Catastrophe Reinsurance Program
Effective June 1, 2007 to May 31, 2008

Northbrook, Ill., August 2, 2007 – A description of our completed personal property reinsurance program for Allstate Protection, the property and casualty business unit for The Allstate Corporation (NYSE: ALL), follows.

Our personal lines catastrophe reinsurance program was designed, utilizing our risk management methodology, to address our exposure to catastrophes nationwide. Our program provides reinsurance protection to us for catastrophes including storms named or numbered by the National Weather Service, earthquakes and fires following earthquakes. These reinsurance agreements are part of our catastrophe management strategy, which is intended to provide our shareholders an acceptable return on the risks assumed in our property business and to reduce variability of earnings, while providing protection to our customers.

Our program coordinates coverage under various agreements. As discussed below, our reinsurance program is comprised of agreements that provide coverage for the occurrence of certain qualifying catastrophes in specific states including New York, New Jersey, Connecticut and Texas (“multi-year”); additional coverage for hurricane catastrophe losses in New York, New Jersey and Connecticut (“North-East”) and other states along the southern and eastern coasts (“South-East”); in California for fires following earthquakes (“California fires following”); in New Jersey for losses in excess of the multi year agreement (“New Jersey excess”); and in Kentucky for earthquakes and fires following earthquakes (“Kentucky”). Another reinsurance agreement provides coverage nationwide, excluding Florida, for the aggregate or sum of catastrophe losses in excess of an annual retention associated with storms named or numbered by the National Weather Service, earthquakes and fires following earthquakes (“aggregate excess”). The Florida component of the reinsurance program, which is described later in this document, is designed separately from the other components of the program to address the distinct needs of our separately capitalized legal entities in that state.

During January 2007 we completed the renewal of our aggregate excess, South-East and New Jersey excess reinsurance contracts, opted to expand coverage in the existing multi-year contracts in the states of Texas and New Jersey and added a new agreement covering Kentucky earthquake and fires following earthquakes. In June 2007, we completed the North-East agreement. These contracts will be effective June 1, 2007 to May 31, 2008, with the exception of the aggregate excess contract which is effective June 1, 2007 to May 31, 2009 and the North-East agreement which is effective June 15, 2007 to June 8, 2010.

The multi-year agreements have various retentions and limits designed commensurate with the amount of catastrophe risk, measured on an annual basis, in each covered state. A description of these retentions and limits appears in the following tables and charts. The multi-year, California fires following, New Jersey excess, South-East, Kentucky and North-East agreements cover qualifying losses related to a specific qualifying event in excess of the agreement’s retention. Reinsurance recoveries under each agreement are equal to the qualifying losses in excess of the agreement’s retention for a specific event multiplied by the percentage of reinsurance placed up to the agreement’s occurrence limit.

The South-East agreement provides coverage for Allstate Protection personal property excess catastrophe losses for storms named or numbered by the National Weather Service, effective June 1, 2007 for one year. The South-East agreement covers $500 million of losses in excess of $500 million, with Allstate retaining 5%. This agreement reinsures losses in the states of Louisiana, Mississippi, Alabama, Georgia, South Carolina, North Carolina, Virginia, Maryland, Delaware, Pennsylvania and Rhode Island and the District of Columbia. Unlike the multi-year agreements, the South-East agreement provides that losses resulting from the same occurrence but taking place in various states may be combined to meet the agreements per occurrence retention and limit.

The New Jersey excess agreement provides coverage for Allstate Protection personal property excess catastrophe losses in the state of New Jersey from events such as hurricanes and earthquakes, effective June 1, 2007 for one year. This agreement is for $200 million of coverage in excess of our existing multi-year agreement in the state, with Allstate retaining 5% of losses in excess of $440 million. The multi-year agreement covers 95% of losses of $300 million in excess of $108 million.

The Kentucky agreement provides coverage for Allstate Protection personal property excess catastrophe losses in the state of Kentucky for earthquake and fires following earthquakes, effective June 1, 2007 for one year. This agreement is for $40 million of coverage, in excess of $10 million, with Allstate retaining 5%.

The North-East agreement provides coverage for Allstate Protection personal property and auto excess catastrophe losses in the states of New York, New Jersey and Connecticut for hurricane catastrophe losses, effective June 15, 2007 to June 8, 2010. This agreement was placed with a recently formed Cayman Island insurance company, Willow Re Ltd., that had completed an offering to unrelated investors for principal at risk, variable market rate notes of $250 million to collateralize hurricane catastrophe losses covered by this agreement. Amounts payable under the reinsurance agreement will be based on an index created by applying predetermined percentages representing our market share, to insured personal property and auto industry losses in the covered area as reported by Property Claim Services ("PCS"), a division of Insurance Services Offices, Inc., limited to our actual losses. The North-East agreement covers 34% of $745 million, our estimated share of estimated modified personal property industry catastrophe losses between $9.2 billion and $13.5 billion, or 34% of our catastrophe losses between $1.6 billion (initial trigger) and $2.3 billion (exhaustion point) in the states of New York, New Jersey and Connecticut. The North-East agreement provides that losses arising from the same occurrence but taking place in the three states may be combined to meet the agreement's per occurrence retention and limit.

The aggregate excess agreement provides coverage for the aggregate or sum of all qualifying losses incurred nationwide, except Florida, in excess of $2 billion of aggregated qualifying losses up to the limit of $2 billion arising from three covered perils: storms named or numbered by the National Weather Service, earthquakes and fires following earthquakes, with 5% retained by Allstate in the first year and 20% retained by Allstate in the second year. Losses recoverable from the multi-year, California fires following, New Jersey excess, South-East and Kentucky agreements are excluded when determining the coverage under the aggregate excess agreement to the extent that the loss recoveries conform to the named peril coverage in the aggregate excess agreement. Conversely, losses retained under, or which exceed the limits of the multi-year, California fires following, New Jersey excess, South-East and Kentucky agreements and qualifying as covered perils under the aggregate excess agreement are covered. However, losses qualifying for recovery under the North-East agreement are not excluded from coverage under the New York, New Jersey and Connecticut multi-year, New Jersey excess or the aggregate excess agreements and are also eligible to be ceded under these agreements, as this program was separately placed.

The multi-year, California fires following, New Jersey excess, South-East, and Kentucky agreements expire on May 31, 2008. The aggregate excess agreement was placed with a one year term contract and a two year term contract. For the first year, effective June 1, 2007 to May 31, 2008, Allstate retains 5% of the $2 billion reinsurance limit. The one year term contract for the period June 1, 2007 to May 31, 2008 is 15% placed or $0.3 billion of the $2.0 billion limit. The two year term contract for the period June 1, 2007 to May 31, 2009 is 80% placed or $1.6 billion of the $2.0 billion limit. For the second year of the two year term contract, which expires on May 31, 2009, Allstate has the option to place up to an additional 15% or $300 million of the $2.0

billion limit. Allstate has stipulated that the coverage provided by the multi-year, California fires following, New Jersey excess, South-East and Kentucky agreements will be in place for the purpose of making loss recoveries throughout the two-year duration of the aggregate excess agreement.

