

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

FORM 8-K

**CURRENT REPORT
Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934**

Date of report (Date of earliest event reported): **February 1, 2008**

ALLSTATE LIFE INSURANCE COMPANY

(Exact name of Registrant as Specified in Charter)

Illinois

(State or other jurisdiction of organization)

0-31248

(Commission File Number)

36-2554642

(IRS Employer Identification No.)

**3100 Sanders Road
Northbrook, Illinois**

(Address of Principal Executive Offices)

**60062
Zip**

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

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

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

Section 1 — Registrant's Business and Operations

Item 1.01. Entry into a Material Definitive Agreement

On February 1, 2008, the Registrant entered into a Capital Support Agreement with Allstate Insurance Company ("AIC"), effective December 14, 2007. By entering into this agreement, AIC will be able to more efficiently manage its capital, including capital invested in the Registrant, on both an ongoing basis and under unusual or unprecedented events that might have an impact on the capital and surplus of AIC or the Registrant, including but not limited to natural or manmade catastrophes and events in the capital markets.

Also on February 1, 2008, the Registrant entered into an Intercompany Liquidity Agreement with AIC, effective January 1, 2008. The agreement establishes a process for making short-term advances between affiliates. Under the agreement, the maximum amount of advances that AIC and the Registrant (each individually) can have outstanding at any one time to affiliates in the aggregate is limited to \$1 billion, as is the maximum amount of advances that AIC and the Registrant (each individually) can have outstanding at any one time from affiliates in the aggregate (without netting these amounts.) The agreement does not establish a commitment to advance funds. Advances under the agreement are made at the sole discretion of the party being asked to make an advance at the time of the advance; are payable upon demand following at least ten business days prior notice; and can be prepaid without penalty.

The Registrant is a wholly owned subsidiary of Allstate Insurance Company, a wholly owned subsidiary of The Allstate Corporation.

Section 9 — Financial Statements and Exhibits

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits

<u>Exhibit No.</u>	<u>Description</u>
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10.1	Capital Support Agreement
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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 hereunto duly authorized.

ALLSTATE LIFE INSURANCE COMPANY

By: /s/ Michael J. Velotta
Name: Michael J. Velotta
Title: Senior Vice President, General
Counsel and Secretary

Date: February 6, 2008

CAPITAL SUPPORT AGREEMENT

This Capital Support Agreement (“Agreement”) is entered into between Allstate Insurance Company (“AIC”), an Illinois domiciled property and casualty insurance company, and Allstate Life Insurance Company (“ALIC”), an Illinois domiciled life insurance company and wholly owned subsidiary of AIC, effective December 14, 2007.

AIC acknowledges with respect to itself and ALIC that each party has a long history of, and continues to benefit from, sound management, strong performance, and consistently high levels of capital. AIC’s ongoing consideration of economic capital has led to the conclusion that the uncorrelated risk profiles of the parties allow for a lower level of economic capital in the aggregate without threatening the strong operating positions of each party. By entering into this agreement, AIC will be able to more efficiently manage its capital, including capital invested in ALIC, on both an ongoing basis and under unusual or unprecedented events that might have an impact on the capital and surplus of AIC or ALIC, including but not limited to natural or manmade catastrophes and events in the capital markets. AIC also expects to gain a meaningful competitive advantage relative to competitors that are less diversified. It is the intention of the parties to comply with all legal and regulatory requirements and maintain a reasonable level of ALIC capital and surplus to allow for profitable growth with a goal of maintaining ALIC’s financial strength ratings at or above those of AIC.

In consideration of the following agreements and covenants and other good and valuable consideration, the receipt and sufficiency of which are acknowledged, the parties agree as follows:

1. Capital and Surplus:

AIC agrees that, subject to the conditions set forth below in this Agreement, it shall take such actions as may be necessary and appropriate to cause ALIC to maintain during the term of this Agreement the amount of statutory capital and surplus necessary for ALIC to maintain a “Company Action Level RBC” ratio, as defined in the Illinois Insurance Code, 215 ILCS 5/35A-5 as in effect on the date of this Agreement, of no less than 150%.

2. Limitations:

AIC’s obligation to provide, or cause to be provided, capital and surplus under this Agreement is limited to an aggregate amount of no more than \$1,000,000,000 (the “Capital and Surplus Maximum”).

