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

Northbrook, Ill., January 29, 2008 –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, wildfires, 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, Rhode Island and Texas (“multi-peril”); additional coverage for hurricane catastrophe losses in New York, New Jersey and Connecticut (“North-East”) and in other states along the southern and eastern coasts (“South-East”); 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, California wildfires, earthquakes and fires following earthquakes (“aggregate excess”).

We also expect to place contracts for the state of Florida later this year, once the Florida Hurricane Catastrophe Fund’s plans are known, and to have them effective for the hurricane season beginning on June 1, 2008. The Florida component of the reinsurance program, which expires on May 31, 2008 and 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 2008 we completed the renewal of our multi-peril, South-East, California fires following earthquakes, Kentucky and aggregate excess agreements all of which will be effective June 1, 2008. The North-East agreement was placed in June 2007 and is effective June 15, 2007 to June 8, 2010. While the South-East agreement is for one-year expiring May 31, 2009, the multi-peril and California fires following earthquakes agreements have been 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 and second anniversary dates. The Kentucky agreement has been placed as a three year term contract. This contract can be canceled on the first anniversary date. The aggregate excess agreement comprises three contracts: one contract expiring on May 31, 2009 and two contracts expiring on May 31, 2010. We designed this 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 agreements have various retentions and limits commensurate with the amount of catastrophe risk, measured on an annual basis, in each covered state. 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. A description of these retentions and limits appears in the following tables and charts. One-third of the coverage expires with each of the three contracts in this agreement.

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 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 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., 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 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 California wildfires in the two year contracts effective June 1, 2008 to May 31, 2010 or earthquakes in the contract effective June 1, 2007 to May 31, 2009. Losses recoverable from the multi-peril, California fires following earthquakes, North-East, 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-peril, California fires following earthquakes, North-East, South-East and Kentucky agreements and qualifying as covered perils under the aggregate excess agreement are covered. However, losses and recoveries under the North-East agreement are covered under the aggregate excess contract effective June 1, 2007 to May 31, 2009.

The aggregate excess agreement has one year remaining on a previously placed two year term contract and two newly placed two year term contracts. For the first year, effective June 1, 2008 to May 31, 2009, Allstate retains 5% of the $2 billion reinsurance limit. The one year term remaining, June 1, 2008 to May 31, 2009, on the previously placed two year contract is 47.5% placed or $950 million of the $2.0 billion limit. The two year term contracts for the period June 1, 2008 to May 31, 2010 are 47.5% placed or $950 million of their $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. Allstate has stipulated that the coverage provided by the multi-peril, California fires following earthquakes, North-East, 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.

The Florida reinsurance program that is expected to be effective June 1, 2008 will replace the current program and should be similar in design, assuming there is no further change in Florida insurance laws, however with lower retentions and limits as our exposures have been reduced. Our current program comprises four separate agreements 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"). 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 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. One of the three exceptions has a Standard & Poor's rating of AA, one has a 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 have approximately $200 million or 10% of the aggregate excess agreement limits for the June 1, 2008 to May 31, 2009 period, $25 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 placed with 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 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, including an estimate for reinsurance coverage in Florida. This is compared to approximately $900 million per year for our total annualized cost for the year beginning June 1, 2007, or an estimated annualized cost decrease of $240 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 is estimated to be $225 million in the first quarter, $205 million in the second quarter and $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. We are currently involved in proceedings regarding homeowners insurance rates and our ability to capture these reinsurance costs in various states including California, Florida and Texas.

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
California fires following earthquakes[(2)]	6/1/2008	95	63	32	2 limits each year for each contract, prepaid	750	750
Multi-peril[(3)]:	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[(4)]		95	63	32	2 limits each year for each contract, prepaid	500	500
South-East[(5)]	6/1/2008	95	NA	NA	1 reinstatement, premium required	500	500
Kentucky [(6)]	6/1/2008	95	95	95	3 limits over 3 years, prepaid	10	40
North-East[(7)]	6/15/2007	34	34	34	None	1,600	745

[(1)]Aggregate Excess – This agreement has a 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 California wildfires, in the two year contracts, or earthquakes, in the one year contract, 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 earthquakes, multi-peril, North-East, South-East and Kentucky agreements are excluded when determining coverage under this agreement. Losses on the North-East agreement do not inure under the one year contract. The one year contract is 47.5% placed or $950 million of the total $2 billion limit. The two year term contracts 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)]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.