Four separate agreements have been entered into by Allstate Floridian Insurance Company and its subsidiaries ("Allstate Floridian") for personal property excess catastrophe losses in Florida, effective June 1, 2007 for one year. These agreements coordinate coverage with the Florida Hurricane Catastrophe Fund, including our elected participation in the optional temporary increase in coverage limit ("TICL"), (collectively "FHCF"). We chose not to participate in the optional temporary emergency additional coverage option ("TEACO") that is below the mandatory FHCF coverage. The FHCF provides 90% reimbursement on qualifying Allstate Floridian property losses up to an estimated maximum of $868 million in excess of a retention of $170 million, including reimbursement of eligible loss adjustment expenses at 5%, for each of the two largest hurricanes and $57 million for all other hurricanes for the season beginning June 1, 2007. Recoveries from the FHCF on policies included in our reinsurance agreements with Universal Insurance Company ("Universal") and Royal Palm Insurance Company ("Royal Palm"), respectively, are ceded to those companies in proportion to total losses qualifying for recovery. In addition, certain recoveries from our four Florida reinsurance agreements attributable to policies reinsured under our reinsurance agreement with Royal Palm are remitted to Royal Palm in proportion to total losses qualifying for recovery. The four agreements are listed and described below.

- FHCF Retention – provides coverage on $120 million of losses in excess of $50 million and is 80% placed, with one reinstatement of limit.
- FHCF Sliver – provides coverage on 10% co-participation of the FHCF payout, or $87 million and is 100% placed, with one reinstatement of limit.
- FHCF Back-up – provides coverage after the FHCF reimbursement protection is utilized on $868 million of losses in excess of $170 million and is 90% placed.
- FHCF Excess – provides coverage on $739 million of losses in excess of the FHCF Retention and the FHCF Back-up agreements and is 100% placed, with one reinstatement of limit.

The reinsurance agreements have been placed in the global reinsurance market, with all limits on our Florida program and the majority of limits on our other programs placed with reinsurers who currently have an A.M. Best insurance financial strength rating of A or better. The remaining limits are placed with reinsurers who currently have an A.M. Best insurance financial strength rating no lower than A-, with four exceptions. Two of the four exceptions have a Standard & Poor's rating of AA- and we have collateral for the entire contract limit exposure for the remaining two reinsurers which are not rated by either rating agency.

We expanded the number of reinsurance participants on our program by utilizing alternative market sources. Alternative market sources refers to a reinsurer that hedge funds, private equity firms, or investment banks substantially or wholly support; retrocedes 100% of its assumed liability to a specific retrocessionaire; provides collateral to us equal to its assumed per occurrence limit; or funding is provided by an unrelated third party issuance of bonds financing the reinsurance limit ("catastrophe bond"). We placed approximately $215 million or 11% of the aggregate excess agreement limits for the June 1, 2007 to May 31, 2008 period, $26 million or 5% of the South-East agreement limit, $250 million or 100% of the North-East agreement limit and $203 million or 11% of the Florida component with alternative market sources.

We estimate that the total annualized cost of all reinsurance programs during the 2007 hurricane season will be approximately $900 million per year or $225 million per quarter. This is compared to a previous estimate of approximately $800 million per year for our total annualized cost during the 2006 hurricane season, or an estimated annualized cost increase of $100 million beginning June 1, 2007. The increase is due to a greater amount of coverage purchased in Florida, the cost of the new North-East reinsurance agreement, and not going forward with the anticipated reinsurance agreement with Royal Palm in Florida covering the cession of losses on 106,000 property policies. However, partially offsetting this development on Royal Palm, we will be retaining the earned premium and underwriting results on the 106,000 policies until they expire. For 2007, we estimate that the retained earned premium will be $86 million. In accordance with the Royal Palm renewal rights agreements, we will not be offering continuing coverage on these policies. The total cost of our reinsurance programs during 2006 was $73 million in the first quarter, $114 million in the second quarter, $211 million in the third quarter and $209 million in the fourth quarter of 2006. The cost during 2007 was $216 million in the first quarter and $231 million in the second quarter.

We continue to aggressively seek to cover our reinsurance cost in premium rates. Rates currently effective reflect approximately 40% of the total cost of our reinsurance programs, and will be included in premiums written during 2007. We expect rates will be in effect which will reflect approximately 45% of the total cost of these reinsurance programs by the end of 2007, and will be included in premiums written during 2008. The percentage of rates expected to be in effect by the end of 2007 to total reinsurance cost declined from our prior estimate of 50% due to a higher cost of the catastrophe reinsurance program for the 2007 hurricane season and rate decreases taken in the second quarter of 2007 in Florida.

The terms, retentions and limits for all of Allstate's catastrophe management reinsurance agreements in place as of June 30, 2007 are listed in the following table.

(in millions)	**Effective Date**	**% Placed**	**Reinstatement**	**Retention**	**Per Occurrence Limit**
Coordinated coverage					
Aggregate excess[(1)]	6/1/2007	95 for year 1; 80 for year 2	None	$2,000	$2,000
California fire following[(2)]	2/1/2006	95	2 limits over remaining term, prepaid	529	1,500
Multi-year[(3)]:	6/1/2005				
Connecticut		95	2 limits over remaining term, prepaid	116	200
New Jersey		95	1 reinstatement each contract year over 3-year term, premium required	108	300
New York[(4)]		90	2 limits over remaining term, prepaid	768	1,000
Texas[(5)]		95	2 limits over remaining term, prepaid	456	750
New Jersey excess[(6)]	6/1/2007	95	1 reinstatement, premium required	440	200
South-East[(7)]	6/1/2007	95	1 reinstatement, premium required	500	500
Kentucky [(8)]	6/1/2007	95	1 reinstatement, premium required	10	40
Independent coverage					
North-East[(9)]	6/15/2007	34	1 limit over 36 month term	1600	745

Coordinated coverage

[(1)]Aggregate Excess Agreement – This agreement has a one year term contract, effective 6/1/2007 to 5/31/2008, and a two year term contract, effective 6/1/2007 to 5/31/2009. It covers the aggregation of qualifying losses for storms named or numbered by the National Weather Service, earthquakes and fires following earthquakes for Allstate Protection personal lines auto and property business countrywide, except for Florida, in excess of $2 billion in aggregated losses per contract year. Losses recoverable if any, from our California fires following, multi-year, New Jersey excess, South-East and Kentucky agreements are excluded when determining coverage under this agreement. The one year contract is 15% placed or $.3 billion of the total $2 billion limit. The two year term contract is 80% placed or $1.6 billion of the total $2 billion limit leaving Allstate the option to place up to an additional 15% in year two. The preliminary reinsurance premium is subject to redetermination for exposure changes.

