make-whole payments by the issuers. ABS and MBS are shown separately because of potential prepayment of principal prior to contractual maturity dates.

Net investment income

($ in millions)	Three months ended March 31, 2020	2019
Fixed income securities	$ 525	$ 538
Equity securities	6	30
Mortgage loans	60	53
Limited partnership interests [(1)]	(192)	9
Short-term investments	17	26
Other	63	63
Investment income, before expense	**479**	**719**
Investment expense	(58)	(71)
Net investment income	**$ 421**	**$ 648**

(1) The Company typically employs a lag in recording and recognizing changes in valuations of limited partnership interests due to the availability of financial statements. In consideration of intervening events during the three months ended March 31, 2020, where information was available to enable updated estimates, the Company recognized current period declines in the value of limited partnership interests. This included updating publicly traded investments held within limited partnerships to their March 31, 2020 values, which reduced income by $52 million. Additionally, $195 million of valuation increases reported in the fourth quarter 2019 partnership financial statements were excluded from income considering the equity market decline in March 2020.

Realized capital gains (losses) by asset type

($ in millions)	Three months ended March 31, 2020	2019
Fixed income securities	$ 375	$ 64
Equity securities	(750)	553
Mortgage loans	(41)	—
Limited partnership interests	(116)	72
Derivatives	88	(46)
Other	(18)	19
Realized capital gains (losses)	**$ (462)**	**$ 662**

Realized capital gains (losses) by transaction type

($ in millions)	Three months ended March 31, 2020	2019
Sales	$ 388	$ 95
Credit losses [(1)]	(79)	(14)
Valuation of equity investments [(2)]	(859)	627
Valuation and settlements of derivative instruments	88	(46)
Realized capital gains (losses)	**$ (462)**	**$ 662**

(1) Due to the adoption of the measurement of credit losses on financial instruments accounting standard, prior period OTTI impairment write-downs are now presented as credit losses.

(2) Includes valuation of equity securities and certain limited partnership interests where the underlying assets are predominately public equity securities.

Sales of fixed income securities resulted in gross gains of $456 million and $126 million and gross losses of $77 million and $60 million during the three months ended March 31, 2020 and 2019, respectively.

The following table presents the net pre-tax appreciation (decline) recognized in net income of equity securities and limited partnership interests carried at fair value that are still held as of March 31, 2020 and 2019, respectively.

Net appreciation (decline) recognized in net income

($ in millions)	Three months ended March 31, 2020	2019
Equity securities	$ (560)	$ 496
Limited partnership interests carried at fair value	(55)	(33)
Total	**$ (615)**	**$ 463**

Credit losses recognized in net income (1)

($ in millions)	Three months ended March 31, 2020	2019
Assets		
Fixed income securities:		
Corporate	$ (1)	$ —
ABS	—	(1)
MBS	(3)	(1)
Total fixed income securities	**(4)**	**(2)**
Mortgage loans	(40)	—
Limited partnership interests	(7)	(1)
Other investments		
Bank loans	(27)	(11)
Total credit losses by asset type	**$ (78)**	**$ (14)**
Liabilities		
Commitments to fund commercial mortgage loans, bank loans and agent loans	(1)	—
Total	**$ (79)**	**$ (14)**

(1) Due to the adoption of the measurement of credit losses on financial instruments accounting standard, realized capital losses previously reported as OTTI impairment write-downs are now presented as credit losses.

Unrealized net capital gains and losses included in AOCI

($ in millions) March 31, 2020	Fair value	Gross unrealized Gains	Gross unrealized Losses	Unrealized net gains (losses)
Fixed income securities	$ 59,857	$ 2,196	$ (1,284)	$ 912
Short-term investments	5,671	—	—	—
Derivative instruments	—	—	(3)	(3)
Equity method of accounting (“EMA”) limited partnerships (1)				(2)
Unrealized net capital gains and losses, pre-tax				**907**
Amounts recognized for:				
Insurance reserves (2)				(105)
DAC and DSI (3)				(128)
Amounts recognized				**(233)**
Deferred income taxes				(144)
Unrealized net capital gains and losses, after-tax				**$ 530**
December 31, 2019				
Fixed income securities	$ 59,044	$ 2,847	$ (96)	$ 2,751
Short-term investments	4,256	—	—	—
Derivative instruments	—	—	(3)	(3)
EMA limited partnerships				(4)
Unrealized net capital gains and losses, pre-tax				**2,744**
Amounts recognized for:				
Insurance reserves				(126)
DAC and DSI				(224)
Amounts recognized				**(350)**
Deferred income taxes				(507)
Unrealized net capital gains and losses, after-tax				**$ 1,887**

(1) Unrealized net capital gains and losses for limited partnership interests represent the Company’s share of EMA limited partnerships’ OCI. Fair value and gross unrealized gains and losses are not applicable.

(2) The insurance reserves adjustment represents the amount by which the reserve balance would increase if the net unrealized gains in the applicable product portfolios were realized and reinvested at lower interest rates, resulting in a premium deficiency. This adjustment primarily relates to structured settlement annuities with life contingencies (a type of immediate fixed annuities).

(3) The DAC and DSI adjustment balance represents the amount by which the amortization of DAC and DSI would increase or decrease if the unrealized gains or losses in the respective product portfolios were realized.

Change in unrealized net capital gains (losses)

($ in millions)	Three months ended March 31, 2020	
Fixed income securities	$	(1,839)
Short-term investments		—
Derivative instruments		—
EMA limited partnerships		2
Total		**(1,837)**
Amounts recognized for:		
Insurance reserves		21
DAC and DSI		96
Amounts recognized		**117**
Deferred income taxes		363
Decrease in unrealized net capital gains and losses, after-tax	**$**	**(1,357)**

Carrying value for limited partnership interests

	March 31, 2020						December 31, 2019					
($ in millions)	EMA		Fair Value		Total		EMA		Fair Value		Total	
Private equity	$	4,204	$	1,577	$	5,781	$	4,463	$	1,668	$	6,131
Real estate		954		136		1,090		899		142		1,041
Other (1)		212		4		216		902		4		906
Total	**$**	**5,370**	**$**	**1,717**	**$**	**7,087**	**$**	**6,264**	**$**	**1,814**	**$**	**8,078**

(1) Other consists of certain limited partnership interests where the underlying assets are predominately public equity securities.

Short-term investments Short-term investments, including money market funds, commercial paper, U.S. Treasury bills and other short-term investments, are carried at fair value. As of March 31, 2020 and December 31, 2019, the fair value of short-term investments totaled $5.67 billion and $4.26 billion, respectively.

Other investments Other investments primarily consist of bank loans, real estate, policy loans, agent loans and derivatives. Bank loans are primarily senior secured corporate loans and are carried at amortized cost, net. Policy loans are carried at unpaid principal balances. Real estate is carried at cost less accumulated depreciation. Agent loans are loans issued to exclusive Allstate agents and are carried at amortized cost, net. Derivatives are carried at fair value.

Other investments by asset type

($ in millions)	March 31, 2020		December 31, 2019	
Bank loans, net	$	1,117	$	1,204
Real estate		970		1,005
Policy loans		882		894
Agent loans, net		671		666
Derivatives and other		127		236
Total	**$**	**3,767**	**$**	**4,005**

Portfolio monitoring and credit losses

Fixed income securities The Company has a comprehensive portfolio monitoring process to identify and evaluate each fixed income security that may require a credit loss allowance.

For each fixed income security in an unrealized loss position, the Company assesses whether management with the appropriate authority has made the decision to sell or whether it is more likely than not the Company will be required to sell the security before recovery of the amortized cost basis for reasons such as liquidity, contractual or regulatory purposes. If a security meets either of these criteria, any existing credit loss allowance would be written-off against the amortized cost basis of the asset along with any remaining unrealized losses, with incremental losses recorded in earnings.

If the Company has not made the decision to sell the fixed income security and it is not more likely than not the Company will be required to sell the fixed income security before recovery of its amortized cost basis, the Company evaluates whether it expects to receive cash flows sufficient to recover the entire amortized cost basis of the security. The Company calculates the estimated recovery value based on the best estimate of future cash flows considering past events, current conditions and reasonable and supportable forecasts. The estimated future cash flows are discounted at the security’s current effective rate and is compared to the amortized cost of the security.

The determination of cash flow estimates is inherently subjective, and methodologies may vary depending on facts and circumstances specific to the security. All reasonably available information relevant to the collectability of the security are considered when developing the estimate of cash flows expected to be collected. That information generally includes, but is not limited to, the remaining payment terms of the security, prepayment speeds, the financial condition and future earnings potential of the issue or issuer, expected defaults, expected recoveries, the value of underlying collateral, origination vintage year, geographic concentration of underlying collateral, available reserves or escrows, current subordination levels, third-party guarantees and other credit enhancements. Other information, such as industry analyst reports and forecasts, credit ratings, financial condition of the bond insurer for insured fixed income securities, and other market data relevant to the realizability of contractual cash flows, may also be considered. The estimated fair value of collateral will be used to estimate recovery value if the Company determines that the security is dependent on the liquidation of collateral for ultimate settlement.

If the Company does not expect to receive cash flows sufficient to recover the entire amortized cost basis of the fixed income security, a credit loss allowance is recorded in earnings for the shortfall in expected cash flows; however, the amortized cost, net of the credit loss allowance, may not be lower than the fair value of the security. The portion of the unrealized loss related to factors other than credit remains classified in AOCI. If the Company determines that the fixed income security does not have sufficient cash flow or other information to estimate a recovery value for the security, the Company may conclude that the entire decline in fair value is deemed to be credit related and the loss is recorded in earnings.

When a security is sold or otherwise disposed or when the security is deemed uncollectible and written off, the Company removes amounts previously recognized in the credit loss allowance. Recoveries after write-offs are recognized when received. Accrued interest excluded from the amortized cost of fixed income securities totaled $530 million as of March 31, 2020 and is reported within the accrued investment income line of the Condensed Consolidated Statements of Financial Position. The Company monitors accrued interest and writes off amounts when they are not expected to be received.

The Company's portfolio monitoring process includes a quarterly review of all securities to identify instances where the fair value of a security compared to its amortized cost is below internally established thresholds. The process also includes the monitoring of other credit loss indicators such as ratings, ratings downgrades and payment defaults. The securities identified, in addition to other securities for which the Company may have a concern, are evaluated for potential credit losses using all reasonably available information relevant to the collectability or recovery of the security. Inherent in the Company's evaluation of credit losses for these securities are assumptions and estimates about the financial condition and future earnings potential of the issue or issuer. Some of the factors that may be considered in evaluating whether a decline in fair value requires a credit loss allowance are: 1) the financial condition, near-term and long-term prospects of the issue or issuer, including relevant industry specific market conditions and trends, geographic location and implications of rating agency actions and offering prices; 2) the specific reasons that a security is in an unrealized loss position, including overall market conditions which could affect liquidity; and 3) the extent to which the fair value has been less than amortized cost.

Rollforward of credit loss allowance for fixed income securities

($ in millions)	Three months ended March 31, 2020
Beginning balance	$ —
Credit losses on securities for which credit losses not previously reported	(4)
Ending balance [1]	**$ (4)**

[1] Allowance for fixed income securities as of March 31, 2020 comprised $1 million and $3 million of corporate bonds and MBS, respectively.

Gross unrealized losses and fair value by type and length of time held in a continuous unrealized loss position

($ in millions)	Less than 12 months			12 months or more			
	Number of issues	Fair value	Unrealized losses	Number of issues	Fair value	Unrealized losses	Total unrealized losses
March 31, 2020							
Fixed income securities							
Municipal	470	$ 1,029	$ (28)	—	$ —	$ —	$ (28)
Corporate	1,838	18,525	(1,161)	31	187	(70)	(1,231)
Foreign government	25	85	(3)	1	6	—	(3)
ABS	63	383	(13)	13	61	(6)	(19)
MBS	35	33	(3)	101	7	—	(3)
Total fixed income securities	**2,431**	**$ 20,055**	**$ (1,208)**	**146**	**$ 261**	**$ (76)**	**$ (1,284)**
Investment grade fixed income securities	1,816	$ 15,130	$ (689)	116	$ 130	$ (27)	$ (716)
Below investment grade fixed income securities	615	4,925	(519)	30	131	(49)	(568)
Total fixed income securities	**2,431**	**$ 20,055**	**$ (1,208)**	**146**	**$ 261**	**$ (76)**	**$ (1,284)**
December 31, 2019							
Fixed income securities							
U.S. government and agencies	31	$ 1,713	$ (26)	10	$ 26	$ —	$ (26)
Municipal	307	576	(9)	1	14	(2)	(11)
Corporate	186	1,392	(20)	65	485	(27)	(47)
Foreign government	55	412	(4)	6	102	(1)	(5)
ABS	36	193	(2)	23	160	(4)	(6)
MBS	27	15	—	123	14	(1)	(1)
Total fixed income securities	**642**	**$ 4,301**	**$ (61)**	**228**	**$ 801**	**$ (35)**	**$ (96)**
Investment grade fixed income securities	581	$ 3,878	$ (41)	185	$ 594	$ (20)	$ (61)
Below investment grade fixed income securities	61	423	(20)	43	207	(15)	(35)
Total fixed income securities	**642**	**$ 4,301**	**$ (61)**	**228**	**$ 801**	**$ (35)**	**$ (96)**

Gross unrealized losses by unrealized loss position and credit quality as of March 31, 2020

($ in millions)	Investment grade	Below investment grade	Total
Fixed income securities with unrealized loss position less than 20% of amortized cost, net (1) (2)	$ (579)	$ (311)	$ (890)
Fixed income securities with unrealized loss position greater than or equal to 20% of amortized cost, net (3) (4)	(137)	(257)	(394)
Total unrealized losses	**$ (716)**	**$ (568)**	**$ (1,284)**

(1) Below investment grade fixed income securities include $304 million that have been in an unrealized loss position for less than twelve months.

(2) Related to securities with an unrealized loss position less than 20% of amortized cost, net, the degree of which suggests that these securities do not pose a high risk of having credit losses.

(3) No below investment grade fixed income securities have been in an unrealized loss position for a period of twelve or more consecutive months.

(4) Evaluated based on factors such as discounted cash flows and the financial condition and near-term and long-term prospects of the issue or issuer and were determined to have adequate resources to fulfill contractual obligations.

Investment grade is defined as a security having a rating of Aaa, Aa, A or Baa from Moody's, a rating of AAA, AA, A or BBB from S&P Global Ratings ("S&P"), a comparable rating from another nationally recognized rating agency, or a comparable internal rating if an externally provided rating is not available. Market prices for certain securities may have credit spreads which imply higher or lower credit quality than the current third-party rating. Unrealized losses on investment grade securities are principally related to an increase in market yields which may include increased risk-free interest rates and/or wider credit spreads since the time of initial purchase. The unrealized losses are expected to reverse as the securities approach maturity.

ABS and MBS in an unrealized loss position were evaluated based on actual and projected collateral losses relative to the securities' positions in the respective securitization trusts, security specific expectations of cash flows, and credit ratings. This evaluation also takes into consideration credit enhancement, measured in terms of (i) subordination from other classes of securities in the trust that are contractually obligated to absorb losses before the class of security the Company owns, and (ii) the expected impact of other structural features embedded in the securitization trust beneficial to the class of securities the Company owns, such as overcollateralization and excess spread. Municipal bonds in an unrealized loss position were evaluated based on the underlying credit quality of the primary obligor, obligation type and quality of the underlying assets.

As of March 31, 2020, the Company has not made the decision to sell and it is not more likely than not the Company will be required to sell fixed income securities with unrealized losses before recovery of the amortized cost basis.

Loans The Company establishes a credit loss allowance for mortgage loans, bank loans and agent loans when they are originated or purchased, and for unfunded commitments unless they are unconditionally cancellable by the Company. The Company uses a probability of default and loss given default model for mortgage loans and bank loans to estimate current expected credit losses that considers all relevant information available including past events, current conditions, and reasonable and supportable forecasts over the life of an asset. The Company also considers such factors as historical losses, expected prepayments and various economic factors. For mortgage loans the Company considers origination vintage year and property level information such as debt service coverage, property type, property location and collateral value. For bank loans the Company considers the credit rating of the borrower, credit spreads and type of loan. After the reasonable and supportable forecast period, the Company's model reverts to historical loss trends. Given the less complex and homogenous nature of agent loans, the Company estimates current expected credit losses using historical loss experience over the estimated life of the loans, adjusted for current conditions, reasonable and supportable forecasts and expected prepayments over the life of the loan.

Loans are evaluated on a pooled basis when they share similar risk characteristics. The Company monitors loans through a quarterly credit monitoring process to determine when they no longer share similar risk characteristics and are to be evaluated individually when estimating credit losses.

Loans are written off against their corresponding allowances when there is no reasonable expectation of recovery. If a loan recovers after a write-off, the estimate of expected credit losses includes the expected recovery.

Accrual of income is suspended for loans that are in default or when full and timely collection of principal and interest payments is not probable. Accrued income receivable is monitored for recoverability and when not expected to be collected is written off through net investment income. Cash receipts on loans on non-accrual status are generally recorded as a reduction of amortized cost.

Accrued interest is excluded from the amortized cost of loans and is reported within the accrued investment income line of the Condensed Consolidated Statements of Financial Position. As of March 31, 2020, accrued interest totaled $15 million, $6 million and $2 million for mortgage loans, bank loans and agent loans, respectively.

Mortgage loans When it is determined a mortgage loan shall be evaluated individually, the Company uses various methods to estimate credit losses on individual loans such as using collateral value less estimated costs to sell when applicable, including when foreclosure is probable or when repayment is expected to be provided substantially through the operation or sale of the collateral and the borrower is experiencing financial difficulty. When collateral value is used, the mortgage loans may not have a credit loss allowance when the fair value of the collateral exceeds the loan's amortized cost. An alternative approach may be utilized to estimate credit losses using the present value of the loan's expected future repayment cash flows discounted at the loan's current effective interest rate.

Individual loan credit loss allowances are adjusted for subsequent changes in the fair value of the collateral less costs to sell, when applicable, or present value of the loan's expected future repayment cash flows.

Debt service coverage ratio is considered a key credit quality indicator when mortgage loan credit loss allowances are estimated. Debt service coverage ratio represents the amount of estimated cash flow from the property available to the borrower to meet principal and interest payment obligations. Debt service coverage ratio estimates are updated annually or more frequently if conditions are warranted based on the Company's credit monitoring process.

Mortgage loans amortized cost by debt service coverage ratio distribution and year of origination

($ in millions)	March 31, 2020							December 31, 2019
	2015 and prior	2016	2017	2018	2019	Current	Total	Total
Below 1.0	$ 15	$ —	$ 32	$ —	$ —	$ —	$ 47	$ 56
1.0 - 1.25	66	14	32	—	91	30	233	225
1.26 - 1.50	535	14	97	318	238	—	1,202	1,237
Above 1.50	1,416	522	393	369	555	107	3,362	3,302
Amortized cost before allowance	**$ 2,032**	**$ 550**	**$ 554**	**$ 687**	**$ 884**	**$ 137**	**$ 4,844**	**$ 4,820**
Allowance (1)							(85)	(3)
Amortized cost, net							**$ 4,759**	**$ 4,817**

(1) Due to the adoption of the measurement of credit losses on financial instruments accounting standard, prior valuation allowance is now presented as an allowance for expected credit losses.

Mortgage loans with a debt service coverage ratio below 1.0 that are not considered impaired primarily relate to situations where the borrower has the financial capacity to fund the revenue shortfalls from the properties for the foreseeable term, the decrease in cash flows from the properties is considered temporary, or there are other risk mitigating factors such as additional collateral, escrow balances or borrower guarantees. Payments on all mortgage loans were current as of March 31, 2020 and December 31, 2019.

Rollforward of credit loss allowance for mortgage loans

($ in millions)	Three months ended March 31, 2020
Beginning balance	$ (3)
Cumulative effect of change in accounting principle	(42)
Net (increases) decreases related to credit losses	(40)
Ending balance	**$ (85)**

Bank loans When it is determined a bank loan shall be evaluated individually, the Company uses various methods to estimate credit losses on individual loans such as the present value of the loan's expected future repayment cash flows discounted at the loan's current effective interest rate.

Credit ratings of the borrower are considered a key credit quality indicator when bank loan credit loss allowances are estimated. The ratings are updated quarterly and are either received from a nationally recognized rating agency or a comparable internal rating is derived if an externally provided rating is not available. The year of origination is determined to be the year in which the asset is acquired.

Bank loans amortized cost by credit rating and year of origination

($ in millions)	March 31, 2020						
	2015 and prior	2016	2017	2018	2019	Current	Total
BBB	$ —	$ —	$ 10	$ 18	$ 9	$ 4	$ 41
BB	31	4	43	70	67	21	236
B	12	38	155	237	185	84	711
CCC and below	9	40	40	53	59	7	208
Amortized cost before allowance	**52**	**82**	**248**	**378**	**320**	**116**	**1,196**
Allowance							(79)
Amortized cost, net							**$ 1,117**

Rollforward of credit loss allowance for bank loans

($ in millions)	Three months ended March 31, 2020
Beginning balance	$ —
Cumulative effect of change in accounting principle	(53)
Net (increases) decreases related to credit losses	(27)
Reduction of allowance related to sales	1
Ending balance	**$ (79)**

Agent loans The Company also monitors agent loans to determine when they should be removed from the pool and assessed for credit losses individually by using internal credit risk grades that classify the loans into risk categories. The categorization is based on relevant information about the ability of borrowers to service their debt, such as historical payment experience, current business trends, cash flow coverage and collateral quality. Internal credit risk grades are updated annually or more frequently if conditions are warranted based on the Company's credit monitoring process.

As of March 31, 2020, 87% of agent loans balance represents the top three highest credit quality categories. The allowance for agent loans totaled $5 million as of March 31, 2020 and did not change from January 1, 2020.

Note 6 Fair Value of Assets and Liabilities

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The hierarchy for inputs used in determining fair value maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that observable inputs be used when available. Assets and liabilities recorded on the Condensed Consolidated Statements of Financial Position at fair value are categorized in the fair value hierarchy based on the observability of inputs to the valuation techniques as follows:

Level 1: Assets and liabilities whose values are based on unadjusted quoted prices for identical assets or liabilities in an active market that the Company can access.

Level 2: Assets and liabilities whose values are based on the following:

(a) Quoted prices for similar assets or liabilities in active markets;

(b) Quoted prices for identical or similar assets or liabilities in markets that are not active; or

(c) Valuation models whose inputs are observable, directly or indirectly, for substantially the full term of the asset or liability.

Level 3: Assets and liabilities whose values are based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement. Unobservable inputs reflect the Company's estimates of the assumptions that market participants would use in valuing the assets and liabilities.

The availability of observable inputs varies by instrument. In situations where fair value is based on internally developed pricing models or inputs that are unobservable in the market, the determination of fair value requires more judgment. The degree of judgment exercised by the Company in determining fair value is typically greatest for instruments categorized in Level 3. In many instances, valuation inputs used to measure fair value fall into different levels of the fair value hierarchy. The category level in the fair value hierarchy is determined based on the lowest level input that is significant to the fair value measurement in its entirety. The Company uses prices and inputs that are current as of the measurement date, including during periods of market disruption. In periods of market disruption, the ability to observe prices and inputs may be reduced for many instruments.

The Company is responsible for the determination of fair value and the supporting assumptions and methodologies. The Company gains assurance that assets and liabilities are appropriately valued through the execution of various processes and controls designed to ensure the overall reasonableness and consistent application of valuation methodologies, including inputs and assumptions, and compliance with accounting standards. For fair values received from third parties or internally estimated, the Company's processes and controls are designed to ensure that the valuation methodologies are appropriate and consistently applied, the inputs and assumptions are reasonable and consistent with the objective of determining fair value, and the fair values are accurately recorded. For example, on a continuing basis, the Company assesses the reasonableness of individual fair values that have stale security prices or that exceed certain thresholds as compared to previous fair values received from valuation service providers or brokers or derived from internal models. The Company performs procedures to understand and assess the methodologies, processes and controls of valuation service providers. In addition, the Company may validate the reasonableness of fair values by comparing information obtained from valuation service providers or brokers to other third-party valuation sources for selected securities. The Company performs ongoing price validation procedures such as back-testing of actual sales, which corroborate the various inputs used in internal models to market observable data. When fair value determinations are expected to be more variable, the Company validates them through reviews by members of management who have relevant expertise and who are independent of those charged with executing investment transactions.

The Company has two types of situations where investments are classified as Level 3 in the fair value hierarchy:

(1) Specific inputs significant to the fair value estimation models are not market observable. This primarily occurs in the Company's use of broker quotes to value certain securities where the inputs have not been corroborated to be market observable, and the use of valuation models that use significant non-market observable inputs.

(2) Quotes continue to be received from independent third-party valuation service providers and all

significant inputs are market observable; however, there has been a significant decrease in the volume and level of activity for the asset when compared to normal market activity such that the degree of market observability has declined to a point where categorization as a Level 3 measurement is considered appropriate. The indicators considered in determining whether a significant decrease in the volume and level of activity for a specific asset has occurred include the level of new issuances in the primary market, trading volume in the secondary market, the level of credit spreads over historical levels, applicable bid-ask spreads, and price consensus among market participants and other pricing sources.

Certain assets are not carried at fair value on a recurring basis, including investments such as mortgage loans, bank loans, agent loans and policy loans. Accordingly, such investments are only included in the fair value hierarchy disclosure when the individual investment's amortized cost, net is reflected at fair value in the condensed consolidated financial statements.

In determining fair value, the Company principally uses the market approach which generally utilizes market transaction data for the same or similar instruments. To a lesser extent, the Company uses the income approach which involves determining fair values from discounted cash flow methodologies. For the majority of Level 2 and Level 3 valuations, a combination of the market and income approaches is used.

Summary of significant inputs and valuation techniques for Level 2 and Level 3 assets and liabilities measured at fair value on a recurring basis

Level 2 measurements

- *Fixed income securities:*

  U.S. government and agencies, municipal, corporate - public and foreign government: The primary inputs to the valuation include quoted prices for identical or similar assets in markets that are not active, contractual cash flows, benchmark yields and credit spreads.

  Corporate - privately placed: Privately placed are valued using a discounted cash flow model that is widely accepted in the financial services industry and uses market observable inputs and inputs derived principally from, or corroborated by, observable market data. The primary inputs to the discounted cash flow model include an interest rate yield curve, as well as published credit spreads for similar assets in markets that are not active that incorporate the credit quality and industry sector of the issuer.

  Corporate - privately placed also includes redeemable preferred stock that are valued using quoted prices for identical or similar assets in markets that are not active, contractual cash flows, benchmark yields, underlying stock prices and credit spreads.

  ABS and MBS: The primary inputs to the valuation include quoted prices for identical or similar assets in markets that are not active, contractual cash flows, benchmark yields, collateral performance and credit spreads. Certain ABS are valued based on non-binding broker quotes whose inputs have been corroborated to be market observable. Residential MBS include prepayment speeds as a primary input for valuation.

- *Equity securities:* The primary inputs to the valuation include quoted prices or quoted net asset values for identical or similar assets in markets that are not active.

- *Short-term:* The primary inputs to the valuation include quoted prices for identical or similar assets in markets that are not active, contractual cash flows, benchmark yields and credit spreads.

- *Other investments:* Free-standing exchange listed derivatives that are not actively traded are valued based on quoted prices for identical instruments in markets that are not active.

  Over-the-counter ("OTC") derivatives, including interest rate swaps, foreign currency swaps, total return swaps, foreign exchange forward contracts, certain options and certain credit default swaps, are valued using models that rely on inputs such as interest rate yield curves, implied volatilities, index price levels, currency rates, and credit spreads that are observable for substantially the full term of the contract. The valuation techniques underlying the models are widely accepted in the financial services industry and do not involve significant judgment.

Level 3 measurements

- *Fixed income securities:*

  Municipal: Comprise municipal bonds that are not rated by third-party credit rating agencies. The primary inputs to the valuation of these municipal bonds include quoted prices for identical or similar assets in markets that exhibit less liquidity relative to those markets supporting Level 2 fair value measurements, contractual cash flows, benchmark yields and credit spreads. Also included are municipal bonds valued based on non-binding broker quotes where the inputs have not been corroborated to be market observable and municipal bonds in default valued based on the present value of expected cash flows.

  Corporate - public and privately placed, ABS and MBS: Primarily valued based on non-binding broker quotes where the inputs have not been corroborated to be market observable. Other inputs for corporate fixed income securities include an interest rate yield curve, as well as published credit spreads for similar assets that incorporate the credit quality and industry sector of the issuer.

- *Equity securities:* The primary inputs to the valuation include quoted prices or quoted net asset values for identical or similar assets in markets that exhibit less liquidity relative to those markets supporting Level 2 fair value measurements.

- *Short-term:* For certain short-term investments, amortized cost is used as the best estimate of fair value.
- *Other investments:* Certain OTC derivatives, such as interest rate caps, certain credit default swaps and certain options (including swaptions), are valued using models that are widely accepted in the financial services industry. These are categorized as Level 3 as a result of the significance of non-market observable inputs such as volatility. Other primary inputs include interest rate yield curves and credit spreads.
- *Contractholder funds:* Derivatives embedded in certain life and annuity contracts are valued internally using models widely accepted in the financial services industry that determine a single best estimate of fair value for the embedded derivatives within a block of contractholder liabilities. The models primarily use stochastically determined cash flows based on the contractual elements of embedded derivatives, projected option cost and applicable market data, such as interest rate yield curves and equity index volatility assumptions. These are categorized as Level 3 as a result of the significance of non-market observable inputs.

Assets and liabilities measured at fair value on a non-recurring basis

Bank loans with individual credit loss allowances when valued based on broker quotes from brokers familiar with the loans and current market conditions or based on internal valuation models are included in the fair value hierarchy.

Investments excluded from the fair value hierarchy

Limited partnerships carried at fair value, which do not have readily determinable fair values, use NAV provided by the investees and are excluded from the fair value hierarchy. These investments are generally not redeemable by the investees and generally cannot be sold without approval of the general partner. The Company receives distributions of income and proceeds from the liquidation of the underlying assets of the investees, which usually takes place in years 4-9 of the typical contractual life of 10-12 years. As of March 31, 2020, the Company has commitments to invest $459 million in these limited partnership interests.

Assets and liabilities measured at fair value

($ in millions)	March 31, 2020 Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Counterparty and cash collateral netting	Total
Assets					
Fixed income securities:					
U.S. government and agencies	$ 5,022	$ 377	$ —		$ 5,399
Municipal	—	8,651	58		8,709
Corporate - public	—	31,621	60		31,681
Corporate - privately placed	—	11,866	88		11,954
Foreign government	—	911	—		911
ABS	—	797	39		836
MBS	—	327	40		367
Total fixed income securities	**5,022**	**54,550**	**285**		**59,857**
Equity securities	3,069	290	342		3,701
Short-term investments	4,687	934	50		5,671
Other investments: Free-standing derivatives	—	77	—	$ (53)	24
Separate account assets	2,434	—	—		2,434
Total recurring basis assets	**15,212**	**55,851**	**677**	**(53)**	**71,687**
Non-recurring basis [(1)]	—	—	3		3
Total assets at fair value	**$ 15,212**	**$ 55,851**	**$ 680**	**$ (53)**	**$ 71,690**
% of total assets at fair value	21.2%	77.9%	1.0%	(0.1)%	100.0%
Investments reported at NAV					1,717
Total					**$ 73,407**
Liabilities					
Contractholder funds: Derivatives embedded in life and annuity contracts	$ —	$ —	$ (417)		$ (417)
Other liabilities: Free-standing derivatives	(3)	(19)	—	$ 12	(10)
Total recurring basis liabilities	**$ (3)**	**$ (19)**	**$ (417)**	**$ 12**	**$ (427)**
% of total liabilities at fair value	0.7%	4.4%	97.7%	(2.8)%	100.0%

(1) Includes $3 million of bank loans.

Assets and liabilities measured at fair value

($ in millions)	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Counterparty and cash collateral netting	Total
	December 31, 2019				
Assets					
Fixed income securities:					
U.S. government and agencies	$ 4,689	$ 397	$ —		$ 5,086
Municipal	—	8,558	62		8,620
Corporate - public	—	30,819	61		30,880
Corporate - privately placed	—	12,084	114		12,198
Foreign government	—	979	—		979
ABS	—	797	65		862
MBS	—	379	40		419
Total fixed income securities	**4,689**	**54,013**	**342**		**59,044**
Equity securities	7,407	384	371		8,162
Short-term investments	1,940	2,291	25		4,256
Other investments: Free-standing derivatives	—	180	—	$ (40)	140
Separate account assets	3,044	—	—		3,044
Other assets	1	—	—		1
Total recurring basis assets	**17,081**	**56,868**	**738**	**(40)**	**74,647**
Total assets at fair value	**$ 17,081**	**$ 56,868**	**$ 738**	**$ (40)**	**$ 74,647**
% of total assets at fair value	22.9%	76.2%	1.0%	(0.1)%	100.0%
Investments reported at NAV					1,814
Total					**$ 76,461**
Liabilities					
Contractholder funds: Derivatives embedded in life and annuity contracts	$ —	$ —	$ (462)		$ (462)
Other liabilities: Free-standing derivatives	—	(84)	—	$ 12	(72)
Total recurring basis liabilities	**$ —**	**$ (84)**	**$ (462)**	**$ 12**	**$ (534)**
% of total liabilities at fair value	—%	15.7%	86.5%	(2.2)%	100.0%

Quantitative information about the significant unobservable inputs used in Level 3 fair value measurements

($ in millions)	Fair value	Valuation technique	Unobservable input	Range	Weighted average
March 31, 2020					
Derivatives embedded in life and annuity contracts – Equity-indexed and forward starting options	$ (361)	Stochastic cash flow model	Projected option cost	1.0 - 4.2%	2.71%
December 31, 2019					
Derivatives embedded in life and annuity contracts – Equity-indexed and forward starting options	$ (430)	Stochastic cash flow model	Projected option cost	1.0 - 4.2%	2.67%

The embedded derivatives are equity-indexed and forward starting options in certain life and annuity products that provide customers with interest crediting rates based on the performance of the S&P 500. If the projected option cost increased (decreased), it would result in a higher (lower) liability fair value.

As of March 31, 2020 and December 31, 2019, Level 3 fair value measurements of fixed income securities total $285 million and $342 million, respectively, and include $37 million and $50 million, respectively, of securities valued based on non-binding broker quotes where the inputs have not been corroborated to be market observable and $33 million and $36 million, respectively, of municipal fixed income securities that are not rated by third-party credit rating agencies. As the Company does not develop the Level 3 fair value unobservable inputs for these fixed income securities, they are not included in the table above. However, an increase (decrease) in credit spreads for fixed income securities valued based on non-binding broker quotes would result in a lower (higher) fair value, and an increase (decrease) in the credit rating of municipal bonds that are not rated by third-party credit rating agencies would result in a higher (lower) fair value.

Rollforward of Level 3 assets and liabilities held at fair value during the three month period ended March 31, 2020

($ in millions)	Balance as of December 31, 2019	Total gains (losses) included in: Net income	OCI	Transfers Into Level 3	Out of Level 3	Purchases	Sales	Issues	Settlements	Balance as of March 31, 2020
Assets										
Fixed income securities:										
Municipal	$ 62	$ 1	$ (1)	$ —	$ —	$ —	$ (2)	$ —	$ (2)	$ 58
Corporate - public	61	—	—	—	—	—	—	—	(1)	60
Corporate - privately placed	114	—	(1)	—	(25)	1	—	—	(1)	88
ABS	65	—	—	26	(49)	33	(9)	—	(27)	39
MBS	40	—	—	—	—	—	—	—	—	40
Total fixed income securities	**342**	**1**	**(2)**	**26**	**(74)**	**34**	**(11)**	**—**	**(31)**	**285**
Equity securities	371	(30)	—	—	—	1	—	—	—	342
Short-term investments	25	—	—	—	—	25	—	—	—	50
Total recurring Level 3 assets	**738**	**(29)**	**(2)**	**26**	**(74)**	**60**	**(11)**	**—**	**(31)**	**677**
Liabilities										
Contractholder funds: Derivatives embedded in life and annuity contracts	(462)	48	—	—	—	—	—	(8)	5	(417)
Total recurring Level 3 liabilities	**$ (462)**	**$ 48**	**$ —**	**$ —**	**$ —**	**$ —**	**$ —**	**$ (8)**	**$ 5**	**$ (417)**

Total Level 3 gains (losses) included in net income for the three months ended March 31, 2020

	Net investment income	Realized capital gains (losses)	Life contract benefits	Interest credited to contractholder funds	Total
Components of net income	$ (23)	$ (6)	$ (24)	$ 72	$ 19

Rollforward of Level 3 assets and liabilities held at fair value during the three month period ended March 31, 2019

($ in millions)	Balance as of December 31, 2018	Total gains (losses) included in: Net income	OCI	Transfers Into Level 3	Out of Level 3	Purchases	Sales	Issues	Settlements	Balance as of March 31, 2019
Assets										
Fixed income securities:										
Municipal	$ 70	$ —	$ 1	$ —	$ —	$ —	$ (2)	$ —	$ (1)	$ 68
Corporate - public	70	—	1	—	—	20	—	—	(1)	90
Corporate - privately placed	90	(2)	2	15	—	—	(13)	—	(2)	90
ABS	69	—	—	—	(47)	78	(10)	—	(3)	87
MBS	26	—	—	3	—	6	—	—	—	35
Total fixed income securities	**325**	**(2)**	**4**	**18**	**(47)**	**104**	**(25)**	**—**	**(7)**	**370**
Equity securities	341	28	—	—	—	2	(68)	—	—	303
Short-term investments	30	—	—	—	—	10	—	—	—	40
Free-standing derivatives, net	1	—	—	—	—	—	—	—	—	1
Total recurring Level 3 assets	**697**	**26**	**4**	**18**	**(47)**	**116**	**(93)**	**—**	**(7)**	**714**
Liabilities										
Contractholder funds: Derivatives embedded in life and annuity contracts	(224)	(28)	—	—	—	—	—	—	1	(251)
Total recurring Level 3 liabilities	**$ (224)**	**$ (28)**	**$ —**	**$ —**	**$ —**	**$ —**	**$ —**	**$ —**	**$ 1**	**$ (251)**

Total Level 3 gains (losses) included in net income for the three months ended March 31, 2019

	Net investment income	Realized capital gains (losses)	Life contract benefits	Interest credited to contractholder funds	Total
Components of net income	$ —	$ 26	$ 8	$ (36)	$ (2)

Transfers into Level 3 during the three months ended March 31, 2020 and 2019 included situations where a quote was not provided by the Company's independent third-party valuation service provider and as a result the price was stale or had been replaced with a broker quote where the inputs had not been corroborated to be market observable resulting in the security being classified as Level 3. Transfers into Level 3 during 2019 also included derivatives embedded in equity-indexed universal life contracts due to refinements in the valuation modeling resulting in an increase in significance of non-market observable inputs.

Transfers out of Level 3 during the three months ended March 31, 2020 and 2019 included situations where a broker quote was used in the prior period and a quote became available from the Company's independent third-party valuation service provider in the current period. A quote utilizing the new pricing source was not available as of the prior period, and any gains or losses related to the change in valuation source for individual securities were not significant.

Valuation changes included in net income and OCI for Level 3 assets and liabilities held as of March 31,

($ in millions)	Three months ended March 31, 2020	2019
Assets		
Fixed income securities:		
Municipal	$ 1	$ —
Equity securities	$ (30)	$ 4
Free-standing derivatives, net	—	—
Total recurring Level 3 assets	**$ (29)**	**$ 4**
Liabilities		
Contractholder funds: Derivatives embedded in life and annuity contracts	$ 48	$ (28)
Total recurring Level 3 liabilities	**48**	**(28)**
Total included in net income	**$ 19**	**$ (24)**
Components of net income		
Net investment income	$ (23)	$ —
Realized capital gains (losses)	(6)	4
Life contract benefits	(24)	8
Interest credited to contractholder funds	72	(36)
Total included in net income	**$ 19**	**$ (24)**
Assets		
Municipal	$ (1)	
Corporate - privately placed	(1)	
Total recurring Level 3 assets	$ (2)	
Changes in unrealized net capital gains and losses reported in OCI (1)	**$ (2)**	

(1) Effective January 1, 2020, the Company adopted the fair value accounting standard that prospectively requires the disclosure of valuation changes reported in OCI.

Financial instruments not carried at fair value

($ in millions)		March 31, 2020		December 31, 2019	
Financial assets	**Fair value level**	**Amortized cost, net**	**Fair value**	**Amortized cost, net**	**Fair value**
Mortgage loans	Level 3	$ 4,759	$ 4,875	$ 4,817	$ 5,012
Bank loans	Level 3	1,117	1,042	1,204	1,185
Agent loans	Level 3	671	686	666	664
Financial liabilities	**Fair value level**	**Carrying value** (1)	**Fair value**	**Carrying value** (1)	**Fair value**
Contractholder funds on investment contracts	Level 3	$ 8,190	$ 8,755	$ 8,438	$ 9,158
Long-term debt	Level 2	6,633	7,568	6,631	7,738
Liability for collateral	Level 2	1,291	1,291	1,829	1,829

(1) Represents the amounts reported on the Condensed Consolidated Statements of Financial Position.

Note 7 Derivative Financial Instruments

The Company uses derivatives for risk reduction and to increase investment portfolio returns through asset replication. Risk reduction activity is focused on managing the risks with certain assets and liabilities arising from the potential adverse impacts from changes in risk-free interest rates, changes in equity market valuations, increases in credit spreads and foreign currency fluctuations.

Asset replication refers to the “synthetic” creation of assets through the use of derivatives. The Company replicates fixed income securities using a combination of a credit default swap, index total return swap, or a foreign currency forward contract and one or more highly rated fixed income securities, primarily investment grade host bonds, to synthetically replicate the economic characteristics of one or more cash market securities. The Company replicates equity securities using futures, index total return swaps, and options to increase equity exposure.

Property-Liability may use interest rate swaps, swaptions, futures and options to manage the interest rate risks of existing investments. These instruments are utilized to change the duration of the portfolio in order to offset the economic effect that interest rates would otherwise have on the fair value of its fixed income securities. Fixed income index total return swaps are used to offset valuation losses in the fixed income portfolio during periods of declining market values. Credit default swaps are typically used to mitigate the credit risk within the Property-Liability fixed income portfolio. Equity index total return swaps, futures and options are used by Property-Liability to offset valuation losses in the equity portfolio during periods of declining equity market values. In addition, equity futures are used to hedge the market risk related to deferred compensation liability contracts. Forward contracts are primarily used by Property-Liability to hedge foreign currency risk associated with holding foreign currency denominated investments and foreign operations.

Asset-liability management is a risk management practice that is principally employed by Allstate Life and Allstate Annuities to balance the respective interest-rate sensitivities of its assets and liabilities. Depending upon the attributes of the assets acquired and liabilities issued, derivative instruments such as interest rate swaps, caps, swaptions and futures are utilized to change the interest rate characteristics of existing assets and liabilities to ensure the relationship is maintained within specified ranges and to reduce exposure to rising or falling interest rates. Fixed income index total return swaps are used to offset valuation losses in the portfolio during periods of declining market values. Credit default swaps are typically used to mitigate the credit risk within the Allstate Life and Allstate Annuities fixed income portfolios. Futures and options are used for hedging the equity exposure contained in equity indexed life and annuity product contracts that offer equity returns to contractholders. In addition, the Company uses equity index total return swaps, options and futures to offset valuation losses in the equity portfolio during periods of declining equity market values. Foreign currency swaps and forwards are primarily used to reduce the foreign currency risk associated with holding foreign currency denominated investments.

The Company also has derivatives embedded in non-derivative host contracts that are required to be separated from the host contracts and accounted for at fair value with changes in fair value of embedded derivatives reported in net income. The Company’s primary embedded derivatives are equity options in life and annuity product contracts, which provide returns linked to equity indices to contractholders.

When derivatives meet specific criteria, they may be designated as accounting hedges and accounted for as fair value, cash flow, foreign currency fair value or foreign currency cash flow hedges. The Company designates certain investment risk transfer reinsurance agreements as fair value hedges when the hedging instrument is highly effective in offsetting the risk of changes in the fair value of the hedged item. The fair value of the hedged liability is reported in contractholder funds in the Condensed Consolidated Statements of Financial Position. The impact from results of the fair value hedge is reported in interest credited to contractholder funds in the Condensed Consolidated Statements of Operations.

The notional amounts specified in the contracts are used to calculate the exchange of contractual payments under the agreements and are generally not representative of the potential for gain or loss on these agreements. However, the notional amounts specified in credit default swaps where the Company has sold credit protection represent the maximum amount of potential loss, assuming no recoveries.

Fair value, which is equal to the carrying value, is the estimated amount that the Company would receive or pay to terminate the derivative contracts at the reporting date. The carrying value amounts for OTC derivatives are further adjusted for the effects, if any, of enforceable master netting agreements and are presented on a net basis, by counterparty agreement, in the Condensed Consolidated Statements of Financial Position.

For those derivatives which qualify and have been designated as fair value accounting hedges, net income includes the changes in the fair value of both the derivative instrument and the hedged risk. For cash flow hedges, gains and losses are amortized from AOCI and are reported in net income in the same period the forecasted transactions being hedged impact net income.

Non-hedge accounting is generally used for “portfolio” level hedging strategies where the terms of the individual hedged items do not meet the strict homogeneity requirements to permit the application of hedge accounting. For non-hedge derivatives, net income includes changes in fair value and accrued periodic settlements, when applicable. With the exception of non-hedge derivatives used for asset replication and non-hedge embedded derivatives, all of the Company's derivatives are evaluated for their ongoing effectiveness as either accounting hedge or non-hedge derivative financial instruments on at least a quarterly basis.

Fair value hedges The Company had one derivative designated as a fair value hedge as of March 31, 2020 and 2019.

Cash flow hedges The Company had no derivatives designated as a cash flow hedge as of March 31, 2020 and 2019.

