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

FORM 10-Q

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

For the quarterly period ended March 31, 2024

OR

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

For the transition period from ______ to ______

Commission file number 1-11840

Allstate®

THE ALLSTATE CORPORATION

(Exact name of registrant as specified in its charter)

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

3100 Sanders Road, Northbrook, Illinois 60062

(Address of principal executive offices) (Zip Code)

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

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

Title of each class	**Trading Symbols**	**Name of each exchange on which registered**
Common Stock, par value $.01 per share	ALL	New York Stock Exchange Chicago Stock Exchange
5.100% Fixed-to-Floating Rate Subordinated Debentures due 2053	ALL.PR.B	New York Stock Exchange
Depositary Shares represent 1/1,000th of a share of 5.100% Noncumulative Preferred Stock, Series H	ALL PR H	New York Stock Exchange
Depositary Shares represent 1/1,000th of a share of 4.750% Noncumulative Preferred Stock, Series I	ALL PR I	New York Stock Exchange
Depositary Shares represent 1/1,000th of a share of 7.375% Noncumulative Preferred Stock, Series J	ALL PR J	New York Stock Exchange

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

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

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

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

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

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

As of April 15, 2024, the registrant had 263,915,332 common shares, $.01 par value, outstanding.

The Allstate Corporation
Index to Quarterly Report on Form 10-Q
March 31, 2024

Part I Financial Information

Part II Other Information

Part I. Financial Information

Item 1. Financial Statements

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

(In millions, except per share data)	Three months ended March 31, 2024	2023
Revenues		
Property and casualty insurance premiums	$ 13,512	$ 12,173
Accident and health insurance premiums and contract charges	478	463
Other revenue	669	561
Net investment income	764	575
Net gains (losses) on investments and derivatives	(164)	14
Total revenues	**15,259**	**13,786**
Costs and expenses		
Property and casualty insurance claims and claims expense	9,501	10,326
Accident, health and other policy benefits	296	265
Amortization of deferred policy acquisition costs	1,939	1,744
Operating costs and expenses	1,885	1,716
Pension and other postretirement remeasurement (gains) losses	(2)	(53)
Restructuring and related charges	10	27
Amortization of purchased intangibles	69	81
Interest expense	97	86
Total costs and expenses	**13,795**	**14,192**
Income (loss) from operations before income tax expense	**1,464**	**(406)**
Income tax expense (benefit)	266	(85)
Net income (loss)	**1,198**	**(321)**
Less: Net loss attributable to noncontrolling interest	(20)	(1)
Net income (loss) attributable to Allstate	**1,218**	**(320)**
Less: Preferred stock dividends	29	26
Net income (loss) applicable to common shareholders	**$ 1,189**	**$ (346)**
Earnings per common share:		
Net income (loss) applicable to common shareholders per common share - Basic	$ 4.51	$ (1.31)
Weighted average common shares - Basic	263.5	263.5
Net income (loss) applicable to common shareholders per common share - Diluted	$ 4.46	$ (1.31)
Weighted average common shares - Diluted	266.5	263.5

See notes to condensed consolidated financial statements.

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

($ in millions)	Three months ended March 31, 2024	2023
Net income (loss)	**$ 1,198**	**$ (321)**
Other comprehensive (loss) income, after-tax		
Changes in:		
Unrealized net capital gains and losses	(215)	682
Unrealized foreign currency translation adjustments	8	50
Unamortized pension and other postretirement prior service credit	(1)	(4)
Discount rate for reserve for future policy benefits	25	(9)
Other comprehensive (loss) income, after-tax	**(183)**	**719**
Comprehensive income	**1,015**	**398**
Less: Comprehensive (loss) income attributable to noncontrolling interest	(19)	4
Comprehensive income attributable to Allstate	**$ 1,034**	**$ 394**

See notes to condensed consolidated financial statements.

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

($ in millions, except par value data)	March 31, 2024	December 31, 2023
Assets		
Investments		
Fixed income securities, at fair value (amortized cost, net $51,837 and $49,649)	$ 50,777	$ 48,865
Equity securities, at fair value (cost $2,172 and $2,244)	2,383	2,411
Mortgage loans, net	815	822
Limited partnership interests	8,562	8,380
Short-term, at fair value (amortized cost $4,320 and $5,145)	4,318	5,144
Other investments, net	1,004	1,055
Total investments	**67,859**	**66,677**
Cash	850	722
Premium installment receivables, net	10,573	10,044
Deferred policy acquisition costs	5,946	5,940
Reinsurance and indemnification recoverables, net	8,726	8,809
Accrued investment income	567	539
Deferred income taxes	161	219
Property and equipment, net	802	859
Goodwill	3,502	3,502
Other assets, net	6,255	6,051
Total assets	**105,241**	**103,362**
Liabilities		
Reserve for property and casualty insurance claims and claims expense	40,143	39,858
Reserve for future policy benefits	1,325	1,347
Contractholder funds	890	888
Unearned premiums	24,945	24,709
Claim payments outstanding	1,491	1,353
Other liabilities and accrued expenses	10,029	9,635
Debt	7,938	7,942
Total liabilities	**86,761**	**85,732**
Commitments and Contingent Liabilities (Note 13)		
Equity		
Preferred stock and additional capital paid-in, $1 par value, 25 million shares authorized, 82.0 thousand shares issued and outstanding, $2,050 aggregate liquidation preference	2,001	2,001
Common stock, $.01 par value, 2.0 billion shares authorized and 900 million issued, 264 million and 262 million shares outstanding	9	9
Additional capital paid-in	3,894	3,854
Retained income	50,662	49,716
Treasury stock, at cost (636 million and 638 million shares)	(37,044)	(37,110)
Accumulated other comprehensive income (loss):		
Unrealized net capital gains and losses	(819)	(604)
Unrealized foreign currency translation adjustments	(90)	(98)
Unamortized pension and other postretirement prior service credit	12	13
Discount rate for reserve for future policy benefits	14	(11)
Total accumulated other comprehensive loss	**(883)**	**(700)**
Total Allstate shareholders' equity	**18,639**	**17,770**
Noncontrolling interest	(159)	(140)
Total equity	**18,480**	**17,630**
Total liabilities and equity	**$ 105,241**	**$ 103,362**

See notes to condensed consolidated financial statements.

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

	Three months ended March 31,	
($ in millions, except per share data)	**2024**	**2023**
Preferred stock par value	**$ —**	**$ —**
Preferred stock additional capital paid-in	**2,001**	**1,970**
Common stock par value	**9**	**9**
Common stock additional capital paid-in		
Balance, beginning of period	3,854	3,788
Equity incentive plans activity, net	40	(8)
Balance, end of period	**3,894**	**3,780**
Retained income		
Balance, beginning of period	49,716	50,970
Net income (loss)	1,218	(320)
Dividends on common stock (declared per share of $0.92 and $0.89)	(243)	(236)
Dividends on preferred stock	(29)	(26)
Balance, end of period	**50,662**	**50,388**
Treasury stock		
Balance, beginning of period	(37,110)	(36,857)
Shares acquired	—	(153)
Shares reissued under equity incentive plans, net	66	30
Balance, end of period	**(37,044)**	**(36,980)**
Accumulated other comprehensive income (loss)		
Balance, beginning of period	(700)	(2,392)
Change in unrealized net capital gains and losses	(215)	682
Change in unrealized foreign currency translation adjustments	8	50
Change in unamortized pension and other postretirement prior service credit	(1)	(4)
Change in discount rate for reserve for future policy benefits	25	(9)
Balance, end of period	**(883)**	**(1,673)**
Total Allstate shareholders' equity	**18,639**	**17,494**
Noncontrolling interest		
Balance, beginning of period	(140)	(125)
Change in unrealized net capital gains and losses	1	5
Noncontrolling loss	(20)	(1)
Balance, end of period	**(159)**	**(121)**
Total equity	**$ 18,480**	**$ 17,373**

See notes to condensed consolidated financial statements.

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

($ in millions)	Three months ended March 31, 2024	2023
Cash flows from operating activities		
Net income (loss)	$ 1,198	$ (321)
Adjustments to reconcile net income (loss) to net cash provided by operating activities		
Depreciation, amortization and other non-cash items	132	177
Net (gains) losses on investments and derivatives	164	(14)
Pension and other postretirement remeasurement (gains) losses	(2)	(53)
Changes in:		
Policy benefits and other insurance reserves	323	1,080
Unearned premiums	267	199
Deferred policy acquisition costs	(12)	(29)
Premium installment receivables, net	(549)	(317)
Reinsurance recoverables, net	82	91
Income taxes	217	(125)
Other operating assets and liabilities	(154)	(87)
Net cash provided by operating activities	**1,666**	**601**
Cash flows from investing activities		
Proceeds from sales		
Fixed income securities	6,719	7,008
Equity securities	500	3,739
Limited partnership interests	130	414
Other investments	84	55
Investment collections		
Fixed income securities	538	646
Mortgage loans	7	22
Other investments	6	25
Investment purchases		
Fixed income securities	(9,592)	(8,424)
Equity securities	(430)	(1,187)
Limited partnership interests	(237)	(226)
Mortgage loans	—	(41)
Other investments	(40)	(73)
Change in short-term and other investments, net	966	(2,675)
Purchases of property and equipment, net	(41)	(79)
Proceeds from sale of property and equipment	18	—
Net cash used in investing activities	**(1,372)**	**(796)**
Cash flows from financing activities		
Proceeds from issuance of debt	—	744
Redemption and repayment of debt	—	(250)
Contractholder fund deposits	34	33
Contractholder fund withdrawals	(8)	(9)
Dividends paid on common stock	(233)	(224)
Dividends paid on preferred stock	(29)	(26)
Treasury stock purchases	—	(153)
Shares reissued under equity incentive plans, net	80	6
Other	(10)	—
Net cash (used in) provided by financing activities	**(166)**	**121**
Net increase (decrease) in cash	**128**	**(74)**
Cash at beginning of period	722	736
Cash at end of period	**$ 850**	**$ 662**

See notes to condensed consolidated financial statements.

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

Note 1 General

Basis of presentation

The accompanying condensed consolidated financial statements include the accounts of The Allstate Corporation (the "Corporation") and its wholly owned subsidiaries, primarily Allstate Insurance Company ("AIC"), a property and casualty insurance company (collectively referred to as the "Company" or "Allstate") and variable interest entities ("VIEs") in which the Company is considered a primary beneficiary. 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, 2024 and for the three month periods ended March 31, 2024 and 2023 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. Certain amounts have been reclassified to conform to current year presentation.

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, 2023. 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.

Pending accounting standard

Accounting for joint ventures In August 2023, the Financial Accounting Standards Board ("FASB") issued guidance requiring a joint venture to initially measure assets contributed and liabilities assumed at fair value as of the formation date. The new guidance will be applied prospectively for joint ventures with a formation date on or after January 1, 2025. The impact of the adoption is not expected to be material to the Company's results of operations or financial position.

Segment reporting In November 2023, the FASB issued guidance expanding segment disclosures by requiring disclosure of significant segment expenses that are regularly provided to the chief operating decision maker and included within each reported measure of segment profit or loss, an amount and description of its composition for other segment items, and interim disclosures of reportable segments' profit or loss and assets. The guidance is effective for annual periods beginning after December 15, 2023 and interim periods beginning after December 15, 2024 and is to be applied retrospectively, with early adoption permitted. The Company is currently evaluating the impact of adopting the guidance to its disclosures.

Income tax disclosures In December 2023, the FASB issued guidance enhancing various aspects of income tax disclosures. The guidance requires a tabular reconciliation between statutory and effective income tax expense (benefit) with both amounts and percentages for a list of required categories. For certain required categories where an individual category is at least five percent of the statutory tax amount, the required category must be further broken out by nature and, for foreign tax effects, jurisdiction. Additionally, entities must disclose income taxes paid, net of refunds received, broken out between federal, state and foreign, and amounts paid, net of refunds received, to an individual jurisdiction when five percent or more of the total income taxes paid, net of refunds received.

All requirements in the guidance are annual in nature, and the guidance is effective for annual reporting periods beginning after December 15, 2024, with early adoption permitted. The guidance only affects disclosures and will have no impact on the Company's consolidated financial statements. The Company is currently evaluating the impact of adopting the guidance to its disclosures.

Climate disclosures In March 2024, the Securities and Exchange Commission ("SEC") adopted a final rule requiring registrants to disclose certain climate-related information in their registration statements and annual reports. The rule requires the disclosure of qualitative and quantitative information, with certain information, such as financial statement effects of severe weather events, included in the notes to the audited financial statements. Other disclosure requirements include material climate-related risks, processes to manage and govern those risks, disclosure of targets if the targets materially affect or are reasonably likely to materially affect the Company, and, if material, disclosure of certain greenhouse gas emissions. On April 4, 2024, the SEC issued a voluntary stay of the final rule, pending the outcome of pending litigation.

The requirements will be applied prospectively and have phased-in effective dates. For the Company, the Form 10-K for the year ended December 31, 2025, will be the first annual report with new climate-related disclosures. The Company is currently evaluating the impact of adopting the final rule.

Note 2 Earnings per Common Share

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

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

Computation of basic and diluted earnings per common share

(In millions, except per share data)	Three months ended March 31, 2024	2023
Numerator:		
Net income (loss)	$ 1,198	$ (321)
Less: Net loss attributable to noncontrolling interest	(20)	(1)
Net income (loss) attributable to Allstate	1,218	(320)
Less: Preferred stock dividends	29	26
Net income (loss) applicable to common shareholders	**$ 1,189**	**$ (346)**
Denominator:		
Weighted average common shares outstanding	263.5	263.5
Effect of dilutive potential common shares [(1)]:		
Stock options	2.5	—
Restricted stock units (non-participating) and performance stock awards	0.5	—
Weighted average common and dilutive potential common shares outstanding	**266.5**	**263.5**
Earnings per common share - Basic	$ 4.51	$ (1.31)
Earnings per common share - Diluted [(1)]	$ 4.46	$ (1.31)
Anti-dilutive options excluded from diluted earnings per common share	0.7	1.1
Weighted average dilutive potential common shares excluded due to net loss applicable to common shareholders [(1)]	—	2.6

(1) As a result of the net loss reported for the three month period ended March 31, 2023, weighted average shares for basic earnings per share is also used for calculating diluted earnings per share because all dilutive potential common shares are anti-dilutive and are therefore excluded from the calculation.

Note 3 Reportable Segments

Measuring segment profit or loss

The measure of segment profit or loss used in evaluating performance is underwriting income for the Allstate Protection and Run-off Property-Liability segments and adjusted net income for the Protection Services, Allstate Health and Benefits and Corporate and Other segments.

Allstate Protection and Run-off Property Liability segments comprise Property-Liability. The Company does not allocate investment income, net gains and losses on investments and derivatives, or assets to the Allstate Protection and Run-off Property Liability segments. Management reviews assets at the Property-Liability, Protection Services, Allstate Health and Benefits, and Corporate and Other levels for decision-making purposes.

Underwriting income is calculated as premiums earned and other revenue, less claims and claims expenses (“losses”), amortization of DAC, operating costs and expenses, amortization or impairment of purchased intangibles and restructuring and related charges as determined using GAAP.

Adjusted net income is net income (loss) applicable to common shareholders, excluding:

- Net gains and losses on investments and derivatives
- Pension and other postretirement remeasurement gains and losses
- Amortization or impairment of purchased intangibles
- Gain or loss on disposition
- Adjustments for other significant non-recurring, infrequent or unusual items, when (a) the nature of the charge or gain is such that it is reasonably unlikely to recur within two years, or (b) there has been no similar charge or gain within the prior two years
- Income tax expense or benefit on reconciling items

A reconciliation of these measures to net income (loss) applicable to common shareholders is provided below.

Reportable segments financial performance		
	Three months ended March 31,	
($ in millions)	2024	2023
Underwriting income (loss) by segment		
Allstate Protection	$ 903	$ (998)
Run-off Property-Liability	(5)	(3)
Total Property-Liability	**898**	**(1,001)**
Adjusted net income (loss) by segment, after-tax		
Protection Services	54	34
Allstate Health and Benefits	56	56
Corporate and Other	(106)	(89)
Reconciling items		
Allstate Protection and Run-off Property-Liability net investment income	702	509
Net gains (losses) on investments and derivatives	(164)	14
Pension and other postretirement remeasurement gains (losses)	2	53
Amortization of purchased intangibles [(1)]	(18)	(24)
Gain (loss) on disposition	4	9
Income tax (expense) benefit on reconciling items [(2)]	(259)	92
Total reconciling items	**267**	**653**
Less: Net loss attributable to noncontrolling interest [(3)]	(20)	(1)
Net income (loss) applicable to common shareholders	**$ 1,189**	**$ (346)**

(1) Excludes amortization of purchased intangibles in Property-Liability, which is included above in underwriting income.

(2) The tax computation of the reporting segments and income tax benefit (expense) on reconciling items to net income (loss) are computed discretely based on the tax law of the jurisdictions applicable to the reporting entities.

(3) Reflects net loss attributable to noncontrolling interest in Property-Liability.

Reportable segments revenue information

($ in millions)	Three months ended March 31, 2024	2023
Property-Liability		
Insurance premiums		
Auto	$ 8,778	$ 7,908
Homeowners	3,154	2,810
Other personal lines	659	562
Commercial lines	169	232
Other business lines	140	123
Allstate Protection	12,900	11,635
Run-off Property-Liability	—	—
Total Property-Liability insurance premiums	12,900	11,635
Other revenue	430	353
Net investment income	702	509
Net gains (losses) on investments and derivatives	(162)	12
Total Property-Liability	**13,870**	**12,509**
Protection Services		
Protection plans	439	361
Roadside assistance	47	49
Protection and insurance products	126	128
Intersegment premiums and service fees [(1)]	35	33
Other revenue	85	84
Net investment income	21	16
Net gains (losses) on investments and derivatives	(5)	(1)
Total Protection Services	**748**	**670**
Allstate Health and Benefits		
Employer voluntary benefits	248	255
Group health	118	107
Individual health	112	101
Other revenue	134	101
Net investment income	23	19
Net gains (losses) on investments and derivatives	2	2
Total Allstate Health and Benefits	**637**	**585**
Corporate and Other		
Other revenue	20	23
Net investment income	18	31
Net gains (losses) on investments and derivatives	1	1
Total Corporate and Other	**39**	**55**
Intersegment eliminations [(1)]	(35)	(33)
Consolidated revenues	**$ 15,259**	**$ 13,786**

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

Note 4 Investments

Portfolio composition

($ in millions)	March 31, 2024	December 31, 2023
Fixed income securities, at fair value	$ 50,777	$ 48,865
Equity securities, at fair value	2,383	2,411
Mortgage loans, net	815	822
Limited partnership interests	8,562	8,380
Short-term investments, at fair value	4,318	5,144
Other investments, net	1,004	1,055
Total	**$ 67,859**	**$ 66,677**

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

($ in millions)	Amortized cost, net	Gross unrealized Gains	Gross unrealized Losses	Fair value
March 31, 2024				
U.S. government and agencies	$ 10,142	$ 56	$ (168)	$ 10,030
Municipal	5,491	61	(160)	5,392
Corporate	33,110	273	(1,114)	32,269
Foreign government	1,255	4	(19)	1,240
ABS	1,839	14	(7)	1,846
Total fixed income securities	**$ 51,837**	**$ 408**	**$ (1,468)**	**$ 50,777**
December 31, 2023				
U.S. government and agencies	$ 8,624	$ 114	$ (119)	$ 8,619
Municipal	6,049	109	(152)	6,006
Corporate	31,951	397	(1,143)	31,205
Foreign government	1,286	17	(13)	1,290
ABS	1,739	13	(7)	1,745
Total fixed income securities	**$ 49,649**	**$ 650**	**$ (1,434)**	**$ 48,865**

Scheduled maturities for fixed income securities

	March 31, 2024		December 31, 2023	
($ in millions)	Amortized cost, net	Fair value	Amortized cost, net	Fair value
Due in one year or less	$ 3,374	$ 3,333	$ 3,422	$ 3,374
Due after one year through five years	23,324	22,678	23,218	22,614
Due after five years through ten years	14,894	14,560	12,553	12,273
Due after ten years	8,406	8,360	8,717	8,859
	49,998	**48,931**	**47,910**	**47,120**
ABS	1,839	1,846	1,739	1,745
Total	**$ 51,837**	**$ 50,777**	**$ 49,649**	**$ 48,865**

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

Net investment income

	Three months ended March 31,	
($ in millions)	2024	2023
Fixed income securities	$ 526	$ 390
Equity securities	15	11
Mortgage loans	9	8
Limited partnership interests	199	134
Short-term investments	67	66
Other investments	21	41
Investment income, before expense	**837**	**650**
Investment expense	(73)	(75)
Net investment income	**$ 764**	**$ 575**

Net gains (losses) on investments and derivatives by asset type

($ in millions)	Three months ended March 31, 2024	2023
Fixed income securities	$ (101)	$ (136)
Equity securities	62	167
Limited partnership interests	8	22
Derivatives	(8)	(52)
Other investments	(2)	13
Other [1]	(123)	—
Net gains (losses) on investments and derivatives	**$ (164)**	**$ 14**

[1] Related to the valuation allowance established for the surplus notes issued by Adirondack Insurance Exchange and New Jersey Skylands Insurance Association (together "Reciprocal Exchanges"). See Note 7 for further detail.

