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

FORM 10-Q

The registrant meets the conditions set forth in General Instructions H (1)(a) and (b) of Form 10-Q and is therefore filing this form with the reduced disclosure format.

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 2019

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 0-31248

ALLSTATE LIFE INSURANCE COMPANY
(Exact name of registrant as specified in its charter)

Illinois	**36-2554642**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

3075 Sanders Road, Northbrook, Illinois 60062
(Address of principal executive offices) (Zip Code)

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

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 _X_ 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 _X_ 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 _X_	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 _X_

Securities registered pursuant to Section 12(b) of the Act: None

As of May 7, 2019, the registrant had 23,800 common shares, $227 par value, outstanding, all of which are held by Allstate Insurance Company.

ALLSTATE LIFE INSURANCE COMPANY
INDEX TO QUARTERLY REPORT ON FORM 10-Q
March 31, 2019

PART I. FINANCIAL INFORMATION
ITEM 1. FINANCIAL STATEMENTS

ALLSTATE LIFE INSURANCE COMPANY AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME (unaudited)

($ in millions)	Three months ended March 31,	
	2019	2018
Revenues		
Premiums	$ 171	$ 177
Contract charges	176	176
Other revenue	10	8
Net investment income	311	407
Realized capital gains and losses:		
Total other-than-temporary impairment (“OTTI”) losses	(7)	—
OTTI losses reclassified from other comprehensive income (“OCI”)	—	(1)
Net OTTI losses recognized in earnings	(7)	(1)
Sales and valuation changes on equity investments and derivatives	155	(31)
Total realized capital gains and losses	148	(32)
Total revenues	816	736
Costs and expenses		
Contract benefits	363	370
Interest credited to contractholder funds	148	148
Amortization of deferred policy acquisition costs	32	39
Operating costs and expenses	69	68
Interest expense	1	1
Total costs and expenses	613	626
Gain on disposition of operations	1	1
Income from operations before income tax expense	204	111
Income tax expense	40	21
Net income	164	90
Other comprehensive income (loss), after-tax		
Change in unrealized net capital gains and losses	346	(175)
Change in unrealized foreign currency translation adjustments	(3)	4
Other comprehensive income (loss), after-tax	343	(171)
Comprehensive income (loss)	$ 507	$ (81)

See notes to condensed consolidated financial statements.

ALLSTATE LIFE INSURANCE COMPANY AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (unaudited)

($ in millions, except par value data)	**March 31, 2019**	**December 31, 2018**
Assets		
Investments		
Fixed income securities, at fair value (amortized cost $20,664 and $21,057)	$ 21,541	$ 21,400
Mortgage loans	4,034	3,995
Equity securities, at fair value (cost $1,028 and $1,197)	1,284	1,325
Limited partnership interests	3,219	3,292
Short-term, at fair value (amortized cost $1,284 and $810)	1,284	810
Policy loans	553	561
Other	1,348	1,300
Total investments	33,263	32,683
Cash	54	52
Deferred policy acquisition costs	1,134	1,232
Reinsurance recoverables from non-affiliates	2,143	2,185
Reinsurance recoverables from affiliates	417	420
Accrued investment income	261	253
Other assets	573	534
Separate Accounts	3,024	2,783
Total assets	$ 40,869	$ 40,142
Liabilities		
Contractholder funds	$ 17,239	$ 17,470
Reserve for life-contingent contract benefits	11,228	11,239
Unearned premiums	4	4
Payable to affiliates, net	33	50
Other liabilities and accrued expenses	1,230	1,101
Deferred income taxes	772	663
Notes due to related parties	140	140
Separate Accounts	3,024	2,783
Total liabilities	33,670	33,450
Commitments and Contingent Liabilities (Note 7)		
Shareholder's equity		
Redeemable preferred stock - series A, $100 par value, 1,500,000 shares authorized, none issued	—	—
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	2,024	2,024
Retained income	4,574	4,410
Accumulated other comprehensive income:		
Unrealized net capital gains and losses:		
Unrealized net capital gains and losses on fixed income securities with OTTI	45	45
Other unrealized net capital gains and losses	648	225
Unrealized adjustment to DAC, DSI and insurance reserves	(104)	(27)
Total unrealized net capital gains and losses	589	243
Unrealized foreign currency translation adjustments	7	10
Total accumulated other comprehensive income ("AOCI")	596	253
Total shareholder's equity	7,199	6,692
Total liabilities and shareholder's equity	$ 40,869	$ 40,142

See notes to condensed consolidated financial statements.

ALLSTATE LIFE INSURANCE COMPANY AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF SHAREHOLDER'S EQUITY (unaudited)

($ in millions)	Three months ended March 31, 2019	2018
Common stock	$ 5	$ 5
Additional capital paid-in	2,024	2,024
Retained income		
Balance, beginning of period	4,410	3,981
Net income	164	90
Cumulative effect of change in accounting principle	—	314
Balance, end of period	4,574	4,385
Accumulated other comprehensive income		
Balance, beginning of period	253	845
Change in unrealized net capital gains and losses	346	(175)
Change in unrealized foreign currency translation adjustments	(3)	4
Cumulative effect of change in accounting principle	—	(238)
Balance, end of period	596	436
Total shareholder's equity	$ 7,199	$ 6,850

See notes to condensed consolidated financial statements.

ALLSTATE LIFE INSURANCE COMPANY AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (unaudited)

($ in millions)	**Three months ended March 31,**	
	2019	**2018**
Cash flows from operating activities		
Net income	$ 164	$ 90
Adjustments to reconcile net income to net cash provided by operating activities:		
Amortization and other non-cash items	(18)	(16)
Realized capital gains and losses	(148)	32
Gain on disposition of operations	(1)	(1)
Interest credited to contractholder funds	148	148
Changes in:		
Policy benefits and other insurance reserves	(164)	(178)
Deferred policy acquisition costs	18	15
Reinsurance recoverables, net	27	10
Income taxes	26	10
Other operating assets and liabilities	47	(83)
Net cash provided by operating activities	99	27
Cash flows from investing activities		
Proceeds from sales		
Fixed income securities	1,081	1,679
Equity securities	256	267
Limited partnership interests	128	23
Other investments	13	1
Investment collections		
Fixed income securities	282	267
Mortgage loans	70	42
Other investments	27	34
Investment purchases		
Fixed income securities	(983)	(1,594)
Equity securities	(75)	(167)
Limited partnership interests	(112)	(138)
Mortgage loans	(109)	(154)
Other investments	(28)	(99)
Change in short-term investments, net	(384)	64
Change in policy loans and other investments, net	(13)	(19)
Net cash provided by investing activities	153	206
Cash flows from financing activities		
Contractholder fund deposits	192	194
Contractholder fund withdrawals	(442)	(472)
Net cash used in financing activities	(250)	(278)
Net increase (decrease) in cash	2	(45)
Cash at beginning of period	52	145
Cash at end of period	$ 54	$ 100

See notes to condensed consolidated financial statements.

1. General

Basis of presentation

The accompanying condensed consolidated financial statements include the accounts of Allstate Life Insurance Company ("ALIC") and its wholly owned subsidiaries (collectively referred to as the "Company"). ALIC is wholly owned by Allstate Insurance Company ("AIC"), which is wholly owned by Allstate Insurance Holdings, LLC, a wholly owned subsidiary of The Allstate Corporation (the "Corporation"). 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, 2019 and for the three month periods ended March 31, 2019 and 2018 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, 2018. 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.

Premiums and contract charges

The following table summarizes premiums and contract charges by product.

($ in millions)	Three months ended March 31,	
	2019	2018
Premiums		
Traditional life insurance	$ 141	$ 147
Accident and health insurance	30	30
Total premiums	171	177
Contract charges		
Interest-sensitive life insurance	173	173
Fixed annuities	3	3
Total contract charges	176	176
Total premiums and contract charges	$ 347	$ 353

Adopted accounting standard

Accounting for Hedging Activities

Effective January 1, 2019, the Company adopted new Financial Accounting Standards Board ("FASB") guidance intended to better align hedge accounting with an organization's risk management activities. The new guidance expands hedge accounting to nonfinancial and financial risk components and revises the measurement methodologies to better align with an organization's risk management activities. Separate presentation of hedge ineffectiveness is eliminated with the intention to provide greater transparency to the full impact of hedging by requiring presentation of the results of the hedged item and hedging instrument in a single financial statement line item. In addition, the amendments were designed to reduce complexity by simplifying hedge effectiveness testing. The adoption had no impact on the Company's results of operations or financial position.

Pending accounting standards

Measurement of Credit Losses on Financial Instruments

In June 2016, the FASB issued guidance which revises the credit loss recognition criteria for certain financial assets measured at amortized cost, including reinsurance recoverables. The new guidance replaces the existing incurred loss recognition model with an expected loss recognition model. The objective of the expected credit loss model is for a reporting entity to recognize its 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 of affected financial assets at the amount expected to be collected. The reporting entity must consider all relevant information available when estimating expected credit losses, including details about past events, current conditions, and reasonable and supportable forecasts over the life of an asset. Financial assets may be evaluated individually or on a pooled basis when they share similar risk characteristics. The measurement of credit losses for available-for-sale debt 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 carrying value adjustment is recognized through a valuation allowance which may change over time but once recorded cannot subsequently be reduced to an amount below zero. The guidance is effective for reporting periods beginning after December 15, 2019, and for most affected instruments must be adopted using a modified retrospective approach, with a cumulative effect adjustment recorded to beginning retained income. The impact of adoption is not expected to be material to the Company's results of operations or financial position.

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 changes 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, cash flows under the new guidance are required to be discounted using an upper-medium grade fixed income instrument yield required to be updated through OCI at each reporting date. These changes will replace current GAAP, which utilizes assumptions set at policy issuance until such time as the assumptions result in reserves that are deficient when compared to reserves computed using current assumptions. Under current GAAP, premium deficiency reserves are recognized when a reserve deficiency is computed using current assumptions.

The new guidance requires deferred policy acquisition costs ("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 experience exceeds expected experience. The new guidance will no longer require adjustments to DAC and deferred sales inducement costs ("DSI") related to unrealized gains and losses on investment securities supporting the related business.