3. Fees:

While this agreement is in effect, ALIC each year shall pay to AIC an annual commitment fee of 1% of the amount of the Capital and Surplus Maximum that remains available on January 1 of such year. This fee shall be payable on March 1 of each year, or if that day is not a business day, then on the first business day following that date, for that year. If the agreement is terminated prior to the end of the year, AIC shall refund a prorated amount to ALIC.

4. Procedure for Request of Funds by ALIC:

A request by ALIC that AIC provide, or cause to be provided, capital and surplus must be authorized by resolution of the Board or Executive Committee of ALIC and must be delivered to AIC’s Chief Financial Officer or Treasurer prior to any such payment by AIC under this Agreement. A request must include:

- a) a written request that AIC provide, or cause to be provided, capital and/or surplus pursuant to the terms of this Agreement, signed by an officer of ALIC authorized by such resolution; and
- b) the most recently filed quarterly statutory statement and pro-forma quarterly statutory statement for the then current quarter including an accompanying pro-forma calculation of the Company Action Level Risk Based Capital ratio.

The financial information included in the request must be reviewed and approved in writing by ALIC’s Group Vice President and Controller and AIC’s Vice President of Protection Finance or their designees. AIC shall provide, or cause to otherwise be provided, the requested amount of additional capital and/or surplus to ALIC promptly upon receipt of authorization from AIC’s Chief Financial Officer and Treasurer or their designees following their determination that the requirements of this Agreement for such payment have been met.

5. Payments:

If ALIC fails to pay to AIC any obligation due under this Agreement, including, without limitation, any annual commitment fee, AIC may treat such amount as a contribution of capital and surplus that reduces the amount of capital and surplus that can be requested under this Agreement by notifying ALIC in writing of its intent to do so.

6. Termination:

Either party shall have the right to terminate this Agreement upon the occurrence of any one or more of the following events whether or not such event is continuing at the time of termination:

- a) ALIC qualifies for a financial strength rating from Standard and Poor’s, Moody’s or A.M. Best, without giving weight to the existence of this Agreement, that is the same or better than its rating with such support; or
- b) ALIC’s Company Action Level RBC ratio is at least 300%; or
- c) AIC ceases to own directly or indirectly at least 50% of the voting stock of ALIC.

For purposes of this Section 6, all calculations of RBC shall be made pursuant to the provisions of the Illinois Insurance Code, 215 ILCS 5/35A-5, as in effect on the date of this Agreement.

If either party elects to terminate this Agreement following any such occurrence, it shall provide written notice, within 90 days of such occurrence, to the other party designating an effective date for the termination, which shall not be earlier than the date of such notice. The Agreement shall then terminate on such effective date.

This Agreement shall terminate without notice or further action of the parties when the aggregate amount of capital and surplus provided, or caused to be provided, by AIC to ALIC under this

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Agreement reaches the Capital and Surplus Maximum.

7. Notices:

All notices, requests, demands, and other communications under this Agreement from or to ALIC or AIC, shall be in writing and shall be deemed to have been duly given: (a) on the date of service if served personally on the party to which such notice is to be given or (b) on the day after delivery to any overnight carrier. All notices should be addressed as follows:

If to ALIC:

Allstate Life Insurance Company
President
3100 Sanders Road
Northbrook, IL 60062

With a copy to:

Allstate Life Insurance Company
Allstate Financial Law
3100 Sanders Road
Northbrook, IL 60062

If to AIC:

Allstate Insurance Company
Treasurer
3075 Sanders Road
Northbrook, IL 60062

With a copy to:

Allstate Insurance Company
Corporate Law
2775 Sanders Road
Northbrook, IL 60062

8. Written Agreement:

This Agreement may be amended or modified only by written agreement executed by ALIC and AIC. Written notice of any amendment, modification, or termination shall be provided to each nationally recognized statistical rating organization that rates ALIC within thirty (30) days of such amendment, modification, or termination.

9. Miscellaneous Provisions:

- a) This Agreement shall be governed by and construed in accordance with the internal laws of the State of Illinois.
- b) No party hereto shall assign this Agreement or any rights or obligations hereunder without the prior written consent of the other party and any such attempted assignment without such prior written consent shall be void.

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- c) The agreements herein set forth shall be mutually binding upon and inure to the mutual benefit of ALIC and AIC and their respective successors, subject to Section 6 above.
- d) If any part of this Agreement shall be held invalid, illegal, or unenforceable, the remaining parts of the Agreement shall not be affected and shall continue with full force and effect.
- e) The descriptive headings of the various sections or parts of this Agreement are for convenience only and shall not affect the meaning or construction of any of the provision hereof.