Net gains (losses) on investments and derivatives by transaction type

($ in millions)	Three months ended March 31, 2024	2023
Sales	$ (111)	$ (120)
Credit losses	(115)	(12)
Valuation change of equity investments [1]	70	198
Valuation change and settlements of derivatives	(8)	(52)
Net gains (losses) on investments and derivatives	**$ (164)**	**$ 14**

[1] Includes valuation change of equity securities and certain limited partnership interests where the underlying assets are predominately public equity securities.

Gross realized gains (losses) on sales of fixed income securities

($ in millions)	Three months ended March 31, 2024	2023
Gross realized gains	$ 41	$ 46
Gross realized losses	(146)	(173)

Net appreciation (decline) recognized in net income for assets that are still held

($ in millions)	Three months ended March 31, 2024	2023
Equity securities	$ 61	$ 20
Limited partnership interests carried at fair value	30	16
Total	**$ 91**	**$ 36**

Credit losses recognized in net income

($ in millions)	Three months ended March 31, 2024	2023
Assets		
Fixed income securities:		
Corporate	$ 4	$ (9)
Total fixed income securities	**4**	**(9)**
Other investments		
Bank loans	3	(3)
Other	(123)	—
Total credit losses by asset type	**$ (116)**	**$ (12)**
Liabilities		
Commitments to fund commercial mortgage loans and bank loans	1	—
Total	**$ (115)**	**$ (12)**

Unrealized net capital gains and losses included in Accumulated Other Comprehensive Income ("AOCI")

($ in millions) March 31, 2024	Fair value	Gross unrealized Gains	Gross unrealized Losses	Unrealized net gains (losses)
Fixed income securities	$ 50,777	$ 408	$ (1,468)	$ (1,060)
Short-term investments	4,318	—	(2)	(2)
Derivative instruments	—	—	(2)	(2)
Limited partnership interests				—
Unrealized net capital gains and losses, pre-tax				**(1,064)**
Reclassification of noncontrolling interest				12
Deferred income taxes				233
Unrealized net capital gains and losses, after-tax				**$ (819)**
December 31, 2023				
Fixed income securities	$ 48,865	$ 650	$ (1,434)	$ (784)
Short-term investments	5,144	—	(1)	(1)
Derivative instruments	—	—	(2)	(2)
Limited partnership interests [(1)]				(4)
Unrealized net capital gains and losses, pre-tax				**(791)**
Reclassification of noncontrolling interest				13
Deferred income taxes				174
Unrealized net capital gains and losses, after-tax				**$ (604)**

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

Change in unrealized net capital gains (losses)

($ in millions)	Three months ended March 31, 2024
Fixed income securities	$ (276)
Short-term investments	(1)
Derivative instruments	—
Limited partnership interests	4
Total	**(273)**
Reclassification of noncontrolling interest	(1)
Deferred income taxes	59
Change in unrealized net capital gains and losses, after-tax	**$ (215)**

Carrying value for limited partnership interests

	March 31, 2024			December 31, 2023		
($ in millions)	EMA	Fair Value	Total	EMA	Fair Value	Total
Private equity	$ 6,144	$ 1,122	$ 7,266	$ 6,015	$ 1,139	$ 7,154
Real estate	1,114	24	1,138	1,059	26	1,085
Other [(1)]	158	—	158	141	—	141
Total	**$ 7,416**	**$ 1,146**	**$ 8,562**	**$ 7,215**	**$ 1,165**	**$ 8,380**

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

Short-term investments Short-term investments, including money market funds, commercial paper, U.S. Treasury bills and other short-term investments, are carried at fair value. As of March 31, 2024 and December 31, 2023, the fair value of short-term investments totaled $4.32 billion and $5.14 billion, respectively.

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

Other investments by asset type

($ in millions)	March 31, 2024	December 31, 2023
Bank loans, net	$ 164	$ 224
Real estate	717	709
Policy loans	120	119
Derivatives	1	1
Other	2	2
Total	**$ 1,004**	**$ 1,055**

Portfolio monitoring and credit losses

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

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

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

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

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

When a security is sold or otherwise disposed or when the security is deemed uncollectible and written off, the Company removes amounts previously recognized in the credit loss allowance. Recoveries after write-offs are recognized when received. Accrued interest excluded from the amortized cost of fixed income securities totaled $527 million and $495 million as of March 31, 2024 and December 31, 2023, respectively, and is reported within the accrued investment income line of the Condensed Consolidated Statements of Financial Position. The Company monitors accrued interest and writes off amounts when they are not expected to be received.

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

Rollforward of credit loss allowance for fixed income securities

($ in millions)	Three months ended March 31, 2024	2023
Beginning balance	$ (36)	$ (13)
Credit losses on securities for which credit losses not previously reported	(3)	—
Net (increases) decreases related to credit losses previously reported	4	(9)
(Increase) decrease of allowance related to sales and other	3	—
Write-offs	15	—
Ending balance	**$ (17)**	**$ (22)**
Components of credit loss allowance as of March 31		
Corporate bonds	$ (16)	$ (20)
ABS	(1)	(2)
Total	**$ (17)**	**$ (22)**

Gross unrealized losses and fair value by type and length of time held in a continuous unrealized loss position [1]

($ in millions)	Less than 12 months: Number of issues	Fair value	Unrealized losses	12 months or more: Number of issues	Fair value	Unrealized losses	Total unrealized losses
March 31, 2024							
Fixed income securities							
U.S. government and agencies	118	$ 3,867	$ (85)	104	$ 2,196	$ (83)	$ (168)
Municipal	397	915	(9)	1,600	2,106	(151)	(160)
Corporate	493	5,317	(84)	1,962	15,133	(1,030)	(1,114)
Foreign government	40	453	(3)	74	327	(16)	(19)
ABS	48	214	(2)	118	141	(5)	(7)
Total fixed income securities	**1,096**	**$ 10,766**	**$ (183)**	**3,858**	**$ 19,903**	**$ (1,285)**	**$ (1,468)**
Investment grade fixed income securities	1,032	$ 10,551	$ (173)	3,518	$ 17,647	$ (1,121)	$ (1,294)
Below investment grade fixed income securities	64	215	(10)	340	2,256	(164)	(174)
Total fixed income securities	**1,096**	**$ 10,766**	**$ (183)**	**3,858**	**$ 19,903**	**$ (1,285)**	**$ (1,468)**
December 31, 2023							
Fixed income securities							
U.S. government and agencies	63	$ 2,554	$ (38)	117	$ 2,513	$ (81)	$ (119)
Municipal	271	400	(4)	1,784	2,245	(148)	(152)
Corporate	251	2,225	(48)	2,106	17,319	(1,095)	(1,143)
Foreign government	7	31	—	75	356	(13)	(13)
ABS	19	64	(1)	150	584	(6)	(7)
Total fixed income securities	**611**	**$ 5,274**	**$ (91)**	**4,232**	**$ 23,017**	**$ (1,343)**	**$ (1,434)**
Investment grade fixed income securities	568	$ 5,061	$ (83)	3,864	$ 20,429	$ (1,151)	$ (1,234)
Below investment grade fixed income securities	43	213	(8)	368	2,588	(192)	(200)
Total fixed income securities	**611**	**$ 5,274**	**$ (91)**	**4,232**	**$ 23,017**	**$ (1,343)**	**$ (1,434)**

[1] Includes fixed income securities with fair values of $3 million and $32 million and unrealized losses of zero and $3 million with credit loss allowances of $1 million and $8 million as of March 31, 2024 and December 31, 2023, respectively.

Gross unrealized losses by unrealized loss position and credit quality as of March 31, 2024

($ in millions)	Investment grade	Below investment grade	Total
Fixed income securities with unrealized loss position less than 20% of amortized cost, net [1]	$ (1,226)	$ (150)	$ (1,376)
Fixed income securities with unrealized loss position greater than or equal to 20% of amortized cost, net [2]	(68)	(24)	(92)
Total unrealized losses	**$ (1,294)**	**$ (174)**	**$ (1,468)**

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

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

Investment grade is defined as a security having a National Association of Insurance Commissioners ("NAIC") designation of 1 or 2, which is comparable to a rating of Aaa, Aa, A or Baa from Moody's or AAA, AA, A or BBB from S&P Global Ratings ("S&P"), 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 or wider credit spreads since the time of initial purchase. The unrealized losses are expected to reverse as the securities approach maturity.

ABS 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, 2024, the Company has not made the decision to sell and it is not more likely than not the Company will be required to sell fixed income securities with unrealized losses before recovery of the amortized cost basis.

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

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

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

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

Accrued interest is excluded from the amortized cost of loans and is reported within the accrued investment income line of the Condensed Consolidated Statements of Financial Position.

Accrued interest

($ in millions)	March 31, 2024	December 31, 2023
Mortgage loans	$ 3	$ 3
Bank Loans	3	3

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

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

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

	March 31, 2024							December 31, 2023
($ in millions)	**2019 and prior**	**2020**	**2021**	**2022**	**2023**	**Current**	**Total**	**Total**
Below 1.0	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ 13
1.0 - 1.25	39	—	—	13	2	—	54	41
1.26 - 1.50	27	10	—	30	65	—	132	133
Above 1.50	279	42	183	60	76	—	640	646
Amortized cost before allowance	**$ 345**	**$ 52**	**$ 183**	**$ 103**	**$ 143**	**$ —**	**$ 826**	**$ 833**
Allowance							(11)	(11)
Amortized cost, net							**$ 815**	**$ 822**

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. Payments on all mortgage loans were current as of March 31, 2024 and December 31, 2023.

Rollforward of credit loss allowance for mortgage loans

	Three months ended March 31,	
($ in millions)	**2024**	**2023**
Beginning balance	$ (11)	$ (7)
Net increases related to credit losses	—	—
Write-offs	—	—
Ending balance	**$ (11)**	**$ (7)**

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

Credit ratings of the borrower are considered a key credit quality indicator when bank loan credit loss allowances are estimated. The ratings are either received from the Securities Valuation Office of the NAIC based on availability of applicable ratings from rating agencies on the NAIC credit rating provider list or a comparable internal rating. The year of origination is determined to be the year in which the asset is acquired.

Bank loans amortized cost by credit rating and year of origination

($ in millions)	March 31, 2024							December 31, 2023
	2019 and prior	2020	2021	2022	2023	Current	Total	Total
NAIC 2 / BBB	$ —	$ 2	$ —	$ —	$ —	$ 2	$ 4	$ 9
NAIC 3 / BB	—	—	4	—	9	7	20	38
NAIC 4 / B	24	1	17	6	71	15	134	153
NAIC 5-6 / CCC and below	8	—	5	—	5	1	19	46
Amortized cost before allowance	**$ 32**	**$ 3**	**$ 26**	**$ 6**	**$ 85**	**$ 25**	**$ 177**	**$ 246**
Allowance							(13)	(22)
Amortized cost, net							**$ 164**	**$ 224**

Rollforward of credit loss allowance for bank loans

($ in millions)	Three months ended March 31, 2024	2023
Beginning balance	$ (22)	$ (57)
Net (increases) decreases related to credit losses	3	(3)
Reduction of allowance related to sales	—	5
Write-offs	6	3
Ending balance	**$ (13)**	**$ (52)**

Note 5 Fair Value of Assets and Liabilities

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

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

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

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

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

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

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

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

The Company is responsible for the determination of fair value and the supporting assumptions and methodologies. The Company gains assurance that assets and liabilities are appropriately valued through the execution of various processes and controls designed to ensure the overall reasonableness and consistent application of valuation methodologies, including inputs and assumptions, and compliance with accounting standards. For fair values received from third parties or internally estimated, the Company’s processes and controls are designed to ensure that the valuation methodologies are appropriate and consistently applied, the inputs and assumptions are reasonable and consistent with the objective of determining fair value, and the fair values are accurately recorded. For example, on a continuing basis, the Company assesses the reasonableness of individual fair values that have stale security prices or that exceed certain thresholds as compared to previous fair values received from valuation service providers or brokers or derived from internal models. The Company performs procedures to understand and assess the methodologies, processes and controls of valuation service providers.

In addition, the Company may validate the reasonableness of fair values by comparing information obtained from valuation service providers or brokers to other third-party valuation sources for selected securities. The Company performs ongoing price validation procedures such as back-testing of actual sales, which corroborate the various inputs used in internal models to market observable data. When fair value determinations are expected to be more variable, the Company validates them through reviews by members of management who have relevant expertise and who are independent of those charged with executing investment transactions.

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

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

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

Certain assets are not carried at fair value on a recurring basis, including mortgage loans, bank loans, real estate and policy loans and are only included in the fair value hierarchy disclosure when the individual investment is reported at fair value.

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

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

Level 2 measurements

- *Fixed income securities:*

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

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

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

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

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

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

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

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

Level 3 measurements

- *Fixed income securities:*

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

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

- *Equity securities:* The primary inputs to the valuation include quoted prices or quoted net asset values for identical or similar assets that are not market observable.
- *Short-term:* For certain short-term investments, amortized cost is used as the best estimate of fair value.
- *Other investments:* 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 quoted prices for identical or similar assets in markets that exhibit less liquidity relative to those markets supporting Level 2 fair value measurements.
- *Other assets:* Includes the contingent consideration provision in the sale agreement for Allstate Life Insurance Company (“ALIC”) which meets the definition of a derivative. This derivative is valued internally using a model that includes stochastically determined cash flows and inputs that include spot and forward interest rates, volatility, corporate credit spreads and a liquidity discount. This derivative is categorized as Level 3 due to the significance of non-market observable inputs.

Assets measured at fair value on a non-recurring basis

Comprise long-lived assets to be disposed of by sale, including real estate, that are written down to fair value less costs to sell and bank loans written down to fair value in connection with recognizing credit losses.

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, 2024, the Company has commitments to invest $172 million in these limited partnership interests.

Assets and liabilities measured at fair value

($ in millions)	March 31, 2024 Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Counterparty and cash collateral netting	Total
Assets					
Fixed income securities:					
U.S. government and agencies	$ 10,016	$ 14	$ —		$ 10,030
Municipal	—	5,384	8		5,392
Corporate - public	—	23,847	23		23,870
Corporate - privately placed	—	8,345	54		8,399
Foreign government	—	1,240	—		1,240
ABS	—	1,788	58		1,846
Total fixed income securities	**10,016**	**40,618**	**143**		**50,777**
Equity securities [(1)]	1,607	218	408		2,233
Short-term investments	2,120	2,177	21		4,318
Other investments	—	5	2	$ (4)	3
Other assets	1	—	120		121
Total recurring basis assets	**13,744**	**43,018**	**694**	**(4)**	**57,452**
Non-recurring basis	—	—	—		—
Total assets at fair value	**$ 13,744**	**$ 43,018**	**$ 694**	**$ (4)**	**$ 57,452**
% of total assets at fair value	23.9 %	74.9 %	1.2 %	— %	100.0 %
Investments reported at NAV					1,146
Total					**$ 58,598**
Liabilities					
Other liabilities	$ (2)	$ (4)	$ —	$ 3	$ (3)
Total recurring basis liabilities	**(2)**	**(4)**	**—**	**3**	**(3)**
Total liabilities at fair value	**$ (2)**	**$ (4)**	**$ —**	**$ 3**	**$ (3)**
% of total liabilities at fair value	66.7 %	133.3 %	— %	(100.0)%	100.0 %

(1) Excludes $150 million of preferred stock measured at cost.

Assets and liabilities measured at fair value

($ in millions)	December 31, 2023 Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Counterparty and cash collateral netting	Total
Assets					
Fixed income securities:					
U.S. government and agencies	$ 8,606	$ 13	$ —		$ 8,619
Municipal	—	5,995	11		6,006
Corporate - public	—	23,272	26		23,298
Corporate - privately placed	—	7,849	58		7,907
Foreign government	—	1,290	—		1,290
ABS	—	1,687	58		1,745
Total fixed income securities	**8,606**	**40,106**	**153**		**48,865**
Equity securities [1]	1,656	203	402		2,261
Short-term investments	1,676	3,467	1		5,144
Other investments	—	3	2	$ (2)	3
Other assets	3	—	118		121
Total recurring basis assets	**11,941**	**43,779**	**676**	**(2)**	**56,394**
Non-recurring basis	—	—	15		15
Total assets at fair value	**$ 11,941**	**$ 43,779**	**$ 691**	**$ (2)**	**$ 56,409**
% of total assets at fair value	21.2 %	77.6 %	1.2 %	— %	100.0 %
Investments reported at NAV					1,165
Total					**$ 57,574**
Liabilities					
Other liabilities	$ (2)	$ (10)	$ —	$ 8	$ (4)
Total recurring basis liabilities	**(2)**	**(10)**	**—**	**8**	**(4)**
Total liabilities at fair value	**$ (2)**	**$ (10)**	**$ —**	**$ 8**	**$ (4)**
% of total liabilities at fair value	50.0 %	250.0 %	— %	(200.0)%	100.0 %

[1] Excludes $150 million of preferred stock measured at cost.

As of March 31, 2024 and December 31, 2023, Level 3 fair value measurements of fixed income securities total $143 million and $153 million, respectively, and include $23 million and $26 million, respectively, of securities valued based on non-binding broker quotes where the inputs have not been corroborated to be market observable and $8 million and $11 million, respectively, of municipal fixed income securities that are not rated by third-party credit rating agencies.

An increase (decrease) in credit spreads for fixed income securities valued based on non-binding broker quotes would result in a lower (higher) fair value, and an increase (decrease) in the credit rating of municipal bonds that are not rated by third-party credit rating agencies would result in a higher (lower) fair value.

