

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

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

Date of report (Date of earliest event reported) **October 24, 2005**

Allstate Life Insurance Company

(Exact Name of Registrant as Specified in Charter)

Illinois
(State or Other
Jurisdiction of
Incorporation)

0-31248
(Commission
File Number)

36-2554642
(IRS Employer
Identification
Number)

3100 Sanders Road, Northbrook, Illinois
(Address of Principal Executive Offices)

60062
(Zip Code)

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

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

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Section 2 – Financial Information

Item 2.02. Results of Operations and Financial Condition.

The registrant furnishes below its Condensed Consolidated Statements of Operations for the three-month and nine-month periods ended September 30, 2005 and 2004 and Condensed Consolidated Statements of Financial Position as of September 30, 2005 and December 31, 2004, prepared in conformity with accounting principles generally accepted in the United States of America, and certain non-GAAP and operating measures:

**ALLSTATE LIFE INSURANCE COMPANY AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS**

(in millions)	Three Months Ended September 30,		Nine Months Ended September 30,	
	Est. 2005	2004	Est. 2005	2004
Revenues				
Premiums	\$ 104	\$ 141	\$ 359	\$ 443
Contract charges	275	244	797	714
Net investment income	942	828	2,745	2,406
Realized capital gains and losses	26	(52)	51	(147)
	<u>1,347</u>	<u>1,161</u>	<u>3,952</u>	<u>3,416</u>
Costs and expenses				
Contract benefits	316	332	1,000	981
Interest credited to contractholder funds	589	485	1,736	1,397
Amortization of deferred policy acquisition costs	117	126	450	350

Operating costs and expenses	99	104	325	329
	<u>1,121</u>	<u>1,047</u>	<u>3,511</u>	<u>3,057</u>
Gain (loss) on disposition of operations	1	—	(7)	(17)
Income from operations before income tax expense and cumulative effect of change in accounting principle, after-tax	227	114	434	342
Income tax expense	<u>68</u>	<u>38</u>	<u>120</u>	<u>120</u>
Income before cumulative effect of change in accounting principle, after-tax	159	76	314	222
Cumulative effect of change in accounting principle, after-tax	<u>—</u>	<u>—</u>	<u>—</u>	<u>(175)</u>
Net income	<u>\$ 159</u>	<u>\$ 76</u>	<u>\$ 314</u>	<u>\$ 47</u>

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**ALLSTATE LIFE INSURANCE COMPANY AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

<u>(in millions, except par value data)</u>	<u>September 30, 2005 (Est.)</u>	<u>December 31, 2004</u>
Assets		
Investments		
Fixed income securities, at fair value (amortized cost \$59,867 and \$55,964)	\$ 62,419	\$ 59,291
Mortgage loans	7,836	7,318
Equity securities	297	214
Short-term	1,404	1,440
Policy loans	723	722
Other	<u>697</u>	<u>704</u>
Total investments	73,376	69,689
Cash	257	241
Deferred policy acquisition costs	3,729	3,176
Reinsurance recoverables, net	1,640	1,507
Accrued investment income	653	593
Other assets	521	818
Separate Accounts	<u>14,906</u>	<u>14,377</u>
Total assets	<u>\$ 95,082</u>	<u>\$ 90,401</u>
Liabilities		
Contractholder funds	\$ 57,098	\$ 53,939
Reserve for life-contingent contract benefits	11,798	11,203
Unearned premiums	33	31
Payable to affiliates, net	82	79
Other liabilities and accrued expenses	4,427	3,721
Deferred income taxes	370	638
Long-term debt	186	104
Separate Accounts	<u>14,906</u>	<u>14,377</u>
Total liabilities	<u>88,900</u>	<u>84,092</u>
Shareholder's Equity		
Redeemable preferred stock – series A, \$100 par value, 1,500,000 shares authorized, 49,230 and outstanding	5	5
Redeemable preferred stock – series B, \$100 par value, 1,500,000 shares authorized, none issued	—	—
Common stock, \$227 par value, 23,800 shares authorized and outstanding	5	5
Additional capital paid-in	1,108	1,108
Retained income	4,409	4,178
Accumulated other comprehensive income:		
Unrealized net capital gains and losses	<u>655</u>	<u>1,013</u>
Total accumulated other comprehensive income	<u>655</u>	<u>1,013</u>
Total shareholder's equity	<u>6,182</u>	<u>6,309</u>
Total liabilities and shareholder's equity	<u>\$ 95,082</u>	<u>\$ 90,401</u>

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Definitions of Non-GAAP and Operating Financial Measures

We believe that investors' understanding of our performance is enhanced by our disclosure of the following non-GAAP financial measure. Our methods of calculating this measure may differ from those used by other companies and therefore comparability may be limited.

