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, 2022

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

THE ALLSTATE CORPORATION

(Exact name of registrant as specified in its charter)

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

2775 Sanders Road, Northbrook, Illinois 60062

(Address of principal executive offices) (Zip Code)

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

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

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

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

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

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

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

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

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

As of April 18, 2022, the registrant had 274,982,998 common shares, $.01 par value, outstanding.

The Allstate Corporation
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March 31, 2022

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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, 2022	2021
Revenues		
Property and casualty insurance premiums	$ 10,981	$ 10,307
Accident and health insurance premiums and contract charges	469	455
Other revenue	560	555
Net investment income	594	708
Net gains (losses) on investments and derivatives	(267)	426
Total revenues	**12,337**	**12,451**
Costs and expenses		
Property and casualty insurance claims and claims expense	7,822	6,043
Accident, health and other policy benefits	269	242
Amortization of deferred policy acquisition costs	1,612	1,523
Operating costs and expenses	1,902	1,731
Pension and other postretirement remeasurement (gains) losses	(247)	(310)
Restructuring and related charges	12	51
Amortization of purchased intangibles	87	53
Interest expense	83	86
Total costs and expenses	**11,540**	**9,419**
Income from operations before income tax expense	**797**	**3,032**
Income tax expense	151	626
Net income from continuing operations	**646**	**2,406**
Income (loss) from discontinued operations, net of tax	—	(3,793)
Net income (loss)	**646**	**(1,387)**
Less: Net loss attributable to noncontrolling interest	(10)	(6)
Net income (loss) attributable to Allstate	**656**	**(1,381)**
Less: Preferred stock dividends	26	27
Net income (loss) applicable to common shareholders	**$ 630**	**$ (1,408)**
Earnings per common share applicable to common shareholders		
Basic		
Continuing operations	$ 2.27	$ 7.88
Discontinued operations	—	(12.53)
Total	**$ 2.27**	**$ (4.65)**
Diluted		
Continuing operations	$ 2.24	$ 7.78
Discontinued operations	—	(12.38)
Total	**$ 2.24**	**$ (4.60)**
Weighted average common shares - Basic	278.1	302.5
Weighted average common shares - Diluted	281.8	306.4

See notes to condensed consolidated financial statements.

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

($ in millions)	Three months ended March 31, 2022	2021
Net income (loss)	$ 646	$ (1,387)
Other comprehensive loss, after-tax		
Changes in:		
Unrealized net capital gains and losses	(1,593)	(1,500)
Unrealized foreign currency translation adjustments	—	34
Unamortized pension and other postretirement prior service credit	(15)	(15)
Other comprehensive loss, after-tax	**(1,608)**	**(1,481)**
Comprehensive loss	**(962)**	**(2,868)**
Less: Comprehensive loss attributable to noncontrolling interest	(22)	(6)
Comprehensive loss attributable to Allstate	**$ (940)**	**$ (2,862)**

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, 2022	December 31, 2021
Assets		
Investments		
Fixed income securities, at fair value (amortized cost, net $42,027 and $41,376)	$ 40,745	$ 42,136
Equity securities, at fair value (cost $4,453 and $6,016)	5,315	7,061
Mortgage loans, net	855	821
Limited partnership interests	7,977	8,018
Short-term, at fair value (amortized cost $4,345 and $4,009)	4,344	4,009
Other investments, net	2,532	2,656
Total investments	**61,768**	**64,701**
Cash	1,130	763
Premium installment receivables, net	8,874	8,364
Deferred policy acquisition costs	4,824	4,722
Reinsurance and indemnification recoverables, net	9,691	10,024
Accrued investment income	341	339
Property and equipment, net	966	939
Goodwill	3,497	3,502
Other assets, net	6,059	6,086
Total assets	**97,150**	**99,440**
Liabilities		
Reserve for property and casualty insurance claims and claims expense	32,991	33,060
Reserve for future policy benefits	1,274	1,273
Contractholder funds	907	908
Unearned premiums	20,248	19,844
Claim payments outstanding	1,140	1,123
Deferred income taxes	402	833
Other liabilities and accrued expenses	9,077	9,296
Long-term debt	7,973	7,976
Total liabilities	**74,012**	**74,313**
Commitments and Contingent Liabilities (Note 12)		
Equity		
Preferred stock and additional capital paid-in, $1 par value, 25 million shares authorized, 81.0 thousand shares issued and outstanding, $2,025 aggregate liquidation preference	1,970	1,970
Common stock, $.01 par value, 2.0 billion shares authorized and 900 million issued, 276 million and 281 million shares outstanding	9	9
Additional capital paid-in	3,706	3,722
Retained income	53,688	53,294
Treasury stock, at cost (624 million and 619 million shares)	(35,208)	(34,471)
Accumulated other comprehensive income:		
Unrealized net capital gains and losses	(995)	598
Unrealized foreign currency translation adjustments	(15)	(15)
Unamortized pension and other postretirement prior service credit	57	72
Total accumulated other comprehensive income (“AOCI”)	**(953)**	**655**
Total Allstate shareholders’ equity	**23,212**	**25,179**
Noncontrolling interest	(74)	(52)
Total equity	**23,138**	**25,127**
Total liabilities and equity	**$ 97,150**	**$ 99,440**

See notes to condensed consolidated financial statements.

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

($ in millions, except per share data)	Three months ended March 31, 2022	2021
Preferred stock par value	$ —	$ —
Preferred stock additional capital paid-in		
Balance, beginning of period	1,970	1,970
Acquisition	—	450
Preferred stock redemption	—	(250)
Balance, end of period	**1,970**	**2,170**
Common stock par value	**9**	**9**
Common stock additional capital paid-in		
Balance, beginning of period	3,722	3,498
Forward contract on accelerated share repurchase agreement	—	113
Equity incentive plans activity	(16)	(15)
Balance, end of period	**3,706**	**3,596**
Retained income		
Balance, beginning of period	53,294	52,767
Net income (loss)	656	(1,387)
Dividends on common stock (declared per share of $0.85 and $0.81)	(236)	(246)
Dividends on preferred stock	(26)	(27)
Balance, end of period	**53,688**	**51,107**
Treasury stock		
Balance, beginning of period	(34,471)	(31,331)
Shares acquired	(794)	(601)
Shares reissued under equity incentive plans, net	57	46
Balance, end of period	**(35,208)**	**(31,886)**
Accumulated other comprehensive income		
Balance, beginning of period	655	3,304
Change in unrealized net capital gains and losses	(1,593)	(1,500)
Change in unrealized foreign currency translation adjustments	—	34
Change in unamortized pension and other postretirement prior service credit	(15)	(15)
Balance, end of period	**(953)**	**1,823**
Total Allstate shareholders' equity	**23,212**	**26,819**
Noncontrolling interest		
Balance, beginning of period	(52)	—
Acquisition	—	(21)
Change in unrealized net capital gains and losses	(12)	—
Noncontrolling loss	(10)	(6)
Balance, end of period	**(74)**	**(27)**
Total equity	**$ 23,138**	**$ 26,792**

See notes to condensed consolidated financial statements.

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

($ in millions)	Three months ended Marc 31, 2022	2021
Cash flows from operating activities		
Net income (loss)	$ 646	$ (1,38
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation, amortization and other non-cash items	236	26
Net (gains) losses on investments and derivatives	267	(50
Pension and other postretirement remeasurement (gains) losses	(247)	(31
Amortization of deferred gain on reinsurance	—	
Interest credited to contractholder funds	8	9
Loss on disposition of operations, net of tax	—	3,99
Changes in:		
Policy benefits and other insurance reserves	(121)	81
Unearned premiums	392	3
Deferred policy acquisition costs	(99)	(2
Premium installment receivables, net	(502)	(12
Reinsurance recoverables, net	334	(1,20
Income taxes	92	18
Other operating assets and liabilities	(574)	(44
Net cash provided by operating activities	**432**	**1,38**
Cash flows from investing activities		
Proceeds from sales		
Fixed income securities	12,400	10,29
Equity securities	5,216	99
Limited partnership interests	300	15
Other investments	208	32
Investment collections		
Fixed income securities	104	73
Mortgage loans	3	13
Other investments	49	10
Investment purchases		
Fixed income securities	(13,220)	(7,96
Equity securities	(3,624)	(53
Limited partnership interests	(216)	(32
Mortgage loans	(37)	—
Other investments	(186)	(60
Change in short-term and other investments, net	114	74
Purchases of property and equipment, net	(130)	(6
Acquisition of operations, net of cash acquired	—	(3,48
Net cash provided by investing activities	**981**	**51**
Cash flows from financing activities		
Redemption and repayment of long-term debt	—	(42
Redemption of preferred stock	—	(25
Contractholder fund deposits	34	25
Contractholder fund withdrawals	(9)	(37
Dividends paid on common stock	(230)	(16
Dividends paid on preferred stock	(26)	(2
Treasury stock purchases	(802)	(46
Shares reissued under equity incentive plans, net	17	
Other	(30)	(3
Net cash used in financing activities	**(1,046)**	**(1,48**
Net increase in cash, including cash classified as assets held for sale	**367**	**42**
Cash from continuing operations at beginning of period	763	3
Cash classified as assets held for sale at beginning of period	—	6
Less: Cash classified as assets held for sale at end of period	—	8
Cash from continuing operations at end of period	**$ 1,130**	**$ 70**

See notes to condensed consolidated financial statements.

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

Note 1 General

Basis of presentation

The accompanying condensed consolidated financial statements include the accounts of The Allstate Corporation (the "Corporation") and its wholly owned subsidiaries, primarily Allstate Insurance Company ("AIC"), a property and casualty insurance company with various property and casualty and investment subsidiaries (collectively referred to as the "Company" or "Allstate") and variable interest entities 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, 2022 and for the three month periods ended March 31, 2022 and 2021 are unaudited. The condensed consolidated financial statements reflect all adjustments (consisting only of normal recurring accruals) which are, in the opinion of management, necessary for the fair presentation of the financial position, results of operations and cash flows for the interim periods.

These condensed consolidated financial statements and notes should be read in conjunction with the consolidated financial statements and notes thereto included in the Company's annual report on Form 10-K for the year ended December 31, 2021. 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.

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

The Coronavirus resulted in governments worldwide enacting emergency measures to combat the spread of the virus, including travel restrictions, government-imposed shelter-in-place orders, quarantine periods, social distancing, and restrictions on large gatherings. These measures have generally moderated, with periodic changes in response to local conditions. There is no way of predicting with certainty how long the pandemic might last. The Company continues to closely monitor and proactively adapt to developments and changing conditions. Currently, it is not possible to reliably estimate the impact to its operations, but the effects have been and could be material.

Pending accounting standard

Accounting for Long-Duration Insurance Contracts In August 2018, the FASB issued guidance revising the accounting for certain long-duration insurance contracts. As disclosed in Note 3, the Company sold substantially all of its life and annuity business in scope of the new standard. The Company's reserves and deferred policy acquisition costs ("DAC") for certain voluntary and individual life and accident and health insurance products are subject to the new guidance.

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

The new guidance also requires DAC and other capitalized balances currently amortized in proportion to premiums or gross profits to be amortized on a constant level basis over the expected term for all long-duration insurance contracts. DAC will not be subject to loss recognition testing but will be reduced when actual lapse experience exceeds expected experience.

The new guidance is effective for financial statements issued for reporting periods beginning after December 15, 2022 and restatement of prior periods presented is required. The new guidance will be applied to affected contracts and DAC on the basis of existing carrying amounts at the earliest period presented.

The Company is evaluating the anticipated impacts of applying the new guidance to both retained income and AOCI and does not anticipate the financial statement impact of adopting the new guidance to be material to the Company's results of operations or financial position due to the 2021 dispositions of Allstate Life Insurance Company ("ALIC"), Allstate Life Insurance Company of New York ("ALNY") and certain affiliates.

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, 2022**	**2021**
Numerator:		
Net income from continuing operations	$ 646	$ 2,406
Less: Net loss attributable to noncontrolling interest	(10)	(6)
Net income from continuing operations attributable to Allstate	656	2,412
Less: Preferred stock dividends	26	27
Net income from continuing operations applicable to common shareholders	630	2,385
Income (loss) from discontinued operations, net of tax	—	(3,793)
Net income (loss) applicable to common shareholders	**$ 630**	**$ (1,408)**
Denominator:		
Weighted average common shares outstanding	278.1	302.5
Effect of dilutive potential common shares:		
Stock options	2.6	2.5
Restricted stock units (non-participating) and performance stock awards	1.1	1.4
Weighted average common and dilutive potential common shares outstanding	**281.8**	**306.4**
Earnings per common share applicable to common shareholders		
Basic		
Continuing operations	$ 2.27	$ 7.88
Discontinued operations	—	(12.53)
Total	**$ 2.27**	**$ (4.65)**
Diluted		
Continuing operations	$ 2.24	$ 7.78
Discontinued operations	—	(12.38)
Total	**$ 2.24**	**$ (4.60)**
Anti-dilutive options excluded from diluted earnings per common share	1.2	2.2

Note 3 Acquisitions and Dispositions

Acquisitions

National General On January 4, 2021, the Company completed the acquisition of National General Holdings Corp. (“National General”), an insurance holding company serving customers predominantly through independent agents for property and casualty and accident and health products.

Assets and liabilities recognized in the National General acquisition [(1)]

($ in millions)	January 4, 2021
Assets	
Investments	$ 4,962
Cash	400
Premiums and other receivables, net	1,539
Deferred acquisition costs (value of business acquired)	317
Reinsurance recoverables, net	1,212
Intangible assets	1,199
Other assets	734
Goodwill [(2)]	1,038
Total assets	**11,401**
Liabilities	
Reserve for property and casualty insurance claims and claims expense	2,765
Reserve for future policy benefits	186
Unearned premiums	2,245
Reinsurance payable	363
Debt [(3)]	593
Deferred tax liabilities	162
Other liabilities	776
Total liabilities	**$ 7,090**

(1) The amounts reflect allocation of assets acquired and liabilities assumed.

(2) $675 million, $20 million and $343 million of goodwill were allocated to the Allstate Protection, Protection Services and Allstate Health and Benefits segments, respectively, and is non-deductible for income tax purposes. Goodwill is primarily attributable to expected synergies and future growth opportunities.

(3) Subsequent to the acquisition, the Company repaid $100 million of 7.625% Subordinated Notes and $72 million of Subordinated Debentures on February 3, 2021 and March 15, 2021, respectively. As of March 31, 2022, the Company had principal balance remaining of $350 million 6.750% Senior Notes due 2024, with a fair value adjustment of $40 million.

SafeAuto On October 1, 2021, the Company completed the acquisition of Safe Auto Insurance Group, Inc. (“SafeAuto”), a non-standard auto insurance carrier focused on providing state-minimum private-passenger auto insurance direct to consumers with coverage options in 28 states for $262 million in cash.

Dispositions

Life and annuity business On October 1, 2021, the Company closed the sale of ALNY to Wilton Reassurance Company for $400 million. On November 1, 2021, the Company closed the sale of ALIC and certain affiliates to entities managed by Blackstone for total proceeds of $4 billion, including a pre-close dividend of $1.25 billion paid by ALIC.

In 2021 and prior periods, the assets and liabilities of the business were reclassified as held for sale and results were presented as discontinued operations.

Financial results from discontinued operations

($ in millions)	Three months ended March 31, 2021
Revenues	
Life premiums and contract charges	$ 340
Net investment income	439
Net gains (losses) on investments and derivatives	79
Total revenues	**858**
Costs and expenses	
Life contract benefits	410
Interest credited to contractholder funds	85
Amortization of DAC	36
Operating costs and expenses	55
Restructuring and related charges	19
Total costs and expenses	**605**
Amortization of deferred gain on reinsurance	2
Income (loss) from discontinued operations before income tax expense	255
Income tax expense (benefit)	50
Income (loss) from discontinued operations, net of tax	**205**
Loss on disposition of operations	(4,418)
Income tax benefit	(420)
Loss on disposition of operations, net of tax	**(3,998)**
Loss from discontinued operations, net of tax	**$ (3,793)**

Cash flows from discontinued operations

($ in millions)	Three months ended March 31, 2021
Net cash provided by operating activities from discontinued operations	$ 64
Net cash provided by investing activities from discontinued operations	88

Note 4 Reportable Segments

Measuring segment profit or loss

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

National General results are included in the following segments:

- Property and casualty - Allstate Protection
- Accident and health - Allstate Health and Benefits
- Technology solutions - Protection Services

Underwriting income is calculated as premiums earned and other revenue, less claims and claims expenses ("losses"), Shelter-in-Place Payback expense, amortization of DAC, operating costs and expenses, amortization 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
- Business combination expenses and the amortization or impairment of purchased intangibles
- Income or loss from discontinued operations
- Gain or loss on disposition of operations
- 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)	2022		2021	
Underwriting income (loss) by segment				
Allstate Protection	$	282	$	1,660
Run-off Property-Liability		(2)		(3)
Total Property-Liability		280		1,657
Adjusted net income (loss) by segment, after-tax				
Protection Services		53		49
Allstate Health and Benefits		53		65
Corporate and Other		(111)		(123)
Reconciling items				
Property-Liability net investment income		558		673
Net gains (losses) on investments and derivatives		(267)		426
Pension and other postretirement remeasurement gains (losses)		247		310
Business combination expenses and amortization of purchased intangibles [1]		(29)		(56)
Gain (loss) on disposition of operations		(16)		—
Income tax expense on reconciling items		(148)		(622)
Total reconciling items		**345**		**731**
Loss from discontinued operations		—		(4,163)
Income tax benefit from discontinued operations		—		370
Total from discontinued operations	**$**	**—**	**$**	**(3,793)**
Less: Net loss attributable to noncontrolling interest [2]		(10)		(6)
Net income (loss) applicable to common shareholders	**$**	**630**	**$**	**(1,408)**

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

[2] Reflects net loss attributable to noncontrolling interest in Property-Liability.

