Catastrophe Reinsurance Program
Effective June 1, 2008 to May 31, 2009

Northbrook, Ill., July 23, 2008 – During the second quarter of 2008, we completed the personal lines property reinsurance program for Allstate Protection, the property and casualty business unit for The Allstate Corporation (NYSE: ALL), by placing a Florida component and additional coverage in the state of Texas.

Our catastrophe reinsurance program allows us to continue to broadly offer protection products. It was designed, utilizing our risk management methodology, to address our exposure to catastrophes nationwide. Our program provides reinsurance protection for catastrophes including storms named or numbered by the National Weather Service, fires following earthquakes, earthquakes and California wildfires. 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, Rhode Island and Texas (“multi-peril”); additional coverage for hurricane catastrophe losses in states along the southern and eastern coasts (“South-East”), New York, New Jersey and Connecticut (“North-East”), and Texas (“Texas”); in California for fires following earthquakes (“California fires following earthquakes”); 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, fires following earthquakes, earthquakes, and California wildfires (“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.

We designed a layered approach to placing our reinsurance coverage to lessen the amount of reinsurance being placed in the market in any one year.

- The multi-peril and California fires following earthquakes agreements were placed as one, two and three year contracts each providing one-third of the total limits and expiring as of May 31, 2009, 2010 and 2011, respectively. We have the right to cancel the two and three year contracts upon timely notice on the first or second anniversary dates.
- The South-East agreement is for one-year expiring May 31, 2009.
- The North-East agreement was placed in June 2007 and its risk period is effective June 15, 2007 to June 8, 2010.
- The Texas agreement was placed in June 2008 and its risk period is effective June 18, 2008 to June 17, 2011.
- The Kentucky agreement has been placed as a three year term contract. This contract can be canceled on the first or second anniversary dates.
- The aggregate excess agreement comprises three contracts: one contract expiring on May 31, 2009 and two contracts expiring on May 31, 2010.

The multi-peril agreements have various retentions and limits 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. Three contracts comprise each multi-peril agreement, with one-third of the coverage expiring on May 31, 2009, 2010 and 2011, respectively. The multi-peril agreement for Connecticut and Rhode Island provides that losses resulting from the same occurrence but taking place in both states may be combined to meet the agreement's per occurrence retention and 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. 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 and Pennsylvania and the District of Columbia. The South-East agreement provides that losses resulting from the same occurrence but taking place in various states may be combined to meet the agreement's per occurrence retention and limit.

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. This agreement was placed with a Cayman Island insurance company, Willow Re Ltd., which 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 ("catastrophe bond"). 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 limits on our North-East agreement are designed to replicate as close as possible 38% of $658 million, our estimated market share of estimated modified personal property industry catastrophe losses between $9.2 billion and $13.5 billion, or 38% of our catastrophe losses between $1.6 billion (retention) and $2.2 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 Texas agreement provides coverage for Allstate Protection personal property excess catastrophe losses in Texas for hurricane catastrophe losses. This agreement was also placed with Willow Re Ltd., which completed a catastrophe bond offering 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 industry losses in Texas as reported by PCS, limited to our actual losses. The limits on our Texas agreement are designed to replicate as close as possible 100% of $250 million, our estimated market share of estimated modified personal property industry catastrophe losses between $12.5 billion and $15.8 billion, or 100% of our catastrophe losses between $950 million (retention) and $1.2 billion (exhaustion point).

The California fires following earthquakes agreement provides coverage for Allstate Protection personal property excess catastrophe losses in the state of California. This agreement is for $750 million of coverage, in excess of $750 million, with Allstate retaining 5% for the first year of coverage. One-third of the coverage expires with each of the three contracts in this agreement.

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

The aggregate excess agreement provides coverage for the aggregate or sum of all qualifying Allstate Protection 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, fires following earthquakes, and earthquakes in the contract effective June 1, 2007 to May 31, 2009, and storms named or numbered by the National Weather Service, fires following earthquakes, and California wildfires in the two year contracts effective June 1, 2008 to May 31, 2010.

The contract effective June 1, 2007 to May 31, 2009 has one year remaining on its two year term. In addition, two contracts with two year terms are effective June 1, 2008 to May 31, 2010. For the year June 1, 2008 to May 31, 2009, Allstate retains 5% of the $2 billion reinsurance limit. The one year term remaining on the contract effective June 1, 2007 to May 31, 2009 is 47.5% placed or $950 million of the $2.0 billion limit. The two year term contracts effective June 1, 2008 to May 31, 2010 are collectively 47.5% placed or $950 million of the $2.0 billion limit. For the second year of the two year term contracts, Allstate has the option to place up to an additional 47.5% or $950 million of the $2.0 billion limit.