Summary of the volume and fair value positions of derivative instruments as of March 31, 2020

($ in millions, except number of contracts)	Balance sheet location	Volume (1) Notional amount	Volume (1) Number of contracts	Fair value, net	Gross asset	Gross liability
Asset derivatives						
Derivatives designated as fair value accounting hedging instruments						
Other	Other assets	$ 2	n/a	$ —	$ —	$ —
Derivatives not designated as accounting hedging instruments						
Interest rate contracts						
Futures	Other assets	—	568	—	—	—
Equity and index contracts						
Options	Other investments	—	3,262	21	21	—
Futures	Other assets	—	12	—	—	—
Total return index contracts						
Total return swap agreements – fixed income	Other investments	83	n/a	(5)	—	(5)
Foreign currency contracts						
Foreign currency forwards	Other investments	629	n/a	42	44	(2)
Credit default contracts						
Credit default swaps – buying protection	Other investments	114	n/a	1	4	(3)
Credit default swaps – selling protection	Other investments	7	n/a	—	—	—
Subtotal		**833**	**3,842**	**59**	**69**	**(10)**
Total asset derivatives		**$ 835**	**3,842**	**$ 59**	**$ 69**	**$ (10)**
Liability derivatives						
Derivatives not designated as accounting hedging instruments						
Interest rate contracts						
Interest rate cap agreements	Other liabilities & accrued expenses	$ 33	n/a	$ —	$ —	$ —
Futures	Other liabilities & accrued expenses	—	6,808	(1)	—	(1)
Equity and index contracts						
Options	Other liabilities & accrued expenses	—	3,016	(4)	—	(4)
Futures	Other liabilities & accrued expenses	—	1,476	(2)	—	(2)
Total return index contracts						
Total return swap agreements – fixed income	Other liabilities & accrued expenses	2	n/a	—	—	—
Total return swap agreements – equity index	Other liabilities & accrued expenses	6	n/a	(1)	—	(1)
Foreign currency contracts						
Foreign currency forwards	Other liabilities & accrued expenses	145	n/a	6	7	(1)
Embedded derivative financial instruments						
Guaranteed accumulation benefits	Contractholder funds	127	n/a	(33)	—	(33)
Guaranteed withdrawal benefits	Contractholder funds	164	n/a	(23)	—	(23)
Equity-indexed and forward starting options in life and annuity product contracts	Contractholder funds	1,768	n/a	(361)	—	(361)
Credit default contracts						
Credit default swaps – buying protection	Other liabilities & accrued expenses	54	n/a	—	1	(1)
Credit default swaps – selling protection	Other liabilities & accrued expenses	752	n/a	(2)	—	(2)
Total liability derivatives		**3,051**	**11,300**	**(421)**	**$ 8**	**$ (429)**
Total derivatives		**$ 3,886**	**15,142**	**$ (362)**		

(1) Volume for OTC and cleared derivative contracts is represented by their notional amounts. Volume for exchange traded derivatives is represented by the number of contracts, which is the basis on which they are traded. (n/a = not applicable)

Summary of the volume and fair value positions of derivative instruments as of December 31, 2019

($ in millions, except number of contracts)	Balance sheet location	Volume: Notional amount	Volume: Number of contracts	Fair value, net	Gross asset	Gross liability
Asset derivatives						
Derivatives designated as accounting hedging instruments						
Other	Other assets	$ 2	n/a	$ —	$ —	$ —
Derivatives not designated as accounting hedging instruments						
Interest rate contracts						
Futures	Other assets	—	3,668	—	—	—
Equity and index contracts						
Options	Other investments	—	5,539	140	140	—
Futures	Other assets	—	1,533	1	1	—
Total return index contracts						
Total return swap agreements – fixed income	Other investments	56	n/a	1	1	—
Credit default contracts						
Credit default swaps – buying protection	Other investments	17	n/a	—	—	—
Subtotal		73	10,740	142	142	—
Total asset derivatives		**$ 75**	**10,740**	**$ 142**	**$ 142**	**$ —**
Liability derivatives						
Derivatives not designated as accounting hedging instruments						
Interest rate contracts						
Interest rate cap agreements	Other liabilities & accrued expenses	$ 34	n/a	$ —	$ —	$ —
Futures	Other liabilities & accrued expenses	—	1,089	—	—	—
Equity and index contracts						
Options	Other liabilities & accrued expenses	—	5,400	(68)	—	(68)
Futures	Other liabilities & accrued expenses	—	3	—	—	—
Total return index contracts						
Total return swap agreements – fixed income	Other liabilities & accrued expenses	119	n/a	—	—	—
Total return swap agreements – equity index	Other liabilities & accrued expenses	187	n/a	11	11	—
Foreign currency contracts						
Foreign currency forwards	Other liabilities & accrued expenses	745	n/a	19	28	(9)
Embedded derivative financial instruments						
Guaranteed accumulation benefits	Contractholder funds	161	n/a	(18)	—	(18)
Guaranteed withdrawal benefits	Contractholder funds	205	n/a	(14)	—	(14)
Equity-indexed and forward starting options in life and annuity product contracts	Contractholder funds	1,791	n/a	(430)	—	(430)
Credit default contracts						
Credit default swaps – buying protection	Other liabilities & accrued expenses	152	n/a	(7)	—	(7)
Credit default swaps – selling protection	Other liabilities & accrued expenses	9	n/a	—	—	—
Total liability derivatives		**3,403**	**6,492**	**(507)**	**$ 39**	**$ (546)**
Total derivatives		**$ 3,478**	**17,232**	**$ (365)**		

Gross and net amounts for OTC derivatives [1]

($ in millions)	Gross amount	Offsets: Counter-party netting	Offsets: Cash collateral (received) pledged	Net amount on balance sheet	Securities collateral (received) pledged	Net amount
March 31, 2020						
Asset derivatives	$ 56	$ (18)	$ (35)	$ 3	$ —	$ 3
Liability derivatives	(13)	18	(6)	(1)	—	(1)
December 31, 2019						
Asset derivatives	$ 40	$ (39)	$ (1)	$ —	$ —	$ —
Liability derivatives	(16)	39	(27)	(4)	—	(4)

(1) All OTC derivatives are subject to enforceable master netting agreements.

Gains (losses) from valuation and settlements reported on derivatives not designated as accounting hedges

($ in millions)	Realized capital gains (losses)	Life contract benefits	Interest credited to contractholder funds	Operating costs and expenses	Total gain (loss) recognized in net income on derivatives
Three months ended March 31, 2020					
Interest rate contracts	$ 39	$ —	$ —	$ —	$ 39
Equity and index contracts	28	—	(50)	(45)	(67)
Embedded derivative financial instruments	—	(24)	69	—	45
Foreign currency contracts	36	—	—	—	36
Credit default contracts	(8)	—	—	—	(8)
Total return swaps - fixed income	(9)	—	—	—	(9)
Total return swaps - equity index	2	—	—	—	2
Total	**$ 88**	**$ (24)**	**$ 19**	**$ (45)**	**$ 38**
Three months ended March 31, 2019					
Interest rate contracts	$ 7	$ —	$ —	$ —	$ 7
Equity and index contracts	(71)	—	31	21	(19)
Embedded derivative financial instruments	—	8	(35)	—	(27)
Foreign currency contracts	5	—	—	—	5
Credit default contracts	(4)	—	—	—	(4)
Total return swaps - fixed income	2	—	—	—	2
Total return swaps - equity index	15	—	—	—	15
Total	**$ (46)**	**$ 8**	**$ (4)**	**$ 21**	**$ (21)**

The Company manages its exposure to credit risk by utilizing highly rated counterparties, establishing risk control limits, executing legally enforceable master netting agreements ("MNAs") and obtaining collateral where appropriate. The Company uses MNAs for OTC derivative transactions that permit either party to net payments due for transactions and collateral is either pledged or obtained when certain predetermined exposure limits are exceeded. As of March 31, 2020, counterparties pledged $45 million in collateral to the Company, and the Company pledged $4 million in cash and securities to counterparties which includes $3 million of collateral posted under MNAs for contracts containing credit-risk-contingent provisions that are in a liability position.

The Company has not incurred any losses on derivative financial instruments due to counterparty nonperformance. Other derivatives, including futures and certain option contracts, are traded on organized exchanges which require margin deposits and guarantee the execution of trades, thereby mitigating any potential credit risk.

Counterparty credit exposure represents the Company's potential loss if all of the counterparties concurrently fail to perform under the contractual terms of the contracts and all collateral, if any, becomes worthless. This exposure is measured by the fair value of OTC derivative contracts with a positive fair value at the reporting date reduced by the effect, if any, of legally enforceable master netting agreements.

OTC derivatives counterparty credit exposure by counterparty credit rating

($ in millions)	March 31, 2020				December 31, 2019			
Rating (1)	Number of counter-parties	Notional amount (2)	Credit exposure (2)	Exposure, net of collateral (2)	Number of counter-parties	Notional amount (2)	Credit exposure (2)	Exposure, net of collateral (2)
A+	4	$ 718	$ 40	$ 2	6	$ 868	$ 29	$ —
A	1	221	6	—	—	—	—	—
Total	**5**	**$ 939**	**$ 46**	**$ 2**	**6**	**$ 868**	**$ 29**	**$ —**

(1) Allstate uses the lower of S&P's or Moody's long-term debt issuer ratings.

(2) Only OTC derivatives with a net positive fair value are included for each counterparty.

For certain exchange traded and cleared derivatives, margin deposits are required as well as daily cash settlements of margin accounts. As of March 31, 2020, the Company pledged $39 million in the form of margin deposits.

Market risk is the risk that the Company will incur losses due to adverse changes in market rates and prices. Market risk exists for all of the derivative financial instruments the Company currently holds, as these instruments may become less valuable due to adverse changes in market conditions. To limit this risk, the Company's senior management has established risk control limits. In addition, changes in fair value of the derivative financial instruments that the Company uses for risk management purposes are generally offset by the change in the fair value or cash flows of the hedged risk component of the related assets, liabilities or forecasted transactions.

Certain of the Company's derivative instruments contain credit-risk-contingent termination events, cross-default provisions and credit support annex agreements. Credit-risk-contingent termination events allow the counterparties to terminate the derivative agreement or a specific trade on certain dates if AIC's, ALIC's or Allstate Life Insurance Company of New York's ("ALNY") financial strength credit ratings by Moody's or S&P fall below a certain level. Credit-risk-contingent cross-default provisions allow the counterparties to terminate the derivative agreement if the Company defaults by pre-determined threshold amounts on certain debt instruments. Credit-risk-contingent credit support annex agreements specify the amount of collateral the Company must post to counterparties based on AIC's, ALIC's or ALNY's financial strength credit ratings by Moody's or S&P, or in the event AIC, ALIC or ALNY are no longer rated by either Moody's or S&P.

The following summarizes the fair value of derivative instruments with termination, cross-default or collateral credit-risk-contingent features that are in a liability position, as well as the fair value of assets and collateral that are netted against the liability in accordance with provisions within legally enforceable MNAs.

($ in millions)	March 31, 2020	December 31, 2019
Gross liability fair value of contracts containing credit-risk-contingent features	$ 13	$ 16
Gross asset fair value of contracts containing credit-risk-contingent features and subject to MNAs	(10)	(11)
Collateral posted under MNAs for contracts containing credit-risk-contingent features	(3)	(3)
Maximum amount of additional exposure for contracts with credit-risk-contingent features if all features were triggered concurrently	**$ —**	**$ 2**

Credit derivatives - selling protection

A credit default swap ("CDS") is a derivative instrument, representing an agreement between two parties to exchange the credit risk of a specified entity (or a group of entities), or an index based on the credit risk of a group of entities (all commonly referred to as the "reference entity" or a portfolio of "reference entities"), in return for a periodic premium. In selling protection, CDS are used to replicate fixed income securities and to complement the cash market when credit exposure to certain issuers is not available or when the derivative alternative is less expensive than the cash market alternative. CDS typically have a five-year term.

CDS notional amounts by credit rating and fair value of protection sold

($ in millions)	Notional amount						Fair value
	AAA	AA	A	BBB	BB and lower	Total	
March 31, 2020							
Single name							
Corporate debt	$ —	$ —	$ —	$ —	$ 9	$ 9	$ —
Index							
Corporate debt	6	12	168	510	54	750	(2)
Total	**$ 6**	**$ 12**	**$ 168**	**$ 510**	**$ 63**	**$ 759**	**$ (2)**
December 31, 2019							
Single name							
Corporate debt	$ —	$ —	$ —	$ —	$ 9	$ 9	$ —
Total	**$ —**	**$ —**	**$ —**	**$ —**	**$ 9**	**$ 9**	**$ —**

In selling protection with CDS, the Company sells credit protection on an identified single name, a basket of names in a first-to-default ("FTD") structure or credit derivative index ("CDX") that is generally investment grade, and in return receives periodic premiums through expiration or termination of the agreement. With single name CDS, this premium or credit spread generally corresponds to the difference between the yield on the reference entity's public fixed maturity cash instruments and swap rates at the time the agreement is executed. With a FTD basket, because of the additional credit risk inherent in a basket of named reference entities, the premium generally corresponds to a high proportion of the sum of the credit spreads of the names in the basket and the correlation between the names. CDX is utilized to take a position on multiple (generally 125) reference entities. Credit events are typically defined as bankruptcy, failure to pay, or restructuring, depending on the nature of the reference entities. If a credit event occurs, the Company settles with the counterparty, either through physical settlement or cash settlement. In a physical settlement, a reference asset is delivered by the buyer of protection to the Company, in exchange for cash payment at par, whereas in a cash settlement, the Company pays the difference between par and the prescribed value of the reference asset. When a credit event occurs in a single name or FTD basket (for FTD, the first credit event occurring for any one name in the basket), the contract terminates at the time of settlement. For CDX, the reference entity's name incurring the credit event is removed from the index while the contract continues until expiration. The maximum payout on a CDS is the contract notional amount. A physical settlement may afford the Company with recovery rights as the new owner of the asset.

The Company monitors risk associated with credit derivatives through individual name credit limits at both a credit derivative and a combined cash instrument/credit derivative level. The ratings of individual names for which protection has been sold are also monitored.

Note 8 Reserve for Property and Casualty Insurance Claims and Claims Expense

The Company establishes reserves for claims and claims expense on reported and unreported claims of insured losses. The Company's reserving process takes into account known facts and interpretations of circumstances and factors including the Company's experience with similar cases, actual claims paid, historical trends involving claim payment patterns and pending levels of unpaid claims, loss management programs, product mix and contractual terms, changes in law and regulation, judicial decisions, and economic conditions. In the normal course of business, the Company may also supplement its claims processes by utilizing third-party adjusters, appraisers, engineers, inspectors, and other professionals and information sources to assess and settle catastrophe and non-catastrophe related claims. The effects of inflation are implicitly considered in the reserving process.

Because reserves are estimates of unpaid portions of losses that have occurred, including incurred but not reported ("IBNR") losses, the establishment of appropriate reserves, including reserves for catastrophes, Discontinued Lines and Coverages and reinsurance and indemnification recoverables, is an inherently uncertain and complex process. The ultimate cost of losses may vary materially from recorded amounts, which are based on management's best estimates. The highest degree of uncertainty is associated with reserves for losses incurred in the current reporting period as it contains the greatest proportion of losses that have not been reported or settled. The Company regularly updates its reserve estimates as new information becomes available and as events unfold that may affect the resolution of unsettled claims. Changes in prior year reserve estimates, which may be material, are reported in property and casualty insurance claims and claims expense in the Condensed Consolidated Statements of Operations in the period such changes are determined.

Management believes that the reserve for property and casualty insurance claims and claims expense, net of recoverables, is appropriately established in the aggregate and adequate to cover the ultimate net cost of reported and unreported claims arising from losses which had occurred by the date of the Condensed Consolidated Statements of Financial Position based on available facts, technology, laws and regulations.

Allstate's reserves for asbestos claims were $790 million and $810 million, net of recoverables of $351 million and $362 million, as of March 31, 2020 and December 31, 2019, respectively. Reserves for environmental claims were $175 million and $179 million, net of recoverables of $39 million and $40 million, as of March 31, 2020 and December 31, 2019, respectively.

Rollforward of the reserve for property and casualty insurance claims and claims expense

($ in millions)	Three months ended March 31, 2020	Three months ended March 31, 2019
Balance as of January 1	$ 27,712	$ 27,423
Less recoverables (1)	(6,912)	(7,155)
Net balance as of January 1	**20,800**	**20,268**
Incurred claims and claims expense related to:		
Current year	5,333	5,808
Prior years	8	12
Total incurred	**5,341**	**5,820**
Claims and claims expense paid related to:		
Current year	(2,352)	(2,270)
Prior years	(3,554)	(3,294)
Total paid	**(5,906)**	**(5,564)**
Net balance as of March 31	20,235	20,524
Plus recoverables	6,913	7,020
Balance as of March 31	**$ 27,148**	**$ 27,544**

(1) Recoverables comprises reinsurance and indemnification recoverables.

Incurred claims and claims expense represents the sum of paid losses, claim adjustment expenses and reserve changes in the period. This expense included losses from catastrophes of $211 million and $680 million in the three months ended March 31, 2020 and 2019, respectively, net of recoverables.

Catastrophes are an inherent risk of the property and casualty insurance business that have contributed to, and will continue to contribute to, material year-to-year fluctuations in the Company's results of operations and financial position.

Prior year reserve reestimates included in claims and claims expense (1)

($ in millions)	Non-catastrophes losses 2020	Non-catastrophes losses 2019	Catastrophes losses 2020	Catastrophes losses 2019 (2)	Total 2020	Total 2019
Auto	$ 22	$ (53)	$ (9)	$ (1)	$ 13	$ (54)
Homeowners	1	7	(8)	46	(7)	53
Other personal lines	(2)	(2)	(4)	9	(6)	7
Commercial lines	5	5	1	(1)	6	4
Discontinued Lines and Coverages	2	2	—	—	2	2
Service Businesses	—	—	—	—	—	—
Total prior year reserve reestimates	**$ 28**	**$ (41)**	**$ (20)**	**$ 53**	**$ 8**	**$ 12**

(1) Favorable reserve reestimates are shown in parentheses.
(2) Includes $15 million of reinstatement reinsurance premiums incurred during the period related to the 2018 Camp Fire, which primarily impacted homeowners reestimates.

Note 9 Reinsurance and indemnification

Effects of reinsurance ceded and indemnification programs on property and casualty premiums earned and life premiums and contract charges

($ in millions)	Three months ended March 31, 2020	Three months ended March 31, 2019
Property and casualty insurance premiums earned	$ (289)	$ (260)
Life premiums and contract charges	(44)	(63)

Effects of reinsurance ceded and indemnification programs on property and casualty insurance claims and claims expense, life contract benefits and interest credited to contractholder funds

($ in millions)	Three months ended March 31, 2020	Three months ended March 31, 2019
Property and casualty insurance claims and claims expense	$ (131)	$ (91)
Life contract benefits	(91)	(23)
Interest credited to contractholder funds	(5)	(3)

Reinsurance and indemnification recoverables

Reinsurance and indemnification recoverables, net

($ in millions)	March 31, 2020	December 31, 2019
Property and casualty		
Paid and due from reinsurers and indemnitors	$ 101	$ 112
Unpaid losses estimated (including IBNR)	6,913	6,912
Total property and casualty	**$ 7,014**	**$ 7,024**
Annuities	**1,377**	**1,305**
Life insurance	**735**	**794**
Other	**88**	**88**
Total	**$ 9,214**	**$ 9,211**

Property and casualty As of March 31, 2020, the credit loss allowance for reinsurance recoverables, primarily related to discontinued lines and coverages reinsurance ceded decreased to $59 million from $60 million at January 1, 2020 primarily due to a $1 million decrease in the current provision for credit losses.

Indemnification recoverables are considered collectible based on the industry pool and facility enabling legislation.

Annuities, life insurance and other As of March 31, 2020, the credit loss allowance for reinsurance recoverables related to life reinsurance ceded increased to $15 million from $14 million at January 1, 2020 primarily due to $1 million of credit losses.

The Company had $63 million and $70 million of reinsurance recoverables, net of an allowance for estimated uncollectible amounts, related to Scottish Re (U.S.), Inc. as of March 31, 2020 and December 31, 2019. On December 14, 2018, the Delaware Insurance Commissioner placed Scottish Re (U.S.), Inc. under regulatory supervision. On March 6, 2019, the Chancery Court of the State of Delaware entered a Rehabilitation and Injunction Order (the “Rehabilitation Order”) in response to a petition filed by the Insurance Commissioner (the “Petition”).

Pursuant to the Petition, it is expected that Scottish Re (U.S.), Inc. will submit a Plan of Rehabilitation. The Company joined in a joint motion filed on behalf of several affected parties asking the court to allow a specified amount of offsetting claim payments and losses against premiums remitted to Scottish Re (U.S.), Inc. The Company also filed a separate motion related to the reimbursement of claim payments where Scottish Re (U.S.), Inc. is also acting as administrator. The Court has not yet ruled on either of these motions. In the interim, the Company and several other affected parties have been permitted to exercise certain setoff rights while the parties address any potential disputes.

The Company continues to monitor Scottish Re (U.S.), Inc. for future developments and will reevaluate its allowance for uncollectible amounts as new information becomes available.

Note 10 Capital Structure

Redemption of preferred stock On January 15, 2020, the Company redeemed all 11,500 shares of its Fixed Rate Noncumulative Preferred Stock, Series A, par value $1.00 per share and liquidation preference $25,000 per share and the corresponding depositary shares. The total redemption payment was $288 million, using the proceeds from the issuance of the Fixed Rate Noncumulative Perpetual Preferred Stock, Series I, on November 8, 2019. The Company recognized $10 million of original issuance costs in preferred stock dividends on the Condensed Consolidated Statements of Operations and Condensed Consolidated Statements of Shareholders' Equity as a result of the preferred stock redemption.

Note 11 Company Restructuring

The Company undertakes various programs to reduce expenses. These programs generally involve a reduction in staffing levels, and in certain cases, office closures. Restructuring and related charges primarily include the following costs related to these programs:

- *Employee* - severance and relocation benefits
- *Exit* - contract termination penalties

The expenses related to these activities are included in the Condensed Consolidated Statements of Operations as restructuring and related charges and totaled $5 million and $18 million during the three months ended March 31, 2020 and 2019, respectively. Restructuring expenses in 2020 primarily related to realignment of certain employees to centralized talent centers.

Restructuring activity during the period

($ in millions)	Employee costs	Exit costs	Total liability
Restructuring liability as of December 31, 2019	$ 14	$ 8	$ 22
Expense incurred	2	1	3
Adjustments to liability	2	—	2
Payments	(4)	(2)	(6)
Restructuring liability as of March 31, 2020	**$ 14**	**$ 7**	**$ 21**

As of March 31, 2020, the cumulative amount incurred to date for active programs related to employee severance, relocation benefits and exit expenses totaled $106 million for employee costs and $8 million for exit costs.

Note 12 Guarantees and Contingent Liabilities

Shared markets and state facility assessments

The Company is required to participate in assigned risk plans, reinsurance facilities and joint underwriting associations in various states that provide insurance coverage to individuals or entities that otherwise are unable to purchase such coverage from private insurers.

The Company routinely reviews its exposure to assessments from these plans, facilities and government programs. Underwriting results related to these arrangements, which tend to be adverse, have been immaterial to the Company's results of operations. Because of the Company's participation, it may be exposed to losses that surpass the capitalization of these facilities and/or assessments from these facilities.

Guarantees

In the normal course of business, the Company provides standard indemnifications to contractual counterparties in connection with numerous transactions, including acquisitions and divestitures. The types of indemnifications typically provided include indemnifications for breaches of representations and warranties, taxes and certain other liabilities, such as third-party lawsuits. The indemnification clauses are often standard contractual terms and are entered into in the normal course of business based on an assessment that the risk of loss would be remote. The terms of the indemnifications vary in duration and nature. In many cases, the maximum obligation is not explicitly stated and the contingencies triggering the obligation to indemnify have not occurred and are not expected to occur. Consequently, the maximum amount of the obligation under such indemnifications is not determinable. Historically, the Company has not made any material payments pursuant to these obligations.

Related to the sale of Lincoln Benefit Life Company on April 1, 2014, ALIC agreed to indemnify Resolution Life Holdings, Inc. in connection with certain representations, warranties and covenants of ALIC, and certain liabilities specifically excluded from the transaction, subject to specific contractual limitations regarding ALIC's maximum obligation. Management does not believe these indemnifications will have a material effect on results of operations, cash flows or financial position of the Company.

The aggregate liability balance related to all guarantees was not material as of March 31, 2020.

Regulation and compliance

The Company is subject to extensive laws, regulations, administrative directives, and regulatory actions. From time to time, regulatory authorities or legislative bodies seek to influence and restrict premium rates, require premium refunds to policyholders, require reinstatement of terminated policies, prescribe rules or guidelines on how affiliates compete in the marketplace, restrict the ability of insurers to cancel or non-renew policies, require insurers to continue to write new policies or limit their ability to write new policies, limit insurers' ability to change coverage terms or to impose underwriting standards, impose additional regulations regarding agency and broker compensation, regulate the nature of and amount of investments, impose fines and penalties for unintended errors or mistakes, impose additional regulations regarding cybersecurity and privacy, and otherwise expand overall regulation of insurance products and the insurance industry. In addition, the Company is subject to laws and regulations administered and enforced by federal agencies, international agencies, and other organizations, including but not limited to the Securities and Exchange Commission ("SEC"), the Financial Industry Regulatory Authority, the U.S. Equal Employment Opportunity Commission, and the U.S. Department of Justice. The Company has established procedures and policies to facilitate compliance with laws and regulations, to foster prudent business operations, and to support financial reporting. The Company routinely reviews its practices to validate compliance with laws and regulations and with internal procedures and policies. As a result of these reviews, from time to time the Company may decide to modify some of its procedures and policies. Such modifications, and the reviews that led to them, may be accompanied by payments being made and costs being incurred. The ultimate changes and eventual effects of these actions on the Company's business, if any, are uncertain.

Legal and regulatory proceedings and inquiries

The Company and certain subsidiaries are involved in a number of lawsuits, regulatory inquiries, and other legal proceedings arising out of various aspects of its business.

Background These matters raise difficult and complicated factual and legal issues and are subject to many uncertainties and complexities, including the underlying facts of each matter; novel legal issues; variations between jurisdictions in which matters are being litigated, heard, or investigated; changes in assigned judges; differences or developments in applicable laws and judicial interpretations; judges reconsidering prior rulings; the length of time before many of these matters might be resolved by settlement, through litigation, or otherwise; adjustments with respect to anticipated trial schedules and other proceedings; developments in similar actions against other companies; the fact that some of the lawsuits are putative class actions in which a class has not been certified and in which the purported class may not be clearly defined; the fact that some of the lawsuits involve multi-state class actions in which the applicable law(s) for the claims at issue is in dispute and therefore unclear; and the challenging legal environment faced by corporations and insurance companies.

The outcome of these matters may be affected by decisions, verdicts, and settlements, and the timing of such decisions, verdicts, and settlements, in other individual and class action lawsuits that involve the Company, other insurers, or other entities and by other legal, governmental, and regulatory actions that involve the Company, other insurers, or other entities. The outcome may also be affected by future state or federal legislation, the timing or substance of which cannot be predicted.

In the lawsuits, plaintiffs seek a variety of remedies which may include equitable relief in the form of injunctive and other remedies and monetary relief in the form of contractual and extra-contractual damages. In some cases, the monetary damages sought may include punitive or treble damages. Often specific information about the relief sought, such as the amount of damages, is not available because plaintiffs have not requested specific relief in their pleadings. When specific monetary demands are made, they are often set just below a state court jurisdictional limit in order to seek the maximum amount available in state court, regardless of the specifics of the case, while still avoiding the risk of removal to federal court. In Allstate's experience, monetary demands in pleadings bear little relation to the ultimate loss, if any, to the Company.

In connection with regulatory examinations and proceedings, government authorities may seek various forms of relief, including penalties, restitution, and changes in business practices. The Company may not be advised of the nature and extent of relief sought until the final stages of the examination or proceeding.

Accrual and disclosure policy The Company reviews its lawsuits, regulatory inquiries, and other legal proceedings on an ongoing basis and follows appropriate accounting guidance when making accrual and disclosure decisions. The Company establishes accruals for such matters at management's best estimate when the Company assesses that it is probable that a loss has been incurred and the amount of the loss can be reasonably estimated. The Company does not establish accruals for such matters when the Company does not believe both that it is probable that a loss has been incurred and the amount of the loss can be reasonably estimated. The Company's assessment of whether a loss is reasonably possible, or probable, is based on its assessment of the ultimate outcome of the matter following all appeals. The Company does not include potential recoveries in its estimates of reasonably possible or probable losses. Legal fees are expensed as incurred.

The Company continues to monitor its lawsuits, regulatory inquiries, and other legal proceedings for further developments that would make the loss contingency both probable and estimable, and accordingly accruable, or that could affect the amount of accruals that have been previously established. There may continue to be exposure to loss in excess of any amount accrued. Disclosure of the nature and amount of an accrual is made when there have been sufficient legal and factual developments such that the

Company's ability to resolve the matter would not be impaired by the disclosure of the amount of accrual.

When the Company assesses it is reasonably possible or probable that a loss has been incurred, it discloses the matter. When it is possible to estimate the reasonably possible loss or range of loss above the amount accrued, if any, for the matters disclosed, that estimate is aggregated and disclosed. Disclosure is not required when an estimate of the reasonably possible loss or range of loss cannot be made.

For certain of the matters described below in the "Claims related proceedings" and "Other proceedings" subsections, the Company is able to estimate the reasonably possible loss or range of loss above the amount accrued, if any. In determining whether it is possible to estimate the reasonably possible loss or range of loss, the Company reviews and evaluates the disclosed matters, in conjunction with counsel, in light of potentially relevant factual and legal developments.

These developments may include information learned through the discovery process, rulings on dispositive motions, settlement discussions, information obtained from other sources, experience from managing these and other matters, and other rulings by courts, arbitrators or others. When the Company possesses sufficient appropriate information to develop an estimate of the reasonably possible loss or range of loss above the amount accrued, if any, that estimate is aggregated and disclosed below. There may be other disclosed matters for which a loss is probable or reasonably possible, but such an estimate is not possible. Disclosure of the estimate of the reasonably possible loss or range of loss above the amount accrued, if any, for any individual matter would only be considered when there have been sufficient legal and factual developments such that the Company's ability to resolve the matter would not be impaired by the disclosure of the individual estimate.

The Company currently estimates that the aggregate range of reasonably possible loss in excess of the amount accrued, if any, for the disclosed matters where such an estimate is possible is zero to $75 million, pre-tax. This disclosure is not an indication of expected loss, if any. Under accounting guidance, an event is "reasonably possible" if "the chance of the future event or events occurring is more than remote but less than likely" and an event is "remote" if "the chance of the future event or events occurring is slight." This estimate is based upon currently available information and is subject to significant judgment and a variety of assumptions, and known and unknown uncertainties. The matters underlying the estimate will change from time to time, and actual results may vary significantly from the current estimate. The estimate does not include matters or losses for which an estimate is not possible. Therefore, this estimate represents an estimate of possible loss only for certain matters meeting these criteria. It does not represent the Company's maximum possible loss exposure. Information is provided below regarding the nature of all of the disclosed matters and, where specified, the amount, if any, of plaintiff claims associated with these loss contingencies.

Due to the complexity and scope of the matters disclosed in the "Claims related proceedings" and "Other proceedings" subsections below and the many uncertainties that exist, the ultimate outcome of these matters cannot be predicted and in the Company's judgment, a loss, in excess of amounts accrued, if any, is not probable. In the event of an unfavorable outcome in one or more of these matters, the ultimate liability may be in excess of amounts currently accrued, if any, and may be material to the Company's operating results or cash flows for a particular quarterly or annual period. However, based on information currently known to it, management believes that the ultimate outcome of all matters described below, as they are resolved over time, is not likely to have a material effect on the financial position of the Company.

Claims related proceedings The Company is managing various disputes in Florida that raise challenges to the Company's practices, processes, and procedures relating to claims for personal injury protection benefits under Florida auto policies. Medical providers continue to pursue litigation under various theories that challenge the amounts that the Company pays under the personal injury protection coverage, seeking additional benefit payments, as well as applicable interest, penalties and fees. There are pending putative class actions, including Revival Chiropractic v. Allstate Insurance Company, et al. (M.D. Fla. filed January 2019), and litigation involving individual plaintiffs. The Company is vigorously asserting both procedural and substantive defenses to lawsuits involving issues of unsettled Florida law.

The Company is defending putative class actions in various courts that raise challenges to the Company's depreciation practices in homeowner property claims. In these lawsuits, plaintiffs generally allege that, when calculating actual cash value, the costs of "non-materials" such as labor, general contractor's overhead and profit, and sales tax should not be subject to depreciation. The Company is currently defending the following lawsuits on this issue: Perry v. Allstate Indemnity Company, et al. (N.D. Ohio filed May 2016); Lado v. Allstate Vehicle and Property Insurance Company (S.D. Ohio filed March 2020); Maniaci v. Allstate Insurance Company (N.D. Ohio filed March 2020); Ferguson-Luke v. Allstate Property and Casualty Insurance Company (N.D. Ohio filed April 2020); Brasher v. Allstate Indemnity Company (N.D. Ala. filed February 2018); Huey v. Allstate Vehicle and Property Insurance Company (N.D. Miss. filed October 2019); Floyd v. Allstate Indemnity (D.S.C. filed January 2020); Clark v. Allstate Vehicle and Property Insurance Company (Circuit Court of Independence Co., Ark. filed February 2016). No classes have been certified in any of these matters.

Other proceedings The stockholder derivative actions described below are disclosed pursuant to SEC disclosure requirements for these types of matters. The putative class action alleging violations of the federal securities laws is disclosed because it involves similar allegations to those made in the stockholder derivative actions.

Biefeldt / IBEW Consolidated Action. Two separately filed stockholder derivative actions have been consolidated into a single proceeding that is pending in the Circuit Court for Cook County, Illinois, Chancery Division. The original complaint in the first-filed of those actions, *Biefeldt v. Wilson, et al.*, was filed on August 3, 2017, in that court by a plaintiff alleging that she is a stockholder of the Company. On June 29, 2018, the court granted defendants' motion to dismiss that complaint for failure to make a pre-suit demand on the Allstate Board before instituting the suit, but granted the plaintiff permission to file an amended complaint. The original complaint in *IBEW Local No. 98 Pension Fund v. Wilson, et al.*, was filed on April 12, 2018, in the same court by another plaintiff alleging to be a stockholder of the Company. After the court issued its dismissal decision in the *Biefeldt* action, the plaintiffs agreed to consolidate the two actions and filed a consolidated amended complaint naming the Company's chairman, president and chief executive officer, its former president, and certain present or former members of the board of directors. In that complaint, the plaintiffs allege that the directors and officer defendants breached their fiduciary duties to the Company in connection with allegedly material misstatements or omissions concerning the Company's automobile insurance claim frequency statistics and the reasons for a claim frequency increase for Allstate brand auto insurance between October 2014 and August 3, 2015. The factual allegations are substantially similar to those at issue in *In re The Allstate Corp. Securities Litigation*. The plaintiffs further allege that a senior officer and several outside directors engaged in stock option exercises allegedly while in possession of material nonpublic information. The plaintiffs seek, on behalf of the Company, an unspecified amount of damages and various forms of equitable relief. Defendants moved to dismiss the consolidated complaint on September 24, 2018 for failure to make a demand on the Allstate Board. On May 14, 2019, the court granted the defendants' motion to dismiss the complaint, but allowed the plaintiffs leave to file a second consolidated amended complaint by June 11, 2019. On June 3, 2019, the plaintiffs filed a motion to stay the action, or in the alternative defer the filing of the second consolidated amended complaint, to allow the plaintiffs to conduct an inspection of the Company's books and records. The parties reached a compromise by which the Company produced certain board materials and the deadline for the plaintiffs to file the second consolidated amended complaint was extended. On September 17, 2019, the plaintiffs filed a second consolidated amended complaint. Defendants moved to dismiss the complaint on November 1, 2019 for failure to make a demand on the Allstate Board.

In *Sundquist v. Wilson, et al*., another plaintiff alleging to be a stockholder of the Company filed a stockholder derivative complaint in the United States District Court for the Northern District of Illinois on May 21, 2018. The plaintiff seeks, on behalf of the Company, an unspecified amount of damages and various forms of equitable relief. The complaint names as defendants the Company's chairman, president and chief executive officer, its former president, its former chief financial officer, who is a vice chairman of the Company, and certain present or former members of the board of directors.

The complaint alleges breaches of fiduciary duty based on allegations similar to those asserted in *In re The Allstate Corp. Securities Litigation* as well as state law "misappropriation" claims based on stock option transactions by the Company's chairman, president and chief executive officer, its former chief financial officer, who is a vice chairman of the Company, and certain members of the board of directors. Defendants moved to dismiss and/or stay the complaint on August 7, 2018. On December 4, 2018, the court granted the defendants' motion and stayed the case pending the resolution of the consolidated *Biefeldt/IBEW* matter.

Mims v. Wilson, et al., is an additional stockholder derivative action filed on February 12, 2020 in the United States District Court for the Northern District of Illinois. The plaintiff seeks, on behalf of the Company, an unspecified amount of damages and various forms of equitable relief. The complaint names as defendants the Company's chairman, president and chief executive officer, its former president, its former chief financial officer, who is a vice chairman of the Company, and certain present or former members of the board of directors. The complaint alleges breaches of fiduciary duty and unjust enrichment based on allegations similar to those asserted in *In re The Allstate Corp. Securities Litigation*.

In re The Allstate Corp. Securities Litigation is a certified class action filed on November 11, 2016 in the United States District Court for the Northern District of Illinois against the Company and two of its officers asserting claims under the federal securities laws. Plaintiffs allege that they purchased Allstate common stock during the class period and suffered damages as the result of the conduct alleged. Plaintiffs seek an unspecified amount of damages, costs, attorney's fees, and other relief as the court deems appropriate. Plaintiffs allege that the Company and certain senior officers made allegedly material misstatements or omissions concerning claim frequency statistics and the reasons for a claim frequency increase for Allstate brand auto insurance between October 2014 and August 3, 2015.

Plaintiffs' further allege that a senior officer engaged in stock option exercises during that time allegedly while in possession of material nonpublic information about Allstate brand auto insurance claim frequency. The Company, its chairman, president and chief executive officer, and its former president are the named defendants. After the court denied their motion to dismiss on February 27, 2018, defendants answered the complaint, denying plaintiffs' allegations that there was any misstatement or omission or other misconduct. On June 22, 2018, plaintiffs filed their motion for class certification, which was fully briefed as of January 11, 2019. On September 12, 2018, the court allowed the lead plaintiffs to amend their complaint to add the City of Providence Employee Retirement System as a proposed class representative.

The amended complaint was filed the same day. On March 26, 2019, the court granted plaintiffs' motion for class certification and certified a class consisting of all persons who purchased Allstate common stock between October 29, 2014 and August 3, 2015. On April 9, 2019, defendants filed with the Seventh Circuit Court of Appeals a petition for permission to appeal this ruling pursuant to Federal Rule of Civil Procedure 23 (f) and the Court of Appeals granted that petition on April 25, 2019. The appeal was fully briefed as of July 31, 2019, and the Seven Circuit Court of Appeals heard oral argument on September 18, 2019.

Note 13 Benefit Plans

Components of net cost (benefit) for pension and other postretirement plans

($ in millions)	Three months ended March 31, 2020	2019
Pension benefits		
Service cost	$ 28	$ 28
Interest cost	56	65
Expected return on plan assets	(104)	(93)
Amortization of prior service credit	(14)	(14)
Costs and expenses	**(34)**	**(14)**
Remeasurement of projected benefit obligation	(116)	387
Remeasurement of plan assets	434	(391)
Remeasurement (gains) losses	**318**	**(4)**
Pension net cost (benefit)	**$ 284**	**$ (18)**
Postretirement benefits		
Service cost	$ 1	$ 2
Interest cost	3	4
Amortization of prior service credit	(1)	(1)
Costs and expenses	**3**	**5**
Remeasurement of projected benefit obligation	—	19
Remeasurement of plan assets	—	—
Remeasurement (gains) losses	**—**	**19**
Postretirement net cost	**$ 3**	**$ 24**
Pension and postretirement benefits		
Costs and expenses	**$ (31)**	**$ (9)**
Remeasurement (gains) losses	**318**	**15**
Total net cost	**$ 287**	**$ 6**

Differences between expected and actual returns on plan assets and changes in assumptions affect the Company's pension and other postretirement obligations, plan assets and expenses.

Pension and postretirement benefits remeasurement gains and losses

($ in millions)	Three months ended March 31, 2020	2019
Remeasurement of projected benefit obligation (gains) losses - discount rate	$ (36)	$ 265
Remeasurement of projected benefit obligation (gains) losses - other assumptions	(80)	141
Remeasurement of plan assets (gains) losses	434	(391)
Remeasurement (gains) losses	**$ 318**	**$ 15**

The losses for the first quarter of 2020 primarily related to unfavorable asset performance compared to the expected return on plan assets, partially offset by changes in actuarial assumptions.

The weighted average discount rate used to measure the benefit obligation increased to 3.37% at March 31, 2020 compared to 3.31% at December 31, 2019 resulting in gains for the first quarter in 2020.

The gains for the first quarter of 2020 due to changes in actuarial assumptions that affect pension and other postretirement obligations primarily related to a decrease in interest crediting rates used to value liabilities.

For the first quarter of 2020, the actual return on plan assets was lower than expected return due to weak equity market performance, partially offset by declines in interest rates which increased the fair value of the fixed income investments.

Note 14 Supplemental Cash Flow Information

Non-cash investing activities include $21 million and $128 million related to mergers and exchanges completed with equity securities, fixed income securities and limited partnerships, and modifications of other investments for the three months ended March 31, 2020 and 2019, respectively.

Non-cash financing activities include $51 million and $46 million related to the issuance of Allstate common shares for vested equity awards for the three months ended March 31, 2020 and 2019, respectively.

Cash flows used in operating activities in the Condensed Consolidated Statements of Cash Flows include cash paid for operating leases related to amounts included in the measurement of lease liabilities of $39 million for the three months ended March 31, 2020. Non-cash operating activities include $31 million related to ROU assets obtained in exchange for lease obligations for the three months ended March 31, 2020.

Liabilities for collateral received in conjunction with the Company's securities lending program and over-the-counter and cleared derivatives are reported in other liabilities and accrued expenses or other investments. The accompanying cash flows are included in cash flows from operating activities in the Condensed Consolidated Statements of Cash Flows along with the activities resulting from management of the proceeds, as follows:

	Three months ended March 31,	
($ in millions)	2020	2019
Net change in proceeds managed		
Net change in fixed income securities	$ —	$ 60
Net change in short-term investments	538	(575)
Operating cash flow provided (used)	**$ 538**	**$ (515)**
Net change in liabilities		
Liabilities for collateral, beginning of period	$ (1,829)	$ (1,458)
Liabilities for collateral, end of period	(1,291)	(1,973)
Operating cash flow (used) provided	**$ (538)**	**$ 515**

Note 15 Other Comprehensive Income

Components of other comprehensive income (loss) on a pre-tax and after-tax basis

	Three months ended March 31,					
	2020			2019		
($ in millions)	Pre-tax	Tax	After-tax	Pre-tax	Tax	After-tax
Unrealized net holding gains and losses arising during the period, net of related offsets	$ (1,433)	$ 303	$ (1,130)	$ 1,287	$ (273)	$ 1,014
Less: reclassification adjustment of realized capital gains and losses	287	(60)	227	51	(11)	40
Unrealized net capital gains and losses	**(1,720)**	**363**	**(1,357)**	**1,236**	**(262)**	**974**
Unrealized foreign currency translation adjustments	**(49)**	**10**	**(39)**	**6**	**(1)**	**5**
Unamortized pension and other postretirement prior service credit [1]	**6**	**(2)**	**4**	**(15)**	**3**	**(12)**
Other comprehensive (loss) income	**$ (1,763)**	**$ 371**	**$ (1,392)**	**$ 1,227**	**$ (260)**	**$ 967**

[1] Represents prior service credits reclassified out of other comprehensive income and amortized into operating costs and expenses.

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Shareholders of
The Allstate Corporation
Northbrook, Illinois 60062

Results of Review of Interim Financial Information

We have reviewed the accompanying condensed consolidated statement of financial position of The Allstate Corporation and subsidiaries (the “Company”) as of March 31, 2020, the related condensed consolidated statements of operations, comprehensive income, shareholders’ equity and cash flows for the three month periods ended March 31, 2020 and 2019, and the related notes (collectively referred to as the “condensed consolidated financial statements”). Based on our reviews, we are not aware of any material modifications that should be made to the accompanying condensed consolidated financial statements for them to be in conformity with accounting principles generally accepted in the United States of America.

We have previously audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (“PCAOB”), the consolidated statement of financial position of The Allstate Corporation and subsidiaries as of December 31, 2019, and the related consolidated statements of operations, comprehensive income, shareholders’ equity, and cash flows for the year then ended (not presented herein); and in our report dated February 21, 2020, we expressed an unqualified opinion on those consolidated financial statements (which report expresses an unmodified opinion and includes an emphasis of a matter paragraph relating to the change in accounting principles of accounting for recognizing pension and other postretirement benefit plan costs and the change in the presentation and method of accounting for the recognition and measurement of financial assets and financial liabilities). In our opinion, the information set forth in the accompanying condensed consolidated statement of financial position as of December 31, 2019 is fairly stated, in all material respects, in relation to the consolidated statement of financial position from which it has been derived.

Basis for Review Results

These condensed consolidated financial statements are the responsibility of the Company's management. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our reviews in accordance with standards of the PCAOB. A review of the condensed consolidated financial statements consists principally of applying analytical procedures and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with the standards of the PCAOB, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

/s/ DELOITTE & TOUCHE LLP

Chicago, Illinois
May 5, 2020

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations for the Three Month Periods Ended March 31, 2020 and 2019

Overview

The following discussion highlights significant factors influencing the consolidated financial position and results of operations of The Allstate Corporation (referred to in this document as "we," "our," "us," the "Company" or "Allstate"). It should be read in conjunction with the condensed consolidated financial statements and related notes thereto found under Part I. Item 1. contained herein, and with the discussion, analysis, consolidated financial statements and notes thereto in Part I. Item 1. and Part II. Item 7. and Item 8. of The Allstate Corporation annual report on Form 10-K for 2019, filed February 21, 2020.

Further analysis of our insurance segments is provided in the Property-Liability Operations and Segment Results sections, including Allstate Protection and Discontinued Lines and Coverages, Service Businesses, Allstate Life, Allstate Benefits, and Allstate Annuities, of Management's Discussion and Analysis ("MD&A"). The segments are consistent with the way in which the chief operating decision maker reviews financial performance and makes decisions about the allocation of resources.

The Novel Coronavirus Pandemic or COVID-19 ("Coronavirus")

The Coronavirus has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel restrictions, government-imposed shelter-in-place orders, quarantine periods and social distancing, have caused material disruption to businesses globally resulting in increased unemployment, a potential recession and increased economic uncertainty. The Coronavirus has caused pervasive and on-going financial market and business disruptions. Global equity and fixed income markets have experienced historic levels of volatility.

Allstate has been proactive in protecting the health and safety of our employees and agents, while delivering on its commitment to protect our customers. We executed business continuity plans, maximized work from home and developed exposure escalation protocols.

Depending on its length and severity, the Coronavirus and the related containment actions may significantly affect our results of operations, financial condition and liquidity, including sales of new policies and shared economy demand, retention, supply chain disruption and severity costs, life insurance mortality and hospital and outpatient claim costs, annuity reserves, lower investment valuations and returns and increases in credit allowance exposure. In addition, the actions may impact the Company's operations.

The magnitude and duration of the global pandemic and the impact of actions taken by governmental authorities, businesses and consumers to mitigate health risks create significant uncertainty. We will continue to closely monitor and proactively adapt to developments and changing conditions. Currently, it is not possible to reliably estimate the length and severity of the pandemic or its impact to our operations, but the effects could be material.

A pandemic such as the Coronavirus and its impacts were contemplated in the risk factors set forth under "Item 1A. Risks Factors'' in our Annual Report on Form 10-K for the year ended December 31, 2019, including the risk factors titled "A large-scale pandemic, the occurrence of terrorism or military actions may have an adverse effect on our business" and "Conditions in the global economy and capital markets could adversely affect our business and results of operations".

We have continued to support our customers during the Coronavirus pandemic as we:

- Announced a Shelter-in-Place Payback of over $600 million to customers, as the significant decline in the number of auto accidents contributed favorably to our underwriting results; $210 million of this cost was accrued in first quarter 2020 and the remainder will be recognized in second quarter 2020
- Announced the Allstate Special Payment plan to provide more flexible payment options, including the option to delay payments
- Extended auto insurance coverage to customers using their personal vehicles to deliver food, medicine and other goods for commercial purposes; coverage for these activities is typically excluded
- Offered free Allstate Identity Protection to U.S. residents through December 31, 2020, regardless of whether they are already Allstate customers
- Increased the utilization of virtual tools such as QuickFoto Claim® and Virtual Assist® to allow for a simple, fast and safe claims handling process for customers and our employees

The following sections summarize the potential impacts of the Coronavirus on each of our segments, investments and capital resources and liquidity that may continue, emerge or accelerate into 2021.

