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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-K

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended December 31, 2023

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from _____________ to _____________

Commission file number 1-11840

Allstate

THE ALLSTATE CORPORATION

(Exact name of registrant as specified in its charter)

Delaware	**36-3871531**
(State or Other Jurisdiction of Incorporation or Organization)	(I.R.S. Employer Identification No.)

3100 Sanders Road, Northbrook, Illinois 60062

(Address of principal executive offices) (Zip Code)

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

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

Title of each class	Trading Symbols	Name of each exchange on which registered
Common Stock, par value $0.01 per share	ALL	New York Stock Exchange Chicago Stock Exchange
5.100% Fixed-to-Floating Rate Subordinated Debentures due 2053	ALL.PR.B	New York Stock Exchange
Depositary Shares represent 1/1,000th of a share of 5.100% Noncumulative Preferred Stock, Series H	ALL PR H	New York Stock Exchange
Depositary Shares represent 1/1,000th of a share of 4.750% Noncumulative Preferred Stock, Series I	ALL PR I	New York Stock Exchange
Depositary Shares represent 1/1,000th of a share of 7.375% Noncumulative Preferred Stock, Series J	ALL PR J	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☒ No ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒

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

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

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

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

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

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☒

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements. ☐

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b). ☐

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

The aggregate market value of the common stock held by non-affiliates of the registrant, computed by reference to the closing price as of the last business day of the registrant's most recently completed second fiscal quarter, June 30, 2023, was approximately $28.40 billion.

As of January 31, 2024, the registrant had 263,067,415 shares of common stock outstanding.

Documents Incorporated By Reference

Portions of the following documents are incorporated herein by reference as follows:

Part III of this Form 10-K incorporates by reference certain information from the registrant's definitive proxy statement for its annual stockholders meeting to be held on May 14, 2024, (the "Proxy Statement") to be filed not later than 120 days after the end of the fiscal year covered by this Form 10-K.

Table of Contents

Part I		Page
Item 1.	Business	1
	• Overview	1
	• Strategy and Segment Information	2
	– Allstate Protection	4
	– Protection Services	9
	– Allstate Health and Benefits	10
	– Other Business Segments	11
	• Regulation	12
	• Human Capital	17
	• Website	19
	• Other Information About Allstate	19
	• Information about our Executive Officers	20
	Forward-Looking Statements	21
Item 1A.	Risk Factors	22
Item 1B.	Unresolved Staff Comments	31
Item 1C.	Cybersecurity	31
Item 2.	Properties	32
Item 3.	Legal Proceedings	32
Item 4.	Mine Safety Disclosures	32
Part II		
Item 5.	Market for Registrant's Common Equity, Related Stockholders Matters and Issuer Purchases of Equity Securities	33
Item 6.	[Reserved]	34
Item 7.	Management's Discussion and Analysis of Financial Condition and Results of Operations	35
Item 7A.	Quantitative and Qualitative Disclosures About Market Risk	96
Item 8.	Financial Statements and Supplementary Data	97
Item 9.	Changes in and Disagreements with Accountants on Accounting and Financial Disclosure	191
Item 9A.	Controls and Procedures	191
Item 9B.	Other Information	191
Item 9C.	Disclosure Regarding Foreign Jurisdictions that Prevent Inspections	191
Part III		
Item 10.	Directors, Executive Officers and Corporate Governance	192
Item 11.	Executive Compensation	192
Item 12.	Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters	193
Item 13.	Certain Relationships and Related Transactions, and Director Independence	193
Item 14.	Principal Accounting Fees and Services	193
Part IV		
Item 15.	Exhibits and Financial Statement Schedules	194
Item 16.	Form 10-K Summary	197
Signatures		198
Financial Statement Schedules		S-1

Part I

Item 1. Business

The Allstate Corporation was incorporated under the laws of the State of Delaware on November 5, 1992, to serve as the holding company for Allstate Insurance Company. Its business is conducted principally through Allstate Insurance Company and other subsidiaries (collectively, including The Allstate Corporation, "Allstate").

Allstate protects people from life's uncertainties with a wide array of protection for autos, homes and personal property. Allstate is primarily engaged in the property and casualty insurance business in the United States and Canada. Additionally, Allstate provides customers other protection solutions such as protection plans that cover consumer electronics, mobile phones and appliances, personal identity protection and accident and health insurance. On November 1, 2023, we announced that we are pursuing the sale of the Health and Benefits business.

The Allstate Corporation is one of the largest publicly held personal lines insurers in the United States. Allstate's personal property-liability strategy is to increase market share by offering consumers a broad suite of protection solutions and a competitive value proposition across distribution channels. The Allstate brand is widely known through the "You're In Good Hands With Allstate®" slogan. Allstate is the second largest personal property and casualty insurer in the United States on the basis of 2022 statutory direct premiums written according to A.M. Best.