Losses recoverable from the multi-peril, South-East, North-East, California fires following earthquakes, 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 (“inure”). Conversely, losses retained under, or which exceed the limits of, the multi-peril, South-East, North-East, California fires following earthquakes, and Kentucky agreements and qualifying as covered perils under the aggregate excess agreement are covered. For the aggregate excess contract effective June 1, 2007 to May 31, 2009, the retentions and limits of the agreements that inure to the aggregate excess contract are the retentions and limits as stated in these agreements effective June 1, 2007. Losses recoverable under the Texas agreement are not excluded when determining coverage under the aggregate excess agreement, and losses recoverable under the North-East agreement are not excluded when determining coverage under the aggregate excess contract effective June 1, 2007 to May 31, 2009.

Allstate has stipulated that the coverage provided by the multi-peril, South-East, California fires following earthquakes and Kentucky agreements are deemed to be in place for the purpose of making loss recoveries under the contract effective June 1, 2007 to May 31, 2009, and that the coverage provided by the multi-peril, South-East, North-East, California fires following earthquakes and Kentucky agreements are deemed to be in place for the purpose of making loss recoveries under the contracts effective June 1, 2008 to May 31, 2010.

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, 2008 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 $458 million in excess of a $99 million retention, including reimbursement of eligible loss adjustment expenses at 5%, for each of the two largest hurricanes and $33 million for all other hurricanes for the season beginning June 1, 2008. The four agreements are listed and described below.

- FHCF Retention – provides coverage on $59 million of losses in excess of $40 million and is 100% placed, with one prepaid reinstatement of limit.
- FHCF Sliver – provides coverage on 10% co-participation of the FHCF payout, or $46 million and is 100% placed, with one prepaid reinstatement of limit.
- FHCF Back-up – provides coverage after the exhaustion of an amount equivalent to the anticipated FHCF reimbursement protection on $458 million of losses in excess of $99 million and is 90% placed.
- FHCF Excess – provides coverage on $99 million of losses in excess of the FHCF Retention, FHCF and the FHCF Back-up agreements and is 100% placed, with one prepaid reinstatement of limit.

The reinsurance agreements have been placed in the global reinsurance market, with all limits on our current 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 three exceptions. Of the three exceptions, one has a Standard & Poor's ("S&P") rating of AA, one has an S&P rating of AA- and we have collateral for the entire contract limit exposure for the reinsurer which is not rated by either rating agency.

We estimate that the total annualized cost of all catastrophe reinsurance programs for the year beginning June 1, 2008 will be approximately $660 million per year or $165 million per quarter. This is compared to $920 million per year for our total annualized cost for the year beginning June 1, 2007, or an estimated annualized cost decrease of $260 million beginning June 1, 2008. The estimated decrease is due in part to our reduced exposure in Florida following our non-renewal activities over the past year. The total cost of our reinsurance programs during 2007 was $216 million in the first quarter, $231 million in the second quarter, $227 million in the third quarter and $222 million in the fourth quarter of 2007. The cost during 2008 was $227 million in the first quarter and $223 million in the second quarter and is estimated to be $165 million in the third and fourth quarters. We continue to attempt to capture our reinsurance cost in premium rates as allowed by state regulatory authorities.

The terms, retentions and limits for all of Allstate's catastrophe management reinsurance agreements in place as of June 1, 2008 are listed in the following table.

(in millions)	Effective Date	% Placed Yr 1	% Placed Yr 2	% Placed Yr 3	June 1, 2008 Reinstatements	Retention	Per Occurrence Limit
Aggregate excess[1]	6/1/2008	95	47.5	NA	None	$2,000	$2,000
Multi-peril[2]:	6/1/2008						
- Connecticut/Rhode Island		80	53	27	2 limits each year for each contract, prepaid	200	200
- New Jersey		95	63	32	2 limits each year for each contract, prepaid	200	300
		80	53	27	2 limits each year for each contract, prepaid	500	200
-New York		80	53	27	2 limits each year for each contract, prepaid	750	1,000
-Texas[3]		95	63	32	2 limits each year for each contract, prepaid	500	500
South-East[4]	6/1/2008	95	NA	NA	1 reinstatement, premium required	500	500
North-East[5]	6/15/2007	NA	38	38	None	1,551	658
Texas[6]	6/18/08	100	100	100	None	950	250
California fires following earthquakes[7]	6/1/2008	95	63	32	2 limits each year for each contract, prepaid	750	750
Kentucky [8]	6/1/2008	95	95	95	3 limits over 3 years, prepaid	10	40

[1]Aggregate Excess – This agreement has one contract effective 6/1/2007 to 5/31/2009, and two contracts effective 6/1/2008 to 5/31/2010. It covers the aggregation of qualifying losses for storms named or numbered by the National Weather Service, fires following earthquakes, and earthquakes for the contract effective 6/1/2007 to 5/31/2009, and storms named or numbered by the National Weather Service, fires following earthquakes, and California wildfires for the contracts effective 6/1/2008 to 5/31/2010, 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 multi-peril, South-East, North-East, California fires following earthquakes, and Kentucky agreements are excluded when determining coverage under this agreement. For the contract effective 6/1/2007 to 5/31/2009, the retentions and limits of the agreements that inure to the aggregate excess contract are the retentions and limits as stated in these agreements effective 6/1/2007. Losses recoverable on the Texas agreement do not inure under this agreement, and losses recoverable on the North-East agreement do not inure under the contract effective 6/1/2007 to 5/31/2009. The contract effective 6/1/2007 to 5/31/2009 is 47.5% placed or $950 million of the total $2 billion limit. The contracts effective 6/1/2008 to 5/31/2010 are collectively 47.5% placed or $950 million of the total $2 billion limit, leaving Allstate the option to place up to an additional 47.5% in year two. The preliminary reinsurance premium is subject to redetermination for exposure changes.