Allstate Protection

- Declines in auto new issued applications due to lower car sales and reductions in consumer shopping for insurance
- Slower written premiums growth due to decreased consumer demand and fewer filings for rate increases
- Lower miles and usage in shared economy products
- Lower auto accident frequency from reduced miles driven
- Increased auto claim severity due to more severe accidents or higher replacement parts inflation
- Increased exposure to allowances for uncollectible receivables

Service Businesses

- Potential declines in Allstate Protection Plans growth of premiums and PIF due to decreased consumer spending and decreases in retail sales resulting from increasing unemployment
- Reduced demand for Allstate Dealer Services products due to lower new and used car sales
- Decline in claims in Allstate Dealer Services and Allstate Roadside Services due to lower miles driven
- Decreased Allstate Identity Protection revenue growth due to higher unemployment
- Increased costs from Allstate Identity Protection providing free identity protection to consumers through the end of the year

Allstate Life

- Higher death benefit costs
- Decline in sales due to temporary underwriting restrictions placed on new business; agents will be able to offer coverage to customers outside the new guidelines through non-proprietary carriers
- Accelerated amortization of deferred policy acquisition costs ("DAC") due to lower expected future profits

Allstate Benefits

- Increased claim cost exposure for our hospital indemnity, accident, disability and life products, partially offset by lower sports related and auto accident injury claims and fewer elective surgeries reducing hospital product exposure
- Decreased sales and increased policy lapses due to higher unemployment and decreased spend on voluntary products

Allstate Annuities

- Lower performance-based investment income
- Higher reserves associated with prolonged low rate environment

Investments

- Adverse impact on the market values and valuations of fixed income securities, equity securities and performance-based investments
- Fixed income securities in certain sectors such as energy, automotive, retail, travel, lodging and airlines were more severely impacted than others
- State and local government budgets may be strained by the costs of responding to the Coronavirus and reduced tax revenues from lower economic activity which may have an adverse impact on valuations and returns of our municipal bond portfolio
- Volatility in future investment results due to capital market conditions, including the pace of economic recovery and effectiveness of the fiscal and monetary policy responses
- Higher expected credit losses on loan portfolios

We believe the Company has ample capital resources and liquidity to manage through the pandemic

- Parent holding company deployable assets remains strong at $3.41 billion to meet our obligations
- We have highly liquid securities that are generally saleable within one week totaling $8.81 billion
- Through February 2021, the maximum amount of AIC dividends payable is $3.73 billion, of which $2.06 billion was paid through March 31, 2020

Within the MD&A we have included further disclosures related to the impacts of the Coronavirus on our first quarter 2020 results, including strategy and mitigation plans for exposures in our investment portfolio and details on our strong liquidity position within our capital resources and liquidity sections.

Operating Priorities

Our operating priorities remain unchanged amid the Coronavirus. To achieve its goals in 2020, Allstate is focused on the following priorities:

- *Better serve customers*
- *Grow customer base*
- *Achieve target returns on capital*
- *Proactively manage investments*
- *Build long-term growth platforms*

Transformative Growth Plan

We have initiated a multi-year Transformative Growth Plan to increase personal property-liability market share. We continue to execute this plan as we manage through the impacts from the Coronavirus. The plan has three components: expand customer access, enhance the customer value proposition and invest in marketing and technology. As part of this plan, Esurance will be integrated into the Allstate brand in the second half of 2020 as we are repositioning the Allstate brand for broader customer access.

Measuring segment profit or loss

The measure of segment profit or loss used in evaluating performance is underwriting income for the Allstate Protection and Discontinued Lines and Coverages segments and adjusted net income for the Service Businesses, Allstate Life, Allstate Benefits, Allstate Annuities, and Corporate and Other segments.

Underwriting income is calculated as premiums earned and other revenue, less claims and claims expense (“losses”), Shelter-in-Place Payback expense, amortization of DAC, operating costs and expenses, amortization of purchased intangibles and restructuring and related charges, as determined using accounting principles generally accepted in the United States of America (“GAAP”). We use this measure in our evaluation of results of operations to analyze the profitability of the Property-Liability insurance operations separately from investment results. Underwriting income is reconciled to net income applicable to common shareholders in the Property-Liability Operations section of Management’s Discussion and Analysis.

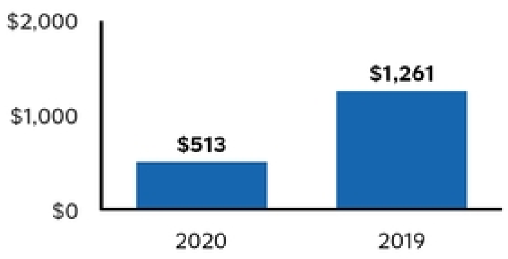
Adjusted net income is net income applicable to common shareholders, excluding:

- Realized capital gains and losses, after-tax, except for periodic settlements and accruals on non-hedge derivative instruments, which are reported with realized capital gains and losses but included in adjusted net income
- Pension and other postretirement remeasurement gains and losses, after-tax
- Valuation changes on embedded derivatives not hedged, after-tax
- Amortization of DAC and deferred sales inducement costs (“DSI”), to the extent they resulted from the recognition of certain realized capital gains and losses or valuation changes on embedded derivatives not hedged, after-tax
- Business combination expenses and the amortization or impairment of purchased intangible assets, after-tax
- Gain (loss) on disposition of operations, after-tax
- Adjustments for other significant non-recurring, infrequent or unusual items, when (a) the nature of the charge or gain is such that it is reasonably unlikely to recur within two years, or (b) there has been no similar charge or gain within the prior two years

Adjusted net income is reconciled to net income applicable to common shareholders in the Service Businesses, Allstate Life, Allstate Benefits and Allstate Annuities Segment sections of MD&A.

Consolidated net income

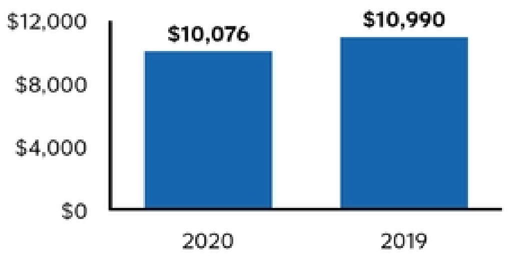
($ in millions)



Consolidated net income applicable to common shareholders decreased 59.3% in the first quarter of 2020 compared to the same period of 2019 as higher underwriting income in Allstate Protection was more than offset by net realized capital losses in the first quarter of 2020 compared to gains in same period of 2019, pension and other postretirement remeasurement losses and lower net investment income.

Total revenue

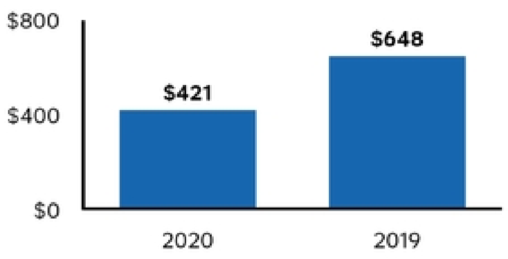
($ in millions)



Total revenue decreased 8.3% in the first quarter of 2020 compared to the first quarter of 2019, driven by net realized capital losses of $462 million in the first quarter of 2020 compared to gains of $662 million in the same period of 2019 and lower net investment income, partially offset by a 4.9% increase in property and casualty insurance premiums earned. Insurance premiums earned increased in Allstate Protection (Allstate, Esurance and Encompass brands) and Service Businesses (Allstate Protection Plans and Allstate Dealer Services) segments.

Net investment income

($ in millions)



Net investment income decreased 35.0% in the first quarter of 2020 compared to the first quarter of 2019, primarily due to a $214 million decrease in income from performance-based investments.

Summarized financial results

($ in millions)	Three months ended March 31, 2020	2019
Revenues		
Property and casualty insurance premiums	$ 9,235	$ 8,802
Life premiums and contract charges	617	628
Other revenue	265	250
Net investment income	421	648
Realized capital gains (losses)	(462)	662
Total revenues	**10,076**	**10,990**
Costs and expenses		
Property and casualty insurance claims and claims expense	(5,341)	(5,820)
Shelter-in-Place Payback expense	(210)	—
Life contract benefits and interest credited to contractholder funds	(633)	(659)
Amortization of deferred policy acquisition costs	(1,401)	(1,364)
Operating, restructuring and interest expenses	(1,485)	(1,481)
Pension and other postretirement remeasurement gains (losses)	(318)	(15)
Amortization of purchased intangibles	(28)	(32)
Total costs and expenses	**(9,416)**	**(9,371)**
Gain on disposition of operations	1	1
Income tax expense	(112)	(328)
Net income	**549**	**1,292**
Preferred stock dividends	(36)	(31)
Net income applicable to common shareholders	**$ 513**	**$ 1,261**

Segment highlights

Allstate Protection underwriting income was $1.35 billion in the first quarter of 2020, a 91.7% increase from $703 million in the first quarter of 2019. The increase was primarily due to lower catastrophe losses, increased premiums earned and a decline in auto non-catastrophe losses, partially offset by Shelter-in-Place Payback expense.

Catastrophe losses were $211 million in the first quarter of 2020 compared to $680 million in the first quarter of 2019.

Premiums written increased 3.2% to $8.59 billion in the first quarter of 2020 compared to the same period of 2019.

Service Businesses adjusted net income was $37 million in the first quarter of 2020 compared to $11 million in the first quarter of 2019. The improvement was primarily due to growth of Allstate Protection Plans and improved loss experience and expenses at Allstate Roadside Services, partially offset by higher operating expenses related to investing in growth and developing new products and distribution channels for Allstate Protection Plans and Allstate Identity Protection.

Total revenues increased 9.7% to $430 million in the first quarter of 2020 compared to the same period of 2019 due to growth at Allstate Protection Plans, Allstate Dealer Services, Arity and Allstate Identity Protection.

Allstate Life adjusted net income was $80 million in the first quarter of 2020 compared to $73 million in the first quarter of 2019, primarily due to lower operating costs and expenses, partially offset by higher amortization of DAC.

Premiums and contract charges decreased 1.2% to $333 million in the first quarter of 2020 compared to the same period of 2019.

Allstate Benefits adjusted net income was $24 million in the first quarter of 2020 compared to $31 million in the first quarter of 2019, primarily due to higher operating costs and expenses driven by increased investments in technology and higher amortization of DAC.

Premiums and contract charges decreased 2.1% to $282 million in the first quarter of 2020 compared to the same period of 2019.

Allstate Annuities adjusted net loss was $139 million in the first quarter of 2020 compared to a loss of $25 million in the first quarter of 2019, primarily due to lower net investment income.

Net investment income decreased 75.3% to $47 million in the first quarter of 2020 compared to the same period of 2019, primarily due to lower performance-based investment results and lower average investment balances.

Financial highlights

Investments totaled $84.84 billion as of March 31, 2020, decreasing from $88.36 billion as of December 31, 2019.

Shareholders' equity As of March 31, 2020, shareholders' equity was $24.17 billion. This total included $3.41 billion in deployable assets at the parent holding company level comprising cash and investments that are generally saleable within one quarter.

Book value per diluted common share (ratio of common shareholders' equity to total common shares outstanding and dilutive potential common shares outstanding) was $69.67, an increase of 9.6% from $63.59 as of March 31, 2019, and a decrease of 4.7% from $73.12 as of December 31, 2019.

Return on average common shareholders' equity For the twelve months ended March 31, 2020, net income applicable to common shareholders' return on average common shareholders' equity was 18.0%, an increase of 7.2 points from 10.8% for the twelve months ended March 31, 2019. The increase was primarily due to higher net income applicable to common shareholders for the trailing twelve-month period ended March 31, 2020, partially offset by an increase in average common shareholders' equity.

Pension and other postretirement measurement gains and losses In the first quarter of 2020, we recorded pension and other postretirement measurement losses of $318 million compared to losses of $15 million in the same period of 2019. The losses for the first quarter of 2020 primarily related to unfavorable asset performance compared to the expected return on plan assets, partially offset by changes in actuarial assumptions. See Note 13 of the condensed consolidated financial statements for further information.

Adopted accounting standard

Effective January 1, 2020, we adopted the measurement of credit losses on financial instruments accounting standard that primarily affected mortgage loans, bank loans and reinsurance recoverables. Subsequent to the adoption, we measure credit losses on financial instruments, including losses related to mortgage loans, bank loans and reinsurance recoverables, using the expected credit loss model. This model requires us to recognize an estimate of expected credit losses for affected financial assets in a valuation allowance that when deducted from the amortized cost basis of the related financial assets results in a net carrying value at the amount expected to be collected.

See Note 1 of the condensed consolidated financial statements for additional details on the adopted accounting standard.

Property-Liability Operations

Overview Property-Liability operations consist of two reportable segments: Allstate Protection and Discontinued Lines and Coverages. These segments are consistent with the groupings of financial information that management uses to evaluate performance and to determine the allocation of resources.

See the Coronavirus discussion in the Highlights section of the MD&A.

We do not allocate Property-Liability investment income, realized capital gains and losses, or assets to the Allstate Protection and Discontinued Lines and Coverages segments. Management reviews assets at the Property-Liability level for decision-making purposes.

The table below includes GAAP operating ratios we use to measure our profitability. We believe that they enhance an investor's understanding of our profitability. They are calculated as follows:

- *Loss ratio*: the ratio of claims and claims expense to premiums earned. Loss ratios include the impact of catastrophe losses.
- *Expense ratio*: the ratio of amortization of DAC, operating costs and expenses, amortization of purchased intangibles, restructuring and related charges and Shelter-in-Place Payback expense, less other revenue to premiums earned.
- *Combined ratio*: the sum of the loss ratio and the expense ratio. The difference between 100% and the combined ratio represents underwriting income as a percentage of premiums earned, or underwriting margin.

We have also calculated the following impacts of specific items on the GAAP operating ratios because of the volatility of these items between fiscal periods.

- *Effect of catastrophe losses on combined ratio*: the ratio of catastrophe losses included in claims and claims expense to premiums earned. This ratio includes prior year reserve reestimates of catastrophe losses.
- *Effect of prior year reserve reestimates on combined ratio*: the ratio of prior year reserve reestimates included in claims and claims expense to premiums earned. This ratio includes prior year reserve reestimates of catastrophe losses.
- *Effect of amortization of purchased intangibles on combined ratio*: the ratio of amortization of purchased intangibles to premiums earned.
- *Effect of restructuring and related charges on combined ratio*: the ratio of restructuring and related charges to premiums earned.
- *Effect of Discontinued Lines and Coverages on combined ratio*: the ratio of claims and claims expense and operating costs and expenses in the Discontinued Lines and Coverages segment to Property-Liability premiums earned. The sum of the effect of Discontinued Lines and Coverages on the combined ratio and the Allstate Protection combined ratio is equal to the Property-Liability combined ratio.
- *Effect of Shelter-in-Place Payback expense on combined ratio*: the ratio of Shelter-in-Place Payback expense to premiums earned.

Summarized financial data

($ in millions, except ratios)	Three months ended March 31, 2020	2019
Premiums written	$ 8,592	$ 8,327
Revenues		
Premiums earned	$ 8,881	$ 8,507
Other revenue	181	176
Net investment income	202	291
Realized capital gains (losses)	(103)	497
Total revenues	**9,161**	**9,471**
Costs and expenses		
Claims and claims expense	(5,251)	(5,730)
Shelter-in-Place Payback expense [(1)]	(210)	—
Amortization of DAC	(1,167)	(1,164)
Operating costs and expenses	(1,085)	(1,071)
Restructuring and related charges	(4)	(18)
Total costs and expenses	**(7,717)**	**(7,983)**
Income tax expense	(282)	(306)
Net income applicable to common shareholders	**$ 1,162**	**$ 1,182**
Underwriting income	$ 1,345	$ 700
Net investment income	202	291
Income tax expense on operations	(303)	(202)
Realized capital gains (losses), after-tax	(82)	393
Net income applicable to common shareholders	**$ 1,162**	**$ 1,182**
Catastrophe losses		
Catastrophe losses, excluding reserve reestimates	$ 231	$ 627
Catastrophe reserve reestimates [(2)] [(3)]	(20)	53
Total catastrophe losses	**$ 211**	**$ 680**
Non-catastrophe reserve reestimates [(2)]	28	(41)
Prior year reserve reestimates [(2)]	8	12
GAAP operating ratios		
Loss ratio	59.1	67.4
Expense ratio [(4)]	25.8	24.4
Combined ratio	84.9	91.8
Effect of catastrophe losses on combined ratio	2.4	8.0
Effect of prior year reserve reestimates on combined ratio [(3)]	0.1	0.2
Effect of catastrophe losses included in prior year reserve reestimates on combined ratio	(0.2)	0.6
Effect of restructuring and related charges on combined ratio	—	0.2
Effect of Discontinued Lines and Coverages on combined ratio	0.1	0.1
Effect of Shelter-in-Place Payback expense on combined and expense ratios	2.4	—

(1) Due to the significant declines in the number of auto accidents caused by mandated sequestration policies, Allstate, Esurance and Encompass auto insurance customers will receive a Shelter-in-Place Payback of over $600 million with $210 million recognized in the first quarter of 2020 and the remainder to be recognized in the second quarter of 2020.

(2) Favorable reserve reestimates are shown in parentheses.

(3) 2019 includes $15 million of reinstatement reinsurance premiums incurred during the period related to the 2018 Camp Fire.

(4) Other revenue is deducted from operating costs and expenses in the expense ratio calculation.

Net investment income decreased 30.6% or $89 million in the first quarter of 2020 compared to the same period of 2019, due to lower performance-based investment income, mainly from limited partnerships, including estimated declines recognized on four private equity investments totaling $51 million.

Net investment income

($ in millions)	Three months ended March 31, 2020	2019
Fixed income securities	$ 267	$ 259
Equity securities	6	23
Mortgage loans	6	4
Limited partnership interests	(77)	6
Short-term investments	9	15
Other	25	26
Investment income, before expense	236	333
Investment expense [1] [2]	(34)	(42)
Net investment income	**$ 202**	**$ 291**

(1) Investment expense includes $8 million and $13 million of investee level expenses in the first quarter of 2020 and 2019, respectively. Investee level expenses include asset level operating expenses on directly held real estate and other consolidated investments. Beginning January 1, 2020, depreciation previously included in investee level expenses is reported as realized capital gains or losses.

(2) Investment expense includes $4 million and $7 million related to the portion of reinvestment income on securities lending collateral paid to the counterparties in the first quarter of 2020 and 2019, respectively.

Realized capital gains and losses Net realized capital losses in the first quarter related primarily to decreases in the valuation of equity securities, partially offset by gains on sales of fixed income securities. Valuation of equity investments for the three months ended March 31, 2020 includes $431 million of declines in the valuation of equity securities and $81 million of declines in value primarily related to certain limited partnerships where the underlying assets are predominately public equity securities.

Realized capital gains (losses)

($ in millions)	Three months ended March 31, 2020	2019
Sales [1]	$ 366	$ 101
Credit losses [2]	(35)	(7)
Valuation of equity investments	(512)	453
Valuation and settlements of derivative instruments	78	(50)
Realized capital gains (losses), pre-tax	(103)	497
Income tax benefit (expense)	21	(104)
Realized capital gains (losses), after-tax	**$ (82)**	**$ 393**

(1) Beginning January 1, 2020, depreciation previously included in investee level expenses is reported as realized capital gains or losses.

(2) Due to the adoption of the measurement of credit losses on financial instruments accounting standard, realized capital losses previously reported as OTTI impairment write-downs are now presented as credit losses.

Allstate Protection Segment

See the Coronavirus discussion in the Highlights section of the MD&A.

Underwriting results

($ in millions)	Three months ended March 31, 2020	2019
Premiums written	$ 8,592	$ 8,327
Premiums earned	$ 8,881	$ 8,507
Other revenue	181	176
Claims and claims expense	(5,249)	(5,728)
Shelter-in-Place Payback expense	(210)	—
Amortization of DAC	(1,167)	(1,164)
Other costs and expenses	(1,084)	(1,070)
Restructuring and related charges	(4)	(18)
Underwriting income	**$ 1,348**	**$ 703**
Catastrophe losses	$ 211	$ 680
Underwriting income (loss) by line of business		
Auto	$ 656	$ 510
Homeowners	581	142
Other personal lines [(1)]	91	33
Commercial lines	5	7
Other business lines [(2)]	14	11
Answer Financial	1	—
Underwriting income	**$ 1,348**	**$ 703**

(1) Other personal lines include renters, condominium, landlord and other personal lines products.

(2) Other business lines primarily represent Ivantage, a general agency for Allstate exclusive agencies. Ivantage provides agencies a solution for their customers when coverage through Allstate brand underwritten products is not available.

Changes in underwriting results from prior year by component and by line of business [(1)]

($ in millions)	Auto 2020	Auto 2019	Homeowners 2020	Homeowners 2019	Other personal lines 2020	Other personal lines 2019	Commercial lines 2020	Commercial lines 2019	Allstate Protection [(2)] 2020	Allstate Protection [(2)] 2019
Underwriting income (loss) - prior period	$ 510	$ 617	$ 142	$ 341	$ 33	$ 50	$ 7	$ (6)	$ 703	$ 1,008
Changes in underwriting income (loss) from:										
Increase (decrease) premiums earned	224	339	103	87	12	15	35	47	374	488
Increase (decrease) other revenue	4	3	—	—	1	—	—	(1)	5	2
(Increase) decrease incurred claims and claims expense (“losses”):										
Incurred losses, excluding catastrophe losses and reserve reestimates	130	(268)	(16)	(49)	(4)	8	(31)	(50)	79	(359)
Catastrophe losses, excluding reserve reestimates	53	(46)	302	(200)	40	(26)	1	2	396	(270)
Catastrophe reserve reestimates	8	(26)	54	(12)	13	(11)	(2)	—	73	(49)
Non-catastrophe reserve reestimates	(75)	(20)	6	(9)	—	(2)	—	16	(69)	(15)
Losses subtotal	116	(360)	346	(270)	49	(31)	(32)	(32)	479	(693)
Shelter-in-Place Payback expense	(210)	—	—	—	—	—	—	—	(210)	—
(Increase) decrease expenses	12	(89)	(10)	(16)	(4)	(1)	(5)	(1)	(3)	(102)
Underwriting income	**$ 656**	**$ 510**	**$ 581**	**$ 142**	**$ 91**	**$ 33**	**$ 5**	**$ 7**	**$ 1,348**	**$ 703**

(1) The 2020 column presents changes relative to 2019. The 2019 column presents changes relative to 2018.

(2) Includes other business lines underwriting income of $14 million and $11 million in the first quarter of 2020 and 2019, respectively. Includes Answer Financial underwriting income of $1 million and zero in the first quarter of 2020 and 2019, respectively.

Underwriting income increased 91.7% or $645 million in the first quarter of 2020 compared to the first quarter of 2019, primarily due to lower catastrophe losses, increased premiums earned and a decline in auto non-catastrophe losses, partially offset by Shelter-in-Place Payback expense.

Premiums written is the amount of premiums charged for policies issued during a fiscal period. Premiums are considered earned and are included in the financial results on a pro-rata basis over the policy period. The portion of premiums written applicable to the unexpired term of the policies is recorded as unearned premiums on our Condensed Consolidated Statements of Financial Position.

Premiums written and earned by line of business

($ in millions)	Three months ended March 31,	
Premiums written	**2020**	**2019**
Auto	$ 6,209	$ 6,047
Homeowners	1,732	1,676
Other personal lines	430	419
Subtotal – Personal lines	8,371	8,142
Commercial lines	221	185
Total premiums written	**$ 8,592**	**$ 8,327**
Reconciliation of premiums written to premiums earned:		
Decrease in unearned premiums	370	179
Other	(81)	1
Total premiums earned	**$ 8,881**	**$ 8,507**
Auto	$ 6,154	$ 5,930
Homeowners	2,038	1,935
Other personal lines	471	459
Subtotal – Personal lines	8,663	8,324
Commercial lines	218	183
Total premiums earned	**$ 8,881**	**$ 8,507**

Combined ratios by line of business

	Loss ratio		Expense ratio (1)		Combined ratio	
	2020	**2019**	**2020**	**2019**	**2020**	**2019**
Three months ended March 31,						
Auto (2)	62.2	66.5	27.1	24.9	89.3	91.4
Homeowners	48.8	69.3	22.7	23.4	71.5	92.7
Other personal lines	54.4	66.4	26.3	26.4	80.7	92.8
Commercial lines	78.4	76.0	19.3	20.2	97.7	96.2
Total (3)	**59.1**	**67.3**	**25.7**	**24.4**	**84.8**	**91.7**

(1) Other revenue is deducted from operating costs and expenses in the expense ratio calculation.

(2) Excluding the impact of the Shelter-in-Place Payback expense, the first quarter of 2020 auto expense and combined ratios were 23.7 points and 85.9 points, reflecting decreases of 1.2 points and 5.5 points compared to the first quarter of 2019, respectively.

(3) Excluding the impact of the Shelter-in-Place Payback expense, the first quarter of 2020 total expense and combined ratios were 23.3 points and 82.4 points, reflecting decreases of 1.1 points and 9.3 points compared to the first quarter of 2019, respectively.

Loss ratios by line of business

	Loss ratio		Effect of catastrophe losses		Effect of prior year reserve reestimates		Effect of catastrophe losses included in prior year reserve reestimates	
	2020	**2019**	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**
Three months ended March 31,								
Auto	62.2	66.5	0.2	1.3	0.2	(0.9)	(0.1)	—
Homeowners	48.8	69.3	9.0	27.9	(0.4)	2.8	(0.4)	2.4
Other personal lines	54.4	66.4	2.8	14.4	(1.3)	1.5	(0.9)	2.0
Commercial lines	78.4	76.0	0.9	0.5	2.8	2.2	0.5	(0.6)
Total	**59.1**	**67.3**	**2.4**	**8.0**	**0.1**	**0.1**	**(0.2)**	**0.6**

Catastrophe losses decreased 69.0% or $469 million in the first quarter of 2020 compared to the first quarter of 2019. We define a "catastrophe" as an event that produces pre-tax losses before reinsurance in excess of $1 million and involves multiple first party policyholders, or a winter weather event that produces a number of claims in excess of a preset, per-event threshold of average claims in a specific area, occurring within a certain amount of time following the event. Catastrophes are caused by various natural events including high winds, winter storms and freezes, tornadoes, hailstorms, wildfires, tropical storms, tsunamis, hurricanes, earthquakes and volcanoes. We are also exposed to man-made catastrophic events, such as certain types of terrorism or industrial accidents. The nature and level of catastrophes in any period cannot be reliably predicted.

Loss estimates are generally based on claim adjuster inspections and the application of historical loss development factors. Our loss estimates are calculated in accordance with the coverage provided by our policies. Auto policyholders generally have coverage for physical damage due to flood if they have purchased optional auto comprehensive coverage. Our homeowners policies specifically exclude coverage for losses caused by flood.

Over time, we have limited our aggregate insurance exposure to catastrophe losses in certain regions of the country that are subject to high levels of natural catastrophes, limited by our participation in various state facilities.

California wildfire subrogation PG&E Corporation and Pacific Gas and Electric Company (together, "PG&E") have reached agreements to resolve insurance subrogation and tort claimants' claims arising from the 2017 Northern California wildfires and the 2018 Camp Fire for $11 billion and $13.5 billion, respectively. Allstate is one of the insurance companies that is party to the agreement with subrogating insurers. PG&E has also reached agreement to settle claims of its bondholders.

The settlements have been approved by the bankruptcy court overseeing PG&E's Chapter 11 case. All will be subject to confirmation of a Plan of Reorganization, which has not yet occurred. There remain other uncertainties with respect to the ultimate resolution of all claims, including the allocation of benefits among claimants and the amount of recovery, if any, that we may receive. Accordingly, we have not recorded any benefit related to the potential proceeds from the subrogation settlement agreement in the condensed consolidated financial statements. We will continue to monitor this matter.

Catastrophe losses by the size of event

	Three months ended March 31, 2020					
($ in millions)	**Number of events**		**Claims and claims expense**		**Combined ratio impact**	**Average catastrophe loss per event**
Size of catastrophe loss						
Greater than $250 million	—	—%	$ —	— %	—	$ —
$101 million to $250 million	—	—	—	—	—	—
$50 million to $100 million	2	16.7	107	50.7	1.2	54
Less than $50 million	10	83.3	124	58.8	1.4	12
Total	**12**	**100.0%**	**231**	**109.5**	**2.6**	**19**
Prior year reserve reestimates			(20)	(9.5)	(0.2)	
Total catastrophe losses			**$ 211**	**100.0 %**	**2.4**	

Catastrophe losses by the type of event

	Three months ended March 31,			
($ in millions)	**Number of events**	**2020**	**Number of events**	**2019**
Hurricanes/Tropical storms	—	$ —	—	$ —
Tornadoes	2	42	1	19
Wind/Hail	8	180	15	484
Wildfires	1	2	—	—
Other events	1	7	6	124
Prior year reserve reestimates		(20)		53
Total catastrophe losses	**12**	**$ 211**	**22**	**$ 680**

Catastrophe reinsurance Our current catastrophe reinsurance program supports our risk tolerance framework that targets less than a 1% likelihood of annual aggregate catastrophe losses from hurricanes and earthquakes, net of reinsurance, exceeding $2 billion. We have substantially completed the placement of our 2020 catastrophe reinsurance program, except for the Florida property component of the program which is expected to be placed in the second quarter of 2020.

Similar to our 2019 program, our 2020 program includes coverage for losses to personal lines property, personal lines automobile, commercial lines property or commercial lines automobile arising out of multiple perils, in addition to hurricanes and earthquakes.

The June 1, 2020 Nationwide Excess Catastrophe Reinsurance Program (the "Nationwide Program") provides coverage up to $4.98 billion of loss less a $500 million retention, and is subject to the percentage of reinsurance placed in each of its agreements. Property business in the state of Florida and existing New Jersey contracts are excluded from this program. Separate reinsurance agreements address the distinct needs of our separately capitalized legal entities. The Nationwide Program includes reinsurance agreements with both the traditional and insurance linked securities ("ILS") markets as described below:

The traditional market placement provides limits totaling $3.00 billion for losses arising out of multiple perils and is comprised of $2.25 billion of limits with one annual reinstatement of limits; two contracts combining $462 million of limits with one reinstatement of limits over a seven-year term; and two single-year term contracts combining $284 million of limits with no reinstatements.

ILS placements provide $1.53 billion of limits, with no reinstatement of the limits, and are comprised of a $375 million placement reinsuring losses in all states except Florida caused by named storms, earthquakes and fire following earthquakes, severe thunderstorms, winter storms, volcanic eruptions, and meteorite impacts and $150 million, $100 million, $500 million and $400 million placements reinsuring losses in all states except Florida caused by named storms, earthquakes and fire following earthquakes, severe weather, wildfires, and other naturally occurring or man-made events determined to be a catastrophe by the Company. The $100 million, $500 million and $400 million placements also provide that for each annual period beginning April 1, Allstate declared catastrophes to personal lines property and automobile business can be aggregated to erode the aggregate retention and qualify for coverage under the aggregate limit. Recoveries are limited to our ultimate net loss from the reinsured event.

The New Jersey agreement comprises two contracts that reinsure personal lines property and automobile catastrophe losses caused by multiple perils in New Jersey and provides 63% of $400 million of limits in excess of provisional retentions of $150 million. Each contract includes one annual reinstatement of limits. The New Jersey contracts inure to portions of the Nationwide Program.

The Kentucky earthquake agreement comprises a three-year term contract that reinsures personal lines property losses caused by earthquakes and fire following earthquakes in Kentucky and provides $28 million of limits, 95% placed, in excess of a $2 million retention.

The total cost of our property catastrophe reinsurance programs during the first quarter of 2020 and 2019 were $99 million and $88 million, respectively. The total cost of our catastrophe reinsurance programs during 2019 was $386 million or an average quarterly cost of $97 million.

Expense ratio increased 1.3 points in the first quarter of 2020 compared to the same period of 2019 due to the 2.4 point impact of the Shelter-in-Place Payback expense. Excluding the impact of the Shelter-in-Place Payback expense, the expense ratio decreased 1.1 points.

Impact of specific costs and expenses on the expense ratio

	Three months ended March 31,	
	2020	**2019**
Amortization of DAC	13.1	13.7
Advertising expense	2.3	2.2
Other costs and expenses	7.9	8.3
Restructuring and related charges	—	0.2
Subtotal	23.3	24.4
Shelter-in-Place Payback expense	2.4	—
Total expense ratio	**25.7**	**24.4**

Reserve reestimates were unfavorable in the first quarter of 2020 and primarily related to strengthening in our personal and commercial lines auto reserves, partially offset by favorable catastrophe reserve reestimates in our auto, homeowners and other personal lines.

Total reserves, net of reinsurance (estimated cost of outstanding claims) as of January 1, by line of business

($ in millions)	2020	2019
Auto	$ 14,728	$ 14,378
Homeowners	2,138	2,157
Other personal lines	1,458	1,489
Commercial lines	1,072	801
Total Allstate Protection	**$ 19,396**	**$ 18,825**

Reserve reestimates

	Three months ended March 31,			
	Reserve reestimate (1)		Effect on combined ratio (2)	
($ in millions, except ratios)	2020	2019	2020	2019
Auto	$ 13	$ (54)	0.2	(0.6)
Homeowners	(7)	53	(0.1)	0.6
Other personal lines	(6)	7	(0.1)	0.1
Commercial lines	6	4	0.1	—
Total Allstate Protection	**$ 6**	**$ 10**	**0.1**	**0.1**
Allstate brand	$ 7	$ 2	0.1	—
Esurance brand	1	3	—	—
Encompass brand	(2)	5	—	0.1
Total Allstate Protection	**$ 6**	**$ 10**	**0.1**	**0.1**

(1) Favorable reserve reestimates are shown in parentheses.

(2) Ratios are calculated using Allstate Protection premiums earned.

The following table presents premiums written, policies in force ("PIF") and underwriting income (loss) by line of business for Allstate brand, Esurance brand, Encompass brand and Allstate Protection as of or for the three months ended March 31, 2020. Detailed analysis of underwriting results, premiums written and earned, and the combined ratios, including loss and expense ratios, are discussed in the brand sections.

Premiums written, policies in force and underwriting income (loss)

($ in millions)	Allstate brand		Esurance brand		Encompass brand		Allstate Protection	
Premiums written	**Amount**	**Percent to total brand**	**Amount**	**Percent to total brand**	**Amount**	**Percent to total brand**	**Amount**	**Percent to total**
Auto	$ 5,574	71.2%	$ 517	94.7%	$ 118	53.1 %	$ 6,209	72.3%
Homeowners	1,618	20.7	27	4.9	87	39.2	1,732	20.1
Other personal lines	411	5.3	2	0.4	17	7.7	430	5.0
Commercial lines	221	2.8	—	—	—	—	221	2.6
Total	**$ 7,824**	**100.0%**	**$ 546**	**100.0%**	**$ 222**	**100.0 %**	**$ 8,592**	**100.0%**
Percent to total Allstate Protection		**91.1%**		**6.3%**		**2.6 %**		**100.0%**
PIF (thousands)								
Auto	20,323	65.3%	1,503	90.8%	485	61.4 %	22,311	66.4%
Homeowners	6,254	20.1	106	6.4	230	29.1	6,590	19.6
Other personal lines	4,339	13.9	46	2.8	75	9.5	4,460	13.3
Commercial lines	224	0.7	—	—	—	—	224	0.7
Total	**31,140**	**100.0%**	**1,655**	**100.0%**	**790**	**100.0 %**	**33,585**	**100.0%**
Percent to total Allstate Protection		**92.7%**		**4.9%**		**2.4 %**		**100.0%**
Underwriting income (loss)								
Auto	$ 652	49.6%	$ 6	31.6%	$ (2)	(14.3)%	$ 656	48.7%
Homeowners	555	42.2	12	63.1	14	100.0	581	43.1
Other personal lines	88	6.7	1	5.3	2	14.3	91	6.7
Commercial lines	5	0.4	—	—	—	—	5	0.4
Other business lines	14	1.1	—	—	—	—	14	1.0
Answer Financial	—	—	—	—	—	—	1	0.1
Total	**$ 1,314**	**100.0%**	**$ 19**	**100.0%**	**$ 14**	**100.0 %**	**$ 1,348**	**100.0%**

When analyzing premium measures and statistics for all three brands the following calculations are used as described below.

- *PIF*: Policy counts are based on items rather than customers. A multi-car customer would generate multiple item (policy) counts, even if all cars were insured under one policy while Commercial lines PIF counts for shared economy agreements typically reflect contracts that cover multiple rather than individual drivers.
- *New issued applications*: Item counts of automobile or homeowner insurance applications for insurance policies that were issued during the period, regardless of whether the customer was previously insured by another Allstate Protection brand. Allstate brand includes automobiles added by existing customers when they exceed the number allowed (currently 10) on a policy.
- *Average premium-gross written ("average premium")*: Gross premiums written divided by issued item count. Gross premiums written include the impacts from discounts, surcharges and ceded reinsurance premiums and exclude the impacts from mid-term premium adjustments and premium refund accruals. Average premiums represent the appropriate policy term for each line. Allstate and Esurance brand policy terms are 6 months for auto and 12 months for homeowners. Encompass brand policy terms are generally 12 months for auto and homeowners.
- *Renewal ratio*: Renewal policy item counts issued during the period, based on contract effective dates, divided by the total policy item counts issued 6 months prior for auto (generally 12 months prior for Encompass brand) or 12 months prior for homeowners.
- *Approved rate changes:* Based on historical premiums written in locations where the brands operate, not including rate plan enhancements (such as the introduction of discounts and surcharges that result in no change in the overall rate level) and initial rates filed for insurance subsidiaries initially writing business in a location. Includes rate changes approved based on our net cost of reinsurance. The rate change percentages are calculated using approved rate changes during the period as a percentage of:
  - Total brand premiums written
  - Premiums written in respective locations with rate changes

Underwriting results

($ in millions)	Three months ended March 31, 2020	2019
Premiums written	$ 7,824	$ 7,544
Premiums earned	$ 8,106	$ 7,752
Other revenue	139	135
Claims and claims expense	(4,719)	(5,170)
Shelter-in-Place Payback expense	(188)	—
Amortization of DAC	(1,107)	(1,105)
Other costs and expenses	(914)	(894)
Restructuring and related charges	(3)	(16)
Underwriting income	**$ 1,314**	**$ 702**
Catastrophe losses	$ 196	$ 644
Underwriting income (loss) by line of business		
Auto	$ 652	$ 512
Homeowners	555	142
Other personal lines (1)	88	30
Commercial lines	5	7
Other business lines (2)	14	11
Underwriting income	**$ 1,314**	**$ 702**

(1) Other personal lines include renters, condominium, landlord and other personal lines products.

(2) Other business lines primarily represent Ivantage.

Changes in underwriting results from prior year by component (1)

($ in millions)	Three months ended March 31, 2020	2019
Underwriting income (loss) - prior period	$ 702	$ 1,001
Changes in underwriting income (loss) from:		
Increase (decrease) premiums earned	354	423
Increase (decrease) other revenue	4	(1)
(Increase) decrease incurred claims and claims expense (“losses”):		
Incurred losses, excluding catastrophe losses and reserve reestimates	75	(298)
Catastrophe losses, excluding reserve reestimates	381	(262)
Catastrophe reserve reestimates	67	(53)
Non-catastrophe reserve reestimates	(72)	(9)
Losses subtotal	451	(622)
Shelter-in-Place Payback expense	(188)	—
(Increase) decrease expenses	(9)	(99)
Underwriting income	**$ 1,314**	**$ 702**

(1) The 2020 column presents changes in 2020 compared to 2019. The 2019 column presents changes in 2019 compared to 2018.

Underwriting income increased 87.2% or $612 million in the first quarter of 2020 compared to the first quarter of 2019, primarily due to lower catastrophe losses, increased premiums earned and a decline in auto non-catastrophe losses, partially offset by Shelter-in-Place Payback expense.

Premiums written and earned by line of business

($ in millions)	Three months ended March 31, 2020	2019
Premiums written		
Auto	$ 5,574	$ 5,395
Homeowners (1)	1,618	1,565
Other personal lines	411	399
Subtotal – Personal lines	7,603	7,359
Commercial lines	221	185
Total	**$ 7,824**	**$ 7,544**
Premiums earned		
Auto	$ 5,532	$ 5,321
Homeowners	1,907	1,811
Other personal lines	449	437
Subtotal – Personal lines	7,888	7,569
Commercial lines	218	183
Total	**$ 8,106**	**$ 7,752**

(1) The cost of our catastrophe reinsurance program increased $12 million to $75 million in the first quarter of 2020 from $63 million in the first quarter of 2019. Catastrophe placement premiums are recorded primarily in the Allstate brand and are a reduction of premium. For a more detailed discussion on reinsurance, see Note 9 of the condensed consolidated financial statements.

Auto premium measures and statistics

	Three months ended March 31, 2020	2019	Change
PIF (thousands)	20,323	20,145	0.9%
New issued applications (thousands)	751	740	1.5%
Average premium	$ 598	$ 578	3.5%
Renewal ratio (%)	88.0	88.8	(0.8)
Approved rate changes:			
Impact of rate changes ($ in millions)	$ 102	$ 120	$ (18)
Number of locations (1)	16	19	(3)
Total brand (%)	0.5	0.6	(0.1)
Location specific (%)	6.5	3.4	3.1

(1) Allstate brand operates in 50 states, the District of Columbia and 5 Canadian provinces.

Auto insurance premiums written increased 3.3% or $179 million in the first quarter of 2020 compared to the first quarter of 2019, primarily due to an increase in average premium and policy growth. In March 2020, we noted that the growth in premiums written slowed significantly due to a decline in new issued applications in 70% of our states. PIF increased 0.9% or 178 thousand policies compared to prior year with increases in 29 states, including 4 of our largest 10 states.

Homeowners premium measures and statistics

	Three months ended March 31, 2020	2019	Change
PIF (thousands)	6,254	6,198	0.9%
New issued applications (thousands)	199	197	1.0%
Average premium	$ 1,314	$ 1,267	3.7%
Renewal ratio (%)	87.6	88.4	(0.8)
Approved rate changes:			
Impact of rate changes ($ in millions)	$ 99	$ 155	$ (56)
Number of locations (1)	15	20	(5)
Total brand (%)	1.3	2.1	(0.8)
Location specific (%)	4.1	5.5	(1.4)

(1) Allstate brand operates in 50 states, the District of Columbia and 5 Canadian provinces.

Homeowners insurance premiums written increased 3.4% or $53 million in the first quarter of 2020 compared to the first quarter of 2019, primarily due to higher average premiums, including rate changes and inflation in insured home valuations, and policy growth. Homeowners PIF increased in 29 states, including 6 of our largest 10 states, as of March 31, 2020 compared to March 31, 2019.

Other personal lines premiums written increased 3.0% or $12 million in the first quarter of 2020 compared to the first quarter of 2019. The increase was primarily due to an increase in personal umbrella insurance premiums.

Commercial lines premiums written increased 19.5% or $36 million in the first quarter of 2020 compared to the first quarter of 2019. The increase was primarily due to expansion in our shared economy business, including growth in our current agreements and addition of new customers. Growth in premiums written is not reflected in growth in policies in force as the shared economy agreements typically reflect contracts that cover multiple drivers as opposed to individual drivers.

Combined ratios by line of business

	Loss ratio		Expense ratio (1)		Combined ratio	
	2020	2019	2020	2019	2020	2019
Three months ended March 31,						
Auto (2)	61.1	65.5	27.1	24.9	88.2	90.4
Homeowners	48.6	69.3	22.3	22.9	70.9	92.2
Other personal lines	54.1	66.8	26.3	26.3	80.4	93.1
Commercial lines	78.4	76.0	19.3	20.2	97.7	96.2
Total (3)	**58.2**	**66.7**	**25.6**	**24.2**	**83.8**	**90.9**

(1) Other revenue is deducted from operating costs and expenses in the expense ratio calculation.

(2) Excluding the impact of the Shelter-in-Place Payback expense, the first quarter of 2020 auto expense and combined ratios were 23.7 points and 84.8 points, reflecting decreases of 1.2 points and 5.6 points compared to the first quarter of 2019, respectively.

(3) Excluding the impact of the Shelter-in-Place Payback expense, the first quarter of 2020 total expense and combined ratios were 23.3 points and 81.5 points, reflecting decreases of 0.9 points and 9.4 points compared to the first quarter of 2019, respectively.

Loss ratios by line of business

	Loss ratio		Effect of catastrophe losses		Effect of prior year reserve reestimates		Effect of catastrophe losses included in prior year reserve reestimates	
	2020	2019	2020	2019	2020	2019	2020	2019
Three months ended March 31,								
Auto	61.1	65.5	0.2	1.3	0.2	(1.1)	(0.1)	—
Homeowners	48.6	69.3	8.9	28.2	(0.2)	2.6	(0.4)	2.3
Other personal lines	54.1	66.8	2.7	14.6	(0.9)	2.3	(0.9)	2.1
Commercial lines	78.4	76.0	0.9	0.5	2.8	2.2	0.5	(0.6)
Total	**58.2**	**66.7**	**2.4**	**8.3**	**0.1**	**—**	**(0.2)**	**0.6**

Frequency and severity statistics, which are influenced by driving patterns, inflation and other factors, are provided to describe the trends in loss costs of the business. Our reserving process incorporates changes in loss patterns, operational statistics and changes in claims reporting processes to determine our best estimate of recorded reserves. We use the following statistics to evaluate losses:

- *Paid claim frequency* [1] is calculated as annualized notice counts closed with payment in the period divided by the average of PIF with the applicable coverage during the period.
- *Gross claim frequency* [1] is calculated as annualized notice counts received in the period divided by the average of PIF with the applicable coverage during the period. Gross claim frequency includes all actual notice counts, regardless of their current status (open or closed) or their ultimate disposition (closed with a payment or closed without payment).
- *Paid claim severity* is calculated by dividing the sum of paid losses and loss expenses by claims closed with a payment during the period.
- *Percent change in frequency or severity statistics* is calculated as the amount of increase or decrease in the paid or gross claim frequency or severity in the current period compared to the same period in the prior year divided by the prior year paid or gross claim frequency or severity.

[1] Frequency statistics exclude counts associated with catastrophe events.

Paid claim frequency trends will often differ from gross claim frequency trends due to differences in the timing of when notices are received and when claims are settled. For property damage claims, paid frequency trends reflect smaller differences as timing between opening and settlement is generally less. For bodily injury, gross frequency trends reflect emerging trends since the difference in timing between opening and settlement is much greater and gross frequency does not typically experience the same volatility in quarterly fluctuations seen in paid frequency. In evaluating frequency, we typically rely upon paid frequency trends for physical damage coverages such as property damage and gross frequency for casualty coverages such as bodily injury to provide an indicator of emerging trends in overall claim frequency while also providing insights for our analysis of severity.

We are continuing to implement new technology and process improvements that provide continued loss cost accuracy, efficient processing and enhanced customer experiences that are simple, fast and produce high degrees of satisfaction. We use Digital Operating Centers to handle auto physical damage claims countrywide utilizing our virtual estimation capabilities, which includes estimating damage with photos and video through the use of QuickFoto Claim® and Virtual Assist®. We are also leveraging virtual capabilities to handle property claims by estimating damage through video with Virtual Assist and aerial imagery using satellites, airplanes and drones. These organizational and process changes impact frequency and severity statistics as changes in claim opening and closing practices and shifts in timing, if any, can impact comparisons to prior periods.

Auto loss ratio decreased 4.4 points in the first quarter of 2020 compared to the same period of 2019, primarily due to a decline in non-catastrophe losses driven by favorable frequency, higher premiums earned and lower catastrophe losses, partially offset by increased severity and unfavorable non-catastrophe prior year reserve reestimates compared to favorable reestimates in the prior period.

Property damage gross and paid claim frequency decreased 12.0% and 3.8%, respectively, in the first quarter of 2020 compared to the same period of 2019, primarily due to declines in auto miles driven related to the Coronavirus. In March 2020, gross claim frequency declined by 27.0% compared to March 2019. Property damage paid claim severities increased 7.7% in the first quarter of 2020 compared to the same period of 2019 due to the impact of higher costs to repair more sophisticated newer model vehicles, higher third-party subrogation demands and increased costs associated with total losses.

Bodily injury gross claim frequency decreased 11.2% in the first quarter of 2020 compared to the same period of 2019. Bodily injury severity trends increased at a rate above medical care inflation indices in 2020.