Reportable segments revenue information

($ in millions)	Three months ended March 31, 2022	2021
Property-Liability		
Insurance premiums		
Auto	$ 7,081	$ 6,809
Homeowners	2,603	2,392
Other personal lines	531	505
Commercial lines	283	190
Allstate Protection	10,498	9,896
Run-off Property-Liability	—	—
Total Property-Liability insurance premiums	10,498	9,896
Other revenue	347	385
Net investment income	558	673
Net gains (losses) on investments and derivatives	(203)	404
Total Property-Liability	**11,200**	**11,358**
Protection Services		
Protection plans	313	260
Roadside assistance	53	47
Finance and insurance products	117	104
Intersegment premiums and service fees [(1)]	41	41
Other revenue	94	90
Net investment income	9	10
Net gains (losses) on investments and derivatives	(13)	10
Total Protection Services	**614**	**562**
Allstate Health and Benefits		
Employer voluntary benefits	266	263
Group health	94	83
Individual health	109	109
Other revenue	95	80
Net investment income	17	19
Net gains (losses) on investments and derivatives	(7)	2
Total Allstate Health and Benefits	**574**	**556**
Corporate and Other		
Other revenue	24	—
Net investment income	10	6
Net gains (losses) on investments and derivatives	(44)	10
Total Corporate and Other	**(10)**	**16**
Intersegment eliminations [(1)]	(41)	(41)
Consolidated revenues	**$ 12,337**	**$ 12,451**

(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 5 Investments

Portfolio composition

($ in millions)	March 31, 2022	December 31, 2021
Fixed income securities, at fair value	$ 40,745	$ 42,136
Equity securities, at fair value	5,315	7,061
Mortgage loans, net	855	821
Limited partnership interests	7,977	8,018
Short-term investments, at fair value	4,344	4,009
Other investments, net	2,532	2,656
Total	**$ 61,768**	**$ 64,701**

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, 2022				
U.S. government and agencies	$ 6,613	$ 3	$ (131)	$ 6,485
Municipal	5,805	54	(161)	5,698
Corporate	26,334	120	(1,118)	25,336
Foreign government	1,092	1	(40)	1,053
ABS	2,183	11	(21)	2,173
Total fixed income securities	**$ 42,027**	**$ 189**	**$ (1,471)**	**$ 40,745**
December 31, 2021				
U.S. government and agencies	$ 6,287	$ 12	$ (26)	$ 6,273
Municipal	6,130	279	(16)	6,393
Corporate	26,834	688	(192)	27,330
Foreign government	982	9	(6)	985
ABS	1,143	14	(2)	1,155
Total fixed income securities	**$ 41,376**	**$ 1,002**	**$ (242)**	**$ 42,136**

Scheduled maturities for fixed income securities

($ in millions)	March 31, 2022 Amortized cost, net	March 31, 2022 Fair value	December 31, 2021 Amortized cost, net	December 31, 2021 Fair value
Due in one year or less	$ 1,454	$ 1,455	$ 1,105	$ 1,111
Due after one year through five years	22,599	22,035	21,039	21,291
Due after five years through ten years	12,412	11,796	13,808	14,079
Due after ten years	3,379	3,286	4,281	4,500
	39,844	**38,572**	**40,233**	**40,981**
ABS	2,183	2,173	1,143	1,155
Total	**$ 42,027**	**$ 40,745**	**$ 41,376**	**$ 42,136**

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

($ in millions)	Three months ended March 31, 2022	2021
Fixed income securities	$ 267	$ 301
Equity securities	36	14
Mortgage loans	8	10
Limited partnership interests	292	378
Short-term investments	2	1
Other investments	40	41
Investment income, before expense	**645**	**745**
Investment expense	(51)	(37)
Net investment income	**$ 594**	**$ 708**

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

($ in millions)	Three months ended March 31, 2022	2021
Fixed income securities	$ (152)	$ 183
Equity securities	(347)	164
Mortgage loans	(1)	6
Limited partnership interests	(101)	4
Derivatives	318	11
Other investments	16	58
Net gains (losses) on investments and derivatives	**$ (267)**	**$ 426**

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

($ in millions)	Three months ended March 31, 2022	2021
Sales	$ (127)	$ 246
Credit losses	(11)	2
Valuation change of equity investments [1]	(447)	167
Valuation change and settlements of derivatives	318	11
Net gains (losses) on investments and derivatives	**$ (267)**	**$ 426**

[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, 2022	2021
Gross realized gains	$ 66	$ 245
Gross realized losses	(218)	(64)

The following table presents the net pre-tax appreciation (decline) recognized in net income of equity securities and limited partnership interests carried at fair value that are still held as of March 31, 2022 and 2021, respectively.

Net appreciation (decline) recognized in net income

($ in millions)	Three months ended March 31, 2022	2021
Equity securities	$ (92)	$ 125
Limited partnership interests carried at fair value	38	141
Total	**$ (54)**	**$ 266**

Credit losses recognized in net income

($ in millions)	Three months ended March 31, 2022	2021
Assets		
Fixed income securities:		
Corporate	$ —	$ 1
ABS	—	1
Total fixed income securities	**—**	**2**
Mortgage loans	(1)	6
Other investments		
Bank loans	(10)	(6)
Total credit losses by asset type	**$ (11)**	**$ 2**
Liabilities		
Commitments to fund commercial mortgage loans and bank loans	—	—
Total	**$ (11)**	**$ 2**

Unrealized net capital gains and losses included in AOCI

($ in millions) March 31, 2022	Fair value	Gross unrealized Gains	Gross unrealized Losses	Unrealized net gains (losses)
Fixed income securities	$ 40,745	$ 189	$ (1,471)	$ (1,282)
Short-term investments	4,344	—	(1)	(1)
Derivative instruments	—	—	(3)	(3)
Equity method of accounting ("EMA") limited partnerships [(1)]				4
Unrealized net capital gains and losses, pre-tax				**(1,282)**
Amounts recognized for:				
DAC [(2)]				1
Reclassification of noncontrolling interest				16
Amounts recognized				**17**
Deferred income taxes				270
Unrealized net capital gains and losses, after-tax				**$ (995)**
December 31, 2021				
Fixed income securities	$ 42,136	$ 1,002	$ (242)	$ 760
Short-term investments	4,009	—	—	—
Derivative instruments	—	—	(3)	(3)
EMA limited partnerships [(1)]				(1)
Unrealized net capital gains and losses, pre-tax				**756**
Amounts recognized for:				
DAC [(2)]				1
Reclassification of noncontrolling interest				4
Amounts recognized				**5**
Deferred income taxes				(163)
Unrealized net capital gains and losses, after-tax				**$ 598**

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

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

Change in unrealized net capital gains (losses)

($ in millions)	Three months ended March 31, 2022
Fixed income securities	$ (2,042)
Short-term investments	(1)
Derivative instruments	—
EMA limited partnerships	5
Total	**(2,038)**
Amounts recognized for:	
DAC	—
Reclassification of noncontrolling interest	12
Amounts recognized	**12**
Deferred income taxes	433
Decrease in unrealized net capital gains and losses, after-tax	**$ (1,593)**

Carrying value for limited partnership interests

	March 31, 2022			December 31, 2021		
($ in millions)	EMA	Fair Value	Total	EMA	Fair Value	Total
Private equity	$ 5,127	$ 1,393	$ 6,520	$ 4,905	$ 1,434	$ 6,339
Real estate	859	97	956	823	97	920
Other [(1)]	501	—	501	759	—	759
Total	**$ 6,487**	**$ 1,490**	**$ 7,977**	**$ 6,487**	**$ 1,531**	**$ 8,018**

(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, 2022 and December 31, 2021, the fair value of short-term investments totaled $4.34 billion and $4.01 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, 2022	December 31, 2021
Bank loans, net	$ 1,520	$ 1,574
Real estate	750	809
Policy loans	144	148
Derivatives	7	12
Other	111	113
Total	**$ 2,532**	**$ 2,656**

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 $305 million and $311 million as of March 31, 2022 and December 31, 2021 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, 2022	2021
Beginning balance	$ (6)	$ (3)
Credit losses on securities for which credit losses not previously reported	—	—
Net (increases) decreases related to credit losses previously reported	—	2
Reduction of allowance related to sales	—	—
Write-offs	—	—
Ending balance [(1)]	**$ (6)**	**$ (1)**

[(1)] Allowance for fixed income securities as of March 31, 2022 comprised $6 million of corporate bonds. Allowance for fixed income securities as of March 31, 2021 comprised $1 million of ABS that were classified as held for sale.

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

($ in millions)	Less than 12 months: Number of issues	Fair value	Unrealized losses	12 months or more: Number of issues	Fair value	Unrealized losses	Total unrealized losses
March 31, 2022							
Fixed income securities							
U.S. government and agencies	140	$ 5,954	$ (119)	18	$ 247	$ (12)	$ (131)
Municipal	2,523	3,145	(155)	49	68	(6)	(161)
Corporate	2,177	18,250	(988)	281	1,170	(130)	(1,118)
Foreign government	87	922	(29)	34	116	(11)	(40)
ABS	175	1,917	(21)	56	11	—	(21)
Total fixed income securities	**5,102**	**$ 30,188**	**$ (1,312)**	**438**	**$ 1,612**	**$ (159)**	**$ (1,471)**
Investment grade fixed income securities	4,498	$ 25,027	$ (1,014)	421	$ 1,554	$ (148)	$ (1,162)
Below investment grade fixed income securities	604	5,161	(298)	17	58	(11)	(309)
Total fixed income securities	**5,102**	**$ 30,188**	**$ (1,312)**	**438**	**$ 1,612**	**$ (159)**	**$ (1,471)**
December 31, 2021							
Fixed income securities							
U.S. government and agencies	112	$ 5,451	$ (24)	4	$ 72	$ (2)	$ (26)
Municipal	767	1,213	(15)	2	14	(1)	(16)
Corporate	1,197	9,725	(176)	22	130	(16)	(192)
Foreign government	51	415	(6)	4	3	—	(6)
ABS	80	500	(2)	53	8	—	(2)
Total fixed income securities	**2,207**	**$ 17,304**	**$ (223)**	**85**	**$ 227**	**$ (19)**	**$ (242)**
Investment grade fixed income securities	1,993	$ 15,391	$ (188)	71	$ 183	$ (8)	$ (196)
Below investment grade fixed income securities	214	1,913	(35)	14	44	(11)	(46)
Total fixed income securities	**2,207**	**$ 17,304**	**$ (223)**	**85**	**$ 227**	**$ (19)**	**$ (242)**

Gross unrealized losses by unrealized loss position and credit quality as of March 31, 2022

($ in millions)	Investment grade	Below investment grade	Total
Fixed income securities with unrealized loss position less than 20% of amortized cost, net [1] [2]	$ (1,156)	$ (292)	$ (1,448)
Fixed income securities with unrealized loss position greater than or equal to 20% of amortized cost, net [3] [4]	(6)	(17)	(23)
Total unrealized losses	**$ (1,162)**	**$ (309)**	**$ (1,471)**

(1) Below investment grade fixed income securities include $286 million that have been in an unrealized loss position for less than twelve months.

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

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

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

Investment grade is defined as a security having a rating of Aaa, Aa, A or Baa from Moody's, a rating of AAA, AA, A or BBB from S&P Global Ratings ("S&P"), a comparable rating from another nationally recognized rating agency, or a comparable internal rating if an externally provided rating is not available. Market prices for certain securities may have credit spreads which imply higher or lower credit quality than the current third-party rating. Unrealized losses on investment grade securities are principally related to an increase in market yields which may include increased risk-free interest rates 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, 2022, 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, 2022	December 31, 2021
Mortgage loans	$ 3	$ 2
Bank Loans	7	4

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, 2022							December 31, 2021
($ in millions)	**2017 and prior**	**2018**	**2019**	**2020**	**2021**	**Current**	**Total**	**Total**
Below 1.0	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
1.0 - 1.25	36	—	25	10	—	—	71	46
1.26 - 1.50	18	—	105	—	12	7	142	160
Above 1.50	103	106	140	67	203	30	649	621
Amortized cost before allowance	**$ 157**	**$ 106**	**$ 270**	**$ 77**	**$ 215**	**$ 37**	**$ 862**	**$ 827**
Allowance							(7)	(6)
Amortized cost, net							**$ 855**	**$ 821**

Mortgage loans with a debt service coverage ratio below 1.0 that are not considered impaired primarily relate to situations where the borrower has the financial capacity to fund the revenue shortfalls from the properties for the foreseeable term, the decrease in cash flows from the properties is considered temporary, or there are other risk mitigating factors such as additional collateral, escrow balances or borrower guarantees. Payments on all mortgage loans were current as of March 31, 2022 and December 31, 2021.

Rollforward of credit loss allowance for mortgage loans

	Three months ended March 31,	
($ in millions)	**2022**	**2021**
Beginning balance	$ (6)	$ (67)
Net (increases) decreases related to credit losses	(1)	22
Write-offs	—	—
Ending balance [(1)]	**$ (7)**	**$ (45)**

(1) Includes $31 million of credit loss allowance for mortgage loans that were classified as held for sale as of March 31, 2021.

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

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

Bank loans amortized cost by credit rating and year of origination

($ in millions)	March 31, 2022							December 31, 2021
	2017 and prior	2018	2019	2020	2021	Current	Total	Total
BBB	$ —	$ 1	$ 13	$ 8	$ 53	$ —	$ 75	$ 8
BB	20	5	15	16	455	13	524	65
B	11	35	30	57	690	40	863	76
CCC and below	24	17	44	16	23	2	126	12
Amortized cost before allowance	**$ 55**	**$ 58**	**$ 102**	**$ 97**	**$ 1,221**	**$ 55**	**$ 1,588**	**$ 1,63**
Allowance							(68)	(6
Amortized cost, net							**$ 1,520**	**$ 1,57**

Rollforward of credit loss allowance for bank loans

($ in millions)	Three months ended March 31, 2022	2021
Beginning balance	$ (61)	$ (67)
Net increases related to credit losses	(10)	(2)
Reduction of allowance related to sales	3	9
Write-offs	—	—
Ending balance [(1)]	**$ (68)**	**$ (60)**

(1) Includes $11 million of credit loss allowance for bank loans that were classified as held for sale as of March 31, 2021.

Note 6 Fair Value of Assets and Liabilities

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

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

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

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

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

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

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

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

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

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

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

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

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

Certain assets are not carried at fair value on a recurring basis, including mortgage loans, bank loans 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 MBS, 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 in markets that exhibit less liquidity relative to those markets supporting Level 2 fair value measurements, contractual cash flows, benchmark yields and credit spreads. Also included are municipal bonds valued based on non-binding broker quotes where the inputs have not been corroborated to be market observable and municipal bonds in default valued based on the present value of expected cash flows.

  Corporate - public and privately placed 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 in markets that are less active relative to those markets supporting Level 2 fair value measurements.

- *Short-term:* For certain short-term investments, amortized cost is used as the best estimate of fair value.

- *Other investments:* Certain OTC derivatives, such as interest rate caps, certain credit default swaps and certain options (including swaptions), are valued using models that are widely accepted in the financial services industry. These are categorized as Level 3 as a result of the significance of non-market observable inputs such as volatility. Other primary inputs include interest rate yield curves and credit spreads, 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 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 held for sale:* Comprise municipal, corporate and ABS fixed income securities and equity securities. The valuation is based on the respective asset type as described above.