[2]Multi-peril – These agreements have one year, two year and three year contracts that are effective 6/1/2008 and expiring 5/31/2009, 2010 and 2011, respectively. These agreements cover Allstate Protection personal property excess catastrophe losses. The preliminary retention and reinsurance premium are subject to redetermination for exposure changes at each anniversary, except for the one year contract in which the retention is not subject to adjustment.

[3]The Texas multi-peril agreement includes 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 multi-peril and aggregate excess agreements.

[4]South-East – This agreement is effective 6/1/2008 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 and Pennsylvania and the District of Columbia. The preliminary reinsurance premium is subject to redetermination for exposure changes.

[5]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 38% of $658, our estimated market share of estimated modified personal property industry catastrophe losses between $9.2 billion and $13.5 billion, or 38% of our catastrophe losses between $1.6 billion (retention) and $2.2 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 and Rhode Island multi-peril and the one-year aggregate excess contract effective 6/1/2007 to 5/31/2009.

[6]Texas – This agreement is effective 6/18/2008 to 6/17/2011 and covers Allstate Protection personal property excess catastrophe losses for hurricanes. This agreement provides coverage for 100% of $250 million, our estimated market share of estimated modified personal property industry catastrophe losses between $12.5 billion and $15.8 billion, or 100% of our catastrophe losses between $950 million (retention) and $1.2 billion (exhaustion point). Qualifying losses under this agreement are also eligible to be ceded under the Texas multi-peril and aggregate excess agreement.

[7]California Fires Following Earthquakes – This agreement has one year, two year and three year contracts that are effective 6/1/2008 and expiring 5/31/2009, 2010 and 2011, respectively. This agreement covers Allstate Protection personal property excess catastrophe losses in California for fires following earthquakes. The preliminary retention and reinsurance premium are subject to redetermination for exposure changes at each anniversary, except for the one year contract in which the retention is not subject to adjustment.

[8] Kentucky – This agreement is effective 6/1/2008 for three years and covers Allstate Protection personal property excess catastrophe losses for earthquakes and fires following earthquakes. This agreement provides three limits over three years subject to two limits being available in any one contract year.

Allstate Floridian

(in millions)	Effective Date	% Placed	Reinstatement	Retention	Per Occurrence Limit
FHCF Retention[1]	6/1/2008	100	2 limits over 1-year term, prepaid	40	59
FHCF[2]	6/1/2008	90	Annual remeasurements with a first and second season coverage provision	99 for the 2 largest storms, 33 for all other storms	458
FHCF Sliver[3]	6/1/2008	100	2 limits over 1-year term, prepaid	99	10% co-participation of the FHCF recoveries estimated at $458, up to a limit of $46
FHCF Back-up[4]	6/1/2008	90	1 limit over 1-year term	Back-up for FHCF	458
FHCF Excess[5]	6/1/2008	100	2 limits over 1-year term, prepaid	In excess of the FHCF and FHCF Back-up agreements	99

[1]FHCF Retention - provides coverage beginning 6/1/2008 for 1 year covering personal property excess catastrophe losses on policies written by Allstate Floridian. 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. 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 6/1/2008, the limits provided are an estimated $309 for Allstate Floridian Insurance Company, $94 for Allstate Floridian Indemnity Company,