Homeowners loss ratio decreased 20.7 points in the first quarter of 2020 compared to the same period of 2019, primarily due to lower catastrophes, increased premiums earned and improved claim frequency, partially offset by increased claim severity. Gross and paid claim frequency excluding catastrophe losses decreased 13.1% and 10.7%, respectively, in the first quarter of 2020 compared to the same period of 2019. Paid claim severity excluding catastrophe losses increased 16.1% in the first quarter of 2020 compared to the same period of 2019, as we experienced increased claim severity in fire and water perils. Homeowner paid claim severity can be impacted by both the mix of perils and the magnitude of specific losses paid during the quarter.

Other personal lines loss ratio decreased 12.7 points in the first quarter of 2020 compared to the same period of 2019, primarily due to lower catastrophe losses and increased premiums earned.

Commercial lines loss ratio increased 2.4 points in the first quarter of 2020 compared to the same period of 2019, primarily due to higher non-catastrophe losses driven by higher severity, partially offset by increased premiums earned. Commercial lines recorded losses related to the shared economy agreements are primarily based on original pricing expectations given limited loss experience.

Impact of specific costs and expenses on the expense ratio

	Three months ended March 31,	
	2020	**2019**
Amortization of DAC	13.7	14.2
Advertising expense	2.0	1.9
Other costs and expenses	7.6	7.9
Restructuring and related charges	—	0.2
Subtotal	23.3	24.2
Shelter-in-Place Payback expense	2.3	—
Total expense ratio	**25.6**	**24.2**

Expense ratio increased 1.4 points in the first quarter of 2020 compared to the first quarter of 2019, primarily due to Shelter-in-Place Payback expense. Excluding the Shelter-in-Place Payback expense, the expense ratio decreased 0.9 points primarily due to lower agent compensation, operating costs and restructuring charges, partially offset by higher advertising costs.

Amortization of DAC primarily includes agent remuneration and premium taxes. Allstate agency total incurred base commissions, variable compensation and bonuses in total in the first quarter of 2020 were lower than the same period of 2019.

Underwriting results

($ in millions)	Three months ended March 31, 2020	2019
Premiums written	$ 546	$ 559
Premiums earned	$ 519	$ 502
Other revenue	23	20
Claims and claims expense	(373)	(384)
Shelter-in-Place Payback expense	(17)	—
Amortization of DAC	(11)	(11)
Other costs and expenses	(121)	(124)
Restructuring and related charges	(1)	—
Underwriting income	**$ 19**	**$ 3**
Catastrophe losses	$ 3	$ 6

Underwriting income (loss) by line of business		
Auto	$ 6	$ (1)
Homeowners	12	4
Other personal lines	1	—
Underwriting income	**$ 19**	**$ 3**

Changes in underwriting results from prior year by component (1)

($ in millions)	Three months ended March 31, 2020	2019
Underwriting income (loss) - prior period	$ 3	$ 3
Changes in underwriting income (loss) from:		
Increase (decrease) premiums earned	17	69
Increase (decrease) other revenue	3	—
(Increase) decrease incurred claims and claims expense (“losses”):		
Incurred losses, excluding catastrophe losses and reserve reestimates	6	(57)
Catastrophe losses, excluding reserve reestimates	3	(3)
Catastrophe reserve reestimates	—	—
Non-catastrophe reserve reestimates	2	(3)
Losses subtotal	11	(63)
Shelter-in-Place Payback expense	(17)	—
(Increase) decrease expenses	2	(6)
Underwriting income	**$ 19**	**$ 3**

(1) The 2020 column presents changes in 2020 compared to 2019. The 2019 column presents changes in 2019 compared to 2018.

Underwriting income increased $16 million in the first quarter of 2020 compared to the first quarter of 2019 due to increased premiums earned and lower loss costs, partially offset by Shelter-in-Place Payback expense.

Premiums written and earned by line of business

($ in millions)	Three months ended March 31,	
Premiums written	**2020**	**2019**
Auto	$ 517	$ 532
Homeowners	27	25
Other personal lines	2	2
Total	**$ 546**	**$ 559**
Premiums earned		
Auto	$ 487	$ 475
Homeowners	30	25
Other personal lines	2	2
Total	**$ 519**	**$ 502**

Auto premium measures and statistics

	Three months ended March 31,		
	2020	**2019**	**Change**
PIF (thousands)	1,503	1,548	(2.9)%
New issued applications (thousands)	130	180	(27.8)%
Average premium	$ 632	$ 625	1.1 %
Renewal ratio (%)	82.0	83.9	(1.9)
Approved rate changes:			
Impact of rate changes ($ in millions)	$ 50	$ 12	$ 38
Number of locations (1)	10	9	1
Total brand (%)	2.6	0.6	2.0
Location specific (%)	7.2	4.1	3.1

(1) Esurance brand operates in 43 states.

Auto insurance premiums written decreased 2.8% or $15 million in the first quarter of 2020 compared to the first quarter of 2019, primarily due to lower renewal ratio and fewer new issued applications, partially offset by higher average premium.

PIF decreased 2.9% or 45 thousand as of March 31, 2020 compared to March 31, 2019. New issued applications decreased 27.8% as of March 31, 2020 compared to March 31, 2019 due to rate increases approved in 2019 and 2020 adversely impacting the close ratio, as well as early impacts of the Coronavirus.

Homeowners premium measures and statistics

	Three months ended March 31,		
	2020	**2019**	**Change**
PIF (thousands)	106	98	8.2 %
New issued applications (thousands)	5	7	(28.6)%
Average premium	$ 1,081	$ 1,016	6.4 %
Renewal ratio (%) (1)	83.9	84.8	(0.9)
Approved rate changes:			
Impact of rate changes ($ in millions)	$ —	$ 2	$ (2)
Number of locations (2)	—	2	(2)
Total brand (%)	—	2.0	(2.0)
Location specific (%)	—	18.2	(18.2)

(1) Esurance's renewal ratios exclude the impact of risk related cancellations. Customers can enter into a policy without a physical inspection. During the underwriting review period, a number of policies may be canceled if upon inspection the condition is unsatisfactory.

(2) Esurance brand operates in 31 states.

Homeowners insurance premiums written increased 8.0% or $2 million in the first quarter of 2020 compared to the first quarter of 2019 due to PIF growth. As of March 31, 2020, Esurance continues to write homeowners insurance in 31 states with lower hurricane risk, contributing to lower average premium compared to the industry.

PIF increased 8.2% or 8 thousand as of March 31, 2020 compared to March 31, 2019.

Combined ratios by line of business

	Loss ratio		Expense ratio (1)		Combined ratio	
	2020	**2019**	**2020**	**2019**	**2020**	**2019**
Three months ended March 31,						
Auto (2)	73.7	77.3	25.1	22.9	98.8	100.2
Homeowners	43.3	60.0	16.7	24.0	60.0	84.0
Total (3)	**71.8**	**76.5**	**24.5**	**22.9**	**96.3**	**99.4**

(1) Other revenue is deducted from operating costs and expenses in the expense ratio calculation.

(2) Excluding the impact of the Shelter-in-Place Payback expense, the first quarter of 2020 auto expense and combined ratios were 21.6 points and 95.3 points, reflecting decreases of 1.3 points and 4.9 points compared to the first quarter of 2019, respectively.

(3) Excluding the impact of the Shelter-in-Place Payback expense, the first quarter of 2020 total expense and combined ratios were 21.2 points and 93.0 points, reflecting decreases of 1.7 points and 6.4 points compared to the first quarter of 2019, respectively.

Loss ratios by line of business

	Loss ratio		Effect of catastrophe losses		Effect of prior year reserve reestimates		Effect of catastrophe losses included in prior year reserve reestimates	
	2020	**2019**	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**
Three months ended March 31,								
Auto	73.7	77.3	0.2	0.6	0.7	0.9	—	—
Homeowners	43.3	60.0	6.7	12.0	(6.7)	(4.0)	—	—
Total	**71.8**	**76.5**	**0.6**	**1.2**	**0.1**	**0.6**	**—**	**—**

Auto loss ratio decreased 3.6 points in the first quarter of 2020 compared to the same period of 2019, primarily due to higher premiums earned and lower claim frequency, partially offset by higher claim severity.

Homeowners loss ratio decreased 16.7 points in the first quarter of 2020 compared to the same period of 2019, primarily due to favorable claims frequency, lower catastrophe losses and higher premiums earned.

Impact of specific costs and expenses on the expense ratio

	Three months ended March 31,	
	2020	**2019**
Amortization of DAC	2.1	2.2
Advertising expense	8.5	8.2
Amortization of purchased intangibles	—	0.2
Other costs and expenses	10.4	12.3
Restructuring and related charges	0.2	—
Subtotal	21.2	22.9
Shelter-in-Place Payback expense	3.3	—
Total expense ratio	**24.5**	**22.9**

Expense ratio increased 1.6 points in the first quarter of 2020 compared to the same period of 2019. Excluding the impact of Shelter-in-Place Payback expense, the expense ratio decreased 1.7 points.

Other costs and expenses, including sales personnel and other underwriting costs related to customer acquisition, were 1.9 points lower in the first quarter of 2020 compared to the same period of 2019 reflecting continued implementation of digital self-service capabilities and a reduction in professional service expenses as part of the integration of Esurance into the Allstate brand.

Esurance uses a direct distribution model, therefore its primary acquisition-related costs are advertising as opposed to commissions. The Esurance advertising expense ratio increased 0.3 points in the first quarter of 2020 compared to the same period of 2019.

Encompass
Creating protection around you

Underwriting results

($ in millions)	Three months ended March 31, 2020	2019
Premiums written	$ 222	$ 224
Premiums earned	$ 256	$ 253
Other revenue	1	1
Claims and claims expense	(157)	(174)
Shelter-in-Place Payback expense	(5)	—
Amortization of DAC	(49)	(48)
Other costs and expenses	(32)	(32)
Restructuring and related charges	—	(2)
Underwriting income (loss)	**$ 14**	**$ (2)**
Catastrophe losses	$ 12	$ 30

Underwriting income (loss) by line of business		
Auto	$ (2)	$ (1)
Homeowners	14	(4)
Other personal lines	2	3
Underwriting income (loss)	**$ 14**	**$ (2)**

Changes in underwriting results from prior year by component [1]

($ in millions)	Three months ended March 31, 2020	2019
Underwriting income (loss) - prior period	$ (2)	$ 6
Changes in underwriting loss from:		
Increase (decrease) premiums earned	3	(4)
Increase (decrease) other revenue	—	—
(Increase) decrease incurred claims and claims expense (“losses”):		
Incurred losses, excluding catastrophe losses and reserve reestimates	(2)	(4)
Catastrophe losses, excluding reserve reestimates	12	(5)
Catastrophe reserve reestimates	6	4
Non-catastrophe reserve reestimates	1	(3)
Losses subtotal	17	(8)
Shelter-in-Place Payback expense	(5)	—
(Increase) decrease expenses	1	4
Underwriting income (loss)	**$ 14**	**$ (2)**

[1] The 2020 column presents changes in 2020 compared to 2019. The 2019 column presents changes in 2019 compared to 2018.

Underwriting income increased $16 million in the first quarter of 2020 compared to the first quarter of 2019, primarily due to lower catastrophe losses and lower auto claim frequency, partially offset by Shelter-in-Place Payback expense and higher auto claim severity.

Premiums written and earned by line of business

($ in millions)	Three months ended March 31, 2020	2019
Premiums written		
Auto	$ 118	$ 120
Homeowners	87	86
Other personal lines	17	18
Total	**$ 222**	**$ 224**
Premiums earned		
Auto	$ 135	$ 134
Homeowners	101	99
Other personal lines	20	20
Total	**$ 256**	**$ 253**

Auto premium measures and statistics

	Three months ended March 31, 2020	2019	Change
PIF (thousands)	485	499	(2.8)%
New issued applications (thousands)	16	20	(20.0)%
Average premium	$ 1,162	$ 1,134	2.5 %
Renewal ratio (%)	77.5	77.7	(0.2)
Approved rate changes:			
Impact of rate changes ($ in millions)	$ —	$ 2	$ (2)
Number of locations [1]	5	3	2
Total brand (%)	—	0.5	(0.5)
Location specific (%)	(0.2)	4.5	(4.7)

[1] Encompass brand operates in 40 states and the District of Columbia.

Auto insurance premiums written decreased 1.7% or $2 million in the first quarter of 2020 compared to the first quarter of 2019, primarily due to decreased new business in the quarter, partially offset by higher average premiums, with the top 10 states representing approximately 70% of premiums written. PIF decreased 2.8% or 14 thousand as of March 31, 2020 compared to March 31, 2019.

Homeowners premium measure and statistics

	Three months ended March 31, 2020	2019	Change
PIF (thousands)	230	237	(3.0)%
New issued applications (thousands)	8	9	(11.1)%
Average premium	$ 1,880	$ 1,768	6.3 %
Renewal ratio (%)	81.9	82.1	(0.2)
Approved rate changes:			
Impact of rate changes ($ in millions)	$ 7	$ 6	$ 1
Number of locations [1]	6	4	2
Total brand (%)	1.8	1.4	0.4
Location specific (%)	11.9	10.8	1.1

[1] Encompass brand operates in 40 states and the District of Columbia.

Homeowners insurance premiums written increased 1.2% or $1 million in the first quarter of 2020 compared to the first quarter of 2019, primarily due to higher average premiums due to rate changes over the past 12 months, with the top 10 states representing approximately 70% of premiums written. PIF decreased 3.0% or 7 thousand as of March 31, 2020 compared to March 31, 2019.

Combined ratios by line of business

	Loss ratio		Expense ratio (1)		Combined ratio	
	2020	2019	2020	2019	2020	2019
Three months ended March 31,						
Auto (2)	66.7	67.9	34.8	32.8	101.5	100.7
Homeowners	54.4	72.7	31.7	31.3	86.1	104.0
Other personal lines	60.0	55.0	30.0	30.0	90.0	85.0
Total (3)	**61.3**	**68.8**	**33.2**	**32.0**	**94.5**	**100.8**

(1) Other revenue is deducted from operating costs and expenses in the expense ratio calculation.

(2) Excluding the impact of the Shelter-in-Place Payback expense, the first quarter of 2020 auto expense and combined ratios were 31.1 points and 97.8 points, reflecting decreases of 1.7 points and 2.9 points compared to the first quarter of 2019, respectively.

(3) Excluding the impact of the Shelter-in-Place Payback expense, the first quarter of 2020 total expense and combined ratios were 31.2 points and 92.5 points, reflecting decreases of 0.8 points and 8.3 points compared to the first quarter of 2019, respectively.

Loss ratios by line of business

	Loss ratio		Effect of catastrophe losses		Effect of prior year reserve reestimates		Effect of catastrophe losses included in prior year reserve reestimates	
	2020	2019	2020	2019	2020	2019	2020	2019
Three months ended March 31,								
Auto	66.7	67.9	—	2.2	0.8	—	(0.7)	—
Homeowners	54.4	72.7	10.9	25.3	(1.0)	8.0	(1.0)	4.0
Other personal lines	60.0	55.0	5.0	10.0	(10.0)	(15.0)	—	—
Total	**61.3**	**68.8**	**4.7**	**11.9**	**(0.8)**	**2.0**	**(0.8)**	**1.6**

Auto loss ratio decreased 1.2 points in the first quarter of 2020 compared to the same period of 2019, primarily due to lower claim frequency and catastrophe losses, partially offset by increased claim severity.

Homeowners loss ratio decreased 18.3 points in the first quarter of 2020 compared to the same period of 2019, primarily due to lower catastrophe losses.

Impact of specific costs and expenses on the expense ratio

	Three months ended March 31,	
	2020	2019
Amortization of DAC	19.1	18.9
Other costs and expenses	12.1	12.3
Restructuring and related charges	—	0.8
Subtotal	31.2	32.0
Shelter-in-Place Payback expense	2.0	—
Total expense ratio	**33.2**	**32.0**

Expense ratio increased 1.2 points in the first quarter compared to the same period of 2019, primarily due to Shelter-in-Place Payback expense. Excluding the Shelter-in-Place Payback expense, the expense ratio decreased 0.8 points, primarily due to lower technology and employee-related costs.

Discontinued Lines and Coverages Segment

Underwriting results

($ in millions)	Three months ended March 31, 2020	2019
Claims and claims expense	$ (2)	$ (2)
Operating costs and expenses	(1)	(1)
Underwriting loss	**$ (3)**	**$ (3)**

Reserves for asbestos, environmental and other discontinued lines claims before and after the effects of reinsurance

($ in millions)	March 31, 2020	December 31, 2019
Asbestos claims		
Gross reserves	$ 1,141	$ 1,172
Reinsurance	(351)	(362)
Net reserves	790	810
Environmental claims		
Gross reserves	214	219
Reinsurance	(39)	(40)
Net reserves	175	179
Other discontinued lines		
Gross reserves	417	427
Reinsurance	(47)	(51)
Net reserves	370	376
Total		
Gross reserves	1,772	1,818
Reinsurance	(437)	(453)
Net reserves	**$ 1,335**	**$ 1,365**

Reserves by type of exposure before and after the effects of reinsurance

($ in millions)	March 31, 2020	December 31, 2019
Direct excess commercial insurance		
Gross reserves	$ 918	$ 948
Reinsurance	(321)	(332)
Net reserves	597	616
Assumed reinsurance coverage		
Gross reserves	597	606
Reinsurance	(52)	(53)
Net reserves	545	553
Direct primary commercial insurance		
Gross reserves	161	169
Reinsurance	(49)	(54)
Net reserves	112	115
Other run-off business		
Gross reserves	16	15
Reinsurance	(14)	(13)
Net reserves	2	2
Unallocated loss adjustment expenses		
Gross reserves	80	80
Reinsurance	(1)	(1)
Net reserves	79	79
Total		
Gross reserves	1,772	1,818
Reinsurance	(437)	(453)
Net reserves	**$ 1,335**	**$ 1,365**

Percentage of gross and ceded reserves by case and incurred but not reported (“IBNR”)	March 31, 2020		December 31, 2019	
	Case	IBNR	Case	IBNR
Direct excess commercial insurance				
Gross reserves (1)	67%	33%	68%	32%
Ceded (2)	77	23	78	22
Assumed reinsurance coverage				
Gross reserves	35	65	34	66
Ceded	38	62	35	65
Direct primary commercial insurance				
Gross reserves	55	45	56	44
Ceded	78	22	78	22

(1) Approximately 72% of the total gross case reserves are subject to settlement agreements.

(2) Approximately 80% of the total ceded case reserves are subject to settlement agreements.

Gross payments from case reserves by type of exposure ($ in millions)	March 31, 2020	March 31, 2019
Direct excess commercial insurance		
Gross reserves (1)	$ 29	$ 26
Ceded (2)	11	11
Assumed reinsurance coverage		
Gross reserves	9	9
Ceded	1	1
Direct primary commercial insurance		
Gross reserves	2	3
Ceded	1	—

(1) 86% of first quarter 2020 payments related to settlement agreements.

(2) 89% of first quarter 2020 payments related to settlement agreements.

Total net reserves as of March 31, 2020, included $650 million or 49% of estimated IBNR reserves compared to $660 million or 48% of estimated IBNR reserves as of December 31, 2019.

Total gross payments were $41 million for the first quarter of 2020, primarily related to payments on settlement agreements reached with several insureds on large claims, mainly asbestos related losses, where the scope of coverages has been agreed upon. The claims associated with these settlement agreements are expected to be substantially paid out over the next several years as qualified claims are submitted by these insureds. Reinsurance collections were $13 million for the first quarter of 2020.

Service Businesses Segment

See the Coronavirus discussion in the Highlights section of the MD&A.

Summarized financial information

($ in millions)	Three months ended March 31, 2020	2019
Premiums written	$ 379	$ 368
Revenues		
Premiums	$ 354	$ 295
Other revenue	52	47
Intersegment insurance premiums and service fees [(1)]	38	33
Net investment income	10	9
Realized capital gains (losses)	(24)	8
Total revenues	**430**	**392**
Costs and expenses		
Claims and claims expense	(92)	(92)
Amortization of DAC	(153)	(127)
Operating costs and expenses	(161)	(151)
Amortization of purchased intangibles	(27)	(31)
Total costs and expenses	**(433)**	**(401)**
Income tax benefit	—	3
Net loss applicable to common shareholders	**$ (3)**	**$ (6)**
Adjusted net income	**$ 37**	**$ 11**
Realized capital gains (losses), after-tax	(19)	7
Amortization of purchased intangibles, after-tax	(21)	(24)
Net loss applicable to common shareholders	**$ (3)**	**$ (6)**
Allstate Protection Plans	$ 34	$ 14
Allstate Dealer Services	7	6
Allstate Roadside Services	2	(6)
Arity	(3)	(2)
Allstate Identity Protection	(3)	(1)
Adjusted net income	**$ 37**	**$ 11**
Allstate Protection Plans	107,124	77,866
Allstate Dealer Services	4,096	4,294
Allstate Roadside Services	576	649
Allstate Identity Protection	1,932	1,211
Policies in force as of March 31 (in thousands)	**113,728**	**84,020**

(1) Primarily related to Arity and Allstate Roadside Services and are eliminated in our condensed consolidated financial statements.

Net loss applicable to common shareholders decreased 50.0% or $3 million in the first quarter of 2020 compared to the first quarter of 2019.

Adjusted net income increased $26 million in the first quarter of 2020 compared to the first quarter of 2019, primarily due to growth of Allstate Protection Plans and improved loss experience and expenses at Allstate Roadside Services, partially offset by higher operating expenses related to investing in growth and developing new products and distribution channels for Allstate Protection Plans and Allstate Identity Protection.

Total revenues increased 9.7% or $38 million in the first quarter of 2020 compared to the first quarter of 2019, primarily due to Allstate Protection Plans' growth through its U.S. retail and international channels, increased premiums earned on Allstate Dealer Services' vehicle service contracts and higher revenues at Arity and Allstate Identity Protection, partially offset by net realized capital losses in first quarter of 2020 compared to gains in the same period of 2019 and declines in premiums earned at Allstate Roadside Services.

Premiums written increased 3.0% or $11 million in the first quarter of 2020 compared to the first quarter of 2019, primarily due to growth at Allstate Protection Plans and increased premiums written by Allstate Dealer Services, partially offset by declines in Allstate Roadside Services wholesale and retail business.

PIF increased 35.4% or 30 million in the first quarter of 2020 compared to the first quarter of 2019 due to continued growth at Allstate Protection Plans.

Intersegment premiums and service fees increased 15.2% or $5 million in the first quarter of 2020 compared to the first quarter of 2019, primarily related to increased auto connections and device sales through Arity's device and mobile data collection services and analytic solutions.

Other revenue increased 10.6% or $5 million in the first quarter of 2020 compared to the first quarter of 2019, primarily due to revenue from Allstate Identity Protection.

Claims and claims expense in first quarter 2020 was comparable to first quarter 2019 as higher loss costs at Allstate Protection Plans were partially offset by improved loss experience at Allstate Roadside Services.

Amortization of DAC increased 20.5% or $26 million in the first quarter of 2020 compared to the first quarter of 2019. The increase is in line with the growth experienced at Allstate Protection Plans and Allstate Dealer Services.

Operating costs and expenses increased 6.6% or $10 million in the first quarter of 2020 compared to the first quarter of 2019, primarily due to product development costs, investments in growing Allstate Protection Plans and expanding Allstate Identity Protection.

Amortization of purchased intangibles relates to the acquisitions of Allstate Protection Plans in 2017 and Allstate Identity Protection in 2018. We recorded amortization expense of $27 million in the first quarter of 2020 compared to $31 million in the first quarter of 2019.

Allstate Life Segment

See the Coronavirus discussion in the Highlights section of the MD&A.

Summarized financial information

($ in millions)	Three months ended March 31, 2020	2019
Revenues		
Premiums and contract charges	$ 333	$ 337
Other revenue	32	27
Net investment income	128	127
Realized capital gains (losses)	(31)	(5)
Total revenues	**462**	**486**
Costs and expenses		
Contract benefits	(212)	(214)
Interest credited to contractholder funds	(56)	(72)
Amortization of DAC	(34)	(28)
Operating costs and expenses	(84)	(91)
Restructuring and related charges	(1)	—
Total costs and expenses	**(387)**	**(405)**
Income tax expense	(11)	(14)
Net income applicable to common shareholders	**$ 64**	**$ 67**
Adjusted net income	**$ 80**	**$ 73**
Realized capital gains (losses), after-tax	(25)	(4)
Valuation changes on embedded derivatives not hedged, after-tax	12	—
DAC and DSI amortization related to realized capital gains and losses and valuation changes on embedded derivatives not hedged, after-tax	(3)	(2)
Net income applicable to common shareholders	**$ 64**	**$ 67**
Reserve for life-contingent contract benefits as of March 31	$ 2,691	$ 2,698
Contractholder funds as of March 31	$ 7,754	$ 7,686
Policies in force as of March 31 by distribution channel (in thousands)		
Allstate agencies	1,797	1,823
Closed channels	105	113
Total	1,902	1,936

Net income applicable to common shareholders decreased 4.5% or $3 million in the first quarter of 2020 compared to the first quarter of 2019.

Adjusted net income increased 9.6% or $7 million in the first quarter of 2020 compared the first quarter of 2019, primarily due to lower operating costs and expenses, partially offset by higher amortization of DAC.

Premiums and contract charges decreased 1.2% or $4 million in the first quarter of 2020 compared to the first quarter of 2019, primarily due to lower contract charges on interest-sensitive life insurance from a decline in business in force.

Premiums and contract charges by product

($ in millions)	Three months ended March 31, 2020	2019
Traditional life insurance premiums	$ 153	$ 154
Interest-sensitive life insurance contract charges [1]	180	183
Premiums and contract charges	**$ 333**	**$ 337**

[1] Contract charges related to the cost of insurance totaled $128 million and $129 million for the first quarter of 2020 and 2019, respectively.

In light of uncertainty around the impacts of the Coronavirus, we are evaluating changes to our life insurance offerings and underwriting guidelines. For new applications effective March 31, 2020, we will approve only rate classes of standard and preferred, a maximum issue age of 69, and are suspending sales of our simplified issue term life product that does not require underwriting. Agents will be able to offer coverage to customers outside these guidelines through non-proprietary carriers.

Other revenue increased 18.5% or $5 million in the first quarter of 2020 compared to the first quarter of 2019, primarily due to higher gross dealer concessions earned on Allstate agencies' sales of non-proprietary mutual funds and variable annuities.

Contract benefits decreased 0.9% or $2 million in the first quarter of 2020 compared to the first quarter of 2019, primarily due to reserve releases in connection with term life insurance policy lapses after their level-premium period ended, partially offset by higher claim experience. The Coronavirus death claims do not appear to have materially impacted first quarter 2020 results. It is possible that some deaths related to the Coronavirus were not identified as such.

Benefit spread reflects our mortality and morbidity results using the difference between premiums and contract charges earned for the cost of insurance and contract benefits ("benefit spread"). Benefit spread of $69 million in the first quarter of 2020 was comparable to the first quarter of 2019.

Interest credited to contractholder funds decreased 22.2% or $16 million in the first quarter of 2020 compared to the first quarter of 2019. Valuation changes on derivatives embedded in equity-indexed universal life contracts that are not hedged decreased interest credited to contractholder funds by $14 million in the first quarter of 2020 compared to zero in the first quarter of 2019.

Investment spread reflects the difference between net investment income and interest credited to contractholder funds ("investment spread") and is used to analyze the impact of net investment income and interest credited to contractholder funds on net income.

Investment spread

($ in millions)	Three months ended March 31, 2020	2019
Investment spread before valuation changes on embedded derivatives not hedged	$ 58	$ 55
Valuation changes on derivatives embedded in equity-indexed universal life contracts that are not hedged	14	—
Total investment spread	**$ 72**	**$ 55**

Investment spread before valuation changes on embedded derivatives not hedged increased 5.5% in the first quarter of 2020 compared to the first quarter of 2019, primarily due to lower credited interest and higher net investment income.

Amortization of DAC increased 21.4% or $6 million in the first quarter of 2020 compared to the first quarter of 2019, primarily due to higher gross profits on interest-sensitive life insurance.

Components of amortization of DAC

($ in millions)	Three months ended March 31, 2020	2019
Amortization of DAC before amortization relating to realized capital gains and losses, valuation changes on embedded derivatives that are not hedged and changes in assumptions	$ 30	$ 26
Amortization relating to realized capital gains and losses [1] and valuation changes on embedded derivatives that are not hedged	4	2
Amortization acceleration for changes in assumptions (''DAC unlocking'')	—	—
Total amortization of DAC	**$ 34**	**$ 28**

[1] The impact of realized capital gains and losses on amortization of DAC is dependent upon the relationship between the assets that give rise to the gain or loss and the product liability supported by the assets. Fluctuations result from changes in the impact of realized capital gains and losses on actual and expected gross profits.

Operating costs and expenses decreased 7.7% or $7 million in the first quarter of 2020 compared to the first quarter of 2019, primarily due to lower employee-related, marketing and technology expenses, partially offset by higher commissions on non-proprietary product sales.

Analysis of reserves and contractholder funds

Reserve for life-contingent contract benefits

($ in millions)	March 31, 2020	December 31, 2019
Traditional life insurance	$ 2,569	$ 2,612
Accident and health insurance	122	124
Reserve for life-contingent contract benefits	**$ 2,691**	**$ 2,736**

Contractholder funds represent interest-bearing liabilities arising from the sale of products such as interest-sensitive life insurance. The balance of contractholder funds is equal to the cumulative deposits received and interest credited to the contractholder less cumulative contract benefits, surrenders, withdrawals and contract charges for mortality or administrative expenses.

Change in contractholder funds

($ in millions)	Three months ended March 31, 2020	2019
Contractholder funds, beginning balance	$ 7,805	$ 7,656
Deposits	231	234
Interest credited	56	72
Benefits, withdrawals and other adjustments		
Benefits	(63)	(61)
Surrenders and partial withdrawals	(71)	(70)
Contract charges	(175)	(176)
Net transfers from separate accounts	2	2
Other adjustments (1)	(31)	29
Total benefits, withdrawals and other adjustments	(338)	(276)
Contractholder funds, ending balance	**$ 7,754**	**$ 7,686**

(1) The table above illustrates the changes in contractholder funds, which are presented gross of reinsurance recoverables on the Condensed Consolidated Statements of Financial Position. The table above is intended to supplement our discussion and analysis of revenues, which are presented net of reinsurance on the Condensed Consolidated Statements of Operations. As a result, the net change in contractholder funds associated with products reinsured is reflected as a component of the other adjustments line.

Allstate Benefits Segment

See the Coronavirus discussion in the Highlights section of the MD&A.

Summarized financial information

($ in millions)	Three months ended March 31, 2020	2019
Revenues		
Premiums and contract charges	$ 282	$ 288
Net investment income	20	19
Realized capital gains (losses)	(14)	4
Total revenues	**288**	**311**
Costs and expenses		
Contract benefits	(141)	(145)
Interest credited to contractholder funds	(9)	(9)
Amortization of DAC	(45)	(43)
Operating costs and expenses	(75)	(71)
Total costs and expenses	**(270)**	**(268)**
Income tax expense	(4)	(9)
Net income applicable to common shareholders	**$ 14**	**$ 34**
Adjusted net income	**$ 24**	**$ 31**
Realized capital gains (losses), after-tax	(10)	3
Net income applicable to common shareholders	**$ 14**	**$ 34**
Benefit ratio [(1)]	50.0	50.3
Operating expense ratio [(2)]	26.6	24.7
Reserve for life-contingent contract benefits as of March 31	$ 1,031	$ 1,005
Contractholder funds as of March 31	$ 877	$ 904
Policies in force as of March 31 (in thousands)	4,309	4,322

(1) Benefit ratio is calculated as contract benefits divided by premiums and contract charges.

(2) Operating expense ratio is calculated as operating costs and expenses divided by premiums and contract charges.

Net income applicable to common shareholders decreased 58.8% or $20 million in the first quarter of 2020 compared to the first quarter of 2019.

Adjusted net income decreased 22.6% or $7 million in the first quarter of 2020 compared to the first quarter of 2019, primarily due to higher operating costs and expenses driven by increased investments in technology and higher amortization of DAC.

Premiums and contract charges decreased 2.1% or $6 million in the first quarter of 2020 compared to the first quarter of 2019, primarily due to decreases in disability, driven by the non-renewal of a large underperforming account, and accident products, partially offset by growth in hospital indemnity (included in other health) products.

Premiums and contract charges by product

($ in millions)	Three months ended March 31, 2020	2019
Life	$ 38	$ 38
Accident	73	76
Critical illness	122	122
Short-term disability	20	26
Other health	29	26
Premiums and contract charges	**$ 282**	**$ 288**

Contract benefits decreased 2.8% or $4 million in the first quarter of 2020 compared to the first quarter of 2019, primarily due to lower claim experience on critical illness and disability products, driven by the non-renewal of a large underperforming account, partially offset by higher mortality experience on life products.

Benefit ratio decreased to 50.0 in the first quarter of 2020 compared to 50.3 in the first quarter of 2019, primarily due to lower claim experience on critical illness and other health products, partially offset by higher mortality experience on life products and higher claims experience on accident products.

Operating costs and expenses

($ in millions)	Three months ended March 31, 2020	2019
Non-deferrable commissions	$ 26	$ 26
General and administrative expenses	49	45
Total operating costs and expenses	**$ 75**	**$ 71**

Operating costs and expenses increased 5.6% or $4 million in the first quarter of 2020 compared to the first quarter of 2019, primarily due to higher technology expenditures related to platform modernization.

Operating expense ratio increased to 26.6 in the first quarter of 2020 compared to 24.7 in the first quarter of 2019, primarily due to higher technology costs.

Analysis of reserves

Reserve for life-contingent contract benefits

($ in millions)	March 31, 2020	December 31, 2019
Traditional life insurance	$ 285	$ 285
Accident and health insurance	746	749
Reserve for life-contingent contract benefits	**$ 1,031**	**$ 1,034**

Allstate Annuities Segment

See the Coronavirus discussion in the Highlights section of the MD&A.

Summarized financial information

($ in millions)	Three months ended March 31, 2020	2019
Revenues		
Contract charges	$ 2	$ 3
Net investment income	47	190
Realized capital gains (losses)	(269)	156
Total revenues	**(220)**	**349**
Costs and expenses		
Contract benefits	(148)	(138)
Interest credited to contractholder funds	(67)	(81)
Amortization of DAC	(2)	(2)
Operating costs and expenses	(6)	(7)
Total costs and expenses	**(223)**	**(228)**
Gain on disposition of operations	1	1
Income tax benefit (expense)	93	(25)
Net (loss) income applicable to common shareholders	**$ (349)**	**$ 97**
Adjusted net loss	**$ (139)**	**$ (25)**
Realized capital gains (losses), after-tax	(213)	124
Valuation changes on embedded derivatives not hedged, after-tax	2	(3)
Gain on disposition of operations, after-tax	1	1
Net (loss) income applicable to common shareholders	**$ (349)**	**$ 97**
Reserve for life-contingent contract benefits as of March 31	$ 8,522	$ 8,497
Contractholder funds as of March 31	$ 8,773	$ 9,571
Policies in force as of March 31 (in thousands)		
Deferred annuities	111	123
Immediate annuities	77	83
Total	188	206

Net loss applicable to common shareholders in the first quarter of 2020 was $349 million compared to net income of $97 million in the first quarter of 2019.

Adjusted net loss increased $114 million in the first quarter of 2020 compared to the first quarter of 2019, primarily due to lower net investment income.

Net investment income decreased 75.3% or $143 million in the first quarter of 2020 compared to the first quarter of 2019, primarily due to lower performance-based investment results, mainly from limited partnerships, including estimated declines recognized on four private equity investments totaling $86 million, and lower average investment balances.

Net realized capital losses in the first quarter of 2020 primarily related to decreased valuation of equity investments. Net realized capital gains in the first quarter of 2019 primarily related to increased valuation of equity investments.

Contract benefits increased 7.2% or $10 million in the first quarter of 2020 compared to the first quarter of 2019, primarily due to worse immediate annuity mortality experience.

We periodically review the adequacy of reserves for immediate annuities with life contingencies using actual experience and current assumptions. In the event actual experience and current assumptions are adverse compared to the original assumptions and a premium deficiency is determined to exist, the establishment of a premium deficiency reserve is required.

Long-term investment yield assumptions are sensitive to changes in interest rates. During the first quarter of 2020, our reviews concluded that no premium deficiency adjustments were necessary although immediate annuities with life contingencies had marginal sufficiency.

Benefit spread reflects our mortality results using the difference between contract charges earned and contract benefits excluding the portion related to the implied interest on immediate annuities with life contingencies. This implied interest totaled $118 million in the first quarter of 2020 compared to $121 million in the first quarter of 2019. Total benefit spread was $(28) million in first quarter 2020 compared to $(15) million in first quarter 2019.

Interest credited to contractholder funds decreased 17.3% or $14 million in the first quarter of 2020 compared to the first quarter of 2019, primarily due to lower average contractholder funds. Valuation changes on derivatives embedded in equity-indexed annuity contracts that are not hedged decreased interest credited to contractholder funds by $3 million in the first quarter of 2020, compared to an increase of $3 million in the first quarter of 2019.

Investment spread reflects the difference between net investment income and the sum of interest credited to contractholder funds and the implied interest on immediate annuities with life contingencies, which is included as a component of contract benefits and is used to analyze the impact of net investment income and interest credited to contractholders on net income.

Investment spread

($ in millions)	Three months ended March 31, 2020	2019
Investment spread before valuation changes on embedded derivatives not hedged	$ (141)	$ (9)
Valuation changes on derivatives embedded in equity-indexed annuity contracts that are not hedged	3	(3)
Total investment spread	**$ (138)**	**$ (12)**

Investment spread before valuation changes on embedded derivatives not hedged decreased $132 million in the first quarter of 2020 compared to the first quarter of 2019, primarily due to lower investment income, mainly from limited partnership interests, partially offset by lower interest credited to contractholder funds.

To further analyze investment spreads, the following table summarizes the weighted average investment yield on assets supporting product liabilities, interest crediting rates and investment spreads. Investment spreads may vary significantly between periods due to the variability in investment income, particularly for immediate fixed annuities where the investment portfolio includes performance-based investments.

Analysis of investment spread

	Three months ended March 31,					
	Weighted average investment yield		Weighted average interest crediting rate		Weighted average investment spreads	
	2020	2019	2020	2019	2020	2019
Deferred fixed annuities	4.2 %	4.2%	2.7%	2.7%	1.5 %	1.5 %
Immediate fixed annuities with and without life contingencies	(1.0)	3.6	5.9	5.9	(6.9)	(2.3)

Operating costs and expenses decreased 14.3% or $1 million in the first quarter of 2020 compared to the first quarter of 2019, primarily due to lower technology and employee-related costs.

Analysis of reserves and contractholder funds

Product liabilities

($ in millions)	March 31, 2020	December 31, 2019
Immediate fixed annuities with life contingencies:		
Sub-standard structured settlements and group pension terminations [1]	$ 5,071	$ 5,085
Standard structured settlements and SPIA [2]	3,336	3,367
Other	115	78
Reserve for life-contingent contract benefits	**$ 8,522**	**$ 8,530**
Deferred fixed annuities	$ 6,293	$ 6,499
Immediate fixed annuities without life contingencies	2,304	2,346
Other	176	127
Contractholder funds	**$ 8,773**	**$ 8,972**

(1) Comprises structured settlement annuities for annuitants with severe injuries or other health impairments which increased their expected mortality rate at the time the annuity was issued (“sub-standard structured settlements”) and group annuity contracts issued to sponsors of terminated pension plans.

(2) Comprises structured settlement annuities for annuitants with standard life expectancy (“standard structured settlements”) and single premium immediate annuities (“SPIA”) with life contingencies.

Contractholder funds represent interest-bearing liabilities arising from the sale of products such as fixed annuities. The balance of contractholder funds is equal to the cumulative deposits received and interest credited to the contractholder less cumulative contract benefits, surrenders, withdrawals and contract charges for mortality or administrative expenses.

Changes in contractholder funds

($ in millions)	Three months ended March 31, 2020	2019
Contractholder funds, beginning balance	$ 8,972	$ 9,817
Deposits	4	5
Interest credited	67	80
Benefits, withdrawals and other adjustments		
Benefits	(139)	(141)
Surrenders and partial withdrawals	(151)	(181)
Contract charges	(2)	(2)
Net transfers from separate accounts	—	(1)
Other adjustments [1]	22	(6)
Total benefits, withdrawals and other adjustments	(270)	(331)
Contractholder funds, ending balance	**$ 8,773**	**$ 9,571**

[1] The table above illustrates the changes in contractholder funds, which are presented gross of reinsurance recoverables on the Condensed Consolidated Statements of Financial Position. The table above is intended to supplement our discussion and analysis of revenues, which are presented net of reinsurance on the Condensed Consolidated Statements of Operations. As a result, the net change in contractholder funds associated with products reinsured is reflected as a component of the other adjustments line.

Contractholder funds decreased 2.2% in the first quarter of 2020, primarily due to the continued runoff of our deferred fixed annuity business. We discontinued the sale of annuities but still accept additional deposits on existing contracts.

Surrenders and partial withdrawals decreased 16.6% or $30 million in the first quarter of 2020 compared to the first quarter of 2019.

The annualized surrender and partial withdrawal rate on deferred fixed annuities, based on the beginning of year contractholder funds, was 10.2% in the first three months of 2020 compared to 11.1% in the first three months of 2019.

Investments

See the Coronavirus discussion in the Highlights section of the MD&A.

Portfolio composition and strategy by reporting segment [(1)]

($ in millions)	March 31, 2020 Property-Liability	Service Businesses	Allstate Life	Allstate Benefits	Allstate Annuities	Corporate and Other	Total
Fixed income securities (2)	$ 34,577	$ 1,410	$ 7,824	$ 1,275	$ 13,586	$ 1,185	$ 59,857
Equity securities (3)	1,842	111	157	64	1,213	314	3,701
Mortgage loans, net	568	—	1,792	198	2,201	—	4,759
Limited partnership interests	4,154	—	—	—	2,933	—	7,087
Short-term investments (4)	2,507	83	485	30	606	1,960	5,671
Other, net	1,540	—	1,309	300	617	1	3,767
Total	**$ 45,188**	**$ 1,604**	**$ 11,567**	**$ 1,867**	**$ 21,156**	**$ 3,460**	**$ 84,842**
Percent to total	**53.3%**	**1.9%**	**13.6%**	**2.2%**	**24.9%**	**4.1%**	**100.0%**
Market-based	$ 40,089	$ 1,604	$ 11,567	$ 1,867	$ 17,875	$ 3,459	$ 76,461
Performance-based	5,099	—	—	—	3,281	1	8,381
Total	**$ 45,188**	**$ 1,604**	**$ 11,567**	**$ 1,867**	**$ 21,156**	**$ 3,460**	**$ 84,842**

(1) Balances reflect the elimination of related party investments between segments.

(2) Fixed income securities are carried at fair value. Amortized cost, net for these securities was $34.56 billion, $1.38 billion, $7.47 billion, $1.26 billion, $13.13 billion, $1.16 billion and $58.95 billion for Property-Liability, Service Businesses, Allstate Life, Allstate Benefits, Allstate Annuities, Corporate and Other, and in total, respectively.

(3) Equity securities are carried at fair value. The fair value of equity securities held as of March 31, 2020, was $70 million in excess of cost. These net gains were primarily concentrated in the technology, consumer goods and banking sectors. Equity securities include $1.39 billion of funds with underlying investments in fixed income securities as of March 31, 2020.

(4) Short-term investments are carried at fair value.

Investments totaled $84.84 billion as of March 31, 2020, decreasing from $88.36 billion as of December 31, 2019, primarily due to lower fixed income and equity valuations, common share repurchases, dividends paid to shareholders, net reductions in contractholder funds and repayment of preferred stock, partially offset by positive investment and operating cash flows.

Portfolio composition by investment strategy We utilize two primary strategies to manage risks and returns and to position our portfolio to take advantage of market opportunities while attempting to mitigate adverse effects. As strategies and market conditions evolve, the asset allocation may change, or assets may be moved between strategies.

Market-based strategies include investments primarily in public fixed income and equity securities. It seeks to deliver predictable earnings aligned to business needs and take advantage of short-term opportunities primarily through public and private fixed income investments and public equity securities.

Performance-based strategy seeks to deliver attractive risk-adjusted returns and supplement market risk with idiosyncratic risk primarily through investments in private equity and real estate.

Coronavirus impacts The pandemic has had an adverse impact on the valuations of fixed income securities, equity securities and performance-based investments, primarily limited partnership interests. Future investment results will depend on developments, including the duration and spread of the outbreak and preventive measures to combat the spread of the virus, and capital market conditions, including the pace of economic recovery and effectiveness of the fiscal and monetary policy responses. These developments and the impact of the Coronavirus on financial markets and the overall economy are highly uncertain and cannot be predicted at this time.

- Market volatility has materially impacted our first quarter 2020 results:
  - Net realized capital losses for valuation changes of equity investments of $859 million
  - Unrealized net capital gains and losses on fixed income securities decreased by $1.84 billion from December 31, 2019, and included gross unrealized losses of $1.28 billion as of March 31, 2020
  - Fixed income securities in certain sectors such as energy, automotive, retail, travel, lodging and airlines were more severely impacted than others
  - Performance-based investment income was reduced by $214 million due to lower valuations
- In the first quarter of 2020, we took the following actions in our investment portfolio:
  - In February, we reduced our equity exposure by approximately $4 billion, primarily through the sale of public equity securities, at an average sale price equivalent to 3,281 on the S&P 500 compared to 2,585 at March 31, 2020. The proceeds from the sale of public equities were invested in investment grade fixed income securities.

– We reduced our securities lending program to a carrying value of $1.19 billion of securities on loan as of March 31, 2020 from $1.74 billion as of December 31, 2019. By reducing the securities lending program, we increased unrestricted access to our liquid investments.

We have included additional disclosures into areas of our portfolio that are subject to the Coronavirus impacts, including fixed income and equity securities, mortgage loans and performance-based investments, primarily limited partnership interests.

Portfolio composition by investment strategy

	March 31, 2020		
($ in millions)	**Market-based**	**Performance-based**	**Total**
Fixed income securities	$ 59,763	$ 94	$ 59,857
Equity securities	3,392	309	3,701
Mortgage loans, net	4,759	—	4,759
Limited partnership interests	216	6,871	7,087
Short-term investments	5,671	—	5,671
Other, net	2,660	1,107	3,767
Total	**$ 76,461**	**$ 8,381**	**$ 84,842**
Percent to total	**90.1%**	**9.9%**	**100.0%**
Unrealized net capital gains and losses			
Fixed income securities	$ 912	$ —	$ 912
Limited partnership interests	—	(2)	(2)
Other	(3)	—	(3)
Total	**$ 909**	**$ (2)**	**$ 907**

Fixed income securities by type

	Fair value as of	
($ in millions)	**March 31, 2020**	**December 31, 2019**
U.S. government and agencies	$ 5,399	$ 5,086
Municipal	8,709	8,620
Corporate	43,635	43,078
Foreign government	911	979
Asset-backed securities (“ABS”)	836	862
Mortgage-backed securities (“MBS”)	367	419
Total fixed income securities	**$ 59,857**	**$ 59,044**

Fixed income securities are rated by third-party credit rating agencies and/or are internally rated. As of March 31, 2020, 88.9% of the consolidated fixed income securities portfolio was rated investment grade, which is defined as a security having a rating of Aaa, Aa, A or Baa from Moody’s, a rating of AAA, AA, A or BBB from S&P, a comparable rating from another nationally recognized rating agency, or a comparable internal rating if an externally provided rating is not available. Credit ratings below these designations are considered lower credit quality or below investment grade, which includes high yield bonds. Market prices for certain securities may have credit spreads which imply higher or lower credit quality than the current third-party rating. Our initial investment decisions and ongoing monitoring procedures for fixed income securities are based on a thorough due diligence process which includes, but is not limited to, an assessment of the credit quality, sector, structure, and liquidity risks of each issue.