[(2)]California Fire Following Agreement – This agreement is effective 2/1/2006 and expires 5/31/2008. This agreement covers Allstate Protection personal property excess catastrophe losses in California for fires following earthquakes. This agreement provides $1.5 billion of coverage for all qualifying losses with one reinstatement except when a qualifying loss occurrence exceeds $2 billion, then for 21 days no additional recovery can occur for any losses within the same seismic geographically affected area.

[(3)]Multi-year Agreements – These agreements have been in effect since 6/1/2005 and cover the Allstate brand personal property excess catastrophe losses, expiring 5/31/2008. The preliminary retention and reinsurance premium are subject to redetermination for exposure changes at each anniversary.

[(4)]Two separate reinsurance agreements provide coverage for catastrophe risks in the state of New York: Allstate Insurance Company ("AIC") has a $525 retention and a $550 limit, and Allstate Indemnity Company ("AI") has a $243 retention and a $450 limit.

[(5)]The Texas agreement is with Allstate Texas Lloyd's ("ATL"), a syndicate insurance company. ATL also has a 100% reinsurance agreement with AIC covering losses in excess of and/or not reinsured by the Texas agreement.

[6]New Jersey Excess – This agreement is effective 6/1/2007 for 1 year and covers Allstate Protection personal property catastrophe losses in excess of the New Jersey multi-year agreement.

[7]South-East – This agreement is effective 6/1/2007 for 1 year and covers Allstate Protection personal property excess catastrophe losses for storms named or numbered by the National Weather Service. This agreement covers personal property business in the states of Louisiana, Mississippi, Alabama, Georgia, South Carolina, North Carolina, Virginia, Maryland, Delaware, Pennsylvania and Rhode Island and the District of Columbia. The preliminary reinsurance premium is subject to redetermination for exposure changes.

[8] Kentucky – This agreement is effective 6/1/2007 for one year and covers Allstate Protection personal property excess catastrophe losses for earthquakes and fires following earthquakes.

Independent coverage
[9]North-East – This agreement is effective 6/15/2007 to 6/8/2010 and covers Allstate Protection personal property and auto excess catastrophe losses for hurricanes. This agreement covers 34% of $745, our estimated share of estimated modified personal property industry catastrophe losses between $9.2 billion and $13.5 billion, or 34% of our catastrophe losses between $1.6 billion (initial trigger) and $2.3 billion (exhaustion point) in the states of New York, New Jersey and Connecticut. Qualifying losses under this agreement are also eligible to be ceded under the New York, New Jersey and Connecticut multi-year, New Jersey excess or the aggregate excess agreements.

Allstate Floridian

(in millions)	Effective Date	% Placed	Reinstatement	Retention	Per Occurrence Limit
FHCF Retention[1]	6/1/2007	80	2 limits over 1-year term, prepaid	50	120
FHCF[2]	6/1/2007	90	Annual remeasurements with a first and second season coverage provision	170 for the 2 largest storms, 57 for all other storms	868
FHCF Sliver[3]	6/1/2007	100	2 limits over 1-year term, prepaid	170	10% co-participation of the FHCF recoveries estimated at $868, up to a limit of $87
FHCF Back-up[4]	6/1/2007	90	1 limit over 1-year term	Back-up for FHCF	868
FHCF Excess[5]	6/1/2007	100	2 limits over 1-year term, prepaid	In excess of the FHCF and FHCF Back-up agreements	739

[1]FHCF Retention - provides coverage beginning 6/1/2007 for 1 year covering personal property excess catastrophe losses on policies written by Allstate Floridian, including policies remaining in force by Allstate Floridian and ceded to Royal Palm. The preliminary reinsurance premium is subject to redetermination for exposure changes.

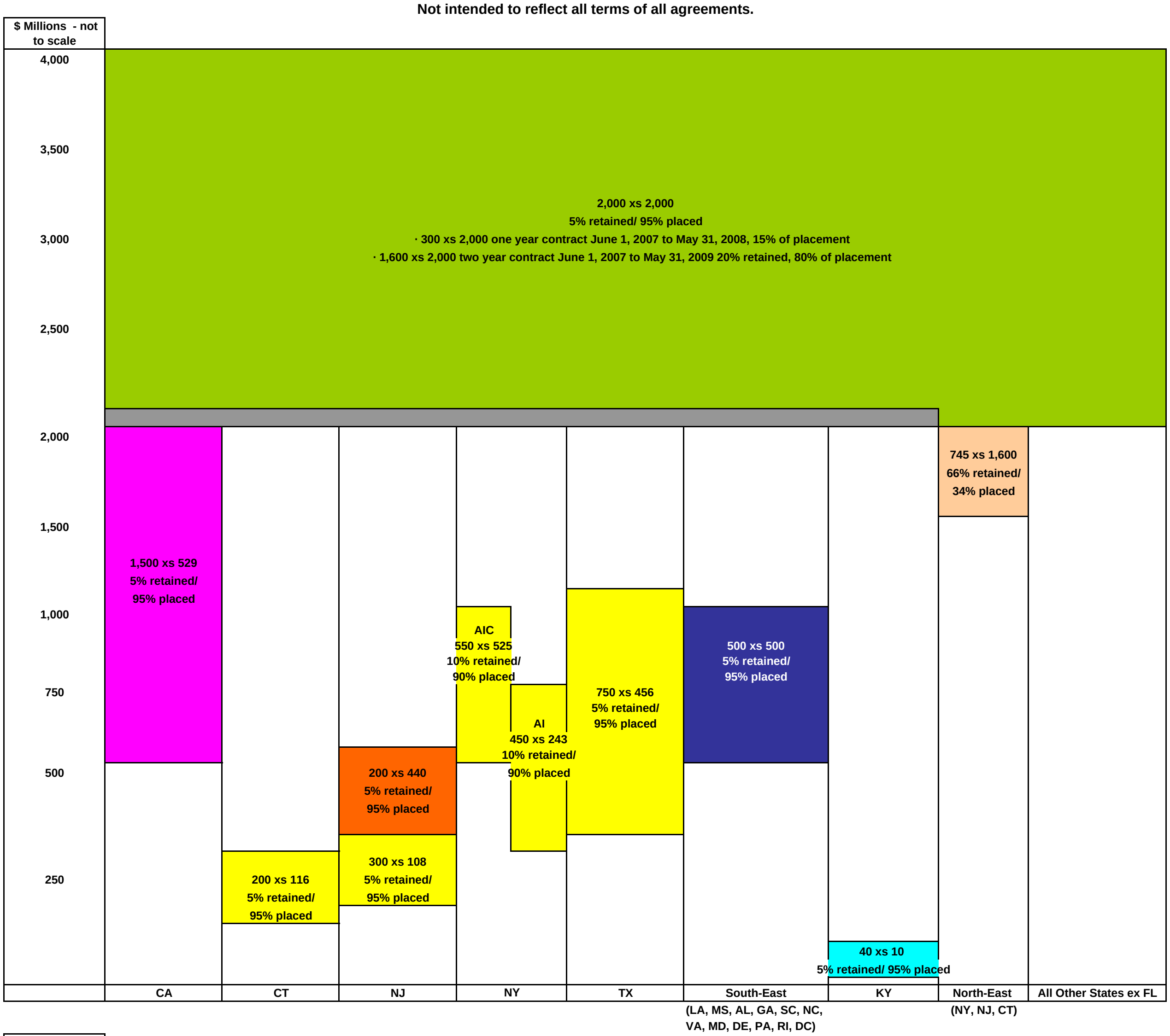
[2]FHCF (Florida Hurricane Catastrophe Fund) – provides 90% reimbursement on qualifying personal property losses up to an estimated maximum per hurricane season, including policies remaining in force and underwritten by Allstate Floridian Insurance Company and Allstate Floridian Indemnity Company and ceded to Universal and Royal Palm. Estimated limits and retentions are calculated for Allstate Floridian Insurance Company and each of its subsidiaries independently, and are subject to annual remeasurements based on 6/30 exposure data. “Provisional retentions” are initial estimates subject to adjustment upward or downward to the actual retention which is determined based on the submitted exposures of all FHCF participants. As of 6/1/2007, the limits provided are an estimated $640 for Allstate Floridian Insurance Company, $168 for Allstate Floridian Indemnity Company, $47 for Encompass Floridian Insurance Company, and $13 for Encompass Floridian Indemnity Company for a total of $868. Provisional retentions for each of the Floridian companies are an estimated $125 for Allstate Floridian Insurance Company, $33 for Allstate Floridian Indemnity Company, $9 for Encompass Floridian Insurance Company, and $3 for Encompass Floridian Indemnity Company for a total of $170.