[(3)]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.

[4]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.

[5]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.

[6] 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.

[7]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 and Rhode Island multi-peril and the one-year aggregate excess contract effective 6/1/2007 to 5/31/2009.

Allstate Floridian (program expiring May 31, 2008)

(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 with 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.

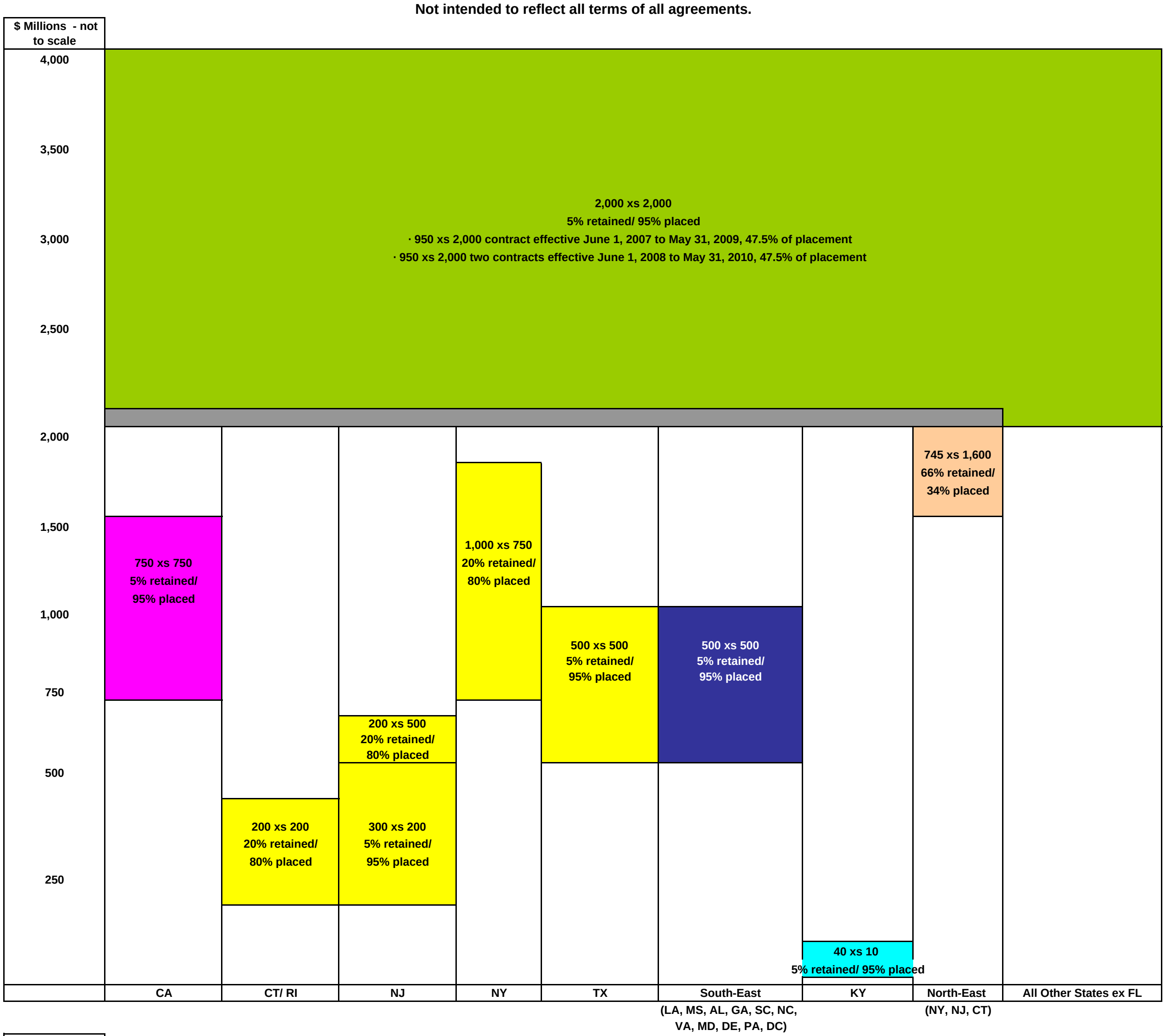
[3]FHCF Sliver - provides coverage beginning 6/1/2007 for 1 year covering primarily excess catastrophe losses not reimbursed by the FHCF. The provisional retention is $170 and is subject to adjustment upward or downward to an actual retention that will equal the FHCF retention as respects business covered by this contract, including policies remaining in force with 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 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 a 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 California wildfires in the two year contracts or earthquakes in the one year contract for Allstate Protection personal lines auto and property business countrywide, except for Florida, in excess of $2 billion in aggregated contract losses per year. The one year contract is 47.5% placed or $950 million of the $2.0 billion limit. The two year term contracts are collectively 47.5% placed or $950 million of the total $2.0 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 California fires following earthquakes, multi-peril, North-East, South-East and Kentucky agreements are excluded when determining coverage under this agreement. Losses on the North-East agreement do not inure under the one year contract.