- f) This Agreement constitutes the entire agreement between the parties hereto with respect to the subject matter hereof. There are no understandings between the parties other than as expressed in this Agreement.
- g) This Agreement is solely for the benefit of the parties hereto.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement.

Allstate Insurance Company

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

By: /s/ Steven C. Verney
Name: Steven C. Verney
Title: Vice President and Treasurer

Allstate Life Insurance Company

By: /s/ James E. Hohmann
Name: James E. Hohmann
Title: President and Chief Executive Officer

By: /s/ John C. Pintozzi
Name: John C. Pintozzi
Title: Senior Vice President and Chief Financial Officer

INTERCOMPANY LIQUIDITY AGREEMENT

This Intercompany Liquidity Agreement (“Agreement”) is among Allstate Insurance Company (“AIC”), an Illinois domiciled property and casualty insurance company and Allstate Life Insurance Company (“ALIC”), an Illinois domiciled life insurance company. To the extent and only to the extent, a direct or indirect wholly-owned subsidiary of The Allstate Corporation (each an “Allstate Affiliate”) is added to this agreement pursuant to the terms of Sections 1 and 5 below and a signed Addendum substantially in the form of Exhibit B, such Allstate Affiliate shall become a party to this Agreement (each such properly added Allstate Affiliate, together with AIC and ALIC, shall each be a “Party”). As between AIC and ALIC, this Agreement shall be effective on January 1, 2008.

The purpose of this Agreement is to provide a mechanism under which short-term advances of funds may be made between the Parties for liquidity and other general corporate purposes. This Agreement does not establish a commitment to advance funds on the part of any Party. In consideration of the following agreements and covenants and other good and valuable consideration, the receipt and sufficiency of which are acknowledged, the Parties agree as follows:

1. Roles of the Parties and Limits on Outstanding Advances:

Subject to the terms and conditions of this Agreement, from time to time during the term of this Agreement one or more Parties may make and have outstanding advances to one or more of the other Parties to this Agreement. The term “Lender” shall refer to a Party that is making or has made a currently outstanding advance. The term “Borrower” shall refer to a Party that is receiving or has received a currently outstanding advance. From time to time in its capacity as a Lender or a Borrower or both, a Party may have multiple advances outstanding with one or more other Parties. However, at no time shall a Party, in its role as a Lender, have advances outstanding to one or more Parties in an aggregate amount in excess of its “Lender Maximum.” In addition, at no time shall a Party, in its role as a Borrower, have advances outstanding from one or more Parties in an aggregate amount in excess of its “Borrower Maximum.” In determining the amount of outstanding advances with respect to a Party, the gross amount of outstanding advances will be used, with no netting or offsetting permitted. For AIC and ALIC these maximums shall be equal to the following amounts:

	Lender Maximum	Borrower Maximum
AIC	\$ 1,000,000,000	\$ 1,000,000,000
ALIC	\$ 1,000,000,000	\$ 1,000,000,000

The Lender Maximum and Borrower Maximum for any Allstate Affiliate added as a Party shall be specified in the Addendum that adds such Allstate Affiliate as a Party, subject to receipt of any required regulatory approvals.

2. Terms for Advances:

The terms of each advance shall be as agreed upon between the Parties to such advance pursuant to an accepted borrowing request as defined below, provided that the following shall apply to all advances:

- a) Each advance shall have a specified maturity date that is less than or equal to 364 days from the date of the advance.
- b) Advances shall be payable upon demand prior to their maturity date if a written request is made

by the Lender and delivered to the Borrower at least ten business days prior to the date payment is demanded.

- c) At any time and from time to time, the Borrower shall have the right to make one or more prepayments of the outstanding principal balance of an advance without penalty and may designate which advance is being prepaid if more than one advance is outstanding, provided that any such repayment includes all accrued interest on the amount prepaid as of the repayment date.

3. Interest:

Each advance shall bear interest on the outstanding principal amount thereof, for each day from and including the date such advance is made to but not including the date repaid at a rate equal to the rate established between the parties and specified in the accepted borrowing request (as defined below) applicable to such advance, provided that such rate shall be equal to or greater than the interest rate on 30-day commercial paper issued by The Allstate Corporation on the date the advance is made. The rate on each advance shall be adjusted on the first day of each month thereafter, for so long as the advance remains outstanding, to The Allstate Corporation’s then 30-day commercial paper rate plus the spread agreed upon by the parties. Unless otherwise agreed to by the Parties in the accepted borrowing request, such accrued interest shall be payable at the maturity of each such advance. In the event that a 30-day commercial paper rate for The Allstate Corporation is not available, the Parties shall agree on a comparable substitute or the advance shall be promptly repaid.