- *Liabilities held for sale:* Comprise derivatives embedded in certain life and annuity contracts which are valued internally using models widely accepted in the financial services industry that determine a single best estimate of fair value for the embedded derivatives within a block of contractholder liabilities. The models primarily use stochastically determined cash flows based on the contractual elements of embedded derivatives, projected option cost and applicable market data, such as interest rate yield curves and equity index volatility assumptions. These are categorized as Level 3 as a result of the significance of non-market observable inputs.

Assets 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 with individual credit loss allowance where amortized cost, net is equal to fair value based on broker quotes.

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, 2022, the Company has commitments to invest $233 million in these limited partnership interests.

Assets and liabilities measured at fair value

($ in millions)	March 31, 2022 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	$ 6,459	$ 26	$ —		$ 6,485
Municipal	—	5,681	17		5,698
Corporate - public	—	15,459	49		15,508
Corporate - privately placed	—	9,698	130		9,828
Foreign government	—	1,053	—		1,053
ABS	—	2,154	19		2,173
Total fixed income securities	**6,459**	**34,071**	**215**		**40,745**
Equity securities	4,575	367	373		5,315
Short-term investments	1,130	3,203	11		4,344
Other investments	—	34	2	$ (27)	9
Other assets	4	—	77		81
Total recurring basis assets	**12,168**	**37,675**	**678**	**(27)**	**50,494**
Non-recurring basis	—	—	32		32
Total assets at fair value	**$ 12,168**	**$ 37,675**	**$ 710**	**$ (27)**	**$ 50,526**
% of total assets at fair value	24.1 %	74.6 %	1.4 %	(0.1)%	100.0 %
Investments reported at NAV					1,490
Total					**$ 52,016**
Liabilities					
Other liabilities	$ (13)	$ (28)	$ —	$ 7	$ (34)
Total recurring basis liabilities	**(13)**	**(28)**	**—**	**7**	**(34)**
Total liabilities at fair value	**$ (13)**	**$ (28)**	**$ —**	**$ 7**	**$ (34)**
% of total liabilities at fair value	38.2 %	82.4 %	— %	(20.6)%	100.0 %

Assets and liabilities measured at fair value

($ in millions)	December 31, 2021 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	$ 6,247	$ 26	$ —		$ 6,273
Municipal	—	6,375	18		6,393
Corporate - public	—	16,569	20		16,589
Corporate - privately placed	—	10,675	66		10,741
Foreign government	—	985	—		985
ABS	—	1,115	40		1,155
Total fixed income securities	**6,247**	**35,745**	**144**		**42,136**
Equity securities	6,312	400	349		7,061
Short-term investments	1,140	2,864	5		4,009
Other investments	—	34	2	$ (22)	14
Other assets	1	—	65		66
Total recurring basis assets	**13,700**	**39,043**	**565**	**(22)**	**53,286**
Non-recurring basis	—	—	32		32
Total assets at fair value	**$ 13,700**	**$ 39,043**	**$ 597**	**$ (22)**	**$ 53,318**
% of total assets at fair value	25.7 %	73.2 %	1.1 %	— %	100.0 %
Investments reported at NAV					1,531
Total					**$ 54,849**
Liabilities					
Other liabilities	$ (3)	$ (12)	$ —	$ 7	$ (8)
Total recurring basis liabilities	**(3)**	**(12)**	**—**	**7**	**(8)**
Total liabilities at fair value	**$ (3)**	**$ (12)**	**$ —**	**$ 7**	**$ (8)**
% of total liabilities at fair value	37.5 %	150.0 %	— %	(87.5)%	100.0 %

Quantitative information about the significant unobservable inputs used in Level 3 fair value measurements [(1)]

($ in millions)	March 31, 2021 Fair value	Valuation technique	Unobservable input	Range	Weighted average
Derivatives embedded in life and annuity contracts – Equity-indexed and forward starting options	$(435)	Stochastic cash flow model	Projected option cost	1.0 - 4.2%	2.83%

(1) These were included in the liabilities held for sale as of March 31, 2021

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

As of March 31, 2022 and December 31, 2021, Level 3 fair value measurements of fixed income securities total $215 million and $144 million, respectively, and include $34 million and $41 million, respectively, of securities valued based on non-binding broker quotes where the inputs have not been corroborated to be market observable and $15 million and $16 million, respectively, of municipal fixed income securities that are not rated by third-party credit rating agencies. As the Company does not develop the Level 3 fair value unobservable inputs for these fixed income securities, they are not included in the table above. However, an increase (decrease) in credit spreads for fixed income securities valued based on non-binding broker quotes would result in a lower (higher) fair value, and an increase (decrease) in the credit rating of municipal bonds that are not rated by third-party credit rating agencies would result in a higher (lower) fair value.

Rollforward of Level 3 assets and liabilities held at fair value during the three month period ended March 31, 2022

($ in millions)	Balance as of December 31, 2021	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, 2022
Assets										
Fixed income securities:										
Municipal	$ 18	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ (1)	$ 17
Corporate - public	20	—	(2)	—	—	35	(4)	—	—	49
Corporate - privately placed	66	—	1	—	—	63	—	—	—	130
ABS	40	1	—	—	(28)	7	—	—	(1)	19
Total fixed income securities	**144**	**1**	**(1)**	**—**	**(28)**	**105**	**(4)**	**—**	**(2)**	**215**
Equity securities	349	25	—	—	—	2	(3)	—	—	373
Short-term investments	5	—	—	—	—	6	—	—	—	11
Other investments	2	—	—	—	—	—	—	—	—	2
Other assets	65	12	—	—	—	—	—	—	—	77
Total recurring Level 3 assets	**565**	**38**	**(1)**	**—**	**(28)**	**113**	**(7)**	**—**	**(2)**	**678**
Liabilities										
Total recurring Level 3 liabilities	**$ —**	**$ —**	**$ —**	**$ —**	**$ —**	**$ —**	**$ —**	**$ —**	**$ —**	**$ —**

Rollforward of Level 3 assets and liabilities held at fair value during the three month period ended March 31, 2021

($ in millions)	Balance as of December 31, 2020	Total gains (losses) included in: Net income	OCI	Transfers Into Level 3	Out of Level 3	Transfers to (from) held for sale	Purchases	Sales	Issues	Settlements	Balance as March 3 2021
Assets											
Fixed income securities:											
Municipal	$ 17	$ —	$ —	$ —	$ —	$ —	$ 3	$ —	$ —	$ (2)	$
Corporate - public	67	1	(3)	—	—	(6)	17	(33)	—	—	
Corporate - privately placed	63	—	(1)	10	(7)	13	27	—	—	—	1
ABS	79	—	—	—	(32)	—	59	(4)	—	—	1
Total fixed income securities	**226**	**1**	**(4)**	**10**	**(39)**	**7**	**106**	**(37)**	**—**	**(2)**	**2**
Equity securities	304	16	—	—	—	92	5	(7)	—	—	4
Short-term investments	35	—	—	—	—	—	—	—	—	(35)	
Other investments	—	—	—	—	—	—	3	—	—	—	
Assets held for sale	267	1	—	3	(8)	(99)	11	(3)	—	(2)	1
Total recurring Level 3 assets	**832**	**18**	**(4)**	**13**	**(47)**	**—**	**125**	**(47)**	**—**	**(39)**	**8**
Liabilities											
Liabilities held for sale	(516)	55	—	—	—	—	—	—	(8)	6	(4
Total recurring Level 3 liabilities	**$ (516)**	**$ 55**	**$ —**	**$ —**	**$ —**	**$ —**	**$ —**	**$ —**	**$ (8)**	**$ 6**	**$ (4**

Total Level 3 gains (losses) included in net income

($ in millions)	Three months ended March 31, 2022	2021
Net investment income	$ 9	$ (1)
Net gains (losses) on investments and derivatives	29	18

Transfers into Level 3 during the three months ended March 31, 2021 included situations where a quote was not provided by the Company's independent third-party valuation service provider and as a result the price was stale or had been replaced with a broker quote where the inputs had not been corroborated to be market observable resulting in the security being classified as Level 3.

Transfers out of Level 3 during the three months ended March 31, 2022 and 2021 included situations where a broker quote was used in the prior period and a quote became available from the Company's independent third-party valuation service provider in the current period. A quote utilizing the new pricing source was not available as of the prior period, and any gains or losses related to the change in valuation source for individual securities were not significant.

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

($ in millions)	Three months ended March 31, 2022	2021
Assets		
Fixed income securities	$ —	$ 1
Equity securities	25	16
Other assets	12	—
Assets held for sale	—	1
Total recurring Level 3 assets	**$ 37**	**$ 18**
Liabilities		
Liabilities held for sale	$ —	$ 55
Total recurring Level 3 liabilities	**—**	**55**
Total included in net income	**$ 37**	**$ 73**
Components of net income		
Net investment income	$ 9	$ (1)
Net gains (losses) on investments and derivatives	28	18
Total included in net income	**$ 37**	**$ 17**
Assets		
Corporate - public	$ (2)	$ (3)
Corporate - privately placed	1	(1)
Changes in unrealized net capital gains and losses reported in OCI	**$ (1)**	**$ (4)**

Financial instruments not carried at fair value

($ in millions)		March 31, 2022		December 31, 2021	
Financial assets	**Fair value level**	**Amortized cost, net**	**Fair value**	**Amortized cost, net**	**Fair value**
Mortgage loans	Level 3	$ 855	$ 847	$ 821	$ 853
Bank loans	Level 3	1,520	1,567	1,574	1,634
Financial liabilities	**Fair value level**	**Carrying value [1]**	**Fair value**	**Carrying value [1]**	**Fair value**
Contractholder funds on investment contracts	Level 3	$ 54	$ 54	$ 55	$ 55
Long-term debt	Level 2	7,973	8,424	7,976	9,150
Liability for collateral	Level 2	1,504	1,504	1,444	1,444

[1] Represents the amounts reported on the Condensed Consolidated Statements of Financial Position.

Note 7 Derivative Financial Instruments

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

Asset replication refers to the "synthetic" creation of assets through the use of derivatives. The Company replicates fixed income securities using a combination of a credit default swap, index total return swap, options, 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.

The Company also has derivatives embedded in non-derivative host contracts that are required to be separated from the host contracts and accounted for at fair value with changes in fair value of embedded derivatives reported in net income.

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, the sale agreement includes a provision related to contingent consideration that may be earned over a ten-year period commencing on January 1, 2026 and ending January 1, 2035. The contingent consideration is determined annually based on the average 10-year Treasury rate over the preceding 3-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. As of March 31, 2022, the Company recorded $77 million in other assets related to this derivative. For the three months ended March 31, 2022, the Company recorded a $12 million gain in operating costs and expenses related to valuation of this contingent consideration.

Summary of the volume and fair value positions of derivative instruments as of March 31, 2022

($ 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	660	$ —	$ —	$ —
Equity and index contracts						
Options	Other investments	n/a	73	4	4	—
Futures	Other assets	n/a	2,075	4	4	—
Foreign currency contracts						
Foreign currency forwards	Other investments	$ 194	n/a	10	11	(1)
Embedded derivative financial instruments	Other investments	750	n/a	—	—	—
Contingent consideration	Other assets	250	n/a	77	77	—
Credit default contracts						
Credit default swaps – buying protection	Other investments	47	n/a	(2)	—	(2)
Total asset derivatives		**$ 1,241**	**2,808**	**$ 93**	**$ 96**	**$ (3)**
Liability derivatives						
Derivatives not designated as accounting hedging instruments						
Interest rate contracts						
Futures	Other liabilities & accrued expenses	n/a	47,803	$ (10)	$ —	$ (10)
Equity and index contracts						
Futures	Other liabilities & accrued expenses	n/a	1,208	(3)	—	(3)
Foreign currency contracts						
Foreign currency forwards	Other liabilities & accrued expenses	$ 506	n/a	14	19	(5)
Credit default contracts						
Credit default swaps – buying protection	Other liabilities & accrued expenses	393	n/a	(20)	—	(20)
Credit default swaps – selling protection	Other liabilities & accrued expenses	5	n/a	—	—	—
Total liability derivatives		**904**	**49,011**	**(19)**	**$ 19**	**$ (38)**
Total derivatives		**$ 2,145**	**51,819**	**$ 74**		

[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, 2021

($ 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	1,181	$ 1	$ 1	$ —
Equity and index contracts						
Options	Other investments	n/a	61	5	5	—
Futures	Other assets	n/a	113	—	—	—
Foreign currency contracts						
Foreign currency forwards	Other investments	$ 2	n/a	—	—	—
Embedded derivative financial instruments	Other investments	750	n/a	—	—	—
Contingent consideration	Other assets	250	n/a	65	65	—
Credit default contracts						
Credit default swaps – buying protection	Other investments	33	n/a	(1)	—	(1)
Credit default swaps – selling protection	Other investments	250	n/a	6	6	—
Total asset derivatives		**$ 1,285**	**1,355**	**$ 76**	**$ 77**	**$ (1)**
Liability derivatives						
Derivatives not designated as accounting hedging instruments						
Interest rate contracts						
Futures	Other liabilities & accrued expenses	n/a	36,668	$ (2)	$ —	$ (2)
Equity and index contracts						
Futures	Other liabilities & accrued expenses	n/a	1,260	(1)	—	(1)
Foreign currency contracts						
Foreign currency forwards	Other liabilities & accrued expenses	$ 715	n/a	16	23	(7)
Credit default contracts						
Credit default swaps – buying protection	Other liabilities & accrued expenses	70	n/a	(4)	—	(4)
Credit default swaps – selling protection	Other liabilities & accrued expenses	5	n/a	—	—	—
Total liability derivatives		**790**	**37,928**	**9**	**$ 23**	**$ (14)**
Total derivatives		**$ 2,075**	**39,283**	**$ 85**		

(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, 2022						
Asset derivatives	$ 30	$ (22)	$ (5)	$ 3	$ —	$ 3
Liability derivatives	(8)	22	(15)	(1)	—	(1)
December 31, 2021						
Asset derivatives	$ 23	$ (24)	$ 2	$ 1	$ —	$ 1
Liability derivatives	(10)	24	(17)	(3)	—	(3)

(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, 2022			
Interest rate contracts	$ 316	$ —	$ 316
Equity and index contracts	3	(13)	(10)
Contingent consideration	—	12	12
Foreign currency contracts	7	—	7
Credit default contracts	(8)	—	(8)
Total	**$ 318**	**$ (1)**	**$ 317**
Three months ended March 31, 2021			
Interest rate contracts	$ (1)	$ —	$ (1)
Equity and index contracts	(2)	16	14
Foreign currency contracts	10	—	10
Credit default contracts	4	—	4
Total	**$ 11**	**$ 16**	**$ 27**

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, 2022
Pledged by the Company	$ 2
Pledged to the Company [1]	22

[1] Includes no collateral posted under MNA's 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, 2022				December 31, 2021			
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	$ 401	$ 11	$ 2	1	$ 199	$ 7	$ —
A	1	327	13	—	1	367	9	—
Total	**3**	**$ 728**	**$ 24**	**$ 2**	**2**	**$ 566**	**$ 16**	**$ —**

[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, 2022
Pledged by the Company	$ 184
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 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, 2022	December 31, 2021
Gross liability fair value of contracts containing credit-risk-contingent features	$ 7	$ 8
Gross asset fair value of contracts containing credit-risk-contingent features and subject to MNAs	(7)	(7)
Collateral posted under MNAs for contracts containing credit-risk-contingent features	—	—
Maximum amount of additional exposure for contracts with credit-risk-contingent features if all features were triggered concurrently	**$ —**	**$ 1**

Credit derivatives - selling protection

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

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

	Notional amount						
($ in millions)	AAA	AA	A	BBB	BB and lower	Total	Fair value
March 31, 2022							
Single name							
Corporate debt	$ —	$ —	$ —	$ —	$ 5	$ 5	$ —
Index							
Corporate debt	—	—	—	—	—	—	—
Total	**$ —**	**$ —**	**$ —**	**$ —**	**$ 5**	**$ 5**	**$ —**
December 31, 2021							
Single name							
Corporate debt	$ —	$ —	$ —	$ —	$ 5	$ 5	$ —
Index							
Corporate debt	2	4	46	190	8	250	6
Total	**$ 2**	**$ 4**	**$ 46**	**$ 190**	**$ 13**	**$ 255**	**$ 6**

In selling protection with CDS, the Company sells credit protection on an identified single name, a basket of names in a first-to-default ("FTD") structure or credit derivative index ("CDX") that is generally investment grade, and in return receives periodic premiums through expiration or termination of the agreement. With single name CDS, this premium or credit spread generally corresponds to the difference between the yield on the reference entity's public fixed maturity cash instruments and swap rates at the time the agreement is executed. With a FTD basket, because of the additional credit risk inherent in a basket of named reference entities, the premium generally corresponds to a high proportion of the sum of the credit spreads of the names in the basket and the correlation between the names. CDX is utilized to take a position on multiple (generally 125) reference entities. Credit events are typically defined as bankruptcy, failure to pay, or restructuring, depending on the nature of the reference entities. If a credit event occurs, the Company settles with the counterparty, either through physical settlement or cash settlement.