Market risk benefit product features are required to 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 to be included in the comparable financial statements issued in reporting periods beginning after December 15, 2020, 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. While the requirements of the new guidance represent a material change from existing GAAP, the underlying economics of the business and related cash flows are unchanged. The Company has not completed its evaluation of the specific impacts of adopting the new guidance, but anticipates the financial statement impact of migrating from existing GAAP to that required by the new guidance to be material, largely attributed to the impact of transitioning from an original investment-based discount rate to one based on an upper-medium grade fixed income investment yield and updates to mortality assumptions previously locked in at issuance and subject to premium deficiency testing. The Company expects the most significant impacts will occur in the run-off annuity business. 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 reversed.

Codification Improvements related to Credit Losses, Derivatives and Hedging, and Financial Instruments

In April 2019, the FASB issued new guidance related to credit losses, derivatives and hedging, and financial instruments. The guidance for credit losses and financial instruments is effective for reporting periods beginning after December 15, 2019. The guidance for derivatives and hedging is effective January 1, 2020. The Company is in the process of evaluating the impact of adoption, which is not expected to be material to the Company's results of operations or financial position.

2. Supplemental Cash Flow Information

Non-cash investing activities include $42 million and $7 million related to mergers and exchanges completed with equity securities, fixed income securities and limited partnerships, and modifications of certain mortgage loans and other investments for the three months ended March 31, 2019 and 2018, respectively.

Liabilities for collateral received in conjunction with the Company's securities lending program and over-the-counter ("OTC") 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, which are as follows:

($ in millions)	Three months ended March 31, 2019	2018
Net change in proceeds managed		
Net change in fixed income securities	$ 28	$ 15
Net change in short-term investments	(90)	66
Operating cash flow (used) provided	$ (62)	$ 81
Net change in liabilities		
Liabilities for collateral, beginning of period	$ (525)	$ (542)
Liabilities for collateral, end of period	(587)	(461)
Operating cash flow provided (used)	$ 62	$ (81)

3. Investments

Fair values

The amortized cost, gross unrealized gains and losses and fair value for fixed income securities are as follows:

($ in millions)	Amortized cost	Gross unrealized Gains	Gross unrealized Losses	Fair value
March 31, 2019				
U.S. government and agencies	$ 504	$ 34	$ —	$ 538
Municipal	1,927	236	(3)	2,160
Corporate	17,465	673	(122)	18,016
Foreign government	170	8	—	178
Asset-backed securities ("ABS")	410	3	(3)	410
Residential mortgage-backed securities ("RMBS")	144	44	—	188
Commercial mortgage-backed securities ("CMBS")	31	7	(1)	37
Redeemable preferred stock	13	1	—	14
Total fixed income securities	$ 20,664	$ 1,006	$ (129)	$ 21,541
December 31, 2018				
U.S. government and agencies	$ 740	$ 33	$ —	$ 773
Municipal	1,997	202	(4)	2,195
Corporate	17,521	433	(381)	17,573
Foreign government	170	9	—	179
ABS	429	3	(3)	429
RMBS	154	44	(1)	197
CMBS	33	7	—	40
Redeemable preferred stock	13	1	—	14
Total fixed income securities	$ 21,057	$ 732	$ (389)	$ 21,400

Scheduled maturities

The scheduled maturities for fixed income securities are as follows as of March 31, 2019:

($ in millions)	Amortized cost	Fair value
Due in one year or less	$ 1,241	$ 1,256
Due after one year through five years	7,933	8,126
Due after five years through ten years	7,041	7,224
Due after ten years	3,864	4,300
	20,079	20,906
ABS, RMBS and CMBS	585	635
Total	$ 20,664	$ 21,541

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

Net investment income

Net investment income is as follows:

($ in millions)	Three months ended March 31,	
	2019	2018
Fixed income securities	$ 245	$ 251
Mortgage loans	46	44
Equity securities	6	7
Limited partnership interests	3	96
Short-term investments	8	4
Policy loans	8	7
Other	22	22
Investment income, before expense	338	431
Investment expense	(27)	(24)
Net investment income	$ 311	$ 407

Realized capital gains and losses

Realized capital gains (losses) by asset type are as follows:

($ in millions)	Three months ended March 31,	
	2019	2018
Fixed income securities	$ (6)	$ (6)
Equity securities	146	(26)
Limited partnership interests	10	3
Derivatives	4	(3)
Other	(6)	—
Realized capital gains (losses)	$ 148	$ (32)

Realized capital gains (losses) by transaction type are as follows:

($ in millions)	Three months ended March 31,	
	2019	2018
Impairment write-downs	$ (7)	$ (1)
Change in intent write-downs	—	—
Net OTTI losses recognized in earnings	(7)	(1)
Sales	(6)	(5)
Valuation of equity investments [(1)]	157	(23)
Valuation and settlements of derivative instruments	4	(3)
Realized capital gains (losses)	$ 148	$ (32)

(1) 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 $13 million and $7 million and gross losses of $19 million and $12 million during the three months ended March 31, 2019 and 2018, respectively.

The following table presents the net pre-tax appreciation (decline) during 2019 and 2018 of equity securities and limited partnership interests carried at fair value still held as of March 31, 2019 and March 31, 2018 recognized in net income.

($ in millions)	Three months ended March 31,	
	2019	2018
Equity securities	$ 118	$ (9)
Limited partnership interests carried at fair value	(19)	38
Total	$ 99	$ 29

OTTI losses by asset type are as follows:

($ in millions)	Three months ended March 31, 2019			Three months ended March 31, 2018		
	Gross	Included in OCI	Net	Gross	Included in OCI	Net
Fixed income securities:						
CMBS	$ —	$ —	$ —	$ —	$ (1)	$ (1)
Total fixed income securities	—	—	—	—	(1)	(1)
Limited partnership interests	(1)	—	(1)	—	—	—
Other	(6)	—	(6)	—	—	—
OTTI losses	$ (7)	$ —	$ (7)	$ —	$ (1)	$ (1)

The total amount of OTTI losses included in AOCI at the time of impairment for fixed income securities, which were not included in earnings, are presented in the following table. The amounts exclude $100 million and $101 million as of March 31, 2019 and December 31, 2018, respectively, of net unrealized gains related to changes in valuation of the fixed income securities subsequent to the impairment measurement date.

($ in millions)	March 31, 2019	December 31, 2018
Municipal	$ (4)	$ (4)
Corporate	(1)	(1)
ABS	(5)	(5)
RMBS	(31)	(32)
CMBS	(2)	(2)
Total	$ (43)	$ (44)

Rollforwards of the cumulative credit losses recognized in earnings for fixed income securities held as of the end of the period are as follows:

($ in millions)	Three months ended March 31, 2019	2018
Beginning balance	$ (123)	$ (138)
Additional credit loss for securities previously other-than-temporarily impaired	—	(1)
Reduction in credit loss for securities disposed or collected	2	11
Ending balance	$ (121)	$ (128)

The Company uses its best estimate of future cash flows expected to be collected from the fixed income security, discounted at the security's original or current effective rate, as appropriate, to calculate a recovery value and determine whether a credit loss exists. 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, including past events, current conditions, and reasonable and supportable assumptions and forecasts, 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, foreign exchange rates, the financial condition and future earnings potential of the issue or issuer, expected defaults, expected recoveries, the value of underlying collateral, vintage, 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, sector 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 estimated recovery value is less than the amortized cost of the security, a credit loss exists and an OTTI for the difference between the estimated recovery value and amortized cost is recorded in earnings. 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.

Unrealized net capital gains and losses

Unrealized net capital gains and losses included in AOCI are as follows:

($ in millions)		Gross unrealized		Unrealized net
March 31, 2019	Fair value	Gains	Losses	gains (losses)
Fixed income securities	$ 21,541	$ 1,006	$ (129)	$ 877
Short-term investments	1,284	—	—	—
Unrealized net capital gains and losses, pre-tax				877
Amounts recognized for:				
Insurance reserves [(1)]				(8)
DAC and DSI [(2)]				(123)
Amounts recognized				(131)
Deferred income taxes				(157)
Unrealized net capital gains and losses, after-tax				$ 589

(1) 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).

(2) 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.

($ in millions) December 31, 2018	Fair value	Gross unrealized Gains	Gross unrealized Losses	Unrealized net gains (losses)
Fixed income securities	$ 21,400	$ 732	$ (389)	$ 343
Short-term investments	810	—	—	—
Unrealized net capital gains and losses, pre-tax				343
Amounts recognized for:				
Insurance reserves				—
DAC and DSI				(35)
Amounts recognized				(35)
Deferred income taxes				(65)
Unrealized net capital gains and losses, after-tax				$ 243

Change in unrealized net capital gains and losses

The change in unrealized net capital gains and losses for the three months ended March 31, 2019 is as follows:

($ in millions)	
Fixed income securities	$ 534
Total	534
Amounts recognized for:	
Insurance reserves	(8)
DAC and DSI	(88)
Amounts recognized	(96)
Deferred income taxes	(92)
Increase in unrealized net capital gains and losses, after-tax	$ 346

Portfolio monitoring

The Company has a comprehensive portfolio monitoring process to identify and evaluate each fixed income security whose carrying value may be other-than-temporarily impaired.

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, the security’s decline in fair value is considered other than temporary and is 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 by discounting the best estimate of future cash flows at the security’s original or current effective rate, as appropriate, and compares this to the amortized cost of the security. If the Company does not expect to receive cash flows sufficient to recover the entire amortized cost basis of the fixed income security, the credit loss component of the impairment is recorded in earnings, with the remaining amount of the unrealized loss related to other factors recognized in OCI.

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 established thresholds. The process also includes the monitoring of other impairment 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 OTTI using all reasonably available information relevant to the collectability or recovery of the security. Inherent in the Company’s evaluation of OTTI 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 is other than temporary 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 length of time and extent to which the fair value has been less than amortized cost.

The following table summarizes the gross unrealized losses and fair value of securities by the length of time that individual securities have been in a continuous unrealized loss position.