[3]FHCF Sliver - provides coverage beginning 6/1/2007 for 1 year covering primarily excess catastrophe losses not reimbursed by the FHCF. The provisional retention is $170 and is subject to adjustment upward or downward to an actual retention that will equal the FHCF retention as respects business covered by this contract, including policies remaining in force by Allstate Floridian and ceded to Royal Palm. The preliminary reinsurance premium is subject to redetermination for exposure changes.

[4]FHCF Back-up – provides coverage beginning 6/1/2007 for 1 year covering personal property excess catastrophe losses and is contiguous to the FHCF payout. Coverage includes all in force policies. Recoveries, with certain limitations, are shared with Royal Palm in proportion to total losses qualifying for recovery. As the FHCF capacity is paid out, the retention on this agreement automatically adjusts to mirror the amount of the payout. The preliminary reinsurance premium is subject to redetermination for exposure changes.

[5]FHCF Excess - provides coverage beginning 6/1/2007 for 1 year covering excess catastrophe losses. Coverage includes all in force policies. Recoveries, with certain limitations, are shared with Royal Palm in proportion to total losses qualifying for recovery. The retention on this agreement is designed to attach above and contiguous to the FHCF and FHCF Back-up. As the FHCF and the FHCF Back-up are paid out, the retention automatically adjusts to mirror the amount of the payout. The preliminary reinsurance premium is subject to redetermination for exposure changes.

Current 2007 Reinsurance Programs by State (excluding Florida)
For Illustrative Purposes only.
Not intended to reflect all terms of all agreements.



Legend

Aggregate Excess Agreement – This agreement has a one year term contract, effective 6/1/2007 to 5/31/2008, and a two year term contract, effective 6/1/2007 to 5/31/2009. It covers the aggregation of qualifying losses for storms named or numbered by the National Weather Service, earthquakes and fires following earthquakes for Allstate Protection personal lines auto and property business countrywide except for Florida. The one year contract (6/1/2007 to 5/31/2008) has been 15% placed or $.3 billion of the $2.0 billion limit. The two year contract (6/1/2007 to 5/31/2009) has been 80% placed or $1.6 billion of the $2.0 billion limit leaving Allstate the option to place up to an additional 15% in year two. The preliminary reinsurance premium is subject to redetermination for exposure changes.

Losses recoverable, if any, from our California fires following, multi-year, the New Jersey excess, South-East and Kentucky agreements are excluded when determining the coverage under this agreement.

California Fires Following Agreement – This agreement is effective 2/1/2006 and expires 5/31/2008. This agreement covers Allstate Protection personal property excess catastrophe losses in California for fires following earthquakes. This agreement provides $1.5 billion of coverage for all qualifying losses with one reinstatement except when a qualifying loss occurrence exceeds $2 billion, then for 21 days no additional recovery can occur for any losses within the same seismic geographically affected area.

Multi-year Agreements – These agreements have been in effect since 6/1/2005 and cover the Allstate brand personal property excess catastrophe losses, expiring 5/31/2008. The preliminary retention and reinsurance premium are subject to redetermination for exposure changes at each anniversary. Two separate reinsurance agreements provide coverage for catastrophe risks in the state of New York: Allstate Insurance Company (“AIC”) has a $525 retention and a $550 limit, and Allstate Indemnity Company (“AI”) has a $243 retention and a $450 limit. The Texas agreement is with Allstate Texas Lloyd’s (“ATL”), a syndicate insurance company. ATL also has a 100% reinsurance agreement with AIC covering losses in excess of and/or not reinsured by the Texas agreement.