Fair value and unrealized net capital gains (losses) for fixed income securities by credit rating

	March 31, 2020					
	A and above		BBB		BB	
($ in millions)	Fair value	Unrealized gain (loss)	Fair value	Unrealized gain (loss)	Fair value	Unrealized gain (loss)
U.S. government and agencies	$ 5,399	$ 295	$ —	$ —	$ —	$ —
Municipal	8,291	503	369	31	—	—
Corporate						
Public	13,809	505	14,864	(78)	2,420	(195)
Privately placed	3,932	164	4,735	(58)	2,026	(122)
Total corporate	17,741	669	19,599	(136)	4,446	(317)
Foreign government	904	27	1	—	6	—
ABS	657	(8)	113	(5)	40	(2)
MBS	71	3	45	—	5	—
Total fixed income securities	**$ 33,063**	**$ 1,489**	**$ 20,127**	**$ (110)**	**$ 4,497**	**$ (319)**

	B		CCC and lower		Total	
	Fair value	Unrealized gain (loss)	Fair value	Unrealized gain (loss)	Fair value	Unrealized gain (loss)
U.S. government and agencies	$ —	$ —	$ —	$ —	$ 5,399	$ 295
Municipal	10	—	39	(7)	8,709	527
Corporate						
Public	551	(73)	37	(14)	31,681	145
Privately placed	1,115	(93)	146	(25)	11,954	(134)
Total corporate	1,666	(166)	183	(39)	43,635	11
Foreign government	—	—	—	—	911	27
ABS	—	—	26	(1)	836	(16)
MBS	4	—	242	65	367	68
Total fixed income securities	**$ 1,680**	**$ (166)**	**$ 490**	**$ 18**	**$ 59,857**	**$ 912**

Municipal bonds, including tax exempt and taxable securities, include general obligations of state and local issuers and revenue bonds.

Corporate bonds include publicly traded and privately placed securities. Privately placed securities primarily consist of corporate issued senior debt securities that are directly negotiated with the borrower or are in unregistered form.

ABS includes collateralized debt obligations, consumer and other ABS. Credit risk is managed by monitoring the performance of the underlying collateral. Many of the securities in the ABS portfolio have credit enhancement with features such as overcollateralization, subordinated structures, reserve funds, guarantees and/or insurance.

MBS includes residential mortgage-backed securities (“RMBS”) and commercial mortgage-backed securities (“CMBS”). RMBS is subject to interest rate risk, but unlike other fixed income securities, is additionally subject to prepayment risk from the underlying residential mortgage loans. RMBS consists of a U.S. Agency portfolio having collateral issued or guaranteed by U.S. government agencies and a non-agency portfolio consisting of securities collateralized by Prime, Alt-A and Subprime loans. CMBS investments are primarily traditional conduit transactions collateralized by commercial mortgage loans, broadly diversified across property types and geographical area.

Equity securities primarily include common stocks, exchange traded and mutual funds, non-redeemable preferred stocks and real estate investment trust equity investments. Certain exchange traded and mutual funds have fixed income securities as their underlying investments.

Mortgage loans mainly comprise loans secured by first mortgages on developed commercial real estate. Key considerations used to manage our exposure include property type and geographic diversification.

Types of properties collateralizing the mortgage loan portfolio

(% of mortgage loan portfolio carrying value)	March 31, 2020
Apartment complex	37.2%
Office buildings	22.3
Warehouse	15.5
Retail	12.6
Other	12.4
Total	**100.0%**

For further detail on our mortgage loan portfolio, see Note 5 of the condensed consolidated financial statements.

Limited partnership interests include $5.78 billion of interests in private equity funds, $1.09 billion of interests in real estate funds and $216 million of interests in other funds as of March 31, 2020. We have commitments to invest additional amounts in limited partnership interests totaling $2.71 billion as of March 31, 2020.

Private equity limited partnerships by sector	
(% of carrying value)	**March 31, 2020**
Industrial	17.1%
Consumer discretionary	11.6
Consumer staples	11.4
Utilities	10.2
Information technology	9.7
Energy	8.8
Other	31.2
Total	**100.0%**

Real estate limited partnerships by sector	
(% of carrying value)	**March 31, 2020**
Residential	27.6%
Industrial	24.9
Office	13.7
Other	33.8
Total	**100.0%**

Other investments include $970 million of direct investments in real estate as of March 31, 2020. The residential, industrial, retail, timber and agriculture sectors comprise 44%, 15%, 14%, 11% and 10%, respectively, of the direct real estate portfolio.

Unrealized net capital gains (losses)

($ in millions)	March 31, 2020	December 31, 2019
U.S. government and agencies	$ 295	$ 115
Municipal	527	540
Corporate	11	1,988
Foreign government	27	11
ABS	(16)	2
MBS	68	95
Fixed income securities	**912**	**2,751**
Derivatives	(3)	(3)
EMA limited partnerships	(2)	(4)
Unrealized net capital gains and losses, pre-tax	**$ 907**	**$ 2,744**

Gross unrealized gains (losses) on fixed income securities

($ in millions)	March 31, 2020	December 31, 2019
Gross unrealized gains	$ 2,196	$ 2,847
Gross unrealized losses	(1,284)	(96)
Unrealized net capital gains and losses	**$ 912**	**$ 2,751**

Gross unrealized gains (losses) on fixed income securities by type and sector

($ in millions)	March 31, 2020 Amortized cost, net	Gross unrealized Gains	Gross unrealized Losses	Fair value
Corporate:				
Energy				
Midstream	$ 1,697	$ 12	$ (238)	$ 1,471
Integrated	468	17	(7)	478
Independent/upstream	305	1	(118)	188
Other	207	—	(25)	182
Total energy	2,677	30	(388)	2,319
Consumer goods				
Cyclical				
Automotive	1,524	10	(58)	1,476
Gaming, lodging and leisure	530	1	(52)	479
Retailers	1,191	55	(12)	1,234
Restaurants	456	12	(7)	461
Other	1,080	15	(44)	1,051
Total cyclical	4,781	93	(173)	4,701
Non-cyclical	7,418	245	(80)	7,583
Total consumer goods	12,199	338	(253)	12,284
Capital goods	5,092	132	(110)	5,114
Financial services				
Finance companies	594	5	(72)	527
Life insurance	808	19	(10)	817
Other	1,166	35	(16)	1,185
Total financial services	2,568	59	(98)	2,529
Banking	5,014	79	(89)	5,004
Utilities	5,679	285	(80)	5,884
Basic industry	2,032	42	(79)	1,995
Transportation				
Airlines	345	—	(28)	317
Railroad and other	1,650	79	(12)	1,717
Total transportation	1,995	79	(40)	2,034
Technology	3,089	81	(39)	3,131
Communications	2,996	112	(38)	3,070
Other	283	5	(17)	271
Total corporate fixed income portfolio	**43,624**	**1,242**	**(1,231)**	**43,635**
U.S. government and agencies	5,104	295	—	5,399
Municipal	8,182	555	(28)	8,709
Foreign government	884	30	(3)	911
ABS	852	3	(19)	836
MBS	299	71	(3)	367
Total fixed income securities	**$ 58,945**	**$ 2,196**	**$ (1,284)**	**$ 59,857**

Gross unrealized gains (losses) on fixed income securities by type and sector

($ in millions)	December 31, 2019 Amortized cost	Gross unrealized Gains	Gross unrealized Losses	Fair value
Corporate:				
Energy				
Midstream	$ 1,570	$ 77	$ (4)	$ 1,643
Integrated	406	32	—	438
Independent/upstream	422	19	(10)	431
Other	237	11	—	248
Total energy	2,635	139	(14)	2,760
Consumer goods				
Cyclical				
Automotive	1,463	42	(1)	1,504
Gaming, lodging and leisure	596	28	—	624
Retailers	920	52	—	972
Restaurants	390	19	—	409
Other	1,056	49	(3)	1,102
Total cyclical	4,425	190	(4)	4,611
Non-cyclical	7,112	316	(1)	7,427
Total consumer goods	11,537	506	(5)	12,038
Capital goods	4,945	229	(1)	5,173
Financial services				
Finance companies	582	24	—	606
Life insurance	725	30	—	755
Other	1,169	53	(2)	1,220
Total financial services	2,476	107	(2)	2,581
Banking	4,610	143	(14)	4,739
Utilities	5,197	385	(6)	5,576
Basic industry	1,897	114	(2)	2,009
Transportation				
Airlines	418	12	—	430
Railroad and other	1,613	120	—	1,733
Total transportation	2,031	132	—	2,163
Technology	2,765	112	(1)	2,876
Communications	2,721	158	(2)	2,877
Other	276	10	—	286
Total corporate fixed income portfolio	**41,090**	**2,035**	**(47)**	**43,078**
U.S. government and agencies	4,971	141	(26)	5,086
Municipal	8,080	551	(11)	8,620
Foreign government	968	16	(5)	979
ABS	860	8	(6)	862
MBS	324	96	(1)	419
Total fixed income securities	**$ 56,293**	**$ 2,847**	**$ (96)**	**$ 59,044**

In general, the gross unrealized losses are related to an increase in market yields which may include increased risk-free interest rates and/or wider credit spreads since the time of initial purchase. Similarly, gross unrealized gains reflect a decrease in market yields since the time of initial purchase.

Equity securities by sector

($ in millions)	March 31, 2020 Cost	March 31, 2020 Over (under) cost	March 31, 2020 Fair value	December 31, 2019 Cost	December 31, 2019 Over (under) cost	December 31, 2019 Fair value
Energy	$ 132	$ (48)	$ 84	$ 275	$ 15	$ 290
Capital goods	171	(28)	143	331	91	422
Basic industry	52	1	53	135	40	175
REITs	264	3	267	320	60	380
Transportation	38	4	42	81	32	113
Other [(1)]	1,011	247	1,258	2,322	1,040	3,362
Funds						
Bonds	1,446	(56)	1,390	1,727	62	1,789
Equities	517	(53)	464	1,377	254	1,631
Total funds	1,963	(109)	1,854	3,104	316	3,420
Total equity securities	**$ 3,631**	**$ 70**	**$ 3,701**	**$ 6,568**	**$ 1,594**	**$ 8,162**

(1) Other is comprised of the technology, consumer goods, banking, financial services, communications and utilities sectors.

Net investment income

($ in millions)	Three months ended March 31, 2020	Three months ended March 31, 2019
Fixed income securities	$ 525	$ 538
Equity securities	6	30
Mortgage loans	60	53
Limited partnership interests	(192)	9
Short-term investments	17	26
Other	63	63
Investment income, before expense	479	719
Investment expense [(1)] [(2)]	(58)	(71)
Net investment income	**$ 421**	**$ 648**
Market-based	675	695
Performance-based	(196)	24
Investment income, before expense	**$ 479**	**$ 719**

(1) Investment expense includes $13 million and $20 million of investee level expenses in the first quarter of 2020 and 2019, respectively. Investee level expenses include asset level operating expenses on directly held real estate and other consolidated investments. Beginning January 1, 2020, depreciation previously included in investee level expenses is reported as realized capital gains or losses.

(2) Investment expense includes $6 million and $11 million related to the portion of reinvestment income on securities lending collateral paid to the counterparties in the first quarter of 2020 and 2019, respectively.

Net investment income decreased 35.0% or $227 million in the first quarter of 2020 compared to the same period of 2019, primarily due to lower performance-based investment results, mainly from limited partnership interests.

Performance-based investment income

($ in millions)	Three months ended March 31, 2020	2019
Limited partnerships		
Private equity	$ (199)	$ (5)
Real estate	7	12
Performance-based - limited partnerships	**(192)**	**7**
Non-limited partnerships		
Private equity	(21)	3
Real estate	17	14
Performance-based - non-limited partnerships	**(4)**	**17**
Total		
Private equity	(220)	(2)
Real estate	24	26
Total performance-based income before investee level expenses	**$ (196)**	**$ 24**
Investee level expenses (1)	(12)	(18)
Total performance-based income	**$ (208)**	**$ 6**

(1) Investee level expenses include asset level operating expenses reported in investment expense. Beginning January 1, 2020, depreciation previously included in investee level expenses is reported as realized capital gains or losses.

Performance-based investment income decreased $214 million in the first quarter of 2020 compared to the first quarter of 2019, primarily due to lower valuations of private equity investments in the first quarter, including estimated declines recognized on four underperforming private equity investments totaling $137 million.

In consideration of intervening events during the three months ended March 31, 2020, where information was available to enable updated estimates, we recognized current period declines in the value of limited partnership interests. This included updating publicly traded investments held within limited partnerships to their March 31, 2020 values, which reduced income by $52 million. Additionally, $195 million of valuation increases reported in the fourth quarter 2019 partnership financial statements were excluded from income considering the equity market decline in March 2020.

Performance-based investment results and income can vary significantly between periods and are influenced by economic conditions, equity market performance, comparable public company earnings multiples, capitalization rates, operating performance of the underlying investments and the timing of asset sales. Based on the significant decline in public equity markets in 2020 and the likely impact on economic activity resulting from the Coronavirus pandemic, we anticipate that there will be further declines in performance-based investment income that will be recognized in subsequent periods. We are unable to make a reasonable estimate of the decline in future income at this time and therefore have not recorded an estimate in the financial statements but believe it may be material.

Components of realized capital gains (losses) and the related tax effect

($ in millions)	Three months ended March 31, 2020	2019
Sales (1)	$ 388	$ 95
Credit losses (2)		
Fixed income securities	(4)	(2)
Mortgage Loans	(41)	—
Limited partnership interests	(7)	(1)
Other investments	(27)	(11)
Total credit losses	**(79)**	**(14)**
Valuation of equity investments - appreciation (decline):		
Equity securities	(750)	553
Limited partnerships (3)	(109)	74
Total valuation of equity investments	**(859)**	**627**
Valuation and settlements of derivative instruments	88	(46)
Realized capital gains (losses), pre-tax	**(462)**	**662**
Income tax benefit (expense)	96	(138)
Realized capital gains (losses), after-tax	**$ (366)**	**$ 524**
Market-based	(493)	605
Performance-based	31	57
Realized capital gains (losses), pre-tax	**$ (462)**	**$ 662**

(1) Beginning January 1, 2020, depreciation previously included in investee level expenses is reported as realized capital gains or losses.

(2) Due to the adoption of the measurement of credit losses on financial instruments accounting standard, realized capital losses previously reported as OTTI impairment write-downs are now presented as credit losses.

(3) Relates to limited partnerships where the underlying assets are predominately public equity securities.

Realized capital losses in the three months ended March 31, 2020 related primarily to lower valuation of equity investments, partially offset by gains on sales of fixed income securities.

Sales in the three months ended March 31, 2020 related primarily to fixed income securities in connection with ongoing portfolio management.

Valuation and settlements of derivative instruments in the three months of 2020 primarily comprised of gains on interest rate futures used for asset replication, foreign currency contracts due to the strengthening of the U.S. dollar, and equity futures used for risk management.

Realized capital gains (losses) for performance-based investments

($ in millions)	Three months ended March 31, 2020	2019
Sales (1)	$ 10	$ 29
Credit losses (2)	(8)	(1)
Valuation of equity investments	(7)	25
Valuation and settlements of derivative instruments	36	4
Total performance-based	**$ 31**	**$ 57**

(1) Beginning January 1, 2020, depreciation previously included in investee level expenses is reported as realized capital gains or losses.

(2) Due to the adoption of the measurement of credit losses on financial instruments accounting standard, realized capital losses previously reported as OTTI impairment write-downs are now presented as credit losses.

Realized capital gains for performance-based investments in the first quarter of 2020, primarily related to valuation and settlements of derivative instruments.

Capital Resources and Liquidity

See the Coronavirus discussion in the Highlights section of the MD&A.

Capital resources consist of shareholders' equity and debt, representing funds deployed or available to be deployed to support business operations or for general corporate purposes.

Capital resources

($ in millions)	March 31, 2020	December 31, 2019
Preferred stock, common stock, treasury stock, retained income and other shareholders' equity items	$ 23,615	$ 24,048
Accumulated other comprehensive income	558	1,950
Total shareholders' equity	**24,173**	**25,998**
Debt	6,633	6,631
Total capital resources	**$ 30,806**	**$ 32,629**
Ratio of debt to shareholders' equity	27.4%	25.5%
Ratio of debt to capital resources	21.5	20.3

Shareholders' equity decreased in the first three months of 2020, primarily due to decreased unrealized capital gains on investments, common share repurchases, redemption of preferred stock and dividends paid to shareholders, partially offset by net income. In the three months ended March 31, 2020, we paid dividends of $159 million and $29 million related to our common and preferred shares, respectively.

Debt maturities $250 million of floating rate senior notes are scheduled to mature in March 2021. We do not have any scheduled debt maturities in 2020.

Debt maturities for each of the next five years and thereafter (excluding issuance costs)

($ in millions)	
2020	$ —
2021	250
2022	—
2023	750
2024	—
2025	—
Thereafter	5,691
Total long-term debt principal	**$ 6,691**

Common share repurchases In January 2020, we completed the $3.00 billion share repurchase program that commenced in November 2018. In February 2020, the Board authorized a new $3.00 billion common share repurchase program that is expected to be completed by the end of 2021.

In November 2019, we entered into an ASR agreement with Goldman Sachs & Co. LLC ("Goldman Sachs") to purchase $500 million of our outstanding common stock. This ASR agreement settled on January 8, 2020, and we repurchased a total of 4.6 million shares.

As of March 31, 2020, there was $2.75 billion remaining on the $3.00 billion common share repurchase program that is expected to be completed by the end of 2021.

During the first three months of 2020, we repurchased 4.8 million common shares for $511 million.

Common shareholder dividends On January 2, 2020, we paid a common shareholder dividend of $0.50. On February 20, 2020, we declared a common shareholder dividend of $0.54 payable on April 1, 2020.

Redemption of preferred stock On January 15, 2020, we redeemed all 11,500 shares of Fixed Rate Noncumulative Perpetual Preferred Stock, Series A and the corresponding depositary shares for $288 million.

For additional detail on this transaction, see Note 10 of the condensed consolidated financial statements.

Financial ratings and strength Our ratings are influenced by many factors including our operating and financial performance, asset quality, liquidity, asset/liability management, overall portfolio mix, financial leverage (i.e., debt), exposure to risks such as catastrophes and the current level of operating leverage. The preferred stock and subordinated debentures are viewed as having a common equity component by certain rating agencies and are given equity credit up to a pre-determined limit in our capital structure as determined by their respective methodologies. These respective methodologies consider the existence of certain terms and features in the instruments such as the noncumulative dividend feature in the preferred stock. There have been no changes to any of our ratings from A.M. Best, S&P or Moody's since December 31, 2019.

Liquidity sources and uses We actively manage our financial position and liquidity levels in light of changing market, economic and business conditions. Liquidity is managed at both the entity and enterprise level across the Company and is assessed on both base and stressed level liquidity needs. We believe we have sufficient liquidity to meet these needs. Additionally, we have existing intercompany agreements in place that facilitate liquidity management across the Company to enhance flexibility.

The Allstate Corporation is party to an Amended and Restated Intercompany Liquidity Agreement ("Liquidity Agreement") with certain subsidiaries, which include but are not limited to Allstate Life Insurance Company ("ALIC") and Allstate Insurance Company ("AIC"). The Liquidity Agreement allows for short-term advances of funds to be made between parties for liquidity and other general corporate purposes. The Liquidity Agreement does not establish a commitment to advance funds on the part of any party. ALIC and AIC each serve as a lender and borrower, certain other subsidiaries serve only as borrowers, and the Corporation serves only as a lender. AIC also has a capital support agreement with ALIC. Under the capital support agreement, AIC is committed to providing capital to ALIC to maintain an adequate capital level. The maximum amount of potential funding under each of these agreements is $1.00 billion.

In addition to the Liquidity Agreement, the Corporation also has an intercompany loan agreement with certain of its subsidiaries, which include, but are not limited to, AIC and ALIC. The amount of intercompany loans available to the Corporation's subsidiaries is at the discretion of the Corporation. The maximum amount of loans the Corporation will have outstanding to all its eligible subsidiaries at any given point in time is limited to $1.00 billion. The Corporation may use commercial paper borrowings, bank lines of credit and securities lending to fund intercompany borrowings.

Parent company capital capacity Parent holding company deployable assets totaled $3.41 billion as of March 31, 2020, primarily comprised of cash and investments that are generally saleable within one quarter. The substantial earnings capacity of the operating subsidiaries is the primary source of capital generation for the Corporation.

As of March 31, 2020, we held $8.81 billion of cash, U.S. government and agencies fixed income securities, and public equity securities which we would expect to be able to liquidate within one week.

Intercompany dividends were paid in the first three months of 2020 between the following companies: AIC, Allstate Insurance Holdings, LLC ("AIH"), the Corporation and ALIC.

Intercompany dividends

($ in millions)	**March 31, 2020**
AIC to AIH	$ 2,061
AIH to the Corporation	2,061

Based on the greater of 2019 statutory net income or 10% of statutory surplus, the maximum amount of dividends that AIC will be able to pay, without prior Illinois Department of Insurance approval, at a given point in time in 2020 is estimated at $3.73 billion, less dividends paid during the preceding twelve months measured at that point in time. As of March 31, 2020, we paid dividends of $2.06 billion and the remaining amount of $1.67 billion will become available for payment throughout the remainder of the year.

Dividends may not be paid or declared on our common stock and shares of common stock may not be repurchased unless the full dividends for the latest completed dividend period on our preferred stock have been declared and paid or provided for. We are prohibited from declaring or paying dividends on our Series G preferred stock if we fail to meet specified capital adequacy, net income or shareholders' equity levels, except out of the net proceeds of common stock issued during the 90 days prior to the date of declaration. As of March 31, 2020, we satisfied all of the tests with no current restrictions on the payment of preferred stock dividends.

The terms of our outstanding subordinated debentures also prohibit us from declaring or paying any dividends or distributions on our common or preferred stock or redeeming, purchasing, acquiring, or making liquidation payments on our common stock or preferred stock if we have elected to defer interest payments on the subordinated debentures, subject to certain limited exceptions. In the first three months of 2020, we did not defer interest payments on the subordinated debentures.

Additional resources to support liquidity are as follows:

- The Corporation, AIC and ALIC have access to a $1.00 billion unsecured revolving credit facility that is available for short-term liquidity requirements. The maturity date of this facility is April 2021. The facility is fully subscribed among 11 lenders with the largest commitment being $115 million. The commitments of the lenders are several and no lender is responsible for any other lender's commitment if such lender fails to make a loan under the facility. This facility contains an increase provision that would allow up to an additional $500 million of borrowing, subject to the lenders' commitment. This facility has a financial covenant requiring that we not exceed a 37.5% debt to capitalization ratio as defined in the agreement. This ratio was 16.1% as of March 31, 2020. Although the right to borrow under the facility is not subject to a minimum rating requirement, the costs of maintaining the facility and borrowing under it are based on the ratings of our senior unsecured, unguaranteed long-term debt. There were no borrowings under the credit facility during 2020.
- The Corporation has access to the commercial paper market for short-term borrowings up to $1.00 billion. The combined total amount outstanding at any one point from commercial paper borrowings and the credit facility cannot exceed the amount that can be borrowed under the credit facility. As of March 31, 2020, there were no commercial paper borrowings outstanding.
- The Corporation has access to a universal shelf registration statement with the Securities and Exchange Commission that expires in 2021. We can use this shelf registration to issue an unspecified amount of debt securities, common stock (including 585 million shares of treasury stock as of March 31, 2020), preferred stock, depositary shares, warrants, stock purchase contracts, stock purchase units and securities of trust subsidiaries. The specific terms of any securities we issue under this registration

statement will be provided in the applicable prospectus supplements.

Liquidity exposure Contractholder funds were $17.40 billion as of March 31, 2020.

Contractholder funds by contractual withdrawal provisions

($ in millions)		Percent to total
Not subject to discretionary withdrawal	$ 2,677	15.4%
Subject to discretionary withdrawal with adjustments:		
Specified surrender charges (1)	4,714	27.1
Market value adjustments (2)	758	4.3
Subject to discretionary withdrawal without adjustments (3)	9,255	53.2
Total contractholder funds (4)	**$ 17,404**	**100.0%**

(1) Includes $1.38 billion of liabilities with a contractual surrender charge of less than 5% of the account balance.

(2) $330 million of the contracts with market value adjusted surrenders have a 30-45 day period at the end of their initial and subsequent interest rate guarantee periods (which are typically 1, 5, 7 or 10 years) during which there is no surrender charge or market value adjustment.

(3) 89% of these contracts have a minimum interest crediting rate guarantee of 3% or higher.

(4) Includes $742 million of contractholder funds on variable annuities reinsured to The Prudential Insurance Company of America, a subsidiary of Prudential Financial Inc., in 2006.

Retail life and annuity products may be surrendered by customers for a variety of reasons. Reasons unique to individual customers include a current or unexpected need for cash or a change in life insurance coverage needs. Other key factors that may impact the likelihood of customer surrender include the level of the contract surrender charge, the length of time the contract has been in force, distribution channel, market interest rates, equity market conditions and potential tax implications.

In addition, the propensity for retail life insurance policies to lapse is lower than it is for fixed annuities because of the need for the insured to be re-underwritten upon policy replacement.

The annualized surrender and partial withdrawal rate on deferred fixed annuities and interest-sensitive life insurance products, based on the beginning of year contractholder funds, was 7.5% and 7.0% in the first three months of 2020 and 2019, respectively. We strive to promptly pay customers who request cash surrenders; however, statutory regulations generally provide up to six months in most states to fulfill surrender requests.

Our asset-liability management practices enable us to manage the differences between the cash flows generated by our investment portfolio and the expected cash flow requirements of our life insurance and annuity product obligations.

Forward-Looking Statements

This report 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. These 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. We believe these statements are based on reasonable estimates, assumptions and plans. If the estimates, assumptions or plans underlying the forward-looking statements prove inaccurate or if other risks or uncertainties arise, actual results could 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 Risks (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 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 the amount of realized capital losses recorded for impairments of our investments; (8) the impact of changes in market interest rates or performance-based investment returns on our annuity business; (9) the impact of changes in reserve estimates and amortization of deferred acquisition costs on our life, benefits and annuity businesses; (10) our participation in indemnification programs, including state industry pools and facilities; (11) our ability to mitigate the capital impact associated with statutory reserving and capital requirements; (12) a downgrade in financial strength ratings; (13) changes in tax laws;

Business, Strategy and Operations (14) competition in the insurance industry and new or changing technologies; (15) implementation of our transformative growth plan; (16) our catastrophe management strategy; (17) restrictions on our subsidiaries’ ability to pay dividends; (18) restrictions under terms of certain of our securities on our ability to pay dividends or repurchase our stock; (19) the availability of reinsurance at current level and prices; (20) counterparty risk related to reinsurance; (21) acquisitions and divestitures of businesses; (22) intellectual property infringement, misappropriation and third-party claims;

Macro, Regulatory and Risk Environment (23) conditions in the global economy and capital and credit markets; (24) a large scale pandemic, such as the Novel Coronavirus Pandemic or COVID-19 and its impacts, or occurrence of terrorism or military actions; (25) the failure in cyber or other information security controls, or the occurrence of events unanticipated in our disaster recovery processes and business continuity planning; (26) changing climate and weather conditions; (27) restrictive regulations and regulatory reforms, including limitations on rate increases and requirements to underwrite business and participate in loss sharing arrangements; (28) losses from legal and regulatory actions; (29) changes in or the application of accounting standards; (30) loss of key vendor relationships or failure of a vendor to protect our data or confidential, proprietary and personal information; (31) our ability to attract, develop and retain key personnel; and (32) 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. Forward- looking statements speak only as of the date on which they are made, and we assume no obligation to update or revise any forward-looking statement.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures. We maintain disclosure controls and procedures as defined in Rules 13a-15(e) under the Securities Exchange Act of 1934. Under the supervision and with the participation of our management, including our principal executive officer and principal financial officer, we conducted an evaluation of the effectiveness of our disclosure controls and procedures as of the end of the period covered by this report. Based upon this evaluation, the principal executive officer and the principal financial officer concluded that our disclosure controls and procedures are effective in providing reasonable assurance that material information required to be disclosed in our reports filed with or submitted to the Securities and Exchange Commission under the Securities Exchange Act is made known to management, including the principal executive officer and the principal financial officer, as appropriate to allow timely decisions regarding required disclosure.

Changes in Internal Control over Financial Reporting. During the fiscal quarter ended March 31, 2020, there have been no changes in our internal control over financial reporting that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Part II. Other Information

Item 1. Legal Proceedings

Information required for Part II, Item 1 is incorporated by reference to the discussion under the heading "Regulation and compliance" and under the heading "Legal and regulatory proceedings and inquiries" in Note 12 of the condensed consolidated financial statements in Part I, Item 1 of this Form 10-Q.

Item 1A. Risk Factors

There have been no material changes in our risk factors from those disclosed in Part I, Item 1A in our annual report on Form 10-K for the year ended December 31, 2019.

A pandemic such as the Coronavirus and its impacts were contemplated in the risk factors set forth under "Item 1A. Risks Factors'' in our Annual Report on Form 10-K for the year ended December 31, 2019, including the risk factors titled "A large-scale pandemic, the occurrence of terrorism or military actions may have an adverse effect on our business" and "Conditions in the global economy and capital markets could adversely affect our business and results of operations".

Currently, it is not possible to reliably estimate the length and severity of the pandemic or its impact to our operations, but the effects could be material. See the Coronavirus discussion in the Highlights section of the MD&A.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

Issuer Purchases of Equity Securities

Period	Total number of shares (or units) purchased [(1)]	Average price paid per share (or unit)	Total number of shares (or units) purchased as part of publicly announced plans or programs [(3)]	Maximum number (or approximate dollar value) of shares (or units) that may yet be purchased under the plans or programs [(4)]
January 1, 2020 - January 31, 2020				
Open Market Purchases	2,045,902	$ 116.44	1,592,213	
ASR Agreement [(2)]	552,679	$ 109.51	552,679	
February 1, 2020 - February 29, 2020				
Open Market Purchases	1,030,865	$ 121.67	680,300	
March 1, 2020 - March 31, 2020				
Open Market Purchases	1,941,478	$ 88.22	1,928,332	
Total	**5,570,924**	**$ 106.89**	**4,753,524**	**$ 2.75 billion**

(1) In accordance with the terms of its equity compensation plans, Allstate acquired the following shares in connection with the vesting of restricted stock units and performance stock awards and the exercise of stock options held by employees and/or directors. The shares were acquired in satisfaction of withholding taxes due upon exercise or vesting and in payment of the exercise price of the options.

January: 339
February: 350,565
March: 13,146

(2) On November 1, 2019, Allstate entered into an accelerated share repurchase agreement ("ASR agreement") with Goldman Sachs & Co. LLC ("Goldman Sachs") to purchase $500 million of our outstanding common stock, which settled on January 8, 2020. Under this ASR agreement, we repurchased a total of 4.6 million shares at an average price of $109.51.

(3) From time to time, repurchases under our programs are executed under the terms of a pre-set trading plan meeting the requirements of Rule 10b5-1(c) of the Securities Exchange Act of 1934.

(4) In February 2020, we announced the approval of a common share repurchase program for $3 billion, which is expected to be completed by the end of 2021.

Item 6. Exhibits

(a) Exhibits

The following is a list of exhibits filed as part of this Form 10-Q.

		Incorporated by Reference				
Exhibit Number	Exhibit Description	Form	File Number	Exhibit	Filing Date	Filed or Furnished Herewith
4	The Allstate Corporation hereby agrees to furnish to the Commission, upon request, the instruments defining the rights of holders of each issue of long-term debt of it and its consolidated subsidiaries					
10.1	The Allstate Corporation 2019 Equity Incentive Plan, as amended and restated effective February 19, 2020					X
10.2	The Allstate Corporation Annual Executive Incentive Plan, as amended and restated effective February 19, 2020					X
10.3	Form of Option Award Agreement for awards granted on or after February 19, 2020, under The Allstate Corporation 2019 Equity Incentive Plan to officers subject to reporting obligations under Section 16 of the Securities Exchange Act of 1934 or an executive vice president					X
10.4	Form of Restricted Stock Unit Award Agreement for awards granted on or after February 19, 2020, under The Allstate Corporation 2019 Equity Incentive Plan to officers subject to reporting obligations under Section 16 of the Securities Exchange Act of 1934 or an executive vice president					X
10.5	Form of Performance Stock Award Agreement for awards granted on or after February 19, 2020, under The Allstate Corporation 2019 Equity Incentive Plan to officers subject to reporting obligations under Section 16 of the Securities Exchange Act of 1934 or an executive vice president					X
10.6	The Allstate Corporation Clawback Policy, effective February 19, 2020					X
15	Acknowledgment of awareness from Deloitte & Touche LLP, dated May 5, 2020, concerning unaudited interim financial information					X
31(i)	Rule 13a-14(a) Certification of Principal Executive Officer					X
31(i)	Rule 13a-14(a) Certification of Principal Financial Officer					X
32	Section 1350 Certifications					X
101.INS	Inline XBRL Instance Document (the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document					X
101.SCH	Inline XBRL Taxonomy Extension Schema Document					X
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document					X
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document					X
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document					X
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document					X
104	Cover Page Interactive Data File (formatted as inline XBRL and contained in Exhibit 101)					X

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 thereunto duly authorized.

The Allstate Corporation
(Registrant)

May 5, 2020	By	/s/ John C. Pintozzi
		John C. Pintozzi
		Senior Vice President, Controller, and Chief Accounting Officer
		(Authorized Signatory and Principal Accounting Officer)

Exhibit 10.1

THE ALLSTATE CORPORATION
2019 EQUITY INCENTIVE PLAN

Article 1. Establishment, Purpose and Duration

1.1 *Establishment of the Plan*. The Allstate Corporation, a Delaware corporation (hereinafter, together with any successor as provided in Article 18 herein, referred to as the "Company"), hereby establishes an incentive compensation plan for employees, as set forth in this document. The Plan permits the grant of nonqualified stock options (NQSOs), incentive stock options (ISOs), stock appreciation rights (SARs), unrestricted stock, restricted stock, restricted stock units, performance units, performance stock, and other awards as set forth herein.

The Plan was formerly known as “The Allstate Corporation 2001 Equity Incentive Plan.” The Plan was approved by the Board of Directors on March 13, 2001, and became effective when approved by the Company's stockholders on May 15, 2001 (the "Effective Date"). The Plan was amended by the Board of Directors on March 9, 2004. On March 14, 2006 the Plan was amended and restated effective upon approval by stockholders at the 2006 Annual Meeting of Stockholders on May 16, 2006. The Plan was further amended and restated by the Board of Directors at meetings held on September 10, 2006, February 20, 2007, and September 15, 2008. On March 10, 2009, the Plan was amended, restated, and renamed as “The Allstate Corporation 2009 Equity Incentive Plan,” effective upon approval by stockholders at the 2009 Annual Meeting of Stockholders on May 19, 2009. The Plan was further amended and restated on February 22, 2011, and February 21, 2012. On February 18, 2013, the Plan was amended, restated, and renamed The Allstate Corporation 2013 Equity Incentive Plan and was effective upon approval by stockholders at the Company’s 2013 annual stockholders meeting. The Plan was further amended and restated on February 19, 2014, and July 24, 2018. On February 8, 2019, the Plan was amended and restated as set forth herein, and renamed The Allstate Corporation 2019 Equity Incentive Plan and was effective upon approval by stockholders at the Company’s 2019 Annual Meeting of Stockholders and shall thereafter remain in effect as provided in Section 1.3 herein. The provisions of The Allstate Corporation 2019 Equity Incentive Plan apply to Awards granted on or after the date of the Company’s 2019 Annual Meeting of Stockholders. Provisions in effect prior to the Company’s 2019 Annual Meeting of Stockholders apply to Awards granted before that date. For the avoidance of doubt, this February 8, 2019 amendment and restatement shall not affect the terms or conditions of any Performance-Based Compensation or other Awards that were in effect on November 2, 2017, and such Awards shall not be deemed to be modified in any way as a result of the February 8, 2019 amendment and restatement. The Plan was further amended and restated on February 19, 2020.

1.2 *Purpose of the Plan*. The primary purpose of the Plan is to provide a means by which employees of the Company and its Subsidiaries can acquire and maintain stock ownership, thereby strengthening their commitment to the success of the Company and its Subsidiaries and their desire to remain employed by the Company and its Subsidiaries. The Plan also is intended to attract and retain employees and to provide such employees with additional incentive and reward opportunities designed to encourage them to enhance the profitable growth of the Company and its Subsidiaries.

1.3 *Duration of the Plan*. The Plan was initially effective on the Effective Date, as described in Section 1.1 herein, and shall remain in effect subject to the right of the Board of Directors to terminate the Plan at any time pursuant to Article 15 herein, until all Stock subject to it shall have been purchased or acquired according to the Plan's provisions.

Article 2. Definitions

Whenever used in the Plan, the following terms shall have the meanings set forth below and, when such meaning is intended, the initial letter of the word is capitalized:

2.1 *Award* means, individually or collectively, an award under the Plan of NQSOs, ISOs, SARs, Unrestricted Stock, Restricted Stock, Restricted Stock Units, Performance Units, Performance Stock, or any other type of award permitted under Article 10 of the Plan.

2.2 *Award Agreement* means an agreement setting forth the terms and provisions applicable to an Award granted to a Participant under the Plan.

2.3 *Base Value* of an SAR means the Fair Market Value of a share of Stock on the date the SAR is granted.

2.4 *Beneficiary* means a person or entity designated as a beneficiary in accordance with Section 6.6 or other applicable Section of the Plan.

2.5 *Beneficiary Designation Form* means a form provided by the Company for the purpose of designating a beneficiary in accordance with Section 6.6 or other applicable Section of the Plan.

2.6 *Board* or *Board of Directors* means the Board of Directors of the Company.

2.7 *Business Day* means any day on which the principal securities exchange on which the shares of the Company's Stock are then listed or admitted to trading is open.

2.8 *Change in Control* means the occurrence of any one or more of the following:

(a) (*Voting Power)* any Person or group (as such term is defined in Treasury Regulation Section 1.409A-3(i)(5)(v)(B)), other than a Subsidiary or any employee benefit plan (or any related trust) of the Company or any of its Subsidiaries, acquires or has acquired during the 12-month period ending on the date of the most recent acquisition by such Person or Persons, ownership of stock of the Company possessing 30% or more of the combined voting power of all Voting Securities of the Company (such a Person or group that is not a Similarly Owned Company (as defined below), for purposes of this Section 2.8, a "More than 30% Owner"), except that no Change in Control shall be deemed to have occurred solely by reason of such ownership by a corporation with respect to which both more than 70% of the common stock of such corporation and Voting Securities representing more than 70% of the combined voting power of the Voting Securities of such corporation are then owned, directly or indirectly, by the Persons who were the direct or indirect owners of the common stock and Voting Securities of the Company immediately before such acquisition in substantially the same proportions as their ownership, immediately before such acquisition, of the common stock and Voting Securities of the Company, as the case may be (for purposes of this section 2.8, a "Similarly Owned Company"); or

(b) (*Majority Ownership)* any Person or group (as such term is defined in Treasury Regulation Section 1.409A-3(i)(5)(v)(B)), other than a Subsidiary or any employee benefit plan (or any related trust) of the Company or any of its Subsidiaries, acquires ownership of more than 50% of the voting power of all Voting Securities of the Company or of the total fair market value of the stock of the Company (for purposes of this Section 2.8, such a Person or group that is not a Similarly Owned Company, a "Majority Owner"), except that no Change in Control shall be deemed to have occurred solely by reason of such ownership by a Similarly Owned Company; or

(c) (*Board Composition)* a majority of the members of the Board is replaced during any 12-month period by directors whose appointment or election is not endorsed by a majority of the members of the Board before the date of the appointment or election (for purposes of this Section 2.8, "Board Turnover"); or

(d) (*Reorganization)* the consummation of a merger, reorganization, consolidation, or similar transaction, or of a plan or agreement for the sale or other disposition of all or substantially all of the consolidated assets of the Company, or a plan of liquidation of the Company (for purposes of this Section 2.8, any of the foregoing, a "Reorganization Transaction") that does not qualify as an Exempt Reorganization Transaction (for purposes of this Section 2.8, "Exempt Reorganization Transaction" shall mean a Reorganization Transaction that fails to result in (i) any Person or group (as such term is defined in Treasury Regulation Section 1.409A-3(i)(5)(v)(B)) becoming a More than 30% Owner or a Majority Owner, (ii) Board Turnover, or (iii) a sale or disposition to any Person or group (as such term is defined in Treasury Regulation Section 1.409A-3(i)(5)(v)(B)) of the assets of the Company that have a total Gross Fair Market Value equal to at least forty percent (40%) of the total Gross Fair Market Value of all of the assets of the Company immediately before such transaction. For purposes of this Section 2.8, "Gross Fair Market Value" means the value of the assets of the Company, or the value of the assets being disposed of, determined without regard to any liabilities associated with such assets.).

Notwithstanding anything contained herein to the contrary: (i) no transaction or event shall constitute a Change in Control for purposes of this Plan unless the transaction or event constituting the Change in Control also constitutes a change in the ownership of a corporation (as defined in Treasury Regulation Section 1.409A-3(i)(5)(v)), a change in effective control of a corporation (as defined in Treasury Regulation Section 1.409A-3(i)(5)(vi)) or a change in the ownership of a substantial portion of the assets of a corporation (as defined in Treasury Regulation Section 1.409A-3(i)(5)(vii)); and (ii) no sale or disposition of one or more Subsidiaries ("Sale Subsidiary") or the assets thereof shall constitute a Change in Control for purposes of this Plan if the investments in and advances by the Company and its Subsidiaries (other than the Sale Subsidiaries) to such Sale Subsidiary as of immediately prior to the sale or disposition determined in accordance with Generally Accepted Accounting Principles ("GAAP") (but after intercompany eliminations and net of the effect of intercompany reinsurance) are less than 51% of the Consolidated Total Shareholders' Equity of the Company as of immediately prior to the sale or disposition. "Consolidated Total Shareholders' Equity" means, at any date, the total shareholders' equity of the Company and its Subsidiaries at such date, as reported in the consolidated financial statements prepared in accordance with GAAP.

2.9 *CIC Plan* means The Allstate Corporation Change in Control Severance Plan.

2.10 *Code* means the Internal Revenue Code of 1986, as amended from time to time, or any successor code thereto.

2.11 *Committee* means the committee, as specified in Article 3, appointed by the Board to administer the Plan.

2.12 *Company* has the meaning provided in Section 1.1 herein.

2.13 *Covered Employee* means any Participant who would be considered a "covered employee" for purposes of Section 162(m) of the Code.

2.14 *Disability* means an impairment which renders a Participant disabled within the meaning of Code Section 409A(a)(2)(C).

2.15 *Dividend Equivalent* means, with respect to Stock subject to an Award (other than an Option or SAR), a right to be paid an amount equal to cash dividends, other than large, nonrecurring cash dividends, declared on an equal number of outstanding shares of Stock.

2.16 *Eligible Person* means a Person who is eligible to participate in the Plan, as set forth in Section 5.1 herein.

2.17 *Employee* means any individual classified or designated by the Company or any Subsidiary as an employee, who is on the local payroll records thereof and who is not covered by any collective bargaining agreement to which the Company or any Subsidiary is a party. An Employee shall not include any individual during any period he or she is classified or designated by the Company or any Subsidiary as an independent contractor, a consultant, or any employee of an employment, consulting, or temporary agency, or any other entity other than the Company or any Subsidiary, without regard to whether such individual is subsequently determined to have been, or is subsequently retroactively reclassified as a common-law employee of the Company or any Subsidiary during such period.

2.18 *Exchange Act* means the Securities Exchange Act of 1934, as amended from time to time, or any successor act thereto.

2.19 *Exercise Period* means the period during which an SAR or Option is exercisable, as set forth in the related Award Agreement.

2.20 *Fair Market Value* means the price at which a share of the Stock was last sold in the principal United States market for the Stock as of the date for which fair market value is being determined. Notwithstanding anything herein to the contrary, to the extent necessary to comply with or be exempt from Section 409A, Fair Market Value shall be determined in accordance with Treasury Regulation Section 1.409A-1(b)(5)(iv).

2.21 *Family Member* means any child, stepchild, grandchild, parent, stepparent, grandparent, spouse, domestic partner, or sibling, including adoptive relationships, a trust in which these persons have more than 50% of the beneficial interest, a foundation in which these persons (or the Employee) control the management of assets, and any other entity in which these persons (or the Employee) own more than 50% percent of the voting interests.

2.22 *Freestanding SAR* means an SAR that is not a Tandem SAR.

2.23 *Full-Value Award* means an Award granted on or after May 19, 2009, other than an Option or a SAR.

2.24 *Incentive Stock Option* or *ISO* means an option to purchase Stock, granted under Article 6 herein, which is designated as an Incentive Stock Option and satisfies the requirements of Section 422 of the Code.

2.25 *Nonqualified Stock Option* or *NQSO* means an option to purchase Stock, granted under Article 6 herein, which is not intended to be an Incentive Stock Option under Section 422 of the Code.

2.26 *Option* means an Incentive Stock Option or a Nonqualified Stock Option.

2.27 *Option Exercise Price* means the price at which a share of Stock may be purchased by a Participant pursuant to an Option, as determined by the Committee and set forth in the Option Award Agreement.

2.28 *Participant* means an Eligible Person who has outstanding an Award granted under the Plan.

2.29 *Performance-Based Compensation* means an Award intended to qualify for the exemption from the limitation on deductibility imposed by Section 162(m) of the Code as set forth in Section 162(m)(4)(C) of the Code as in effect prior to the Tax Cuts and Jobs Act of 2017.

2.30 *Performance Goals* means the performance goals established by the Committee, which may be based on one or more of the following measures or such other measures established by the Committee with respect to Awards that are not Performance-Based Compensation: sales, revenues, premiums, financial product sales, earnings per share, book value, stockholder return and/or value, funds from operations, operating income, gross income, net income, combined ratio, underwriting income, cash flow, return on equity, return on capital, return on assets, values of assets, market share, net earnings, earnings before interest, operating ratios, expenses, stock price, customer satisfaction, customer retention, customer loyalty, strategic business criteria based on meeting specified revenue goals, market penetration goals, investment performance goals, business expansion goals or cost targets, accomplishment of mergers, acquisitions, dispositions, or similar extraordinary business transactions, profit returns and margins, financial return ratios, market performance and/or risk-based capital goals or returns. Performance Goals may be based solely on a corporate, subsidiary, business unit, or other grouping basis, or a combination thereof, and may be before or after tax. Performance Goals may reflect absolute entity performance or a relative comparison of entity performance to the performance of a peer group of entities or other external measure.

2.31 *Performance Period* means the time period during which Performance Unit/Performance Stock Performance Goals must be met.

2.32 *Performance Stock* means an Award described in Article 9 herein.

2.33 *Performance Unit* means an Award described in Article 9 herein.

2.34 *Period of Restriction* means the period during which the transfer of Restricted Stock or Restricted Stock Units is limited in some way, as provided in Article 8 herein.

2.35 *Person* means any individual, sole proprietorship, partnership, joint venture, limited liability company, trust, unincorporated organization, association, corporation, institution, public benefit corporation, entity, or government instrumentality, division, agency, body, or department.

2.36 *Plan* means The Allstate Corporation 2019 Equity Incentive Plan.

2.37 *Post-Change Period* means the period commencing on the date on which a Change in Control first occurs and ending on the second anniversary of the date on which a Change in Control first occurs.

2.38 *Qualified Restricted Stock* means an Award of Restricted Stock designated as Qualified Restricted Stock by the Committee at the time of grant and intended to qualify as Performance-Based Compensation.

2.39 *Qualified Restricted Stock Unit* means an Award of Restricted Stock Units designated as Qualified Restricted Stock Units by the Committee at the time of grant and intended to qualify as Performance-Based Compensation.

2.40 *Restricted Stock* means an Award described in Article 8 herein.

2.41 *Restricted Stock Unit* means an Award described in Article 8 herein.

2.42 *Retirement or Normal Retirement*, unless otherwise provided by the Committee or in the Award Agreement, means a Participant's Termination of Employment with the Company or a Subsidiary, if such termination date occurs on or after the Participant attains age fifty-five (55) with ten (10) years of service, or age sixty (60) with five (5) years of service.

2.43 *Section 409A* shall have the meaning set forth in Section 19.5 herein.