($ in millions)	Less than 12 months			12 months or more			Total unrealized losses
	Number of issues	Fair value	Unrealized losses	Number of issues	Fair value	Unrealized losses	
March 31, 2019							
Fixed income securities							
U.S. government and agencies	1	$ 3	$ —	—	$ —	$ —	$ —
Municipal	3	25	—	2	17	(3)	(3)
Corporate	219	932	(17)	521	3,543	(105)	(122)
ABS	12	58	(1)	12	27	(2)	(3)
RMBS	51	5	—	53	10	—	—
CMBS	4	10	(1)	1	—	—	(1)
Redeemable preferred stock	—	—	—	—	—	—	—
Total fixed income securities	290	$ 1,033	$ (19)	589	$ 3,597	$ (110)	$ (129)
Investment grade fixed income securities	175	$ 639	$ (8)	479	$ 3,162	$ (85)	$ (93)
Below investment grade fixed income securities	115	394	(11)	110	435	(25)	(36)
Total fixed income securities	290	$ 1,033	$ (19)	589	$ 3,597	$ (110)	$ (129)
December 31, 2018							
Fixed income securities							
U.S. government and agencies	2	$ 6	$ —	1	$ 1	$ —	$ —
Municipal	38	98	(1)	5	26	(3)	(4)
Corporate	1,260	6,799	(218)	370	2,633	(163)	(381)
ABS	30	167	(1)	11	31	(2)	(3)
RMBS	124	11	—	47	10	(1)	(1)
CMBS	3	7	—	2	—	—	—
Redeemable preferred stock	1	—	—	—	—	—	—
Total fixed income securities	1,458	$ 7,088	$ (220)	436	$ 2,701	$ (169)	$ (389)
Investment grade fixed income securities	948	$ 5,255	$ (121)	388	$ 2,551	$ (147)	$ (268)
Below investment grade fixed income securities	510	1,833	(99)	48	150	(22)	(121)
Total fixed income securities	1,458	$ 7,088	$ (220)	436	$ 2,701	$ (169)	$ (389)

As of March 31, 2019, $107 million of the $129 million unrealized losses are related to securities with an unrealized loss position less than 20% of amortized cost, the degree of which suggests that these securities do not pose a high risk of being other-than-temporarily impaired. Of the $107 million, $81 million are related to unrealized losses on investment grade fixed income securities. Of the remaining $26 million, $10 million have been in an unrealized loss position for less than 12 months. 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.

As of March 31, 2019, the remaining $22 million of unrealized losses are related to securities in unrealized loss positions greater than or equal to 20% of amortized cost. Investment grade fixed income securities comprising $12 million of these unrealized losses were 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. Of the $22 million, $10 million are related to below investment grade fixed income securities. Of these amounts, $1 million are related to below investment grade fixed income securities that had been in an unrealized loss position greater than or equal to 20% of amortized cost for a period of twelve or more consecutive months as of March 31, 2019.

ABS, RMBS and CMBS 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, 2019, 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.

Limited partnerships

Investments in limited partnership interests include interests in private equity funds, real estate funds and other funds. As of March 31, 2019 and December 31, 2018, the carrying value of equity method of accounting limited partnerships totaled $2.46 billion and $2.51 billion, respectively, and limited partnerships carried at fair value totaled $758 million and $787 million, respectively.

Mortgage loans

Mortgage loans are evaluated for impairment on a specific loan basis through a quarterly credit monitoring process and review of key credit quality indicators. Mortgage loans are considered impaired when it is probable that the Company will not collect the contractual principal and interest. Valuation allowances are established for impaired loans to reduce the carrying value to the fair value of the collateral less costs to sell or the present value of the loan's expected future repayment cash flows discounted at the loan's original effective interest rate. Impaired mortgage loans may not have a valuation allowance when the fair value of the collateral less costs to sell is higher than the carrying value. Valuation allowances are adjusted for subsequent changes in the fair value of the collateral less costs to sell or present value of the loan's expected future repayment cash flows. Mortgage loans are charged off against their corresponding valuation allowances when there is no reasonable expectation of recovery. The impairment evaluation is non-statistical in respect to the aggregate portfolio but considers facts and circumstances attributable to each loan. It is not considered probable that additional impairment losses, beyond those identified on a specific loan basis, have been incurred as of March 31, 2019.

Accrual of income is suspended for mortgage loans that are in default or when full and timely collection of principal and interest payments is not probable. Cash receipts on mortgage loans on non-accrual status are generally recorded as a reduction of carrying value.

Debt service coverage ratio is considered a key credit quality indicator when mortgage loans are evaluated for impairment. Debt service coverage ratio represents the amount of estimated cash flows 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.

The following table reflects the carrying value of non-impaired mortgage loans summarized by debt service coverage ratio distribution.

($ in millions)	March 31, 2019			December 31, 2018		
Debt service coverage ratio distribution	Fixed rate mortgage loans	Variable rate mortgage loans	Total	Fixed rate mortgage loans	Variable rate mortgage loans	Total
Below 1.0	$ 22	$ 16	$ 38	$ 6	$ 15	$ 21
1.0 - 1.25	203	—	203	221	—	221
1.26 - 1.50	1,042	—	1,042	1,048	—	1,048
Above 1.50	2,705	42	2,747	2,659	42	2,701
Total non-impaired mortgage loans	$ 3,972	$ 58	$ 4,030	$ 3,934	$ 57	$ 3,991

Mortgage loans with a debt service coverage ratio below 1.0 that are not considered impaired primarily relate to instances 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 circumstances such as additional collateral, escrow balances or borrower guarantees.

The net carrying value of impaired mortgage loans is as follows:

($ in millions)	March 31, 2019	December 31, 2018
Impaired mortgage loans with a valuation allowance	$ 4	$ 4
Impaired mortgage loans without a valuation allowance	—	—
Total impaired mortgage loans	$ 4	$ 4
Valuation allowance on impaired mortgage loans	$ 3	$ 3

The valuation allowance on impaired mortgage loans had no activity for the three months ended March 31, 2019 and 2018. The average balance of impaired loans was $4 million for both the three months ended March 31, 2019 and 2018.

Payments on all mortgage loans were current as of March 31, 2019 and December 31, 2018.

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, 2019 and December 31, 2018, the fair value of short-term investments totaled $1.28 billion and $810 million, respectively.

Policy loans

Policy loans are carried at unpaid principal balances. As of March 31, 2019 and December 31, 2018, the carrying value of policy loans totaled $553 million and $561 million, respectively.

Other investments

Other investments primarily consist of agent loans, bank loans, real estate and derivatives. Agent loans are loans issued to exclusive Allstate agents and are carried at unpaid principal balances, net of valuation allowances and unamortized deferred fees or costs. Bank loans are primarily senior secured corporate loans and are carried at amortized cost. Real estate is carried at cost less accumulated depreciation. Derivatives are carried at fair value. The following table summarizes other investments by asset type.

($ in millions)	March 31, 2019	December 31, 2018
Agent loans	$ 639	$ 620
Bank loans	394	422
Real estate	237	228
Derivatives and other	78	30
Total	$ 1,348	$ 1,300

4. 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. The first is where 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.

The second situation where the Company classifies securities in Level 3 is where 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 investment is subject to remeasurement at fair value after initial recognition and the resulting remeasurement is reflected 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 valuation techniques for assets and liabilities measured at fair value on a recurring basis

Level 1 measurements

- Fixed income securities: Comprise certain U.S. Treasury fixed income securities. Valuation is based on unadjusted quoted prices for identical assets in active markets that the Company can access.
- Equity securities: Comprise actively traded, exchange-listed equity securities. Valuation is based on unadjusted quoted prices for identical assets in active markets that the Company can access.
- Short-term: Comprise U.S. Treasury bills valued based on unadjusted quoted prices for identical assets in active markets that the Company can access and actively traded money market funds that have daily quoted net asset values for identical assets that the Company can access.
- Separate account assets: Comprise actively traded mutual funds that have daily quoted net asset values that are readily determinable for identical assets that the Company can access. Net asset values for the actively traded mutual funds in which the separate account assets are invested are obtained daily from the fund managers.

Level 2 measurements

- Fixed income securities:

  U.S. government and agencies: 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.

  Municipal: 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 - public: 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: 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.

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.

ABS - collateralized debt obligations ("CDO") and ABS - consumer and other: 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, prepayment speeds, collateral performance and credit spreads. Certain ABS - CDO and ABS - consumer and other are valued based on non-binding broker quotes whose inputs have been corroborated to be market observable.

RMBS: 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, prepayment speeds, collateral performance and credit spreads.

CMBS: 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.

Redeemable preferred stock: 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, underlying stock prices and credit spreads.

- 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.

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 Corporate - privately placed: Primarily valued based on non-binding broker quotes where the inputs have not been corroborated to be market observable. Other inputs 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.

ABS - CDO, ABS - consumer and other, and CMBS: Valued based on non-binding broker quotes received from brokers who are familiar with the investments and where the inputs have not been corroborated to be market observable.

- 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.
- 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

Mortgage loans written-down to fair value in connection with recognizing impairments are valued based on the fair value of the underlying collateral less costs to sell. Bank loans written-down to fair value are valued based on broker quotes from brokers familiar with the loans and current market conditions or based on internal valuation models.

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, 2019, the Company has commitments to invest $258 million in these limited partnership interests.

The following table summarizes the Company's assets and liabilities measured at fair value as of March 31, 2019.

($ 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	Balance as of March 31, 2019
Assets					
Fixed income securities:					
U.S. government and agencies	$ 255	$ 283	$ —		$ 538
Municipal	—	2,120	40		2,160
Corporate - public	—	12,302	35		12,337
Corporate - privately placed	—	5,582	97		5,679
Foreign government	—	178	—		178
ABS - CDO	—	23	6		29
ABS - consumer and other	—	356	25		381
RMBS	—	188	—		188
CMBS	—	35	2		37
Redeemable preferred stock	—	14	—		14
Total fixed income securities	255	21,081	205		21,541
Equity securities	1,162	16	106		1,284
Short-term investments	655	629	—		1,284
Other investments: Free-standing derivatives	—	79	1	$ (9)	71
Separate account assets	3,024	—	—		3,024
Total recurring basis assets	5,096	21,805	312	(9)	27,204
Non-recurring basis [(1)]	—	—	13		13
Total assets at fair value	$ 5,096	$ 21,805	$ 325	$ (9)	$ 27,217
% of total assets at fair value	18.7%	80.1%	1.2%	— %	100.0%
Investments reported at NAV					758
Total					$ 27,975
Liabilities					
Contractholder funds: Derivatives embedded in life and annuity contracts	$ —	$ —	$ (247)		$ (247)
Other liabilities: Free-standing derivatives	—	(22)	—	$ 3	(19)
Total recurring basis liabilities at fair value	$ —	$ (22)	$ (247)	$ 3	$ (266)
% of total liabilities at fair value	—%	8.2%	92.9%	(1.1)%	100.0%

(1) Includes $2 million of limited partnerships and $11 million of bank loans written-down to fair value in connection with recognizing OTTI impairments.