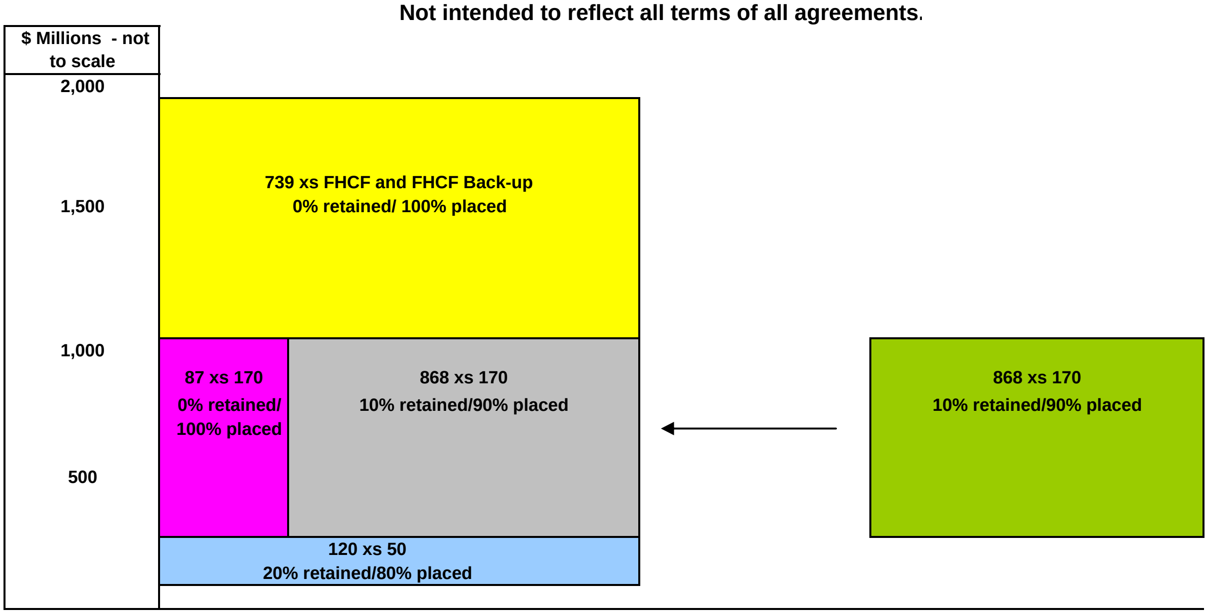
New Jersey Excess – This agreement is effective 6/1/2007 for 1 year and covers Allstate Protection personal property catastrophe losses in excess of the New Jersey multi-year agreement.

South-East – This agreement is effective 6/1/2007 for 1 year and covers Allstate Protection personal property excess catastrophe losses for storms named or numbered by the National Weather Service. This agreement covers personal property business in the states of Louisiana, Mississippi, Alabama, Georgia, South Carolina, North Carolina, Virginia, Maryland, Delaware, Pennsylvania and Rhode Island and the District of Columbia. The preliminary reinsurance premium is subject to redetermination for exposure changes.

Kentucky- This agreement is effective 6/1/2007 for 1 year and covers Allstate Protection personal property excess catastrophe losses for earthquakes and fires following earthquakes.

North-East – This agreement is effective 6/15/2007 to 6/8/2010 and covers Allstate Protection personal property and auto excess catastrophe losses for hurricanes. This agreement covers 34% of $745, our estimated share of estimated modified personal property industry catastrophe losses between $9.2 billion and $13.5 billion, or 34% of our catastrophe losses between $1.6 billion (initial trigger) and $2.3 billion (exhaustion point) in the states of New York, New Jersey and Connecticut. Qualifying losses under this agreement are also eligible to be ceded under the New York, New Jersey and Connecticut multi-year, New Jersey excess or the aggregate excess agreement.

Current 2007 Reinsurance Program for Allstate Floridian
For Illustrative Purposes only.
Not intended to reflect all terms of all agreements.



Legend

FHCF Retention - provides coverage beginning 6/1/2007 for 1 year covering personal property excess catastrophe losses on policies written by Allstate Floridian, including policies remaining in force by Allstate Floridian and ceded to Royal Palm. The preliminary reinsurance premium is subject to redetermination for exposure changes.

FHCF (Florida Hurricane Catastrophe Fund) – provides 90% reimbursement on qualifying personal property losses up to an estimated maximum per hurricane season, including policies remaining in force and underwritten by Allstate Floridian Insurance Company and Allstate Floridian Indemnity Company and ceded to Universal and Royal Palm. Estimated limits and retentions are calculated for Allstate Floridian Insurance Company and each of its subsidiaries independently, and are subject to annual remeasurements based on 6/30 exposure data. "Provisional retentions" are initial estimates subject to adjustment upward or downward to the actual retention which is determined based on the submitted exposures of all FHCF participants. As of 6/1/2007, the limits provided are an estimated $640 for Allstate Floridian Insurance Company, $168 for Allstate Floridian Indemnity Company, $47 for Encompass Floridian Insurance Company, and $13 for Encompass Floridian Indemnity Company for a total of $868. Provisional retentions for each of the Floridian companies are an estimated $125 for Allstate Floridian Insurance Company, $33 for Allstate Floridian Indemnity Company, $9 for Encompass Floridian Insurance Company, and $3 for Encompass Floridian Indemnity Company for a total of $170.

FHCF Sliver - provides coverage beginning 6/1/2007 for 1 year covering primarily excess catastrophe losses not reimbursed by the FHCF. The provisional retention is $170 and is subject to adjustment upward or downward to an actual retention that will equal the FHCF retention as respects business covered by this contract, including policies remaining in force by Allstate Floridian and ceded to Royal Palm. The preliminary reinsurance premium is subject to redetermination for exposure changes.

FHCF Back-up – provides coverage beginning 6/1/2007 for 1 year covering personal property excess catastrophe losses and is contiguous to the FHCF payout. Coverage includes all in force policies. Recoveries, with certain limitations, are shared with Royal Palm in proportion to total losses qualifying for recovery. As the FHCF capacity is paid out, the retention on this agreement automatically adjusts to mirror the amount of the payout. The preliminary reinsurance premium is subject to redetermination for exposure changes.

FHCF Excess - provides coverage beginning 6/1/2007 for 1 year covering excess catastrophe losses. Coverage includes all in force policies. Recoveries, with certain limitations, are shared with Royal Palm in proportion to total losses qualifying for recovery. The retention on this agreement is designed to attach above and contiguous to the FHCF and FHCF Back-up. As the FHCF and the FHCF Back-up are paid out, the retention automatically adjusts to mirror the amount of the payout. The preliminary reinsurance premium is subject to redetermination for exposure changes.