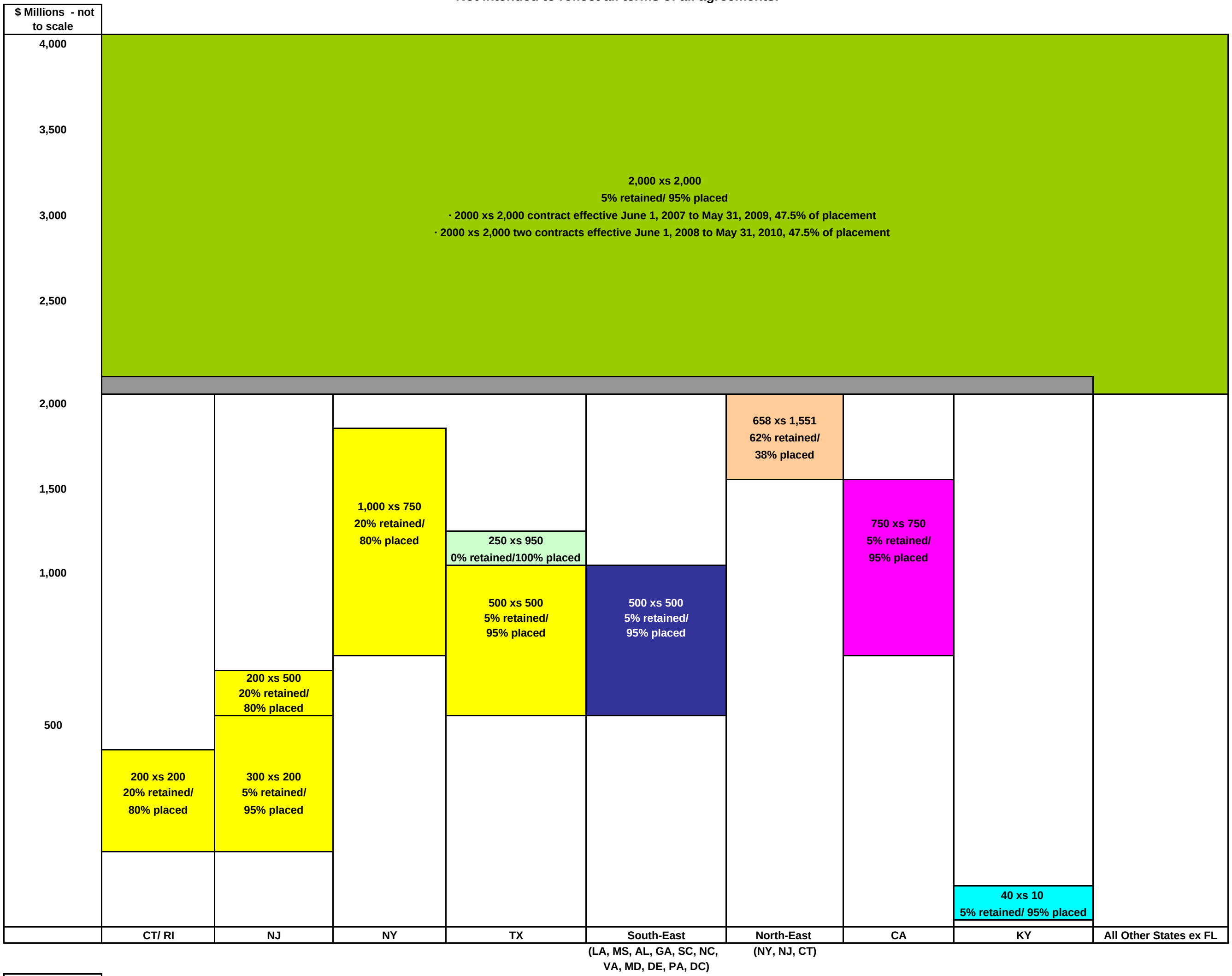
$40 for Encompass Floridian Insurance Company, and $15 for Encompass Floridian Indemnity Company for a total of $458. Provisional retentions for each of the Floridian companies are an estimated $67 for Allstate Floridian Insurance Company, $21 for Allstate Floridian Indemnity Company, $8 for Encompass Floridian Insurance Company, and $3 for Encompass Floridian Indemnity Company for a total of $99.

(3)FHCF Sliver - provides coverage beginning 6/1/2008 for 1 year covering primarily excess catastrophe losses not reimbursed by the FHCF. The provisional retention is $99 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. The preliminary reinsurance premium is subject to redetermination for exposure changes. Estimated limits and retentions are calculated for Allstate Floridian Insurance Company and each of its subsidiaries independently. As of 6/1/2008, the limits provided are an estimated $31 for Allstate Floridian Insurance Company, $9 for Allstate Floridian Indemnity Company, $4 for Encompass Floridian Insurance Company, and $2 for Encompass Floridian Indemnity Company for a total of $46. Retentions for each of the Floridian companies are an estimated $67 for Allstate Floridian Insurance Company, $21 for Allstate Floridian Indemnity Company, $8 for Encompass Floridian Insurance Company, and $3 for Encompass Floridian Indemnity Company for a total of $99.

(4)FHCF Back-up – provides coverage beginning 6/1/2008 for 1 year covering personal property excess catastrophe losses and is contiguous to the FHCF payout. 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. Estimated limits and retentions are calculated for Allstate Floridian Insurance Company and each of its subsidiaries independently. As of 6/1/2008, the limits provided are an estimated $309 for Allstate Floridian Insurance Company, $94 for Allstate Floridian Indemnity Company, $40 for Encompass Floridian Insurance Company, and $15 for Encompass Floridian Indemnity Company for a total of $458. Retentions for each of the Floridian companies are an estimated $67 for Allstate Floridian Insurance Company, $21 for Allstate Floridian Indemnity Company, $8 for Encompass Floridian Insurance Company, and $3 for Encompass Floridian Indemnity Company for a total of $99.