In a physical settlement, a reference asset is delivered by the buyer of protection to the Company, in exchange for cash payment at par, whereas in a cash settlement, the Company pays the difference between par and the prescribed value of the reference asset. When a credit event occurs in a single name or FTD basket (for FTD, the first credit event occurring for any one name in the basket), the contract terminates at the time of settlement. For CDX, the reference entity's name incurring the credit event is removed from the index while the contract continues until expiration. The maximum payout on a CDS is the contract notional amount. A physical settlement may afford the Company with recovery rights as the new owner of the asset.

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

Note 8 Variable Interest Entities

Consolidated VIEs, of which the Company is the primary beneficiary, primarily include Adirondack Insurance Exchange, a New York reciprocal insurer, and New Jersey Skylands Insurance Association, a New Jersey reciprocal insurer (together “Reciprocal Exchanges”). 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 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. In addition, as of March 31, 2022 and December 31, 2021, the Company holds interests of $123 million in the form of surplus notes included in other liabilities and expenses on the Statement of Assets and Liabilities of the Reciprocal Exchanges that provide capital to the Reciprocal Exchanges and would absorb any expected losses. The Company is therefore the primary beneficiary.

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 results of operations of the Reciprocal Exchanges are included in the Company’s Allstate Protection segment and generated $42 million of earned premiums and $34 million of claims and claims expenses for the three months ended March 31, 2022, compared to $45 million and $38 million for the three months ended March 31, 2021, respectively.

Assets and liabilities of Reciprocal Exchanges

($ in millions)	March 31, 2022	December 31, 2021
Assets		
Fixed income securities	$ 324	$ 324
Short-term investments	16	30
Deferred policy acquisition costs	16	15
Premium installment and other receivables, net	44	42
Reinsurance recoverables, net	101	114
Other assets	66	82
Total assets	**567**	**607**
Liabilities		
Reserve for property and casualty insurance claims and claims expense	225	226
Unearned premiums	165	175
Other liabilities and expenses	258	265
Total liabilities	$ **648**	$ **666**

Note 9 Reserve for Property and Casualty Insurance Claims and Claims Expense

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

When the Company experiences changes in the mix or type of claims or changing claim settlement patterns, it may need to apply actuarial judgment in the determination and selection of development factors to be more reflective of the new trends. For example, the Coronavirus has had a significant impact on driving patterns and auto frequency. Supply chain disruptions have resulted in higher parts costs and used car values which have combined with labor shortages to increase physical damage loss costs while medical inflation, treatment trends and higher levels of attorney representation have increased liability losses. 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 actual 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, the rate of distracted driving, miles driven or other macroeconomic 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 practices and changes in mix of claim types. The Company mitigates these effects through various loss management programs. When such changes in claim data occur, actuarial judgment is used to determine appropriate development factors to establish 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. 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

	Three months ended March 31	
($ in millions)	**2022**	**2021**
Balance as of January 1	$ 33,060	$ 27,61
Less recoverables [1]	(9,479)	(7,03
Net balance as of January 1	**23,581**	**20,57**
National General acquisition as of January 4, 2021	—	1,79
Incurred claims and claims expense related to:		
Current year	7,677	6,28
Prior years	145	(24
Total incurred	**7,822**	**6,04**
Claims and claims expense paid related to:		
Current year	(2,751)	(2,54
Prior years	(4,735)	(3,73
Total paid	**(7,486)**	**(6,27**
Net balance as of March 31	23,917	22,14
Plus recoverables	9,074	9,26
Balance as of March 31	**$ 32,991**	**$ 31,41**

[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 $462 million and $590 million in the three months ended March 31, 2022 and 2021, 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]

	Three months ended March 31,					
	Non-catastrophe losses		Catastrophe losses		Total	
($ in millions)	2022	2021	2022	2021 [2] [3]	2022	2021
Auto	$ 151	$ (17)	$ (9)	$ (19)	$ 142	$ (36)
Homeowners	(3)	5	(7)	(208)	(10)	(203)
Other personal lines	(11)	—	4	(18)	(7)	(18)
Commercial lines	20	13	(1)	2	19	15
Run-off Property-Liability	1	1	—	—	1	1
Total prior year reserve reestimates	**$ 158**	**$ 2**	**$ (13)**	**$ (243)**	**$ 145**	**$ (241)**

(1) Favorable reserve reestimates are shown in parentheses.

(2) Included approximately $150 million of estimated recoveries related to Nationwide Aggregate Reinsurance Program cover for aggregate catastrophe losses occurring between April 1, 2020 and December 31, 2020, which primarily impacted homeowners reestimates.

(3) Included approximately $110 million favorable subrogation settlements arising from the Woolsey wildfire, which primarily impacted homeowners reestimates.

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

	Three months ended March 31,	
($ in millions)	2022	2021
Property and casualty insurance premiums earned	$ (427)	$ (508)
Accident and health insurance premiums and contract charges	(8)	(24)

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

	Three months ended March 31,	
($ in millions)	2022	2021
Property and casualty insurance claims and claims expense [1] [2]	$ (109)	$ (1,593)
Accident, health and other policy benefits	(7)	(29)

(1) Ceded losses incurred included a reduction of $12 million and an increase of $386 million related to the Michigan Catastrophic Claims Association for the three months ended March 31, 2022 and 2021, respectively.

(2) Included approximately $955 million of ceded losses, net of approximately $75 million of reinstatement premiums, related to the Nationwide Reinsurance Program for the three months ended March 31, 2021.

Reinsurance and indemnification recoverables

Reinsurance and indemnification recoverables, net

($ in millions)	March 31, 2022	December 31, 2021
Property and casualty		
Paid and due from reinsurers and indemnitors	$ 473	$ 391
Unpaid losses estimated (including IBNR)	9,074	9,479
Total property and casualty	**$ 9,547**	**$ 9,870**
Accident and health insurance	**144**	**154**
Total	**$ 9,691**	**$ 10,024**

Rollforward of credit loss allowance for reinsurance recoverables

($ in millions)	Three months ended March 31, 2022	2021
Property and casualty [1] [2]		
Beginning balance	$ (66)	$ (59)
Increase in the provision for credit losses	—	(1)
Write-offs	—	—
Ending balance	**$ (66)**	**$ (60)**
Accident and health insurance		
Beginning balance	$ (8)	$ (1)
Increase in the provision for credit losses	—	—
Write-offs	—	—
Ending balance	**$ (8)**	**$ (1)**

(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 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 $12 million and $51 million during the three months ended March 31, 2022 and 2021, respectively.

Restructuring expenses during the first quarter 2022 are primarily due to the future work environment. The Company continues to identify ways to improve operating efficiency and reduce cost which may result in additional restructuring charges in the future.

Future work environment

($ in millions)	
Expected program charges	$ 110
2021 expenses	(131)
2022 expenses	(10)
Change in estimated program costs	47
Remaining program charges	**$ 16**

These charges are primarily recorded in the Allstate Protection segment. Exit costs of this program reflect real estate costs primarily related to accelerated amortization of right-of-use assets and related leasehold improvements at facilities to be vacated. The Company expects that the majority of these actions will be completed in 2022.

Restructuring activity during the period

($ in millions)	Employee costs	Exit costs	Total liability
Restructuring liability as of December 31, 2021	$ 14	$ 7	$ 21
Expense incurred	—	12	12
Payments and non-cash charges	(6)	(12)	(18)
Restructuring liability as of March 31, 2022	**$ 8**	**$ 7**	**$ 15**

As of March 31, 2022, the cumulative amount incurred to date for active programs related to employee severance, relocation benefits and exit expenses totaled $15 million for employee costs and $135 million for exit costs.

Note 12 Guarantees and Contingent Liabilities

Shared markets and state facility assessments

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

The Company routinely reviews its exposure to assessments from these plans, facilities and government programs. Underwriting results related to these arrangements, which tend to be adverse, have been immaterial to the Company's results of operations 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, 2022.

Regulation and compliance

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

Legal and regulatory proceedings and inquiries

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

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

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

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

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

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

The Company continues to monitor its lawsuits, regulatory inquiries, and other legal proceedings for further developments that would make the loss contingency both probable and estimable, and accordingly accruable, or that could affect the amount of accruals that have been previously established. There may continue to be exposure to loss in excess of any amount accrued. Disclosure of the nature and amount of an accrual is made when there have been sufficient legal and factual developments such that the Company's ability to resolve the matter would not be impaired by the disclosure of the amount of accrual.

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

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

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

The Company currently estimates that the aggregate range of reasonably possible loss in excess of the amount accrued, if any, for the disclosed matters where such an estimate is possible is zero to $142 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, 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 class action, *Revival Chiropractic v. Allstate Insurance Company, et al.* (M.D. Fla., filed January 2019; appeal pending, 11th Circuit Court of Appeals), where the court denied class certification and plaintiff's request to file a renewed motion for class certification. The Company is also defending 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: *Perry v. Allstate Indemnity Company, et al.* (N.D. Ohio, filed May 2016); *Lado v. Allstate Vehicle and Property Insurance Company* (S.D. Ohio, filed March 2020); *Maniaci v. Allstate Insurance Company* (N.D. Ohio, filed March 2020); *Ferguson-Luke et al. v. Allstate Property and Casualty Insurance Company* (N.D. Ohio, filed April 2020); *Clark v. Allstate Vehicle and Property Insurance Company* (Circuit Court of Independence Co., Ark., filed February 2016); and *Mitchell, et al. v. Allstate Vehicle and Property Insurance Company, et al*. (S.D. Ala., filed August 2021). No classes have been certified in any of these matters. A settlement has been preliminarily approved by the court in *Huey v. Allstate Vehicle and Property Insurance Company* (N.D. Miss., filed October 2019), and a settlement-in-principle has been reached in *Thaxton v. Allstate Indemnity Company* (Madison Co., Ill., filed July 2020); and *Hester v. Allstate Vehicle and Property Insurance Company* (St. Clair Co., Ill., filed June 2020).

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 allegedly systematic underpayments result from one or more of 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; (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; or (c) after paying for the value of the loss vehicle, then the Company allegedly is not entitled to retain the residual salvage value, and the Company allegedly must pay salvage value to the owner (or if the loss vehicle is retained by the owner, then the Company allegedly may not apply any offset for the salvage value).

The following cases are currently pending against the Company: *Olberg v. Allstate Insurance Company, Allstate Fire and Casualty Insurance Company, and CCC Information Services, Inc*. (W.D. Wash., filed April 2018); *Bloomgarden v. Allstate Fire and Casualty Insurance Company* (S.D. Fla., filed July 2018, dismissed August 2019, refiled on September 2019, remanded to 17th Judicial Circuit, Broward Co. October 2020); *Erby v. Allstate Fire and Casualty Insurance Company* (E.D. Pa., filed October 2018); *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); *Williams v. Esurance Property and Casualty Insurance Company* (C.D. Cal., filed September 2020); *Cotton v. Allstate Fire and Casualty Insurance Company* (Cir. Ct. of Cook Co. Ill., Chancery Div., filed October 2020); *Romaniak v. Esurance Property and Casualty Insurance Company* (N.D. Ohio, filed December 2020); *Rawlins v. Esurance Property and Casualty Insurance Company* (E.D. Mo., filed February 2021); *Bass v. Imperial Fire and Casualty Insurance Company* (W.D. La., filed February 2022); *Fox v. Allstate Insurance Company* (S.D.N.Y., filed February 2022); *Cummings v. Allstate Property and Casualty Insurance Company* (M.D. La., filed April 2022).

None of the courts in any of the pending matters has ruled on class certification.

Other proceedings The Company is defending against 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 has been completed in the investigatory hearing and an administrative hearing is scheduled to begin on November 9, 2022.

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

Biefeldt / IBEW Consolidated Action. Two separately filed stockholder derivative actions have been consolidated into a single proceeding that is pending in the Circuit Court for Cook County, Illinois, Chancery Division. The original complaint in the first-filed of those actions, *Biefeldt v. Wilson, et al.*, was filed on August 3, 2017, in that court by a plaintiff alleging that she is a stockholder of the Company. On June 29, 2018, the court granted defendants' motion to dismiss that complaint for failure to make a pre-suit demand on the Allstate Board but granted plaintiff permission to file an amended complaint. The original complaint in *IBEW Local No. 98 Pension Fund v. Wilson, et al.*, was filed on April 12, 2018, in the same court by another plaintiff alleging to be a stockholder of the Company. After the court issued its dismissal decision in the *Biefeldt* action, plaintiffs agreed to consolidate the two actions and filed a consolidated amended complaint naming as defendants the Company's chairman, president and chief executive officer, its former president, and certain present or former members of the Allstate Board. In that complaint, plaintiffs allege that the director and officer defendants breached their fiduciary duties to the Company in connection with allegedly material misstatements or omissions concerning the Company's automobile insurance claim frequency statistics and the reasons for a claim frequency increase for Allstate brand auto insurance between October 2014 and August 3, 2015. The factual allegations are substantially similar to those at issue in *In re The Allstate Corp. Securities Litigation*. Plaintiffs further allege that a senior officer and several outside directors engaged in stock option exercises allegedly while in possession of material nonpublic information. Plaintiffs seek, on behalf of the Company, an unspecified amount of damages and various forms of equitable relief. Defendants moved to dismiss the consolidated complaint on September 24, 2018 for failure to make a demand on the Allstate Board. On May 14, 2019, the court granted defendants' motion to dismiss the complaint, but allowed plaintiffs leave to file a second consolidated amended complaint which they filed on September 17, 2019. Defendants moved to dismiss the complaint on November 1, 2019 for failure to make a demand on the Allstate Board. The court subsequently requested supplemental briefing on the motion which concluded on February 1, 2021. On February 24, 2021, the court dismissed the second amended consolidated complaint with prejudice. Plaintiffs appealed and the court held a hearing on February 8, 2022. On February 25, 2022 the court issued its opinion and judgment affirming the trial court's dismissal with prejudice. The time for further appeals has passed so this matter is concluded.

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

The complaint alleges breaches of fiduciary duty based on allegations similar to those asserted in *In re The Allstate Corp. Securities Litigation* as well as state law "misappropriation" claims based on stock option transactions by the Company's chairman, president and chief executive officer, its former vice chairman, and certain members of the board of directors. Defendants moved to dismiss and/or stay the complaint on August 7, 2018. On December 4, 2018, the court granted defendants' motion and stayed the case pending the final resolution of the consolidated *Biefeldt/IBEW* matter. On March 14, 2022, on the parties' stipulation, the court dismissed this matter with prejudice. This matter is concluded.

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

Plaintiffs further allege that a senior officer engaged in stock option exercises during that time allegedly while in possession of material nonpublic information about Allstate brand auto insurance claim frequency. The Company, its chairman, president and chief executive officer, and its former president are the named defendants. After the court denied their motion to dismiss on February 27, 2018, defendants answered the complaint, denying plaintiffs' allegations that there was any misstatement or omission or other misconduct. On June 22, 2018, plaintiffs filed their motion for class certification. The court allowed the lead plaintiffs to amend their complaint to add the City of Providence Employee Retirement System as a proposed class representative and on September 12, 2018, the amended complaint was filed. On March 26, 2019, the court granted plaintiffs' motion for class certification and certified a class consisting of all persons who purchased Allstate common stock between October 29, 2014 and August 3, 2015. On April 9, 2019, defendants filed with the U.S. Court of Appeals for the Seventh Circuit a petition for permission to appeal this ruling and the Seventh Circuit granted that petition on April 25, 2019. On July 16, 2020, the Seventh Circuit vacated the class certification order and remanded the matter for further consideration by the district court. Discovery in this matter concluded on October 5, 2020. 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. On January 4, 2021, defendants filed with the Seventh Circuit a petition for permission to appeal this ruling.

The petition was denied on January 28, 2021. Defendants moved for summary judgment on March 23, 2022. Briefing on the motion is to conclude in early June 2022.