2.44 *Section 16 Officer* means any Eligible Person who was designated by the Board as an officer for purposes of Section 16 of the Exchange Act.

2.45 *Securities Act* means the Securities Act of 1933, as amended.

2.46 *Stock* means the common stock, $.01 par value, of the Company.

2.47 *Stock Appreciation Right* or *SAR* means a right, granted alone or in connection with a related Option, designated as an SAR, to receive a payment on the day the right is exercised, pursuant to the terms of Article 7 herein. Each SAR shall be denominated in terms of one share of Stock.

2.48 *Subsidiary* means any corporation, business trust, limited liability company, or partnership with respect to which the Company owns, directly or indirectly, (a) more than 50% of the equity interests or partnership interests or (b) Voting Securities representing more than 50% of the aggregate Voting Power of the then-outstanding Voting Securities.

2.49 *Tandem SAR* means an SAR that is granted in connection with a related Option, the exercise of which shall require forfeiture of the right to purchase Stock under the related Option (and when Stock is purchased under the Option, the Tandem SAR shall be similarly canceled).

2.50 *Termination of Employment* occurs the first day on which an individual is for any reason no longer employed by the Company or any of its Subsidiaries, or with respect to an individual who is an Employee of a Subsidiary, the first day on which the Company no longer owns, directly or indirectly, at least 50% of the equity interests or partnership interests in, or Voting Securities possessing at least 50% of the Voting Power of, such Subsidiary. For purposes of the Plan, transfer of employment of a Participant between the Company and any one of its Subsidiaries (or between Subsidiaries) shall not be deemed a termination of employment. Notwithstanding anything herein to the contrary, no issuance of Stock or payment of cash shall be made upon a Termination of Employment with respect to any Award that constitutes deferred compensation for purposes of Section 409A unless the Termination of Employment constitutes a "separation from service" as that term is used in Section 409A(a)(2)(A)(i) of the Code.

2.51 *Unrestricted Stock* means an Award of Stock not subject to restrictions described in Article 8 herein.

2.52 *Voting Power* means the combined voting power of the then-outstanding Voting Securities entitled to vote generally in the election of directors.

2.53 *Voting Securities* of a corporation means securities of such corporation that are entitled to vote generally in the election of directors of such corporation.

Article 3. Administration

3.1 *The Committee*. The Plan shall be administered by the Compensation and Succession Committee or such other committee (the "Committee") as the Board of Directors shall select, consisting solely of two or more nonemployee members of the Board. The members of the Committee shall be appointed from time to time by, and shall serve at the discretion of, the Board of Directors.

3.2 *Authority of the Committee*. The Committee shall have full power and discretion except as limited by law or the articles of incorporation or the bylaws of the Company, subject to such other restricting limitations or directions as may be imposed by the Board and subject to the provisions herein, to determine the Eligible Persons to receive Awards; to determine when Awards may be granted and to grant Awards under the Plan; to determine the size and types of Awards; to determine all terms and conditions of such Awards; to assess whether Performance Goals have been met; to construe and interpret the Plan and any agreement or instrument entered into under the Plan; to establish, amend, or waive rules and regulations for the Plan's administration; to amend the terms and conditions of any outstanding Award, including but not limited to amendments with respect to exercisability and non-forfeitability of Awards upon a Termination of Employment; to make such adjustments or modifications to Awards to Participants working outside the United States as are necessary or advisable to fulfill the purposes of the Plan; to accelerate the exercisability of, and to accelerate or waive any or all of the restrictions and conditions applicable to, any Award; and to authorize any action of or make any determination by the Company as the Committee shall deem necessary or advisable for carrying out the purposes of the Plan; provided, however, that the

Committee may not amend the terms and conditions of any outstanding Award so as to adversely affect in any material way such Award without the written consent of the Participant holding such Award (or if the Participant is not then living, the Participant's Beneficiary, personal representative or estate, as applicable), unless such amendment is required by applicable law; and provided, further, that any discretion exercised by the Committee pursuant to Section 4.2 shall not be deemed to adversely affect in any material way an Award. The Committee may designate which employees of Subsidiaries participate in the Plan and may authorize the adoption of foreign sub-plans as provided in Article 14. Further, the Committee shall interpret and make all other determinations which may be necessary or advisable for the administration of the Plan. As permitted by law, the Committee may delegate its authorities as identified hereunder.

3.3 *Delegation of Authority.* Notwithstanding the general authority of the Committee to grant Awards under the Plan, the Board may, by resolution, expressly delegate to another committee, established by the Board and consisting of one or more employee or non-employee directors, the authority, within parameters specified by the Board, to determine the Eligible Persons to receive Awards; to determine when Awards may be granted and to grant Awards under the Plan; to determine the size and types of Awards; and to determine the terms and conditions of such Awards; provided, however that such committee may not grant Awards to Eligible Persons who (i) are subject to Section 16 of the Exchange Act at the time of grant, or (ii) are at the time of grant, or are anticipated to become during the term of the Award, Covered Employees. Such committee shall report regularly to the Committee, who shall report to the Board, regarding any Awards so granted.

3.4 *Delivery of Stock by Company; Restrictions on Stock*. Notwithstanding any other provision of the Plan, the Company shall have no liability to deliver any Stock or benefits under the Plan unless the Participant's tax obligations have been satisfied as set forth in Article 16 and unless such delivery would comply with all applicable laws (including, without limitation, the Code, the Securities Act, and the Exchange Act) and applicable requirements of any securities exchange or similar entity; provided, however, that if the Company cannot deliver any Stock or benefits under the Plan due to such laws or requirements, the Company shall provide equivalent value to any affected Participant.

The Committee may impose such restrictions on any Stock acquired pursuant to Awards under the Plan as it may deem advisable, including, without limitation, restrictions to comply with applicable Federal securities laws, with the requirements of any stock exchange or market upon which such Stock is then listed and/or traded, and with any blue sky or state securities laws applicable to such Stock.

3.5 *Vesting and Post-Vesting Holding Requirements.* Notwithstanding anything in the Plan to the contrary, no portion of any Full-Value Awards, Options and SARs granted after July 24, 2018, shall vest based on employment with the Company or its Subsidiaries prior to the first anniversary of the date on which such Award is granted, except in connection with death, Disability, Retirement, Termination of Employment without cause or a Change in Control, and except that up to five percent (5%) of the aggregate number of shares of Stock authorized for issuance under the Plan may be issued pursuant to Full-Value Awards, Options and SARs without regard to the employment vesting requirements of this Section 3.5. In addition, the Committee may impose a mandatory post-vesting holding period on any Awards or shares of Stock received pursuant to Awards made under the Plan, according to the terms and conditions it determines in its sole discretion, and sets forth in the applicable Award Agreement. Any post-vesting holding periods shall lapse in the event of the Participant's death, Disability, Termination of Employment without cause or a Change in Control.

3.6 *No Repricing or Reload Options.* Notwithstanding any provision of the Plan to the contrary, except in connection with a corporate transaction involving the Company (including, without limitation, a Change in Control or the transactions or events described in Section 4.2) the Committee shall not, without the approval of the Company's stockholders, (i) reduce the Option Exercise Price of an Option or reduce the Base Value of a SAR after it is granted, (ii) cancel outstanding Options or SARs in exchange for other Awards or Options or SARs with an Option Exercise Price or Base Value, as applicable, that is less than the Option Exercise Price or Base Value of the original Options or SARs, (iii) cancel an outstanding Option or SAR when the Option Exercise Price or Base Value, as applicable, exceeds the Fair Market Value of a share of the Stock in exchange for cash or other securities, or (iv) take any other action with respect to an Option or SAR that would be treated as a repricing under the rules and regulations of the New York Stock Exchange. No Option may be granted to any Participant on account of the use of Stock by the Participant to exercise a prior Option.

3.7 *Change in Control.* The Committee may provide in any Award Agreement for provisions relating to a Change in Control, including, without limitation, the acceleration of the exercisability of, or the lapse of restrictions or deemed satisfaction of performance goals with respect to, any outstanding Awards; *provided*, *however*, that, with respect to any Award that is continued, assumed or substituted with a substantially equivalent award in connection with a Change in Control, in addition to any conditions provided for in the Award Agreement, any acceleration of the vesting, exercisability of, or the lapse of restrictions or deemed satisfaction of performance goals with respect to any outstanding Awards in connection with a Change in Control may occur only if during the Post-Change Period, (i) the Participant has a Termination of Employment initiated by the Company or any of its Subsidiaries other than for "cause" (as defined in the Award Agreement), death or Disability or (ii) the Participant is a participant in the CIC Plan and the Participant's Termination of Employment is initiated by the Participant for "good reason" (as defined in the CIC Plan).

3.8 *Decisions Binding*. All determinations and decisions made by the Committee pursuant to the provisions of the Plan and all related orders or resolutions of the Board shall be final, conclusive, and binding on all persons, including the Company, its stockholders, Eligible Persons, Employees, Participants, and their Beneficiaries and estates. No member of the Committee shall be liable for any action or determination made in good faith with respect to the Plan or any Award.

3.9 *Costs*. The Company shall pay all costs of administration of the Plan.

Article 4. Stock Subject to the Plan

4.1 *Number of Shares*. Subject to Section 4.2 herein, the maximum number of shares of Stock available for awards under the Plan shall be 103,630,000 shares (which includes 37,000,000 shares originally provided in the Plan as approved by stockholders in 2001, 12,000,000 shares as approved by stockholders in 2006, 21,380,000 shares as approved by stockholders in 2009, 19,850,000 shares as approved by stockholders in 2013, and 13,400,000 additional shares as approved by stockholders in 2019), plus 6,815,597 shares of Stock remaining for awards pursuant to the terms of The Allstate Corporation Equity Incentive Plan. The number of shares of Stock to which an Award pertains shall be counted against the maximum share limitation of this Section 4.1

as two and one-tenth (2.1) shares of Stock for each Full-Value Award and as one (1) share of Stock for each other type of Award. Shares of Stock underlying lapsed or forfeited Awards of Restricted Stock shall not be treated as having been issued pursuant to an Award under the Plan. Shares of Stock that are potentially deliverable under an Award that expires or is cancelled, forfeited, settled in cash or otherwise settled without delivery of shares of Stock shall not be treated as having been issued under the Plan. With respect to an SAR that is settled in Stock, the full number of shares underlying the exercised portion of the SAR shall be treated as having been issued under the Plan, regardless of the number of shares used to settle the SAR upon exercise. Shares of Stock that are tendered or withheld to satisfy tax withholding obligations related to an Award or to satisfy the Option Exercise Price related to an Option or other Award shall be deemed to be shares of Stock issued under the Plan. If, before June 30, 2003, the Option Exercise Price was satisfied by tendering Stock, only the number of shares issued net of the shares tendered shall be deemed issued under the Plan. For avoidance of doubt, if a share of Stock that underlies an Award other than a Full-Value Award was counted against the maximum share limitation of this Section 4.1 and pursuant to this Section 4.1 subsequently is treated as having not been issued under the Plan, the maximum share limitation of this Section 4.1 shall be credited with one share of Stock, and if a share of Stock pertaining to a Full-Value Award was counted against the maximum share limitation of this Section 4.1 and pursuant to this Section 4.1 subsequently is treated as having not been issued under the Plan, the maximum share limitation of this Section 4.1 shall be credited with 2.1 shares of Stock. Stock granted pursuant to the Plan may be (i) authorized but unissued shares of common stock or (ii) treasury stock.

4.2 *Adjustments in Authorized Stock and Awards*. In the event of any equity restructuring (within the meaning of Financial Accounting Standards Board Accounting Standards Codification (ASC) Topic 718) that causes the per share value of shares of Stock to change, such as a stock dividend, stock split, spin off, rights offering, or recapitalization through a large, nonrecurring cash dividend, the Committee shall cause there to be made an equitable adjustment to (i) the number and kind of shares of Stock available for grant under the Plan, (ii) the number of shares of Stock or Awards that may be granted to any individual under the Plan or that may be granted pursuant to the Plan any Articles or any type of Award, and (iii) the number and kind of shares of Stock or units subject to and the Option Exercise Price or Base Value (if applicable) of any then outstanding Awards of or related to shares of Stock. In the event of any other change in corporate capitalization, such as a merger, consolidation, any reorganization (whether or not such reorganization comes within the definition of such term in Section 368 of the Code) or any partial or complete liquidation of the Company, such equitable adjustments described in the foregoing sentence shall be made as may be determined to be appropriate and equitable by the Committee, in its sole discretion, to prevent dilution or enlargement of rights. In either case, any such adjustment shall be final, conclusive and binding for all purposes of the Plan. Unless otherwise determined by the Board upon recommendation of the Committee, the number of shares of Stock subject to an Award shall always be a whole number. Notwithstanding the foregoing, (i) each such adjustment with respect to an Incentive Stock Option shall comply with the rules of Section 424(a) of the Code and (ii) in no event shall any adjustment be made which would render any Incentive Stock Option granted hereunder to be other than an incentive stock option for purposes of Section 422 of the Code.

4.3 *Award Limitations*. Subject to Section 4.2 above, the following limitations shall apply to Awards intended to qualify as Performance-Based Compensation: (i) the total number of shares of Stock with respect to which Options or SARs may be granted in any calendar year to any Eligible Person shall not exceed 4,000,000 shares; (ii) the total number of shares of Qualified Restricted Stock or Qualified Restricted Stock Units that may be granted in any calendar year to any Eligible Person shall not exceed 3,000,000 shares or Units, as the case may be; (iii) the total number of shares of Performance Stock that may be granted in any calendar year to any Eligible Person shall not exceed 4,000,000 shares and the maximum amount that may be paid pursuant to Performance Units granted in any one calendar year to any Eligible Person shall not exceed $10,000,000; (iv) the total number of shares of Stock granted pursuant to Article 10 herein in any calendar year to any Eligible Person shall not exceed 4,000,000 shares; (v) the total cash Award that may be paid pursuant to an Award granted under Article 10 herein in any calendar year to any Eligible Person shall not exceed $10,000,000; and (vi) the aggregate value of cash dividends (other than large, nonrecurring cash dividends) or Dividend Equivalents that a Participant may receive in any calendar year shall not exceed $11,500,000.

Subject to Section 4.2 above, the maximum number of shares of Stock that may be issued pursuant to Incentive Stock Options shall be 5,500,000 shares.

Article 5. Eligibility and Participation

5.1 *Eligibility*. Persons eligible to participate in the Plan ("Eligible Persons") are all Employees of the Company and its Subsidiaries, as determined by the Committee.

5.2 *Actual Participation*. Subject to the provisions of the Plan, the Committee may, from time to time, select from all Eligible Persons those to whom Awards shall be granted.

Article 6. Stock Options

6.1 *Grant of Options*. Subject to the terms and conditions of the Plan, Options may be granted to an Eligible Person at any time and from time to time, as shall be determined by the Committee.

The Committee shall have complete discretion in determining the number of shares of Stock subject to Options granted to each Eligible Person (subject to Article 4 herein) and, consistent with the provisions of the Plan, in determining the terms and conditions pertaining to such Options. The Committee may grant ISOs, NQSOs, or a combination thereof.

6.2 *Option Award Agreement*. Each Option grant shall be evidenced by an Option Award Agreement that shall specify the Option Exercise Price, the term of the Option (which shall not be greater than ten (10) years), the number of shares of Stock to which the Option pertains, the Exercise Period, and such other provisions as the Committee shall determine, including but not limited to special provisions relating to a Change in Control. The Option Award Agreement shall also specify whether the Option is intended to be an ISO or NQSO. The Option Exercise Price shall not be less than 100% of the Fair Market Value of the Stock on the date of grant. No Dividend Equivalents shall be provided with respect to Options.

6.3 *Exercise of and Payment for Options*. Options granted under the Plan shall be exercisable at such times and shall be subject to such restrictions and conditions as the Committee shall in each instance approve.

A Participant may exercise an Option at any time during the Exercise Period. Options shall be exercised by the delivery of a written notice of exercise to the Company, or such method acceptable to the Company, setting forth the number of shares of Stock with respect to which the Option is to be exercised, accompanied by provision for full payment of the Stock. Notwithstanding anything to the contrary herein, in the event that the final date on which any Option would otherwise be exercisable in accordance with the provisions of this Plan is not a Business Day, the day on which such Option may be exercised is the last Business Day immediately preceding such date.

The Option Exercise Price shall be payable in the discretion of the Committee: (i) in cash or its equivalent, (ii) by tendering (by actual delivery of shares or by attestation) previously acquired Stock (owned for at least six months) having an aggregate Fair Market Value at the time of exercise equal to the total Option Exercise Price, (iii) by broker-assisted cashless exercise, (iv) with respect to Options granted on and after May 16, 2006, by share withholding, or (v) by a combination of (i), (ii), (iii) and/or (iv).

Options may not be exercised for less than 25 shares of Stock unless the exercise represents the entire remaining balance of the Award.

Stock received upon exercise of an Option may be granted subject to restrictions deemed appropriate by the Committee.

6.4 *Termination*. Each Option Award Agreement shall set forth the extent to which the Participant shall have the right to exercise the Option upon Termination of Employment. Such provisions shall be determined in the sole discretion of the Committee (subject to applicable law), shall be included in the Option Award Agreement entered into with Participants, need not be uniform among all Options granted pursuant to the Plan or among Participants and may reflect distinctions based on the reasons for termination.

To the extent the Option Award Agreement does not set forth termination provisions, the provisions of Article 13 shall control.

6.5 *Transferability of Options*. Except as otherwise determined by the Committee, all Options granted to a Participant under the Plan shall be exercisable during his or her lifetime only by such Participant or his or her legal representative, and no Option granted under the Plan may be sold, transferred, pledged, assigned, or otherwise alienated or hypothecated, other than by will or by the laws of descent and distribution. ISOs are not transferable other than by will or by the laws of descent and distribution. The Committee shall have the authority, in its discretion, to grant (or to sanction by way of amendment to an existing Award) Nonqualified Stock Options, the vested portions of which may be transferred by the Participant during his lifetime to any Family Member or pursuant to a domestic relations order. A transfer of an Option pursuant hereto may only be effected by the Company at the written request of a Participant and shall become effective only when recorded in the Company's record of outstanding Options. A transferred Option shall continue to be governed by and subject to the terms and limitations of the Plan and the relevant Award Agreement, and the transferee shall be entitled to the same rights as the Participant, as if no transfer had taken place. In no event shall an Option be transferred for consideration or transferred to a third-party financial institution.

6.6 *Designation of Beneficiary.*

(a) Each Participant may designate a Beneficiary who shall have the right to exercise the Option in the event of the Participant’s death. Participants shall designate a Beneficiary by executing a Beneficiary Designation Form. A Beneficiary designation is not binding on the

Company unless it receives a properly completed Beneficiary Designation Form prior to the Participant's death. If no designation is made or no designated Beneficiary is alive (or in the case of an entity designated as a Beneficiary, in existence) at the time of the Participant's death, the Participant's spouse or, if no spouse exists, the executor or personal representative of the Participant's estate shall have the right to exercise the Option. If there is any question as to the legal right of any Beneficiary to exercise the Option under the Plan, the Company may determine in its sole discretion whether to provide the right of exercise to the executor or personal representative of the Participant's estate. The Company's determination shall be binding and conclusive on all persons, and it will have no further liability to anyone with respect to such Option.

(b) A Participant may change an earlier Beneficiary designation by executing a later Beneficiary Designation Form. The execution of a Beneficiary Designation Form revokes and rescinds any prior Beneficiary Designation Form.

6.7 *Automatic Exercise.* Any unexercised Option granted on or after May 21, 2013, and before February 19, 2014 will be exercised automatically on behalf of the Participant using broker-assisted cashless exercise or other payment method provided under the Plan at the discretion of the Committee on the Business Day immediately preceding the expiration date of the original term as stated in the Option Award Agreement if:

(i) the Fair Market Value of a share of Stock exceeds the Option Exercise Price in the applicable Option Award Agreement on that Business Day, and

(ii) the exercise would result in the payment to Participant of at least $.01 or delivery of at least one share of Stock after payment of the exercise price, any applicable fees and commissions, and all applicable withholding taxes (assuming the appropriate minimum statutory withholding rate).

A Participant may elect not to have automatic exercise apply by written notice to the Committee at any time within the six-month period before the automatic exercise day above.

Article 7. Stock Appreciation Rights

7.1 *Grant of SARs*. Subject to the terms and conditions of the Plan, an SAR may be granted to an Eligible Person at any time and from time to time as shall be determined by the Committee. The Committee may grant Freestanding SARs, Tandem SARs, or any combination of these forms of SARs.

The Committee shall have complete discretion in determining the number of SARs granted to each Eligible Person (subject to Article 4 herein) and, consistent with the provisions of the Plan, in determining the terms and conditions pertaining to such SARs.

7.2 *SAR Award Agreement*. Each SAR award shall be evidenced by an SAR Award Agreement that shall specify the number of SARs granted, the Base Value (which shall not be less than one hundred percent (100%) of the Fair Market Value of a share of Stock on the date of grant), the term of the SAR (which shall not be greater than ten (10) years), the Exercise Period, and such other provisions as the Committee shall determine, including but not limited to special provisions relating to a Change in Control. No Dividend Equivalents shall be provided with respect to SARs.

7.3 *Exercise and Payment of SARs*. Tandem SARs may be exercised for all or part of the Stock subject to the related Option upon the surrender of the right to exercise the equivalent portion of the related Option. A Tandem SAR may be exercised only with respect to the shares of Stock for which its related Option is then exercisable.

Notwithstanding any other provision of the Plan to the contrary, with respect to a Tandem SAR granted in connection with an ISO: (i) the Tandem SAR will expire no later than the expiration of the underlying ISO; (ii) the value of the payout with respect to the Tandem SAR may be for no more than one hundred percent (100%) of the difference between the Option Exercise Price of the underlying ISO and the Fair Market Value of the shares of Stock subject to the underlying ISO at the time the Tandem SAR is exercised; (iii) the Tandem SAR may be exercised only when the Fair Market Value of the shares of Stock subject to the ISO exceeds the Option Exercise Price of the ISO; and (iv) the Tandem SAR may be transferred only when the underlying ISO is transferable, and under the same conditions.

Freestanding SARs may be exercised upon whatever terms and conditions the Committee, in its sole discretion, imposes upon them.

A Participant may exercise an SAR at any time during the Exercise Period. SARs shall be exercised by the delivery of a written notice of exercise to the Company, or such method acceptable to the Company, setting forth the number of SARs being exercised. Upon exercise of an SAR, a Participant shall be entitled to receive payment from the Company in an amount equal to the product of:

(a) the excess of (i) the Fair Market Value of a share of Stock on the date of exercise over (ii) the Base Value multiplied by

(b) the number of shares of Stock with respect to which the SAR is exercised.

Notwithstanding anything to the contrary herein, in the event that the final date on which any SAR would otherwise be exercisable in accordance with the provisions of this Plan is not a Business Day, the day on which such SAR may be exercised is the last Business Day immediately preceding such date.

At the sole discretion of the Committee, the payment to the Participant upon SAR exercise may be in cash, in shares of Stock of equivalent value, or in some combination thereof.

7.4 *Termination*. Each SAR Award Agreement shall set forth the extent to which the Participant shall have the right to exercise the SAR upon Termination of Employment. Such provisions shall be determined in the sole discretion of the Committee (subject to applicable law), shall be included in the SAR Award Agreement entered into with Participants, need not be uniform among all SARs granted pursuant to the Plan or among Participants, and may reflect distinctions based on the reasons for termination.

To the extent the SAR Award Agreement does not set forth termination provisions, the provisions of Article 13 shall control.

7.5 *Transferability of SARs*. Except as otherwise determined by the Committee, all SARs granted to a Participant under the Plan shall be exercisable during his or her lifetime only by such

Participant or his or her legal representative, and no SAR granted under the Plan may be sold, transferred, pledged, assigned, or otherwise alienated or hypothecated, other than by will or by the laws of descent and distribution. To the extent the Committee permits the transfer of an SAR, in no event shall an SAR be transferred for consideration or transferred to a third-party financial institution.

7.6 *Designation of Beneficiary.*

(a) Each Participant may designate a Beneficiary who shall have the right to exercise the SARs in the event of the Participant's death. Participants shall designate a Beneficiary by executing a Beneficiary Designation Form. A Beneficiary designation is not binding on the Company unless it receives a properly completed Beneficiary Designation Form prior to the Participant's death. If no designation is made or no designated Beneficiary is alive (or in the case of an entity designated as a Beneficiary, in existence) at the time of the Participant's death, the Participant's spouse, or if no spouse exists, the executor or personal representative of the Participant's estate shall have the right to exercise the SARs. If there is any question as to the legal right of any Beneficiary to exercise the SARs under the Plan, the Company may determine in its sole discretion whether to provide the right of exercise to the executor or personal representative of the Participant's estate. The Company's determination shall be binding and conclusive on all persons, and it will have no further liability to anyone with respect to such SARs.

(b) A Participant may change an earlier Beneficiary designation by executing a later Beneficiary Designation Form. The execution of a Beneficiary Designation Form revokes and rescinds any prior Beneficiary Designation Form.

Article 8. Unrestricted Stock, Restricted Stock, and Restricted Stock Units

8.1 *Grant of Unrestricted Stock, Restricted Stock, and Restricted Stock Units*. Subject to the terms and conditions of the Plan, Unrestricted Stock, Restricted Stock, and/or Restricted Stock Units may be granted to an Eligible Person at any time and from time to time, as shall be determined by the Committee.

The Committee shall have complete discretion in determining the number of shares of Unrestricted Stock, Restricted Stock, and/or Restricted Stock Units granted to each Eligible Person (subject to Article 4 herein) and, consistent with the provisions of the Plan, in determining the terms and conditions pertaining to such Awards.

In addition, the Committee may, prior to or at the time of grant, designate an Award of Restricted Stock or Restricted Stock Units as Qualified Restricted Stock or Qualified Restricted Stock Units, as the case may be, in which event it will condition the granting or vesting, as applicable, of such Qualified Restricted Stock or Qualified Restricted Stock Units, as the case may be, upon the attainment of the Performance Goals selected by the Committee and such other conditions as the Committee may determine based on employment with the Company and its Subsidiaries.

8.2 *Unrestricted Stock, Restricted Stock/Restricted Stock Unit Award Agreement*. Each grant of Unrestricted Stock, Restricted Stock, and/or Restricted Stock Units shall be evidenced by an Award Agreement that shall specify the number of shares of Unrestricted Stock, Restricted Stock, and/or Restricted Stock Units granted, the initial value (if applicable), the Period or Periods of

Restriction (if applicable), and such other provisions as the Committee shall determine, including but not limited to special provisions relating to a Change in Control.

8.3 *Transferability*. Except pursuant to a domestic relations order or as otherwise determined by the Committee, Restricted Stock and Restricted Stock Units granted hereunder may not be sold, transferred, pledged, assigned, or otherwise alienated or hypothecated until the end of the applicable Period of Restriction established by the Committee and specified in the Award Agreement. During the applicable Period of Restriction, all rights with respect to the Restricted Stock and Restricted Stock Units granted to a Participant under the Plan shall be available during his or her lifetime only to such Participant or his or her legal representative.

8.4 *Certificates*. No certificates representing Stock shall be delivered to a Participant, and no book entry representing delivery of Stock to a Participant shall be made, until such time as all restrictions applicable to such shares have been satisfied.

8.5 *Removal of Restrictions*. Restricted Stock shall become freely transferable by the Participant after the last day of the Period of Restriction applicable thereto. Once Restricted Stock is released from the restrictions, the Participant shall be entitled to receive a certificate representing such Stock or shall be entitled to book entry delivery of such Stock.

Payment of Restricted Stock Units shall be made after the last day of the Period of Restriction applicable thereto. The Committee, in its sole discretion, may pay Restricted Stock Units in cash or in shares of Stock of equivalent value (or in some combination thereof) which have an aggregate Fair Market Value equal to the value of the Restricted Stock Units at the close of the applicable Period of Restriction.

8.6 *Voting Rights*. During the Period of Restriction, Participants may exercise full voting rights with respect to the Restricted Stock.

8.7 *Dividends and Other Distributions*. Subject to the Committee's right to determine otherwise at the time of grant, during the Period of Restriction, Participants shall receive all cash dividends, other than large, nonrecurring cash dividends, paid promptly with respect to the Restricted Stock while they are so held, after the vesting of the Restricted Stock. All other distributions paid with respect to such Restricted Stock shall be credited to Participants subject to the same restrictions on transferability and forfeitability as the Restricted Stock with respect to which they were paid and shall be paid to the Participant promptly after the full vesting of the Restricted Stock with respect to which such distributions were made.

Rights, if any, to Dividend Equivalents on Restricted Stock Units shall be established by the Committee at the time of grant and set forth in the Award Agreement, but in no event shall Participants receive any Dividend Equivalents prior to the vesting of the Restricted Stock Units with respect to which they are paid. In addition, with respect to both Restricted Stock or Restricted Stock Units with performance-based vesting, any dividends or Dividend Equivalents that are based on dividends paid prior to the vesting of such Restricted Stock or Restricted Stock Units, as applicable, shall only be paid out to the Participant to the extent that the performance-based vesting conditions are subsequently satisfied and the Restricted Stock or Restricted Stock Units vest.

8.8 *Termination*. Each Restricted Stock/Restricted Stock Unit Award Agreement shall set forth the extent to which the Participant shall have the right to receive Restricted Stock and/or a Restricted Stock Unit payment following termination of the Participant's employment with the Company and its Subsidiaries. Such provisions shall be determined in the sole discretion of the Committee, shall be included in the Award Agreement entered into with Participants, need not be uniform among all grants of Restricted Stock/Restricted Stock Units or among Participants and may reflect distinctions based on the reasons for termination.

To the extent the Restricted Stock/Restricted Stock Unit Award Agreement does not set forth termination provisions, the provisions of Article 13 shall control.

8.9 *Participant’s Death*. In the event of the Participant’s death, any vested Restricted Stock or Restricted Stock Units, including Restricted Stock or Restricted Stock Units that vest because of the Participant’s death, shall be paid or delivered on behalf of the Participant.

Article 9. Performance Units and Performance Stock

9.1 *Grant of Performance Units and Performance Stock*. Subject to the terms and conditions of the Plan, Performance Units and/or Performance Stock may be granted to an Eligible Person at any time and from time to time, as shall be determined by the Committee.

The Committee shall have complete discretion in determining the number of Performance Units and/or shares of Performance Stock granted to each Eligible Person (subject to Article 4 herein) and, consistent with the provisions of the Plan, in determining the terms and conditions pertaining to such Awards.

9.2 *Performance Unit/Performance Stock Award Agreement*. Each grant of Performance Units and/or shares of Performance Stock shall be evidenced by a Performance Unit and/or Performance Stock Award Agreement that shall specify the number of Performance Units and/or shares of Performance Stock granted, the initial value (if applicable), the Performance Period, the Performance Goals, and such other provisions as the Committee shall determine, including but not limited to special provisions relating to a Change in Control and any rights to Dividend Equivalents.

9.3 *Value of Performance Units/Performance Stock*. Each Performance Unit shall have an initial value that is established by the Committee at the time of grant. The value of a share of Performance Stock shall be equal to the Fair Market Value of the Stock. The Committee shall set Performance Goals in its discretion which, depending on the extent to which they are met, will determine the number and/or value of Performance Units/Performance Stock that will be paid out to the Participants.

9.4 *Earning of Performance Units/Performance Stock*. After the applicable Performance Period has ended, the Participant shall be entitled to receive a payout with respect to the Performance Units/Performance Stock and any Dividend Equivalents earned by the Participant over the Performance Period, to be determined as a function of the extent to which the Committee determines that the corresponding Performance Goals have been achieved.

9.5 *Form and Timing of Payment of Performance Units/Performance Stock*. Payment of earned Performance Units/Performance Stock shall be made following the close of the applicable Performance Period. The Committee, in its sole discretion, may pay earned Performance Units/Performance Stock in cash or in Stock (or in a combination thereof), which has an aggregate Fair Market Value equal to the value of the earned Performance Units/Performance Stock at the close of the applicable Performance Period. Such Stock may be granted subject to any restrictions deemed appropriate by the Committee.

9.6 *Termination*. Each Performance Unit/Performance Stock Award Agreement shall set forth the extent (if any) to which the Participant shall have the right to receive a Performance Unit/Performance Stock payment upon Termination of Employment during a Performance Period. Such provisions shall be determined in the sole discretion of the Committee (subject to applicable law), shall be included in the Award Agreement entered into with Participants, need not be uniform among all grants of Performance Units/Performance Stock or among Participants, and may reflect distinctions based on reasons for termination.

To the extent the Performance Unit/Performance Stock Award Agreement does not set forth termination provisions, the provisions of Article 13 shall control.

9.7 *Transferability*. Except pursuant to a domestic relations order or as otherwise determined by the Committee, a Participant's rights with respect to Performance Units/Performance Stock granted under the Plan shall be available during the Participant's lifetime only to such Participant or the Participant's legal representative and Performance Units/Performance Stock may not be sold, transferred, pledged, assigned, or otherwise alienated or hypothecated, other than by will or by the laws of descent and distribution. To the extent the Committee permits the transfer of Performance Units/Performance Stock, in no event shall Performance Units/Performance Stock be transferred for consideration.

9.8 *Participant's Death*. In the event of the Participant's death, any vested Performance Units/Performance Stock, including Performance Units/Performance Stock that vest, shall be paid or delivered on behalf of the Participant.

Article 10. Other Awards

The Committee shall have the right to grant other Awards which may include, without limitation, the payment of Stock in lieu of cash, the payment of cash based on attainment of Performance Goals established by the Committee, and the payment of Stock in lieu of cash under other Company incentive or bonus programs. Payment under or settlement of any such Awards shall be made in such manner and at such times as the Committee may determine.

Article 11. Deferrals

The Committee may, in its sole discretion, permit a Participant to defer the Participant's receipt of the payment of cash or the delivery of Stock that would otherwise be due to such Participant under the Plan. If any such deferral election is permitted, the Committee shall, in its sole discretion, establish rules and procedures for such payment deferrals consistent with Section 409A to the extent applicable.

Article 12. Rights of Participants

12.1 *Termination*. Nothing in the Plan shall interfere with or limit in any way the right of the Company or any Subsidiary to terminate any Participant's employment or other relationship with the Company or any Subsidiary at any time, for any reason or no reason in the

Company's or the Subsidiary's sole discretion, nor confer upon any Participant any right to continue in the employ of, or otherwise in any relationship with, the Company or any Subsidiary.

12.2 *Participation*. No Eligible Person shall have the right to be selected to receive an Award under the Plan, or, having been so selected, to be selected to receive a future Award.

12.3 *Limitation of Implied Rights*. Neither a Participant nor any other Person shall, by reason of the Plan, acquire any right in or title to any assets, funds or property of the Company or any Subsidiary whatsoever, including, without limitation, any specific funds, assets or other property which the Company or any Subsidiary, in its sole discretion, may set aside in anticipation of a liability under the Plan. A Participant shall have only a contractual right to the Stock or amounts, if any, payable under the Plan, unsecured by any assets of the Company or any Subsidiary. Nothing contained in the Plan shall constitute a guarantee that the assets of such companies shall be sufficient to pay any benefits to any Person.

Except as otherwise provided in the Plan, no Award under the Plan shall confer upon the holder thereof any right as a stockholder of the Company prior to the date on which the individual fulfills all conditions for receipt of such rights.

12.4 *Waiver.* Each Participant, by acceptance of an Award, waives all rights to specific performance or injunctive or other equitable relief and acknowledges that he has an adequate remedy at law in the form of damages.

Article 13. Termination of Employment

If a Participant has a Termination of Employment, then, unless otherwise provided by the Committee or in the Award Agreement, all Awards shall terminate and be forfeited on the date of such Termination of Employment.

Article 14. Sub-Plans for Employees of Foreign Subsidiaries

The Committee may authorize the adoption of sub-plans of the Plan, including, without limitation, as the Committee deems necessary or desirable to comply with the laws of, or to accommodate the tax policy, accounting principles or custom of, foreign jurisdictions whose residents may be granted Awards ("Foreign Sub-Plans”), and Awards granted under such Foreign Sub-Plans may be treated as Awards under the Plan, if the Committee so determines. Such Foreign Sub- Plans shall have such terms and provisions as the Committee permits not inconsistent with the provisions of the Plan and which may be more restrictive than those contained in the Plan. Awards granted under such Foreign Sub-Plans shall be governed by the terms of the Plan except to the extent that the provisions of the Foreign Sub-Plans are more restrictive than the terms of the Plan, in which case such terms of the Foreign Sub-Plans shall control.

Article 15. Amendment, Modification, and Termination

The Board may, at any time and from time to time, alter, amend, suspend, or terminate the Plan in whole or in part, provided that no amendment shall be made which shall increase the total number of shares of Stock that may be issued under the Plan, materially modify the requirements for participation in the Plan, or materially increase the benefits accruing to Participants under the Plan, in each case unless such amendment is approved by the stockholders of the Company.

No termination, amendment, or modification of the Plan shall adversely affect in any material way any Award previously granted under the Plan, without the written consent of the Participant holding such Award, unless such termination, modification, or amendment is required by applicable law and except as otherwise provided herein.

Article 16. Payment for Awards and Withholding

16.1 *Payment for Awards*. In the event a Participant is permitted to elect to pay the Option Exercise Price or make payment for any other Award through tender of previously acquired Stock, (i) only a whole number of share(s) of Stock (and not fractional shares of Stock) may be tendered in payment, (ii) such Participant must present evidence acceptable to the Company that he has owned any such shares of Stock tendered in payment (and that such shares of Stock tendered have not been subject to any substantial risk of forfeiture) for at least six months prior to the date of exercise, and (iii) Stock must be tendered to the Company, either by actual delivery of the shares or by attestation. When payment is made by tender of Stock, the difference, if any, between the aggregate amount payable and the Fair Market Value of the share(s) of Stock tendered in payment (plus any applicable taxes) shall be paid by check. No Participant may tender shares of Stock having a Fair Market Value exceeding the aggregate Option Exercise Price or other payment due.

16.2 *Notification under Section 83(b)*. If the Participant, in connection with the exercise of any Option, or the grant of any share of Restricted Stock, makes the election permitted under Section 83(b) of the Code (i.e., an election to include in such Participant's gross income in the year of transfer the amounts specified in Section 83(b) of the Code), such Participant shall notify the Company of such election within 10 days of filing notice of the election with the Internal Revenue Service, in addition to any filing and notification required pursuant to regulations issued under the authority of Section 83(b) of the Code.

16.3 *Tax Withholding*. The Company shall have the power and the right to deduct or withhold, or require a Participant to remit to the Company, an amount (including any Stock withheld as provided below) sufficient to satisfy Federal, state, and local taxes (including the Participant's FICA obligation) required by law to be withheld with respect to an Award made under the Plan.

16.4 *Stock Withholding*. With respect to tax withholding required upon the exercise of Options or SARs, upon the lapse of restrictions on Restricted Stock or Restricted Stock Units, or upon any other taxable event arising out of or as a result of Awards granted hereunder, Participants may elect to satisfy the withholding requirement, in whole or in part, by tendering Stock held by the Participant (by actual delivery of the shares or by attestation) or by having the Company withhold Stock having a Fair Market Value equal to the minimum statutory total withholding tax which could be imposed on the transaction, or such other limitations as will not cause adverse accounting consequences or cost, except as otherwise specifically provided in any Award Agreement with respect to a Participant subject to tax withholding in any foreign jurisdiction in which there is no minimum statutory withholding rates. All elections shall be irrevocable, made in writing (or other method acceptable to the Company) and signed by the Participant. In the event a Participant fails to make an election by the date required, the Participant will be deemed to have made an election to have the Company withhold Stock having a Fair Market Value equal to the minimum statutory total withholding tax which could be imposed on the transaction.

Article 17. Repayment of Awards

17.1 *Restatements (for awards granted prior to February 19, 2020).* In the event of a restatement of the Company's financial results to correct a material error or inaccuracy resulting in whole or in part from the fraud or intentional misconduct of a Section 16 Officer, as determined by the Board or a committee thereof, the Company shall have the authority, to the extent permitted by applicable law, to

(i) cancel or cause to be cancelled any or all of such Section 16 Officer's outstanding Awards granted after May 19, 2009;

(ii) recover or cause to be recovered any or all "Proceeds" (as defined below) resulting from any sale or other disposition (including to the Company) of shares of Stock issued or issuable upon vesting, settlement, or exercise, as the case may be, of any Award granted to such Section 16 Officer after May 19, 2009, plus a reasonable rate of interest; and/or

(iii) recover or cause to be recovered any cash paid or shares of Stock issued to such Section 16 Officer in connection with any vesting, settlement, or exercise of an Award granted after May 19, 2009, plus a reasonable rate of interest.

The term "Proceeds" means, with respect to any sale or other disposition (including to the Company) of shares of Stock acquired pursuant to an Award, an amount determined by the Committee, (a) in the case of an Award other than an Option or SAR, up to the amount equal to the Fair Market Value per share of Stock at the time of such sale or other disposition multiplied by the number of shares sold or disposed of, or (b) in the case of an Option or SAR, up to the amount equal to the number of shares of Stock sold or disposed of multiplied by the excess of the Fair Market Value per share of Stock at the time of such sale or disposition over the Option Exercise Price or Base Value, as applicable. The return of Proceeds is in addition to and separate from any other relief available to the Company or any other actions as may be taken by the Committee in its sole discretion. Any determination by the Committee with respect to the foregoing shall be final, conclusive, and binding on all interested parties.

17.2 *Clawback Policy (for awards granted on or after February 19, 2020).* Awards granted on or after February 19, 2020 will be subject to The Allstate Corporation Clawback Policy adopted by the Committee and set forth in the applicable Award Agreement.

17.3 *No Limitation on Other Rights*. Nothing contained in this Article 17 shall be deemed to limit any additional legal or equitable rights or remedies the Company may have under applicable law, any policy adopted by the Company, or the terms of any Award Agreement or other agreement with the Participant, to seek cancellation of any Award or repayment of any Stock or other amounts paid pursuant to such Award.

Article 18. Successors

All obligations of the Company under the Plan, with respect to Awards granted hereunder, shall be binding on any successor to the Company, whether the existence of such successor is the result of a direct or indirect purchase, merger, consolidation, or otherwise of all or substantially all of the business and/or assets of the Company.

Article 19. Legal Construction

19.1 *Gender and Number*. Except where otherwise indicated by the context, any masculine term used herein also shall include the feminine, the plural shall include the singular and the singular shall include the plural.

19.2 *Severability*. In the event any provision of the Plan shall be held illegal or invalid for any reason, the illegality or invalidity shall not affect the remaining parts of the Plan, and the Plan shall be construed and enforced as if the illegal or invalid provision had not been included.

19.3 *Requirements of Law*. The granting of Awards and the issuance of Stock under the Plan shall be subject to all applicable laws, rules, and regulations, and to such approvals by any governmental agencies or national securities exchanges as may be required.

19.4 *Governing Law*. To the extent not preempted by Federal law, the Plan, and all agreements hereunder, shall be construed in accordance with, and governed by, the laws of the State of Delaware, except with regard to conflicts of law provisions.

19.5 *Code Section 409A Compliance*. To the extent applicable, it is intended that this Plan and any Awards granted hereunder comply with or be exempt from the requirements of Section 409A of the Code and any related regulations or other guidance promulgated with respect to such Section by the U.S. Department of the Treasury or the Internal Revenue Service ("Section 409A"), and the Plan and any Awards granted under the Plan shall be interpreted and construed in a manner consistent with such intent. Notwithstanding any provision of the Plan to the contrary, in the event that following the Effective Date the Committee determines that any Award may be subject to Section 409A, the Committee may adopt such amendments to the Plan and the applicable Award Agreement or adopt other policies and procedures (including amendments, policies, and procedures with retroactive effect), or take any other actions, that the Committee determines are necessary or appropriate to (i) exempt the Award from Section 409A and/or preserve the intended tax treatment of the benefits provided with respect to the Award, or (ii) comply with the requirements of Section 409A and thereby avoid the application of any penalty taxes under such Section. In the event that it is reasonably determined by the Committee that, as a result of Section 409A, payments in respect of any Award under the Plan may not be made at the time contemplated by the terms of the Plan or the applicable Award Agreement, as the case may be, without causing the Participant holding such Award to be subject to taxation under Section 409A, the Company will make such payment on the first day that would not result in the Participant incurring any tax liability under Section 409A, which action may include, but is not limited to, delaying payment to a Participant who is a “specified employee” within the meaning of Section 409A until the first day following the six-month period beginning on the date of the Participant’s Termination of Employment. No action or failure by the Committee or the Company in good faith to act, pursuant to this Section 19.5 shall subject the Committee, the Company, or any of the Company’s employees, directors, or representatives to any claim, liability, or expense, and the Company shall not have any obligation to indemnify or otherwise protect any Participant from the obligation to pay any taxes pursuant to Section 409A.

Exhibit 10.2

THE ALLSTATE CORPORATION

ANNUAL EXECUTIVE INCENTIVE PLAN

1. **Purposes**.

The purpose of the Plan is to enhance the Company's ability to attract and retain highly qualified executives, link compensation with the Company's annual financial and operating goals, and provide such executives with cash incentives to link the success of the Company and its Subsidiaries with compensation. The Plan is intended to permit the granting of Awards that will constitute "performance-based compensation" under Section 162(m) of the Code and the regulations promulgated thereunder.

2. **Definitions**.

The following terms when used in the Plan shall, for the purposes of the Plan, have the following meanings:

a. "Award" means the cash amount payable to a Participant for a Fiscal Year subject to the terms of the Plan.

b. "Board" means the Board of Directors of The Allstate Corporation.

c. "Business Unit" means any operating unit of The Allstate Corporation or any of its Subsidiaries, including but not limited to, the property and casualty business, the life business, the investments business, or the international business.

d. "Code" means the Internal Revenue Code of 1986, as amended.

e. "Committee" means the committee designated pursuant to Section 3 that administers the Plan.

f. "Company" means The Allstate Corporation.

g. "Covered Employee" shall mean each employee of the Company or a Subsidiary who is a “covered employee” (as defined in Section 162(m) of the Code) for the applicable Fiscal Year, and any other employee designated by the Committee, in its sole discretion.

h. "Fiscal Year" means the calendar year.

i. "Participant" means each employee of the Company or a Subsidiary who is selected by the Committee to be a participant in the Plan.

j. "Performance Measures" means one or more of the following measures of performance: sales; revenues; premiums; financial product sales; earnings per share; stockholder return or value; funds from operations; operating income; gross income; net income; combined ratio; underwriting income; cash flow; return on equity; return on capital; return on assets; values of assets; market share; net earnings; earnings before interest; operating ratios; stock price; customer satisfaction; customer retention; customer loyalty; strategic business criteria based on meeting specified revenue goals, market penetration goals, investment performance goals, business expansion goals or cost targets; accomplishment of mergers, acquisitions, dispositions or similar extraordinary business transactions; profit returns and margins; financial return ratios; market performance; or risk-based capital goals or returns. Performance Measures may be based solely on a corporate, Subsidiary, Business Unit or other grouping basis, or a combination thereof. Performance Measures may reflect absolute entity performance or a relative comparison of entity performance to the performance of a peer group of entities or other external measure.

k. "Person" means any individual, sole proprietorship, partnership, joint venture, limited liability company, trust, unincorporated organization, association, corporation, institution, public benefit corporation, entity or government instrumentality, division, agency, body or department.

l. "Plan" means the Annual Executive Incentive Plan, as may be amended from time to time.

m. "Qualified Performance-Based Award" means any Award or portion of an Award that is intended to qualify as performance-based compensation under Section 162(m) of the Code.

n. "Retirement" unless otherwise provided by the Committee, means the date on which a Participant terminates employment with the Company and all Subsidiaries, if such termination occurs on or after the date the Participant attains age fifty-five (55) with ten (10) years of service, or age sixty (60) with five (5) years of service.

o. "Section 16 Officer" means any Participant who is an "officer" of the Company or a Subsidiary as that term is defined in Rule 16a-1(f) under the Securities Exchange Act of 1934, as amended.

p. "Subsidiary" means any corporation, business trust, limited liability company, or partnership with respect to which the Company owns, directly or indirectly, (a) more than 50% of the equity interests or partnership interests or (b) Voting Securities representing more than 50% of the aggregate Voting Power of the then-outstanding Voting Securities.

q. “Voting Power” means the combined voting power of the then-outstanding Voting Securities entitled to vote generally in the election of directors.

r. “Voting Securities” of a corporation means securities of such corporation that are entitled to vote generally in the election of directors of such corporation.