Reinsurance Agreements
Highlights of Certain Other Contract Terms and Conditions

	South-East	Aggregate Excess	Multi-year, New Jersey excess, California fires following and Kentucky	North-East	Allstate Floridian*
Business Reinsured	Personal Lines Property business	Personal Lines Property and Auto business	Personal Lines Property business	Personal Lines Property and Auto business	Personal Lines Property business
Location (s)	11 states and Washington, DC	Nationwide except Florida	Each specific state	New York, New Jersey and Connecticut	Florida
Covered Losses	1 specific peril – storms named or numbered by the National Weather Service	3 specific perils – storms named or numbered by the National Weather Service, earthquakes, and fires following earthquakes	Multi-year and New Jersey excess: multi-perils - includes hurricanes and earthquakes California fires following: 1 specific peril – fires following earthquakes Kentucky-earthquakes and fires following earthquakes.	Hurricanes	Multi-peril – includes hurricanes and earthquakes
Brands Reinsured	Allstate Brand Encompass Brand	Allstate Brand Encompass Brand	Multi-year: Allstate Brand New Jersey excess, California fires following, Kentucky: Allstate Brand and Encompass Brand	Allstate Brand Encompass Brand	Allstate Brand Encompass Brand
Exclusions, other than typical market negotiated exclusions	Automobile Terrorism Commercial	Assessment exposure to California Earthquake Authority Terrorism Commercial	Automobile Terrorism Commercial	Terrorism Commercial	Automobile Terrorism Commercial
Loss Occurrence	Sum of all qualifying losses from named or numbered storms by the National Weather Service over 96 hours	Sum of all qualifying losses and sum of all qualifying occurrences (Aggregate) Losses over 96 hours from a named or numbered storm Losses over 168 hours for an earthquake Losses over 168 hours within a 336 hour period for fires following an earthquake	Sum of all qualifying losses for a specific occurrence over 168 hours Windstorm related occurrences over 96 hours Riot related occurrences over 72 hours California fires following occurrences over 168 hours. No additional recovery can occur for any losses within the same seismic geographically affected area for an additional 336 hours when a qualifying loss exceeds $2 billion. Kentucky earthquake and fires following earthquake occurrences over 336 hours.	Hurricane event – our market share of PCS' estimated modified industry catastrophe losses	Sum of all qualifying losses for specific occurrences over 168 hours Windstorm related occurrences over 96 hours Riot related occurrences over 72 hours
Loss adjustment expenses included within ultimate net loss	10% of qualifying losses	10% of qualifying losses	Multi-year and California fires following: actual expenses; New Jersey excess and Kentucky: 10% of qualifying losses	12.5%	12.5%

* Allstate Floridian information relates to the FHCF Retention, FHCF, FHCF Sliver, FHCF Back-up and FHCF Excess agreements.

Illustration of Utilization of Reinsurance Coverage

The following examples are provided to illustrate to investors Allstate's reinsurance program and should not be relied upon to determine the amount of Allstate's net loss from any actual events that may occur in the future. They are based on hypothetical situations. The actual amounts recoverable under our reinsurance program and the amount of our net loss from any one event or series of events could differ materially from the hypothetical results presented in these examples due to a variety of factors, including the nature and location of the specific losses incurred, the specific lines of business covered by the various reinsurance agreements, and the impact of potential litigation.

(in millions)

										Allstate Floridian				
	Amount	**Notes**	**South-East (a)**	**Multi-year(b)**	**New Jersey Excess (b)**	**California Fire Following**	**Kentucky**	**Aggregate Excess**	**North-East**	**FHCF Retention**	**FHCF(c)**	**FHCF Sliver**	**FHCF Excess**	**FHCF Back-up**
Example 1 - One hurricane landfalls in North Carolina, total loss of $2.1 billion (Total loss of $2.1 billion, net loss of $1.6 billion or 77.4%)														
North Carolina hurricane														
South-East														
Loss	2,100.0													
Retention	500.0	500 retention												
Subject Loss	1,600.0	Total loss less 500 retention												
Retained	25.0	5% retained on 500 xs 500 retention												
Recoverable	(475.0)	95% of 500 xs 500 placed	(475.0)											
Retained	1,100.0	In excess of South-East Agreement retention and limit												
North Carolina loss	**2,100.0**													
Less recoverables	**(475.0)**		(475.0)											
Net loss	**1,625.0**													

Illustration of Utilization of Reinsurance Coverage

The following examples are provided to illustrate to investors Allstate's reinsurance program and should not be relied upon to determine the amount of Allstate's net loss from any actual events that may occur in the future. They are based on hypothetical situations. The actual amounts recoverable under our reinsurance program and the amount of our net loss from any one event or series of events could differ materially from the hypothetical results presented in these examples due to a variety of factors, including the nature and location of the specific losses incurred, the specific lines of business covered by the various reinsurance agreements, and the impact of potential litigation.

(in millions)

										Allstate Floridian				
	Amount	**Notes**	**South-East (a)**	**Multi-year(b)**	**New Jersey Excess (b)**	**California Fire Following**	**Kentucky**	**Aggregate Excess**	**North-East**	**FHCF Retention**	**FHCF(c)**	**FHCF Sliver**	**FHCF Excess**	**FHCF Back-up**
Example 2 - First hurricane landfalls in North Carolina, total loss of $1.05 billion; second hurricane landfalls in Louisiana, total loss of $1.4 billion (Total loss of $2.45 billion, net loss of $1.5 billion or 61.2%)														
Hurricane in North Carolina														
South-East														
Loss	1,050.0													
Retention	500.0	500 retention												
Subject Loss	550.0	Total loss less 500 retention												
Retained	25.0	5% retained on 500 xs 500 retention												
Recoverable	(475.0)	95% of 500 xs 500 placed	(475.0)											
Retained	50.0	In excess of South-East Agreement retention and limit												
North Carolina loss	**1,050.0**													
Less recoverables	**(475.0)**													
Net loss	**575.0**													
Hurricane in Louisiana														
South-East														
Loss	1,400.0													
Retention	500.0	500 retention												
Subject Loss	900.0	Total loss less 500 retention												
Retained	25.0	5% retained on 500 xs 500 retention												
Recoverable	(475.0)	45% of 95% of 500 xs 500 retention, limit reinstated	(475.0)											
Retained	400.0	In excess of South-East Agreement retention and limit as reinstated												
Louisiana loss	**1,400.0**													
Less recoverables	**(475.0)**													
Net loss	**925.0**													
Total losses	**2,450.0**													
Less recoverables	**(950.0)**													
Net loss	**1,500.0**		(950.0)											

Illustration of Utilization of Reinsurance Coverage

The following examples are provided to illustrate to investors Allstate's reinsurance program and should not be relied upon to determine the amount of Allstate's net loss from any actual events that may occur in the future. They are based on hypothetical situations. The actual amounts recoverable under our reinsurance program and the amount of our net loss from any one event or series of events could differ materially from the hypothetical results presented in these examples due to a variety of factors, including the nature and location of the specific losses incurred, the specific lines of business covered by the various reinsurance agreements, and the impact of potential litigation.