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. No classes have been certified in these matters. The Company is also defending an individual action in California state court, *Gilmore v. Lincoln Benefit Life Company* (San Diego Co., Cal., filed October 29, 2021). 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 13 Benefit Plans

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

($ in millions)	Three months ended March 31, 2022	2021
Pension benefits		
Service cost	$ 29	$ 26
Interest cost	46	46
Expected return on plan assets	(110)	(117)
Amortization of prior service credit	(13)	(13)
Costs and expenses	**(48)**	**(58)**
Remeasurement of projected benefit obligation	(752)	(512)
Remeasurement of plan assets	529	221
Remeasurement (gains) losses	**(223)**	**(291)**
Pension net benefit	**$ (271)**	**$ (349)**
Postretirement benefits		
Service cost	$ —	$ —
Interest cost	2	2
Amortization of prior service credit	(6)	(6)
Costs and expenses	**(4)**	**(4)**
Remeasurement of projected benefit obligation	(24)	(19)
Remeasurement of plan assets	—	—
Remeasurement (gains) losses	**(24)**	**(19)**
Postretirement net benefit	**$ (28)**	**$ (23)**
Pension and postretirement benefits		
Costs and expenses	**$ (52)**	**$ (62)**
Remeasurement (gains) losses	**(247)**	**(310)**
Total net benefit	**$ (299)**	**$ (372)**

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

Pension and 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 Statement of Operations.

Pension and postretirement benefits remeasurement gains and losses

($ in millions)	Three months ended March 31, 2022	2021
Remeasurement of projected benefit obligation (gains) losses:		
Discount rate	$ (585)	$ (417)
Other assumptions	(191)	(114)
Remeasurement of plan assets (gains) losses	529	221
Remeasurement (gains) losses	**$ (247)**	**$ (310)**

Remeasurement gains for the first quarter of 2022 primarily related to an increase in the liability discount rate and changes in other assumptions, partially offset by unfavorable asset performance compared to the expected return on plan assets.

The weighted average discount rate used to measure the benefit obligation increased to 3.97% at March 31, 2022 compared to 2.93% at December 31, 2021 resulting in gains for the first quarter of 2022.

Remeasurement gains for other assumptions in the first quarter of 2022 are primarily related to an increase in the long-term lump sum interest rate.

For the first quarter of 2022, the actual return on plan assets was lower than the expected return due to higher interest rates, widening credit spreads and weak equity market performance.

Note 14 Supplemental Cash Flow Information

Non-cash investing activities include $21 million and $14 million related to mergers and exchanges completed with equity securities, and limited partnerships, and modifications of other investments for the three months ended March 31, 2022 and 2021, respectively.

Non-cash financing activities include $60 million and $50 million related to the issuance of Allstate common shares for vested equity awards for the three months ended March 31, 2022 and 2021, 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 $43 million and $46 million for the three months ended March 31, 2022 and 2021, respectively. Non-cash operating activities include $8 million and $103 million related to right-of-use assets obtained in exchange for lease obligations for the three months ended March 31, 2022 and 2021, 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, 2022	2021
Net change in proceeds managed		
Net change in short-term investments	$ (63)	$ (183)
Operating cash flow (used)	**(63)**	**(183)**
Net change in cash	3	1
Net change in proceeds managed	**$ (60)**	**$ (182)**
Cash flows from operating activities		
Net change in liabilities		
Liabilities for collateral, beginning of period	$ (1,444)	$ (914)
Liabilities for collateral, end of period	(1,504)	(1,096)
Operating cash flow provided	**$ 60**	**$ 182**

Note 15 Other Comprehensive Income

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

	Three months ended March 31,					
	2022			2021		
($ 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	$ (2,149)	$ 459	$ (1,690)	$ (1,718)	$ 364	$ (1,354)
Less: reclassification adjustment of realized capital gains and losses	(123)	26	(97)	185	(39)	146
Unrealized net capital gains and losses	**(2,026)**	**433**	**(1,593)**	**(1,903)**	**403**	**(1,500)**
Unrealized foreign currency translation adjustments	**—**	**—**	**—**	**43**	**(9)**	**34**
Unamortized pension and other postretirement prior service credit [(1)]	**(19)**	**4**	**(15)**	**(19)**	**4**	**(15)**
Other comprehensive (loss) income	**$ (2,045)**	**$ 437**	**$ (1,608)**	**$ (1,879)**	**$ 398**	**$ (1,481)**

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

Report of Independent Registered Public Accounting Firm

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

Results of Review of Interim Financial Information

We have reviewed the accompanying condensed consolidated statement of financial position of The Allstate Corporation and subsidiaries (the “Company”) as of March 31, 2022, the related condensed consolidated statements of operations, comprehensive income and shareholders’ equity for the three month periods ended March 31, 2022 and 2021, and cash flows for the three month periods ended March 31, 2022 and 2021, and the related notes (collectively referred to as the “condensed consolidated financial statements”). Based on our reviews, we are not aware of any material modifications that should be made to the accompanying condensed consolidated financial statements for them to be in conformity with accounting principles generally accepted in the United States of America.

We have previously audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated statement of financial position of the Company as of December 31, 2021, and the related consolidated statements of operations, comprehensive income, shareholders’ equity, and cash flows for the year then ended (not presented herein); and in our report dated February 18, 2022, we expressed an unqualified opinion on those consolidated financial statements. In our opinion, the information set forth in the accompanying condensed consolidated statement of financial position as of December 31, 2021, is fairly stated, in all material respects, in relation to the consolidated statement of financial position from which it has been derived.

Basis for Review Results

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

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

/s/ DELOITTE & TOUCHE LLP

Chicago, Illinois
May 4, 2022

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 2021, filed February 18, 2022.

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.

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

The Coronavirus resulted in governments worldwide enacting emergency measures to combat the spread of the virus, including travel restrictions, government-imposed shelter-in-place orders, quarantine periods, social distancing, and restrictions on large gatherings. These measures have generally moderated, with periodic changes in response to local conditions. There is no way of predicting with certainty how long the pandemic might last. We continue to closely monitor and proactively adapt to developments and changing conditions. Currently, it is not possible to reliably estimate the impact to our operations, but the effects have been and could be material.

Certain growth and profitability comparisons to the prior year were impacted, in part, by the effects the Coronavirus had on our prior year results. Beginning in March 2020, when shelter-in-place orders and other restrictions were initiated, and throughout 2021, we experienced lower accident claim frequency and different claim patterns than historically experienced. Claim frequency has increased through the first quarter of 2022 and during 2021, but remains below pre-pandemic levels.

The Coronavirus has affected our operations and may continue to significantly affect our results of operations, financial condition and liquidity. The impact from the pandemic should be considered when comparing the current period to the prior period, including:

- Sales of new and retention of existing policies
- Rate increases and average gross premiums
- Premium for transportation network products
- Driving behavior and auto accident frequency
- Supply chain disruptions and labor shortages increasing the cost of settling claims
- Hospital and outpatient claim costs
- Investment valuations and returns
- Bad debt and credit allowance exposure
- Consumer utilization of Milewise®, our pay-per-mile insurance product
- Retail sales in Allstate Protection Plans

This list 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 the impacts of the Coronavirus on our 2022 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 other core 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 partners. The ultimate objective is to create continuous transformative growth in all businesses.

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

- Expanding customer access
- Improving customer value
- Increasing customer acquisition sophistication
- Modernizing the technology ecosystem
- Enhancing organizational capabilities

The protection businesses are being expanded by leveraging enterprise capabilities and resources such as distribution, brand, analytics, claims, investment expertise, talent and capital.

Acquisitions and Dispositions

Acquisitions On January 4, 2021, we completed the acquisition of National General Holdings Corp. ("National General"), significantly enhancing our strategic position in the independent agency channel. The transaction increased our market share in personal property-liability by over one percentage point and enhanced our independent agent-facing technology.

Discontinued operations and held for sale On October 1, 2021, we closed the sale of Allstate Life Insurance Company of New York ("ALNY") to Wilton Reassurance Company for $400 million. On November 1, 2021, we closed the sale of Allstate Life Insurance Company ("ALIC") and certain affiliates to entities managed by Blackstone for total proceeds of $4 billion, including a pre-close dividend of $1.25 billion paid by ALIC.

In 2021 and prior periods, the assets and liabilities of the business were reclassified as held for sale and results were presented as discontinued operations.

See Note 3 of the condensed consolidated financial statements for further information on acquisitions and dispositions.

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.

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"). We use this measure in our evaluation of results of operations to analyze profitability.

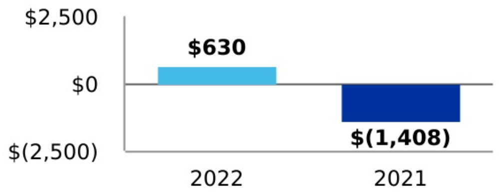
Adjusted net income is net income (loss) applicable to common shareholders, excluding:

- Net gains and losses on investments and derivatives
- Pension and other postretirement remeasurement gains and losses
- Business combination expenses and the amortization or impairment of purchased intangibles
- Income or loss from discontinued operations
- Gain or loss on disposition of operations
- 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

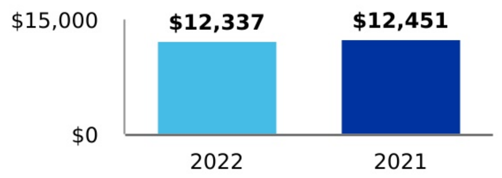
($ in millions)



Consolidated net income applicable to common shareholders was $630 million in the first quarter of 2022 compared to a loss of $1.41 billion in the same period of 2021 primarily due to a loss from discontinued operations in 2021, partially offset by lower Allstate Protection underwriting income and equity valuation decreases.
For the twelve months ended March 31, 2022, return on Allstate common shareholders' equity was 15.4%, an increase of 0.3 points from 15.1% for the twelve months ended March 31, 2021.

Total revenue

(($ in millions)

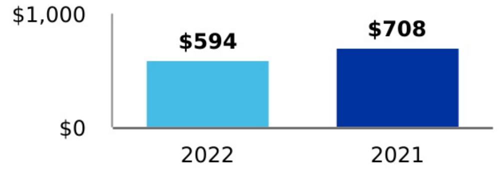


Total revenue decreased 0.9% to $12.34 billion in the first quarter of 2022 compared to the same period of 2021, driven by net losses on investments and derivatives in 2022 compared to net gains in 2021, decreases in net investment income, offset by a 6.5% increase in property and casualty insurance premiums earned.

Insurance premiums earned increased in Property-Liability and Protection Services.

Net investment income

($ in millions)



Net investment income decreased $114 million to $594 million in the first quarter of 2022 compared to the same period of 2021, primarily due to lower performance-based investment results, mainly from limited partnerships, and lower market-based fixed income portfolio yields.

Financial highlights

Investments totaled $61.77 billion as of March 31, 2022, decreasing from $64.70 billion as of December 31, 2021.

Allstate shareholders' equity As of March 31, 2022, Allstate shareholders' equity was $23.21 billion.

Book value per common share (ratio of Allstate common shareholders' equity to total common shares outstanding and dilutive potential common shares outstanding) was $75.95, a decrease of 6.3% from $81.08 as of March 31, 2021, and a decrease of 6.8% from $81.52 as of December 31, 2021.

Return on average Allstate common shareholders' equity For the twelve months ended March 31, 2022, return on Allstate common shareholders' equity was 15.4%, an increase of 0.3 points from 15.1% for the twelve months ended March 31, 2021. The increase was primarily due to a decrease in average Allstate common shareholders' equity.

Pension and other postretirement remeasurement gains and losses We recorded pension and other postretirement remeasurement gains of $247 million in the first quarter of 2022 primarily related to an increase in the liability discount rate and changes in other assumptions, partially offset by unfavorable asset performance compared to the expected return on plan assets.

Summarized consolidated financial results

($ in millions)	Three months ended March 31, 2022	2021
Revenues		
Property and casualty insurance premiums	$ 10,981	$ 10,307
Accident and health insurance premiums and contract charges	469	455
Other revenue	560	555
Net investment income	594	708
Net gains (losses) on investments and derivatives	(267)	426
Total revenues	**12,337**	**12,451**
Costs and expenses		
Property and casualty insurance claims and claims expense	(7,822)	(6,043)
Accident, health and other policy benefits	(269)	(242)
Amortization of deferred policy acquisition costs	(1,612)	(1,523)
Operating, restructuring and interest expenses	(1,997)	(1,868)
Pension and other postretirement remeasurement gains (losses)	247	310
Amortization of purchased intangibles	(87)	(53)
Total costs and expenses	**(11,540)**	**(9,419)**
Income from operations before income tax expense	797	3,032
Income tax expense	(151)	(626)
Net income from continuing operations	**646**	**2,406**
Income (loss) from discontinued operations, net of tax	—	(3,793)
Net income (loss)	**646**	**(1,387)**
Less: Net loss attributable to noncontrolling interest	(10)	(6)
Net income (loss) attributable to Allstate	**656**	**(1,381)**
Preferred stock dividends	(26)	(27)
Net income (loss) applicable to common shareholders	**$ 630**	**$ (1,408)**

Segment highlights

Allstate Protection underwriting income was $282 million in the first quarter of 2022, compared to underwriting income of $1.66 billion in the first quarter of 2021 primarily due to higher auto non-catastrophe losses, partially offset by increased premiums.

Catastrophe losses were $462 million in the first quarter of 2022 compared to $590 million in the first quarter of 2021.

Premiums written increased 10.2% to $10.76 billion in the first quarter of 2022 compared to the same period of 2021, reflecting higher premiums in both Allstate and National General brands.

Protection Services adjusted net income was $53 million in the first quarter of 2022 compared to $49 million in the first quarter of 2021. The increase was primarily due to restructuring charges in 2021 and higher revenue in Allstate Identity Protection, partially offset by higher operating costs at Allstate Protection Plans and Arity and higher severity and rescue volumes in Allstate Roadside.

Premiums and other revenue increased 15.2% or $76 million in the first quarter of 2022 compared to the same period of 2021, primarily due to Allstate Protection Plan's growth through its U.S. retail and international channels.

Allstate Health and Benefits adjusted net income was $53 million in the first quarter of 2022 compared to $65 million in the first quarter of 2021, primarily due to increases in individual and group health claims and favorable reserve reestimates in the prior year for group health, partially offset by lower employer voluntary benefits claim utilization.

Premiums and contract charges increased 3.1% to $469 million in the first quarter of 2022 compared to the same period of 2021, primarily due to growth in group health.

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 and Shelter-in-Place Payback expense, 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 typically reflect contracts that cover multiple rather than individual drivers.
- *New issued applications*: Item counts of automobile or homeowner insurance applications for insurance policies that were issued during the period, regardless of whether the customer was previously insured by another Allstate 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.

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

- *Gross claim frequency* is calculated as annualized notice counts, excluding counts associated with catastrophe events, received in the period divided by the average of PIF with the applicable coverage during the period. Gross claim frequency includes all actual notice counts, regardless of their current status (open or closed) or their ultimate disposition (closed with a payment or closed without payment).
- *Report year incurred claim severity* is calculated by dividing the sum of recorded estimated incurred losses and allocated loss adjustment expenses, excluding catastrophes, by the reported notice counts during that report year. Report year incurred claim severity does not include incurred but not reported ("IBNR") losses or benefits from subrogation and salvage.
- *Paid claim severity* is calculated by dividing the sum of paid losses and loss expenses by claims closed with a payment during the period.
- *Percent change in frequency or paid claim severity statistics* is calculated as the amount of increase or decrease in gross claim frequency or paid claim severity in the current period compared to the

same period in the prior year, divided by the prior year gross claim frequency or paid claim severity.

- *Percent change in report year incurred claim severity statistic* is calculated as the amount of increase or decrease in report year incurred claim severity recorded in the year-to-date period divided by the current estimate of the prior report year incurred claim severity.

Underwriting results

($ in millions, except ratios)	Three months ended March 31, 2022	2021
Premiums written	$ 10,761	$ 9,768
Premiums earned	$ 10,498	$ 9,896
Other revenue	347	385
Claims and claims expense	(7,702)	(5,945)
Amortization of DAC	(1,348)	(1,303)
Other costs and expenses	(1,445)	(1,325)
Restructuring and related charges [1]	(12)	(32)
Amortization of purchased intangibles	(58)	(19)
Underwriting (loss) income	**$ 280**	**$ 1,657**
Catastrophe losses		
Catastrophe losses, excluding reserve reestimates	$ 475	$ 833
Catastrophe reserve reestimates [2]	(13)	(243)
Total catastrophe losses	**$ 462**	**$ 590**
Non-catastrophe reserve reestimates [2]	158	2
Prior year reserve reestimates [2]	145	(241)
GAAP operating ratios		
Loss ratio	73.3	60.1
Expense ratio [3]	24.0	23.2
Combined ratio	97.3	83.3
Effect of catastrophe losses on combined ratio	4.4	6.0
Effect of prior year reserve reestimates on combined ratio	1.4	(2.4)
Effect of catastrophe losses included in prior year reserve reestimates on combined ratio	(0.1)	(2.5)
Effect of restructuring and related charges on combined ratio [1]	0.1	0.3
Effect of amortization of purchased intangibles on combined ratio	0.5	0.1
Effect of Run-off Property-Liability business on combined ratio	—	0.1

[1] Restructuring and related charges for the first quarter of 2022 primarily related to future work environment. See Note 11 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.