The following table summarizes the Company's assets and liabilities measured at fair value as of December 31, 2018.

($ 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	Balance as of December 31, 2018
Assets					
Fixed income securities:					
U.S. government and agencies	$ 493	$ 280	$ —		$ 773
Municipal	—	2,156	39		2,195
Corporate - public	—	11,891	33		11,924
Corporate - privately placed	—	5,552	97		5,649
Foreign government	—	179	—		179
ABS - CDO	—	26	6		32
ABS - consumer and other	—	381	16		397
RMBS	—	197	—		197
CMBS	—	40	—		40
Redeemable preferred stock	—	14	—		14
Total fixed income securities	493	20,716	191		21,400
Equity securities	1,182	14	129		1,325
Short-term investments	443	367	—		810
Other investments: Free-standing derivatives	—	30	1	$ (8)	23
Separate account assets	2,783	—	—		2,783
Total recurring basis assets at fair value	$ 4,901	$ 21,127	$ 321	$ (8)	$ 26,341
% of total assets at fair value	18.6%	80.2%	1.2%	— %	100.0%
Investments reported at NAV					787
Total					$ 27,128
Liabilities					
Contractholder funds: Derivatives embedded in life and annuity contracts	$ —	$ —	$ (223)		$ (223)
Other liabilities: Free-standing derivatives	—	(7)	—	$ 2	(5)
Total recurring basis liabilities at fair value	$ —	$ (7)	$ (223)	$ 2	$ (228)
% of total liabilities at fair value	—%	3.1%	97.8%	(0.9)%	100.0%

The following table summarizes 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, 2019					
Derivatives embedded in life and annuity contracts – Equity-indexed and forward starting options	$ (216)	Stochastic cash flow model	Projected option cost	1.0 - 2.2%	1.74%
December 31, 2018					
Derivatives embedded in life and annuity contracts – Equity-indexed and forward starting options	$ (184)	Stochastic cash flow model	Projected option cost	1.0 - 2.2%	1.74%

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, 2019 and December 31, 2018, Level 3 fair value measurements of fixed income securities total $205 million and $191 million, respectively, and include $83 million and $80 million, respectively, of securities valued based on non-binding broker quotes where the inputs have not been corroborated to be market observable. The Company does not develop the unobservable inputs used in measuring fair value; therefore, these 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.

The following table presents the rollforward of Level 3 assets and liabilities held at fair value on a recurring basis during the three months ended March 31, 2019.

($ in millions)		Total gains (losses) included in:			
	Balance as of December 31, 2018	Net income [1]	OCI	Transfers into Level 3	Transfers out of Level 3
Assets					
Fixed income securities:					
Municipal	$ 39	$ —	$ 1	$ —	$ —
Corporate - public	33	—	—	—	—
Corporate - privately placed	97	(2)	2	15	—
ABS - CDO	6	—	—	—	—
ABS - consumer and other	16	—	—	—	—
CMBS	—	—	—	2	—
Total fixed income securities	191	(2)	3	17	—
Equity securities	129	15	—	—	—
Free-standing derivatives, net	1	—	—	—	—
Total recurring Level 3 assets	$ 321	$ 13	$ 3	$ 17	$ —
Liabilities					
Contractholder funds: Derivatives embedded in life and annuity contracts	$ (223)	$ (25)	$ —	$ —	$ —
Total recurring Level 3 liabilities	$ (223)	$ (25)	$ —	$ —	$ —

	Purchases	Sales	Issues	Settlements	Balance as of March 31, 2019
Assets					
Fixed income securities:					
Municipal	$ —	$ —	$ —	$ —	$ 40
Corporate - public	3	—	—	(1)	35
Corporate - privately placed	—	(13)	—	(2)	97
ABS - CDO	—	—	—	—	6
ABS - consumer and other	12	—	—	(3)	25
CMBS	—	—	—	—	2
Total fixed income securities	15	(13)	—	(6)	205
Equity securities	—	(38)	—	—	106
Free-standing derivatives, net	—	—	—	—	1 [2]
Total recurring Level 3 assets	$ 15	$ (51)	$ —	$ (6)	$ 312
Liabilities					
Contractholder funds: Derivatives embedded in life and annuity contracts	$ —	$ —	$ —	$ 1	$ (247)
Total recurring Level 3 liabilities	$ —	$ —	$ —	$ 1	$ (247)

(1) The effect to net income totals $(12) million and is reported in the Condensed Consolidated Statements of Operations and Comprehensive Income as follows: $13 million in realized capital gains and losses, $(33) million in interest credited to contractholder funds and $8 million in contract benefits.

(2) Comprises $1 million of assets.

The following table presents the rollforward of Level 3 assets and liabilities held at fair value on a recurring basis during the three months ended March 31, 2018.

($ in millions)	Balance as of December 31, 2017	Total gains (losses) included in: Net income [1]	Total gains (losses) included in: OCI	Transfers into Level 3	Transfers out of Level 3
Assets					
Fixed income securities:					
Municipal	$ 57	$ —	$ (1)	$ —	$ —
Corporate - public	49	—	(1)	3	—
Corporate - privately placed	220	—	(2)	—	(13)
ABS - CDO	10	—	—	—	—
ABS - consumer and other	40	—	—	3	—
Total fixed income securities	376	—	(4)	6	(13)
Equity securities	90	1	—	—	—
Free-standing derivatives, net	1	—	—	—	—
Total recurring Level 3 assets	$ 467	$ 1	$ (4)	$ 6	$ (13)
Liabilities					
Contractholder funds: Derivatives embedded in life and annuity contracts	$ (284)	$ 23	$ —	$ —	$ —
Total recurring Level 3 liabilities	$ (284)	$ 23	$ —	$ —	$ —

	Purchases	Sales	Issues	Settlements	Balance as of March 31, 2018
Assets					
Fixed income securities:					
Municipal	$ —	$ —	$ —	$ —	$ 56
Corporate - public	—	(1)	—	(3)	47
Corporate - privately placed	11	—	—	(1)	215
ABS - CDO	—	—	—	—	10
ABS - consumer and other	3	(4)	—	(1)	41
Total fixed income securities	14	(5)	—	(5)	369
Equity securities	8	—	—	—	99
Free-standing derivatives, net	—	—	—	—	1 [2]
Total recurring Level 3 assets	$ 22	$ (5)	$ —	$ (5)	$ 469
Liabilities					
Contractholder funds: Derivatives embedded in life and annuity contracts	$ —	$ —	$ (1)	$ 2	$ (260)
Total recurring Level 3 liabilities	$ —	$ —	$ (1)	$ 2	$ (260)

(1) The effect to net income totals $24 million and is reported in the Condensed Consolidated Statements of Operations and Comprehensive Income as follows: $1 million in realized capital gains and losses, $19 million in interest credited to contractholder funds and $4 million in contract benefits.

(2) Comprises $1 million of assets.

Transfers between level categorizations may occur due to changes in the availability of market observable inputs, which generally are caused by changes in market conditions such as liquidity, trading volume or bid-ask spreads. Transfers between level categorizations may also occur due to changes in the valuation source, including situations where a fair value quote is not provided by the Company's independent third-party valuation service provider resulting in the price becoming stale or replaced with a broker quote whose inputs have not been corroborated to be market observable. This situation will result in the transfer of a security into Level 3. Transfers in and out of level categorizations are reported as having occurred at the beginning of the quarter in which the transfer occurred. Therefore, for all transfers into Level 3, all realized and changes in unrealized gains and losses in the quarter of transfer are reflected in the Level 3 rollforward table.

There were no transfers between Level 1 and Level 2 during the three months ended March 31, 2019 or 2018.

Transfers into Level 3 during the three months ended March 31, 2019 and 2018 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 out of Level 3 during the three months ended March 31, 2019 and 2018 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.

The following table provides valuation changes included in net income for Level 3 assets and liabilities held as of March 31.

($ in millions)	Three months ended March 31, 2019	Three months ended March 31, 2018
Assets		
Equity securities	$ 2	$ 1
Total recurring Level 3 assets	$ 2	$ 1
Liabilities		
Contractholder funds: Derivatives embedded in life and annuity contracts	$ (25)	$ 23
Total recurring Level 3 liabilities	$ (25)	$ 23

The amounts in the table above represent gains and losses related to valuation changes included in net income for the period of time that the asset or liability was held and determined to be in Level 3. These gains and losses result in $(23) million of net income for the three months ended March 31, 2019 and are reported as follows: $2 million in realized capital gains and losses, $(33) million in interest credited to contractholder funds and $8 million in contract benefits. These gains and losses result in $24 million of net income for the three months ended March 31, 2018 and are reported as follows: $1 million in realized capital gains and losses, $19 million in interest credited to contractholder funds and $4 million in contract benefits.

Presented below are the carrying values and fair value estimates of financial instruments not carried at fair value.

Financial assets

($ in millions)		March 31, 2019		December 31, 2018	
	Fair value level	Carrying value	Fair value	Carrying value	Fair value
Mortgage loans	Level 3	$ 4,034	$ 4,132	$ 3,995	$ 4,028
Bank loans	Level 3	394	383	422	408
Agent loans	Level 3	639	639	620	617

Financial liabilities

($ in millions)		March 31, 2019		December 31, 2018	
	Fair value level	Carrying value	Fair value	Carrying value	Fair value
Contractholder funds on investment contracts	Level 3	$ 8,979	$ 9,590	$ 9,213	$ 9,629
Liability for collateral	Level 2	587	587	525	525
Notes due to related parties	Level 3	140	140	140	138

5. 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.

The Company utilizes several derivative strategies to manage risk. Asset-liability management is a risk management strategy that is principally employed to balance the respective interest-rate sensitivities of the Company’s 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 Company’s fixed income portfolio. Futures and options are used for hedging the equity exposure contained in the Company’s 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 by the Company 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 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 and Comprehensive Income.

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 for fair value hedge accounting, net income includes the changes in the fair value of both the derivative instrument and the hedged risk, and therefore reflects any hedging ineffectiveness. 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.

The Company had one derivative used in fair value hedging relationships for the three months ended March 31, 2019 and 2018. The Company had no derivatives used in cash flow hedging relationships for the three months ended March 31, 2019 and had one foreign currency contract designated as a cash flow hedge during the three months ended March 31, 2018. Gains deferred in AOCI on foreign currency derivatives during the term of the cash flow hedge were zero and $2 million as of March 31, 2019 and 2018, respectively.