Rollforward of Level 3 assets and liabilities held at fair value during the three month period ended March 31, 2024

($ in millions)	Balance as of December 31, 2023	Total gains (losses) included in: Net income	OCI	Transfers: Into Level 3	Out of Level 3	Purchases	Sales	Issues	Settlements	Balance as of March 31, 2024
Assets										
Fixed income securities:										
Municipal	$ 11	$ —	$ —	$ —	$ —	$ —	$ (1)	$ —	$ (2)	$ 8
Corporate - public	26	—	2	—	—	—	(5)	—	—	23
Corporate - privately placed	58	(4)	—	—	—	—	—	—	—	54
ABS	58	—	—	—	—	—	—	—	—	58
Total fixed income securities	**153**	**(4)**	**2**	**—**	**—**	**—**	**(6)**	**—**	**(2)**	**143**
Equity securities	402	9	—	—	—	—	(3)	—	—	408
Short-term investments	1	—	—	—	—	20	—	—	—	21
Other investments	2	—	—	—	—	—	—	—	—	2
Other assets	118	2	—	—	—	—	—	—	—	120
Total recurring Level 3 assets	**$ 676**	**$ 7**	**$ 2**	**$ —**	**$ —**	**$ 20**	**$ (9)**	**$ —**	**$ (2)**	**$ 694**

Rollforward of Level 3 assets and liabilities held at fair value during the three month period ended March 31, 2023

($ in millions)	Balance as of December 31, 2022	Total gains (losses) included in: Net income	OCI	Transfers: Into Level 3	Out of Level 3	Purchases	Sales	Issues	Settlements	Balance as of March 31, 2023
Assets										
Fixed income securities:										
Municipal	$ 21	$ —	$ —	$ —	$ —	$ —	$ (3)	$ —	$ (1)	$ 17
Corporate - public	69	(1)	2	—	—	—	(41)	—	—	29
Corporate - privately placed	55	(4)	—	—	—	—	(2)	—	—	49
ABS	28	—	—	—	—	—	—	—	(1)	27
Total fixed income securities	**173**	**(5)**	**2**	**—**	**—**	**—**	**(46)**	**—**	**(2)**	**122**
Equity securities	333	—	—	—	—	42	(17)	—	—	358
Short-term investments	6	—	—	—	—	—	—	—	—	6
Other investments	3	(1)	—	—	—	—	—	—	—	2
Other assets	103	9	—	—	—	—	—	—	—	112
Total recurring Level 3 assets	**$ 618**	**$ 3**	**$ 2**	**$ —**	**$ —**	**$ 42**	**$ (63)**	**$ —**	**$ (2)**	**$ 600**

Total Level 3 gains (losses) included in net income

($ in millions)	Three months ended March 31, 2024	2023
Net investment income	$ —	$ (5)
Net gains (losses) on investments and derivatives [1]	5	(1)
Operating costs and expenses [1]	2	9

[1] Prior to the first quarter of 2024, level 3 gains (losses) included in operating costs and expenses were reported in this table within net gains (losses) on investments and derivatives. Historical results have been updated to conform with this presentation.

There were no transfers into or out of Level 3 during the three months ended March 31, 2024 and 2023.

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

($ in millions)	Three months ended March 31, 2024	Three months ended March 31, 2023
Assets		
Fixed income securities:		
Corporate - privately placed	$ (4)	$ (4)
Total fixed income securities	**(4)**	**(4)**
Equity securities	9	(1)
Other investments	—	(1)
Other assets	2	9
Total recurring Level 3 assets	**$ 7**	**$ 3**
Total included in net income	**$ 7**	**$ 3**
Components of net income		
Net investment income	$ —	$ (5)
Net gains (losses) on investments and derivatives	5	(1)
Operating costs and expenses	2	9
Total included in net income	**$ 7**	**$ 3**
Assets		
Corporate - public	2	1
Changes in unrealized net capital gains and losses reported in OCI	**$ 2**	**$ 1**

Financial instruments not carried at fair value

($ in millions)		March 31, 2024		December 31, 2023	
Financial assets	**Fair value level**	**Amortized cost, net**	**Fair value**	**Amortized cost, net**	**Fair value**
Mortgage loans	Level 3	$ 815	$ 762	$ 822	$ 769
Bank loans	Level 3	164	177	224	238
Financial liabilities	**Fair value level**	**Carrying value** [(1)]	**Fair value**	**Carrying value** [(1)]	**Fair value**
Contractholder funds on investment contracts	Level 3	$ 44	$ 44	$ 46	$ 46
Debt	Level 2	7,938	7,590	7,942	7,655
Liability for collateral	Level 2	2,049	2,049	1,891	1,891

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

Note 6 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, options, futures, or a foreign currency forward contract and one or more highly rated fixed income securities, primarily investment grade host bonds, to synthetically replicate the economic characteristics of one or more cash market securities. The Company replicates equity securities using futures, index total return swaps, and options to increase equity exposure.

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

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

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

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

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

In connection with the sale of ALIC and certain affiliates in 2021, the sale agreement included a provision related to contingent consideration that may be earned over a ten-year period with the first potential payment date commencing on January 1, 2026 and a final potential payment date of January 1, 2035. The contingent consideration is determined annually based on the average ten-year Treasury rate over the preceding three-year period compared to a designated rate. The contingent consideration meets the definition of a derivative and is accounted for on a fair value basis with periodic changes in fair value reflected in earnings. There are no collateral requirements related to the contingent consideration.

Summary of the volume and fair value positions of derivative instruments as of March 31, 2024

($ 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						
Futures	Other assets	n/a	4,644	$ 1	$ 1	$ —
Equity and index contracts						
Options	Other investments	n/a	16	—	—	—
Futures	Other assets	n/a	913	—	—	—
Foreign currency contracts						
Foreign currency forwards	Other investments	$ 183	n/a	2	2	—
Contingent consideration	Other assets	250	n/a	120	120	—
Credit default contracts						
Credit default swaps – buying protection	Other investments	43	n/a	(1)	—	(1)
Total asset derivatives		**$ 476**	**5,573**	**$ 122**	**$ 123**	**$ (1)**
Liability derivatives						
Derivatives not designated as accounting hedging instruments						
Interest rate contracts						
Futures	Other liabilities & accrued expenses	n/a	11,163	$ (2)	$ —	$ (2)
Equity and index contracts						
Options	Other liabilities & accrued expenses	n/a	16	—	—	—
Futures	Other liabilities & accrued expenses	n/a	736	—	—	—
Foreign currency contracts						
Foreign currency forwards	Other liabilities & accrued expenses	$ 384	n/a	1	3	(2)
Credit default contracts						
Credit default swaps – buying protection	Other liabilities & accrued expenses	11	n/a	(1)	—	(1)
Total liability derivatives		**395**	**11,915**	**(2)**	**$ 3**	**$ (5)**
Total derivatives		**$ 871**	**17,488**	**$ 120**		

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

Summary of the volume and fair value positions of derivative instruments as of December 31, 2023

($ 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						
Futures	Other assets	n/a	20,479	$ 2	$ 2	$ —
Equity and index contracts						
Options	Other investments	n/a	32	—	—	—
Futures	Other assets	n/a	1,305	1	1	—
Foreign currency contracts						
Foreign currency forwards	Other investments	$ 278	n/a	(2)	2	(4)
Contingent consideration	Other assets	250	n/a	118	118	—
Credit default contracts						
Credit default swaps – buying protection	Other investments	34	n/a	(1)	—	(1)
Total asset derivatives		**$ 562**	**21,816**	**$ 118**	**$ 123**	**$ (5)**
Liability derivatives						
Derivatives not designated as accounting hedging instruments						
Interest rate contracts						
Futures	Other liabilities & accrued expenses	n/a	2,175	$ (1)	$ —	$ (1)
Equity and index contracts						
Futures	Other liabilities & accrued expenses	n/a	980	(1)	—	(1)
Foreign currency contracts						
Foreign currency forwards	Other liabilities & accrued expenses	$ 306	n/a	(3)	1	(4)
Credit default contracts						
Credit default swaps – buying protection	Other liabilities & accrued expenses	19	n/a	(1)	—	(1)
Total liability derivatives		**325**	**3,155**	**(6)**	**$ 1**	**$ (7)**
Total derivatives		**$ 887**	**24,971**	**$ 112**		

[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)

Gross and net amounts for OTC derivatives [1]

($ in millions)	Gross amount	Offsets: Counter-party netting	Offsets: Cash collateral (received) pledged	Net amount on balance sheet	Securities collateral (received) pledged	Net amount
March 31, 2024						
Asset derivatives	$ 5	$ (4)	$ —	$ 1	$ —	$ 1
Liability derivatives	(4)	4	(1)	(1)	—	(1)
December 31, 2023						
Asset derivatives	$ 3	$ (6)	$ 4	$ 1	$ —	$ 1
Liability derivatives	(10)	6	2	(2)	—	(2)

[1] All OTC derivatives are subject to enforceable master netting agreements.

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

($ in millions)	Net gains (losses) on investments and derivatives	Operating costs and expenses	Total gain (loss) recognized in net income on derivatives
Three months ended March 31, 2024			
Interest rate contracts	$ (7)	$ —	$ (7)
Equity and index contracts	(11)	14	3
Contingent consideration	—	2	2
Foreign currency contracts	11	—	11
Credit default contracts	(1)	—	(1)
Total	**$ (8)**	**$ 16**	**$ 8**
Three months ended March 31, 2023			
Interest rate contracts	$ (35)	$ —	$ (35)
Equity and index contracts	4	8	12
Contingent consideration	—	9	9
Foreign currency contracts	(7)	—	(7)
Credit default contracts	(14)	—	(14)
Total	**$ (52)**	**$ 17**	**$ (35)**

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.

OTC cash and securities collateral pledged

($ in millions)	March 31, 2024
Pledged by the Company	$ 2
Pledged to the Company [1]	3

[1] $1 million collateral was posted under MNAs for contracts containing credit-risk-contingent provisions that are in a liability provision.

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

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

OTC derivatives counterparty credit exposure by counterparty credit rating

($ in millions)	March 31, 2024				December 31, 2023			
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+	2	$ 445	$ 2	$ —	—	$ —	$ —	$ —
Total	**2**	**$ 445**	**$ 2**	**$ —**	**—**	**$ —**	**$ —**	**$ —**

[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.

Exchange traded and cleared margin deposits

($ in millions)	March 31, 2024
Pledged by the Company	$ 67
Received by the Company	—

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 transactions contain credit-risk-contingent termination events and cross-default provisions. Credit-risk-contingent termination events allow the counterparties to terminate the derivative agreement or a specific trade on certain dates if AIC's 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.

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

($ in millions)	March 31, 2024	December 31, 2023
Gross liability fair value of contracts containing credit-risk-contingent features	$ 3	$ 10
Gross asset fair value of contracts containing credit-risk-contingent features and subject to MNAs	(2)	(3)
Collateral posted under MNAs for contracts containing credit-risk-contingent features	(1)	(5)
Maximum amount of additional exposure for contracts with credit-risk-contingent features if all features were triggered concurrently	**$ —**	**$ 2**

Note 7 Variable Interest Entities

Consolidated VIEs primarily include Adirondack Insurance Exchange ("Adirondack"), a New York reciprocal insurer, and New Jersey Skylands Insurance Association ("Skylands"), a New Jersey reciprocal insurer. The Reciprocal Exchanges are insurance carriers organized as unincorporated associations. The Company does not own the equity of the Reciprocal Exchanges, which is owned by their respective policyholders.

The results of the Reciprocal Exchanges are included in the Allstate Protection segment as the Company manages the business operations of the Reciprocal Exchanges and has the power to direct their activities that most significantly impact their economic performance. The Company receives a management fee for the services provided to the Reciprocal Exchanges totaling $10 million and $11 million for the three months ended March 31, 2024 and 2023, respectively. In addition, as of March 31, 2024 and December 31, 2023, the Company holds interests of $123 million in the form of surplus notes that provide capital to the Reciprocal Exchanges and would absorb expected losses. As of March 31, 2024, Adirondack's capital was below levels required by insurance regulations. Due to ongoing operating losses and the inability of the Reciprocal Exchanges to obtain approval for premium rate increases that are commensurate with increases in claims and claims expense, the Company established a valuation allowance of $123 million related to the surplus notes during the three months ended March 31, 2024.

In addition, the Company has a 100% quota share reinsurance agreement with Skylands to cede all of Skylands' business to the Company and a 36.5% quota share reinsurance agreement with Adirondack. Claims and claims expense ceded to the Company were $12 million and $7 million for the three months ended March 31, 2024 and 2023, respectively.

The Reciprocal Exchanges generated $61 million of earned premiums for the three months ended March 31, 2024 compared to $57 million for the three months ended March 31, 2023. Total costs and expenses were $87 million for the three months ended March 31, 2024 compared to $59 million for the three months ended March 31, 2023.

In the event of dissolution, policyholders would share any residual unassigned surplus but are not subject to assessment for any deficit in unassigned surplus of the Reciprocal Exchanges. The assets of the Reciprocal Exchanges can be used only to settle the obligations of the Reciprocal Exchanges and general creditors have no recourse to the Company.

The table below reflects the consolidated VIE results, which exclude all intercompany transactions including surplus notes and related accrued interest, management fees and intercompany reinsurance transactions.

Assets and liabilities of Reciprocal Exchanges included in the condensed consolidated statement of financial position [1]

($ in millions)	March 31, 2024	December 31, 2023
Assets		
Fixed income securities	$ 241	$ 267
Short-term investments	13	7
Deferred policy acquisition costs	19	25
Premium installment and other receivables, net	38	44
Reinsurance recoverables, net	74	76
Other assets	29	54
Total assets	**414**	**473**
Liabilities		
Reserve for property and casualty insurance claims and claims expense	227	201
Unearned premiums	160	177
Other liabilities and expenses	41	77
Total liabilities	**$ 428**	**$ 455**
[1] Intercompany balances eliminated in consolidation		
Total assets	$ (30)	$ (26)
Total liabilities	(201)	(189)

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

The Company establishes reserves for claims and claims expense on reported and unreported claims of insured losses. The Company's reserving process considers known facts and interpretations of circumstances and factors including the Company's experience with similar cases, actual claims paid, historical trends involving claim payment patterns and pending levels of unpaid claims, loss management programs, product mix and contractual terms, changes in laws and regulations, judicial decisions, and economic conditions.

When the Company experiences changes in the mix or type of claims or changing claim settlement patterns or data, it applies actuarial judgment in the determination and selection of development factors to develop reserve liabilities. Supply chain disruptions and inflation have resulted in higher part costs, used car values and longer time to claim resolution, which have combined with labor shortages to increase physical damage loss costs. Medical inflation, treatment trends, attorney representation, litigation costs and more severe accidents have contributed to higher third-party bodily injury loss costs. The Company has also digitized and modified claim processes to increase effectiveness and efficiency. These factors may lead to historical development trends being less predictive of future loss development, potentially creating additional reserve variability.

Generally, the initial reserves for a new accident year are established based on claim frequency and severity assumptions for different business segments, lines and coverages based on historical relationships to relevant inflation indicators. Reserves for prior accident years are statistically determined using several different actuarial estimation methods. Changes in auto claim frequency may result from changes in mix of business, driving behaviors, miles driven or other factors. Changes in auto current year claim severity are generally influenced by inflation in the medical and auto repair sectors, the effectiveness and efficiency of claim settlements and changes in mix of claim types. When changes in claim data occur, actuarial judgment is used to determine appropriate development factors to establish reserves. The Company's reserving process incorporates changes in loss patterns, operational statistics and changes in claims reporting processes to determine its best estimate of recorded reserves.

As part of the reserving process, the Company may also supplement its claims processes by utilizing third-party adjusters, appraisers, engineers, inspectors, and other professionals and information sources to assess and settle catastrophe and non-catastrophe related claims. The effects of inflation are implicitly considered in the reserving process.

Because reserves are estimates of unpaid portions of losses that have occurred, including incurred but not reported ("IBNR") losses, the establishment of appropriate reserves, including reserves for catastrophes, Run-off Property-Liability and reinsurance and indemnification recoverables, is an inherently uncertain and complex process. The ultimate cost of losses may vary materially from recorded amounts, which are based on management's best estimates.

The highest degree of uncertainty is associated with reserves for losses incurred in the initial reporting period as it contains the greatest proportion of losses that have not been reported or settled as well as heightened uncertainty for claims that involve litigation or take longer to settle during periods of rapidly increasing loss costs. The Company also has uncertainty in the Run-off Property-Liability reserves that are based on events long since passed and are complicated by lack of historical data, legal interpretations, unresolved legal issues and legislative intent based on establishment of facts.

The Company regularly updates its reserve estimates as new information becomes available and as events unfold that may affect the resolution of unsettled claims. Changes in reserve estimates, which may be material, are reported in property and casualty insurance claims and claims expense in the Condensed Consolidated Statements of Operations in the period such changes are determined.

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

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

($ in millions)	Three months ended March 31, 2024	2023
Balance as of January 1	$ 39,858	$ 37,541
Less: Recoverables [1]	8,396	9,176
Net balance as of January 1	**31,462**	**28,365**
Incurred claims and claims expense related to:		
Current year	9,652	10,341
Prior years	(151)	(15)
Total incurred	**9,501**	**10,326**
Claims and claims expense paid related to:		
Current year	(3,163)	(3,122)
Prior years	(5,990)	(6,036)
Total paid	**(9,153)**	**(9,158)**
Net balance as of March 31	31,810	29,533
Plus: Recoverables	8,333	9,111
Balance as of March 31	**$ 40,143**	**$ 38,644**

[1] Recoverables comprises reinsurance and indemnification recoverables.

Incurred claims and claims expense represents the sum of paid losses, claim adjustment expenses and reserve changes in the period. This expense included losses from catastrophes of $731 million and $1.69 billion in the three months ended March 31, 2024 and 2023, respectively, net of recoverables.

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

Prior year reserve reestimates included in claims and claims expense [1]

	Non-catastrophe losses		Catastrophe losses		Total	
($ in millions)	2024	2023	2024	2023	2024	2023
Three months ended March 31,						
Auto	$ (67)	$ 3	$ (7)	$ (28)	$ (74)	$ (25)
Homeowners	(40)	(12)	(149)	(8)	(189)	(20)
Other personal lines	55	10	(3)	(7)	52	3
Commercial lines	54	23	(3)	1	51	24
Other business lines	5	1	—	—	5	1
Run-off Property-Liability	4	2	—	—	4	2
Total prior year reserve reestimates	**$ 11**	**$ 27**	**$ (162)**	**$ (42)**	**$ (151)**	**$ (15)**

[1] Favorable reserve reestimates are shown in parentheses.

Note 9 Reserve for Future Policy Benefits and Contractholder Funds

Rollforward of reserve for future policy benefits [1]

	Three months ended March 31,					
	Accident and health		Traditional life		Total	
($ in millions)	2024	2023	2024	2023	2024	2023
Present value of expected net premiums						
Beginning balance	**$ 1,688**	**$ 1,464**	**$ 325**	**$ 238**	**$ 2,013**	**$ 1,702**
Beginning balance at original discount rate	1,737	1,549	330	246	2,067	1,795
Effect of changes in cash flow assumptions	—	—	—	—	—	—
Effect of actual variances from expected experience	(44)	(42)	11	5	(33)	(37)
Adjusted beginning balance	1,693	1,507	341	251	2,034	1,758
Issuances	230	199	32	17	262	216
Interest accrual	18	12	5	3	23	15
Net premiums collected	(98)	(95)	(16)	(12)	(114)	(107)
Ending balance at original discount rate	1,843	1,623	362	259	2,205	1,882
Effect of changes in discount rate assumptions	(81)	(62)	(9)	(5)	(90)	(67)
Ending balance	**1,762**	**1,561**	**353**	**254**	**2,115**	**1,815**
Present value of expected future policy benefits						
Beginning balance	**2,453**	**2,229**	**657**	**524**	**3,110**	**2,753**
Beginning balance at original discount rate	2,495	2,316	656	534	3,151	2,850
Effect of changes in cash flow assumptions	(6)	—	—	—	(6)	—
Effect of actual variances from expected experience	(47)	(47)	8	4	(39)	(43)
Adjusted beginning balance	2,442	2,269	664	538	3,106	2,807
Issuances	230	199	33	16	263	215
Interest accrual	25	19	9	6	34	25
Benefit payments	(102)	(99)	(12)	(12)	(114)	(111)
Ending balance at original discount rate	2,595	2,388	694	548	3,289	2,936
Effect of changes in discount rate assumptions	(86)	(53)	(22)	(1)	(108)	(54)
Ending balance	**$ 2,509**	**$ 2,335**	**$ 672**	**$ 547**	**$ 3,181**	**$ 2,882**
Net reserve for future policy benefits [1]	**$ 747**	**$ 774**	**$ 319**	**$ 293**	**$ 1,066**	**$ 1,067**
Less: reinsurance recoverables	80	76	1	2	81	78
Net reserve for future policy benefits, after reinsurance recoverables	**$ 667**	**$ 698**	**$ 318**	**$ 291**	**$ 985**	**$ 989**

[1] Excludes $259 million and $271 million of reserves related to short-duration and other contracts as of March 31, 2024 and 2023, respectively.