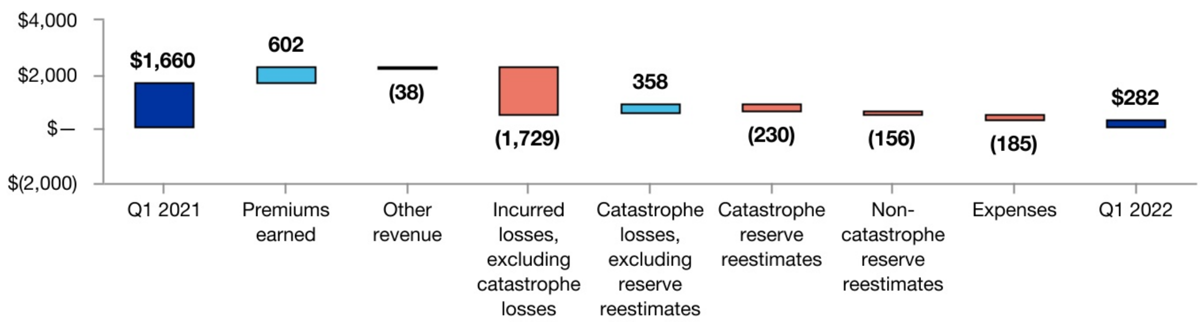
Allstate Protection Segment

Underwriting results		
	Three months ended March 31,	
($ in millions)	**2022**	**2021**
Premiums written	$ 10,761	$ 9,768
Premiums earned	$ 10,498	$ 9,896
Other revenue	347	385
Claims and claims expense	(7,701)	(5,944)
Amortization of DAC	(1,348)	(1,303)
Other costs and expenses	(1,444)	(1,323)
Restructuring and related charges	(12)	(32)
Amortization of purchased intangibles	(58)	(19)
Underwriting income	**$ 282**	**$ 1,660**
Catastrophe losses	$ 462	$ 590

Underwriting income was $282 million in the first quarter of 2022 compared to underwriting income of $1.66 billion in the first quarter of 2021 primarily due to higher auto non-catastrophe losses, partially offset by increased premiums.

Change in underwriting results from the prior period

($ in millions)



Underwriting income (loss) by brand and by line of business						
	Allstate brand		National General		Allstate Protection	
($ in millions)	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**
Three months ended March 31,						
Auto [(1)]	$ (137)	$ 1,203	$ (10)	$ 124	$ (147)	$ 1,327
Homeowners [(2)]	368	262	42	6	410	268
Other personal lines	18	25	—	8	18	33
Commercial lines	(19)	(2)	(3)	—	(22)	(2)
Other business lines [(3)]	21	27	—	—	21	27
Answer Financial	—	—	—	—	2	7
Total	**$ 251**	**$ 1,515**	**$ 29**	**$ 138**	**$ 282**	**$ 1,660**

(1) 2021 results include certain National General commercial lines insurance products.

(2) 2021 results include National General packaged policies, which include auto, and commercial lines insurance products.

(3) Other business lines includes revenue and direct operating expenses for distribution of non-proprietary life and annuity 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 fiscal period. Premiums are considered earned and are included in the financial results on a pro-rata basis over the policy period. The portion of premiums written applicable to the unexpired term of the policies is recorded as unearned premiums on our Condensed Consolidated Statements of Financial Position.

Premiums written by brand and by line of business

	Allstate brand		National General		Allstate Protection	
($ in millions)	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**
Three months ended March 31,						
Auto	$ 6,308	$ 6,060	$ 1,254	$ 952	$ 7,562	$ 7,012
Homeowners	2,020	1,727	381	356	2,401	2,083
Other personal lines	469	437	35	39	504	476
Commercial lines	238	197	56	—	294	197
Total premiums written	**$ 9,035**	**$ 8,421**	**$ 1,726**	**$ 1,347**	**$ 10,761**	**$ 9,768**

Premiums earned by brand and by line of business

	Allstate brand		National General		Allstate Protection	
($ in millions)	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**
Three months ended March 31,						
Auto	$ 6,073	$ 6,014	$ 1,008	$ 795	$ 7,081	$ 6,809
Homeowners	2,210	2,008	393	384	2,603	2,392
Other personal lines	496	469	35	36	531	505
Commercial lines	232	190	51	—	283	190
Total premiums earned	**$ 9,011**	**$ 8,681**	**$ 1,487**	**$ 1,215**	**$ 10,498**	**$ 9,896**

Reconciliation of premiums written to premiums earned

	Three months ended March 31,	
($ in millions)	**2022**	**2021**
Total premiums written	**$ 10,761**	**$ 9,768**
(Increase) decrease in unearned premiums	(258)	(280)
Other	(5)	408
Total premiums earned	**$ 10,498**	**$ 9,896**

Policies in force by brand and by line of business

	Allstate brand		National General		Allstate Protection	
PIF (thousands)	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**
Auto	21,968	21,824	4,103	3,629	26,071	25,453
Homeowners	6,536	6,427	629	663	7,165	7,090
Other personal lines	4,609	4,483	285	291	4,894	4,774
Commercial lines	208	214	104	111	312	325
Total	**33,321**	**32,948**	**5,121**	**4,694**	**38,442**	**37,642**

Auto insurance premiums written increased 7.8% or $550 million in the first quarter of 2022 compared to the first quarter of 2021 primarily due to the following factors:

- Increased new issued applications driven by direct channel, including the acquisition of SafeAuto, and growth in the independent agency channel
- Increased average premiums driven by rate increases. In the three months ended March 31, 2022, rate increases of 9.3% were taken for Allstate brand in 28 locations, resulting in total Allstate brand insurance premium impact of 3.6% and 4.6% were taken for National General brand in 24 locations, resulting in total National General brand insurance premium impact of 1.9%, to improve underwriting results given the higher inflationary trends adversely impacting loss costs
- Renewal ratio increased 0.8 points in the first quarter of 2022 compared to first quarter of 2021. The impact of the ongoing rate actions may have an adverse effect on the renewal ratio in future periods
- PIF increased 2.4% or 618 thousand to 26,071 thousand as of March 31, 2022 compared to March 31, 2021 due to growth in National General, including SafeAuto acquisition, and Allstate brand

Auto premium measures and statistics

	Three months ended March 31,		
	2022	**2021**	**Change**
New issued applications (thousands)			
Allstate Protection by brand			
Allstate brand	964	929	3.8 %
National General	718	542	32.5 %
Total new issued applications	**1,682**	**1,471**	**14.3 %**
Allstate Protection by channel			
Exclusive agency channel	599	613	(2.3)%
Direct channel	631	455	38.7 %
Independent agency channel	452	403	12.2 %
Total new issued applications	**1,682**	**1,471**	**14.3 %**
Allstate brand average premium	$ 626	$ 607	3.1 %
Allstate brand renewal ratio (%)	87.5	86.7	0.8

Homeowners insurance premiums written increased 15.3% or $318 million in the first quarter of 2022 compared to the first quarter of 2021 primarily due to the following factors:

- Higher Allstate brand average premiums from approved rate increases and inflation adjustments to premium due to higher insured home valuations
- Increased new issued applications in the Allstate brand driven by higher quote volumes and improved close rates

Homeowners premium measures and statistics

	Three months ended March 31,		
	2022	**2021**	**Change**
New issued applications (thousands)			
Allstate Protection by brand			
Allstate brand	235	220	6.8 %
National General	27	22	22.7 %
Total new issued applications	**262**	**242**	**8.3 %**
Allstate Protection by channel			
Exclusive agency channel	201	195	3.1 %
Direct channel	23	16	43.8 %
Independent agency channel	38	31	22.6 %
Total new issued applications	**262**	**242**	**8.3 %**
Allstate brand average premium	$ 1,554	$ 1,360	14.3 %
Allstate brand renewal ratio (%)	86.2	87.0	(0.8)

Other personal lines premiums written increased 5.9% or $28 million in the first quarter of 2022 compared to the first quarter of 2021, primarily due to increases in condominiums, personal umbrella and landlords premiums for Allstate brand.

Commercial lines premiums written increased 49.2% or $97 million in the first quarter of 2022 compared to the first quarter of 2021, primarily due to increased average premium and higher miles driven in our shared economy business.

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	
	2022	2021	2022	2021	2022	2021
Three months ended March 31,						
Auto	77.6	57.2	24.5	23.3	102.1	80.5
Homeowners	60.4	64.9	23.8	23.9	84.2	88.8
Other personal lines	72.1	68.1	24.5	25.4	96.6	93.5
Commercial lines	87.3	78.4	20.5	22.7	107.8	101.1
Total	**73.3**	**60.0**	**24.0**	**23.2**	**97.3**	**83.2**
Impact of amortization of purchased intangibles	—	—	0.5	0.1	0.5	0.1
Impact of restructuring and related charges	—	—	0.1	0.3	0.1	0.3

[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	
	2022	2021	2022	2021	2022	2021	2022	2021
Three months ended March 31,								
Auto	77.6	57.2	0.6	0.4	2.0	(0.5)	(0.1)	(0.3)
Homeowners	60.4	64.9	14.8	20.7	(0.4)	(8.5)	(0.3)	(8.7)
Other personal lines	72.1	68.1	6.4	11.5	(1.3)	(3.6)	0.8	(3.6)
Commercial lines	87.3	78.4	—	4.2	6.7	7.9	(0.4)	1.0
Total	**73.3**	**60.0**	**4.4**	**6.0**	**1.4**	**(2.5)**	**(0.1)**	**(2.5)**

[1] The ten-year average effect of catastrophe losses on the total combined ratio was 6.1 points in the first quarter of 2022.

Auto loss ratio increased 20.4 points in the first quarter of 2022 compared to the same period of 2021, primarily due to:

- Higher gross claim frequency in all coverages, as miles driven has rebounded toward pre-pandemic levels
- While frequency increased relative to the prior year quarter, it remains below pre-pandemic levels
- Increased severity for all coverages, driven by inflationary pressures and medical service utilization for bodily injury claims
- Unfavorable non-catastrophe prior year reserve reestimates

The impacts of the Coronavirus affect frequency and severity statistics including:

- Shelter-in-place and travel restrictions, which moderated in 2021 as vaccines became more widely available in the US and Canada
- Unemployment levels
- Changes in commuting activity
- Supply chain disruptions and labor shortages
- Driving behavior (e.g., speed, time of day) impacting mix of claim types
- Value of total losses due to higher used car prices
- Labor and part cost increases

Property damage gross claim frequency for Allstate brand increased 18.4% in the first quarter of 2022 compared to the same period of 2021 due to factors including:

- Increases in miles driven compared to 2021 which was impacted by the continuation of shelter-in-place restrictions due to the Coronavirus
- While gross claim frequency has rebounded from the low in 2020, it is 15.6% below pre-pandemic levels of 2019 as auto miles driven, particularly during peak commuting hours, remains lower than pre-pandemic levels

Property damage estimated report year 2022 incurred claim severity for Allstate brand, excluding Esurance and Canada, increased approximately 11% compared to report year 2021. The current 2021 estimated report year incurred claim severity increased approximately 9% compared to 2020. The increases are due to rising inflationary factors that began in the second quarter of 2021 impacting both repairable vehicles and total losses, including higher used car values, replacement part costs and labor rates, and higher costs to repair more sophisticated newer model vehicles.

Bodily injury estimated report year 2022 incurred claim severity for Allstate brand, excluding Esurance and Canada, increased approximately 8% compared to report year 2021. The current 2021 estimated report year incurred claim severity increased approximately 5% compared to 2020. The increases are due to higher consumption of medical treatment, increased severity of claims with attorney representation and higher medical care inflation.

Homeowners loss ratio decreased 4.5 points in the first quarter of 2022 compared to the same period of 2021, primarily due to increased premiums earned and lower catastrophe losses, partially offset by higher severity.

Allstate brand homeowners frequency and severity statistics (excluding catastrophe losses)

(% change year-over-year) Three months ended March 31, 2022	
Gross claim frequency	(4.6)%
Paid claim severity	25.4

Gross claim frequency decreased in the first three months of 2022 compared to the same period of 2021 primarily due to declines in wind/hail and water perils. Paid claim severity increased in the first quarter of 2022 compared to the same period of 2021 due to inflationary loss cost pressure driven by increases in labor and materials costs. Homeowner paid claim severity can be impacted by both the mix of perils and the magnitude of specific losses paid during the quarter.

Other personal lines loss ratio increased 4.0 points in the first quarter of 2022 compared to the same period of 2021, primarily due to higher non-catastrophe losses, partially offset by increased premiums earned.

Commercial lines loss ratio increased 8.9 points in the first quarter of 2022 compared to the same period of 2021 due to higher auto frequency and severity and higher unfavorable non-catastrophe prior year reserve reestimates in the shared economy business, partially offset by increased premiums earned.

Catastrophe losses decreased 21.7% or $128 million in the first quarter of 2022 compared to the prior year due to lower losses which was partially offset by the absence of reinsurance recoveries in 2022. Reinsurance recoveries in 2021 related to the Nationwide Aggregate Reinsurance Program for aggregate catastrophe losses occurring between April 1, 2020 and December 31, 2020, which primarily impacted homeowners reestimates.

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 or industrial accidents. The nature and level of catastrophes in any period cannot be reliably predicted.

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

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

Catastrophe losses by the type of event

($ in millions)	Three months ended March 31, Number of events	2022	Number of events	2021
Tornadoes	1	$ 91	1	$ 13
Wind/Hail	14	365	11	277
Freeze/other events	1	19	1	586
Prior year reserve reestimates		(13)		(91)
Prior year aggregate reinsurance recoveries		—		(152)
Current year aggregate reinsurance recoveries		—		(43)
Total catastrophe losses	**16**	**$ 462**	**13**	**$ 590**

Catastrophe reinsurance Our current catastrophe reinsurance program supports our risk tolerance framework that targets less than a 1% likelihood of annual aggregate catastrophe losses from hurricanes earthquakes and wildfires, net of reinsurance, exceeding $2.5 billion. We have completed the placement of our 2022-2023 Nationwide Excess Catastrophe Reinsurance Program (the "Nationwide Program").

Similar to our 2021 program, our 2022 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 $6.61 billion of losses less a $500 million retention, and is subject to the percentage of reinsurance placed in each of its agreements. Property business in the state of Florida 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 markets as described below:

- *The traditional market multi-year placements* provide limits totaling $3.89 billion for catastrophe events arising out of multiple perils and are comprised of the following:
  - $3.56 billion of placed limits attaching at $500 million, exhausting at $3.75 billion, with a 5% co-participation. Coverage is provided in four contracts with one annual reinstatement of limits. 31.7% of the first $250 million in excess of $500 million is retained by Allstate.
  - $331 million of placed limits in excess of a $3.75 billion retention, with a 5% co-participation. Coverage is provided in two contracts, with one reinstatement of limits over each contract's eight-year term.
- *Insurance - Linked securities multi-year placements* provide $1.45 billion of placed limits, with no reinstatement of limits, and are comprised of the following:
  - Four contracts providing occurrence coverage of $850 million 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.
  - Three contracts providing occurrence and aggregate coverage of $425 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 our ultimate net loss from the reinsured event.
  - One contract, providing aggregate coverage of $175 million of placed limits.
- *Traditional single-year placements* provide $640 million of placed limits, filling capacity around the traditional market and Insurance-Linked securities multi-year placements:
  - Three contracts providing $465 million of placed limits between $5.94 billion and $6.61 billion of loss, with no reinstatement of limits.
  - Two contracts providing $175 million of placed limits between $3.75 billion and $5.94 billion of loss, with no reinstatement limits.

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

The Florida Excess Catastrophe Program, National General Lender Services Program and National General Reciprocal Excess Catastrophe Program will be completed in the second quarter of 2022.

The total cost of our property catastrophe reinsurance programs, excluding reinstatement premiums, during the first quarter of 2022 was $144 million compared to $113 million in the first quarter of 2021. Catastrophe placement premiums reduce net written and earned premium with approximately 74% related to homeowners.

Reserve reestimates were $144 million unfavorable in the first quarter of 2022 primarily due to strengthening of non-catastrophe reserves in auto and commercial lines, partially offset by favorable reserve reestimates in other personal lines and catastrophes.

For a more detailed discussion on reinsurance and reserve reestimates, see Note 9 of the condensed consolidated financial statements.