Allstate also has strong market positions in other protection solutions. Allstate Protection Plans provides protection on a wide variety of consumer goods such as cell phones, tablets, computers, furniture and appliances, and has a leading position in distribution through major retailers. Allstate Identity Protection has a leading position in identity protection through workplace benefit programs. In total, Allstate had 194 million policies in force ("PIF") as of December 31, 2023. Allstate Health and Benefits provides accident, health and life insurance through employers, independent agents and direct-to-consumer, and is one of the top voluntary benefits carriers in the market.

In this Annual Report on Form 10-K, we occasionally refer to statutory financial information. All domestic United States insurance companies are required to prepare statutory-basis financial statements. As a result, industry data is available that enables comparisons between insurance companies, including competitors that are not required to prepare financial statements in conformity with accounting principles generally accepted in the United States of America ("GAAP"). We frequently use industry publications containing statutory financial information to assess our competitive position.

Strategy, Transformative Growth, Our Shared Purpose and Segment Information

Our strategy has two components: increase personal property-liability market share (see Allstate Protection segment) and expand protection offerings by leveraging the Allstate brand, customer base and capabilities.

We are expanding protection services businesses utilizing enterprise capabilities and resources such as the Allstate brand, distribution, analytics, claims, investment expertise, talent and capital. Using innovative growth platforms (such as telematics and identity protection) and broad distribution including: Allstate exclusive agents, independent agents, contact centers, online, retailers, workplace benefits brokers, auto dealers, original equipment manufacturers and telecom providers further enhance our customer value proposition.

Transformative Growth is about creating a business model, capabilities and culture that continually transform to better serve customers. This is done by providing affordable, simple and connected protection through multiple distribution channels. The ultimate objective is to enhance customer value to drive growth in all businesses.

Our Shared Purpose			
As the good hands...	**our values**	**our operating standards**	**our behaviors**
• We **empower** customers with protection to help them achieve their hopes and dreams. • We **provide** affordable, simple and connected protection solutions. • We **create** opportunity for our team, economic value for our shareholders and improve communities.	• **Integrity** is non-negotiable. • **Inclusive Diversity & Equity** values and leverages unique identities with equitable opportunity and rewards. • **Collective Success** is achieved through empathy and prioritizing enterprise outcomes ahead of individuals.	• **Focus on Customers** by anticipating and exceeding service expectations at low costs. • **Be the Best** at protecting customers, developing talent and running our businesses. • **Be Bold** with original ideas using speed and conviction to beat the competition. • **Earn Attractive Returns** by providing customer value, proactively accepting risk and using analytics.	• **Collaborate** early and often to develop and implement comprehensive solutions and share learnings. • **Challenge Ideas** to leverage collective expertise, evaluate multiple alternatives and create the best path forward. • **Provide Clarity** for expected outcomes, decision authority and accountability. • **Provide Feedback** that is candid, actionable, independent of hierarchy and safe.

Reportable segments	
Allstate Protection [1]	Includes the Allstate brand, National General and Answer Financial. Offers private passenger auto, homeowners, other personal lines and commercial insurance through agents, contact centers and online.
Protection Services	Includes Allstate Protection Plans, Allstate Dealer Services, Allstate Roadside, Arity and Allstate Identity Protection, which offer a broad range of solutions and services that expand and enhance our customer value propositions.
Allstate Health and Benefits	Offers voluntary benefits and individual life and health products, including life, accident, critical illness, short-term disability and other health insurance products sold through independent agents, benefits brokers and Allstate exclusive agents. Also provides stop-loss and fully insured group health products to employers and short-term medical and medicare supplement insurance to individuals.
Run-off Property-Liability [1]	Relates to property and casualty insurance policies written during the 1960s through the mid-1980s with exposure to asbestos, environmental and other claims in run-off.
Corporate and Other	Includes debt service, holding company activities and certain non-insurance operations.

[1] Allstate Protection and Run-off Property-Liability segments comprise Property-Liability.

Allstate Protection Segment

Our Allstate Protection segment accounted for 92.2% of Allstate's 2023 consolidated insurance premiums and contract charges and 19.4% of Allstate's December 31, 2023 PIF. This segment includes private passenger auto, homeowners, other personal lines and commercial insurance products offered through agents and directly through contact centers and online. Our strategy is to offer products that allow customers to interact with us when, where and how they want with affordable, simple and connected protection products.

Strategy Allstate Protection's strategy is to increase personal lines market share through Transformative Growth focusing on:

- Improving customer value by making it easier to do business with us, providing competitive prices and differentiated products and experiences
- Expanding customer access to Allstate and National General products and services through the methods of interaction customers want
- Increasing sophistication and investment in customer acquisition
- Deploying new technology ecosystems that are more flexible and enable an enhanced customer experience
- Driving organizational transformation

We have three market-facing property-liability businesses, Allstate brand, National General and Answer Financial with products and services that cater to different customer needs and distribution preferences.