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.

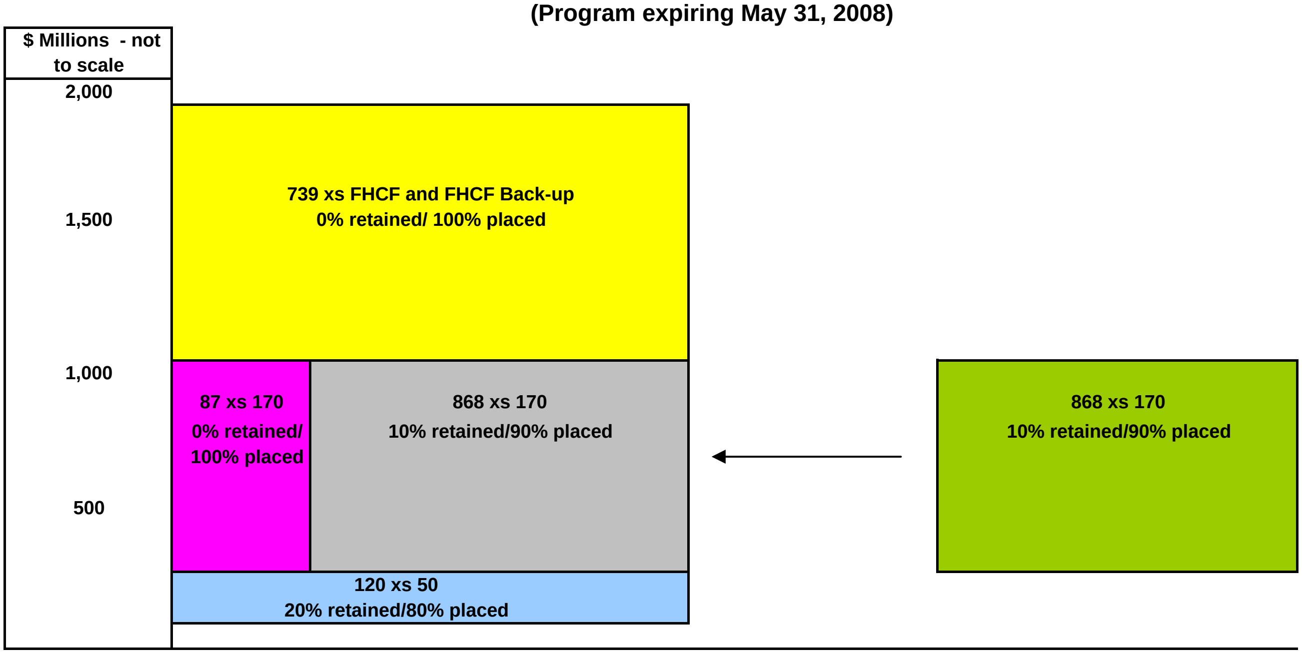
Multi-peril – These agreements have one year, two year and three year contracts that are effective 6/1/2008 and expiring 5/31/2009, 2010 and 2011, respectively. These agreements cover Allstate Protection personal property excess catastrophe losses. The preliminary retention and reinsurance premium are 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 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.

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.

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.

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 and Rhode Island multi-peril and the one-year aggregate excess contract effective 6/1/2007 to 5/31/2009.