Reserve reestimates

($ in millions, except ratios)	Three months ended March 31, Reserve reestimates [1] 2022	Reserve reestimates [1] 2021	Effect on combined ratio [2] 2022	Effect on combined ratio [2] 2021
Auto	$ 142	$ (36)	1.4	(0.4)
Homeowners	(10)	(203)	(0.1)	(2.1)
Other personal lines	(7)	(18)	(0.1)	(0.2)
Commercial lines	19	15	0.2	0.2
Total Allstate Protection	**$ 144**	**$ (242)**	**1.4**	**(2.5)**
Allstate brand	$ 148	$ (228)	1.4	(2.4)
National General	(4)	(14)	—	(0.1)
Total Allstate Protection	**$ 144**	**$ (242)**	**1.4**	**(2.5)**

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

Expense ratio increased 0.8 points in the first quarter of 2022 compared to the first quarter of 2021 primarily due to higher operating costs and amortization of intangibles, partially offset by lower impact of amortization of DAC. Higher operating costs primarily related to employee-related costs and agent compensation.

Impact of specific costs and expenses on the expense ratio

($ in millions, except ratios)	Three months ended March 31, 2022	2021	Change
Amortization of DAC	$ 1,348	$ 1,303	$ 45
Advertising expense	343	312	31
Amortization of purchased intangibles	58	19	39
Other costs and expenses, net of other revenue	754	626	128
Restructuring and related charges	12	32	(20)
Total underwriting expenses	**$ 2,515**	**$ 2,292**	**$ 223**
Premiums earned	**$ 10,498**	**$ 9,896**	**$ 602**
Expense ratio			
Amortization of DAC	12.9	13.2	(0.3)
Advertising expense	3.3	3.2	0.1
Other costs and expenses	7.2	6.4	0.8
Subtotal	23.4	22.8	0.6
Amortization of purchased intangibles	0.5	0.1	0.4
Restructuring and related charges	0.1	0.3	(0.2)
Total expense ratio	**24.0**	**23.2**	**0.8**

Run-off Property-Liability Segment

Underwriting results

($ in millions)	Three months ended March 31, 2022	2021
Claims and claims expense	$ (1)	$ (1)
Operating costs and expenses	(1)	(2)
Underwriting loss	**$ (2)**	**$ (3)**

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

($ in millions)	March 31, 2022	December 31, 2021
Asbestos claims		
Gross reserves	$ 1,197	$ 1,210
Reinsurance	(377)	(382)
Net reserves	820	828
Environmental claims		
Gross reserves	270	273
Reinsurance	(47)	(47)
Net reserves	223	226
Other run-off claims		
Gross reserves	425	433
Reinsurance	(64)	(66)
Net reserves	361	367
Total		
Gross reserves	1,892	1,916
Reinsurance	(488)	(495)
Net reserves	**$ 1,404**	**$ 1,421**

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

($ in millions)	March 31, 2022	December 31, 2021
Direct excess commercial insurance		
Gross reserves	$ 1,032	$ 1,050
Reinsurance	(356)	(363)
Net reserves	676	687
Assumed reinsurance coverage		
Gross reserves	611	617
Reinsurance	(55)	(56)
Net reserves	556	561
Direct primary commercial insurance		
Gross reserves	168	168
Reinsurance	(76)	(75)
Net reserves	92	93
Other run-off business		
Gross reserves	1	1
Reinsurance	—	—
Net reserves	1	1
Unallocated loss adjustment expenses		
Gross reserves	80	80
Reinsurance	(1)	(1)
Net reserves	79	79
Total		
Gross reserves	1,892	1,916
Reinsurance	(488)	(495)
Net reserves	**$ 1,404**	**$ 1,421**

Percentage of gross and ceded reserves by case and IBNR

	March 31, 2022		December 31, 2021	
	Case	IBNR	Case	IBNR
Direct excess commercial insurance				
Gross reserves [1]	60 %	40 %	61 %	39 %
Ceded [2]	67	33	67	33
Assumed reinsurance coverage				
Gross reserves	33	67	33	67
Ceded	37	63	38	62
Direct primary commercial insurance				
Gross reserves	53	47	53	47
Ceded	71	29	71	29

(1) Approximately 69% of gross case reserves as of March 31, 2022 are subject to settlement agreements.
(2) Approximately 76% of ceded case reserves as of March 31, 2022 are subject to settlement agreements.

Gross payments from case reserves by type of exposure

	Three months ended March 31,	
($ in millions)	**2022**	**2021**
Direct excess commercial insurance		
Gross [1]	$ 18	$ 18
Ceded [2]	(7)	(8)
Assumed reinsurance coverage		
Gross	6	11
Ceded	(1)	(2)
Direct primary commercial insurance		
Gross	1	4
Ceded	—	(1)

(1) In the first quarter of 2022 88% of payments related to settlement agreements.
(2) In the first quarter of 2022 93% of payments related to settlement agreements.

Total net reserves as of March 31, 2022, included $722 million or 51% of estimated IBNR reserves compared to $733 million or 52% of estimated IBNR reserves as of December 31, 2021.

Total gross payments were $25 million for the first quarter of 2022, primarily related to settlement agreements reached with several insureds on large claims, mainly asbestos claims, 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 $10 million for the first quarter of 2022.

Protection Services Segment

Summarized financial information		
	Three months ended March 31,	
($ in millions)	2022	2021
Premiums written	$ 630	$ 583
Revenues		
Premiums	$ 483	$ 411
Other revenue	94	90
Intersegment insurance premiums and service fees (1)	41	41
Net investment income	9	10
Costs and expenses		
Claims and claims expense	(123)	(103)
Amortization of DAC	(221)	(181)
Operating costs and expenses	(218)	(198)
Restructuring and related charges	—	(9)
Income tax expense on operations	(12)	(12)
Adjusted net income	**$ 53**	**$ 49**
Allstate Protection Plans	$ 43	$ 45
Allstate Dealer Services	9	8
Allstate Roadside	2	4
Arity	(1)	2
Allstate Identity Protection	—	(10)
Adjusted net income	**$ 53**	**$ 49**
Allstate Protection Plans	139,992	133,510
Allstate Dealer Services	3,924	3,996
Allstate Roadside	518	540
Allstate Identity Protection	2,949	2,702
Policies in force as of March 31 (in thousands)	**147,383**	**140,748**

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

Adjusted net income increased 8.2% or $4 million in the first quarter of 2022 compared to the first quarter of 2021, primarily due to restructuring charges in 2021 and higher revenue in Allstate Identity Protection, partially offset by higher operating costs at Allstate Protection Plans and Arity and higher severity and rescue volumes in Allstate Roadside.

Premiums written increased 8.1% or $47 million in the first quarter of 2022 compared to the first quarter of 2021, primarily due to growth at Allstate Protection Plans.

PIF increased 4.7% or 7 million in the first quarter of 2022 compared to the first quarter of 2021 due to continued growth at Allstate Protection Plans and Allstate Identity Protection.

Other revenue increased 4.4% or $4 million in the first quarter of 2022 compared to the first quarter of 2021, reflecting growth in Allstate Identity Protection.

Intersegment premiums and service fees in the first quarter of 2022 were comparable to the first quarter of 2021.

Claims and claims expense increased 19.4% or $20 million in the first quarter 2022 compared to the first quarter of 2021, primarily due to higher levels of claims at Allstate Protection Plans driven by growth of the business and increased claims at Allstate Roadside due to higher severity and rescue volumes.

Amortization of DAC increased 22.1% or $40 million in the first quarter of 2022 compared to the first quarter of 2021, primarily due to the growth experienced at Allstate Protection Plans and Allstate Dealer Services.

Operating costs and expenses increased 10.1% or $20 million in the first quarter of 2022 compared to the first quarter of 2021, primarily due to growth experienced at Allstate Protection Plans.

Restructuring and related charges decreased $9 million in the first quarter of 2022 compared to the first quarter of 2021, primarily due to a facility closure at Allstate Identity Protection in the first quarter of 2021.

Allstate Health and Benefits Segment

Summarized financial information

($ in millions)	Three months ended March 31, 2022	2021
Revenues		
Accident and health insurance premiums and contract charges	$ 469	$ 455
Other revenue	95	80
Net investment income	17	19
Costs and expenses		
Accident, health and other policy benefits	(269)	(242)
Amortization of DAC	(43)	(39)
Operating costs and expenses	(202)	(190)
Income tax expense on operations	(14)	(18)
Adjusted net income	**$ 53**	**$ 65**
Benefit ratio [1]	55.7 %	51.2 %
Employer voluntary benefits [2]	3,951	3,983
Group health [3]	114	115
Individual health [4]	419	424
Policies in force as of March 31 (in thousands)	**4,484**	**4,522**

[1] Benefit ratio is calculated as accident, health and other policy benefits less interest credited to contractholder funds of $8 million and $9 million as of March 31, 2022 and March 31, 2021, 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 2022 decreased $12 million compared to the same period of 2021, primarily due to increases in individual and group health claims and favorable reserve reestimates in the prior year for group health, partially offset by lower employer voluntary benefits claim utilization.

Premiums and contract charges increased 3.1% or $14 million in the first quarter of 2022 compared to the same period of 2021, primarily due to growth in group health.

Premiums and contract charges by line of business

($ in millions)	Three months ended March 31, 2022	2021
Employer voluntary benefits	$ 266	$ 263
Group health	94	83
Individual health	109	109
Premiums and contract charges	**$ 469**	**$ 455**

Other revenue increased $15 million in the first quarter of 2022 compared to the same period of 2021, primarily due to an increase in group health administrative fees.

Accident, health and other policy benefits increased $27 million in the first quarter of 2022 compared to the same period of 2021, primarily due to increased benefits utilization for individual health and group health and prior year favorable reserve reestimates for group health, slightly offset by lower utilization for employer voluntary benefits compared to the prior year quarter.

Benefit ratio increased to 55.7% in the first quarter of 2022 compared to 51.2% in the same period of 2021, primarily due to an increase in individual and group health claims and favorable reserve reestimates for group health in the prior year, partially offset by a lower benefit ratio for employer voluntary benefits products due to lower accident and health claim experience and lower life mortality compared to the prior year.

Amortization of DAC increased 10.3% or $4 million in the first quarter of 2022 compared to the same period of 2021, primarily related to individual health.

Operating costs and expenses		
	Three months ended March 31,	
($ in millions)	2022	2021
Non-deferrable commissions	$ 81	$ 74
General and administrative expenses	121	116
Total operating costs and expenses	**$ 202**	**$ 190**

Operating costs and expenses increased $12 million in the first quarter of 2022 compared to the same period of 2021, primarily due to growth in group health.

Analysis of reserves

Reserve for future policy benefits		
($ in millions)	March 31, 2022	December 31, 2021
Traditional life insurance and other	$ 318	$ 313
Accident and health insurance	956	960
Reserve for future policy benefits	**$ 1,274**	**$ 1,273**

Investments

Portfolio composition and strategy by reporting segment [1]

($ in millions)	March 31, 2022 Property-Liability	Protection Services	Allstate Health and Benefits	Corporate and Other	Total
Fixed income securities [2]	$ 33,446	$ 1,602	$ 1,719	$ 3,978	$ 40,745
Equity securities [3]	4,515	161	80	559	5,315
Mortgage loans, net	756	—	99	—	855
Limited partnership interests	7,977	—	—	—	7,977
Short-term investments [4]	3,693	116	54	481	4,344
Other investments, net	2,386	—	144	2	2,532
Total	**$ 52,773**	**$ 1,879**	**$ 2,096**	**$ 5,020**	**$ 61,768**
Percent to total	**85.5 %**	**3.0 %**	**3.4 %**	**8.1 %**	**100.0 %**
Market-based	$ 43,950	$ 1,879	$ 2,096	$ 5,018	$ 52,943
Performance-based	8,823	—	—	2	8,825
Total	**$ 52,773**	**$ 1,879**	**$ 2,096**	**$ 5,020**	**$ 61,768**

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

(2) Fixed income securities are carried at fair value. Amortized cost, net for these securities was $34.57 billion, $1.67 billion, $1.78 billion, $4.01 billion and $42.03 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, 2022, was $862 million in excess of cost. These net gains were primarily concentrated in the technology, consumer goods and banking sectors. Equity securities include $1.02 billion of funds with underlying investments in fixed income securities as of March 31, 2022.

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

Investments totaled $61.77 billion as of March 31, 2022, decreasing from $64.70 billion as of December 31, 2021, primarily due to lower fixed income and equity valuations, common share repurchases and dividends paid to shareholders, partially offset by positive operating cash flows.

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

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

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

Coronavirus impacts Future investment results will be influenced by the magnitude and duration of the global pandemic and the impact of actions taken by governmental authorities, businesses and consumers, including the availability, utilization rate and effectiveness of vaccines, to mitigate health risks, which creates significant uncertainty. Supply chain disruptions, labor shortages and other macroeconomic factors have increased inflation, which may have an adverse impact on investment valuations and returns.

Investments in Russia and Ukraine As of March 31, 2022, we do not have any direct investments in Russia, Belarus or Ukraine. We have indirect exposure of less than $1 million in Russia and Ukraine through broad-based, global funds managed by external asset managers.

Portfolio composition by investment strategy			
	March 31, 2022		
($ in millions)	Market-based	Performance-based	Total
Fixed income securities	$ 40,641	$ 104	$ 40,745
Equity securities	4,915	400	5,315
Mortgage loans, net	855	—	855
Limited partnership interests	501	7,476	7,977
Short-term investments	4,344	—	4,344
Other investments, net	1,687	845	2,532
Total	**$ 52,943**	**$ 8,825**	**$ 61,768**
Percent to total	**85.7 %**	**14.3 %**	**100.0 %**
Unrealized net capital gains and losses			
Fixed income securities	$ (1,283)	$ 1	$ (1,282)
Limited partnership interests	—	4	4
Short-term investments	(1)	—	(1)
Other	(3)	—	(3)
Total	**$ (1,287)**	**$ 5**	**$ (1,282)**

Fixed income securities

Fixed income securities by type		
	Fair value as of	
($ in millions)	March 31, 2022	December 31, 2021
U.S. government and agencies	$ 6,485	$ 6,273
Municipal	5,698	6,393
Corporate	25,336	27,330
Foreign government	1,053	985
Asset-backed securities (“ABS”)	2,173	1,155
Total fixed income securities	**$ 40,745**	**$ 42,136**

Fixed income securities are rated by third-party credit rating agencies or are internally rated. As of March 31, 2022, 84.1% of the consolidated fixed income securities portfolio was rated investment grade, which is defined as a security having a rating of Aaa, Aa, A or Baa from Moody’s, a rating of AAA, AA, A or BBB from S&P, a comparable rating from another nationally recognized rating agency, or a comparable internal rating if an externally provided rating is not available. Credit ratings below these designations are considered lower credit quality or below investment grade, which includes high yield bonds. Market prices for certain securities may have credit spreads which imply higher or lower credit quality than the current third-party rating. Our initial investment decisions and ongoing monitoring procedures for fixed income securities are based on a 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 5 of the condensed consolidated financial statements.

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

	March 31, 2022					
	A and above		BBB		BB	
($ in millions)	Fair value	Unrealized gain (loss)	Fair value	Unrealized gain (loss)	Fair value	Unrealized gain (loss)
U.S. government and agencies	$ 6,485	$ (128)	$ —	$ —	$ —	$ —
Municipal	5,457	(94)	227	(15)	—	—
Corporate						
Public	4,078	(135)	9,735	(364)	1,501	(34)
Privately placed	1,418	(63)	3,693	(158)	2,492	(120)
Total corporate	5,496	(198)	13,428	(522)	3,993	(154)
Foreign government	1,052	(39)	1	—	—	—
ABS	2,090	(17)	11	—	8	—
Total fixed income securities	**$ 20,580**	**$ (476)**	**$ 13,667**	**$ (537)**	**$ 4,001**	**$ (154)**
	B		CCC and lower		Total	
	Fair value	Unrealized gain (loss)	Fair value	Unrealized gain (loss)	Fair value	Unrealized gain (loss)
U.S. government and agencies	$ —	$ —	$ —	$ —	$ 6,485	$ (128)
Municipal	8	—	6	2	5,698	(107)
Corporate						
Public	192	(6)	2	(6)	15,508	(545)
Privately placed	1,979	(95)	246	(17)	9,828	(453)
Total corporate	2,171	(101)	248	(23)	25,336	(998)
Foreign government	—	—	—	—	1,053	(39)
ABS	1	—	63	7	2,173	(10)
Total fixed income securities	**$ 2,180**	**$ (101)**	**$ 317**	**$ (14)**	**$ 40,745**	**$ (1,282)**

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 back securities.

Equity securities of $5.32 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 $855 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 5 of the condensed consolidated financial statements.

Limited partnership interests include $6.52 billion of interests in private equity funds, $956 million of interests in real estate funds and $501 million of interests in other funds as of March 31, 2022. We have commitments to invest additional amounts in limited partnership interests totaling $2.73 billion as of March 31, 2022.

Other investments include $1.52 billion of bank loans, net, and $750 million of direct investments in real estate as of March 31, 2022.