The following table provides a summary of the volume and fair value positions of derivative instruments as well as their reporting location in the Condensed Consolidated Statement of Financial Position as of March 31, 2019.

($ 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	$ 3	n/a	$ —	$ —	$ —
Derivatives not designated as accounting hedging instruments						
Interest rate contracts						
Interest rate cap agreements	Other investments	4	n/a	—	—	—
Equity and index contracts						
Options	Other investments	—	3,162	69	69	—
Futures	Other assets	—	29	—	—	—
Total return index contracts						
Total return swap agreements - fixed income	Other investments	3	n/a	—	—	—
Total return swap agreements - equity	Other investments	12	n/a	—	—	—
Foreign currency contracts						
Foreign currency forwards	Other investments	211	n/a	7	8	(1)
Credit default contracts						
Credit default swaps – buying protection	Other investments	30	n/a	—	2	(2)
Credit default swaps – selling protection	Other investments	4	—	—	—	—
Total asset derivatives		$ 267	3,191	$ 76	$ 79	$ (3)
Liability derivatives						
Derivatives not designated as accounting hedging instruments						
Interest rate contracts						
Interest rate cap agreements	Other liabilities & accrued expenses	$ 32	n/a	$ 1	$ 1	$ —
Futures	Other liabilities & accrued expenses	—	80	—	—	—
Equity and index contracts						
Options	Other liabilities & accrued expenses	—	3,017	(18)	—	(18)
Embedded derivative financial instruments						
Guaranteed accumulation benefits	Contractholder funds	179	n/a	(19)	—	(19)
Guaranteed withdrawal benefits	Contractholder funds	221	n/a	(12)	—	(12)
Equity-indexed and forward starting options in life and annuity product contracts	Contractholder funds	1,695	n/a	(216)	—	(216)
Credit default contracts						
Credit default swaps – buying protection	Other liabilities & accrued expenses	51	—	(1)	—	(1)
Credit default swaps – selling protection	Other liabilities & accrued expenses	1	n/a	—	—	—
Total liability derivatives		2,179	3,097	(265)	$ 1	$ (266)
Total derivatives		$ 2,446	6,288	$ (189)		

(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)

The following table provides a summary of the volume and fair value positions of derivative instruments as well as their reporting location in the Consolidated Statement of Financial Position as of December 31, 2018.

($ 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 not designated as accounting hedging instruments						
Interest rate contracts						
Interest rate cap agreements	Other investments	$ 6	n/a	$ —	$ —	$ —
Futures	Other assets	—	330	—	—	—
Equity and index contracts						
Options	Other investments	—	3,440	21	21	—
Futures	Other assets	—	26	—	—	—
Total return index contracts						
Total return swap agreements - fixed income	Other investments	7	n/a	—	—	—
Total return swap agreements - equity index	Other investments	10	n/a	(1)	—	(1)
Foreign currency contracts						
Foreign currency forwards	Other investments	240	n/a	8	8	—
Credit default contracts						
Credit default swaps – buying protection	Other investments	27	n/a	—	1	(1)
Other contracts						
Other	Other assets	2	n/a	—	—	—
Total asset derivatives		$ 292	3,796	$ 28	$ 30	$ (2)
Liability derivatives						
Derivatives not designated as accounting hedging instruments						
Interest rate contracts						
Interest rate cap agreements	Other liabilities & accrued expenses	$ 31	n/a	$ 1	$ 1	$ —
Equity and index contracts						
Options	Other liabilities & accrued expenses	—	3,266	(5)	—	(5)
Embedded derivative financial instruments						
Guaranteed accumulation benefits	Contractholder funds	169	n/a	(25)	—	(25)
Guaranteed withdrawal benefits	Contractholder funds	210	n/a	(14)	—	(14)
Equity-indexed and forward starting options in life and annuity product contracts	Contractholder funds	1,696	n/a	(184)	—	(184)
Credit default contracts						
Credit default swaps – selling protection	Other liabilities & accrued expenses	1	n/a	—	—	—
Total liability derivatives		2,107	3,266	(227)	$ 1	$ (228)
Total derivatives		$ 2,399	7,062	$ (199)		

[(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)

The following table provides gross and net amounts for the Company's OTC derivatives, all of which are subject to enforceable master netting agreements.

($ 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, 2019						
Asset derivatives	$ 11	$ (4)	$ (5)	$ 2	$ —	$ 2
Liability derivatives	(3)	4	(1)	—	—	—
December 31, 2018						
Asset derivatives	$ 10	$ (3)	$ (5)	$ 2	$ —	$ 2
Liability derivatives	(2)	3	(1)	—	—	—

The following tables present gains and losses from valuation and settlements reported on derivatives not designated as accounting hedging instruments in the Condensed Consolidated Statements of Operations and Comprehensive Income.

($ in millions)	Realized capital gains and losses	Contract benefits	Interest credited to contractholder funds	Total gain (loss) recognized in net income on derivatives
Three months ended March 31, 2019				
Equity and index contracts	$ 2	$ —	$ 29	$ 31
Embedded derivative financial instruments	—	8	(32)	(24)
Foreign currency contracts	1	—	—	1
Total return swaps - equity	1	—	—	1
Total	$ 4	$ 8	$ (3)	$ 9
Three months ended March 31, 2018				
Equity and index contracts	$ —	$ —	$ (4)	$ (4)
Embedded derivative financial instruments	—	4	20	24
Foreign currency contracts	(3)	—	—	(3)
Total	$ (3)	$ 4	$ 16	$ 17

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, 2019, counterparties pledged $7 million in collateral to the Company, and the Company pledged $1 million in collateral to counterparties. 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.

The following table summarizes the counterparty credit exposure by counterparty credit rating as it relates to the Company's OTC derivatives.

($ in millions)	March 31, 2019				December 31, 2018			
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	$ 268	$ 8	$ 1	3	$ 283	$ 9	$ 1
A	1	28	—	1	1	23	—	—
Total	5	$ 296	$ 8	$ 2	4	$ 306	$ 9	$ 1

(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, 2019, the Company pledged $8 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)	As of March 31, 2019	As of December 31, 2018
Gross liability fair value of contracts containing credit-risk-contingent features	$ 3	$ 2
Gross asset fair value of contracts containing credit-risk-contingent features and subject to MNAs	(3)	(2)
Collateral posted under MNAs for contracts containing credit-risk-contingent features	—	—
Maximum amount of additional exposure for contracts with credit-risk-contingent features if all features were triggered concurrently	$ —	$ —

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.

The following table shows the CDS notional amounts by credit rating and fair value of protection sold.

($ in millions)	Notional amount					
	AA	A	BBB	BB and lower	Total	Fair value
March 31, 2019						
Single name						
Corporate debt	$ —	$ —	$ —	$ 5	$ 5	$ —
Total	$ —	$ —	$ —	$ 5	$ 5	$ —
December 31, 2018						
Single name						
Corporate debt	$ —	$ —	$ —	$ 1	$ 1	$ —
Total	$ —	$ —	$ —	$ 1	$ 1	$ —

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.

6. Reinsurance

The effects of reinsurance on premiums and contract charges are as follows:

($ in millions)	Three months ended March 31, 2019	Three months ended March 31, 2018
Direct	$ 183	$ 185
Assumed		
Affiliate	58	60
Non-affiliate	177	189
Ceded		
Affiliate	(12)	(13)
Non-affiliate	(59)	(68)
Premiums and contract charges, net of reinsurance	$ 347	$ 353

The effects of reinsurance on contract benefits are as follows:

($ in millions)	Three months ended March 31, 2019	Three months ended March 31, 2018
Direct	$ 250	$ 257
Assumed		
Affiliate	32	34
Non-affiliate	116	134
Ceded		
Affiliate	(9)	(12)
Non-affiliate	(26)	(43)
Contract benefits, net of reinsurance	$ 363	$ 370

The effects of reinsurance on interest credited to contractholder funds are as follows:

($ in millions)	Three months ended March 31, 2019	Three months ended March 31, 2018
Direct	$ 113	$ 130
Assumed		
Affiliate	2	2
Non-affiliate	41	25
Ceded		
Affiliate	(5)	(5)
Non-affiliate	(3)	(4)
Interest credited to contractholder funds, net of reinsurance	$ 148	$ 148

Reinsurance Recoverables As of March 31, 2019, the Company had $2.56 billion of reinsurance recoverables. Of the $2.56 billion, the Company had $63 million of reinsurance recoverables, net of an allowance for estimated uncollectible amounts, related to a third party reinsurer Scottish Re (U.S.), Inc. 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 within a 120-day period from the date of the Rehabilitation Order and will not make payments relating to the claims or losses of ceding insurers during this period. 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.

7. Guarantees and Contingent Liabilities

Guarantees

Related to the sale of Lincoln Benefit Life Company on April 1, 2014, the Company agreed to indemnify Resolution Life Holdings, Inc. in connection with certain representations, warranties and covenants of the Company, and certain liabilities specifically excluded from the transaction, subject to specific contractual limitations regarding the Company'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.

Related to the disposal through reinsurance of substantially all of the Company's variable annuity business to Prudential in 2006, the Company and the Corporation have agreed to indemnify Prudential for certain pre-closing contingent liabilities (including extra-contractual liabilities of the Company and liabilities specifically excluded from the transaction) that the Company has agreed to retain. In addition, the Company and the Corporation will each indemnify Prudential for certain post-closing liabilities that may arise from the acts of the Company and its agents, including certain liabilities arising from the Company's provision of transition services. The reinsurance agreements contain no limitations or indemnifications with regard to insurance risk transfer and transferred all of the future risks and responsibilities for performance on the underlying variable annuity contracts to Prudential, including those related to benefit guarantees. Management does not believe this agreement will have a material effect on results of operations, cash flows or financial position of the Company.

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.

The aggregate liability balance related to all guarantees was not material as of March 31, 2019.

Regulation and compliance

The Company is subject to extensive laws, regulations and regulatory actions. From time to time, regulatory authorities or legislative bodies seek to impose additional regulations regarding agent 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, the Financial Industry Regulatory Authority, 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.