(5)FHCF Excess - provides coverage beginning 6/1/2008 for 1 year covering excess catastrophe losses. 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. The estimated limit is calculated for Allstate Floridian Insurance Company on a consolidated basis. Estimated retentions are calculated for Allstate Floridian Insurance Company and each of its subsidiaries independently. As of 6/1/2008, retentions are an estimated $67 for Allstate Floridian Insurance Company, $21 for Allstate Floridian Indemnity Company, $8 for Encompass Floridian Insurance Company, and $3 for Encompass Floridian Indemnity Company for a total of $99.

Current 2008 Reinsurance Programs by State (excluding Florida)
For Illustrative Purposes only.
Not intended to reflect all terms of all agreements.



Legend

Aggregate Excess – This agreement has one contract effective 6/1/2007 to 5/31/2009, and two contracts effective 6/1/2008 to 5/31/2010. It covers the aggregation of qualifying losses for storms named or numbered by the National Weather Service, fires following earthquakes, and earthquakes for the contract effective 6/1/2007 to 5/31/2009, and storms named or numbered by the National Weather Service, fires following earthquakes, and California wildfires for the contracts effective 6/1/2008 to 5/31/2010, for Allstate Protection personal lines auto and property business countrywide, except for Florida, in excess of $2 billion in aggregated losses per contract year. The contract effective 6/1/2007 to 5/31/2009 is 47.5% placed or $950 million of the $2 billion limit. The contracts effective 6/1/2008 to 5/31/2010 are collectively 47.5% placed or $950 million of the total $2 billion limit, leaving Allstate the option to place up to an additional 47.5% in year two. The preliminary reinsurance premium is subject to redetermination for exposure changes.

Losses recoverable, if any, from our multi-peril, South-East, North-East, California fires following earthquakes and Kentucky agreements are excluded when determining coverage under this agreement. For the contract effective 6/1/2007 to 5/31/2009, the retentions and limits of the agreements that inure to the aggregate excess contract are the retentions and limits as stated in these agreements effective 6/1/2007. Losses recoverable on the Texas agreement do not inure under this agreement, and losses recoverable on the North-East agreement do not inure under the contract effective 6/1/2007 to 5/31/2009.

Multi-peril – These agreements have one year, two year and three year contracts that are effective 6/1/2008 and expiring 5/31/2009, 2010 and 2011, respectively. These agreements cover Allstate Protection personal property excess catastrophe losses. The preliminary retention and reinsurance premium are subject to redetermination for exposure changes at each anniversary, except for the one year contract in which the retention is not subject to adjustment. The Texas multi-peril agreement includes 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 multi-peril and aggregate excess agreements.

South-East – This agreement is effective 6/1/2008 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 the District of Columbia. The preliminary reinsurance premium is subject to redetermination for exposure changes.

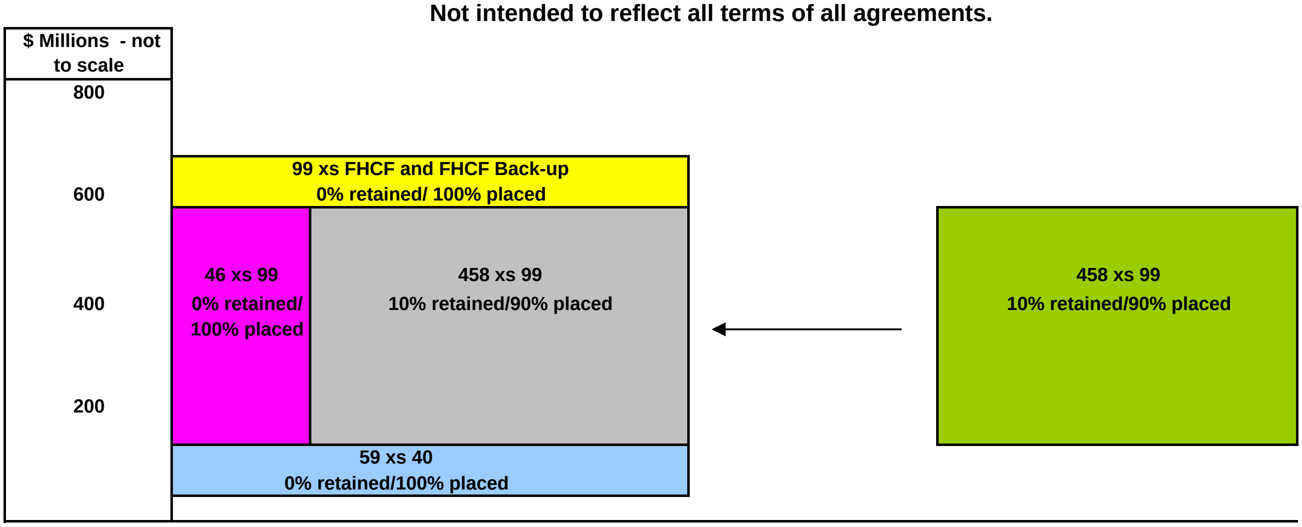
North-East – This agreement is effective 6/15/2007 to 6/8/2010 and covers Allstate Protection personal property and auto excess catastrophe losses for hurricanes. This agreement covers 38% of $658, our estimated market share of estimated modified personal property industry catastrophe losses between $9.2 billion and $13.5 billion, or 38% of our catastrophe losses between $1.6 billion (retention) and $2.2 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 and Rhode Island multi-peril and the one-year aggregate excess contract effective 6/1/2007 to 5/31/2009.