Current 2007 Reinsurance Program for Allstate Floridian
For Illustrative Purposes only.
Not intended to reflect all terms of all agreements.
(Program expiring May 31, 2008)



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 with 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 with 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-peril, California fires following earthquakes 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)	10 states and Washington, DC	Nationwide except Florida	Each specific state Multi-peril states include New York, New Jersey, Texas, Connecticut and Rhode Island	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, fires following earthquakes, and California wildfires in the two year contracts or earthquakes in the one year contract	Multi-peril - includes hurricanes and earthquakes California fires following earthquakes: 1 specific peril – fires following earthquakes Kentucky-earthquakes and fires following earthquakes	Hurricanes	Multi-peril – includes hurricanes and earthquakes
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	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.	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

* Allstate Floridian information relates to the FHCF Retention, FHCF, FHCF Sliver, FHCF Back-up and FHCF Excess agreements. (Program expiring May 31, 2008)

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-peril	California Fires Following Earthquakes	Kentucky	Aggregate Excess	North-East	FHCF Retention	FHCF(b)	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 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)

	Amount	Notes	South-East (a)	Multi-peril	California Fires Following Earthquakes	Kentucky	Aggregate Excess	North-East	Allstate Floridian: FHCF Retention	Allstate Floridian: FHCF(b)	Allstate Floridian: FHCF Sliver	Allstate Floridian: FHCF Excess	Allstate Floridian: 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 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 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)**		**(950.0)**										
Net loss	**1,500.0**												

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)

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

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(in millions)

	Amount	Notes	South-East (a)	Multi-peril	California Fires Following Earthquakes	Kentucky	Aggregate Excess	North-East	Allstate Floridian FHCF Retention	Allstate Floridian FHCF(b)	Allstate Floridian FHCF Sliver	Allstate Floridian FHCF Excess	Allstate Floridian 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 $1.9 billion or 60.9%)													
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-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 limit xs 200 retention											
Recoverable	(285.0)	95% placed on 300 limit xs 200 retention		(285.0)									
Retained	40.0	20% retained on 200 limit xs 500 retention											
Recoverable	(160.0)	80% placed on 200 limit 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 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-peril	California Fires Following Earthquakes	Kentucky	Aggregate Excess	North-East	FHCF Retention	FHCF(b)	FHCF Sliver	FHCF Excess	FHCF Back-up
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% placed on 750 xs 750 retention			(712.5)								
Retained	200.0	In excess of CA Fires Following Earthquakes retention and limit											
CA loss	**1,700.0**												
Less recoverable	**(712.5)**												
Net loss	**987.5**												
Total loss	**3,200.0**												
Less recoverables	**(1,252.5)**		**(95.0)**	**(445.0)**	**(712.5)**								
Net loss	**1,947.5**												

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)

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 38.7%)

	Amount	Notes	South-East (a)	Multi-peril	California Fires Following Earthquakes	Kentucky	Aggregate Excess	North-East	Allstate Floridian FHCF Retention	Allstate Floridian FHCF(b)	Allstate Floridian FHCF Sliver	Allstate Floridian FHCF Excess	Allstate Floridian FHCF Back-up
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 retention and limit											
Aggregate Excess													
Subject Loss	3,125.0	Retention for 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% placed on 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 loss xs 500 retention											
Recoverable	(475.0)	95% placed on 500 loss xs 500 retention		(475.0)									
Aggregate Excess													
Subject Loss	525.0	Retention for multi-peril (500 + 25)											
Retained	26.2	5% retained on 525 loss											
Recoverable	(498.8)	95% placed on 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 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)

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

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(in millions)

										Allstate Floridian				
	Amount	Notes	South-East (a)	Multi-peril	California Fires Following Earthquakes	Kentucky	Aggregate Excess	North-East	FHCF Retention	FHCF(b)	FHCF Sliver	FHCF Excess	FHCF Back-up
Example 5- continuation													
Total loss	**5,590.0**												
Less net recoverables	**(3,428.4)**		**(475.0)**	**(475.0)**			**(1567.6)**		**(80.0)**	**(644.5)**	**(72.3)**	**(114.0)**	
Net loss	**2,161.6**												

(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) For purposes of these examples, the limit of liability and retention applicable to the FHCF have been combined for all Floridian companies