8. Other Comprehensive Income

The components of other comprehensive income (loss) on a pre-tax and after-tax basis are as follows:

($ in millions)	Three months ended March 31,					
	2019			2018		
	Pre-tax	Tax	After-tax	Pre-tax	Tax	After-tax
Unrealized net holding gains and losses arising during the period, net of related offsets	$ 430	$ (90)	$ 340	$ (224)	$ 47	$ (177)
Less: reclassification adjustment of realized capital gains and losses	(8)	2	(6)	(2)	—	(2)
Unrealized net capital gains and losses	438	(92)	346	(222)	47	(175)
Unrealized foreign currency translation adjustments	(4)	1	(3)	5	(1)	4
Other comprehensive income (loss)	$ 434	$ (91)	$ 343	$ (217)	$ 46	$ (171)

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholder of
Allstate Life Insurance Company
Northbrook, Illinois 60062

Results of Review of Interim Financial Information

We have reviewed the accompanying condensed consolidated statement of financial position of Allstate Life Insurance Company and subsidiaries (the "Company"), an affiliate of The Allstate Corporation, as of March 31, 2019, and the related condensed consolidated statements of operations and comprehensive income, shareholder's equity and cash flows for the three month periods ended March 31, 2019 and 2018, 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 Allstate Life Insurance Company and subsidiaries as of December 31, 2018, and the related consolidated statements of operations and comprehensive income, shareholder's equity, and cash flows for the year then ended (not presented herein); and in our report dated February 22, 2019, we expressed an unqualified opinion on those consolidated financial statements. In our opinion, the information set forth in the accompanying condensed consolidated statement of financial position as of December 31, 2018 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 7, 2019

Item 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS FOR THE THREE MONTH PERIODS ENDED MARCH 31, 2019 AND 2018

OVERVIEW

The following discussion highlights significant factors influencing the consolidated financial position and results of operations of Allstate Life Insurance Company (referred to in this document as "we," "our," "us," the "Company" or "ALIC"). It should be read in conjunction with the condensed consolidated financial statements and 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 Life Insurance Company annual report on Form 10-K for 2018. We operate as a single segment entity based on the manner in which we use financial information to evaluate business performance and to determine the allocation of resources.

HIGHLIGHTS

- Net income was $164 million in the first quarter of 2019 compared to $90 million in the first quarter of 2018.
- Premiums and contract charges totaled $347 million in the first quarter of 2019, a decrease of 1.7% from $353 million in the first quarter of 2018.
- Investments totaled $33.26 billion as of March 31, 2019, an increase of $580 million from $32.68 billion as of December 31, 2018. Net investment income decreased 23.6% to $311 million in the first quarter of 2019 from $407 million in the first quarter of 2018.
- Net realized capital gains totaled $148 million in the first quarter of 2019 compared to net realized capital losses of $32 million in the first quarter of 2018.
- Contractholder funds totaled $17.24 billion as of March 31, 2019, reflecting a decrease of $231 million from $17.47 billion as of December 31, 2018.

OPERATIONS

Summary analysis Summarized financial data is presented in the following table.

($ in millions)	Three months ended March 31, 2019	2018
Revenues		
Premiums	$ 171	$ 177
Contract charges	176	176
Other revenue	10	8
Net investment income	311	407
Realized capital gains and losses	148	(32)
Total revenues	816	736
Costs and expenses		
Contract benefits	(363)	(370)
Interest credited to contractholder funds	(148)	(148)
Amortization of DAC	(32)	(39)
Operating costs and expenses	(69)	(68)
Interest expense	(1)	(1)
Total costs and expenses	(613)	(626)
Gain on disposition of operations	1	1
Income tax expense	(40)	(21)
Net income	$ 164	$ 90

Net income was $164 million in the first quarter of 2019 compared to $90 million in the first quarter of 2018. The increase was primarily due to net realized capital gains in the first quarter of 2019 compared to net realized capital losses in the first quarter of 2018, partially offset by lower net investment income.

Analysis of revenues Total revenues increased 10.9% or $80 million in the first quarter of 2019 compared to the first quarter of 2018, primarily due to net realized capital gains in the first quarter of 2019 compared to net realized capital losses in the first quarter of 2018, partially offset by lower net investment income.

Premiums represent revenues generated from traditional life insurance, accident and health insurance products, and immediate annuities with life contingencies that have significant mortality or morbidity risk.

Contract charges are revenues generated from interest-sensitive and variable life insurance and fixed annuities for which deposits are classified as contractholder funds or separate account liabilities. Contract charges are assessed against the contractholder account values for maintenance, administration, cost of insurance and surrender prior to contractually specified dates.

The following table summarizes premiums and contract charges by product.

($ in millions)	Three months ended March 31, 2019	2018
Underwritten products		
Traditional life insurance premiums	$ 141	$ 147
Accident and health insurance premiums	30	30
Interest-sensitive life insurance contract charges	173	173
Subtotal	344	350
Annuities		
Fixed annuity contract charges	3	3
Premiums and contract charges [1]	$ 347	$ 353

[1] Contract charges related to the cost of insurance totaled $129 million and $125 million in the first quarter of 2019 and 2018, respectively.

Premiums and contract charges decreased 1.7% or $6 million in the first quarter of 2019 compared to the first quarter of 2018, primarily due to lower premiums on traditional life insurance, partially offset by lower ceded premiums.

Analysis of costs and expenses Total costs and expenses decreased 2.1% or $13 million in the first quarter of 2019 compared to the first quarter of 2018, primarily due to lower contract benefits and amortization of DAC.

Contract benefits decreased 1.9% or $7 million in the first quarter of 2019 compared to the first quarter of 2018, primarily due to immediate annuity mortality experience that was favorable in comparison to the prior year and lower claim experience on traditional life insurance, partially offset by higher claim experience on interest-sensitive life and accident and health insurance and the establishment of an allowance for uncollectible reinsurance related to Scottish Re (U.S.), Inc.

We analyze our mortality and morbidity results using the difference between premiums and contract charges earned for the cost of insurance and contract benefits excluding the portion related to the implied interest on immediate annuities with life contingencies ("benefit spread"). This implied interest totaled $121 million and $123 million in the first quarter of 2019 and 2018, respectively.

The benefit spread by product group is disclosed in the following table.

($ in millions)	**Three months ended March 31,**	
	2019	**2018**
Life insurance	$ 61	$ 63
Accident and health insurance	12	17
Annuities	(15)	(25)
Total benefit spread	$ 58	$ 55

Benefit spread increased 5.5% or $3 million in the first quarter of 2019 compared to the first quarter of 2018, primarily due to immediate annuity mortality experience that was favorable in comparison to the prior year, partially offset by higher claim experience on interest-sensitive life and accident and health insurance and the establishment of an allowance for uncollectible reinsurance related to Scottish Re (U.S.), Inc.

Interest credited to contractholder funds in the first quarter of 2019 was comparable to the first quarter of 2018. Valuation changes on derivatives embedded in equity-indexed annuity contracts that are not hedged increased interest credited to contractholder funds by $3 million in the first quarter of 2019 compared to a decrease of $5 million in the first quarter of 2018.

In order to analyze the impact of net investment income and interest credited to contractholders on net income, we monitor 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 on the Condensed Consolidated Statements of Operations and Comprehensive Income ("investment spread").

The investment spread is shown in the following table.

($ in millions)	**Three months ended March 31,**	
	2019	**2018**
Investment spread before valuation changes on embedded derivatives not hedged	$ 45	$ 131
Valuation changes on derivatives embedded in equity-indexed annuity contracts that are not hedged	(3)	5
Total investment spread	$ 42	$ 136

Investment spread before valuation changes on embedded derivatives not hedged decreased 65.6% or $86 million in the first quarter of 2019 compared to the first quarter of 2018, primarily due to lower investment income, mainly from limited partnership interests.

To further analyze investment spreads, the following table summarizes the weighted average investment yield on assets supporting product liabilities and capital, 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.

	Three months ended March 31,					
	Weighted average investment yield		Weighted average interest crediting rate		Weighted average investment spreads	
	2019	2018	2019	2018	2019	2018
Interest-sensitive life insurance	4.9%	5.1%	3.7%	3.7%	1.2 %	1.4%
Deferred fixed annuities	4.2	4.0	2.7	2.8	1.5	1.2
Immediate fixed annuities with and without life contingencies	3.6	6.9	5.9	6.0	(2.3)	0.9
Investments supporting capital, traditional life and other products	3.7	3.5	n/a	n/a	n/a	n/a

Amortization of DAC The components of amortization of DAC are summarized in the following table.

($ in millions)	Three months ended March 31,	
	2019	2018
Amortization of DAC before amortization relating to realized capital gains and losses, valuation changes on embedded derivatives not hedged and changes in assumptions	$ 30	$ 37
Amortization relating to realized capital gains and losses [(1)] and valuation changes on embedded derivatives not hedged	2	2
Amortization acceleration (deceleration) for changes in assumptions ("DAC unlocking")	—	—
Total amortization of DAC	$ 32	$ 39

[(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.

Amortization of DAC decreased 17.9% or $7 million in the first quarter of 2019 compared to the first quarter of 2018, primarily due to lower gross profits on interest-sensitive life insurance.

Operating costs and expenses increased 1.5% or $1 million in the first quarter of 2019 compared to the first quarter of 2018, primarily due to a loss contingency expense related to reinsurance, partially offset by lower employee-related costs.

Analysis of reserves and contractholder funds

The following table summarizes our product liabilities.

($ in millions)	March 31, 2019	December 31, 2018
Traditional life insurance	$ 2,534	$ 2,517
Accident and health insurance	202	203
Immediate fixed annuities with life contingencies		
Sub-standard structured settlements and group pension terminations [(1)]	4,987	4,990
Standard structured settlements and SPIA [(2)]	3,396	3,420
Other	109	109
Reserve for life-contingent contract benefits	$ 11,228	$ 11,239
Interest-sensitive life insurance	$ 7,379	$ 7,369
Deferred fixed annuities	6,930	7,123
Immediate fixed annuities without life contingencies	2,475	2,522
Other	455	456
Contractholder funds	$ 17,239	$ 17,470

[(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 interest-sensitive life insurance and 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.

The following table shows the changes in contractholder funds.

($ in millions)	**Three months ended March 31,**	
	2019	**2018**
Contractholder funds, beginning balance	$ 17,470	$ 18,592
Deposits		
Interest-sensitive life insurance	203	213
Fixed annuities	5	4
Total deposits	208	217
Interest credited	147	147
Benefits, withdrawals and other adjustments		
Benefits	(199)	(214)
Surrenders and partial withdrawals	(245)	(262)
Contract charges	(160)	(162)
Net transfers from separate accounts	1	2
Other adjustments [1]	17	(36)
Total benefits, withdrawals and other adjustments	(586)	(672)
Contractholder funds, ending balance	$ 17,239	$ 18,284

(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 and Comprehensive Income. 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 1.3% in the first quarter of 2019, 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 on deferred fixed annuities and interest-sensitive life insurance products decreased 6.5% to $245 million in the first quarter of 2019 from $262 million in the first quarter of 2018. 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 7.1% in both the first three months of 2019 and 2018.