Texas - This agreement is effective 6/18/2008 to 6/17/2011 and covers Allstate Protection personal property excess catastrophe losses for hurricanes. This agreement provides coverage for 100% of $250 million, our estimated market share of estimated modified personal property industry catastrophe losses between $12.5 billion and $15.8 billion, or 100% of our catastrophe losses between $950 million (retention) and $1.2 billion (exhaustion point). Qualifying losses under this agreement are also eligible to be ceded under the Texas multi-peril and the aggregate excess agreement.

California Fires Following Earthquakes – This agreement has one year, two year and three year contracts that are effective 6/1/2008 and expiring 5/31/2009, 2010, and 2011, respectively. This agreement covers Allstate Protection personal property excess catastrophe losses in California for fires following earthquakes. The preliminary retention and reinsurance premium are subject to redetermination for exposure changes at each anniversary, except for the one year contract in which the retention is not subject to adjustment.

Kentucky- This agreement is effective 6/1/2008 for three years and covers Allstate Protection personal property excess catastrophe losses for earthquakes and fires following earthquakes. This agreement provides three limits over three years subject to two limits being available in any one contract year.

Current 2008 Reinsurance Program for Allstate Floridian
For Illustrative Purposes only.
Not intended to reflect all terms of all agreements.



Legend

FHCF Retention - provides coverage beginning 6/1/2008 for 1 year covering personal property excess catastrophe losses on policies written by Allstate Floridian. 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. 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 6/1/2008, the limits provided are an estimated $309 for Allstate Floridian Insurance Company, $94 for Allstate Floridian Indemnity Company, $40 for Encompass Floridian Insurance Company, and $15 for Encompass Floridian Indemnity Company for a total of $458. Provisional retentions for each of the Floridian companies are an estimated $67 for Allstate Floridian Insurance Company, $21 for Allstate Floridian Indemnity Company, $8 for Encompass Floridian Insurance Company, and $3 for Encompass Floridian Indemnity Company for a total of $99.

FHCF Sliver - provides coverage beginning 6/1/2008 for 1 year covering primarily excess catastrophe losses not reimbursed by the FHCF. The provisional retention is $99 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. The preliminary reinsurance premium is subject to redetermination for exposure changes. Estimated limits and retentions are calculated for Allstate Floridian Insurance Company and each of its subsidiaries independently. As of 6/1/2008, the limits provided are an estimated $31 for Allstate Floridian Insurance Company, $9 for Allstate Floridian Indemnity Company, $4 for Encompass Floridian Insurance Company and $2 for Encompass Floridian Indemnity Company for a total of $46. Retentions for each of the Floridian companies are an estimated $67 for Allstate Floridian Insurance Company, $21 for Allstate Floridian Indemnity Company, $8 for Encompass Floridian Insurance Company, and $3 for Encompass Floridian Indemnity Company for a total of $99.

FHCF Back-up – provides coverage beginning 6/1/2008 for 1 year covering personal property excess catastrophe losses and is contiguous to the FHCF payout. 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. Estimated limits and retentions are calculated for Allstate Floridian Insurance Company and each of its subsidiaries independently. As of 6/1/2008, the limits provided are an estimated $309 for Allstate Floridian Insurance Company, $94 for Allstate Floridian Indemnity Company, $40 for Encompass Floridian Insurance Company, and $15 for Encompass Floridian Indemnity Company for a total of $458. Retentions for each of the Floridian companies are an estimated $67 for Allstate Floridian Insurance Company, $21 for Allstate Floridian Indemnity Company, $8 for Encompass Floridian Insurance Company, and $3 for Encompass Floridian Indemnity Company for a total of $99.

FHCF Excess - provides coverage beginning 6/1/2008 for 1 year covering excess catastrophe losses. 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. The estimated limit is calculated for Allstate Floridian Insurance Company on a consolidated basis. Estimated retentions are calculated for Allstate Floridian Insurance Company and each of its subsidiaries independently. As of 6/1/2008, retentions are an estimated $67 for Allstate Floridian Insurance Company, $21 for Allstate Floridian Indemnity Company, $8 for Encompass Floridian Insurance Company, and $3 for Encompass Floridian Indemnity Company for a total of $99.