3. **Administration of the Plan**.

a. The Plan shall be administered by the Compensation and Succession Committee of the Board or such other committee as the Board shall select. The members of the Committee shall be appointed from time to time by, and shall serve at the discretion of, the Board.

b. The Committee shall have the authority to make all determinations it deems necessary or advisable for the administration of the Plan, including, without limitation, (i) selection of Participants, (ii) interpretation of the terms of the Plan, (iii) subject to the limitations set forth herein, determination of the timing and amount of Awards made to each Participant, (iv) selection of Performance Measures and other material terms applicable to Awards, and (v) certification that the performance goals and any other material terms of Qualified Performance-Based Awards were satisfied. All determinations and decisions made by the Committee pursuant to the provisions of the Plan and all related resolutions of the Board shall be final, conclusive and binding on all persons, including the Company, its Subsidiaries, its stockholders, the Participants, and their estates and beneficiaries.

4.**Awards**.

a. *In General*. Awards under the Plan shall consist of annual incentive awards payable in cash. All employees of the Company and its Subsidiaries are eligible to be selected to be Participants. The Committee will select the employees who will receive Awards. Only employees who are selected by the Committee to receive Awards shall be Participants in the Plan.

b. *Qualified Performance-Based Awards*. With respect to Qualified Performance-Based Awards, the Committee shall establish one or more written performance goals within ninety (90) days after the beginning of the Fiscal Year (or, if the service period relating to the Award is less than a full year, within the first twenty-five percent (25%) of such service period), and while the outcome of the performance goals is substantially uncertain. Such performance goals shall state, in terms of an objective formula or standard, the method for computing the amount of the Award payable (before any reduction by the Committee pursuant to the terms of the Plan) to each Covered Employee if the goals are attained. The performance goals shall be based on one or more Performance Measures selected by the Committee and may be expressed in terms of an incentive pool in which one or more Covered Employees participate or as separate formulas or standards for the Covered Employees; provided, however, that in all cases the performance goals shall be expressed in a manner so that a third party having knowledge of the relevant performance results could calculate the amounts to be paid to the Covered Employees. As soon as practicable after the end of the Fiscal Year (but in all events prior to payment of any Covered Employee's Award), the Committee shall certify in writing prior to payment of any Award that the performance goals and any other material terms were satisfied. The Committee may condition payment of each Covered Employee's Award upon the satisfaction of such additional objective or subjective goals or standards as the Committee shall determine to be appropriate, in its sole discretion; provided, however, that such authority to condition payment upon the satisfaction of additional objective or subjective goals or standards shall not be deemed to give the Committee the discretion to increase the amount otherwise payable upon attainment of the preestablished performance goals. The Committee shall retain the discretion to reduce the amount of any Award that would otherwise be payable to a Covered Employee, including a reduction in such amount to zero, based on the degree of achievement of such additional goals or standards or such other factors as the Committee may determine in its sole discretion; provided, however, that in no event shall the exercise of such negative discretion with respect to a Covered Employee's Award result in an increase in the amount payable to another Covered Employee. The maximum amount that may be paid to any one Covered Employee pursuant to a Qualified-Performance-Based Award for any Fiscal Year shall be $10,000,000.

c. *Awards other than Qualified Performance-Based Awards*. Awards provided under the Plan that are not intended to be Qualified Performance-Based Awards shall be based on terms and conditions established by the Committee in its sole discretion. Such Awards may, but need not, be expressed as an incentive pool and may be based upon attainment of Performance Measures or such other measures or goals as the Committee may designate. The Committee may condition payment of such an Award upon the satisfaction of such objective or subjective standards as the Committee shall determine to be appropriate, in its sole discretion, and shall retain the discretion to increase or reduce the amount of any Award that would otherwise be payable to a Participant, including a reduction in such amount to zero.

5. **Payment of Awards**.

a. Unless the Committee or a Participant elects to defer payment of Awards, Awards under the Plan shall be paid to Participants as soon as practicable after (i) in the case of Qualified Performance-Based Awards, the completion of the audit for the Fiscal Year to which performance relates and after the Committee certifies that the applicable Performance Measures and any other material terms were in fact satisfied, and (ii) in the case of Awards other than Qualified Performance-Based Awards, the end of the Fiscal Year to which performance relates; provided, however, that, unless deferred, neither type of Award shall be paid after March 15 of the year following the Fiscal Year to which performance relates. The Committee may elect, in its sole discretion and without Participant consent, to defer the payment of all or part of one or more Awards provided it establishes the terms of such deferred payment in a manner that does not cause an amount to be subject to taxation under Section 409A of the Code. Participants may also be permitted to elect to defer payment of all or part of one or more Awards. Any such deferred Awards shall be paid in accordance with the terms and conditions of the applicable deferred compensation arrangement.

b. Awards shall be paid in cash, less required withholding.

c. To be entitled to receive payment of an Award earned pursuant to the terms of the Plan, except as provided in Section 5.e. below, a Participant must remain actively employed by the Company or a Subsidiary through the end of the Fiscal Year to which performance relates (or through such later date as may be specified by the Committee); provided, however, that Awards shall in all events remain subject to the Committee's discretion to reduce or eliminate Awards in its discretion.

d. Failure to satisfy the employment condition set forth in Section 5.c. shall result in forfeiture of any Award that otherwise would have been earned.

e. If a Participant's employment terminates due to the Participant's death, Retirement or disability prior to satisfaction of the employment condition set forth in Section 5.c., and the Committee has not reduced such Participant's Award to zero, the Participant's Award, which shall be based on actual performance through the end of the Fiscal Year, will be prorated based on the number of half months the Participant was employed and eligible to

be a Participant during the Fiscal Year. The Committee shall determine in its sole discretion whether a Participant's termination constitutes Retirement or is due to disability.

f. Prorated Awards will be paid at the same time as other Awards for the applicable Fiscal Year.

g. For Awards paid prior to March 15, 2020, in the event of a restatement of the Company's financial results to correct a material error or inaccuracy resulting in whole or in part from the fraud or intentional misconduct of a Section 16 Officer, as determined by the Board or a committee thereof, the Board or the Committee (i) will review or cause to be reviewed all Awards paid to the Section 16 Officer pursuant to the Plan on the basis of having met or exceeded Performance Measures(s) or other measures or goals for Fiscal Years beginning after December 31, 2008 to the extent the Awards relate, in whole or in part, to the periods with respect to which the financial statements are restated and, if a lesser Award or Awards would have been paid to the Section 16 Officer based upon the restated financial results, the Board or the Committee shall have the authority, to the extent permitted by applicable law, to recover or cause to be recovered for the benefit of the Company the amount by which such Section 16 Officer's Award(s) for the restated period(s) exceeded such lesser Award or Awards, plus a reasonable rate of interest and (ii) in addition to the foregoing, to the extent permitted by applicable law, may take or cause to be taken for the benefit of the Company such additional action(s) deemed by the Board or Committee to be appropriate including, without limitation, cancellation of such Section 16 Officer's outstanding Award opportunities and recovery (in whole or in part) of any additional amounts relating to prior Awards paid to such Section 16 Officer under the Plan.

Awards paid on or after March 15, 2020, will be subject to The Allstate Corporation Clawback Policy adopted by the Committee as it may be amended from time to time.

h. While employed and for the one year period starting on the date of termination of employment, any Participant who has received an Award under the Plan shall not, directly or indirectly:

(i) other than in connection with the good-faith performance of his or her duties as an employee of the Company or any Subsidiary, encourage any employee or agent of the Company or Subsidiary to terminate his or her relationship with the Company or Subsidiary;

(ii) employ, engage as a consultant or adviser, or solicit the employment or engagement as a consultant or adviser of, any employee or agent of the Company or Subsidiary (other than by the Company or its Subsidiaries), or cause or encourage any Person to do any of the foregoing;

(iii) establish (or take preliminary steps to establish) a business with, or encourage others to establish (or take preliminary steps to establish) a business with, any employee or agent of the Company or its Subsidiaries that would interfere with the relationship between the Company or its Subsidiaries and the employee or agent; or

(iv) interfere with the relationship of the Company or its Subsidiaries with, or endeavor to entice away from the Company or its Subsidiaries, any Person who or which at any time since the Participant’s hire date was or is a material customer or material supplier of, or maintained a material business relationship with, the Company or its Subsidiaries.

If a Participant violates any of the nonsolicitation provisions set forth above, to the extent permitted by applicable law, the Board or the Committee may, for the benefit of the Company, cancel or cause to be cancelled (in whole or in part) any of the Participant’s outstanding Award opportunities and/or recover or cause to be recovered (in whole or in part) any prior Awards paid to the Participant under the Plan on or after the date that is one year prior to the date on which the Participant first violated the nonsolicitation provision(s).

i. Nothing contained in Sections 5.g. or 5.h. shall be deemed to (i) limit any additional legal or equitable rights or remedies the Company may have under applicable law with respect to any Participant who may have caused or contributed to the Company's need to restate its financial results or who may have violated any such non-solicitation provisions in the Plan or in any other plan, policy, agreement or arrangement or (ii) affect any other non-solicitation or other restrictive covenants to which a Participant is subject. If any of the covenants contained in Section 5.g. and 5.h. or any part thereof, are held to be unenforceable, the court making such determination shall have the power to revise or modify such provision to make it enforceable to the maximum extent permitted by applicable law and, in its revised or modified form, said provision shall then be enforceable.

6. **Miscellaneous**.

a. All amounts payable hereunder shall be payable only to the Participant, or if the event of the Participant’s death, the Participant’s spouse or, if no spouse exists to the Participant’s estate. The rights and interests of a Participant under the

Plan may not be assigned, encumbered, or transferred, voluntarily or involuntarily, other than by will or the laws of descent and distribution.

b. No individual shall have any claim or right to be a Participant in the Plan at any time or, having received an Award in one Fiscal Year, to receive an Award in another Fiscal Year, and any individual's participation in the Plan may be terminated at any time with or without notice, cause or regard to past practices.

c. Neither the Plan nor any action hereunder shall confer on any person any right to remain in the employ of the Company or any of its Subsidiaries or shall affect an employee's compensation not arising under the Plan. Neither the adoption of the Plan nor its operation shall in any way affect the right and power of the Company or any Subsidiary to dismiss or discharge any employee at any time.

d. The Company and its Subsidiaries shall have the right to deduct from any Award, prior to payment, the amount of any taxes required to be withheld by any federal, state or local government with respect to such payments.

e. The Committee may rely upon any information supplied to it by any officer of the Company or any Subsidiary or by any independent accountant for the Company and may rely upon the advice of counsel in connection with the administration of the Plan and shall be fully protected in relying upon such information or advice.

f. All expenses and costs in connection with the administration of the Plan shall be borne by the Company.

g. The Plan and any agreements entered into thereunder shall be governed by and construed in accordance with the laws of the state of Illinois. The jurisdiction and venue for any disputes arising under, or any action brought to enforce (or otherwise relating to), the Plan will be exclusively in the courts in the State of Illinois, County of Cook, including the Federal Courts located therein (should Federal jurisdiction exist).

h. Awards under the Plan are intended to be exempt from Code Section 409A under the short-term deferral rules and the Plan shall be administered and interpreted accordingly. Notwithstanding any provision of the Plan to the contrary, if the Committee determines that any Award may constitute deferred compensation subject to Code Section 409A, the Committee may take any actions necessary to preserve the intended tax treatment of the benefits provided with respect to the Award. To the extent a Participant is entitled to an Award that constitutes deferred compensation subject to Code Section 409A upon the Participant’s separation from service from the Company, and the Participant is deemed at the time of such separation from service to be a “specified employee” under Code Section 409A, then payment of such Award shall not be paid or commence until the earliest of (i) the expiration of the six (6) month period measured from the date of Participant’s separation from service with the Company; or (ii) the date of the Participant’s death following such separation from service.

i. To the extent the Committee deems it necessary, appropriate or desirable to comply with foreign law or practice and to further the purposes of the Plan, the Committee may, without amending the Plan, (i) establish rules applicable to Awards granted to Participants who are foreign nationals, are employed outside the United States, or both, including rules that differ from those set forth in this Plan, and (ii) grant Awards to such Participants in accordance with those rules.

7. **Amendment or Termination of the Plan**.

The Board may at any time and from time to time, suspend, terminate, modify or amend the Plan; <u>provided</u>, <u>however</u>, that no amendment that requires stockholder approval in order to maintain the qualification of Qualified Performance-Based Awards as performance-based compensation pursuant to Section 162(m) of the Code and regulations promulgated thereunder shall be made without such stockholder approval.

8. **Effective Date**.

On February 19, 2014, the Plan was amended and restated effective upon approval of the material terms of the Plan by the Company's stockholders at the Company's 2014 annual stockholders meeting and shall thereafter remain in effect as provided herein. The Plan was further amended and restated on February 19, 2020.

Exhibit 10.3

THE ALLSTATE CORPORATION
2019 EQUITY INCENTIVE PLAN
OPTION AWARD AGREEMENT

[Name]

In accordance with the terms of The Allstate Corporation 2019 Equity Incentive Plan (the "Plan"), pursuant to action of the Compensation and Succession Committee of the Board of Directors, The Allstate Corporation (the "Company") hereby grants to you (the "Participant"), subject to the terms and conditions set forth in this Option Award Agreement (including Annexes A and B hereto and all documents incorporated herein by reference) the right and option (the "Option") to purchase from the Company the number of shares of its common stock, par value $.01 per share, set forth below:

Type of Option Granted: Nonqualified

Number of Shares to which Option Pertains: [_________]

Date of Grant: [_________]

Option Exercise Price: $_________, which is the Fair Market Value on the Date of Grant

Vesting: [____]
(subject to Section 2 of Annex A)

Expiration Date: Close of business on [_________]

Exercise Period: Date of Vesting through Expiration Date (subject to Section 2 of Annex A)

THIS OPTION IS SUBJECT TO FORFEITURE AS PROVIDED IN THIS OPTION AWARD AGREEMENT AND THE PLAN.

Further terms and conditions of the Award are set forth in Annexes A and B hereto, which is an integral part of this Option Award Agreement.

All terms, provisions, and conditions applicable to the Option Award Agreement set forth in the Plan and not set forth herein are hereby incorporated by reference. To the extent any provision hereof is inconsistent with a provision of the Plan, the provision of the Plan will govern. A copy of the Plan is available at the Fidelity NetBenefits® website at www.NetBenefits.com. By accepting this Award as provided in the following sentence, the Participant hereby acknowledges the receipt of a copy of this Option Award Agreement including Annexes A and B and a copy of the Prospectus and agrees to be bound by all the terms and provisions hereof and thereof. This Award will be deemed accepted if the Participant does not decline this Award by accessing the Fidelity NetBenefits® website at www.NetBenefits.com and selecting the “Decline Grant” option for this Award within 30 days of the Date of Grant.

Attachment: Annexes A and B

ANNEX A

TO

THE ALLSTATE CORPORATION
2019 EQUITY INCENTIVE PLAN
OPTION AWARD AGREEMENT

Further Terms and Conditions of Award. It is understood and agreed that the Award of the Option evidenced by this Option Award Agreement to which this is annexed is subject to the following additional terms and conditions:

1. Exercise of Option. To the extent vested and subject to Section 2 below, the Option may be exercised in whole or in part from time to time by delivery of written notice (or other method acceptable to the Company) of exercise and payment to the **Equity Plan Administration Office, The Allstate Corporation, 2775 Sanders Road, Ste A1E, Northbrook, Illinois 60062, unless the Company advises the Participant to send the notice and payment to a different address or a designated representative.** Such notice and payment must be received not later than the Expiration Date, specifying the number of shares of Stock to be purchased. The minimum number of shares to be purchased in a partial exercise shall be the lesser of 25 shares and the number of shares remaining unexercised under this Award.

The Option Exercise Price shall be payable: (a) in cash or its equivalent, (b) by tendering previously acquired Stock (owned for at least six months) having an aggregate Fair Market Value at the time of exercise equal to the total Option Exercise Price, (c) by broker-assisted cashless exercise, (d) by share withholding, or (e) by a combination of (a), (b), (c) and/or (d).

With respect to tax withholding required upon exercise of the Option, the Participant may elect to satisfy such withholding requirements by tender of previously acquired shares of Stock or by having Stock with a Fair Market Value equal to the minimum statutory total tax which could be imposed on the transaction withheld from the shares due upon Option exercise in accordance with Article 16 of the Plan.

2. Termination of Employment. Upon the Participant’s Termination of Employment (as defined in the Plan), the following provisions of this Section 2 shall apply.

(A) If the Participant's Termination of Employment is on account of death or Disability, then the Option, to the extent not vested, shall vest, and the Option may be exercised, in whole or in part, by the Participant (or the Participant’s personal representative, Beneficiary, estate, or transferee, as the case may be) at any time on or before the earlier to occur of the Expiration Date and the second anniversary of the date of such Termination of Employment.

(B) If the Participant’s Termination of Employment is on account of Retirement, to the extent the Option is vested on the date of Termination of Employment, it may be exercised, in whole or in part, by the Participant at any time on or before the earlier to occur of the Expiration Date and the fifth anniversary of the date of such Termination of Employment.

(C) If the Participant's Termination of Employment is on account of Retirement,

(i) any Option granted more than twelve (12) months prior to the date of Retirement to the extent it is not vested, and

(ii) a prorated portion of any Option granted within twelve (12) months of the date of Retirement to the extent it is not vested (such proration to be determined by multiplying the Number of Shares to which Option Pertains by a fraction, the numerator of which is the number of days the Participant was employed since the Date of Grant and the denominator of which is 365)

shall continue to vest in accordance with its terms, and when vested, may be exercised, in whole or in part, by the Participant at any time on or before the earlier to occur of the Expiration Date of the Option and the fifth anniversary of the date of such Termination of Employment. The remaining portion of the Option that is not vested shall be forfeited.

(D) If the Termination of Employment occurs during the Post-Change Period and

(i) the Participant's Termination of Employment is initiated by the Employer other than for Cause, death, or Disability, or

(ii) the Participant is a participant in The Allstate Corporation Change in Control Severance Plan (the "CIC Plan") and the Participant's Termination of Employment is initiated by the Participant for Good Reason,

the Option, to the extent not vested, shall vest and may be exercised, in whole or in part, by the Participant at any time on or before the earlier to occur of the Expiration Date and the fifth anniversary of the date of such Termination of Employment.

(E) If the Termination of Employment occurs as a result of conduct leading to immediate termination pursuant to Company or Subsidiary policy based on:

(i) dishonesty, such as theft, fraud, embezzlement, or falsification of Company or Subsidiary documents;

(ii) conviction of, or entering of a plea of nolo contendere to, a crime that constitutes a felony;

(iii) acts of physical harm or violence to the property or assets of the Company, to any employee or customer of the Company or any Subsidiary, or to any independent contractor or service provider who provides services to the Company or any Subsidiary; or

(iv) harassment or discriminatory conduct based on sex, race, color, religion, age, disability, citizenship, national origin, sexual orientation, or status as a veteran involving any employee or customer of the Company or any Subsidiary, or any independent contractor or service provider who provides services to the Company or any Subsidiary;

then any portion of the Option that is not vested shall be forfeited, and the Option, to the extent it is vested on the date of Termination of Employment, may be exercised, in whole or in part, by the Participant at any time on or before the earlier to occur of the Expiration Date and three months after the date of such Termination of Employment.

A Participant whose Termination of Employment occurs as a result of conduct leading to immediate termination for the conduct outlined in this subsection 2(E), is not eligible for the post-termination equity treatment outlined in subsections 2(B) and 2(C).

(F) If the Participant's Termination of Employment is for any other reason, including Termination of Employment for violation of the Allstate Global Code of Conduct which results in a recovery under The Allstate Corporation Clawback Policy, any portion of the Option that is not vested shall be forfeited, and the Option, to the extent it is vested on the date of Termination of Employment, may be exercised, in whole or in part, by the Participant at any time on or before the earlier to occur of the Expiration Date and three months after the date of such Termination of Employment.

(G) If the Participant's Termination of Employment is on account of Retirement, or in accordance with subsection (D) above, and if the Participant dies after such Termination of Employment but before the date the Option must be exercised as set forth in subsections (C) and (D) above, any portion of the Option that is not vested, and has not been forfeited or expired in accordance with subsections (C) or (D), shall vest and the Option may be exercised, in whole or in part, by the Participant's personal representative, Beneficiary, estate, or transferee, as the case may be, at any time on or before the earliest to occur of the Expiration Date, the second anniversary of the date of death, and the fifth anniversary of the date of such Termination of Employment. If the Participant's Termination of Employment is for any reason other than death, Disability, Retirement, or Termination of Employment described in subsection (D) above, and if the Participant dies after such Termination of Employment but before the date the Option must be exercised as set forth in subsection (E and F) above, the Option, to the extent it is vested on the date of the Participant's death, may be exercised, in whole or in part, by the Participant's personal representative, Beneficiary, estate, or transferee, as the case may be, at any time on or before the earlier to occur of the Expiration Date of the Option and three months after the date of Termination of Employment.

3. Clawback Policy. This award and any stock, cash or other proceeds resulting from the vesting or exercise of this award, as well as any cash incentive compensation for which the Participant may be eligible, are subject to The Allstate Corporation Clawback Policy adopted by the Compensation and Succession Committee and attached as Annex B.

4. Non-Solicitation. While employed and for the one-year period starting on the date of Termination of Employment, any Participant who has received an Award under the Plan shall not, directly or indirectly:

(i) other than in connection with the good-faith performance of his or her normal duties and responsibilities as an employee of the Company or any Subsidiary, encourage any employee or agent of the Company or any Subsidiary to terminate his or her relationship with the Company or any Subsidiary;

(ii) employ, engage as a consultant or adviser, or solicit the employment or engagement as a consultant or adviser of, any employee or agent of the Company or Subsidiary (other than by the Company or its Subsidiaries), or cause or encourage any Person to do any of the foregoing;

(iii) establish (or take preliminary steps to establish) a business with, or encourage others to establish (or take preliminary steps to establish) a business with, any employee or exclusive agent independent contractor of the Company or its Subsidiaries that would interfere with the relationship between the Company or its Subsidiaries and the employee or agent; or

(iv) interfere with the relationship of the Company or its Subsidiaries with, or endeavor to entice away from the Company or its Subsidiaries, any Person who or which at any time since the Participant's hire date was or is a material customer or materialsupplier of, or maintained a material business relationship with, the Company or its Subsidiaries.

If a Participant violates any of the non-solicitation provisions set forth above, to the extent permitted by applicable law, the Board or the Committee may, to the extent permitted by applicable law,

(i) cancel or cause to be cancelled any or all of the Participant's outstanding Awards granted after May 19, 2009;

(ii) recover or cause to be recovered any or all Proceeds resulting from any sale or other disposition (including to the Company) of shares of Stock issued or issuable upon vesting, settlement, or exercise, as the case may be, of any Award granted after May 19, 2009, if the sale or disposition was effected on or after the date that is one year prior to the date on which the Participant first violated any such non-solicitation provisions; and/or

(iii) recover or cause to be recovered any cash paid or shares of Stock issued to the Participant in connection with any vesting, settlement, or exercise of an Award granted after May 19, 2009, if the vesting, settlement, or exercise occurred on or after the date that is one year prior to the date on which the Participant first violated any such the non-solicitation provisions.

5. <u>Non-Competition</u>. Any Participant who has received an Award under the Plan on and after May 21, 2013, that remains subject to a Period of Restriction or other performance or vesting condition, shall not, for the one-year period following the date of Termination of Employment, directly or indirectly engage in, own or control an interest in, or act as principal, director, officer, or employee of, or consultant to, any firm or company that is a Competitive Business. "Competitive Business" is defined as a business that designs, develops, markets, or sells a product, product line, or service that competes with any product, product line, or service of the division in which Participant works. This Section is not meant to prevent Participant from earning a living, but rather to protect the Company's legitimate business interests. A Participant is not subject to this non-competition provision if:

(i) employed in any jurisdiction where the applicable law prohibits such non-competition provision; or

(ii) Termination of Employment occurs during a Post-Change Period and:

(A) the Participant's Termination of Employment is initiated by the Employer other than for Cause, death, or Disability, or

(B) the Participant is a participant in the CIC Plan and the Participant's Termination of Employment is initiated by the Participant for Good Reason.

If a Participant violates the non-competition provision set forth above, the Board or the Committee may, to the extent permitted by applicable law, cancel or cause to be cancelled any or all of the Participant's outstanding Awards granted on or after May 21, 2013, that remain subject to a Period of Restriction or other performance or vesting condition as of the date on which the Participant first violated the non-competition provision.

6. <u>No Limitation on Other Rights; Blue Pencil</u>. Nothing contained in Sections 4 and 4 shall be deemed to (i) limit any additional legal or equitable rights or remedies the Company may have under applicable law with respect to any Participant who may have violated the non-solicitation or non-competition provisions in the Plan or in any other plan, policy, agreement, or arrangement or (ii) affect any other non-solicitation, non-competition, or other restrictive covenants to which a Participant is

subject. If any of the covenants contained in Sections 4 and 5 or any part thereof, are held to be unenforceable, the court making such determination shall have the power to revise or modify such provision to make it enforceable to the maximum extent permitted by applicable law and, in its revised or modified form, said provision shall then be enforceable.

7. Transferability of Options. Except as set forth in this Section 7, the Option shall be exercisable during the Participant's lifetime only by the Participant and may not be assigned or transferred other than by will or the laws of descent and distribution. The Option, to the extent vested, may be transferred by the Participant during his lifetime to any "Family Member." A transfer of the Option pursuant to this Section 7 may only be effected by the Company at the written request of a Participant and shall be effective only when recorded in the Company's record of outstanding Options. Such transferred Option may not be subsequently transferred by the transferee except by will or the laws of descent and distribution. A transferred Option shall continue to be governed by and subject to the terms and limitations of the Plan and this Option Award Agreement, and the transferee shall be entitled to the same rights as the Participant, as if no transfer had taken place. In no event shall an Option be transferred for consideration.

8. Ratification of Actions. By accepting the Award or other benefit under the Plan, the Participant and each person claiming under or through him shall be conclusively deemed to have indicated the Participant's acceptance and ratification of, and consent to, any action taken under the Plan or the Award by the Company, the Board, or the Compensation and Succession Committee.

9. Notices. Any notice hereunder to the Company shall be addressed to its Equity Plan Administration Office, and any notice hereunder to the Participant shall be addressed to the Participant at his or her most recent home address on file with the Company, subject to the right of either party to designate at any time hereafter in writing some other address.

10. Governing Law and Severability. To the extent not preempted by Federal law, this Option Award Agreement will be governed by and construed in accordance with the laws of the State of Delaware, without regard to conflicts of law provisions. In the event any provision of the Option Award Agreement shall be held illegal or invalid for any reason, the illegality or invalidity shall not affect the remaining parts of this Option Award Agreement, and this Option Award Agreement shall be construed and enforced as if the illegal or invalid provision had not been included.

11. Definitions. In addition to the following definitions, capitalized terms not otherwise defined herein shall have the meanings given them in the Plan.

"Board Turnover" – see clause (c) of the definition of "Change in Control."

"Cause" for those Participants who are not eligible to participate in the CIC Plan, means a Participant's Termination of Employment for actions which would constitute conduct leading to immediate termination pursuant to Company policy. If a Participant is a participant in the CIC Plan, "Cause" means "Cause" as that term is defined in the CIC Plan on the Date of Grant.

"Change in Control" means, except as otherwise provided at the end of this definition, the occurrence of any one or more of the following:

(a) *(Voting Power)* any Person or group (as such term is defined in Treasury Regulation Section 1.409A-3(i)(5)(v)(B)), other than a Subsidiary or any employee benefit plan (or any related trust) of the Company or any of its Subsidiaries, acquires or has acquired during the 12-month period ending on the date of the most recent acquisition by such Person or Persons, ownership of stock of the Company possessing 30% or more of the combined voting power of all Voting Securities of the Company (such a Person or group that is not a Similarly Owned Company (as defined below), a "More than 30% Owner"), except that no Change in Control shall be deemed to have occurred solely by reason of such ownership by a corporation with respect to which both more than 70% of the common stock of such corporation and Voting Securities representing more than 70% of the combined voting power of the Voting Securities of such corporation are then owned, directly or indirectly, by the Persons who were the direct or indirect owners of the common stock and Voting Securities of the Company immediately before such acquisition in substantially the same proportions as their ownership, immediately before such acquisition, of the common stock and Voting Securities of the Company, as the case may be (a "Similarly Owned Company"); or

(b) (*Majority Ownership)* any Person or group (as such term is defined in Treasury Regulation Section 1.409A-3(i)(5)(v)(B)), other than a Subsidiary or any employee benefit plan (or any related trust) of the Company or any of its Subsidiaries, acquires ownership of more than 50% of the voting power of all Voting Securities of the Company or of the total fair market value of the stock of the Company (such a Person or group that is not a Similarly Owned Company, a "Majority Owner"), except that no Change in Control shall be deemed to have occurred solely by reason of such ownership by a Similarly Owned Company; or

(c) (*Board Composition)* a majority of the members of the Board is replaced during any 12-month period by directors whose appointment or election is not endorsed by a majority of the members of the Board before the date of the appointment or election ("Board Turnover"); or

(d) *(Reorganization)* the consummation of a merger, reorganization, consolidation, or similar transaction, or of a plan or agreement for the sale or other disposition of all or substantially all of the consolidated assets of the Company, or a plan of liquidation of the Company (any of the foregoing, a "Reorganization Transaction") that, does not qualify as an Exempt Reorganization Transaction.

Notwithstanding anything contained herein to the contrary: (i) no transaction or event shall constitute a Change in Control for purposes of this Agreement unless the transaction or event constituting the Change in Control also constitutes a change in the ownership of a corporation (as defined in Treasury Regulation Section 1.409A-3(i)(5)(v)), a change in effective control of a corporation (as defined in Treasury Regulation Section 1.409A-3(i)(5)(vi)) or a change in the ownership of a substantial portion of the assets of a corporation (as defined in Treasury Regulation Section 1.409A-3(i)(5)(vii)); and (ii) no sale or disposition of one or more Subsidiaries (“Sale Subsidiary”) or the assets thereof shall constitute a Change in Control for purposes of this Agreement if the investments in and advances by the Company and its Subsidiaries (other than the Sale Subsidiaries) to such Sale Subsidiary as of immediately prior to the sale or disposition determined in accordance with Generally Accepted Accounting Principles (“GAAP”) (but after intercompany eliminations and net of the effect of intercompany reinsurance) are less than 51% of the Consolidated Total Shareholders’ Equity of the Company as of immediately prior to the sale or disposition. Consolidated Total Shareholders’ Equity means, at any date, the total shareholders’ equity of the Company and its Subsidiaries at such date, as reported in the consolidated financial statements prepared in accordance with GAAP.

"Exempt Reorganization Transaction" means a Reorganization Transaction that fails to result in (a) any Person or group (as such term is defined in Treasury Regulation Section 1.409A-3(i)(5)(v)(B)) becoming a More than 30% Owner or a Majority Owner, (b) Board

Turnover, or (c) a sale or disposition to any Person or group (as such term is defined in Treasury Regulation Section 1.409A-3(i)(5)(v)(B)) of the assets of the Company that have a total Gross Fair Market Value (as defined below) equal to at least forty percent (40%) of the total Gross Fair Market Value of all of the assets of the Company immediately before such transaction.

"CIC Plan" – see subsection 2(D).

"Good Reason" means "Good Reason" as that term is defined in the CIC Plan on the Date of Grant.

"Gross Fair Market Value" means the value of the assets of the Company, or the value of the assets being disposed of, determined without regard to any liabilities associated with such assets.

"Majority Owner" – see clause (b) of the definition of "Change in Control."

"More than 30% Owner" – see clause (a) of the definition of "Change in Control."

"Post-Change Period" means the period commencing on the date on which a Change in Control first occurs and ending on the earlier of (a) the second anniversary of the date on which a Change in Control first occurs, and (b) the Expiration Date.

"Reorganization Transaction" -- see clause (d) of the definition of "Change in Control."

"Similarly Owned Company" -- see clause (a) of the definition of "Change in Control."

ANNEX B

TO

THE ALLSTATE CORPORATION
2019 EQUITY INCENTIVE PLAN
OPTION AWARD AGREEMENT

The Allstate Corporation
Clawback Policy

Effective February 19, 2020

The Compensation and Succession Committee of the Board of Directors of The Allstate Corporation believes that it is appropriate to have a policy regarding the recoupment of incentive compensation from Award Recipients. The Allstate Corporation Clawback Policy (the "Policy") reads as follows:

I. Recoupment

1) If the Company is required to undertake a Restatement, then the Committee may seek to recover all or any portion of the Recoverable Incentive received by any Award Recipient during the Applicable Period; or

2) If an Award Recipient is terminated for Improper Conduct and such Improper Conduct either has resulted in, or could reasonably be expected to result in, a Material Adverse Impact, then the Committee may seek to recover all or any portion of the Recoverable Incentive paid to such Award Recipient during the Applicable Period.

II. Definitions

For purposes of this Policy, the following terms shall have the following meanings:

1) "**Applicable Period**" means (i) in the case of any Restatement, the three-year period preceding the date of the Restatement and (ii) in the case of any Improper Conduct, the three-year period preceding the date of the Award Recipient's termination of employment.

2) "Award Recipient" means any person who is or was during the Applicable Period an executive officer of the Company designated by the Board of Directors as a Section 16 officer under the Exchange Act (or any successor rule) or an Executive Vice President, as designated on the payroll system of the Company or any subsidiary.

3) "**Committee"** means the Compensation and Succession Committee with respect to any recovery determination under this Clawback Policy. The Committee has the sole and absolute discretion to interpret, apply, enforce and make all determinations pursuant to the policy.

4) "Company" means The Allstate Corporation.

5) "Exchange Act" means the Securities Exchange Act of 1934, as amended.

6) "**Improper Conduct**" means a violation of the Allstate Global Code of Conduct, as it is amended from time to time, occurring after the effective date of this Policy and within the five-year period preceding the Award Recipient's termination of employment.

7) “Material Adverse Impact” means any material adverse impact on the reputation of, or a material adverse economic consequence for, the Company or any subsidiaries, including direct harm to shareholders, reputational harm that adversely affects customer or investor confidence, damage to the Company’s competitiveness, stock price or long-term shareholder value.

8) “**Recoverable Incentive**” means

(i) in the case of a Restatement, the amount subject to repayment shall be an amount up to the amount (determined on a tax-neutral basis) of such:

(a) cash incentive compensation including awards under the Annual Executive Incentive Plan paid during the Applicable Period that exceeded the amount of cash incentive compensation that otherwise would have been paid had it been determined based on the Restatement, as determined by the Committee;

(b) performance stock awards that vested during the Applicable Period that exceeded the number of performance stock awards that otherwise would have been vested had it been determined based on the Restatement, as determined by the Committee;

(c) restricted stock units that vested in each year of the Applicable Period, the repayment amount to be determined by:

(1) if the original cash incentive funding for such year was greater than 100% and the recalculated cash incentive funding is greater than 100%, then no restricted stock units will be subject to clawback;

(2) If the original cash incentive funding for such year was greater than 100% and the recalculated cash incentive funding is less than 100%, then the portion of the restricted stock units vested in the respective fiscal year which are subject to clawback will be based on the difference between 100% and the recalculated cash incentive percentage;

(3) If the original cash incentive funding for such year was less than 100%, then the portion of the restricted stock units vested in the respective fiscal year which are subject to clawback will be based on the difference between the original cash incentive funding and the recalculated cash incentive funding percentage.

(ii) in the case of any termination for Improper Conduct, the amount of any incentive compensation (determined on a tax-neutral basis) including cash paid and equity awards vesting during the period beginning with the date the Improper Conduct first began and ending on the date of termination for Improper Conduct. With respect to performance stock awards that are subject to recovery pursuant to this provision, the pro-rata portion of performance stock awards representing the period before the Improper Conduct first began will not be subject to recovery.

9) “Restatement” means any material restatement (occurring after the effective date of this Policy) of any of the Company’s financial statements that have been filed with the SEC under the Exchange Act or the Securities Act of 1933, as amended, within the five-year period preceding the date of the Restatement.

10) “SEC” means the Securities and Exchange Commission.

III. Committee Administration

The authority to manage the operation and administration of this Policy is vested in the Committee. The Committee may seek to recover all or any portion of the Recoverable Incentive, taking into account the following considerations as it determines appropriate:

- The likelihood of success of recouping the compensation under governing law relative to the effort involved;
- Whether the recoupment may prejudice the Company's or any subsidiary's interest in any related proceeding or investigation;
- Whether the expense required to recoup the compensation is likely to exceed the Recoverable Incentive;
- The passage of time since the occurrence of the Improper Conduct;
- Any pending legal action related to the Improper Conduct; and
- Any other factors the Committee may deem appropriate under the circumstances.

Subject to applicable law, the Committee may seek to recoup such Recoverable Incentive in the manner it chooses including by requiring any affected Award Recipient to repay such amount to the Company or any subsidiary; by set-off; by reducing future compensation; or by such other means or combination of means as the Committee determines to be appropriate. In addition, the Committee may determine whether and to what extent additional action is appropriate to address the circumstances surrounding such Restatement or such Termination for Improper Conduct so as to minimize the likelihood of any recurrence and to impose such other discipline as it determines appropriate.

The return of the Recoverable Incentive is in addition to and separate from any other relief available to the Company or any other actions as may be taken by the Committee in its sole discretion.

IV. Choice of Law and Blue Pencil

This Policy, and all determinations made and actions taken pursuant to this Policy, shall be governed by the laws of the state of Delaware and applicable federal laws, excluding any conflicts or choice of law rule or principle.

In the event that any provision of this Policy is unenforceable under applicable law, the validity or enforceability of the remaining provisions will not be affected. To the extent any provision of this Policy is determined by a court or arbitrator to be unenforceable, a court or arbitrator shall interpret or modify the Policy, to the extent necessary, for it to be enforceable to the maximum extent possible. The provisions of this Policy will, where possible, be interpreted so as to sustain its legality and enforceability.

V. Arbitration

All aspects of any dispute between an Award Recipient and the Company (including a dispute with any of its subsidiaries) that includes a controversy or claim arising out of or relating to this Policy or the breach thereof (including any aspects of such dispute that are in addition to those relating to this Policy or breach thereof) shall be settled by final, binding and non-appealable arbitration in accordance with the terms of the Mutual Arbitration Agreement entered into by and between the Award Recipient and the Company or any subsidiary.

Exhibit 10.4

THE ALLSTATE CORPORATION
2019 EQUITY INCENTIVE PLAN
RESTRICTED STOCK UNIT AWARD AGREEMENT

[Name]

In accordance with the terms of The Allstate Corporation 2019 Equity Incentive Plan (the "Plan"), pursuant to action of the Compensation and Succession Committee of the Board of Directors, The Allstate Corporation (the "Company") hereby grants to you (the "Participant"), subject to the terms and conditions set forth in this Restricted Stock Unit Award Agreement (including Annexes A and B hereto and all documents incorporated herein by reference), Restricted Stock Units ("RSUs"), as set forth below. Each RSU corresponds to one share of Stock. An RSU is an unfunded and unsecured promise to deliver one share of Stock on the Conversion Date or as otherwise provided herein. Until such Conversion Date, you have only the rights of a general unsecured creditor of the Company and not as a stockholder with respect to the shares of Stock underlying your RSUs.

Number of RSUs Granted:	[_____________]
Date of Grant:	[_____________]
Period of Restriction:	[____] (subject to Section 2 of Annex A)
Conversion Date:	Each RSU will convert to one share of Stock on the date the restrictions lapse with respect to that RSU (the "Conversion Date") and will be delivered within 30 days of such date.
Dividend Equivalent Right:	Each RSU shall include a right to Dividend Equivalents.

RSUs ARE SUBJECT TO FORFEITURE AS PROVIDED IN THIS RESTRICTED STOCK UNIT AWARD AGREEMENT AND THE PLAN.

Further terms and conditions of the Award are set forth in Annexes A and B hereto, which is an integral part of this RSU Award Agreement.

All terms, provisions, and conditions applicable to the Restricted Stock Unit Award set forth in the Plan and not set forth herein are hereby incorporated by reference herein. To the extent any provision hereof is inconsistent with a provision of the Plan, the provisions of the Plan will govern. A copy of the Plan is available at the Fidelity NetBenefits® website at www.NetBenefits.com. By accepting this Award as provided in the following sentence, the Participant hereby acknowledges the receipt of a copy of this RSU Award Agreement including Annexes A and B and a copy of the Prospectus and agrees to be bound by all the terms and provisions hereof and thereof. This Award will be deemed accepted if the Participant does not decline this Award by accessing the Fidelity NetBenefits® website at www.NetBenefits.com and selecting the "Decline Grant" option for this Award within 30 days of the Date of Grant.

Attachment: Annexes A and B

ANNEX A

TO

THE ALLSTATE CORPORATION
2019 EQUITY INCENTIVE PLAN
RESTRICTED STOCK UNIT AWARD AGREEMENT

Further Terms and Conditions of Award. It is understood and agreed that the Award of RSUs evidenced by the RSU Award Agreement to which this is annexed is subject to the following additional terms and conditions:

1. Tax Withholding. With respect to the minimum statutory tax withholding required upon the lapse of restrictions on the RSUs, the Participant may elect to satisfy such withholding requirements by tender of previously acquired shares of Stock or by having the Company withhold shares of Stock upon the Conversion Date in accordance with Article 16 of the Plan.

2. Termination of Employment. Upon the Participant's Termination of Employment (as defined in the Plan), all RSUs that remain subject to the Period of Restriction shall be treated as follows:

(A) If the Participant's Termination of Employment is on account of death or Disability, then all RSUs that remain subject to the Period of Restriction shall immediately become nonforfeitable and the restrictions with respect to the RSUs shall lapse as of the date of such Termination of Employment.

(B) If the Participant's Termination of Employment is on account of Retirement,

(i) any RSUs that remain subject to the Period of Restriction and were granted more than twelve (12) months prior to the date of Retirement, and

(ii) a prorated portion of any RSUs that remain subject to the Period of Restriction that were granted within twelve (12) months of the date of Retirement (such proration to be determined by multiplying the Number of RSUs Granted by a fraction, the numerator of which is the number of days the Participant was employed since the Date of Grant and the denominator of which is 365)

will remain subject to the Period of Restriction set forth on the first page of this RSU Award Agreement. The remaining portion of the RSUs that do not remain subject to the Period of Restriction shall be forfeited.

(C) If the Participant's Termination of Employment is on account of Retirement and if the Participant dies after such Termination of Employment but before the end of the Period of Restriction, then the restrictions with respect to all RSUs that remain subject to the Period of Restriction pursuant to subsection 2(B) shall be deemed to have lapsed and such RSUs shall be paid in Stock within 60 days of the date of death.

(D) If the Termination of Employment occurs as a result of conduct leading to immediate termination pursuant to Company or Subsidiary policy based on:

(i) dishonesty, such as theft, fraud, embezzlement, or falsification of Company or Subsidiary documents;

(ii) conviction of, or entering of a plea of nolo contendere to, a crime that constitutes a felony;

(iii) acts of physical harm or violence to the property or assets of the Company, to any employee or customer of the Company or any Subsidiary, or to any independent contractor or service provider who provides services to the Company or any Subsidiary; or

(iv) harassment or discriminatory conduct based on sex, race, color, religion, age, disability, citizenship, national origin, sexual orientation, or status as a veteran involving any employee or customer of the Company or any Subsidiary, or any independent contractor or service provider who provides services to the Company or any Subsidiary;

then all RSUs that remain subject to the Period of Restriction shall be forfeited as of the end of the day of such Termination of Employment.

A Participant whose Termination of Employment occurs as a result of conduct leading to immediate termination for the conduct outlined in this subsection 2(D), is not eligible for the post-termination equity treatment outlined in subsections 2(B) and 2(C).

(E) If the Termination of Employment occurs during the Post-Change Period and

(i) the Participant’s Termination of Employment is initiated by the Employer other than for Cause, death, or Disability, or

(ii) the Participant is eligible to participate in The Allstate Corporation Change in Control Severance Plan (the "CIC Plan") and the Participant’s Termination of Employment is initiated by the Participant for Good Reason,

all RSUs that remain subject to the Period of Restriction shall immediately become nonforfeitable and the restrictions with respect to the RSUs shall lapse as of the date of such Termination of Employment.

(F) If the Participant’s Termination of Employment is on account of any other reason, including Termination of Employment for violation of the Allstate Global Code of Conduct which results in a recovery under The Allstate Corporation Clawback Policy, then all RSUs that remain subject to the Period of Restriction shall be forfeited as of the end of the day of such Termination of Employment.

3. Clawback Policy. This award and any stock, cash or other proceeds resulting from the lapse of restrictions and conversion of this award, as well as any cash incentive compensation for which the Participant may be eligible, are subject to The Allstate Corporation Clawback Policy adopted by the Compensation and Succession Committee and attached as Annex B.

4. Non-Solicitation. While employed and for the one-year period starting on the date of Termination of Employment, any Participant who has received an Award under the Plan shall not, directly or indirectly:

(i) other than in connection with the good-faith performance of his or her normal duties and responsibilities as an employee of the Company or any Subsidiary, encourage any employee or agent of the Company or any Subsidiary to terminate his or her relationship with the Company or any Subsidiary;

(ii) employ, engage as a consultant or adviser, or solicit the employment or engagement as a consultant or adviser of, any employee or agent of the Company or Subsidiary (other than by the Company or its Subsidiaries), or cause or encourage any Person to do any of the foregoing;

(iii) establish (or take preliminary steps to establish) a business with, or encourage others to establish (or take preliminary steps to establish) a business with, any employee or exclusive agent independent contractor of the Company or its Subsidiaries that would interfere with the relationship between the Company or its Subsidiaries and the employee or agent; or

(iv) interfere with the relationship of the Company or its Subsidiaries with, or endeavor to entice away from the Company or its Subsidiaries, any Person who or which at any time since the Participant's hire date was or is a material customer or material supplier of, or maintained a material business relationship with, the Company or its Subsidiaries.

If a Participant violates any of the non-solicitation provisions set forth above, to the extent permitted by applicable law, the Board or the Committee may, to the extent permitted by applicable law,

(i) cancel or cause to be cancelled any or all of the Participant's outstanding Awards granted after May 19, 2009;

(ii) recover or cause to be recovered any or all Proceeds resulting from any sale or other disposition (including to the Company) of shares of Stock issued or issuable upon vesting, settlement, or exercise, as the case may be, of any Award granted after May 19, 2009, if the sale or disposition was effected on or after the date that is one year prior to the date on which the Participant first violated any such non-solicitation provisions; and/or

(iii) recover or cause to be recovered any cash paid or shares of Stock issued to the Participant in connection with any vesting, settlement, or exercise of an Award granted after May 19, 2009, if the vesting, settlement, or exercise occurred on or after the date that is one year prior to the date on which the Participant first violated any such the non-solicitation provisions.

5. <u>Non-Competition</u>. Any Participant who has received an Award under the Plan on and after May 21, 2013, that remains subject to a Period of Restriction or other performance or vesting condition, shall not, for the one-year period following the date of Termination of Employment, directly or indirectly engage in, own or control an interest in, or act as principal, director, officer, or employee of, or consultant to, any firm or company that is a Competitive Business. "Competitive Business" is defined as a business that designs, develops, markets, or sells a product, product line, or service that competes with any product, product line, or service of the division in which Participant works. This Section is not meant to prevent Participant from earning a living, but rather to protect the Company's legitimate business interests. A Participant is not subject to this non-competition provision if:

(i) employed in any jurisdiction where the applicable law prohibits such non-competition provision; or

(ii) Termination of Employment occurs during a Post-Change Period and:

(A) the Participant's Termination of Employment is initiated by the Employer other than for Cause, death, or Disability, or

(B) the Participant is a participant in the CIC Plan and the Participant’s Termination of Employment is initiated by the Participant for Good Reason.