Revenue and interest recognized in the condensed consolidated statements of operations

	Three months ended March 31,	
($ in millions)	2024	2023
Revenues [1]		
Accident and health	$ 221	$ 225
Traditional life	34	25
Total	**$ 255**	**$ 250**
Interest expense [2]		
Accident and health	$ 7	$ 7
Traditional life	4	3
Total	**$ 11**	**$ 10**

[1] Total revenues reflects gross premiums used in the calculation for reserve for future policy benefits. Revenues included in Accident and health insurance premiums and contract charges on the Condensed Consolidated Statements of Operations reflect premium revenue recognized for traditional life insurance and long-duration and short-duration accident and health insurance contracts.

[2] Total interest expense presented as part of Accident, health and other policy benefits on the Condensed Consolidated Statements of Operations.

The following table provides the amount of undiscounted and discounted expected gross premiums and expected future benefits and expenses for nonparticipating traditional and limited-payment contracts.

	As of March 31,			
	2024		2023	
($ in millions)	Undiscounted	Discounted	Undiscounted	Discounted
Accident and health				
Expected future gross premiums	$ 5,580	$ 3,807	$ 5,068	$ 3,671
Expected future benefits and expenses	3,754	2,509	3,351	2,335
Traditional life				
Expected future gross premiums	1,002	687	721	500
Expected future benefits and expenses	1,399	672	1,008	547

Key assumptions used in calculating the reserve for future policy benefits

	As of March 31,			
	Accident and health		Traditional life	
	2024	2023	2024	2023
Weighted-average duration (in years)	4.3	4.1	15.1	14.1
Weighted-average interest rates				
Interest accretion rate (discount rate at contract issuance)	4.96 %	5.09 %	5.41 %	5.50 %
Current discount rate (upper-medium grade fixed income yield)	5.02	4.58	5.35	5.03

Significant assumptions To determine mortality and morbidity assumptions, the Company uses a combination of its historical experience and industry data. Mortality and morbidity are monitored throughout the year. Historical experience is obtained through annual Company experience studies in the third quarter that consider its historical claim patterns. The lapse assumption is determined based on historical lapses of the Company's insurance contracts.

For the first quarter of 2024, actual experience for lapses in accident and health products was higher than expected. For the first quarter of 2023, actual experience for lapses in accident and health products was lower than expected.

For the first quarter of 2024 and 2023, actual experience for lapses in traditional life products was lower than expected.

Contractholder funds

Contractholder funds activity

	Three months ended March 31,	
($ in millions)	2024	2023
Beginning balance	$ 888	$ 879
Deposits	34	33
Interest credited	9	8
Benefits	(2)	(4)
Surrenders and partial withdrawals	(6)	(5)
Contract charges	(30)	(30)
Other adjustments	(3)	(3)
Ending balance	**$ 890**	**$ 878**
Components of contractholder funds		
Interest-sensitive life insurance	$ 846	$ 830
Fixed annuities	44	48
Total	**$ 890**	**$ 878**
Weighted-average crediting rate	4.20 %	4.27 %
Net amount at risk [(1)]	$ 11,364	$ 11,780
Cash surrender value	731	722

(1) Guaranteed benefit amounts in excess of the current account balances.

Account values: comparison of current crediting rate to guaranteed minimum crediting rate [1]

($ in millions) Range of guaranteed minimum crediting rates	At guaranteed minimum	1-50 basis points above	Total
March 31, 2024			
Less than 3.00%	$ —	$ —	$ —
3.00% - 3.49%	—	34	34
3.50% - 3.99%	10	—	10
4.00% - 4.49%	437	—	437
4.50% - 4.99%	260	—	260
5.00% or greater	67	—	67
Non-account balances [2]			82
Total	**$ 774**	**$ 34**	**$ 890**
March 31, 2023			
Less than 3.00%	$ —	$ —	$ —
3.00% - 3.49%	—	20	20
3.50% - 3.99%	11	—	11
4.00% - 4.49%	431	—	431
4.50% - 4.99%	266	—	266
5.00% or greater	69	—	69
Non-account balances [2]			81
Total	**$ 777**	**$ 20**	**$ 878**

[1] Difference, in basis points, between rates being credited to contractholders and the respective guaranteed minimum crediting rates.

[2] Non-account balances include unearned revenue and amounts related to policies where a claim is either in the course of settlement or incurred but not reported. A claim on a life insurance policy results in the accrual of interest at a rate and over a period of time that is specified by state insurance regulations.

Note 10 Reinsurance and Indemnification

Effects of reinsurance ceded and indemnification programs on property and casualty premiums earned and accident and health insurance premiums and contract charges

($ in millions)	Three months ended March 31, 2024	2023
Property and casualty insurance premiums earned	$ (557)	$ (446)
Accident and health insurance premiums and contract charges	(10)	(9)

Effects of reinsurance ceded and indemnification programs on property and casualty insurance claims and claims expense and accident, health and other policy benefits

($ in millions)	Three months ended March 31, 2024	2023
Property and casualty insurance claims and claims expense	$ (232)	$ (320)
Accident, health and other policy benefits	(6)	(8)

Reinsurance and indemnification recoverables

Reinsurance and indemnification recoverables, net

($ in millions)	March 31, 2024	December 31, 2023
Property and casualty		
Paid and due from reinsurers and indemnitors	$ 234	$ 254
Unpaid losses estimated (including IBNR)	8,333	8,396
Total property and casualty	**$ 8,567**	**$ 8,650**
Accident and health insurance	**159**	**159**
Total	**$ 8,726**	**$ 8,809**

Rollforward of credit loss allowance for reinsurance recoverables		
	Three months ended March 31,	
($ in millions)	2024	2023
Property and casualty [1] [2]		
Beginning balance	$ (62)	$ (62)
(Increase) decrease in the provision for credit losses	(2)	1
Write-offs	—	—
Ending balance	**$ (64)**	**$ (61)**
Accident and health insurance		
Beginning balance	$ (3)	$ (3)
Increase in the provision for credit losses	—	—
Write-offs	—	—
Ending balance	**$ (3)**	**$ (3)**

[1] Primarily related to Run-off Property-Liability reinsurance ceded.

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

Note 11 Deferred Policy Acquisition Costs

Deferred policy acquisition costs activity				
($ in millions)	Accident and health	Traditional life	Interest-sensitive life	Total
Three months ended March 31, 2024				
Accident and health insurance				
Long-duration contracts				
Beginning balance	$ 321	$ 90	$ 100	$ 511
Acquisition costs deferred	26	13	4	43
Amortization charged to income	(20)	(5)	(3)	(28)
Experience adjustment	(10)	(1)	—	(11)
Total	**$ 317**	**$ 97**	**$ 101**	**515**
Short-duration contracts				31
Property and casualty				5,400
Ending balance				**$ 5,946**
Three months ended March 31, 2023				
Accident and health insurance				
Long-duration contracts				
Beginning balance	$ 322	$ 79	$ 101	$ 502
Acquisition costs deferred	13	6	4	23
Amortization charged to income	(9)	(3)	(4)	(16)
Experience adjustment	(9)	—	—	(9)
Total	**$ 317**	**$ 82**	**$ 101**	**500**
Short-duration contracts				28
Property and casualty				4,943
Ending balance				**$ 5,471**

Note 12 Company Restructuring

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

- *Employee* - severance and relocation benefits
- *Exit* - contract termination penalties and real estate costs primarily related to accelerated amortization of right-of-use assets and related leasehold improvements at facilities to be vacated

The expenses related to these activities are included in the Condensed Consolidated Statements of Operations as restructuring and related charges and totaled $10 million and $27 million during the three months ended March 31, 2024 and 2023, respectively.

Restructuring expenses during the first quarter of 2024 primarily relate to implementing actions to streamline the organization and outsource operations, and real estate costs related to facilities being vacated. The Company continues to identify ways to improve operating efficiency and reduce cost which may result in additional restructuring charges in the future.

Restructuring activity during the period

($ in millions)	Employee costs	Exit costs	Total liability
Restructuring liability as of December 31, 2023	$ 40	$ 1	$ 41
Expense incurred	4	5	9
Adjustments to liability	1	—	1
Payments and non-cash charges	(12)	(5)	(17)
Restructuring liability as of March 31, 2024	**$ 33**	**$ 1**	**$ 34**

As of March 31, 2024, the cumulative amount incurred to date for active programs related to employee severance, relocation benefits and exit expenses totaled $105 million for employee costs and $79 million for exit costs.

Note 13 Guarantees and Contingent Liabilities

Shared markets and state facility assessments

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

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

Guarantees

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

Related to the sale of ALNY on October 1, 2021, AIC agreed to indemnify Wilton Reassurance Company in connection with certain representations, warranties and covenants of AIC, and certain liabilities specifically excluded from the transaction, subject to specific contractual limitations regarding AIC'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 sale of ALIC and Allstate Assurance Company on November 1, 2021, AIC and Allstate Financial Insurance Holdings Corporation (collectively, the "Sellers") agreed to indemnify Everlake US Holdings Company in connection with certain representations, warranties and covenants of the Sellers, and certain liabilities specifically excluded from the transaction, subject to specific contractual limitations regarding the Sellers' maximum obligation. Management does not believe these indemnifications will have a material effect on results of operations, cash flows or financial position of the Company.

The aggregate liability balance related to all guarantees was not material as of March 31, 2024.

Regulation and compliance

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

Legal and regulatory proceedings and inquiries

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

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

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

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

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

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

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

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

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

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

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

The Company currently estimates that the aggregate range of reasonably possible loss in excess of the amount accrued, if any, for the disclosed matters where such an estimate is possible is zero to $87 million, pre-tax. This disclosure is not an indication of expected loss, if any. Under accounting guidance, an event is "reasonably possible" if "the chance of the future event or events occurring is more than remote but less than likely" and an event is "remote" if "the chance of the future event or events occurring is slight." This estimate is based upon currently available information and is subject to significant judgment and a variety of assumptions and known and unknown uncertainties. The matters underlying the estimate will change from time to time, and actual results may vary significantly from the current estimate. The estimate does not include matters or losses for which an estimate is not possible. Therefore, this estimate represents an estimate of possible loss only for certain matters meeting these criteria. It does not represent the Company's maximum possible loss exposure. Information is provided below regarding the nature of all of the disclosed matters and, where specified, the amount, if any, of plaintiff claims associated with these loss contingencies.

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

Claims related proceedings The Company is managing various disputes in Florida that raise challenges to the Company's practices, processes, and procedures relating to claims for personal injury protection benefits under Florida auto policies. Medical providers continue to pursue litigation under various theories that challenge the amounts that the Company pays under the personal injury protection coverage, seeking additional benefit payments, as well as applicable interest, penalties and fees. There is a pending lawsuit, *Revival Chiropractic v. Allstate Insurance Company, et al.* (M.D. Fla. filed January 2019; appeal pending, Eleventh Circuit Court of Appeals), where the federal district court denied class certification and plaintiff's request to file a renewed motion for class certification. In *Revival*, on June 2, 2022, the Eleventh Circuit certified to the Florida Supreme Court Allstate's appeal of the federal district court's interpretation of the state personal injury protection statute. The Eleventh Circuit is holding determination on plaintiff's class certification appeal pending the outcome of the Florida Supreme Court certification. The oral argument before the Florida Supreme Court was on March 8, 2023. On April 25, 2024, the Florida Supreme Court issued a decision in the Company's favor, finding that the Company's practice with respect to its payment of certain medical provider charges is consistent with the Company's policy language and with the state personal injury protection statute. While this appeal has been pending, the Company has been managing litigation involving individual plaintiffs.

The Company is defending putative class actions in various courts that raise challenges to the Company's depreciation practices in homeowner property claims. In these lawsuits, plaintiffs generally allege that, when calculating actual cash value, the costs of "non-materials" such as labor, general contractor's overhead and profit, and sales tax should not be subject to depreciation. The Company is currently defending the following lawsuits on this issue: *Sims, et al. v. Allstate Fire and Casualty Insurance Company, et al.* (W.D. Tex. filed June 2022); *Thompson, et al. v. Allstate Insurance Company* (Circuit Court of Cole Co., Mo. filed June 2022); *Hill v. Allstate Vehicle and Property Insurance Compan*y (Circuit Court of Cole Co., Mo. filed October 2022); and *Hernandez v. Allstate Vehicle and Property Insurance Company* (D. Ariz. filed

April 2023) (the *Shumway* plaintiff was substituted with Hernandez). No classes have been certified in any of these matters.

The Company is defending putative class actions pending in multiple states alleging that the Company underpays total loss vehicle physical damage claims on auto policies. The alleged systematic underpayments result from the following theories: (a) the third-party valuation tool used by the Company as part of a comprehensive adjustment process is allegedly flawed, biased, or contrary to applicable law; and/or (b) the Company allegedly does not pay sales tax, title fees, registration fees, and/or other specified fees that are allegedly mandatory under policy language or state legal authority.

The Company is currently defending the following lawsuits: *Kronenberg v. Allstate Insurance Company and Allstate Fire and Casualty Insurance Company* (E.D.N.Y. filed December 2018); *Durgin v. Allstate Property and Casualty Insurance Company* (W.D. La. filed June 2019); *Golla v. Allstate Insurance Company* (N.D. Ohio filed June 2023); *Bibbs v. Allstate Insurance Company and Allstate Fire and Casualty Insurance Company* (N.D. Ohio filed August 2023); *Hail v. Allstate Property and Casualty Insurance Company* (State Court of Habersham Co., Ga. filed December 2023); *Katz v. Esurance Property and Casualty Insurance Company and National General Insurance Company* (E.D.N.Y. filed February 2024). No classes have been certified in any of these matters.

Settlements in principle have been reached in the following cases: *Bass v. Imperial Fire and Casualty Insurance Company* (W.D. La. filed February 2022); and *Cummings v. Allstate Property and Casualty Insurance Company* (M.D. La. filed April 2022).

The Company is defending putative class actions in Arizona federal court that are alleging underpayment of uninsured/underinsured motorist claims. The lawsuits are *Dorazio v. Allstate Fire and Casualty Insurance Company* (D. Ariz. filed December 2022) and *Loughran v. MIC General Insurance Corporation* (D. Ariz. filed December 2022). The plaintiffs allege that uninsured/underinsured motorist coverages must be stacked where the defendants allegedly did not include specified policy language and did not provide specified notice to policyholders. No classes have been certified in these matters. In July 2023, the Arizona Supreme Court issued a ruling in *Franklin v. CSAA General Insurance*, a matter involving another insurer. The Franklin decision held, under the factual circumstances of that case, that stacking of uninsured/underinsured motorist coverages was required because the insurer did not include specified policy language and did not issue specified notice.

The Company is currently defending its insureds against plaintiffs' bodily injury lawsuit stemming from a 2018 automobile accident, *Equihua v. Chausse and Nash* (Superior Court of Los Angeles Co., Cal. filed Jan. 2019). On August 18, 2021, a jury returned a verdict against the insureds. The Company then moved to intervene in the lawsuit on September 9, 2021 and together with the insureds, sought to vacate the judgment and to obtain a new trial. On November 2, 2021, the trial court denied the post-trial motions to vacate the judgment and for a new trial and the Company's motion to intervene. The Company and the insureds subsequently filed an appeal with the California Court of Appeal, Second District, which affirmed judgment in favor of plaintiffs on November 6, 2023. On December 18, 2023, the insureds filed a petition for review with the California Supreme Court. On February 14, 2024, the California Supreme Court entered an order denying the petition for review. The Company satisfied the judgment on March 19, 2024.

Other proceedings The Company has pending an investigatory hearing before the California Insurance Commissioner concerning the private passenger automobile insurance rating practices of Allstate Insurance Company and Allstate Indemnity Company in California. The investigatory hearing is captioned: *In the Matter of the Rating Practices of Allstate Insurance Company and Allstate Indemnity Company*. Pursuant to the Notice of Hearing issued by the California Insurance Commissioner, the California Insurance Commissioner is investigating: (1) whether Allstate has potentially violated California insurance law by using illegal price optimization; (2) how Allstate implemented any such potentially illegal price optimization in its private passenger auto insurance rates and/or class plans; and (3) how such potentially illegal price optimization impacted Allstate's private passenger auto insurance policyholders. Fact discovery was completed in the investigatory hearing. Allstate and the California Department of Insurance have reached an agreement in principle to resolve the investigatory hearing. The May 22, 2023 hearing was continued. A new hearing date has not been set.

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

Plaintiffs further alleged that a senior officer engaged in stock option exercises during that time allegedly while in possession of material nonpublic information about Allstate brand auto insurance claim frequency. The Company, its chairman, president and chief executive officer, and its former president were the named defendants. After the court denied their motion to dismiss on February 27, 2018, defendants answered the complaint, denying plaintiffs' allegations that there was any misstatement or omission or other misconduct. On June 22, 2018, plaintiffs filed their motion for class certification. On September 12, 2018, the lead plaintiffs amended the complaint to add the

City of Providence Employee Retirement System as a proposed class representative. A class was certified on March 26, 2019, vacated by the U.S. Court of Appeals for the Seventh Circuit on July 16, 2020 and remanded for further consideration by the district court. On December 21, 2020, the district court again granted plaintiffs' motion for class certification and certified a class consisting of all persons who purchased Allstate common stock between October 29, 2014 and August 3, 2015. Defendants' petition for permission to appeal this ruling was denied on January 28, 2021. Following the close of discovery, defendants moved for summary judgment on March 23, 2022. On July 26, 2022, the court entered its order granting summary judgment in part (as to plaintiffs' claims relating to certain statements made in October 2014) and denying it as to the remainder of plaintiffs' claims. On June 28, 2023, the parties reached an agreement in principle to settle the action, without any admission of liability or wrongdoing. The district court granted preliminary approval of the class settlement on September 26, 2023, and granted final approval of the class settlement on December 19, 2023. The settlement became final after the expiration of the time for filing an appeal of the district court's approval order. No appeal of the district court's approval order was filed, and the settlement is now final.

The Company is continuing to defend two putative class actions in California federal court, *Holland Hewitt v. Allstate Life Insurance Company* (E.D. Cal. filed May 2020) and *Farley v. Lincoln Benefit Life Company* (E.D. Cal. filed Dec. 2020), following the sale of ALIC. On April 19, 2023, the district court certified a class in *Farley.* LBL is appealing the district court's order in the Ninth Circuit Court of Appeals. On March 27, 2024, the Magistrate Judge issued his Findings and Recommendations denying class certification in *Hewitt.* Plaintiffs filed their objection to the Magistrate's recommendation. In these cases, plaintiffs generally allege that the defendants failed to comply with certain California statutes which address contractual grace periods and lapse notice requirements for certain life insurance policies. Plaintiffs claim that these statutes apply to life insurance policies that existed before the statutes' effective date. The plaintiffs seek damages and injunctive relief. Similar litigation is pending against other insurance carriers. In August 2021, the California Supreme Court in *McHugh v. Protective Life*, a matter involving another insurer, determined that the statutory notice requirements apply to life insurance policies issued before the statutes' effective date. The Company asserts various defenses to plaintiffs' claims and to class certification.

Note 14 Benefit Plans

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

($ in millions)	Three months ended March 31, 2024	2023
Pension benefits		
Service cost	$ 33	$ 33
Interest cost	58	60
Expected return on plan assets	(77)	(77)
Amortization of prior service credit	—	—
Costs and expenses	**14**	**16**
Remeasurement of projected benefit obligation	(25)	123
Remeasurement of plan assets	25	(180)
Remeasurement (gains) losses	**—**	**(57)**
Pension net cost (benefit)	**$ 14**	**$ (41)**
Postretirement benefits		
Service cost	$ —	$ —
Interest cost	2	3
Amortization of prior service credit	—	(6)
Costs and expenses	**2**	**(3)**
Remeasurement of projected benefit obligation	(2)	4
Remeasurement of plan assets	—	—
Remeasurement (gains) losses	**(2)**	**4**
Postretirement net cost	**$ —**	**$ 1**
Pension and postretirement benefits		
Costs and expenses	$ 16	$ 13
Remeasurement (gains) losses	(2)	(53)
Total net cost (benefit)	**$ 14**	**$ (40)**

Differences in actual experience and changes in other assumptions affect our pension and other postretirement obligations and expenses. Differences between expected and actual returns on plan assets affect remeasurement (gains) losses.