INVESTMENTS

Portfolio composition The composition of the investment portfolio as of March 31, 2019 is presented in the following table.

($ in millions)		**Percent to total**
Fixed income securities [1]	$ 21,541	64.7%
Mortgage loans	4,034	12.1%
Equity securities [2]	1,284	3.9%
Limited partnership interests	3,219	9.7%
Short-term investments [3]	1,284	3.9%
Policy loans	553	1.7%
Other	1,348	4.0%
Total	$ 33,263	100.0%

(1) Fixed income securities are carried at fair value. Amortized cost basis for these securities was $20.66 billion.

(2) Equity securities are carried at fair value. The fair value of equity securities held as of March 31, 2019 was $256 million in excess of cost. These net gains were primarily concentrated in the consumer goods and technology sectors and in domestic equity index funds.

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

Investments totaled $33.26 billion as of March 31, 2019, increasing from $32.68 billion as of December 31, 2018, primarily due to higher fixed income and equity valuations and positive operating cash flows, partially offset by net reductions in contractholder funds.

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. *Market-based core* seeks to deliver predictable earnings aligned to business needs and returns consistent with the markets in which we invest. Private fixed income assets, such as commercial mortgages, bank loans and privately placed debt that provide liquidity premiums are also included in this category. *Market-based active* seeks to outperform within the public markets through tactical positioning and by taking advantage of short-term opportunities. This category may generate results that meaningfully deviate from those achieved by market indices, both favorably and unfavorably.

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.

The following table presents the investment portfolio by strategy as of March 31, 2019.

($ in millions)	Market-based core	Market-based active	Performance-based	Total
Fixed income securities	$ 20,431	$ 1,101	$ 9	$ 21,541
Mortgage loans	4,034	—	—	4,034
Equity securities	1,143	68	73	1,284
Limited partnership interests	131	—	3,088	3,219
Short-term investments	1,158	126	—	1,284
Policy loans	553	—	—	553
Other	1,095	2	251	1,348
Total	$ 28,545	$ 1,297	$ 3,421	$ 33,263
% of total	85.8%	3.9%	10.3%	100.0%
Unrealized net capital gains and losses				
Fixed income securities	$ 861	$ 16	$ —	$ 877
Total	$ 861	$ 16	$ —	$ 877

Fixed income securities by type are listed in the following table.

($ in millions)	Fair value as of March 31, 2019	Fair value as of December 31, 2018
U.S. government and agencies	$ 538	$ 773
Municipal	2,160	2,195
Corporate	18,016	17,573
Foreign government	178	179
Asset-backed securities (“ABS”)	410	429
Residential mortgage-backed securities (“RMBS”)	188	197
Commercial mortgage-backed securities (“CMBS”)	37	40
Redeemable preferred stock	14	14
Total fixed income securities	$ 21,541	$ 21,400

Fixed income securities are rated by third party credit rating agencies and/or are internally rated. As of March 31, 2019, 87.5% of the 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 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. Credit ratings below these designations are considered low 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.

The following table summarizes the fair value and unrealized net capital gains (losses) for fixed income securities by credit quality as of March 31, 2019.

($ in millions)	Investment grade		Below investment grade		Total		
	Fair value	Unrealized gain (loss)	Fair value	Unrealized gain (loss)	Fair value	Unrealized gain (loss)	Percent rated investment grade
U.S. government and agencies	$ 538	$ 34	$ —	$ —	$ 538	$ 34	100.0%
Municipal	2,121	231	39	2	2,160	233	98.2%
Corporate							
Public	10,923	380	1,414	13	12,337	393	88.5%
Privately placed	4,652	152	1,027	6	5,679	158	81.9%
Total Corporate	15,575	532	2,441	19	18,016	551	86.5%
Foreign government	170	8	8	—	178	8	95.5%
ABS							
Collateralized debt obligations (“CDO”)	21	(2)	8	—	29	(2)	72.4%
Consumer and other asset-backed securities (“Consumer and other ABS”) (1)	373	2	8	—	381	2	97.9%
Total ABS	394	—	16	—	410	—	96.1%
RMBS							
U.S. government sponsored entities (“U.S. Agency”)	23	1	—	—	23	1	100.0%
Non-agency	17	1	148	42	165	43	10.3%
Total RMBS	40	2	148	42	188	44	21.3%
CMBS	2	—	35	6	37	6	5.4%
Redeemable preferred stock	14	1	—	—	14	1	100.0%
Total fixed income securities	$ 18,854	$ 808	$ 2,687	$ 69	$ 21,541	$ 877	87.5%

(1) Total Consumer and other ABS consists of $117 million of consumer auto, $147 million of credit card and $117 million of other ABS with unrealized net capital gains of $1 million, zero and $1 million, respectively.

Municipal bonds include general obligations of state and local issuers and revenue bonds (including pre-refunded bonds, which are bonds for which an irrevocable trust has been established to fund the remaining payments of principal and interest).

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 CDO and 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.

CDO consist of obligations collateralized by cash flow CDO, which are structures collateralized primarily by below investment grade senior secured corporate loans.

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.

Mortgage loans totaled $4.03 billion as of March 31, 2019 and primarily comprise loans secured by first mortgages on developed commercial real estate. Key considerations used to manage our exposure include property type and geographic diversification. For further detail on our mortgage loan portfolio, see Note 3 of the condensed consolidated financial statements.

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. The equity securities portfolio was $1.28 billion as of March 31, 2019.

Limited partnership interests include interests in private equity funds, real estate funds and other funds. The following table presents carrying value and other information about our limited partnership interests as of March 31, 2019.

($ in millions)	Limited partnership interests [1]	Number of managers	Number of individual investments	Largest exposure to single investment
Private equity	$ 2,737	144	280	$ 149
Real estate	351	25	48	31
Other	131	4	4	61
Total	$ 3,219	173	332	

(1) We have commitments to invest in additional limited partnership interests totaling $1.12 billion.

Unrealized net capital gains totaled $877 million as of March 31, 2019 compared to $343 million as of December 31, 2018.

The following table presents unrealized net capital gains (losses).

($ in millions)	March 31, 2019	December 31, 2018
U.S. government and agencies	$ 34	$ 33
Municipal	233	198
Corporate	551	52
Foreign government	8	9
ABS	—	—
RMBS	44	43
CMBS	6	7
Redeemable preferred stock	1	1
Fixed income securities	877	343
Unrealized net capital gains and losses, pre-tax	$ 877	$ 343

The unrealized net capital gain for the fixed income portfolio totaled $877 million, comprised of $1.01 billion of gross unrealized gains and $129 million of gross unrealized losses as of March 31, 2019. This compares to an unrealized net capital gain for the fixed income portfolio totaling $343 million, comprised of $732 million of gross unrealized gains and $389 million of gross unrealized losses as of December 31, 2018. Fixed income valuations increased primarily due to a decrease in risk-free interest rates and tighter credit spreads.

Gross unrealized gains (losses) on fixed income securities by type and sector as of March 31, 2019 are provided in the following table.

($ in millions)	Amortized cost	Gross unrealized		Fair value
		Gains	Losses	
Corporate:				
Consumer goods (cyclical and non-cyclical)	$ 4,828	$ 127	$ (38)	$ 4,917
Utilities	3,222	241	(25)	3,438
Capital goods	2,342	59	(17)	2,384
Banking	844	17	(15)	846
Communications	1,182	33	(6)	1,209
Financial services	1,021	33	(6)	1,048
Technology	994	21	(4)	1,011
Transportation	895	49	(4)	940
Basic industry	851	32	(4)	879
Energy	1,184	58	(3)	1,239
Other	102	3	—	105
Total corporate fixed income portfolio	17,465	673	(122)	18,016
U.S. government and agencies	504	34	—	538
Municipal	1,927	236	(3)	2,160
Foreign government	170	8	—	178
ABS	410	3	(3)	410
RMBS	144	44	—	188
CMBS	31	7	(1)	37
Redeemable preferred stock	13	1	—	14
Total fixed income securities	$ 20,664	$ 1,006	$ (129)	$ 21,541

The consumer goods, utilities and capital goods sectors comprise 27.3%, 19.1% and 13.2%, respectively, of the carrying value of our corporate fixed income securities portfolio as of March 31, 2019. The consumer goods, utilities and capital goods sectors had the highest concentration of gross unrealized losses in our corporate fixed income securities portfolio as of March 31, 2019. 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.

Net investment income The following table presents net investment income.

($ in millions)	Three months ended March 31, 2019	Three months ended March 31, 2018
Fixed income securities	$ 245	$ 251
Mortgage loans	46	44
Equity securities	6	7
Limited partnership interests	3	96
Short-term investments	8	4
Policy loans	8	7
Other	22	22
Investment income, before expense	338	431
Investment expense [(1)(2)]	(27)	(24)
Net investment income	$ 311	$ 407
Market-based core	$ 318	$ 321
Market-based active	11	9
Performance-based	9	101
Investment income, before expense	$ 338	$ 431

(1) Investment expense includes $6 million and $5 million of investee level expenses in the first quarter of 2019 and 2018, respectively. Investee level expenses include depreciation and asset level operating expenses on directly held real estate and other consolidated investments.

(2) Investment expense includes $3 million and $2 million related to the portion of reinvestment income on securities lending collateral paid to the counterparties in the first quarter of 2019 and 2018, respectively.

Net investment income decreased 23.6% or $96 million in the first three months of 2019 compared to the first quarter of 2018 due to lower performance-based investment results, mainly from limited partnerships, and lower average investment balances.

Performance-based investments primarily include private equity and real estate. The following table presents investment income for performance-based investments.

($ in millions)	Three months ended March 31, 2019	Three months ended March 31, 2018
Limited partnerships		
Private equity	$ (2)	$ 88
Real estate	5	8
Performance-based - limited partnerships	3	96
Non-limited partnerships		
Private equity	—	—
Real estate	6	5
Performance-based - non-limited partnerships	6	5
Total		
Private equity	(2)	88
Real estate	11	13
Total performance-based	$ 9	$ 101
Investee level expenses [(1)]	$ (6)	$ (5)

(1) Investee level expenses include depreciation and asset level operating expenses reported in investment expense.