4. Procedure for Requesting an Advance and Repayment of Advances:

Any Party may request an advance from any other Party. In no circumstance shall a Party be obligated to make an advance under the terms of this Agreement. The decision to make an advance shall be at the sole discretion of the Party being asked to make the advance.

Upon the mutual agreement of the Parties to the terms of an advance, the proposed Borrower shall submit a written borrowing request, substantially in the form of Exhibit A, to the proposed Lender. The borrowing request shall contain the terms agreed to, be signed by two Authorized Officers, as defined below, of the Borrower and signed as accepted by two Authorized Officers of the Lender, provided, however, that, if after making such an advance, a Party will have more than \$500,000,000 in outstanding advances either as a Lender or a Borrower, then one of the two authorized officers signing the borrowing request for such Party must be that Party’s Chief Financial Officer or President (or officers holding substantially equivalent titles if that Party does not have a Chief Financial Officer or President). No separate promissory note shall be required. The date of the advance, amount, interest rate and maturity date shall be recorded in the books and records of the Lender and shall be prima facie evidence of the existence, amount and terms of the advance, absent manifest error, provided the failure to so record or any error therein shall not in any manner affect the obligation of a Borrower to repay an advance in accordance with its

terms as stated on the accepted borrowing request and the terms of this Agreement. For purposes of this Agreement, the term "Authorized Officer", with respect to a Party, shall mean an officer of that Party holding one or more of the following titles, or a substantially equivalent title if such Party does not have an officer holding such title: Chairman of the Board, President, Chief Financial Officer, Controller, Treasurer or Assistant Treasurer.

Each Party, to the extent it receives an advance as a Borrower, hereby unconditionally promises to pay to its Lender the then unpaid principal amount of each such advance together with all accrued interest on such advance in the amounts, at the times and in the manner set forth in this Agreement and the accepted borrowing request, and, in any event, by no later than its maturity date as specified in the accepted borrowing request.

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5. Procedure for Adding Additional Parties:

The Parties agree that additional Allstate Affiliates may be added to this Agreement from time to time provided:

- a) an Addendum, substantially in the form of Exhibit B, is signed by the Allstate Affiliate and AIC on behalf of itself and the other Parties to this agreement after all required corporate authorizations and regulatory approvals for such Allstate Affiliate and AIC have been obtained;
- b) the Addendum specifies the effective date of the Agreement for such Allstate Affiliate;
- c) the Addendum specifies the Lender Maximum and Borrower Maximum, in accordance with Section 1 above, for such Allstate Affiliate.

6. Term and Termination:

This Agreement shall remain in effect for one year from the date first specified above and shall be automatically renewed for subsequent one-year terms unless sooner terminated by the Parties. Any one Party may cancel its participation in this Agreement provided it is not a Party to any outstanding advances, either as a Lender or a Borrower, by giving written notice to AIC. This Agreement shall terminate automatically as to any Party immediately upon such Party ceasing to be a direct or indirect wholly-owned subsidiary of The Allstate Corporation, in which case any outstanding advances involving such Party, shall immediately become due and payable.

7. Miscellaneous Provisions:

- a) This Agreement shall be governed by and construed in accordance with the internal laws of the State of Illinois.
- b) This Agreement may be amended or modified only by written agreement executed by the Parties to be bound by such amendment. An amendment to increase or decrease a Party's Lender Maximum or Borrower Maximum need only be signed by such Party provided all required corporate authorizations and regulatory approvals have been received. In the event that a Party, in its role as a Lender, amends this Agreement to reduce its Lender Maximum and the aggregate amount of its advances outstanding to all other Parties exceeds such reduced Lender Maximum, Lender shall promptly demand payment of such excess from such Borrowers as it selects and such excess shall be payable within ten business days of the delivery of such written demand. In the event that a Party, in its role as a Borrower, amends this Agreement to reduce its Borrower Maximum and the aggregate amount of its advances outstanding from all other Parties exceeds such reduced Borrower Maximum, Borrower shall repay an amount of advances equal to such excess within ten business days of such reduction. In determining the amount of outstanding advances with respect to a Party, the gross amount of outstanding advances will be used, with no netting or offsetting permitted.
- c) No Party hereto shall assign this Agreement or any rights or obligations hereunder without the prior written consent of the other Parties affected and any such attempted assignment without such prior written consent shall be void.
- d) If any part of this Agreement shall be held invalid, illegal or unenforceable, the remaining parts of the Agreement shall not be affected and shall continue with full force and effect.

