

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

Form 13F

FORM 13F COVER PAGE

Report for the Calendar Year or Quarter Ended: SEPTEMBER 30, 2008

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

Institutional Investment Manager Filing this Report:

Name: ALLSTATE LIFE INSURANCE COMPANY  
Address: 3075 SANDERS ROAD, SUITE G4A  
NORTHBROOK, IL. 60062-7127

Form 13F File Number: 28-01037

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

Person Signing this Report on Behalf of Reporting Manager:

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

Signature, Place, and Date of Signing:

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/s/ PAUL SCHUTT                      NORTHBROOK, IL.                      11/10/08  
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[Signature]                              [City, State]                              [Date]

Report Type (Check only one.):

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

List of Other Managers Reporting for this Manager:

FORM 13F SUMMARY PAGE

Report Summary:

Number of Other Included Managers: ONE  
Form 13F Information Table Entry Total: 46  
Form 13F Information Table Value Total: 287,255 (THOUSAND)

List of Other Included Managers:

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

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

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

FORM 13F REPORT

NAME OF REPORTING MANAGER: ALLSTATE LIFE INSURANCE COMPANY

NAME OF ISSUER	TITLE OF CLASS	CUSIP	VALUE (x\$1000)	SHARES/ PRN AMT	SH/ PUT/ PRN CALL	INVSTMT DCRETN	OTHER MANAGERS	VOTING AUTHORITY SOLE	SHARED	NONE
AMERICAN FINANCIAL GROUP INC	COMMON	025932104	295	10,000	SH	DEFINED	1	X		
KIMBERLY-CLARK	COMMON	494368103	973	15,007	SH	DEFINED	1	X		
REINSURANCE GROUP AMERICA INC	COMMON	759351406	4,860	90,000	SH	DEFINED	1	X		
TRAVELERS COMPANIES INC	COMMON	89417E109	452	10,000	SH	DEFINED	1	X		
3M COMPANY 0% 11/21/2032	DEBT	88579YAB7	8,268	10,223,000	PRN	DEFINED	1	X		
ALLERGAN INC 1.500000%										
04/01/2026	DEBT	018490AL6	5,693	5,500,000	PRN	DEFINED	1	X		
ALZA CORP 0% 07/28/2020	DEBT	02261WAB5	9,840	10,250,000	PRN	DEFINED	1	X		
AMDOCS LIMITED .500000%										
03/15/2024	DEBT	02342TAD1	8,996	9,250,000	PRN	DEFINED	1	X		
AMGEN INC .375000% 02/01/2013	DEBT	031162AQ3	7,650	8,500,000	PRN	DEFINED	1	X		
ARCHER DANIELS .875000%										
02/15/2014	DEBT	039483AW2	809	1,000,000	PRN	DEFINED	1	X		
AVNET INC 2.000000% 03/15/2034	DEBT	053807AL7	11,457	11,500,000	PRN	DEFINED	1	X		
BECKMAN COULTER INC 2.500000%										
12/15/2036	DEBT	075811AD1	1,094	1,000,000	PRN	DEFINED	1	X		
BEST BUY 2.250000% 01/15/2022	DEBT	086516AF8	10,753	11,000,000	PRN	DEFINED	1	X		
CAMERON INTL CORP 2.500000%										
06/15/2026	DEBT	13342BAB1	10,847	8,600,000	PRN	DEFINED	1	X		
CARNIVAL CORP 2.000000%										
04/15/2021	DEBT	143658AN2	9,225	9,000,000	PRN	DEFINED	1	X		
CHESAPEAKE ENERGY CORP										