Reinsurance Agreements
Highlights of Certain Other Contract Terms and Conditions

	Aggregate Excess	Multi-peril, California fires following earthquakes and Kentucky	South-East	North-East	Texas	Allstate Floridian*
Business Reinsured	Personal Lines Property and Auto Business	Personal Lines Property Business	Personal Lines Property Business	Personal Lines Property and Auto Business	Personal Lines Property Business	Personal Lines Property Business
Location (s)	Nationwide except Florida	Each specific state Multi-peril states include New York, New Jersey, Texas, Connecticut and Rhode Island	10 states and Washington, DC	New York, New Jersey and Connecticut	Texas	Florida
Covered Losses	3 specific perils in each contract – storms named or numbered by the National Weather Service, fires following earthquakes, and earthquakes in the contract effective June 1, 2007 to May 31, 2009, and storms named or numbered by the National Weather Service, fires following earthquakes, and California wildfires in the contracts effective June 1, 2008 to May 31, 2010.	Multi-peril: Hurricanes and earthquakes California fires following earthquakes: Fires following earthquakes Kentucky:- Earthquakes and fires following earthquakes	Storms named or numbered by the National Weather Service	Hurricanes	Hurricanes	Multi-peril – including hurricanes and earthquakes
Pertinent Exclusions	Assessment exposure to California Earthquake Authority, Terrorism, Commercial	Automobile, Terrorism, Commercial	Automobile, Terrorism, Commercial	Terrorism, Commercial	Assessment exposure to the Texas Windstorm Insurance Association, Automobile, Terrorism, Commercial	Automobile, Terrorism, Commercial, Policies reinsured under 100% quota share agreements with Royal Palm Insurance Company and Universal Insurance Company of North America
Loss Occurrence	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	Multi-peril: Sum of all qualifying earthquakes, fires following earthquake and wildfire losses for a specific occurrence over 168 hours. Windstorm related occurrences over 96 hours. Riot related occurrences over 72 hours. California fires following earthquakes: occurrences over 168 hours. Kentucky: earthquake and fires following earthquake occurrences over 168 hours within a 336 hour period.	Sum of all qualifying losses from named or numbered storms by the National Weather Service over 96 hours	Hurricane event – our market share of PCS' estimated modified industry catastrophe losses	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	12.5% of qualifying losses	12.5% of qualifying losses	12.5% of qualifying losses	12.5% of qualifying losses	12.5% of qualifying losses	12.5% of qualifying losses

* 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 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)

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%)

							California			Allstate Floridian(c)				
	Amount	**Notes**	**Multi-peril(a)**	**South-East (b)**	**North-East**	**Texas**	**Fires Following Earthquakes**	**Kentucky**	**Aggregate Excess**	**FHCF Retention**	**FHCF**	**FHCF Sliver**	**FHCF Back-up**	**FHCF Excess**
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 retention		(475.0)										
Retained	1,100.0	In excess of South-East 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 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)

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%)

										Allstate Floridian(c)				
	Amount	**Notes**	**Multi-peril(a)**	**South-East (b)**	**North-East**	**Texas**	**California Fires Following Earthquakes**	**Kentucky**	**Aggregate Excess**	**FHCF Retention**	**FHCF**	**FHCF Sliver**	**FHCF Back-up**	**FHCF Excess**
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 retention		(475.0)										
Retained	50.0	In excess of South-East 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)	95% of 500 xs 500 retention, limit reinstated		(475.0)										
Retained	400.0	In excess of South-East 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)**			**(950.0)**										
Net loss	**1,500.0**													

Illustration of Utilization of Reinsurance Coverage

The following examples are provided to illustrate 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)

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%)

							California			Allstate Floridian(c)				
							Fires Following		Aggregate	FHCF		FHCF	FHCF	FHCF
	Amount	Notes	Multi-peril(a)	South-East (b)	North-East	Texas	Earthquakes	Kentucky	Excess	Retention	FHCF	Sliver	Back-up	Excess
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 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 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 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)

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 $1.9 billion or 60.9%)