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- e) The descriptive headings of the various sections or parts of this Agreement are for convenience only and shall not affect the meaning or construction of any of the provision hereof.
- f) This Agreement constitutes the entire agreement between the Parties hereto with respect to the subject matter hereof. There are no understandings between the Parties other than as expressed in this Agreement.
- g) This Agreement is solely for the benefit of the Parties hereto.
- h) The terms of this agreement shall be subject to, and shall in no way supersede, the provisions of the NAIC Accounting Practices and Procedures Manual.

IN WITNESS WHEREOF, the Parties hereto have executed this Agreement.

Allstate Insurance Company

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

By: /s/ Steven C. Verney
Name: Steven C. Verney
Title: Vice President and Treasurer

By: /s/ James E. Hohmann
Name: James E. Hohmann
Title: President and Chief Executive Officer

By: /s/ John C. Pintozzi
Name: John C. Pintozzi
Title: Senior Vice President and Chief Financial Officer

Exhibit A

**INTERCOMPANY LIQUIDITY AGREEMENT
BORROWING REQUEST**

[Request Date]

[Lender]
Attention: Treasurer

Re: Request for Advance

Reference is made to the Intercompany Liquidity Agreement (“Agreement”), dated January 1, 2008, among Allstate Insurance Company, Allstate Life Insurance Company and each such additional direct or indirect wholly-owned subsidiary of The Allstate Corporation as may have entered into the Agreement pursuant to the terms of the Agreement.

Pursuant to the Agreement and subject to the additional terms contained therein, [Borrower] requests an advance of funds from [Lender] with the following terms:

- Date of advance:
- Principal amount:
- Maturity date:
- Initial interest rate (including spread, if any, of basis points above the current interest rate on 30-day commercial paper issued by The Allstate Corporation):
- Interest rate payment schedule if other than as specified in the Agreement:
- Additional terms if other than as specified in the Agreement:

The advance of funds will be governed by the terms and conditions of the Agreement and this accepted borrowing request in all respects.

[Borrower]

By: _____
Name: _____
Title: _____

By: _____
Name: _____
Title: _____

Agreed and Accepted:

[Lender]

By: _____
Name: _____
Title: _____
Date: _____

By: _____
Name: _____
Title: _____

Exhibit B

**INTERCOMPANY LIQUIDITY AGREEMENT
ADDENDUM TO ADD ALLSTATE AFFILIATES**

Reference is made to the Intercompany Liquidity Agreement (“Agreement”), dated January 1, 2008, among Allstate Insurance Company, Allstate Life Insurance Company and each such additional direct or indirect wholly-owned subsidiary of The Allstate Corporation (each an “Allstate Affiliate” and, together with AIC and ALIC, each a “Party”) as may have entered into the Agreement pursuant to the terms of the Agreement.

Pursuant to its status as a direct or indirect wholly-owned subsidiary of The Allstate Corporation, (the "New Party") has requested that it be added as a Party to the Agreement. By executing this Addendum, the New Party agrees to be bound by all the terms and conditions of the Agreement. Its status thereunder shall not be inconsistent with the status of the other Parties to the Agreement.

The New Party shall become a Party to the Agreement effective as of [Date] with the following Lender Maximum and Borrower Maximum, as such term are defined in the Agreement:

Lender Maximum \$ _____
Borrower Maximum \$ _____

[NEW PARTY]

By: _____
Name: _____
Title: _____
Date: _____

By: _____
Name: _____
Title: _____

Agreed and Accepted:

Allstate Insurance Company acknowledges that the New Party shall become a Party to the Agreement on the effective date listed above, subject to all of the terms and conditions of the Agreement as if an original Party thereto, and, pursuant to Section 5 of the Agreement, Allstate Insurance Company executes this Addendum on its behalf and on behalf of all of the other Parties to the Agreement.

ALLSTATE INSURANCE COMPANY

By: _____
Name: _____
Title: _____
Date: _____

By: _____
Name: _____
Title: _____