Performance-based investment income decreased 91.1% or $92 million in the first quarter of 2019 compared to the first quarter of 2018. The decrease reflects lower asset appreciation related to private equity investments.

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.

Realized capital gains and losses The following table presents the components of realized capital gains (losses) and the related tax effect.

($ in millions)	Three months ended March 31,	
	2019	2018
Impairment write-downs		
Fixed income securities	$ —	$ (1)
Limited partnership interests	(1)	—
Other investments	(6)	—
Total impairment write-downs	(7)	(1)
Net OTTI losses recognized in earnings	(7)	(1)
Sales	(6)	(5)
Valuation of equity investments	157	(23)
Valuation and settlements of derivative instruments	4	(3)
Realized capital gains and losses, pre-tax	148	(32)
Income tax (expense) benefit	(31)	7
Realized capital gains and losses, after-tax	$ 117	$ (25)
Market-based core	$ 126	$ (22)
Market-based active	8	(6)
Performance-based	14	(4)
Realized capital gains and losses, pre-tax	$ 148	$ (32)

Net realized capital gains in the first quarter of 2019 related primarily to increased valuation of equity investments, partially offset by impairment write-downs and losses on sales of fixed income securities.

Sales resulted in $6 million of net realized capital losses in the three months ended March 31, 2019. Sales related primarily to fixed income securities in connection with ongoing portfolio management.

Valuation of equity investments resulted in gains of $157 million for the three months ended March 31, 2019, which included $146 million of appreciation in the valuation of equity securities and $11 million of appreciation primarily for certain limited partnerships where the underlying assets are predominately public equity securities.

Valuation and settlements of derivative instruments generated net realized capital gains of $4 million for the three months ended March 31, 2019, primarily comprised of gains on equity options and total return swaps used for asset replication due to an increase in equity indices and gains on foreign currency contracts due to the strengthening of the U.S. Dollar.

The following table presents realized capital gains (losses) for performance-based investments.

($ in millions)	Three months ended March 31,	
	2019	2018
Impairment write-downs	$ (1)	$ —
Net OTTI losses recognized in earnings	(1)	—
Valuation of equity investments	13	—
Valuation and settlements of derivative instruments	2	(4)
Total performance-based	$ 14	$ (4)

Net realized capital gains on performance-based investments were $14 million in the first quarter of 2019 and primarily related to appreciation in the valuation of equity securities.

CAPITAL RESOURCES AND LIQUIDITY

Capital resources consist of shareholder's equity and notes due to related parties, representing funds deployed or available to be deployed to support business operations. The following table summarizes our capital resources.

($ in millions)	March 31, 2019	December 31, 2018
Common stock, retained income and additional capital paid-in	$ 6,603	$ 6,439
Accumulated other comprehensive income	596	253
Total shareholder's equity	7,199	6,692
Notes due to related parties	140	140
Total capital resources	$ 7,339	$ 6,832

Shareholder's equity increased in the first three months of 2019, primarily due to increased unrealized capital gains on investments and net income.

Financial ratings and strength Our ratings are influenced by many factors including our operating and financial performance, asset quality, overall portfolio mix, asset/liability management, liquidity, financial leverage (i.e. debt), the current level of operating leverage and AIC's ratings. There have been no changes to the Company's ratings from A.M. Best, S&P or Moody's since December 31, 2018.

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 Company is party to an Amended and Restated Intercompany Liquidity Agreement ("Liquidity Agreement") with certain of its affiliates, which include, but are not limited to, AIC, Allstate Assurance Company ("AAC") and the Corporation. 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. The Company and AIC each serve as a lender and borrower, AAC and certain other affiliates serve only as borrowers, and the Corporation serves only as a lender. The Company also has a capital support agreement with AIC. Under the capital support agreement, AIC is committed to providing capital to the Company 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 Company also has an intercompany loan agreement with the Corporation. The amount of intercompany loans available to the Company 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. There were no borrowings by the Company under these agreements during the first quarter of 2019.

The Company, AIC, and the Corporation 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. This facility has a financial covenant requiring that the Corporation not exceed a 37.5% debt to capitalization ratio as defined in the agreement. This ratio was 16.3% as of March 31, 2019. 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 the Corporation's senior unsecured, unguaranteed long-term debt. There were no borrowings under the credit facility during the first quarter of 2019.

Allstate parent company capital capacity Parent holding company deployable assets totaled $2.34 billion as of March 31, 2019 comprised of cash and investments that are generally saleable within one quarter. This provides funds for the parent company's fixed charges and other corporate purposes.

The Company has access to resources to support liquidity through the Corporation as follows. The amount available to the Company is at the discretion of the Corporation.

- A commercial paper facility with a borrowing limit of $1.00 billion to cover short-term cash needs. As of March 31, 2019, there were no balances outstanding and therefore the remaining borrowing capacity was $1.00 billion; however, the outstanding balance can fluctuate daily.
- A universal shelf registration statement that was filed by the Corporation with the Securities and Exchange Commission that expires in 2021. The Corporation can use this shelf registration to issue an unspecified amount of debt securities, common

stock (including 567 million shares of treasury stock as of March 31, 2019), preferred stock, depositary shares, warrants, stock purchase contracts, stock purchase units and securities of trust subsidiaries. The specific terms of any securities the Corporation issues under this registration statement will be provided in the applicable prospectus supplements.

Liquidity exposure Contractholder funds were $17.24 billion as of March 31, 2019. The following table summarizes contractholder funds by their contractual withdrawal provisions as of March 31, 2019.

($ in millions)			**Percent to total**
Not subject to discretionary withdrawal	$	2,765	16.0%
Subject to discretionary withdrawal with adjustments:			
Specified surrender charges [(1)]		4,462	25.9
Market value adjustments [(2)]		934	5.4
Subject to discretionary withdrawal without adjustments [(3)]		9,078	52.7
Total contractholder funds [(4)]	$	17,239	100.0%

(1) Includes $898 million of liabilities with a contractual surrender charge of less than 5% of the account balance.

(2) $462 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 $720 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 7.1% in both the first three months of 2019 and 2018. 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.

Cash flows As reflected in our Condensed Consolidated Statements of Cash Flows, higher cash provided by operating activities in the first three months of 2019 compared to the first three months of 2018 was primarily due to decreased payments for contract benefits and an increase in payables.

Lower cash provided by investing activities in the first three months of 2019 compared to the first three months of 2018 was the result of lower fixed income sales and an increase in short-term investments, partially offset by decreased investment purchases.

Lower cash used in financing activities in the first three months of 2019 compared to the first three months of 2018 was primarily due to lower payments for contractholder surrenders and withdrawals on fixed annuities.

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. However, 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 Industry Risks (1) the availability of reinsurance at current levels and prices; (2) risk of our reinsurers; (3) changes in underwriting and actual experience; (4) changes in reserve estimates for life-contingent contract benefits payable; (5) changes in estimates of profitability on interest-sensitive life products

Financial Risks (6) conditions in the global economy and capital markets; (7) a downgrade in financial strength ratings; (8) the effect of adverse capital and credit market conditions; (9) the realization of deferred tax assets

Investment Risks (10) market risk and declines in credit quality relating to our investment portfolio; (11) our subjective determination of the amount of realized capital losses recorded for impairments of our investments and the fair value of our fixed income and equity securities; (12) the influence of changes in market interest rates or performance-based investment returns on our spread-based products

Operational Risks (13) failure in cyber or other information security controls, as well as the occurrence of events unanticipated in our disaster recovery systems and business continuity planning; (14) misconduct or fraudulent acts by employees, agents and third parties; (15) the impact of a large scale pandemic, the threat or occurrence of terrorism or military action; (16) loss of key vendor relationships or failure of a vendor to protect confidential, proprietary and personal information; (17) intellectual property infringement, misappropriation and third party claims

Regulatory and Legal Risks (18) regulatory reforms and restrictive regulations; (19) changes in tax laws; (20) our ability to mitigate the capital impact associated with statutory reserving and capital requirements; (21) changes in accounting standards; (22) losses from legal and regulatory actions

Strategic Risks (23) competition in the insurance industry; (24) divestitures of businesses; and (25) reducing our concentration in spread-based business and exiting certain distribution channels

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 are 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, 2019, 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" in Note 7 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, 2018.

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**
15	Acknowledgment of awareness from Deloitte & Touche LLP, dated May 7, 2019, 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	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	XBRL Taxonomy Extension Schema					X
101.CAL	XBRL Taxonomy Extension Calculation Linkbase					X
101.DEF	XBRL Taxonomy Extension Definition Linkbase					X
101.LAB	XBRL Taxonomy Extension Label Linkbase					X
101.PRE	XBRL Taxonomy Extension Presentation Linkbase					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.

Allstate Life Insurance Company
(Registrant)

May 7, 2019

By /s/ Eric K. Ferren

Eric K. Ferren
Senior Vice President and Controller

(Authorized Signatory and Principal Accounting Officer)

EXHIBIT 15

Allstate Life Insurance Company
3075 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 Allstate Life Insurance Company and subsidiaries for the periods ended March 31, 2019 and 2018, as indicated in our report dated May 7, 2019; 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, 2019, is incorporated by reference in the following Registration Statements:

Form S-3 Registration Statement Nos.	Form N-4 Registration Statement Nos.
333-220830	333-102934
333-220831	333-114560
333-220837	333-114561
333-220835	333-114562
333-220836	333-121687
333-220832	333-121691
333-220580	333-121692
333-220569	333-121693
333-220570	333-121695
333-220606	
333-220605	
333-220581	

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 7, 2019

CERTIFICATIONS **EXHIBIT 31 (i)**

I, Steven E. Shebik, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Allstate Life Insurance Company;

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 7, 2019

/s/ Steven E. Shebik

Steven E. Shebik
Chief Executive Officer

CERTIFICATIONS **EXHIBIT 31 (i)**

I, Mario Imbarrato, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Allstate Life Insurance Company;

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 7, 2019

/s/ Mario Imbarrato

Mario Imbarrato

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, 2019 of Allstate Life Insurance Company 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 Allstate Life Insurance Company.

Date: May 7, 2019

/s/ Steven E. Shebik

Steven E. Shebik
Chief Executive Officer

/s/ Mario Imbarrato

Mario Imbarrato
Vice President and Chief Financial Officer