Pension and other postretirement service cost, interest cost, expected return on plan assets and amortization of prior service credit are reported in property and casualty insurance claims and claims expense, operating costs and expenses, net investment income and (if applicable) restructuring and related charges on the Condensed Consolidated Statements of Operations.

Pension and postretirement benefits remeasurement gains and losses

($ in millions)	Three months ended March 31, 2024	2023
Remeasurement of projected benefit obligation (gains) losses:		
Discount rate	$ (41)	$ 124
Other assumptions	14	3
Remeasurement of plan assets (gains) losses	25	(180)
Remeasurement (gains) losses	**$ (2)**	**$ (53)**

Remeasurement gains for the first quarter of 2024 are primarily related to an increase in the liability discount rate, partially offset by unfavorable asset performance compared to expected return on plan assets.

The weighted average discount rate used to measure the pension benefit obligation increased to 5.45% at March 31, 2024 compared to 5.35% at December 31, 2023, resulting in gains for the first quarter of 2024.

For the first quarter of 2024, the actual return on plan assets was lower than the expected return due to lower fixed income valuations from higher market yields, partially offset by strong public equity returns.

Note 15 Supplemental Cash Flow Information

Non-cash investing activities include $34 million and $36 million related to mergers and exchanges completed with equity securities, fixed income securities, bank loans, and limited partnerships for the three months ended March 31, 2024 and 2023, respectively. Non-cash investing activities include $18 million related to right-of-use property and equipment obtained in exchange for lease obligations for the three months ended March 31, 2024. Non-cash investing activities include $17 million related to right-of-use real estate obtained in exchange for lease obligations and $51 million related to debt assumed by purchaser on sale of real estate for the three months ended March 31, 2023.

Non-cash financing activities include $26 million and $35 million related to the issuance of Allstate common shares for vested equity awards for the three months ended March 31, 2024 and 2023, respectively.

Cash flows used in operating activities in the Condensed Consolidated Statements of Cash Flows include cash paid for operating leases related to amounts included in the measurement of lease liabilities of $30 million and $33 million for the three months ended March 31, 2024 and 2023, respectively. Non-cash operating activities include $10 million and $4 million related to right-of-use assets obtained in exchange for lease obligations for the three months ended March 31, 2024 and 2023, respectively.

Liabilities for collateral received in conjunction with the Company's securities lending program and 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, as follows:

($ in millions)	Three months ended March 31, 2024	2023
Cash flows from operating activities		
Net change in proceeds managed		
Net change in fixed income securities	$ (31)	$ 111
Net change in short-term investments	(127)	93
Operating cash flow (used) provided	**$ (158)**	**$ 204**
Net change in liabilities		
Liabilities for collateral, beginning of period	$ (1,891)	$ (2,011)
Liabilities for collateral, end of period	(2,049)	(1,807)
Operating cash flow provided (used)	**$ 158**	**$ (204)**

Note 16 Other Comprehensive Income (Loss)

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

	Three months ended March 31,					
	2024			2023		
($ in millions)	**Pre-tax**	**Tax**	**After-tax**	**Pre-tax**	**Tax**	**After-tax**
Unrealized net holding gains and losses arising during the period, net of related offsets	$ (375)	$ 80	$ (295)	$ 729	$ (156)	$ 573
Less: reclassification adjustment of realized capital gains and losses	(101)	21	(80)	(138)	29	(109)
Unrealized net capital gains and losses	**(274)**	**59**	**(215)**	**867**	**(185)**	**682**
Unrealized foreign currency translation adjustments	**10**	**(2)**	**8**	**63**	**(13)**	**50**
Unamortized pension and other postretirement prior service credit [(1)]	**(1)**	**—**	**(1)**	**(6)**	**2**	**(4)**
Discount rate for reserve for future policy benefits	**32**	**(7)**	**25**	**(11)**	**2**	**(9)**
Other comprehensive (loss) income	**$ (233)**	**$ 50**	**$ (183)**	**$ 913**	**$ (194)**	**$ 719**

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

Report of Independent Registered Public Accounting Firm

To the Shareholders and the Board of Directors of
The Allstate Corporation

Results of Review of Interim Financial Information

We have reviewed the accompanying condensed consolidated statement of financial position of The Allstate Corporation and subsidiaries (the “Company”) as of March 31, 2024, the related condensed consolidated statements of operations, comprehensive income (loss), shareholders’ equity and cash flows for the three months ended March 31, 2024 and 2023, and the related notes (collectively referred to as the “interim financial information”). Based on our reviews, we are not aware of any material modifications that should be made to the accompanying interim financial information for it to be in conformity with accounting principles generally accepted in the United States of America.

We have previously audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated statement of financial position of the Company as of December 31, 2023, and the related consolidated statements of operations, comprehensive income (loss), shareholders’ equity, and cash flows for the year then ended (not presented herein); and in our report dated February 21, 2024, we expressed an unqualified opinion on those consolidated financial statements and included an explanatory paragraph regarding a change in accounting principle for the measurement and disclosure of long-duration insurance contracts. In our opinion, the information set forth in the accompanying condensed consolidated statement of financial position as of December 31, 2023, 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

This interim financial information is 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 interim financial information 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 1, 2024

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Overview

The following discussion highlights significant factors influencing the consolidated financial position and results of operations of The Allstate Corporation (referred to in this document as "we," "our," "us," the "Company" or "Allstate"). It should be read in conjunction with the condensed consolidated financial statements and related notes thereto found under Part I. Item 1. contained herein, and with the discussion, analysis, consolidated financial statements and notes thereto in Part I. Item 1. and Part II. Item 7. and Item 8. of The Allstate Corporation annual report on Form 10-K for 2023, filed February 21, 2024.

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

On November 1, 2023, we announced that we are pursuing the sale of the Health and Benefits business. We continue to pursue the sale of the business but have not completed the sale process.

Macroeconomic Impacts

Macroeconomic factors have and may continue to impact the results of our operations, financial condition and liquidity, such as U.S. government fiscal and monetary policies, the Russia/Ukraine and Israel/Hamas conflicts, supply chain disruptions, labor shortages and other macroeconomic factors that have increased inflation.

These factors have affected our operations and may continue to affect our results of operations, financial condition and liquidity and should be considered when comparing the current period to prior periods. This is not inclusive of all potential impacts and should not be treated as such. Within the MD&A, we have included further disclosures related to macroeconomic impacts on our 2024 results.

Corporate Strategy

Our strategy has two components: increase personal property-liability market share and expand protection offerings by leveraging the Allstate brand, customer base and capabilities.

Transformative Growth is about creating a business model, capabilities and culture that continually transform to better serve customers. This is done by providing affordable, simple and connected protection through multiple distribution methods. The ultimate objective is to enhance customer value to drive growth in all businesses.

In the personal property-liability businesses, this has five key components:

- Improving customer value
- Expanding customer access
- Increasing sophistication and investment in customer acquisition
- Deploying new technology ecosystem
- Driving organizational transformation

We are expanding protection services businesses utilizing enterprise capabilities and resources such as the Allstate brand, distribution, analytics, claims, investment expertise, talent and capital.

Measuring segment profit or loss

The measure of segment profit or loss used in evaluating performance is underwriting income for the Allstate Protection and Run-off Property-Liability segments and adjusted net income for the Protection Services, Allstate Health and Benefits and Corporate and Other segments. We use these measures in our evaluation of results of operations to analyze profitability.

Underwriting income is calculated as premiums earned and other revenue, less claims and claims expense ("losses"), amortization of deferred policy acquisition costs ("DAC"), operating costs and expenses, amortization or impairment of purchased intangibles and restructuring and related charges, as determined using accounting principles generally accepted in the United States of America ("GAAP").

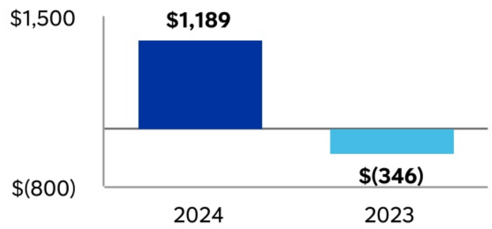
Adjusted net income is net income (loss) applicable to common shareholders, excluding:

- Net gains and losses on investments and derivatives
- Pension and other postretirement remeasurement gains and losses
- Amortization or impairment of purchased intangibles
- Gain or loss on disposition
- Adjustments for other significant non-recurring, infrequent or unusual items, when (a) the nature of the charge or gain is such that it is reasonably unlikely to recur within two years, or (b) there has been no similar charge or gain within the prior two years
- Income tax expense or benefit on reconciling items

Highlights

Consolidated net income (loss) applicable to common shareholders

($ in millions)

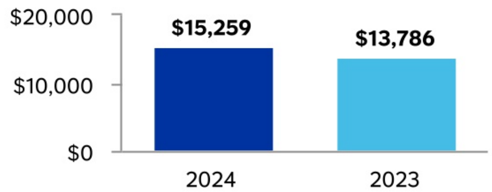


Consolidated net income applicable to common shareholders was $1.19 billion in the first quarter of 2024 compared to a loss of $346 million in the first quarter of 2023, primarily due to improved underwriting results.

For the twelve months ended March 31, 2024, return on Allstate common shareholders' equity was 7.6%, an increase of 20.6 points from (13.0)% for the twelve months ended March 31, 2023.

Total revenue

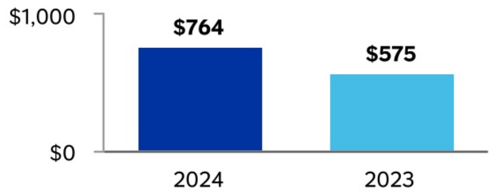
($ in millions)



Total revenues increased 10.7% to $15.26 billion in the first quarter of 2024 compared to the first quarter of 2023, primarily due to an increase of 11.0% in property and casualty insurance premiums earned.

Net investment income

($ in millions)



Net investment income increased $189 million to $764 million in the first quarter of 2024, primarily due to an increase in market-based income reflecting higher fixed income portfolio yields and investment balances, and higher performance-based valuation increases.

Financial highlights

Investments totaled $67.86 billion as of March 31, 2024, increasing from $66.68 billion as of December 31, 2023.

Allstate shareholders' equity was $18.64 billion as of March 31, 2024, increasing from $17.77 billion as of December 31, 2023, primarily due to net income, partially offset by dividends to shareholders and higher unrealized net capital losses on investments.

Book value per diluted common share (ratio of Allstate common shareholders' equity to total common shares outstanding and dilutive potential common shares outstanding) was $62.27, an increase of 6.2% from $58.65 as of March 31, 2023, and an increase of 4.8% from $59.39 as of December 31, 2023.

Return on average Allstate common shareholders' equity for the twelve months ended March 31, 2024 was 7.6%, an increase of 20.6 points from (13.0)% for the twelve months ended March 31, 2023. The increase was primarily due to net income applicable to common shareholders for the trailing twelve-month period ending March 31, 2024 compared to a net loss for the twelve-month period ending March 31, 2023.

Pension and other postretirement remeasurement gains and losses We recorded pension and other postretirement remeasurement gains of $2 million in the first quarter of 2024, primarily related to an increase in the liability discount rate, partially offset by unfavorable asset performance compared to expected return on plan assets.

Summarized consolidated financial results

($ in millions)	Three months ended March 31, 2024	2023
Revenues		
Property and casualty insurance premiums	$ 13,512	$ 12,173
Accident and health insurance premiums and contract charges	478	463
Other revenue	669	561
Net investment income	764	575
Net gains (losses) on investments and derivatives	(164)	14
Total revenues	**15,259**	**13,786**
Costs and expenses		
Property and casualty insurance claims and claims expense	(9,501)	(10,326)
Accident, health and other policy benefits	(296)	(265)
Amortization of deferred policy acquisition costs	(1,939)	(1,744)
Operating, restructuring and interest expenses	(1,992)	(1,829)
Pension and other postretirement remeasurement gains (losses)	2	53
Amortization of purchased intangibles	(69)	(81)
Total costs and expenses	**(13,795)**	**(14,192)**
Income (loss) from operations before income tax expense	**1,464**	**(406)**
Income tax (expense) benefit	(266)	85
Net income (loss)	**1,198**	**(321)**
Less: Net loss attributable to noncontrolling interest	(20)	(1)
Net income (loss) attributable to Allstate	**1,218**	**(320)**
Preferred stock dividends	(29)	(26)
Net income (loss) applicable to common shareholders	**$ 1,189**	**$ (346)**

Segment highlights

Allstate Protection underwriting income was $903 million in the first quarter of 2024 compared to underwriting loss of $998 million in the first quarter of 2023 due to increased premiums earned and lower catastrophe losses, partially offset by higher non-catastrophe losses and advertising costs. We continue to execute a comprehensive approach to restore auto margins, by raising rates in states not currently achieving acceptable returns, reducing operating expenses and continuing to enhance claims processes to manage loss costs. As auto profitability improves, we are increasing advertising and removing underwriting restrictions to support growth.

Catastrophe losses decreased $960 million to $731 million in the first quarter of 2024 compared to the first quarter of 2023.

Premiums written increased 11.9% to $13.18 billion in the first quarter of 2024 compared to the same period of 2023, reflecting higher premiums in both Allstate and National General brands.

Protection Services adjusted net income was $54 million in the first quarter of 2024 compared to $34 million in the first quarter of 2023. The increase was primarily due to gross margin improvement at Allstate Protection Plans and improved claim severity at Allstate Roadside.

Premiums and other revenue increased 12.1% or $75 million in the first quarter of 2024 compared to the same period of 2023, primarily due to Allstate Protection Plans.

Allstate Health and Benefits adjusted net income was $56 million in the first quarter of 2024 and 2023.

Premiums and contract charges increased 3.2% to $478 million in the first quarter of 2024 compared to the first quarter of 2023, primarily due to growth in group health and individual health, partially offset by a decline in employer voluntary benefits.

Property-Liability Operations

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

We do not allocate Property-Liability investment income, net gains and losses on investments and derivatives, or assets to the Allstate Protection and Run-off Property-Liability segments. Management reviews assets at the Property-Liability level for decision-making purposes.

GAAP operating ratios are used to measure our profitability to enhance an investor's understanding of our financial results and are calculated as follows:

- *Loss ratio:* the ratio of claims and claims expense (loss adjustment expenses), to premiums earned. Loss ratios include the impact of catastrophe losses and prior year reserve reestimates.
- *Expense ratio:* the ratio of amortization of DAC, operating costs and expenses, amortization or impairment of purchased intangibles and restructuring and related charges, less other revenue to premiums earned.
- *Combined ratio:* the sum of the loss ratio and the expense ratio.

We have also calculated the following impacts of specific items on the GAAP operating ratios because of the volatility of these items between periods. The impacts are calculated by taking the specific items noted below divided by Property-Liability premiums earned:

- *Effect of catastrophe losses on combined ratio:* includes catastrophe losses and prior year reserve reestimates of catastrophe losses included in claims and claims expense
- *Effect of prior year reserve reestimates on combined ratio*
- *Effect of amortization of purchased intangibles on combined ratio*
- *Effect of restructuring and related charges on combined ratio*
- *Effect of Run-off Property-Liability business on combined ratio:* includes claims and claims expense, restructuring and related charges and operating costs and expenses in the Run-off Property-Liability segment

Premium measures and statistics are used to analyze our premium trends and are calculated as follows:

- *PIF*: policy counts are based on items rather than customers. A multi-car customer would generate multiple item (policy) counts, even if all cars were insured under one policy. Commercial lines PIF counts for shared economy agreements reflected contracts that covered multiple rather than individual drivers. Lender-placed policies are excluded from policy counts because relationships are with the lenders.
- *New issued applications*: item counts of automobile or homeowner insurance applications for insurance policies that were issued during the period, regardless of whether the customer was previously insured by another Allstate brand.
- *Average premium - gross written ("average premium"):* gross premiums written divided by issued item count. Gross premiums written include the impacts from discounts, surcharges and ceded reinsurance premiums and exclude the impacts from mid-term premium adjustments and premium refund accruals. Average premiums represent the appropriate policy term for each line.
- *Renewal ratio:* renewal policy item counts issued during the period, based on contract effective dates, divided by the total policy item counts issued generally 6 months prior for auto or 12 months prior for homeowners.
- *Implemented rate changes:* represents the impact in the locations (U.S. states, the District of Columbia or Canadian provinces) where rate changes were implemented during the period as a percentage of total brand prior year-end premiums written.

Underwriting results

($ in millions, except ratios)	Three months ended March 31, 2024	2023
Premiums written	$ 13,183	$ 11,783
Premiums earned	$ 12,900	$ 11,635
Other revenue	430	353
Claims and claims expense	(9,349)	(10,180)
Amortization of DAC	(1,608)	(1,452)
Other costs and expenses	(1,417)	(1,279)
Restructuring and related charges [1]	(7)	(21)
Amortization of purchased intangibles	(51)	(57)
Underwriting income (loss)	**$ 898**	**$ (1,001)**
Catastrophe losses		
Catastrophe losses, excluding reserve reestimates	$ 893	$ 1,733
Catastrophe reserve reestimates [2]	(162)	(42)
Total catastrophe losses	**$ 731**	**$ 1,691**
Non-catastrophe reserve reestimates [2]	$ 11	$ 27
Prior year reserve reestimates [2]	(151)	(15)
GAAP operating ratios		
Loss ratio	72.4	87.5
Expense ratio [3]	20.6	21.1
Combined ratio	93.0	108.6
Effect of catastrophe losses on combined ratio	5.7	14.5
Effect of prior year reserve reestimates on combined ratio	(1.2)	(0.1)
Effect of catastrophe losses included in prior year reserve reestimates on combined ratio	(1.3)	(0.4)
Effect of restructuring and related charges on combined ratio [1]	0.1	0.2
Effect of amortization of purchased intangibles on combined ratio	0.3	0.5
Effect of Run-off Property-Liability business on combined ratio	—	—

[1] Restructuring and related charges for the first quarter of 2024 primarily relate to implementing actions to streamline the organization and outsource operations, and real estate costs related to facilities being vacated. See Note 12 of the condensed consolidated financial statements for additional details.

[2] Favorable reserve reestimates are shown in parentheses.

[3] Other revenue is deducted from operating costs and expenses in the expense ratio calculation.

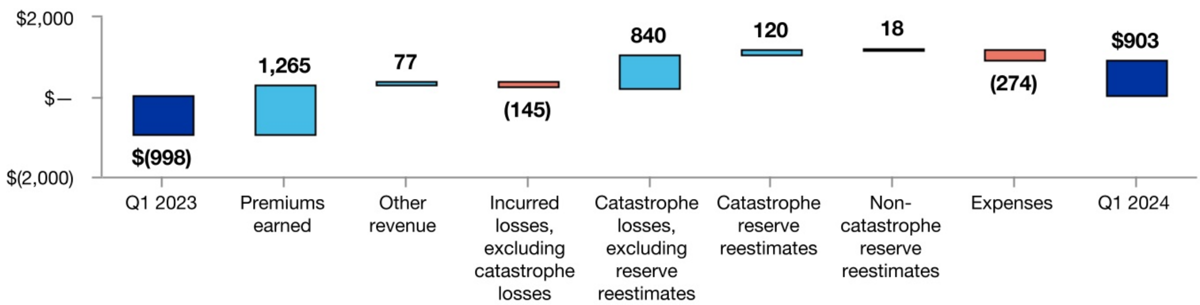
Allstate Protection Segment

Underwriting results		
	Three months ended March 31,	
($ in millions)	2024	2023
Premiums written	$ 13,183	$ 11,783
Premiums earned	$ 12,900	$ 11,635
Other revenue	430	353
Claims and claims expense	(9,345)	(10,178)
Amortization of DAC	(1,608)	(1,452)
Other costs and expenses	(1,416)	(1,278)
Restructuring and related charges	(7)	(21)
Amortization of purchased intangibles	(51)	(57)
Underwriting income (loss)	**$ 903**	**$ (998)**
Catastrophe losses	$ 731	$ 1,691

Underwriting income was $903 million in the first quarter of 2024 compared to underwriting loss of $998 million in the first quarter of 2023 due to increased premiums earned and lower catastrophe losses, partially offset by higher non-catastrophe losses and advertising costs. We continue to execute a comprehensive approach to restore auto margins, by raising rates in states not currently achieving acceptable returns, reducing operating expenses and continuing to enhance claims processes to manage loss costs. As auto profitability improves, we are increasing advertising and removing underwriting restrictions to support growth.