Unrealized net capital gains (losses)		
($ in millions)	**March 31, 2022**	**December 31, 2021**
U.S. government and agencies	$ (128)	$ (14)
Municipal	(107)	263
Corporate	(998)	496
Foreign government	(39)	3
ABS	(10)	12
Fixed income securities	**(1,282)**	**760**
Short-term investments	(1)	—
Derivatives	(3)	(3)
Equity method of accounting (“EMA”) limited partnerships	4	(1)
Unrealized net capital gains and losses, pre-tax	**$ (1,282)**	**$ 756**

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

($ in millions)	March 31, 2022 Amortized cost, net	Gross unrealized Gains	Gross unrealized Losses	Fair value
Corporate				
Consumer goods (cyclical and non-cyclical)	$ 6,760	$ 30	$ (293)	$ 6,497
Banking	3,736	5	(158)	3,583
Technology	2,924	16	(138)	2,802
Utilities	2,004	4	(98)	1,910
Communications	2,256	12	(98)	2,170
Capital goods	2,453	10	(97)	2,366
Financial services	1,919	8	(95)	1,832
Energy				
Midstream	1,156	9	(33)	1,132
Independent/upstream	343	7	(6)	344
Integrated	105	1	(1)	105
Other	165	1	(5)	161
Total energy	1,769	18	(45)	1,742
Basic industry	1,152	11	(42)	1,121
Transportation	951	6	(29)	928
Other	410	—	(25)	385
Total corporate fixed income portfolio	**26,334**	**120**	**(1,118)**	**25,336**
Municipal	5,805	54	(161)	5,698
U.S. government and agencies	6,613	3	(131)	6,485
Foreign government	1,092	1	(40)	1,053
ABS	2,183	11	(21)	2,173
Total fixed income securities	**$ 42,027**	**$ 189**	**$ (1,471)**	**$ 40,745**

($ in millions)	December 31, 2021 Amortized cost, net	Gross unrealized Gains	Gross unrealized Losses	Fair value
Corporate				
Consumer goods (cyclical and non-cyclical)	$ 6,817	$ 176	$ (42)	$ 6,951
Banking	3,975	54	(31)	3,998
Technology	2,947	80	(23)	3,004
Utilities	2,009	43	(28)	2,024
Communications	2,077	58	(21)	2,114
Capital goods	2,615	75	(12)	2,678
Financial services	1,936	41	(14)	1,963
Energy				
Midstream	1,132	37	(4)	1,165
Independent/upstream	312	18	(1)	329
Integrated	119	6	—	125
Other	224	6	(1)	229
Total energy	1,787	67	(6)	1,848
Basic industry	1,249	56	(6)	1,299
Transportation	976	35	(5)	1,006
Other	446	3	(4)	445
Total corporate fixed income portfolio	**26,834**	**688**	**(192)**	**27,330**
U.S. government and agencies	6,287	12	(26)	6,273
Municipal	6,130	279	(16)	6,393
Foreign government	982	9	(6)	985
ABS	1,143	14	(2)	1,155
Total fixed income securities	**$ 41,376**	**$ 1,002**	**$ (242)**	**$ 42,136**

In general, the 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

($ in millions)	March 31, 2022 Cost	Over (under) cost	Fair value	December 31, 2021 Cost	Over (under) cost	Fair value
Transportation	48	21	69	74	22	96
Utilities	$ 80	$ 21	$ 101	$ 122	$ 23	$ 145
Capital goods	232	24	256	376	37	413
Basic industry	66	27	93	119	30	149
Energy						
Midstream	37	6	43	39	7	46
Integrated	51	24	75	62	8	70
Independent/upstream	27	15	42	44	5	49
Other	7	6	13	14	3	17
Total energy	**122**	**51**	**173**	**159**	**23**	**182**
Other [1]	2,060	694	2,754	3,413	811	4,224
Funds						
Fixed income	1,053	(31)	1,022	1,108	24	1,132
Equities	772	54	826	645	75	720
Other	20	1	21	—	—	—
Total funds	**1,845**	**24**	**1,869**	**1,753**	**99**	**1,852**
Total equity securities	**$ 4,453**	**$ 862**	**$ 5,315**	**$ 6,016**	**$ 1,045**	**$ 7,061**

[1] Other is comprised of communications, REITs, financial services, banking, technology and consumer goods sectors.

Net investment income

($ in millions)	Three months ended March 31, 2022	2021
Fixed income securities	$ 267	$ 301
Equity securities	36	14
Mortgage loans	8	10
Limited partnership interests	292	378
Short-term investments	2	1
Other investments	40	41
Investment income, before expense	645	745
Investment expense		
Investee level expenses	(16)	(13)
Operating costs and expenses	(35)	(24)
Total investment expense	(51)	(37)
Net investment income	**$ 594**	**$ 708**
Property-Liability	$ 558	$ 673
Protection Services	9	10
Allstate Health and Benefits	17	19
Corporate and Other	10	6
Net investment income	**$ 594**	**$ 708**
Market-based	$ 325	$ 355
Performance-based	320	390
Investment income, before expense	**$ 645**	**$ 745**

Net investment income decreased $114 million in the first quarter of 2022 compared to the same period of 2021, primarily due to lower performance-based income results, mainly from limited partnerships, and lower market-based fixed income portfolio yields.

Performance-based investment income

($ in millions)	Three months ended March 31, 2022	2021
Private equity	$ 248	$ 330
Real estate	72	60
Total performance-based income before investee level expenses	**$ 320**	**$ 390**
Investee level expenses [(1)]	(14)	(12)
Total performance-based income	**$ 306**	**$ 378**

[(1)] Investee level expenses include asset level operating expenses reported in investment expense.

Performance-based investment income decreased $72 million in the first quarter of 2022 compared to the first quarter of 2021, primarily due to lower valuation increases and lesser net gains on the sale of underlying investments compared to strong results in 2021.

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, 2022	2021
Sales	$ (127)	$ 246
Credit losses	(11)	2
Valuation change of equity investments - appreciation (decline):		
Equity securities	(285)	181
Equity fund investments in fixed income securities	(62)	(17)
Limited partnerships [(1)]	(100)	3
Total valuation of equity investments	**(447)**	**167**
Valuation change and settlements of derivatives	318	11
Net gains (losses) on investments and derivatives, pre-tax	**(267)**	**426**
Income tax benefit (expense)	56	(94)
Net gains (losses) on investments and derivatives, after-tax	**$ (211)**	**$ 332**
Property-Liability	$ (161)	$ 314
Protection Services	(10)	8
Allstate Health and Benefits	(5)	2
Corporate and Other	(35)	8
Net gains (losses) on investments and derivatives, after-tax	**$ (211)**	**$ 332**
Market-based	$ (304)	$ 337
Performance-based	37	89
Net gains (losses) on investments and derivatives, pre-tax	**$ (267)**	**$ 426**

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

Net losses on investments and derivatives in the first quarter of 2022 related primarily to lower valuation on equity investments and losses on sales, partially offset by increased valuation change and settlements of derivatives.

Sales in the first quarter of 2022 related primarily to sales of fixed income securities in connection with ongoing portfolio management.

Valuation change and settlements of derivatives of $318 million in the first quarter of 2022 primarily comprised of gains on interest rate futures used as part of an interest rate risk reduction strategy to mitigate the impact of increases in interest rates.

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

($ in millions)	Three months ended March 31, 2022	2021
Sales	$ 23	$ 59
Credit losses	(4)	—
Valuation change of equity investments	11	20
Valuation change and settlements of derivatives	7	10
Total performance-based	**$ 37**	**$ 89**

Net gains on performance-based investments and derivatives in the first quarter of 2022 primarily related to gains on sales and increased valuation of equity investments.

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, 2022		December 31, 2021	
Preferred stock, common stock, treasury stock, retained income and other shareholders' equity items	$	24,165	$	24,524
Accumulated other comprehensive (loss) income		(953)		655
Total Allstate shareholders' equity		**23,212**		**25,179**
Debt		7,973		7,976
Total capital resources	**$**	**31,185**	**$**	**33,155**
Ratio of debt to Allstate shareholders' equity		34.3 %		31.7 %
Ratio of debt to capital resources		25.6		24.1

Allstate shareholders' equity decreased in the first three months of 2022, primarily due to unrealized capital losses on investments in 2022 compared to gains in 2021, common share repurchases and dividends paid to shareholders, partially offset by net income. In the three months ended March 31, 2022, we paid dividends of $230 million and $26 million related to our common and preferred shares, respectively.

Debt maturities We do not have any scheduled debt maturities in 2022.

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

($ in millions)		
2023	$	750
2024		350
2025		600
2026		550
2027		—
Thereafter		5,741
Total long-term debt principal	**$**	**7,991**

Common share repurchases As of March 31, 2022, there was $2.50 billion remaining in the $5.00 billion common share repurchase program that is expected to be completed by March 31, 2023.

During the first three months of 2022, we repurchased 6.4 million common shares, or 2.3% of total common shares outstanding at December 31, 2021, for $794 million.

Common shareholder dividends On January 3, 2022, we paid a common shareholder dividend of $0.81. On February 18, 2022, we declared a common shareholder dividend of $0.85 payable on April 1, 2022.

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, 2021.

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 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 Parent holding company deployable assets totaled $5.31 billion as of March 31, 2022, primarily comprised of cash and investments 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, 2022, we held $12.11 billion of cash, U.S. government and agencies fixed income securities, and public equity securities which we would expect to be able to liquidate within one week.

Intercompany dividends were paid in the first three months of 2022 between the following companies: AIC, Allstate Insurance Holdings, LLC ("AIH") and the Corporation.

Intercompany dividends		
($ in millions)		
AIC to AIH	$	3,131
AIH to the Corporation		3,131

Based on the greater of 2021 statutory net income or 10% of statutory surplus, the maximum amount of dividends that AIC will be able to pay, without prior Illinois Department of Insurance approval, at a given point in time in 2022 is estimated at $5.51 billion, less dividends paid during the preceding twelve months measured at that point in time. As of March 31, 2022, we paid dividends of $3.13 billion.

Dividends may not be paid or declared on our common stock and shares of common stock may not be repurchased unless the full dividends for the latest completed dividend period on our preferred stock have been declared and paid or provided for. We are prohibited from declaring or paying dividends on our Series G preferred stock if we fail to meet specified capital adequacy, net income or shareholders' equity levels, except out of the net proceeds of common stock issued during the 90 days prior to the date of declaration. As of March 31, 2022, we satisfied all the requirements with no current restrictions on the payment of preferred stock dividends.

The terms of our outstanding subordinated debentures also prohibit us from declaring or paying any dividends or distributions on our common or preferred stock or redeeming, purchasing, acquiring, or making liquidation payments on our common stock or preferred stock if we have elected to defer interest payments on the subordinated debentures, subject to certain limited exceptions. In the first three months of 2022, 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 2026. 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 19.3% as of March 31, 2022. 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 2022.
- 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, 2022, 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 expires in 2024. We can use this shelf registration to issue an unspecified amount of debt securities, common stock (including 624 million shares of treasury stock as of March 31, 2022), preferred stock, depositary shares, warrants, stock purchase contracts, stock purchase units and securities of trust subsidiaries. The specific terms of any securities we issue under this registration statement will be provided in the applicable prospectus supplements.

Recent Developments

The following updates the regulation disclosures included in Part I, Item 1. Regulation in our annual report on Form 10-K for the year ended December 31, 2021.

Securities and Exchange Commission (“SEC”) proposed rule changes

Climate disclosures. In March 2022, the SEC released its climate-related proposed regulation, requiring registrants to provide certain climate-related information in their registration statements and annual reports. The proposed rule would require information about a registrant’s climate-related risks that are reasonably likely to have a material impact on its business, results of operations, or financial condition. The required information about climate-related risks would also include disclosure of a registrant’s greenhouse gas emissions, which have become a commonly used metric to assess a registrant’s exposure to such risks. In addition, under the proposed rule, certain climate-related financial metrics would be required in a registrant’s audited financial statements. The Company is evaluating the anticipated impacts of the proposed guidance to its disclosures.

Cybersecurity risk management. The SEC issued a proposed rule in March 2022 to mandate cybersecurity disclosures, including information such as: management's and the board’s role and oversight of cybersecurity risks, policies and procedures and how risks and incidents are likely to impact the financial statements. Additionally, certain incidents would have mandatory reporting on a Form 8-K. The Company is evaluating the anticipated impacts of the proposed guidance to its disclosures.

Share repurchase disclosure modernization. The SEC issued two proposed amendments in December 2021 that could impact both the administration of 10b5-1 plans used in part to execute the Company’s stock repurchases and disclosure of activity under those plans. The proposals involve potential daily reporting of share repurchase activity, cooling off periods for both individual and corporate 10b5-1 plans (120 and 30 days, respectively) and a number of new 10Q and 10K disclosures that would be subject to SOX Section 302 Certifications. The Company is evaluating the anticipated impacts of the proposed guidance to its disclosures.

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) unexpected increases in claim frequency and severity; (2) catastrophes and severe weather events; (3) limitations in analytical models used for loss cost estimates; (4) price competition and changes in regulation and underwriting standards; (5) actual claims costs exceeding current reserves; (6) market risk and declines in credit quality of our investment portfolio; (7) our subjective determination of fair value and 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) competition in the industries in which we compete and new or changing technologies; (12) implementation of our transformative growth strategy; (13) our catastrophe management strategy; (14) restrictions on our subsidiaries’ ability to pay dividends; (15) restrictions under terms of certain of our securities on our ability to pay dividends or repurchase our stock; (16) the availability of reinsurance at current levels and prices; (17) counterparty risk related to reinsurance; (18) acquisitions and divestitures of businesses; (19) intellectual property infringement, misappropriation and third-party claims;

Macro, Regulatory and Risk Environment (20) conditions in the global economy and capital markets, including the economic impacts from the recent military conflict between Russia and Ukraine; (21) a large-scale pandemic, the occurrence of terrorism, military actions or social unrest; (22) 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; (23) changing climate and weather conditions; (24) restrictive regulations and regulatory reforms, including limitations on rate increases and requirements to underwrite business and participate in loss sharing arrangements; (25) losses from legal and regulatory actions; (26) changes in or the application of accounting standards; (27) loss of key vendor relationships or failure of a vendor to protect our data, confidential and proprietary information, or personal information of our customers, claimants or employees; (28) our ability to attract, develop and retain talent; and (29) 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, 2022, there have been no changes in our internal control over financial reporting that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Part II. Other Information

Item 1. Legal Proceedings

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

Item 1A. Risk Factors

There have been no material changes in our risk factors from those disclosed in Part I, Item 1A in our annual report on Form 10-K for the year ended December 31, 2021.

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

Issuer Purchases of Equity Securities

Period	**Total number of shares (or units) purchased** [1]	**Average price paid per share (or unit)**	**Total number of shares (or units) purchased as part of publicly announced plans or programs** [2]	**Maximum number (or approximate dollar value) of shares (or units) that may yet be purchased under the plans or programs** [3]
January 1, 2022 - January 31, 2022				
Open Market Purchases	2,415,147	$ 121.81	2,413,500	
February 1, 2022 - February 28, 2022				
Open Market Purchases	2,382,361	$ 123.26	2,011,855	
March 1, 2022 - March 31, 2022				
Open Market Purchases	1,951,350	$ 129.72	1,950,552	
Total	**6,748,858**	**$ 124.61**	**6,375,907**	**$ 2.50 billion**

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

January: 1,647
February: 370,506
March: 798

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

(3) In August 2021, we announced the approval of a common share repurchase program for $5 billion which is expected to be completed by the end of March 2023.

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
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 4, 2022, 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 4, 2022 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 Stockholders of The Allstate Corporation
2775 Sanders Road
Northbrook, IL 60062

We are aware that our report dated May 4, 2022, on our review of the interim financial information of The Allstate Corporation appearing in this Quarterly Report on Form 10-Q for the quarter ended March 31, 2022, is incorporated by reference in the following Registration Statements:

Form S-3 Registration Statement Nos.	Form S-8 Registration Statement Nos.
333-255698	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 4, 2022

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 4, 2022

/s/ Thomas J. Wilson

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

Certifications **Exhibit 31 (i)**

I, Mario Rizzo, certify that:

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

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

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

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

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

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

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

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

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

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

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

Date: May 4, 2022

/s/ Mario Rizzo

Mario Rizzo

Executive Vice President and Chief Financial Officer

Exhibit 32

Section 1350 Certifications

Each of the undersigned hereby certifies that to his knowledge the quarterly report on Form 10-Q for the fiscal period ended March 31, 2022 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 4, 2022

/s/ Thomas J. Wilson

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

/s/ Mario Rizzo

Mario Rizzo
Executive Vice President and Chief Financial Officer