(in millions)

										Allstate Floridian				
	Amount	Notes	South-East (a)	Multi-year(b)	New Jersey Excess (b)	California Fire Following	Kentucky	Aggregate Excess	North-East	FHCF Retention	FHCF(c)	FHCF Sliver	FHCF Excess	FHCF Back-up
Example 3 - First hurricane landfalls in Alabama, total loss of $350 million; second hurricane landfalls in Georgia, total loss of $900 million; third hurricane landfalls in North Carolina and South Carolina, total loss of $750 (Total loss of $2 billion, net loss of $1.4 billion or 69.1%)														
Hurricane in Alabama														
South-East														
Loss	350.0													
Retention	500.0	500 retention												
Recoverable	0.0	Retention exceeds total loss												
Alabama loss	**350.0**													
Less recoverable	**0.0**													
Net loss	**350.0**													
Hurricane in Georgia														
South-East														
Loss	900.0													
Retention	500.0	500 retention												
Subject Loss	400.0	Total loss less 500 retention												
Retained	20.0	5% retained on 400 xs 500 retention												
Recoverable	(380.0)	95% of 400 loss xs 500 retention	(380.0)											
Georgia loss	**900.0**													
Less recoverables	**(380.0)**													
Net loss	**520.0**													
Hurricane in North Carolina and South Carolina														
South-East														
Loss	750.0													
Retention	500.0	500 retention												
Subject Loss	250.0	Total loss less 500 retention												
Retained	12.5	5% retained on 250 xs 500 retention												
Recoverable	(237.5)	95% of 250 loss xs 500 retention, limit reinstated	(237.5)											
NC and SC loss	**750.0**													
Less recoverables	**(237.5)**													
Net loss	**512.5**													
Total loss	**2,000.0**													
Less recoverables	**(617.5)**		**(617.5)**											
Net loss	**1,382.5**													

Illustration of Utilization of Reinsurance Coverage

The following examples are provided to illustrate to investors Allstate’s reinsurance program and should not be relied upon to determine the amount of Allstate’s net loss from any actual events that may occur in the future. They are based on hypothetical situations. The actual amounts recoverable under our reinsurance program and the amount of our net loss from any one event or series of events could differ materially from the hypothetical results presented in these examples due to a variety of factors, including the nature and location of the specific losses incurred, the specific lines of business covered by the various reinsurance agreements, and the impact of potential litigation.

(in millions)

										Allstate Floridian				
	Amount	Notes	South-East (a)	Multi-year(b)	New Jersey Excess (b)	California Fire Following	Kentucky	Aggregate Excess	North-East	FHCF Retention	FHCF(c)	FHCF Sliver	FHCF Excess	FHCF Back-up
Example 4 - First hurricane landfalls in Maryland, total loss $600 million; second hurricane landfalls in New Jersey, total loss of $700 million; third hurricane landfalls in Maine, total loss of $200 million; fire losses reported in California following an earthquake, total loss of $1.7 billion. (Total loss of $3.2 billion, net loss of $1.5 billion or 47.4%)														
Hurricane in Maryland														
South-East														
Loss	600.0													
Retention	500.0	500 retention												
Subject loss	100.0	Total loss less 500 retention												
Retained	5.0	5% retained on 100 xs 500 retention												
Recoverable	(95.0)	95% of 100 loss xs 500 retention	(95.0)											
Maryland loss	**600.0**													
Less recoverables	**(95.0)**													
Net loss	**505.0**													
Hurricane in New Jersey														
Multi-Year														
Loss	700.0													
Retention	108.0	108 retention												
Subject Loss	592.0	Total loss less 108 retention												
Retained	15.0	5% retained on 300 limit xs 108 retention												
Recoverable	(285.0)	95% placed on 300 limit xs 108 retention		(285.0)										
New Jersey Excess														
Retained	10.0	5% retained on 200 limit xs 440 retention												
Recoverable	(190.0)	95% placed on 200 limit xs 440 retention			(190.0)									
Retained	60.0	In excess of New Jersey Excess retention and limit												
New Jersey loss	**700.0**													
Less recoverables	**(475.0)**													
Net loss	**225.0**													
Hurricane in Maine														
Loss	200.0													
Retained	200.0	No state specific reinsurance												
Maine loss	**200.0**													
Less recoverable	**0.0**													
Net loss	**200.0**													

Illustration of Utilization of Reinsurance Coverage

The following examples are provided to illustrate to investors Allstate's reinsurance program and should not be relied upon to determine the amount of Allstate's net loss from any actual events that may occur in the future. They are based on hypothetical situations. The actual amounts recoverable under our reinsurance program and the amount of our net loss from any one event or series of events could differ materially from the hypothetical results presented in these examples due to a variety of factors, including the nature and location of the specific losses incurred, the specific lines of business covered by the various reinsurance agreements, and the impact of potential litigation.

(in millions)

										Allstate Floridian				
	Amount	Notes	South-East (a)	Multi-year(b)	New Jersey Excess (b)	California Fire Following	Kentucky	Aggregate Excess	North-East	FHCF Retention	FHCF(c)	FHCF Sliver	FHCF Excess	FHCF Back-up
Example 4 - continuation														
Fire losses in California following an earthquake														
CA Fire Following														
Loss	1,700.0													
Retention	529.0	529 retention												
Subject loss	1,171.0	Total loss less 529 retention												
Retained	58.6	5% retained on 1,171 xs 529 retention												
Recoverable	(1,112.4)	95% placed on 1,171 xs 529 retention				(1112.4)								
CA loss	**1,700.0**													
Less recoverable	**(1,112.4)**													
Net loss	**587.6**													
Total loss	**3,200.0**													
Less recoverables	**(1,682.4)**		**(95.0)**	**(285.0)**	**(190.0)**	**(1112.4)**								
Net loss	**1,517.6**													

Illustration of Utilization of Reinsurance Coverage

The following examples are provided to illustrate to investors Allstate's reinsurance program and should not be relied upon to determine the amount of Allstate's net loss from any actual events that may occur in the future. They are based on hypothetical situations. The actual amounts recoverable under our reinsurance program and the amount of our net loss from any one event or series of events could differ materially from the hypothetical results presented in these examples due to a variety of factors, including the nature and location of the specific losses incurred, the specific lines of business covered by the various reinsurance agreements, and the impact of potential litigation.