Change in underwriting results from prior year period - three months ended

($ in millions)



Underwriting income (loss) by brand and by line of business	Allstate brand		National General		Allstate Protection	
($ in millions)	2024	2023	2024	2023	2024	2023
Three months ended March 31,						
Auto	$ 261	$ (332)	$ 90	$ (14)	$ 351	$ (346)
Homeowners	568	(508)	(4)	(26)	564	(534)
Other personal lines	2	(90)	5	1	7	(89)
Commercial lines	(69)	(64)	(1)	4	(70)	(60)
Other business lines [1]	28	22	20	7	48	29
Answer Financial					3	2
Total	**$ 790**	**$ (972)**	**$ 110**	**$ (28)**	**$ 903**	**$ (998)**

(1) Other business lines represents commissions earned and other costs and expenses for Ivantage, non-proprietary life and annuity products, and lender-placed products.

Premium measures and statistics include PIF, new issued applications, average premiums and renewal ratio to analyze our premium trends. Premiums written is the amount of premiums charged for policies issued during a reporting period. Premiums are considered earned and are included in the financial results on a pro-rata basis over the policy period. The portion of premiums written applicable to the unexpired term of the policies is recorded as unearned premiums on our Condensed Consolidated Statements of Financial Position.

Premiums written by brand and by line of business

	Allstate brand		National General		Allstate Protection	
($ in millions)	**2024**	**2023**	**2024**	**2023**	**2024**	**2023**
Three months ended March 31,						
Auto	$ 7,399	$ 6,826	$ 1,958	$ 1,523	$ 9,357	$ 8,349
Homeowners	2,517	2,210	357	324	2,874	2,534
Other personal lines	519	492	141	56	660	548
Commercial lines	74	177	83	50	157	227
Other business lines	—	—	135	125	135	125
Total premiums written	**$ 10,509**	**$ 9,705**	**$ 2,674**	**$ 2,078**	**$ 13,183**	**$ 11,783**

Premiums earned by brand and by line of business

	Allstate brand		National General		Allstate Protection	
($ in millions)	**2024**	**2023**	**2024**	**2023**	**2024**	**2023**
Three months ended March 31,						
Auto	$ 7,173	$ 6,660	$ 1,605	$ 1,248	$ 8,778	$ 7,908
Homeowners	2,767	2,488	387	322	3,154	2,810
Other personal lines	564	521	95	41	659	562
Commercial lines	100	183	69	49	169	232
Other business lines	—	—	140	123	140	123
Total premiums earned	**$ 10,604**	**$ 9,852**	**$ 2,296**	**$ 1,783**	**$ 12,900**	**$ 11,635**

Reconciliation of premiums written to premiums earned

	Three months ended March 31,	
($ in millions)	**2024**	**2023**
Total premiums written	**$ 13,183**	**$ 11,783**
(Increase) decrease in unearned premiums	(237)	(127)
Other	(46)	(21)
Total premiums earned	**$ 12,900**	**$ 11,635**

Policies in force by brand and by line of business

	Allstate brand		National General		Allstate Protection	
PIF (thousands)	**2024**	**2023**	**2024**	**2023**	**2024**	**2023**
As of March 31,						
Auto	20,038	21,142	5,169	4,591	25,207	25,733
Homeowners	6,681	6,621	683	641	7,364	7,262
Other personal lines	4,489	4,607	360	306	4,849	4,913
Commercial lines	131	199	142	108	273	307
Total	**31,339**	**32,569**	**6,354**	**5,646**	**37,693**	**38,215**

Auto insurance premiums written increased 12.1% or $1.01 billion in the first quarter of 2024 compared to the first quarter of 2023 primarily due to the following factors:

- Increased average premiums driven by rate increases. In the three months ended March 31, 2024:
  - Rate increases of 8.4% were taken for Allstate brand in 27 locations, resulting in total Allstate brand insurance premium impact of 2.4%
  - Rate increases of 9.6% were taken for National General brand in 27 locations, resulting in total National General brand insurance premium impact of 4.1%
- We expect to continue to pursue rate increases for both Allstate and National General brands in states currently not achieving acceptable returns to offset increases in loss costs throughout 2024
- PIF decreased 2.0% or 526 thousand to 25,207 thousand as of March 31, 2024 compared to March 31, 2023
- Renewal ratio increased 0.3 points in the first quarter compared to the first quarter of 2023

- Increased new issued applications driven by growth in all channels
- The impact of the ongoing rate increases and underwriting restrictions have and may continue to have an adverse effect on the renewal ratio, premiums and future PIF growth

Auto premium measures and statistics

	Three months ended March 31, 2024	2023	Change
New issued applications (thousands)			
Allstate Protection by brand			
Allstate brand	800	751	6.5 %
National General	870	783	11.1
Total new issued applications	**1,670**	**1,534**	**8.9**
Allstate brand average premium	$ 823	$ 726	13.4 %
Allstate brand renewal ratio (%)	86.0	85.7	0.3

Homeowners insurance premiums written increased 13.4% or $340 million in the first quarter of 2024 compared to the first quarter of 2023 primarily due to the following factors:

- Higher Allstate brand average premiums from implemented rate increases and inflation in insured home replacement costs, combined with policies in force growth
- In the three months ended March 31, 2024, rate increases of 11.7% were taken for Allstate brand in 15 locations, resulting in total Allstate brand insurance premium impact of 3.4%
- National General policy growth may be negatively impacted in future quarters as we improve certain underwriting margins to targeted levels through underwriting and rate actions. In the three months ended March 31, 2024, rate increases of 14.0% were taken for National General brand in 12 locations, resulting in total National General brand insurance premium impact of 1.6%
- Increased new issued applications driven by growth in the exclusive agency and direct channels, partially offset by a decline in the independent agency channel
- Policy growth is being reduced in states and lines of business that are underperforming. We are no longer writing new homeowners business in California, New Jersey and Florida, and we may take further actions to reduce our exposure, which have and will continue to negatively impact premiums
- We may not be able to grow in certain states without regulatory or legislative reforms that enable customers to be provided coverage at appropriate risk adjusted returns
- The impact of the ongoing rate increases has and may continue to have an adverse effect on the renewal ratio, premiums and future PIF growth

Homeowners premium measures and statistics

	Three months ended March 31, 2024	2023	Change
New issued applications (thousands)			
Allstate Protection by brand			
Allstate brand	259	230	12.6 %
National General	32	35	(8.6)
Total new issued applications	**291**	**265**	**9.8**
Allstate brand average premium	$ 1,912	$ 1,706	12.1 %
Allstate brand renewal ratio (%)	87.1	86.3	0.8

Other personal lines premiums written increased 20.4% or $112 million in the first quarter of 2024 compared to the first quarter of 2023 primarily due to increases in landlords policies for Allstate brand. We are no longer writing condominium new business in California and Florida and we are non-renewing certain policies in Florida, which may negatively impact premiums.

Commercial lines premiums written decreased 30.8% or $70 million in the first quarter of 2024 compared to the first quarter of 2023 due to profitability actions taken to no longer offer coverage to transportation network companies unless the contracts utilize telematics-based pricing and the Allstate brand exiting traditional commercial insurance in five states, which will continue to negatively impact premiums.

Other business lines premiums written increased 8.0% or $10 million in the first quarter of 2024 compared to the first quarter of 2023.

GAAP operating ratios include loss ratio, expense ratio and combined ratio to analyze our profitability trends. Frequency and severity statistics are used to describe the trends in loss costs.

Combined ratios by line of business

	Loss ratio		Expense ratio [1]		Combined ratio	
	2024	**2023**	**2024**	**2023**	**2024**	**2023**
Three months ended March 31,						
Auto	75.4	83.4	20.6	21.0	96.0	104.4
Homeowners	60.3	98.5	21.8	20.5	82.1	119.0
Other personal lines	85.6	93.8	13.3	22.0	98.9	115.8
Commercial lines	115.4	102.2	26.0	23.7	141.4	125.9
Other business lines	44.3	43.1	21.4	33.3	65.7	76.4
Total	**72.4**	**87.5**	**20.6**	**21.1**	**93.0**	**108.6**
Impact of amortization of purchased intangibles			0.3	0.5	0.3	0.5
Impact of restructuring and related charges			0.1	0.2	0.1	0.2

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

Loss ratios by line of business

	Loss ratio		Effect of catastrophe losses [1]		Effect of prior year reserve reestimates		Effect of catastrophe losses included in prior year reserve reestimates	
	2024	**2023**	**2024**	**2023**	**2024**	**2023**	**2024**	**2023**
Three months ended March 31,								
Auto	75.4	83.4	1.2	1.2	(0.8)	(0.3)	(0.1)	(0.4)
Homeowners	60.3	98.5	17.6	51.6	(6.0)	(0.7)	(4.7)	(0.2)
Other personal lines	85.6	93.8	9.3	23.8	7.9	0.5	(0.4)	(1.3)
Commercial lines	115.4	102.2	0.6	3.9	30.2	10.3	(1.7)	0.4
Other business lines	44.3	43.1	5.0	4.9	3.6	0.8	—	—
Total	**72.4**	**87.5**	**5.7**	**14.5**	**(1.2)**	**(0.1)**	**(1.3)**	**(0.4)**

[1] The ten-year average effect of catastrophe losses on the total combined ratio was 7.1 points in the first quarter of 2024.

Auto underwriting results

	For the periods ended								
	2024	2023				2022			
($ in millions, except ratios)	**Q1**	**Q4**	**Q3**	**Q2**	**Q1**	**Q4**	**Q3**	**Q2**	**Q1**
Underwriting income (loss)	$ 351	$ 93	$ (178)	$ (678)	$ (346)	$ (974)	$ (1,315)	$ (578)	$ (147)
Loss ratio	75.4	78.5	81.4	87.9	83.4	90.6	95.3	84.9	77.6
Effect of prior year non-catastrophe reserve reestimates on combined ratio	(0.7)	1.7	0.3	1.4	(0.1)	2.3	8.5	3.8	2.1

Frequency and severity are influenced by:

- Supply chain disruptions and labor shortages
- Mix of repairable losses and total losses
- Value of total losses due to changes in used car prices
- Changes in medical inflation and consumption
- Number of claims with attorney representation
- Labor and part cost increases
- Changes in commuting activity
- Driving behavior (e.g., speed, time of day) impacting severity and mix of claim types
- Organizational and process changes impacting claim opening and closing practices and shifts in timing, if any, can impact comparisons to prior periods

The quarterly auto loss ratio has been more variable due to these and additional factors discussed below.

Auto loss ratio decreased 8.0 points in the first quarter of 2024 compared to the same period of 2023 driven by increased earned premiums. Estimated report year 2024 incurred claim severity for Allstate brand increased compared to report year 2023 for major coverages due to higher part costs and labor rates for repairable vehicles, a higher mix of total losses, an increase in claims with attorney representation, higher medical consumption, and inflation. Gross claim frequency decreased relative to the prior year. We continue to enhance our claims practices to manage loss costs by increasing resources and expanding re-inspections, accelerating resolution of bodily injury claims, and negotiating improved vendor services and parts agreements.

Homeowners loss ratio decreased 38.2 points in the first quarter of 2024 compared to the same period of 2023, primarily due to lower catastrophe losses and increased premiums earned.

Gross claim frequency decreased in the first quarter of 2024 compared to the same period of 2023 due to fewer wind/hail and fire claims reported. Paid claim severity increased in the first quarter of 2024 compared to the same period of 2023 due to inflationary loss cost pressure driven by increases in labor and materials costs. Homeowners paid claim severity can be impacted by both the mix of perils and the magnitude of specific losses paid during the quarter.

Other personal lines loss ratio decreased 8.2 points in the first quarter of 2024 compared to the first quarter of 2023 primarily due to increased premiums earned and lower catastrophe losses, partially offset by increased severity.

Commercial lines loss ratio increased 13.2 points in the first quarter of 2024 compared to the same period of 2023, primarily due to premiums earned decreasing as a result of profitability actions taken and higher unfavorable reserve reestimates related to the shared economy business.

Other business lines loss ratio increased 1.2 points in the first quarter of 2024 compared to the first quarter of 2023, primarily due to higher non-catastrophe losses and unfavorable prior year reserve reestimates.

Catastrophe losses decreased $960 million to $731 million in the first quarter of 2024 compared to the first quarter of 2023 primarily due to a decrease in number of events and lower losses per event compared to historically high levels in the prior year.

We define a “catastrophe” as an event that produces pre-tax losses before reinsurance in excess of $1 million and involves multiple first party policyholders, or a winter weather event that produces a number of claims in excess of a preset, per-event threshold of average claims in a specific area, occurring within a certain amount of time following the event. Catastrophes are caused by various natural events including high winds, winter storms and freezes, tornadoes, hailstorms, wildfires, tropical storms, tsunamis, hurricanes, earthquakes and volcanoes.

We are also exposed to man-made catastrophic events, such as certain types of terrorism, civil unrest, wildfires or industrial accidents. The nature and level of catastrophes in any period cannot be reliably predicted.

Loss estimates are generally based on claim adjuster inspections and the application of historical loss development factors. Our loss estimates are calculated in accordance with the coverage provided by our policies. The establishment of appropriate reserves, including reserves for catastrophe losses, is an inherently uncertain and complex process. Reserving for hurricane losses is complicated by the inability of insureds to promptly report losses, limitations placed on claims adjusting staff affecting their ability to inspect losses, determining whether losses are covered by our homeowners policy (generally for damage caused by wind or wind driven rain) or specifically excluded coverage caused by flood, exposure to mold damage, and the effects of numerous other considerations, including the timing of a catastrophe in relation to other events, such as at or near the end of a financial reporting period, which can affect the availability of information needed to estimate reserves for that reporting period. In these situations, we may need to adapt our practices to accommodate these circumstances in order to determine a best estimate of our losses from a catastrophe.

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

Catastrophe losses by the type of event

	Three months ended March 31,			
($ in millions)	**Number of events**	**2024**	**Number of events**	**2023**
Tornadoes	—	$ —	2	$ 133
Wind/hail	18	726	22	1,498
Wildfires	2	9	—	—
Freeze/other events	1	158	4	102
Prior year reserve reestimates		(162)		(42)
Total catastrophe losses	**21**	**$ 731**	**28**	**$ 1,691**

Catastrophe reinsurance The catastrophe reinsurance program is part of our catastrophe management strategy, which is intended to provide our shareholders with an acceptable return on the risks assumed in our personal lines business, reduce earnings variability, and provide protection to our customers. Our current catastrophe reinsurance program supports our risk and return framework which incorporates our robust economic capital model and is informed by catastrophe risk models including hurricanes, earthquakes and wildfires and adjusts based on premium and insured value growth. As of March 31, 2024, the modeled 1-in-100 probable maximum loss for hurricane, wildfire and earthquake perils is approximately $2.5 billion, net of reinsurance. We continually review our aggregate risk appetite and the cost and availability of reinsurance to optimize the risk and return profile of this exposure.

We have placed coverage related to our 2024-2025 Nationwide Excess Catastrophe Reinsurance Program (the “Nationwide Program”), the National General Reciprocal Excess Catastrophe Program, the Kentucky Earthquake Excess Catastrophe Reinsurance Contract, and the Canada Catastrophe Excess Reinsurance Contract. The Florida Excess Catastrophe Reinsurance Program and the National General Lender Services Program will be completed in the second quarter of 2024. We are continuing to evaluate complimentary coverage that, if purchased, we expect to have in place by June 1, 2024.

Similar to our 2023 program, our 2024 program includes coverage for losses to personal lines property, personal lines automobile, commercial lines property or commercial lines automobile arising out of multiple perils, in addition to hurricanes and earthquakes.

The Nationwide Program provides coverage up to $7.90 billion of loss less retentions of $500 million to $1.00 billion, and is subject to the percentage of reinsurance placed in each of its agreements. Property business in the state of Florida is excluded from this program. Separate reinsurance agreements address the distinct needs of separately capitalized legal entities. The Nationwide Program includes reinsurance agreements with both the traditional and insurance-linked securities (“ILS”) markets as described below:

- *Core traditional market multi-year and per occurrence agreements* provide limits totaling $5.00 billion for catastrophe losses arising out of multiple perils and are comprised of the following:
  - Multi-year contracts providing combined $3.25 billion of placed limits exhausting at $4.25 billion, with a 5% co-participation and one annual reinstatement. One third of the contracts are structured with the first $250 million in excess of $500 million retained by the Company with remaining contracts attaching at a $1.00 billion retention.
  - Two eight-year term contracts providing combined $236 million of placed limits, both with a 5% co-participation and one reinstatement of limits over each contract’s term.
  - Five single-year contracts providing combined $1.52 billion of placed limits filling capacity around the multi-year and ILS placements, with two contracts providing one reinstatement of limits.
- *ILS placements* provide $1.95 billion of placed limits, with no reinstatement of limits, and are comprised of the following:
  - Six contracts providing occurrence coverage of $1.30 billion of placed limits, reinsuring losses in all states except Florida caused by named storms, earthquakes and fire following earthquakes, severe weather, wildfires, and other naturally occurring or man-made events determined to be a catastrophe by the Company.
  - Two contracts providing occurrence and aggregate coverage of $325 million of placed limits, also provide that for each annual period beginning April 1, Allstate declared catastrophes to personal lines property and automobile business can be aggregated to erode the aggregate retention and qualify for coverage under the aggregate limits. Recoveries are limited to the ultimate net loss from the reinsured event.
  - Two contracts, providing aggregate coverage of $325 million of placed limits.

National General Reciprocal Excess Catastrophe Reinsurance Contracts are placed in the traditional market and provide $445 million of placed limits, subject to a $15 million retention, with one reinstatement of limits.

Kentucky Earthquake Excess Catastrophe Reinsurance Contract is placed in the traditional market and provides $27 million of placed limits, subject to a $2 million retention, with one reinstatement of limits.

Canada Catastrophe Excess of Loss Reinsurance Contract is placed in the traditional market and provides CAD 355 million of placed limits, subject to a CAD 75 million retention, with one reinstatement of limits.

The total cost of our property catastrophe reinsurance programs, excluding reinstatement premiums, during the first quarter of 2024 was $286 million compared to $219 million in the first quarter of 2023. Catastrophe placement premiums reduce net written and earned premium with approximately 78% of the reduction related to homeowners premium.

Prior year reserve reestimates Favorable reserve reestimates, including catastrophes, were $155 million in the first quarter of 2024 primarily due to favorable reserve reestimates in homeowners lines and physical damage coverages in personal auto lines, partially offset by unfavorable reserve reestimates in other personal lines and commercial lines.

For a more detailed discussion on reinsurance and reserve reestimates, see Note 8 of the condensed consolidated financial statements.

Prior year reserve reestimates

	Three months ended March 31,			
	Prior year reserve reestimates [1]		Effect on combined ratio [2]	
($ in millions, except ratios)	**2024**	**2023**	**2024**	**2023**
Auto	$ (74)	$ (25)	(0.6)	(0.2)
Homeowners	(189)	(20)	(1.4)	(0.1)
Other personal lines	52	3	0.4	—
Commercial lines	51	24	0.4	0.2
Other business lines	5	1	—	—
Total Allstate Protection	**$ (155)**	**$ (17)**	**(1.2)**	**(0.1)**
Allstate brand	$ (177)	$ (54)	(1.4)	(0.4)
National General	22	37	0.2	0.3
Total Allstate Protection	**$ (155)**	**$ (17)**	**(1.2)**	**(0.1)**

[1] Favorable reserve reestimates are shown in parentheses.
[2] Ratios are calculated using Allstate Protection premiums earned.

Expense ratio decreased 0.5 points in the first quarter of 2024 compared to the first quarter of 2023, primarily due to higher earned premium growth relative to fixed costs and lower employee-related costs, partially offset by an increase in advertising costs.