If a Participant violates the non-competition provision set forth above, the Board or the Committee may, to the extent permitted by applicable law, cancel or cause to be cancelled any or all of the Participant's outstanding Awards granted on or after May 21, 2013, that remain subject to a Period of Restriction or other performance or vesting condition as of the date on which the Participant first violated the non-competition provision.

6. No Limitation on Other Rights; Blue Pencil. Nothing contained in Sections 4 and 5 shall be deemed to (i) limit any additional legal or equitable rights or remedies the Company may have under applicable law with respect to any Participant who may have violated the non-solicitation or non-competition provisions in the Plan or in any other plan, policy, agreement, or arrangement or (ii) affect any other non-solicitation, non-competition, or other restrictive covenants to which a Participant is subject. If any of the covenants contained in Sections 4 and 5 or any part thereof, are held to be unenforceable, the court making such determination shall have the power to revise or modify such provision to make it enforceable to the maximum extent permitted by applicable law and, in its revised or modified form, said provision shall then be enforceable.

7. Dividend Equivalent Right. Each RSU entitles a Participant to receive a cash amount (less applicable withholding) equal to the sum of all regular dividend payments as would have been made in respect of each share of Stock underlying such RSUs if the Participant were the holder of such shares during the period commencing on the Date of Grant and ending on the Conversion Date. The dividend equivalent payments will accrue during such period and will be paid within 30 days of the Conversion Date of such RSUs.

Dividend equivalent accruals shall be made only with respect to such RSUs that were outstanding on the applicable dividend record date.

8. Ratification of Actions. By accepting the RSU Award or other benefit under the Plan, the Participant and each person claiming under or through him shall be conclusively deemed to have indicated the Participant's acceptance and ratification of, and consent to, any action taken under the Plan or the RSU Award by the Company, the Board, or the Compensation and Succession Committee.

9. Notices. Any notice hereunder to the Company shall be addressed to its Equity Plan Administration Office and any notice hereunder to the Participant shall be addressed to the Participant at his or her most recent home address on file with the Company, subject to the right of either party to designate at any time hereafter in writing some other address.

10. Governing Law and Severability. To the extent not preempted by Federal law, the RSU Award Agreement will be governed by and construed in accordance with the laws of the State of Delaware, without regard to conflicts of law provisions. In the event any provision of this RSU Award Agreement shall be held illegal or invalid for any reason, the illegality or invalidity shall not affect the remaining parts of this RSU Award Agreement, and this RSU Award Agreement shall be construed and enforced as if the illegal or invalid provision had not been included.

11. Definitions. In addition to the following definitions, capitalized terms not otherwise defined herein shall have the meanings given them in the Plan.

"Board Turnover" – see clause (c) of the definition of "Change in Control."

"Cause" for those Participants who are not eligible to participate in the CIC Plan, means a Participant's Termination of Employment for actions which would constitute conduct leading to immediate termination pursuant to Company policy. If a Participant is a participant in the CIC Plan, "Cause" means "Cause" as that term is defined in the CIC Plan on the Date of Grant.

"Change in Control" means, except as otherwise provided at the end of this definition, the occurrence of any one or more of the following:

(a) (*Voting Power)* any Person or group (as such term is defined in Treasury Regulation Section 1.409A-3(i)(5)(v)(B)), other than a Subsidiary or any employee benefit plan (or any related trust) of the Company or any of its Subsidiaries, acquires or has acquired during the 12-month period ending on the date of the most recent acquisition by such Person or Persons, ownership of stock of the Company possessing 30% or more of the combined voting power of all Voting Securities of the Company (such a Person or group that is not a Similarly Owned Company (as defined below), a "More than 30% Owner"), except that no Change in Control shall be deemed to have occurred solely by reason of such ownership by a corporation with respect to which both more than 70% of the common stock of such corporation and Voting Securities representing more than 70% of the combined voting power of the Voting Securities of such corporation are then owned, directly or indirectly, by the Persons who were the direct or indirect owners of the common stock and Voting Securities of the Company immediately before such acquisition in substantially the same proportions as their ownership, immediately before such acquisition, of the common stock and Voting Securities of the Company, as the case may be (a "Similarly Owned Company"); or

(b) (*Majority Ownership)* any Person or group (as such term is defined in Treasury Regulation Section 1.409A-3(i)(5)(v)(B)), other than a Subsidiary or any employee benefit plan (or any related trust) of the Company or any of its Subsidiaries, acquires ownership of more than 50% of the voting power of all Voting Securities of the Company or of the total fair market value of the stock of the Company (such a Person or group that is not a Similarly Owned Company, a "Majority Owner"), except that no Change in Control shall be deemed to have occurred solely by reason of such ownership by a Similarly Owned Company; or

(c) (*Board Composition)* a majority of the members of the Board is replaced during any 12-month period by directors whose appointment or election is not endorsed by a majority of the members of the Board before the date of the appointment or election ("Board Turnover"); or

(d) (*Reorganization)* the consummation of a merger, reorganization, consolidation, or similar transaction, or of a plan or agreement for the sale or other disposition of all or substantially all of the consolidated assets of the Company, or a plan of liquidation of the Company (any of the foregoing, a "Reorganization Transaction") that, does not qualify as an Exempt Reorganization Transaction.

Notwithstanding anything contained herein to the contrary: (i) no transaction or event shall constitute a Change in Control for purposes of this Agreement unless the transaction or event constituting the Change in Control also constitutes a change in the ownership of a corporation (as defined in Treasury Regulation Section 1.409A-3(i)(5)(v)), a change in effective control of a corporation (as defined in Treasury Regulation Section 1.409A-3(i)(5)(vi)) or a change in the ownership of a substantial portion of the assets of a corporation (as defined in Treasury Regulation Section 1.409A-3(i)(5)(vii)); and (ii) no sale or disposition of one or more Subsidiaries ("Sale Subsidiary") or the assets thereof shall constitute a Change in Control for purposes of this Agreement if the investments in and advances by the Company and its Subsidiaries (other than the Sale Subsidiaries) to such Sale Subsidiary as of immediately prior to the sale or disposition determined in accordance with Generally Accepted Accounting Principles ("GAAP") (but after intercompany eliminations and net of the effect of intercompany reinsurance) are less than 51% of the Consolidated Total Shareholders' Equity of the Company as of immediately prior to the sale or disposition. Consolidated Total Shareholders' Equity means, at any date, the total shareholders' equity of the Company and its Subsidiaries at such date, as reported in the consolidated financial statements prepared in accordance with GAAP.

"Exempt Reorganization Transaction" means a Reorganization Transaction that fails to result in (a) any Person or group (as such term is defined in Treasury Regulation Section 1.409A-3(i)(5)(v)(B)) becoming a More than 30% Owner or a Majority Owner, (b) Board Turnover, or (c) a sale or disposition to any Person or group (as such term is defined in Treasury Regulation Section 1.409A-3(i)(5)(v)(B)) of the assets of the Company that have a total Gross Fair Market Value (as defined below) equal to at least forty percent (40%) of the total Gross Fair Market Value of all of the assets of the Company immediately before such transaction.

"CIC Plan" – see subsection 2(E).

"Good Reason" means "Good Reason" as that term is defined in the CIC Plan on the Date of Grant.

"Gross Fair Market Value" means the value of the assets of the Company, or the value of the assets being disposed of, determined without regard to any liabilities associated with such assets.

"Majority Owner" – see clause (b) of the definition of "Change in Control."

"More than 30% Owner" – see clause (a) of the definition of "Change in Control."

"Post-Change Period" means the period commencing on the date on which a Change in Control first occurs and ending on the second anniversary of the date on which a Change in Control first occurs.

"Reorganization Transaction" – see clause (d) of the definition of "Change in Control."

"Similarly Owned Company" -- see clause (a) of the definition of "Change in Control."

ANNEX B

TO

THE ALLSTATE CORPORATION
2019 EQUITY INCENTIVE PLAN
RESTRICTED STOCK UNIT AWARD AGREEMENT

The Allstate Corporation
Clawback Policy

Effective February 19, 2020

The Compensation and Succession Committee of the Board of Directors of The Allstate Corporation believes that it is appropriate to have a policy regarding the recoupment of incentive compensation from Award Recipients. The Allstate Corporation Clawback Policy (the "Policy") reads as follows:

I. Recoupment

1) If the Company is required to undertake a Restatement, then the Committee may seek to recover all or any portion of the Recoverable Incentive received by any Award Recipient during the Applicable Period; or

2) If an Award Recipient is terminated for Improper Conduct and such Improper Conduct either has resulted in, or could reasonably be expected to result in, a Material Adverse Impact, then the Committee may seek to recover all or any portion of the Recoverable Incentive paid to such Award Recipient during the Applicable Period.

II. Definitions

For purposes of this Policy, the following terms shall have the following meanings:

1) "**Applicable Period**" means (i) in the case of any Restatement, the three-year period preceding the date of the Restatement and (ii) in the case of any Improper Conduct, the three-year period preceding the date of the Award Recipient's termination of employment.

2) "Award Recipient" means any person who is or was during the Applicable Period an executive officer of the Company designated by the Board of Directors as a Section 16 officer under the Exchange Act (or any successor rule) or an Executive Vice President, as designated on the payroll system of the Company or any subsidiary.

3) "**Committee"** means the Compensation and Succession Committee with respect to any recovery determination under this Clawback Policy. The Committee has the sole and absolute discretion to interpret, apply, enforce and make all determinations pursuant to the policy.

4) "Company" means The Allstate Corporation.

5) "Exchange Act" means the Securities Exchange Act of 1934, as amended.

6) "**Improper Conduct**" means a violation of the Allstate Global Code of Conduct, as it is amended from time to time, occurring after the effective date of this Policy and within the five-year period preceding the Award Recipient's termination of employment.

7) **“Material Adverse Impact”** means any material adverse impact on the reputation of, or a material adverse economic consequence for, the Company or any subsidiaries, including direct harm to shareholders, reputational harm that adversely affects customer or investor confidence, damage to the Company’s competitiveness, stock price or long-term shareholder value.

8) “**Recoverable Incentive**” means

(i) in the case of a Restatement, the amount subject to repayment shall be an amount up to the amount (determined on a tax-neutral basis) of such:

(a) cash incentive compensation including awards under the Annual Executive Incentive Plan paid during the Applicable Period that exceeded the amount of cash incentive compensation that otherwise would have been paid had it been determined based on the Restatement, as determined by the Committee;

(b) performance stock awards that vested during the Applicable Period that exceeded the number of performance stock awards that otherwise would have been vested had it been determined based on the Restatement, as determined by the Committee;

(c) restricted stock units that vested in each year of the Applicable Period, the repayment amount to be determined by:

(1) if the original cash incentive funding for such year was greater than 100% and the recalculated cash incentive funding is greater than 100%, then no restricted stock units will be subject to clawback;

(2) If the original cash incentive funding for such year was greater than 100% and the recalculated cash incentive funding is less than 100%, then the portion of the restricted stock units vested in the respective fiscal year which are subject to clawback will be based on the difference between 100% and the recalculated cash incentive percentage;

(3) If the original cash incentive funding for such year was less than 100%, then the portion of the restricted stock units vested in the respective fiscal year which are subject to clawback will be based on the difference between the original cash incentive funding and the recalculated cash incentive funding percentage.

(ii) in the case of any termination for Improper Conduct, the amount of any incentive compensation (determined on a tax-neutral basis) including cash paid and equity awards vesting during the period beginning with the date the Improper Conduct first began and ending on the date of termination for Improper Conduct. With respect to performance stock awards that are subject to recovery pursuant to this provision, the pro-rata portion of performance stock awards representing the period before the Improper Conduct first began will not be subject to recovery.

9) “Restatement” means any material restatement (occurring after the effective date of this Policy) of any of the Company’s financial statements that have been filed with the SEC under the Exchange Act or the Securities Act of 1933, as amended, within the five-year period preceding the date of the Restatement.

10) “SEC” means the Securities and Exchange Commission.

III. Committee Administration

The authority to manage the operation and administration of this Policy is vested in the Committee. The Committee may seek to recover all or any portion of the Recoverable Incentive, taking into account the following considerations as it determines appropriate:

- The likelihood of success of recouping the compensation under governing law relative to the effort involved;
- Whether the recoupment may prejudice the Company's or any subsidiary's interest in any related proceeding or investigation;
- Whether the expense required to recoup the compensation is likely to exceed the Recoverable Incentive;
- The passage of time since the occurrence of the Improper Conduct;
- Any pending legal action related to the Improper Conduct; and
- Any other factors the Committee may deem appropriate under the circumstances.

Subject to applicable law, the Committee may seek to recoup such Recoverable Incentive in the manner it chooses including by requiring any affected Award Recipient to repay such amount to the Company or any subsidiary; by set-off; by reducing future compensation; or by such other means or combination of means as the Committee determines to be appropriate. In addition, the Committee may determine whether and to what extent additional action is appropriate to address the circumstances surrounding such Restatement or such Termination for Improper Conduct so as to minimize the likelihood of any recurrence and to impose such other discipline as it determines appropriate.

The return of the Recoverable Incentive is in addition to and separate from any other relief available to the Company or any other actions as may be taken by the Committee in its sole discretion.

IV. Choice of Law and Blue Pencil

This Policy, and all determinations made and actions taken pursuant to this Policy, shall be governed by the laws of the state of Delaware and applicable federal laws, excluding any conflicts or choice of law rule or principle.

In the event that any provision of this Policy is unenforceable under applicable law, the validity or enforceability of the remaining provisions will not be affected. To the extent any provision of this Policy is determined by a court or arbitrator to be unenforceable, a court or arbitrator shall interpret or modify the Policy, to the extent necessary, for it to be enforceable to the maximum extent possible. The provisions of this Policy will, where possible, be interpreted so as to sustain its legality and enforceability.

V. Arbitration

All aspects of any dispute between an Award Recipient and the Company (including a dispute with any of its subsidiaries) that includes a controversy or claim arising out of or relating to this Policy or the breach thereof (including any aspects of such dispute that are in addition to those relating to this Policy or breach thereof) shall be settled by final, binding and non-appealable arbitration in accordance with the terms of the Mutual Arbitration Agreement entered into by and between the Award Recipient and the Company or any subsidiary.

Exhibit 10.5

THE ALLSTATE CORPORATION
2019 EQUITY INCENTIVE PLAN
PERFORMANCE STOCK AWARD AGREEMENT

[Name]

In accordance with the terms of The Allstate Corporation 2019 Equity Incentive Plan (the "Plan"), pursuant to action of the Compensation and Succession Committee of the Board of Directors (the "Committee"), The Allstate Corporation (the "Company") hereby grants to you (the "Participant"), subject to the terms and conditions set forth in this Performance Stock Award Agreement (including Annexes A, B and C hereto and all documents incorporated herein by reference), Performance Stock Awards ("PSAs"), as set forth below. Each PSA is a form of phantom stock award that represents an unfunded and unsecured right to receive one share of Stock on the Conversion Date for each PSA that vests in accordance with Annex B. Until such Conversion Date, you have only the rights of a general unsecured creditor of the Company and not as a stockholder with respect to the shares of Stock underlying your PSAs.

Target Number of PSAs Granted:	[_____________]
Date of Grant:	[_____________]
Performance Period:	
Conversion Date:	Any PSAs that are earned in accordance with Annex B will vest on [_________], for a Participant who has been continuously employed through that date, will convert into shares of Stock on that date (the "Conversion Date") and will be delivered within 30 days of the Conversion Date. Any PSAs that vest pursuant to Sections 1(A) or 1(D) of Annex A will be converted into shares of Stock and delivered within 60 days after the date the PSAs become vested.
Dividend Equivalent Right:	Each PSA shall include a right to Dividend Equivalents.

PSAs ARE SUBJECT TO FORFEITURE AS PROVIDED IN THIS PSA AWARD AGREEMENT AND THE PLAN.

Further terms and conditions of the Award are set forth in Annexes A, B and C hereto, which are integral parts of this PSA Award Agreement.

All terms, provisions, and conditions applicable to the Performance Stock Award set forth in the Plan and not set forth herein are hereby incorporated by reference herein. To the extent any provision hereof is inconsistent with a provision of the Plan, the provisions of the Plan will govern. A copy of the

Plan is available at the Fidelity NetBenefits® website at www.NetBenefits.com. By accepting this Award as provided in the following sentence, the Participant hereby acknowledges the receipt of a copy of this PSA Award Agreement including Annex A, Annex B, Annex C, and a copy of the Plan prospectus and agrees to be bound by all the terms and provisions hereof and thereof. This Award will be deemed accepted if the Participant does not decline this Award by accessing the Fidelity NetBenefits® website at www.NetBenefits.com and selecting the "Decline Grant" option for this Award within 30 days of the Date of Grant.

Attachments: Annex A
Annex B
Annex C

ANNEX A

TO

THE ALLSTATE CORPORATION
2019 EQUITY INCENTIVE PLAN
PERFORMANCE STOCK AWARD AGREEMENT

Further Terms and Conditions of Award. It is understood and agreed that the Award of PSAs evidenced by the PSA Award Agreement to which this is annexed is subject to the following additional terms and conditions:

1. Termination of Employment, Death or Disability. Upon the Participant's Termination of Employment, death or Disability, all unvested PSAs shall be treated as follows:

(A) If the Participant dies or is determined to have a Disability, the number of PSAs that shall immediately vest shall be equal to the sum of:

(i) the number of PSAs, if any, that have been earned based on the attainment of the performance goals set forth in Annex B, during such of the Performance Periods as have been completed on or prior to the Participant's death or Disability; plus

(ii) the Target Number of PSAs Granted for any incomplete Performance Periods in which the Participant's death or Disability occurs and any Performance Periods that have not yet commenced by the date of the Participant's death or Disability.

(B) If the Participant's Termination of Employment occurs twelve (12) months or more after the Date of Grant, and the Termination is on account of Retirement, then, except as provided in Sections (D) and (E) below, the Award shall remain outstanding and the number of PSAs that vests, if any, will be determined in accordance with the terms hereof (including Annex B) in the same manner as if no Termination of Employment had occurred.

(C) If the Participant's Termination of Employment occurs within twelve (12) months of the Date of Grant, and the Termination is on account of Retirement, then, except as provided in Sections (D) and (E) below, the Award shall remain outstanding and the number of PSAs that vests, if any, will be determined in accordance with the terms hereof (including Annex B) in the same manner as if no Termination of Employment had occurred, except that the Target Number of PSAs Granted shall be prorated (such proration to be determined by multiplying the Target Number of PSAs Granted by a fraction, the numerator of which is the number of days the Participant was employed since the Date of Grant and the denominator of which is 365). The remaining portion of the Award shall be forfeited as of the date of the Termination of Employment.

(D) If the Participant's Termination of Employment is on account of Retirement and the Participant dies after such Termination of Employment, but before the number of vested PSAs has been determined pursuant to Annex B, then the number of PSAs that shall immediately vest shall be equal to the sum of:

(i) the number of PSAs, if any, that have been earned based on the attainment of the performance goals set forth in Annex B, during such of the Performance Periods as have been completed on or prior to the Participant's death; plus

(ii) the Target Number of PSAs Granted for any incomplete Performance Periods in which the Participant's death occurs and any Performance Periods that have not yet commenced by the date of the Participant's death.

(E) If the Termination of Employment occurs as a result of conduct leading to immediate termination pursuant to Company or Subsidiary policy based on:

(i) dishonesty, such as theft, fraud, embezzlement, or falsification of Company or Subsidiary documents;

(ii) conviction of, or entering a plea of nolo contendere to, a crime that constitutes a felony;

(iii) acts of physical harm or violence to the property or assets of the Company, to any employee or customer of the Company or any Subsidiary, or to any independent contractor or service provider who provides services to the Company or any Subsidiary; or

(iv) harassment or discriminatory conduct based on sex, race, color, religion, age, disability, citizenship, national origin, sexual orientation, or status as a veteran involving any employee or customer of the Company or any Subsidiary, or any independent contractor or service provider who provides services to the Company or any Subsidiary;

then all PSAs that remain subject to vesting shall be forfeited as of the end of the day of such Termination of Employment. A Participant whose Termination of Employment occurs as a result of conduct leading to immediate termination for the conduct outlined in this subsection 1(E), is not eligible for the post-termination equity treatment outlined in subsections 1(B) and 1(C).

(F) If the Termination of Employment occurs during the Post-Change Period and

(i) the Participant's Termination of Employment is initiated by the Employer other than for Cause, death, or Disability, or

(ii) the Participant is eligible to participate in The Allstate Corporation Change in Control Severance Plan (the "CIC Plan") and the Participant's Termination of Employment is initiated by the Participant for Good Reason,

then the number of PSAs, if any, that have been earned based on the attainment of the performance goals set forth in Annex B, during such of the Performance Periods as have been completed prior to the Change in Control, plus the number of PSAs as determined in accordance with Section 2, if any, shall vest as of the day prior to the Termination of Employment.

(G) If the Participant's Termination of Employment occurs prior to the Conversion Date for any other reason, including Termination of Employment for violation of the Allstate Global Code of Conduct which results in a recovery under The Allstate Corporation Clawback Policy, then all PSAs shall be forfeited as of the date of such Termination of Employment.

2. Impact of a Change in Control on the Performance Measure. Upon a Change in Control, the Committee will determine:

(A) the attainment of the performance goals set forth in Annex B, during such Performance Periods as have not been completed on the date of the Change of Control; and

(B) the number of PSAs which will vest in accordance with Section 1(F) and convert into shares of Stock following a Termination of Employment or on the Conversion Date following the end of all Performance Periods based on the attainment of the performance goals.

3. Dividend Equivalent Right. Each PSA that vests in accordance with the PSA Award Agreement (including Annexes A and B) entitles a Participant to receive a cash Dividend Equivalent payment equal to the sum of all regular dividend payments that would have been made in respect of each share of Stock underlying such vested PSAs if the Participant were the holder of such shares during the period commencing on the Date of Grant and ending on the Conversion Date (less applicable tax withholdings). Any Dividend Equivalents will be paid within 30 days of the Conversion Date of such PSAs.

For avoidance of doubt, Dividend Equivalents shall only be earned with respect to vested PSAs to the extent such PSAs were outstanding on the dividend record date of the dividend to which the Dividend Equivalent relates.

4. Clawback Policy. This award and any shares of Stock, cash or other proceeds resulting from the vesting and conversion of this award, as well as any cash incentive compensation for which the Participant may be eligible, are subject to The Allstate Corporation Clawback Policy adopted by the Committee and attached as Annex C.

5. Non-Solicitation. While employed and for the one-year period starting on the date of Termination of Employment, any Participant who has received an Award under the Plan shall not, directly or indirectly:

(i) other than in connection with the good-faith performance of his or her normal duties and responsibilities as an employee of the Company or any Subsidiary, encourage any employee or agent of the Company or any Subsidiary to terminate his or her relationship with the Company or any Subsidiary;

(ii) employ, engage as a consultant or adviser, or solicit the employment or engagement as a consultant or adviser of, any employee or agent of the Company or Subsidiary (other than by the Company or its Subsidiaries), or cause or encourage any Person to do any of the foregoing;

(iii) establish (or take preliminary steps to establish) a business with, or encourage others to establish (or take preliminary steps to establish) a business with, any employee or exclusive agent independent contractor of the Company or its Subsidiaries that would interfere with the relationship between the Company or its Subsidiaries and the employee or agent; or

(iv) interfere with the relationship of the Company or its Subsidiaries with, or endeavor to entice away from the Company or its Subsidiaries, any Person who or which at any time since the Participant's hire date was or is a material customer or material supplier of, or maintained a material business relationship with, the Company or its Subsidiaries.

If a Participant violates any of the non-solicitation provisions set forth above, to the extent permitted by applicable law, the Board or the Committee may, to the extent permitted by applicable law,

(i) cancel or cause to be cancelled any or all of the Participant's outstanding Awards granted after May 19, 2009;

(ii) recover or cause to be recovered any or all Proceeds resulting from any sale or other disposition (including to the Company) of shares of Stock issued or issuable upon vesting, settlement, or exercise, as the case may be, of any Award granted after May 19, 2009, if the sale or disposition was effected on or after the date that is one year prior to the date on which the Participant first violated any such non-solicitation provisions; and/or

(iii) recover or cause to be recovered any cash paid or shares of Stock issued to the Participant in connection with any vesting, settlement, or exercise of an Award granted after May 19, 2009, if the vesting, settlement, or exercise occurred on or after the date that is one year prior to the date on which the Participant first violated any such the non-solicitation provisions.

6. Non-Competition. Any Participant who has received an Award under the Plan on and after May 21, 2013, that remains subject to a Period of Restriction or other performance or vesting condition, shall not, for the one-year period following the date of Termination of Employment, directly or indirectly engage in, own or control an interest in, or act as principal, director, officer, or employee of, or consultant to, any firm or company that is a Competitive Business. "Competitive Business" is defined as a business that designs, develops, markets, or sells a product, product line, or service that competes with any product, product line, or service of the division in which Participant works. This Section is not meant to prevent Participant from earning a living, but rather to protect the Company's legitimate business interests. A Participant is not subject to this non-competition provision if:

(i) employed in any jurisdiction where the applicable law prohibits such non-competition provision; or

(ii) Termination of Employment occurs during a Post-Change Period and:

(A) the Participant's Termination of Employment is initiated by the Employer other than for Cause, death, or Disability, or

(B) the Participant is a participant in the CIC Plan and the Participant's Termination of Employment is initiated by the Participant for Good Reason.

If a Participant violates the non-competition provision set forth above, the Board or the Committee may, to the extent permitted by applicable law, cancel or cause to be cancelled any or all of the Participant's outstanding Awards granted on or after May 21, 2013, that remain subject to a Period of Restriction or other performance or vesting condition as of the date on which the Participant first violated the non-competition provision.

7. No Limitation on Other Rights; Blue Pencil. Nothing contained in Sections 5 and 6 shall be deemed to (i) limit any additional legal or equitable rights or remedies the Company may have under applicable law with respect to any Participant who may have violated the non-solicitation or non-competition provisions in the Plan or in any other plan, policy, agreement, or arrangement or (ii) affect any other non-solicitation, non-competition, or other restrictive covenants to which a Participant is subject. If any of the covenants contained in Sections 5 and 6 or any part thereof, are held to be unenforceable, the court making such determination shall have the power to revise or modify such provision to make it enforceable to the maximum extent permitted by applicable law and, in its revised or modified form, said provision shall then be enforceable.

8. Ratification of Actions. By accepting the PSA Award or other benefit under the Plan, the Participant and each person claiming under or through him shall be conclusively deemed to have

indicated the Participant's acceptance and ratification of, and consent to, any action taken under the Plan or the PSA Award by the Company, the Board, or the Committee.

9. Notices. Any notice hereunder to the Company shall be addressed to its Equity Plan Administration Office and any notice hereunder to the Participant shall be addressed to the Participant at his or her most recent home address on file with the Company, subject to the right of either party to designate at any time hereafter in writing some other address.

10. Governing Law and Severability. To the extent not preempted by Federal law, the PSA Award Agreement will be governed by and construed in accordance with the laws of the State of Delaware, without regard to conflicts of law provisions. In the event any provision of this PSA Award Agreement shall be held illegal or invalid for any reason, the illegality or invalidity shall not affect the remaining parts of this PSA Award Agreement, and this PSA Award Agreement shall be construed and enforced as if the illegal or invalid provision had not been included.

11. Tax Withholding. With respect to the minimum statutory tax withholding required with respect to the Award, the Participant may elect to satisfy such withholding requirements by tender of previously-acquired shares of Stock or by having the Company withhold shares of Stock in accordance with Section 16 of the Plan.

12. Definitions. In addition to the following definitions, capitalized terms not otherwise defined herein shall have the meanings given them in the Plan.

"Board Turnover" – see clause (c) of the definition of "Change in Control."

"Cause" for those Participants who are not eligible to participate in the CIC Plan, means a Participant's Termination of Employment for actions which would constitute conduct leading to immediate termination pursuant to Company policy. If a Participant is a participant in the CIC Plan, "Cause" means "Cause" as that term is defined in the CIC Plan on the Date of Grant.

"Change in Control" means, except as otherwise provided at the end of this definition, the occurrence of any one or more of the following:

(a) (*Voting Power)* any Person or group (as such term is defined in Treasury Regulation Section 1.409A-3(i)(5)(v)(B)), other than a Subsidiary or any employee benefit plan (or any related trust) of the Company or any of its Subsidiaries, acquires or has acquired during the 12-month period ending on the date of the most recent acquisition by such Person or Persons, ownership of stock of the Company possessing 30% or more of the combined voting power of all Voting Securities of the Company (such a Person or group that is not a Similarly Owned Company (as defined below), a "More than 30% Owner"), except that no Change in Control shall be deemed to have occurred solely by reason of such ownership by a corporation with respect to which both more than 70% of the common stock of such corporation and Voting Securities representing more than 70% of the combined voting power of the Voting Securities of such corporation are then owned, directly or indirectly, by the Persons who were the direct or indirect owners of the common stock and Voting Securities of the Company immediately before such acquisition in substantially the same proportions as their ownership, immediately before such acquisition, of the common stock and Voting Securities of the Company, as the case may be (a "Similarly Owned Company"); or

(b) (*Majority Ownership)* any Person or group (as such term is defined in Treasury Regulation Section 1.409A-3(i)(5)(v)(B)), other than a Subsidiary or any employee benefit plan (or any related trust) of the Company or any of its Subsidiaries, acquires ownership of more than 50% of the voting power of all Voting Securities of the Company or of the total fair market value of the stock of the Company (such a Person or group that is not a Similarly Owned Company, a "Majority Owner"), except that no Change in Control shall be deemed to have occurred solely by reason of such ownership by a Similarly Owned Company; or

(c) (*Board Composition)* a majority of the members of the Board is replaced during any 12-month period by directors whose appointment or election is not endorsed by a majority of the members of the Board before the date of the appointment or election ("Board Turnover"); or

(d) (*Reorganization)* the consummation of a merger, reorganization, consolidation, or similar transaction, or of a plan or agreement for the sale or other disposition of all or substantially all of the consolidated assets of the Company, or a plan of liquidation of the Company (any of the foregoing, a "Reorganization Transaction") that, does not qualify as an Exempt Reorganization Transaction.

Notwithstanding anything contained herein to the contrary: (i) no transaction or event shall constitute a Change in Control for purposes of this Agreement unless the transaction or event constituting the Change in Control also constitutes a change in the ownership of a corporation (as defined in Treasury Regulation Section 1.409A-3(i)(5)(v)), a change in effective control of a corporation (as defined in Treasury Regulation Section 1.409A-3(i)(5)(vi)) or a change in the ownership of a substantial portion of the assets of a corporation (as defined in Treasury Regulation Section 1.409A-3(i)(5)(vii)); and (ii) no sale or disposition of one or more Subsidiaries ("Sale Subsidiary") or the assets thereof shall constitute a Change in Control for purposes of this Agreement if the investments in and advances by the Company and its Subsidiaries (other than the Sale Subsidiaries) to such Sale Subsidiary as of immediately prior to the sale or disposition determined in accordance with Generally Accepted Accounting Principles ("GAAP") (but after intercompany eliminations and net of the effect of intercompany reinsurance) are less than 51% of the Consolidated Total Shareholders' Equity of the Company as of immediately prior to the sale or disposition. Consolidated Total Shareholders' Equity means, at any date, the total shareholders' equity of the Company and its Subsidiaries at such date, as reported in the consolidated financial statements prepared in accordance with GAAP.

"Exempt Reorganization Transaction" means a Reorganization Transaction that fails to result in (a) any Person or group (as such term is defined in Treasury Regulation Section 1.409A-3(i)(5)(v)(B)) becoming a More than 30% Owner or a Majority Owner, (b) Board Turnover, or (c) a sale or disposition to any Person or group (as such term is defined in Treasury Regulation Section 1.409A-3(i)(5)(v)(B)) of the assets of the Company that have a total Gross Fair Market Value (as defined below) equal to at least forty percent (40%) of the total Gross Fair Market Value of all of the assets of the Company immediately before such transaction.

"CIC Plan" – see subsection 1(F).

"Good Reason" means "Good Reason" as that term is defined in the CIC Plan on the Date of Grant.

"Gross Fair Market Value" means the value of the assets of the Company, or the value of the assets being disposed of, determined without regard to any liabilities associated with such assets.

"Majority Owner" – see clause (b) of the definition of "Change in Control."

"More than 30% Owner" – see clause (a) of the definition of "Change in Control."

"Post-Change Period" means the period commencing on the date on which a Change in Control first occurs and ending on the second anniversary of the date on which a Change in Control first occurs.

"Reorganization Transaction" – see clause (d) of the definition of "Change in Control."

"Similarly Owned Company" -- see clause (a) of the definition of "Change in Control."

ANNEX B

TO

THE ALLSTATE CORPORATION
2019 EQUITY INCENTIVE PLAN
PERFORMANCE STOCK AWARD AGREEMENT
PERFORMANCE GOALS

1

ANNEX C

TO

THE ALLSTATE CORPORATION
2019 EQUITY INCENTIVE PLAN
PERFORMANCE STOCK AWARD AGREEMENT

The Allstate Corporation Clawback Policy

Effective February 19, 2020

The Compensation and Succession Committee of the Board of Directors of The Allstate Corporation believes that it is appropriate to have a policy regarding the recoupment of incentive compensation from Award Recipients. The Allstate Corporation Clawback Policy (the "Policy") reads as follows:

I. Recoupment

1) If the Company is required to undertake a Restatement, then the Committee may seek to recover all or any portion of the Recoverable Incentive received by any Award Recipient during the Applicable Period; or

2) If an Award Recipient is terminated for Improper Conduct and such Improper Conduct either has resulted in, or could reasonably be expected to result in, a Material Adverse Impact, then the Committee may seek to recover all or any portion of the Recoverable Incentive paid to such Award Recipient during the Applicable Period.

II. Definitions

For purposes of this Policy, the following terms shall have the following meanings:

1) "**Applicable Period**" means (i) in the case of any Restatement, the three-year period preceding the date of the Restatement and (ii) in the case of any Improper Conduct, the three-year period preceding the date of the Award Recipient's termination of employment.

2) "Award Recipient" means any person who is or was during the Applicable Period an executive officer of the Company designated by the Board of Directors as a Section 16 officer under the Exchange Act (or any successor rule) or an Executive Vice President, as designated on the payroll system of the Company or any subsidiary.

3) "**Committee"** means the Compensation and Succession Committee with respect to any recovery determination under this Clawback Policy. The Committee has the sole and absolute discretion to interpret, apply, enforce and make all determinations pursuant to the policy.

4) "Company" means The Allstate Corporation.

5) "Exchange Act" means the Securities Exchange Act of 1934, as amended.

6) "**Improper Conduct**" means a violation of the Allstate Global Code of Conduct, as it is amended from time to time, occurring after the effective date of this Policy and within the five-year period preceding the Award Recipient's termination of employment.

7) “Material Adverse Impact” means any material adverse impact on the reputation of, or a material adverse economic consequence for, the Company or any subsidiaries, including direct harm to shareholders, reputational harm that adversely affects customer or investor confidence, damage to the Company’s competitiveness, stock price or long-term shareholder value.

8) “**Recoverable Incentive**” means

(i) in the case of a Restatement, the amount subject to repayment shall be an amount up to the amount (determined on a tax-neutral basis) of such:

(a) cash incentive compensation including awards under the Annual Executive Incentive Plan paid during the Applicable Period that exceeded the amount of cash incentive compensation that otherwise would have been paid had it been determined based on the Restatement, as determined by the Committee;

(b) performance stock awards that vested during the Applicable Period that exceeded the number of performance stock awards that otherwise would have been vested had it been determined based on the Restatement, as determined by the Committee;

(c) restricted stock units that vested in each year of the Applicable Period, the repayment amount to be determined by:

(1) if the original cash incentive funding for such year was greater than 100% and the recalculated cash incentive funding is greater than 100%, then no restricted stock units will be subject to clawback;

(2) If the original cash incentive funding for such year was greater than 100% and the recalculated cash incentive funding is less than 100%, then the portion of the restricted stock units vested in the respective fiscal year which are subject to clawback will be based on the difference between 100% and the recalculated cash incentive percentage;

(3) If the original cash incentive funding for such year was less than 100%, then the portion of the restricted stock units vested in the respective fiscal year which are subject to clawback will be based on the difference between the original cash incentive funding and the recalculated cash incentive funding percentage.

(ii) in the case of any termination for Improper Conduct, the amount of any incentive compensation (determined on a tax-neutral basis) including cash paid and equity awards vesting during the period beginning with the date the Improper Conduct first began and ending on the date of termination for Improper Conduct. With respect to performance stock awards that are subject to recovery pursuant to this provision, the pro-rata portion of performance stock awards representing the period before the Improper Conduct first began will not be subject to recovery.

9) “Restatement” means any material restatement (occurring after the effective date of this Policy) of any of the Company’s financial statements that have been filed with the SEC under the Exchange Act or the Securities Act of 1933, as amended, within the five-year period preceding the date of the Restatement.

10) “SEC” means the Securities and Exchange Commission.

III. Committee Administration

The authority to manage the operation and administration of this Policy is vested in the Committee. The Committee may seek to recover all or any portion of the Recoverable Incentive, taking into account the following considerations as it determines appropriate:

- The likelihood of success of recouping the compensation under governing law relative to the effort involved;
- Whether the recoupment may prejudice the Company's or any subsidiary's interest in any related proceeding or investigation;
- Whether the expense required to recoup the compensation is likely to exceed the Recoverable Incentive;
- The passage of time since the occurrence of the Improper Conduct;
- Any pending legal action related to the Improper Conduct; and
- Any other factors the Committee may deem appropriate under the circumstances.

Subject to applicable law, the Committee may seek to recoup such Recoverable Incentive in the manner it chooses including by requiring any affected Award Recipient to repay such amount to the Company or any subsidiary; by set-off; by reducing future compensation; or by such other means or combination of means as the Committee determines to be appropriate. In addition, the Committee may determine whether and to what extent additional action is appropriate to address the circumstances surrounding such Restatement or such Termination for Improper Conduct so as to minimize the likelihood of any recurrence and to impose such other discipline as it determines appropriate.

The return of the Recoverable Incentive is in addition to and separate from any other relief available to the Company or any other actions as may be taken by the Committee in its sole discretion.

IV. Choice of Law and Blue Pencil

This Policy, and all determinations made and actions taken pursuant to this Policy, shall be governed by the laws of the state of Delaware and applicable federal laws, excluding any conflicts or choice of law rule or principle.

In the event that any provision of this Policy is unenforceable under applicable law, the validity or enforceability of the remaining provisions will not be affected. To the extent any provision of this Policy is determined by a court or arbitrator to be unenforceable, a court or arbitrator shall interpret or modify the Policy, to the extent necessary, for it to be enforceable to the maximum extent possible. The provisions of this Policy will, where possible, be interpreted so as to sustain its legality and enforceability.

V. Arbitration

All aspects of any dispute between an Award Recipient and the Company (including a dispute with any of its subsidiaries) that includes a controversy or claim arising out of or relating to this Policy or the breach thereof (including any aspects of such dispute that are in addition to those relating to this Policy or breach thereof) shall be settled by final, binding and non-appealable arbitration in accordance with the terms of the Mutual Arbitration Agreement entered into by and between the Award Recipient and the Company or any subsidiary.

Exhibit 10.6

The Allstate Corporation
Clawback Policy
Effective February 19, 2020

The Compensation and Succession Committee of the Board of Directors of The Allstate Corporation believes that it is appropriate to have a policy regarding the recoupment of incentive compensation from Award Recipients. The Allstate Corporation Clawback Policy (the "Policy") reads as follows:

I. Recoupment

1) If the Company is required to undertake a Restatement, then the Committee may seek to recover all or any portion of the Recoverable Incentive received by any Award Recipient during the Applicable Period; or

2) If an Award Recipient is terminated for Improper Conduct and such Improper Conduct either has resulted in, or could reasonably be expected to result in, a Material Adverse Impact, then the Committee may seek to recover all or any portion of the Recoverable Incentive paid to such Award Recipient during the Applicable Period.

II. Definitions

For purposes of this Policy, the following terms shall have the following meanings:

1) "**Applicable Period**" means (i) in the case of any Restatement, the three-year period preceding the date of the Restatement and (ii) in the case of any Improper Conduct, the three-year period preceding the date of the Award Recipient's termination of employment.

2) "Award Recipient" means any person who is or was during the Applicable Period an executive officer of the Company designated by the Board of Directors as a Section 16 officer under the Exchange Act (or any successor rule) or an Executive Vice President, as designated on the payroll system of the Company or any subsidiary.

3) "**Committee"** means the Compensation and Succession Committee with respect to any recovery determination under this Clawback Policy. The Committee has the sole and absolute discretion to interpret, apply, enforce and make all determinations pursuant to the policy.

4) "Company" means The Allstate Corporation.

5) "Exchange Act" means the Securities Exchange Act of 1934, as amended

6) "**Improper Conduct**" means a violation of the Allstate Global Code of Conduct, as it is amended from time to time, occurring after the effective date of this Policy and within the five-year period preceding the Award Recipient's termination of employment.

7) "Material Adverse Impact" means any material adverse impact on the reputation of, or a material adverse economic consequence for, the Company or any subsidiaries, including direct harm to shareholders, reputational harm that adversely affects customer or investor confidence, damage to the Company's competitiveness, stock price or long-term shareholder value.
8) "**Recoverable Incentive**" means

(i) in the case of a Restatement, the amount subject to repayment shall be an amount up to the amount (determined on a tax-neutral basis) of such:

(a) cash incentive compensation including awards under the Annual Executive Incentive Plan paid during the Applicable Period that exceeded the amount of cash incentive compensation that otherwise would have been paid had it been determined based on the Restatement, as determined by the Committee;

(b) performance stock awards that vested during the Applicable Period that exceeded the number of performance stock awards that otherwise would have been vested had it been determined based on the Restatement, as determined by the Committee;

(c) restricted stock units that vested in each year of the Applicable Period, the repayment amount to be determined by:

(1) if the original cash incentive funding for such year was greater than 100% and the recalculated cash incentive funding is greater than 100%, then no restricted stock units will be subject to clawback;

(2) If the original cash incentive funding for such year was greater than 100% and the recalculated cash incentive funding is less than 100%, then the portion of the restricted stock units vested in the respective fiscal year which are subject to clawback will be based on the difference between 100% and the recalculated cash incentive percentage;

(3) If the original cash incentive funding for such year was less than 100%, then the portion of the restricted stock units vested in the respective fiscal year which are subject to clawback will be based on the difference between the original cash incentive funding and the recalculated cash incentive funding percentage.

(ii) in the case of any termination for Improper Conduct, the amount of any incentive compensation (determined on a tax-neutral basis) including cash paid and equity awards vesting during the period beginning with the date the Improper Conduct first began and ending on the date of termination for Improper Conduct. With respect to performance stock awards that are subject to recovery pursuant to this provision, the pro-rata portion of performance stock awards representing the period before the Improper Conduct first began will not be subject to recovery.

9) “**Restatement**” means any material restatement (occurring after the effective date of this Policy) of any of the Company’s financial statements that have been filed with the SEC under the Exchange Act or the Securities Act of 1933, as amended, within the five-year period preceding the date of the Restatement.

10) “**SEC**” means the Securities and Exchange Commission.

III. Committee Administration

The authority to manage the operation and administration of this Policy is vested in the Committee. The Committee may seek to recover all or any portion of the Recoverable Incentive, taking into account the following considerations as it determines appropriate:

- The likelihood of success of recouping the compensation under governing law relative to the effort involved;
- Whether the recoupment may prejudice the Company's or any subsidiary's interest in any related proceeding or investigation;
- Whether the expense required to recoup the compensation is likely to exceed the Recoverable Incentive;
- The passage of time since the occurrence of the Improper Conduct;
- Any pending legal action related to the Improper Conduct; and
- Any other factors the Committee may deem appropriate under the circumstances.

Subject to applicable law, the Committee may seek to recoup such Recoverable Incentive in the manner it chooses including by requiring any affected Award Recipient to repay such amount to the Company or any subsidiary; by set-off; by reducing future compensation; or by such other means or combination of means as the Committee determines to be appropriate. In addition, the Committee may determine whether and to what extent additional action is appropriate to address the circumstances surrounding such Restatement or such Termination for Improper Conduct so as to minimize the likelihood of any recurrence and to impose such other discipline as it determines appropriate.

The return of the Recoverable Incentive is in addition to and separate from any other relief available to the Company or any other actions as may be taken by the Committee in its sole discretion.

IV. Choice of Law and Blue Pencil

This Policy, and all determinations made and actions taken pursuant to this Policy, shall be governed by the laws of the state of Delaware and applicable federal laws, excluding any conflicts or choice of law rule or principle.

In the event that any provision of this Policy is unenforceable under applicable law, the validity or enforceability of the remaining provisions will not be affected. To the extent any provision of this Policy is determined by a court or arbitrator to be unenforceable, a court or arbitrator shall interpret or modify the Policy, to the extent necessary, for it to be enforceable to the maximum extent possible. The provisions of this Policy will, where possible, be interpreted so as to sustain its legality and enforceability.

V. **Arbitration**

All aspects of any dispute between an Award Recipient and the Company (including a dispute with any of its subsidiaries) that includes a controversy or claim arising out of or relating to this Policy or the breach thereof (including any aspects of such dispute that are in addition to those relating to this Policy or breach thereof) shall be settled by final, binding and non-appealable arbitration in accordance with the terms of the Mutual Arbitration Agreement entered into by and between the Award Recipient and the Company or any subsidiary.

Exhibit 15

The Allstate Corporation
2775 Sanders Road
Northbrook, IL 60062

We have reviewed, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the unaudited interim financial information of The Allstate Corporation and subsidiaries for the periods ended March 31, 2020 and 2019, as indicated in our report dated May 5, 2020; because we did not perform an audit, we expressed no opinion on that information.

We are aware that our report referred to above, which is included in your Quarterly Report on Form 10-Q for the quarter ended March 31, 2020, is incorporated by reference in the following Registration Statements:

Form S-3 Registration Statement Nos.	Form S-8 Registration Statement Nos.
333-34583	333-04919
333-224541	333-40283
	333-134243
	333-175526
	333-188821
	333-200390
	333-218343
	333-228490
	333-228491
	333-228492
	333-231753

We also are aware that the aforementioned report, pursuant to Rule 436(c) under the Securities Act of 1933, is not considered a part of the Registration Statement prepared or certified by an accountant or a report prepared or certified by an accountant within the meaning of Sections 7 and 11 of that Act.

/s/ DELOITTE & TOUCHE LLP

Chicago, Illinois
May 5, 2020

Certifications **Exhibit 31 (i)**

I, Thomas J. Wilson, certify that:

1. I have reviewed this quarterly report on Form 10-Q of The Allstate Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 5, 2020

/s/ Thomas J. Wilson

Thomas J. Wilson

Chairman of the Board, President, and Chief Executive Officer

Certifications **Exhibit 31 (i)**

I, Mario Rizzo, certify that:

1. I have reviewed this quarterly report on Form 10-Q of The Allstate Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 5, 2020

/s/ Mario Rizzo

Mario Rizzo

Executive Vice President and Chief Financial Officer

Exhibit 32

Section 1350 Certifications

Each of the undersigned hereby certifies that to his knowledge the quarterly report on Form 10-Q for the fiscal period ended March 31, 2020 of The Allstate Corporation filed with the Securities and Exchange Commission fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and that the information contained in such report fairly presents, in all material respects, the financial condition and result of operations of The Allstate Corporation.

Date: May 5, 2020

/s/ Thomas J. Wilson

Thomas J. Wilson

Chairman of the Board, President, and Chief Executive Officer

/s/ Mario Rizzo

Mario Rizzo

Executive Vice President and Chief Financial Officer