2.250000% 12/15/2038	DEBT	165167CB1	1,031	1,500,000	PRN	DEFINED	1	X		
CMS ENERGY CORP 2.875000%										
12/01/2024	DEBT	125896AW0	1,554	1,500,000	PRN	DEFINED	1	X		
COSTCO WHOLESALE CORP 0%										
08/19/2017	DEBT	22160QAC6	472	320,000	PRN	DEFINED	1	X		
DANAHER CORP 0% 01/22/2021	DEBT	235851AF9	10,695	10,550,000	PRN	DEFINED	1	X		
DOMINION RESOURCES INC										
2.125000% 12/15/2023	DEBT	25746UAT6	9,913	8,500,000	PRN	DEFINED	1	X		
EMC CORP 1.750000% 12/01/2013	DEBT	268648AM4	1,797	1,850,000	PRN	DEFINED	1	X		
FISHER SCIENTIFIC INTL										
3.250000% 03/01/2024	DEBT	338032AX3	12,212	8,350,000	PRN	DEFINED	1	X		
FLUOR CORP 1.500000%										
02/15/2024	DEBT	343412AA0	348	175,000	PRN	DEFINED	1	X		
GENZYME CORP 1.250000%										
12/01/2023	DEBT	372917AN4	10,857	9,400,000	PRN	DEFINED	1	X		
HCC INSURANCE HOLDINGS										
1.300000% 04/01/2023	DEBT	404132AB8	11,643	9,825,000	PRN	DEFINED	1	X		
HOLOGIC INC 2.000000%										
12/15/2037	DEBT	436440AA9	738	1,000,000	PRN	DEFINED	1	X		
INTEL CORP 2.950000% 12/15/2035	DEBT	458140AD2	5,330	6,100,000	PRN	DEFINED	1	X		
INTL GAME TECHNOLOGY 2.600000%										
12/15/2036	DEBT	459902AP7	16,596	17,750,000	PRN	DEFINED	1	X		
LABORATORY CORP AMERICA										
HOLDINGS	DEBT	50540RAG7	11,500	12,500,000	PRN	DEFINED	1	X		
LIBERTY MEDIA CORP 3.250000%										
03/15/2031	DEBT	530715AR2	470	1,000,000	PRN	DEFINED	1	X		
LIBERTY MEDIA LLC 3.12500%										
03/30/2023	DEBT	530718AF2	1,367	1,500,000	PRN	DEFINED	1	X		
MEDTRONIC INC 1.625000%										
04/15/2013	DEBT	585055AM8	8,458	8,500,000	PRN	DEFINED	1	X		
MYLAN LABORATORIES INC										
1.250000% 03/15/2012	DEBT	628530AG2	769	1,000,000	PRN	DEFINED	1	X		
NABORS INDUSTRIES INC .940000%										
05/15/2011	DEBT	629568AP1	8,078	9,000,000	PRN	DEFINED	1	X		
OMNICOM GROUP	DEBT	681919AK2	4,382	4,500,000	PRN	DEFINED	1	X		
OMNICOM GROUP INC 0% 07/01/2038	DEBT	681919AT3	8,657	9,500,000	PRN	DEFINED	1	X		
PRUDENTIAL FINANCIAL INC										
2.940000% 12/12/2036	DEBT	744320AG7	6,850	7,000,000	PRN	DEFINED	1	X		
RAYONIER TRS HOLDINGS IN										
3.750000% 10/15/2012	DEBT	75508AAB2	3,925	4,000,000	PRN	DEFINED	1	X		
SCHLUMBERGER LIMITED 2.125000%										
06/01/2023	DEBT	806857AD0	392	200,000	PRN	DEFINED	1	X		
ST JUDE MEDICAL INC 1.220000%										
12/15/2008	DEBT	790849AD5	1,985	2,000,000	PRN	DEFINED	1	X		
TEVA PHARMACEUT FIN BV										
1.750000% 02/01/2026	DEBT	88165FAA0	8,260	7,400,000	PRN	DEFINED	1	X		
TEVA PHARMACEUT FIN LLC										
.250000% 02/01/2024	DEBT	88164RAB3	3,591	2,700,000	PRN	DEFINED	1	X		
TJX COMPANIES INC 0%										
02/13/2021	DEBT	872540AL3	10,175	10,150,000	PRN	DEFINED	1	X		
TRANSOCEAN INC 1.500000%										
12/15/2037	DEBT	893830AV1	10,079	11,000,000	PRN	DEFINED	1	X		
US BANCORP 1.231250% 12/11/2035	DEBT	902973AM8	9,728	9,500,000	PRN	DEFINED	1	X		
WYETH 2.390000% 01/15/2024	DEBT	983024AD2	14,196	14,600,000	PRN	DEFINED	1	X		
"STOCK"		4	6,580	125,007						
DEBT		42	280,675	278,693,000						
REPORT TOTALS		46	287,255	278,818,007						