	Amount	Notes	Multi-peril(a)	South-East (b)	North-East	Texas	California Fires Following Earthquakes	Kentucky	Aggregate Excess	Allstate Floridian(c) FHCF Retention	Allstate Floridian(c) FHCF	Allstate Floridian(c) FHCF Sliver	Allstate Floridian(c) FHCF Back-up	Allstate Floridian(c) FHCF Excess
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 xs 500 retention		(95.0)										
Maryland loss	**600.0**													
Less recoverables	**(95.0)**													
Net loss	**505.0**													
Hurricane in New Jersey														
Multi-Peril														
Loss	700.0													
Retention	200.0	200 retention												
Subject Loss	500.0	Total loss less 200 retention												
Retained	15.0	5% retained on 300 xs 200 retention												
Recoverable	(285.0)	95% of 300 xs 200 retention	(285.0)											
Retained	40.0	20% retained on 200 xs 500 retention												
Recoverable	(160.0)	80% of 200 xs 500 retention	(160.0)											
New Jersey loss	**700.0**													
Less recoverables	**(445.0)**													
Net loss	**255.0**													
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 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(c)				
	Amount	**Notes**	**Multi-peril(a)**	**South-East (b)**	**North-East**	**Texas**	**California Fires Following Earthquakes**	**Kentucky**	**Aggregate Excess**	**FHCF Retention**	**FHCF**	**FHCF Sliver**	**FHCF Back-up**	**FHCF Excess**
Example 4 - continuation														
Fire losses in California following an earthquake														
CA Fires Following Earthquakes														
Loss	1,700.0													
Retention	750.0	750 retention												
Subject loss	950.0	Total loss less 750 retention												
Retained	37.5	5% retained on 750 xs 750 retention												
Recoverable	(712.5)	95% of 750 xs 750 retention					(712.5)							
Retained	200.0	In excess of CA Fires Following Earthquakes limit												
CA loss	**1,700.0**													
Less recoverable	**(712.5)**													
Net loss	**987.5**													
Total loss	**3,200.0**													
Less recoverables	**(1,252.5)**		**(445.0)**	**(95.0)**			**(712.5)**							
Net loss	**1,947.5**													

Illustration of Utilization of Reinsurance Coverage

The following examples are provided to illustrate 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(c)				
	Amount	**Notes**	**Multi-peril(a)**	**South-East (b)**	**North-East**	**Texas**	**California Fires Following Earthquakes**	**Kentucky**	**Aggregate Excess**	**FHCF Retention**	**FHCF**	**FHCF Sliver**	**FHCF Back-up**	**FHCF Excess**
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 $600 million. (Total loss of $5.2 billion, net loss of $2.1 billion or 40.8%)														
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 retention		(475.0)										
Retained	2,600.0	In excess of South-East limit												
Aggregate Excess														
Subject Loss	3,125.0	Retained under South-East (500+25+2,600)												
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% of 1,125 xs 2,000 retention							(1068.8)					
Louisiana loss	**3,600.0**													
Less recoverables:														
South-East	**(475.0)**													
Aggregate excess	**(1,068.8)**													
Net loss	**2,056.2**													
Hurricane in Texas														
Multi-Peril														
Loss	1,000.0													
Retention	500.0	500 retention												
Subject Loss	500.0	Total loss less 500 retention												
Retained	25.0	5% retained on 500 xs 500 retention												
Recoverable	(475.0)	95% of 500 xs 500 retention	(475.0)											
Aggregate Excess														
Subject Loss	525.0	Retained under multi-peril (500 + 25), aggregate excess retention exceeded												
Retained	26.2	5% retained on 525 loss												
Recoverable	(498.8)	95% of 525 loss							(498.8)					
Texas loss	**1,000.0**													
Less recoverables:														
Multi-peril	**(475.0)**													
Aggregate Excess	**(498.8)**													
Net loss	**26.2**													

Illustration of Utilization of Reinsurance Coverage

The following examples are provided to illustrate 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(c)				
	Amount	Notes	Multi-peril(a)	South-East (b)	North-East	Texas	California Fires Following Earthquakes	Kentucky	Aggregate Excess	FHCF Retention	FHCF	FHCF Sliver	FHCF Back-up	FHCF Excess
Example 5- continuation														
Hurricane in Florida														
FHCF Retention														
Loss	600.0													
Retention	40.0	40 retention												
Subject Loss	560.0	Total loss less 40 retention												
Recoverable	(59.0)	100% of 59 xs 40 retention								(59.0)				
FHCF														
Loss	600.0													
Retention	99.0	99 provisional retention												
Subject Loss	501.0	Total loss less 99 retention												
Retained	45.8	10% retained on 458 xs 99 retention												
Recoverable	(412.2)	90% of 458 xs 99 retention									(412.2)			
FHCF Sliver														
Loss	600.0													
Retention	99.0	99 retention												
Subject Loss	501.0	Total loss less 99 retention												
Recoverable	(45.8)	100% of 46 xs 99										(45.8)		
FHCF Excess														
Loss	600.0													
Retention	557.0	557 retention												
Subject Loss	43.0	Total loss less 557 retention												
Recoverable	(43.0)	100% of 43 xs 557												(43.0)
Florida loss	**600.0**													
Less recoverables:														
FHCF Retention	**(59.0)**													
FHCF	**(412.2)**													
FHCF Sliver	**(45.8)**													
FHCF Excess	**(43.0)**													
Net loss	**40.0**													
Total loss	**5,200.0**													
Less net recoverables	**(3,077.6)**		**(475.0)**	**(475.0)**					**(1567.6)**	**(59.0)**	**(412.2)**	**(45.8)**		**(43.0)**
Net loss	**2,122.4**													

(a) For purposes of these examples, the loss is assumed to have occurred during the contract year 6/1/08 to 5/31/09.
(b) 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%.
(c) For purposes of these examples, the limits of liability and retentions have been combined for all Floridian companies