(in millions)

											Allstate Floridian				
	Amount	Notes	South-East (a)	Multi-year(b)	New Jersey Excess (b)	California Fire Following	Kentucky	Aggregate Excess	North-East	FHCF Retention	FHCF(c)	FHCF Sliver	FHCF Excess	FHCF Back-up
Example 5 - First hurricane landfalls in Louisiana, total loss of $3.6 billion; second hurricane landfalls in Texas, total loss of $1 billion; third hurricane landfalls in Florida, total loss of $1.2 billion ($990 million net of Universal and Royal Palm) (Total loss of $5.6 billion, net loss of $2.2 billion or 38.6%)														
Hurricane in Louisiana														
South-East														
Loss	3,600.0													
Retained	500.0	500 retention												
Subject Loss	3,100.0	Total loss less 500 retention												
Retained	25.0	5% retained on 500 xs 500 retention												
Recoverable	(475.0)	95% of 500 xs 500 placed	(475.0)											
Retained	2,600.0	In excess of South-East Agreement retention and limit												
Louisiana loss	**3,600.0**													
Less recoverables	**(475.0)**													
Net loss	**3,125.0**													
Aggregate Excess														
Subject Loss	3,125.0													
Retention	2,000.0	2,000 retention												
Subject Loss	1,125.0	Total loss less 2,000 retention												
Retained	56.2	5% retained on 1,125 xs 2,000 retention												
Recoverable	(1,068.8)	95% placed on 1,125 xs 2,000 retention						(1068.8)						
Aggregate excess recoverable	**(1,068.8)**													
Hurricane in Texas														
Multi-Year														
Loss	1,000.0													
Retention	456.0	456 retention												
Subject Loss	544.0	Total loss less 456 retention												
Retained	27.2	5% retained on 544 loss xs 456 retention												
Recoverable	(516.8)	95% placed on 544 loss xs 456 retention		(516.8)										
Texas loss	**1,000.0**													
Less recoverable	**(516.8)**													
Net loss	**483.2**													
Aggregate Excess														
Subject Loss	483.2	Retention for multi-year agreement (456 + 27.2 = 483.2)												
Retained	24.2	5% retained on 483.2 loss (aggregate limit remaining: 1900 placed less 1068.8 = 831.2)												
Recoverable	(459.0)	95% placed on 483.2 loss						(459.0)						
Aggregate Excess Recoverable	**(459.0)**													

Illustration of Utilization of Reinsurance Coverage

The following examples are provided to illustrate to investors Allstate's reinsurance program and should not be relied upon to determine the amount of Allstate's net loss from any actual events that may occur in the future. They are based on hypothetical situations. The actual amounts recoverable under our reinsurance program and the amount of our net loss from any one event or series of events could differ materially from the hypothetical results presented in these examples due to a variety of factors, including the nature and location of the specific losses incurred, the specific lines of business covered by the various reinsurance agreements, and the impact of potential litigation.

(in millions)

										Allstate Floridian				
	Amount	Notes	South-East (a)	Multi-year(b)	New Jersey Excess (b)	California Fire Following	Kentucky	Aggregate Excess	North-East	FHCF Retention	FHCF(c)	FHCF Sliver	FHCF Excess	FHCF Back-up
Example 5- continuation														
Hurricane in Florida														
FHCF Retention														
Loss	1200.0													
Less Ceded	10.0	Total loss less 10 ceded to Universal												
Net loss	1190.0	Universal exposure excluded												
Retention	50.0	50 retention												
Subject Loss	1140.0	Net loss less 50 retention												
Retained	24.0	20% retained on 120 xs 50 retention												
Recoverable	(96.0)	80% placed on 120 xs 50 retention								(96.0)				
FHCF														
Loss	1200.0													
Retention	170.0	170 provisional retention for the FHCF												
Subject Loss	1030.0	Net loss less 170 retention												
Total retention	86.8	10% retained on 868 xs 170 retention												
Total recoverable	(781.2)	90% placed on 868 xs 170, inclusive of Royal Palm and Universal									(781.2)			
FHCF Sliver														
Net loss	1190.0	Universal exposure excluded												
Retention	170.0	170 retention												
Subject Loss	1020.0	Net loss less 170 retention												
Recoverable	(86.8)	10% placed on 868 xs of 170 limit up to reinsured limit of 86.8										(86.8)		
FHCF Excess														
Net loss	1190.0	Universal exposure excluded												
Retention	1038.0	1038 retention												
Subject Loss	152.0	Net loss less 1038 retention												
Retained	15.2	10% retained on 152 xs 1038 retention												
Recoverable	(136.8)	90% placed on 152 xs 1038 retention											(136.8)	
Quota Share Recoveries														
Royal Palm														
Ceded loss	(200.0)													
FHCF	130.2	Recovery due Royal Palm (16.7% (200/1200) of FHCF recovery of $781.2)									130.2			
FHCF Retention	16.0	Recovery due Royal Palm (16.7% (200/1200) of FHCF Retention recovery of $96)								16.0				
FHCF Sliver	14.5	Recovery due Royal Palm (16.7% (200/1200) of FHCF Sliver recovery of $86.8)										14.5		
FHCF Excess	22.8	Recovery due Royal Palm (16.7% (200/1200) of FHCF Excess recovery of $136.8)											22.8	
Net recoverable	(16.5)													
Universal														
Ceded loss	(10.0)													
Cession	6.5	Recovery due Universal (0.83% (10/1200)of FHCF recovery of $781.2)									6.5			
Net recoverable	(3.5)													
Florida loss	**1200.0**													
Less ceded	**(210.0)**	Ceded to Royal Palm and Universal												
Net loss	**990.0**													
Total recoverables	**(1100.8)**													
Less ceded recoverable	**190.0**	Ceded to Royal Palm and Universal												
Net recoverables	**(910.8)**													
Florida loss	**79.2**													

Illustration of Utilization of Reinsurance Coverage

The following examples are provided to illustrate to investors Allstate’s reinsurance program and should not be relied upon to determine the amount of Allstate’s net loss from any actual events that may occur in the future. They are based on hypothetical situations. The actual amounts recoverable under our reinsurance program and the amount of our net loss from any one event or series of events could differ materially from the hypothetical results presented in these examples due to a variety of factors, including the nature and location of the specific losses incurred, the specific lines of business covered by the various reinsurance agreements, and the impact of potential litigation.

(in millions)

										Allstate Floridian				
	Amount	Notes	South-East (a)	Multi-year(b)	New Jersey Excess (b)	California Fire Following	Kentucky	Aggregate Excess	North-East	FHCF Retention	FHCF(c)	FHCF Sliver	FHCF Excess	FHCF Back-up
Example 5- continuation														
Total loss	**5,590.0**													
Less net recoverables	**(3,430.4)**		**(475.0)**	**(516.8)**				**(1527.8)**		**(80.0)**	**(644.5)**	**(72.3)**	**(114.0)**	
Net loss	**2,159.6**													

(a) Reinsurance premium will be payable to the extent that the reinsurance limit can be reinstated up to a total of $500 million for all qualifying occurrences. The contract allows one per occurrence reinstatement limit. The amount of reinstatement premium due is equal to the amount of limit reinstated multiplied by the reinsurance premium rate on line and the amount of reinsurance limit placed or 95%.
(b) Reinsurance premiums will be payable to the extent that the reinsurance limit(s) can be reinstated up to a total of $300 million for the New Jersey multi-year and $200 million for the New Jersey excess for all qualifying occurrences. The amount of premium payable is determined pursuant to the same formula as noted in Note (a) above for the South-East agreement.
(c) For purposes of these examples, the limit of liability and retention applicable to the FHCF have been combined for all Floridian companies