Impact of specific costs and expenses on the expense ratio

	Three months ended March 31,		
($ in millions, except ratios)	**2024**	**2023**	**Change**
Amortization of DAC	$ 1,608	$ 1,452	$ 156
Advertising expense	283	158	125
Amortization of purchased intangibles	51	57	(6)
Other costs and expenses, net of other revenue	703	767	(64)
Restructuring and related charges	7	21	(14)
Total underwriting expenses	**$ 2,652**	**$ 2,455**	**$ 197**
Premiums earned	**$ 12,900**	**$ 11,635**	**$ 1,265**
Expense ratio			
Amortization of DAC	12.5	12.5	—
Advertising expense	2.2	1.3	0.9
Other costs and expenses	5.5	6.6	(1.1)
Subtotal	20.2	20.4	(0.2)
Amortization of purchased intangibles	0.3	0.5	(0.2)
Restructuring and related charges	0.1	0.2	(0.1)
Total expense ratio	**20.6**	**21.1**	**(0.5)**

Run-off Property-Liability Segment

Underwriting results

($ in millions)	Three months ended March 31, 2024	2023
Claims and claims expense	$ (4)	$ (2)
Operating costs and expenses	(1)	(1)
Underwriting loss	**$ (5)**	**$ (3)**

Reserves for asbestos, environmental and other run-off claims before and after the effects of reinsurance

($ in millions)	March 31, 2024	December 31, 2023
Asbestos claims		
Gross reserves	$ 1,151	$ 1,166
Reinsurance	(358)	(362)
Net reserves	793	804
Environmental claims		
Gross reserves	327	331
Reinsurance	(63)	(64)
Net reserves	264	267
Other run-off claims		
Gross reserves	440	445
Reinsurance	(67)	(72)
Net reserves	373	373
Total		
Gross reserves	1,918	1,942
Reinsurance	(488)	(498)
Net reserves	**$ 1,430**	**$ 1,444**

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

($ in millions)	March 31, 2024	December 31, 2023
Direct excess commercial insurance		
Gross reserves	$ 1,098	$ 1,114
Reinsurance	(377)	(382)
Net reserves	721	732
Assumed reinsurance coverage		
Gross reserves	596	603
Reinsurance	(53)	(54)
Net reserves	543	549
Direct primary commercial insurance		
Gross reserves	138	140
Reinsurance	(57)	(61)
Net reserves	81	79
Other run-off business		
Gross reserves	1	1
Reinsurance	—	—
Net reserves	1	1
Unallocated loss adjustment expenses		
Gross reserves	85	84
Reinsurance	(1)	(1)
Net reserves	84	83
Total		
Gross reserves	1,918	1,942
Reinsurance	(488)	(498)
Net reserves	**$ 1,430**	**$ 1,444**

Percentage of gross and ceded reserves by case and IBNR

	March 31, 2024		December 31, 2023	
	Case	IBNR	Case	IBNR
Direct excess commercial insurance				
Gross reserves [1]	56 %	44 %	57 %	43 %
Ceded [2]	60	40	63	37
Assumed reinsurance coverage				
Gross reserves	33	67	32	68
Ceded	44	56	43	57
Direct primary commercial insurance				
Gross reserves	59	41	59	41
Ceded	86	14	83	17

(1) Approximately 70% and 68% of gross case reserves as of March 31, 2024 and December 31, 2023, respectively, are subject to settlement agreements.
(2) Approximately 75% and 72% of ceded case reserves as of March 31, 2024 and December 31, 2023, respectively, are subject to settlement agreements.

Gross payments from case reserves by type of exposure

	Three months ended March 31,	
($ in millions)	**2024**	**2023**
Direct excess commercial insurance		
Gross [1]	$ 16	$ 23
Ceded [2]	(6)	(5)
Assumed reinsurance coverage		
Gross	6	5
Ceded	—	(1)
Direct primary commercial insurance		
Gross	1	1
Ceded	—	—

(1) In the first quarter of 2024 and 2023, 85% and 87% of payments, respectively, related to settlement agreements.
(2) In the first quarter of 2024 and 2023, 89% and 92% of payments, respectively, related to settlement agreements.

Total net reserves as of March 31, 2024, included $755 million or 53% of estimated IBNR reserves compared to $762 million or 53% of estimated IBNR reserves as of December 31, 2023.

Total gross payments were $23 million for the first quarter of 2024 compared to $29 million for the first quarter of 2023. Payments primarily related to settlement agreements reached with several insureds on large claims, mainly asbestos related losses, where the scope of coverages has been agreed upon. The claims associated with these settlement agreements are expected to be substantially paid out over the next several years as qualified claims are submitted by these insureds. Reinsurance collections were $11 million for the first quarter of 2024 compared to $15 million for the first quarter of 2023.

Protection Services Segment

Summarized financial information		
	Three months ended March 31,	
($ in millions)	2024	2023
Premiums written	**$ 627**	**$ 619**
Revenues		
Premiums	$ 612	$ 538
Other revenue	85	84
Intersegment insurance premiums and service fees (1)	35	33
Net investment income	21	16
Costs and expenses		
Claims and claims expense	(158)	(153)
Amortization of DAC	(289)	(251)
Operating costs and expenses	(234)	(221)
Restructuring and related charges	(1)	(1)
Income tax expense on operations	(17)	(11)
Less: noncontrolling interest	**—**	**—**
Adjusted net income	**$ 54**	**$ 34**
Allstate Protection Plans	$ 40	$ 28
Allstate Dealer Services	6	7
Allstate Roadside	11	4
Arity	(4)	(4)
Allstate Identity Protection	1	(1)
Adjusted net income	**$ 54**	**$ 34**
Allstate Protection Plans	148,086	136,591
Allstate Dealer Services	3,758	3,839
Allstate Roadside	565	536
Allstate Identity Protection	3,031	3,206
Policies in force as of March 31 (in thousands)	**155,440**	**144,172**

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

Adjusted net income increased 58.8% or $20 million in the first quarter of 2024 compared to the first quarter of 2023, due to gross margin improvement at Allstate Protection Plans and improved claim severity at Allstate Roadside.

Premiums written increased 1.3% or $8 million in the first quarter of 2024 compared to the first quarter of 2023, primarily due to growth at Allstate Protection Plans, partially offset by lower sales at Allstate Dealer Services.

PIF increased 7.8% or 11 million as of March 31, 2024 compared to March 31, 2023 due to growth at Allstate Protection Plans.

Other revenue increased 1.2% or $1 million in the first quarter of 2024 compared to the first quarter of 2023, primarily due to higher advertising and Mobility Intelligence product sales at Arity.

Intersegment premiums and service fees increased 6.1% or $2 million in the first quarter of 2024 compared to the first quarter of 2023, driven by increased hardware revenue at Arity.

Claims and claims expense increased 3.3% or $5 million in the first quarter 2024 compared to the first quarter of 2023, primarily driven by growth at Allstate Protection Plans, partially offset by lower claim severity at Allstate Roadside.

Amortization of DAC increased 15.1% or $38 million in the first quarter of 2024 compared to the first quarter of 2023, driven by growth at Allstate Protection Plans.

Operating costs and expenses increased 5.9% or $13 million in the first quarter of 2024 compared to the first quarter of 2023, primarily due to growth at Allstate Protection Plans.

Allstate Health and Benefits Segment

Summarized financial information

($ in millions)	Three months ended March 31, 2024	2023
Revenues		
Accident and health insurance premiums and contract charges	$ 478	$ 463
Other revenue	134	101
Net investment income	23	19
Costs and expenses		
Accident, health and other policy benefits	(296)	(265)
Amortization of DAC	(42)	(41)
Operating costs and expenses	(225)	(203)
Restructuring and related charges	(1)	(4)
Income tax expense on operations	(15)	(14)
Adjusted net income	**$ 56**	**$ 56**
Benefit ratio [1]	60.0	55.5
Employer voluntary benefits [2]	3,594	3,799
Group health [3]	146	127
Individual health [4]	453	413
Policies in force as of March 31 (in thousands)	**4,193**	**4,339**

(1) Benefit ratio is calculated as accident, health and other policy benefits less interest credited to contractholder funds of $9 million and $8 million for the three months ended March 31, 2024 and 2023, respectively, divided by premiums and contract charges.

(2) Employer voluntary benefits include supplemental life and health products offered through workplace enrollment.

(3) Group health includes health products and administrative services sold to employers.

(4) Individual health includes short-term medical and other health products sold directly to individuals.

Adjusted net income in the first quarter of 2024 was comparable to the first quarter of 2023 due to an increase in individual health, offset by a decline in employer voluntary benefits.

Premiums and contract charges increased 3.2% or $15 million in the first quarter of 2024 compared to the first quarter of 2023, primarily due to growth in group health and individual health, partially offset by a decline in employer voluntary benefits.

Premiums and contract charges by line of business

($ in millions)	Three months ended March 31, 2024	2023
Employer voluntary benefits	$ 248	$ 255
Group health	118	107
Individual health	112	101
Premiums and contract charges	**$ 478**	**$ 463**

Other revenue increased $33 million in the first quarter of 2024 compared to the first quarter of 2023, primarily due to an increase in individual health and group health administrative fees.

Accident, health and other policy benefits increased 11.7% or $31 million in the first quarter of 2024 compared to the first quarter of 2023, primarily from growth in group health and individual health and higher benefit utilization.

Accident, health and other policy benefits include changes in the reserve for future policy benefits, expected development on reported claims, and reserves for incurred but not reported claims as shown in Note 9.

Benefit ratio increased 4.5 points to 60.0 in the first quarter of 2024 compared to 55.5 in the first quarter of 2023 primarily due to higher benefit utilization across all lines of business.

Amortization of DAC increased 2.4% or $1 million in the first quarter of 2024 compared to the first quarter of 2023.

Operating costs and expenses

($ in millions)	Three months ended March 31, 2024	2023
Non-deferrable commissions	$ 91	$ 79
General and administrative expenses	134	124
Total operating costs and expenses	**$ 225**	**$ 203**

Operating costs and expenses increased $22 million in the first quarter of 2024 compared to the first quarter of 2023, primarily due to growth in individual health and group health and investments in the business.

Investments

Portfolio composition and strategy by reporting segment [1]

($ in millions)	March 31, 2024 Property-Liability	Protection Services	Allstate Health and Benefits	Corporate and Other	Total
Fixed income securities [2]	$ 45,611	$ 1,854	$ 1,764	$ 1,548	$ 50,777
Equity securities [3]	1,492	228	54	609	2,383
Mortgage loans, net	699	—	116	—	815
Limited partnership interests	8,550	—	—	12	8,562
Short-term investments [4]	3,751	144	117	306	4,318
Other investments, net	884	—	120	—	1,004
Total	**$ 60,987**	**$ 2,226**	**$ 2,171**	**$ 2,475**	**$ 67,859**
Percent to total	**89.9 %**	**3.3 %**	**3.2 %**	**3.6 %**	**100.0 %**
Market-based	$ 51,269	$ 2,226	$ 2,171	$ 2,249	$ 57,915
Performance-based	9,718	—	—	226	9,944
Total	**$ 60,987**	**$ 2,226**	**$ 2,171**	**$ 2,475**	**$ 67,859**

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

(2) Fixed income securities are carried at fair value. Amortized cost, net for these securities was $46.47 billion, $1.91 billion, $1.89 billion, $1.57 billion and $51.84 billion for Property-Liability, Protection Services, Allstate Health and Benefits, Corporate and Other, and in total, respectively.

(3) Equity securities are carried at fair value. The fair value of equity securities held as of March 31, 2024, was $211 million in excess of cost. These net gains were primarily concentrated in the technology and banking sectors. Equity securities include $913 million of funds with underlying investments in fixed income securities as of March 31, 2024.

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

Investments totaled $67.86 billion as of March 31, 2024, increasing from $66.68 billion as of December 31, 2023, primarily due to positive operating cash flows, partially offset by dividends to shareholders and lower fixed income valuations.

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.

Market-based strategy seeks to deliver predictable earnings aligned to business needs and provide flexibility to adjust investment risk profile based on enterprise objectives and market opportunities primarily through public and private fixed income investments and public equity securities.

Performance-based strategy seeks to deliver attractive risk-adjusted returns and supplement market risk with idiosyncratic risk primarily through investments in private equity, including infrastructure investments, and real estate with a majority being limited partnerships. These investments include investee level expenses, reflecting asset level operating expenses on directly held real estate and other consolidated investments.

Investments in the Middle East As of March 31, 2024, we have approximately $42 million investment exposure in the Middle East, of which approximately $39 million is held in Israel, which is primarily indirect exposure through foreign funds managed by external asset managers.

Portfolio composition by investment strategy

($ in millions)	March 31, 2024 Market-based	Performance-based	Total
Fixed income securities	$ 50,665	$ 112	$ 50,777
Equity securities	1,722	661	2,383
Mortgage loans, net	815	—	815
Limited partnership interests	158	8,404	8,562
Short-term investments	4,318	—	4,318
Other investments, net	237	767	1,004
Total	**$ 57,915**	**$ 9,944**	**$ 67,859**
Percent to total	**85.3 %**	**14.7 %**	**100.0 %**
Unrealized net capital gains and losses			
Fixed income securities	$ (1,060)	$ —	$ (1,060)
Short-term investments	(2)	—	(2)
Other	(2)	—	(2)
Total	**$ (1,064)**	**$ —**	**$ (1,064)**

Fixed income securities

Fixed income securities by type

($ in millions)	Fair value as of March 31, 2024	December 31, 2023
U.S. government and agencies	$ 10,030	$ 8,619
Municipal	5,392	6,006
Corporate	32,269	31,205
Foreign government	1,240	1,290
Asset-backed securities (“ABS”)	1,846	1,745
Total fixed income securities	**$ 50,777**	**$ 48,865**

Fixed income securities are rated by third-party credit rating agencies or are internally rated. The Securities Valuation Office (“SVO”) of the National Association of Insurance Commissioners (“NAIC”) evaluates the fixed income securities of insurers for regulatory reporting and capital assessment purposes. The NAIC assigns securities to one of six credit quality categories defined as “NAIC designations”. In general, securities with NAIC designations of 1 and 2 are considered investment grade and securities with NAIC designations of 3 through 6 are considered below investment grade. The rating is either received from the SVO based on availability of applicable ratings from rating agencies on the NAIC Nationally Recognized Statistical Rating Organizations (“NRSRO”) provider list, including Moody’s Investors Service (“Moody’s”), S&P Global Ratings (“S&P”), Fitch Ratings (“Fitch”), or a comparable internal rating.

As a result of time lags between the funding of investments, the finalization of legal documents, and the completion of the SVO filing process, the portfolio includes certain securities that have not yet been designated by the SVO as of each balance sheet date and the categorization of these securities is based on the expected ratings indicated by internal analysis.

As of March 31, 2024, 91.4% of the consolidated fixed income securities portfolio was rated investment grade. Credit ratings below these designations are considered lower credit quality or below investment grade, which includes high yield bonds.

Market prices for certain securities may have credit spreads which imply higher or lower credit quality than the current third-party rating. Our initial investment decisions and ongoing monitoring procedures for fixed income securities are based on a due diligence process which includes, but is not limited to, an assessment of the credit quality, sector, structure, and liquidity risks of each issuer.

Fixed income portfolio monitoring is a comprehensive process to identify and evaluate each fixed income security that may require a credit loss allowance. The process includes a quarterly review of all securities to identify instances where the fair value of a security compared to its amortized cost is below internally established thresholds. For further detail on our fixed income portfolio monitoring process, see Note 4 of the condensed consolidated financial statements.

The following table presents total fixed income securities by the applicable NAIC designation and comparable S&P rating.

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

	March 31, 2024					
	NAIC 1 A and above		NAIC 2 BBB		NAIC 3 BB	
($ in millions)	**Fair value**	**Unrealized gain (loss)**	**Fair value**	**Unrealized gain (loss)**	**Fair value**	**Unrealized gain (loss)**
U.S. government and agencies	$ 10,030	$ (112)	$ —	$ —	$ —	$ —
Municipal	5,269	(100)	116	(1)	5	—
Corporate						
Public	7,305	(102)	15,849	(476)	599	(17)
Privately placed	1,804	(48)	3,017	(96)	1,980	(44)
Total corporate	**9,109**	**(150)**	**18,866**	**(572)**	**2,579**	**(61)**
Foreign government	1,239	(15)	1	—	—	—
ABS	1,752	1	13	—	30	—
Total fixed income securities	**$ 27,399**	**$ (376)**	**$ 18,996**	**$ (573)**	**$ 2,614**	**$ (61)**

	NAIC 4 B		NAIC 5-6 CCC and lower		Total	
	Fair value	**Unrealized gain (loss)**	**Fair value**	**Unrealized gain (loss)**	**Fair value**	**Unrealized gain (loss)**
U.S. government and agencies	$ —	$ —	$ —	$ —	$ 10,030	$ (112)
Municipal	—	—	2	2	5,392	(99)
Corporate						
Public	115	(2)	2	2	23,870	(595)
Privately placed	1,442	(38)	156	(20)	8,399	(246)
Total corporate	**1,557**	**(40)**	**158**	**(18)**	**32,269**	**(841)**
Foreign government	—	—	—	—	1,240	(15)
ABS	—	—	51	6	1,846	7
Total fixed income securities	**$ 1,557**	**$ (40)**	**$ 211**	**$ (10)**	**$ 50,777**	**$ (1,060)**

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

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

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

Equity securities of $2.38 billion primarily include common stocks, exchange traded and mutual funds, non-redeemable preferred stocks and real estate investment trust ("REIT") equity investments. Certain exchange traded and mutual funds have fixed income securities as their underlying investments.

Mortgage loans of $815 million mainly comprise loans secured by first mortgages on developed commercial real estate. Key considerations used to manage our exposure include property type and geographic diversification. For further detail on our mortgage loan portfolio, see Note 4 of the condensed consolidated financial statements.

Limited partnership interests include $7.27 billion of interests in private equity funds, $1.14 billion of interests in real estate funds and $158 million of interests in other funds as of March 31, 2024. We have commitments to invest additional amounts in limited partnership interests totaling $3.01 billion as of March 31, 2024.

Other investments include $164 million of bank loans, net, and $717 million of direct investments in real estate as of March 31, 2024.