Operating income is income before cumulative effect of change in accounting principle, after-tax, 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 operating income,
- amortization of deferred policy acquisition costs ("DAC") and deferred sales inducements ("DSI"), to the extent that they resulted from the recognition of certain realized capital gains and losses,
- (loss) gain on disposition of operations, after-tax, and
- 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.

Net income is the GAAP measure that is most directly comparable to operating income.

We use operating income to evaluate our results of operations. It reveals trends in our insurance and financial services business that may be obscured by the net effect of realized capital gains and losses, (loss) gain on disposition of operations and adjustments for other significant non-recurring, infrequent or unusual items. Realized capital gains and losses and (loss) gain on disposition of operations may vary significantly between periods and are generally driven by business decisions and economic developments such as market conditions, the timing of which is unrelated to the insurance underwriting process. Moreover, we reclassify periodic settlements on non-hedge derivative instruments into operating income to report them in a manner consistent with the economically hedged investments, replicated assets or product attributes (e.g. net investment income and interest credited to contractholder funds) and by doing so, appropriately reflect trends in product performance. Non-recurring items are excluded because, by their nature, they are not indicative of our business or economic trends. Therefore, we believe it is useful for investors to evaluate these components separately and in the aggregate when reviewing our performance. We use adjusted measures of operating income in incentive compensation. Operating income should not be considered as a substitute for net income and does not reflect the overall profitability of our business.

The following table reconciles operating income and net income.

(\$ in millions)	Three Months Ended September 30,		Nine Months Ended September 30,	
	Est. 2005	2004	Est. 2005	2004
Operating income	\$ 154	\$ 135	\$ 423	\$ 377
Realized capital gains and losses	26	(52)	51	(147)
Income tax (expense) benefit	(9)	18	(18)	52
Realized capital gains and losses, after-tax	17	(34)	33	(95)
DAC and DSI amortization relating to realized capital gains and losses, after-tax	(2)	(15)	(106)	(28)
Reclassification of periodic settlements and accruals on non-hedge derivative instruments, after-tax	(10)	(10)	(32)	(21)
Loss on disposition of operations, after-tax	—	—	(4)	(11)
Income before cumulative effect of change in accounting principle, after-tax	159	76	314	222
Cumulative effect of change in accounting principle, after-tax	—	—	—	(175)
Net income	\$ 159	\$ 76	\$ 314	\$ 47

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Operating Measures

We believe that investors' understanding of our performance is enhanced by our disclosure of the following operating financial measures. Our method of calculating these measures may differ from that used by other companies and therefore comparability may be limited.

Premiums and deposits is an operating measure that we use to analyze production trends for sales. It includes premiums on insurance policies and annuities and all deposits and other funds received from customers on deposit-type products, which we account for under GAAP as increases to liabilities rather than as revenue.

The following table illustrates where premiums and deposits are reflected in the condensed consolidated financial statements.

(\$ in millions)	Three Months Ended September 30,		Nine Months Ended September 30,	
	Est. 2005	2004	Est. 2005	2004
Total Premiums and deposits	\$ 2,120	\$ 3,797	\$ 9,633	\$ 11,273
Deposits to contractholder funds	(1,639)	(3,391)	(8,179)	(9,722)
Deposits to separate accounts	(379)	(259)	(1,101)	(949)
Change in unearned premiums and other adjustments	2	(6)	6	(159)
Premiums	\$ 104	\$ 141	\$ 359	\$ 443

New sales of financial products by Allstate exclusive agencies is an operating measure that we use to quantify the current year sales of financial products by the Allstate Agency proprietary distribution channel. New sales of financial products by Allstate exclusive agencies includes annual premiums on new insurance policies, initial premiums and deposits on annuities, net new deposits in the Allstate Bank, sales of other companies' mutual funds, and excludes renewal premiums. New sales of financial products by Allstate exclusive agencies for the third quarter of 2005 and third quarter of 2004 totaled est. \$546 million and \$520 million, respectively. New sales of financial products by Allstate exclusive agencies for the nine months ended September 30, 2005 and 2004 totaled est. \$1.65 billion and \$1.53 billion, respectively.

SIGNATURES

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.

ALLSTATE LIFE INSURANCE COMPANY

By /s/ Samuel H. Pilch

Name: Samuel H. Pilch
Title: Group Vice President and Controller

October 24, 2005