Unrealized net capital gains (losses)		
($ in millions)	March 31, 2024	December 31, 2023
U.S. government and agencies	$ (112)	$ (5)
Municipal	(99)	(43)
Corporate	(841)	(746)
Foreign government	(15)	4
ABS	7	6
Fixed income securities	**(1,060)**	**(784)**
Short-term investments	(2)	(1)
Derivatives	(2)	(2)
Equity method of accounting ("EMA") limited partnerships	—	(4)
Unrealized net capital gains and losses, pre-tax	**$ (1,064)**	**$ (791)**

Gross unrealized gains (losses) on fixed income securities by type and sector				
		Gross unrealized		
($ in millions)	Amortized cost, net	Gains	Losses	Fair value
March 31, 2024				
Corporate				
Banking	$ 4,060	$ 24	$ (114)	$ 3,970
Basic industry	1,055	5	(38)	1,022
Capital goods	2,971	21	(98)	2,894
Communications	2,711	17	(124)	2,604
Consumer goods (cyclical and non-cyclical)	7,687	68	(252)	7,503
Financial services	2,046	12	(81)	1,977
Energy	2,669	33	(58)	2,644
Technology	2,914	19	(148)	2,785
Transportation	1,037	8	(39)	1,006
Utilities	5,569	63	(132)	5,500
Other	391	3	(30)	364
Total corporate fixed income portfolio	**33,110**	**273**	**(1,114)**	**32,269**
U.S. government and agencies	10,142	56	(168)	10,030
Municipal	5,491	61	(160)	5,392
Foreign government	1,255	4	(19)	1,240
ABS	1,839	14	(7)	1,846
Total fixed income securities	**$ 51,837**	**$ 408**	**$ (1,468)**	**$ 50,777**
December 31, 2023				
Corporate				
Banking	$ 4,189	$ 31	$ (135)	$ 4,085
Basic industry	1,007	7	(42)	972
Capital goods	2,800	33	(97)	2,736
Communications	2,767	33	(115)	2,685
Consumer goods (cyclical and non-cyclical)	6,813	93	(251)	6,655
Financial services	2,111	17	(88)	2,040
Energy	2,645	35	(63)	2,617
Technology	2,800	21	(153)	2,668
Transportation	1,104	13	(45)	1,072
Utilities	5,330	109	(123)	5,316
Other	385	5	(31)	359
Total corporate fixed income portfolio	**31,951**	**397**	**(1,143)**	**31,205**
U.S. government and agencies	8,624	114	(119)	8,619
Municipal	6,049	109	(152)	6,006
Foreign government	1,286	17	(13)	1,290
ABS	1,739	13	(7)	1,745
Total fixed income securities	**$ 49,649**	**$ 650**	**$ (1,434)**	**$ 48,865**

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

Equity securities by sector

	March 31, 2024			December 31, 2023		
($ in millions)	**Cost**	**Over (under) cost**	**Fair value**	**Cost**	**Over (under) cost**	**Fair value**
Banking	$ 34	$ 44	$ 78	$ 30	$ 38	$ 68
Basic Industry	9	2	11	9	2	11
Capital Goods	77	(24)	53	77	(27)	50
Energy	32	6	38	32	3	35
Funds						
Equities	273	38	311	258	12	270
Fixed income	937	(24)	913	1,038	(15)	1,023
Other	62	2	64	58	5	63
Total funds	**1,272**	**16**	**1,288**	**1,354**	**2**	**1,356**
Transportation	13	22	35	16	23	39
Utilities	59	7	66	59	1	60
Other [(1)]	676	138	814	667	125	792
Total equity securities	**$ 2,172**	**$ 211**	**$ 2,383**	**$ 2,244**	**$ 167**	**$ 2,411**

(1) As of March 31, 2024, other is generally comprised of consumer goods, technology, REITs, financial services and communications sectors.

Net investment income

	Three months ended March 31,	
($ in millions)	**2024**	**2023**
Fixed income securities	$ 526	$ 390
Equity securities	15	11
Mortgage loans	9	8
Limited partnership interests	199	134
Short-term investments	67	66
Other investments	21	41
Investment income, before expense	**837**	**650**
Investment expense		
Investee level expenses	(10)	(17)
Securities lending expense	(25)	(21)
Operating costs and expenses	(38)	(37)
Total investment expense	**(73)**	**(75)**
Net investment income	**$ 764**	**$ 575**
Property-Liability	$ 702	$ 509
Protection Services	21	16
Allstate Health and Benefits	23	19
Corporate and Other	18	31
Net investment income	**$ 764**	**$ 575**
Market-based	$ 626	$ 508
Performance-based	211	142
Investment income, before expense	**$ 837**	**$ 650**

Net investment income increased $189 million in the first quarter of 2024 compared to the same period of 2023, primarily due to higher market-based and performance-based investment results.

Performance-based investment income

($ in millions)	Three months ended March 31, 2024	2023
Private equity	$ 196	$ 105
Real estate	15	37
Total performance-based income before investee level expenses	**$ 211**	**$ 142**
Investee level expenses [1]	(10)	(16)
Total performance-based income	**$ 201**	**$ 126**

[1] Investee level expenses include asset level operating expenses on directly held real estate and other consolidated investments reported in investment expense.

Performance-based investment income increased $75 million in the first quarter of 2024 compared to the same period of 2023, primarily due to higher private equity valuation increases.

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. The Company typically employs a lag in recording and recognizing changes in valuations of limited partnership interests due to the availability of investee financial statements.

Components of net gains (losses) on investments and derivatives and the related tax effect

($ in millions)	Three months ended March 31, 2024	2023
Sales	$ (111)	$ (120)
Credit losses [1]	(115)	(12)
Valuation change of equity investments - appreciation (decline):		
Equity securities	66	148
Equity fund investments in fixed income securities	(4)	19
Limited partnerships [2]	8	31
Total valuation of equity investments	**70**	**198**
Valuation change and settlements of derivatives	(8)	(52)
Net gains (losses) on investments and derivatives, pre-tax	**(164)**	**14**
Income tax benefit (expense)	36	(6)
Net gains (losses) on investments and derivatives, after-tax	**$ (128)**	**$ 8**
Property-Liability [1]	$ (127)	$ 6
Protection Services	(3)	(1)
Allstate Health and Benefits	1	2
Corporate and Other	1	1
Net gains (losses) on investments and derivatives, after-tax	**$ (128)**	**$ 8**
Market-based [1]	$ (185)	$ (3)
Performance-based	21	17
Net gains (losses) on investments and derivatives, pre-tax	**$ (164)**	**$ 14**

[1] Includes $123 million loss related to the valuation allowance established for the surplus notes issued by Adirondack Insurance Exchange and New Jersey Skylands Insurance Association (together "Reciprocal Exchanges"). See Note 7 for further details.

[2] Relates to limited partnerships where the underlying assets are predominately public equity securities.

Net losses on investments and derivatives in the first quarter of 2024 related primarily to a valuation allowance established for surplus notes issued by the Reciprocal Exchanges and losses on sales of fixed income securities, partially offset by valuation gains on equity securities.

Net losses on sales in the first quarter of 2024 related primarily to sales of fixed income securities in connection with ongoing portfolio management.

Net losses on valuation change and settlements of derivatives of $8 million in the first quarter of 2024 primarily related to net losses on equity futures used to manage equity exposure and net losses on interest rate futures used to manage duration, partially offset by gains on foreign currency contracts used to manage foreign currency risk.

Net gains (losses) on performance-based investments and derivatives

($ in millions)	Three months ended March 31, 2024	2023
Sales	$ (4)	$ 8
Credit losses	(4)	(3)
Valuation change of equity investments	18	19
Valuation change and settlements of derivatives	11	(7)
Total performance-based	**$ 21**	**$ 17**

Net gains on performance-based investments and derivatives in the first quarter of 2024, primarily related to increased valuation of equity investments and valuation change and settlements of derivatives.

Capital Resources and Liquidity

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

Capital resources

($ in millions)	March 31, 2024		December 31, 2023	
Preferred stock, common stock, treasury stock, retained income and other shareholders' equity items	$	19,522	$	18,470
Accumulated other comprehensive loss		(883)		(700)
Total Allstate shareholders' equity		**18,639**		**17,770**
Debt		7,938		7,942
Total capital resources	**$**	**26,577**	**$**	**25,712**
Ratio of debt to Allstate shareholders' equity		42.6 %		44.7 %
Ratio of debt to capital resources		29.9		30.9

Allstate shareholders' equity increased in the first three months of 2024, primarily due to net income, partially offset by dividends to shareholders and higher unrealized net capital losses on investments. In the three months ended March 31, 2024, we paid dividends of $233 million and $29 million related to our common and preferred shares, respectively.

Debt maturities We have $350 million of debt that is scheduled to mature in May 2024.

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

($ in millions)		
2025	$	600
2026		550
2027		—
2028		—
2029		—
Thereafter		6,491
Total long-term debt principal	**$**	**7,641**

Common share repurchases On March 31, 2024, our $5.00 billion share repurchase authorization expired with $472 million remaining. In the first quarter of 2024, we did not repurchase any shares under the program. A new common share repurchase program has not been authorized as of March 31, 2024.

Common shareholder dividends On January 2, 2024, we paid a common shareholder dividend of $0.89. On February 23, 2024, we declared a common shareholder dividend of $0.92 payable on April 1, 2024.

Financial ratings and strength Our ratings are influenced by many factors including our operating and financial performance, asset quality, liquidity, overall portfolio mix, financial leverage (i.e., debt), exposure to risks such as catastrophes and the current level of operating leverage. The preferred stock and subordinated debentures are viewed as having a common equity component by certain rating agencies and are given equity credit up to a pre-determined limit in our capital structure as determined by their respective methodologies. These respective methodologies consider the existence of certain terms and features in the instruments such as the noncumulative dividend feature in the preferred stock.

There have been no changes to any of our ratings from A.M. Best, S&P or Moody's since December 31, 2023.

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

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

Parent company capital capacity At the parent holding company level, we have deployable assets totaling $3.17 billion as of March 31, 2024, primarily comprised of cash and short-term, fixed income and equity securities that are generally saleable within one quarter. The earnings capacity of the operating subsidiaries is the primary source of capital generation for the Corporation.

As of March 31, 2024, we held $16.86 billion of cash, U.S. government and agencies fixed income securities, public equity securities, and short-term investments, which we would expect to be able to liquidate within one week.

No intercompany dividends from insurance companies were paid in the first three months of 2024.

Based on the greater of 2023 statutory net income or 10% of statutory surplus, the maximum amount of dividends that AIC will be able to pay, without prior Illinois Department of Insurance approval, at a given point in time through February 2025, is estimated at $1.20 billion, less dividends paid during the preceding twelve months measured at that point in time. In the first three months of 2024, no dividends have been paid.

Dividends may not be paid or declared on our common stock and shares of common stock may not be repurchased unless the full dividends for the latest completed dividend period on our preferred stock have been declared and paid or provided for.

The terms of our outstanding subordinated debentures also prohibit us from declaring or paying any dividends or distributions on our common or preferred stock or redeeming, purchasing, acquiring, or making liquidation payments on our common stock or preferred stock if we have elected to defer interest payments on the subordinated debentures, subject to certain limited exceptions. In the first three months of 2024, we did not defer interest payments on the subordinated debentures.

Additional resources to support liquidity are as follows:

- The Corporation and AIC have access to a $750 million unsecured revolving credit facility that is available for short-term liquidity requirements. The maturity date of this facility is November 2027. The facility is fully subscribed among 11 lenders with the largest commitment being $95 million. The commitments of the lenders are several and no lender is responsible for any other lender’s commitment if such lender fails to make a loan under the facility. This facility contains an increase provision that would allow up to an additional $500 million of borrowing, subject to the lenders’ commitment. This facility has a financial covenant requiring that we not exceed a 37.5% debt to capitalization ratio as defined in the agreement. This ratio was 22.5% as of March 31, 2024. Although the right to borrow under the facility is not subject to a minimum rating requirement, the costs of maintaining the facility and borrowing under it are based on the ratings of our senior unsecured, unguaranteed long-term debt. There were no borrowings under the credit facility during 2024.
- To cover short-term cash needs, the Corporation has access to a commercial paper facility with a borrowing capacity limited to any undrawn credit facility balance up to $750 million.
- As of March 31, 2024, there were no balances outstanding for the credit facility or the commercial paper facility and therefore the remaining borrowing capacity was $750 million.
- The Corporation has access to a universal shelf registration statement with the Securities and Exchange Commission that was filed on April 30, 2024 and expires in 2027. We can use this shelf registration to issue an unspecified amount of debt securities, common stock (including 636 million shares of treasury stock as of March 31, 2024), preferred stock, depositary shares, warrants, stock purchase contracts and stock purchase units. The specific terms of any securities we issue under this registration statement will be provided in the applicable prospectus supplements.

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. 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. These statements may address, among other things, our strategy for growth, catastrophe exposure management, product development, investment results, regulatory approvals, market position, expenses, financial results, litigation and reserves. We believe that these statements are based on reasonable estimates, assumptions and plans. Forward-looking statements speak only as of the date on which they are made, and we assume no obligation to update any forward-looking statements as a result of new information or future events or developments. In addition, forward-looking statements are subject to certain risks or uncertainties that could cause actual results to differ materially from those communicated in these forward-looking statements. Factors that could cause actual results to differ materially from those expressed in, or implied by, the forward-looking statements include risks related to:

Insurance and Financial Services (1) actual claim costs exceeding current reserves; (2) unexpected increases in claim frequency or severity; (3) catastrophes and severe weather events; (4) limitations in analytical models used for loss cost estimates; (5) price competition and changes in regulation and underwriting standards; (6) market risk, inflation, and declines in credit quality of our investment portfolios; (7) our subjective determination of fair value and amount of credit losses for investments; (8) our participation in indemnification programs, including state industry pools and facilities; (9) inability to mitigate the impact associated with changes in capital requirements; (10) a downgrade in financial strength ratings;

Business, Strategy and Operations (11) operations in markets that are highly competitive; (12) changing consumer preferences; (13) new or changing technologies; (14) implementation of our Transformative Growth strategy; (15) our catastrophe management strategy; (16) restrictions on our subsidiaries’ ability to pay dividends; (17) restrictions under terms of certain of our securities on our ability to pay dividends or repurchase our stock; (18) the availability of reinsurance at current levels and prices; (19) counterparty risk related to reinsurance; (20) acquisitions and divestitures of businesses; (21) intellectual property infringement, misappropriation and third-party claims; (22) vendor-related business disruptions or failure of a vendor to provide and protect data, confidential and proprietary information, or personal information of our customers, claimants or employees; (23) our ability to attract, develop and retain talent;

Macro, Regulatory and Risk Environment (24) conditions in the global economy and capital markets; (25) a large-scale pandemic, the occurrence of terrorism, military actions or social unrest; (26) the failure in cyber or other information security controls, as well as the occurrence of events unanticipated in our disaster recovery processes and business continuity planning; (27) changing climate and weather conditions; (28) evolving environmental, social and governance standards and expectations; (29) restrictive regulations and regulatory reforms in the U.S. and internationally; (30) regulatory limitations on rate increases and requirements to underwrite business and participate in loss sharing arrangements; (31) losses from legal and regulatory actions; (32) changes in or the application of accounting standards and changes in tax laws; and (33) misconduct or fraudulent acts by employees, agents and third parties.

Additional information concerning these and other factors may be found in our filings with the Securities and Exchange Commission, including the “Risk Factors” section in our most recent annual report on Form 10-K.

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, 2024, there have been no changes in our internal control over financial reporting that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Part II. Other Information

Item 1. Legal Proceedings

Information required for Part II, Item 1 is incorporated by reference to the discussion under the heading “Regulation and compliance” and under the heading “Legal and regulatory proceedings and inquiries” in Note 13 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, 2023.

Item 2. Unregistered Sales of Equity Securities, Use of Proceeds, and Issuer Purchases of Equity Securities

Issuer Purchases of Equity Securities

Period	Total number of shares (or units) purchased (1)	Average price paid per share (or unit)	Total number of shares (or units) purchased as part of publicly announced plans or programs	Maximum number (or approximate dollar value) of shares (or units) that may yet be purchased under the plans or programs (2)
January 1, 2024 - January 31, 2024				
Open Market Purchases	797	$ 149.98	—	
February 1, 2024 - February 29, 2024				
Open Market Purchases	117,131	$ 161.67	—	
March 1, 2024 - March 31, 2024				
Open Market Purchases	26,624	$ 155.29	—	
Total	**144,552**	**$ 160.43**	**—**	**$ —**

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

January: 797
February: 117,131
March: 26,624

(2) In August 2021, we announced the approval of a common share repurchase program for $5 billion, which expired on March 31, 2024 with $472 million remaining at the time of expiration. A new common share repurchase program has not been authorized as of March 31, 2024.

Item 5. Other Information

On March 15, 2024, Suren Gupta, President, Protection Products and Enterprise Services of Allstate Insurance Company, adopted a Rule 10b5-1 trading plan. The Rule 10b5-1 plan is intended to satisfy the affirmative defense conditions of Rule 10b5-1(c) under the Securities Exchange Act of 1934, as amended. Mr. Gupta’s Rule 10b5-1 plan provides for the sale of up to 45,775 shares of the Company’s common stock. The Rule 10b5-1 plan expires on February 18, 2025, or upon the earlier completion of all authorized transactions thereunder.

During the three months ended March 31, 2024, no other director or officer who is required to file reports under Section 16 of the Securities Exchange Act adopted, modified or terminated a “Rule 10b5-1 trading arrangement” or “non-Rule 10b5-1 trading arrangement,” as each term is defined in Item 408(a) of Regulation S-K.

Item 6. Exhibits

(a) Exhibits

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

Exhibit Number	Exhibit Description	Incorporated by Reference Form	File Number	Exhibit	Filing Date	Filed or Furnished Herewith
3.1	Restated Certificate of Incorporation filed with the Secretary of State of Delaware on May 23, 2012	8-K	1-11840	3(i)	May 23, 2012	
3.2	Amended and Restated Bylaws of The Allstate Corporation as amended July 14, 2023	8-K	1-11840	3.1	July 17, 2023	
3.3	Certificate of Designations with respect to the Preferred Stock of the Registrant, Series H, dated August 5, 2019	8-K	1-11840	3.1	August 5, 2019	
3.4	Certificate of Designations with respect to the Preferred Stock of the Registrant, Series I, dated November 6, 2019	8-K	1-11840	3.1	November 8, 2019	
3.5	Certificate of Elimination with respect to the Preferred Stock, Series A, C, D, E and F of the Registrant, dated February 20, 2020	10-K	1-11840	3.6	February 21, 2020	
3.6	Certificate of Elimination with respect to the Preferred Stock, Series G of the Registrant, dated May 1, 2023	10-Q	1-11840	3.6	May 3, 2023	
3.7	Certificate of Designations with respect to the Preferred Stock of the Registrant, Series J, dated May 16, 2023	8-K	1-11840	3.1	May 18, 2023	
4	The Allstate Corporation hereby agrees to furnish to the Commission, upon request, the instruments defining the rights of holders of each issue of long-term debt of it and its consolidated subsidiaries					
15	Acknowledgment of awareness from Deloitte & Touche LLP, dated May 1, 2024, concerning unaudited interim financial information					X
31(i)	Rule 13a-14(a) Certification of Principal Executive Officer					X
31(i)	Rule 13a-14(a) Certification of Principal Financial Officer					X
32	Section 1350 Certifications					X
101.INS	Inline XBRL Instance Document (the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document					X
101.SCH	Inline XBRL Taxonomy Extension Schema Document					X
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document					X
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document					X
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document					X
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document					X
104	Cover Page Interactive Data File (formatted as inline XBRL and contained in Exhibit 101)					X

Signature

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

The Allstate Corporation
(Registrant)

May 1, 2024

By /s/ John C. Pintozzi

John C. Pintozzi
Senior Vice President, Controller and Chief Accounting Officer
(Authorized Signatory and Principal Accounting Officer)

Exhibit 15

The Board of Directors and Shareholders of The Allstate Corporation
3100 Sanders Road
Northbrook, IL 60062

We are aware that our report dated May 1, 2024, on our review of the interim financial information of The Allstate Corporation and subsidiaries appearing in this Quarterly Report on Form 10-Q for the quarter ended March 31, 2024, is incorporated by reference in the following Registration Statements:

Form S-3 Registration Statement Nos.	**Form S-8 Registration Statement Nos.**
333-279003	333-04919
	333-40283
	333-134243
	333-175526
	333-188821
	333-200390
	333-218343
	333-228490
	333-228491
	333-228492
	333-231753

/s/ DELOITTE & TOUCHE LLP

Chicago, Illinois
May 1, 2024

Certifications **Exhibit 31 (i)**

I, Thomas J. Wilson, certify that:

1. I have reviewed this quarterly report on Form 10-Q of The Allstate Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 1, 2024

/s/ Thomas J. Wilson

Thomas J. Wilson
Chairman of the Board, President and Chief Executive Officer

Certifications **Exhibit 31 (i)**

I, Jesse E. Merten, certify that:

1. I have reviewed this quarterly report on Form 10-Q of The Allstate Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 1, 2024

/s/ Jesse E. Merten

Jesse E. Merten

Executive Vice President and Chief Financial Officer

Exhibit 32

Section 1350 Certifications

Each of the undersigned hereby certifies that to his knowledge the quarterly report on Form 10-Q for the fiscal period ended March 31, 2024 of The Allstate Corporation filed with the Securities and Exchange Commission fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and that the information contained in such report fairly presents, in all material respects, the financial condition and result of operations of The Allstate Corporation.

Date: May 1, 2024

/s/ Thomas J. Wilson

Thomas J. Wilson
Chairman of the Board, President and Chief Executive Officer

/s/ Jesse E. Merten

Jesse E. Merten
Executive Vice President and Chief Financial Officer