We serve our customers using differentiated products, analytical expertise, telematics, claims capabilities and an integrated digital enterprise that leverages data and technology to execute processes with a focus on greater effectiveness and efficiency.

Transformative Growth	
Improve Customer Value	Improving the competitive prices of products through lower costs, increased pricing sophistication and telematics
	Expanding the use of telematics and broadening the benefits of being connected with the Allstate Mobile app
	Providing additional protection solutions that enable simpler consumer-friendly experiences
Expand Customer Access	Transforming our Allstate agent sales system to enable more growth at a lower cost, while expanding our distribution capacity through new agent models
	Increasing direct channel distribution through improved online experience and data-driven insights to enhance call center sales
	Growing National General by leveraging Allstate brand capabilities and data to expand product offerings and fully utilize our independent agency relationships
Increase Sophistication and Investment in Customer Acquisition	Improving the effectiveness of customer acquisition by expanding lead management, building data capabilities and utilizing household insights
Deploy New Technology Ecosystem	Deploying a new technology ecosystem to deliver affordable, simple, and connected experiences and products at a lower cost. This effort will also lead to the retirement of legacy systems
Drive Organizational Transformation	Deliver an exceptional customer experience enabled by enhanced human resource tools and technology, an engaged and high performing global workforce, and organizational designs for efficiency

Additional Information and Strategy Updates

Allstate Protection pricing and risk management strategies Our pricing and underwriting strategies and decisions are designed to generate sustainable profitable growth.

A proprietary database of underwriting and loss experience enables sophisticated pricing algorithms and methodologies to more accurately price risks while also seeking to attract and retain customers in multiple risk segments.

- For auto insurance, risk evaluation factors can include, but are not limited to: vehicle make, model and year; driver age and marital status; territory; years licensed; loss history; years insured with prior carrier; prior liability limits; prior lapse in coverage; and insurance scoring utilizing telematics data and other consumer information.
- For property insurance, risk evaluation factors can include, but are not limited to: the amount of insurance purchased; geographic location of the property; loss history; age, condition and construction characteristics of the property; and insurance scoring utilizing other consumer information.

A combination of underwriting information, pricing and discounts are also used to achieve a more competitive position and growth. The pricing strategy involves local marketplace pricing and underwriting decisions based on risk evaluation factors to the extent permissible by applicable law and an evaluation of competitors.

Pricing of property products is intended to generate risk-adjusted returns that are acceptable over a long-term period. Rate increases are pursued to keep pace with loss cost trends, including losses from catastrophic events and those that are weather-related (such as wind, hail, lightning and freeze not meeting our criteria to be declared a catastrophe). We also take into consideration potential customer disruption, the impact on our ability to market our products, regulatory limitations, our competitive position and profitability.

In any reporting period, loss experience from catastrophic events and weather-related losses may contribute to negative or positive underwriting performance relative to the expectations incorporated into product pricing.

Property catastrophe exposure is managed with the goal of providing shareholders an acceptable return on the risks assumed in the property business, and reducing variability of earnings, while providing protection to our customers. Catastrophe exposure management includes purchasing reinsurance to provide coverage for known exposure to hurricanes, earthquakes and fires following earthquakes, wildfires and other catastrophes.

Our current catastrophe reinsurance program supports the Company's risk and return framework which incorporates our robust economic capital model and is informed by catastrophe risk models including hurricanes, earthquakes and wildfires and adjusts based on premium and insured value growth. These reinsurance agreements are part of our capital models and our catastrophe risk management framework. As of December 31, 2023, the modeled 1-in-100 probable maximum loss for hurricane, wildfire and earthquake perils is approximately $2.5 billion, net of reinsurance. We continually review our aggregate risk appetite and the cost and availability of reinsurance to optimize the risk and return profile of this exposure.

The use of different assumptions and updates to industry models and to our risk transfer program could materially change the projected loss. Growth strategies include areas where we believe diversification can be enhanced and an appropriate return can be earned for the risk. As a result, our modeled exposure may increase. In addition, we have exposure to other severe weather events, which impact catastrophe losses.

We are promoting measures to prevent and mitigate losses that are increasing due to climate change and increased severe weather including making homes and communities more resilient, enforcement of stronger building codes, adoption of sensible land use policies, expanded disaster response capabilities and creation of public risk sharing mechanisms.

Independent agent strategy The acquisition of National General significantly enhanced our strategic position in the independent agency channel. The transaction increased our total personal property-liability market share by over one percentage point and has enhanced our independent agent-facing technology. It also expanded our distribution footprint, and led us to be a top five personal lines carrier in the independent agency distribution channel.

National General provides personal and commercial automobile, homeowners, umbrella, recreational vehicle and motorcycle insurance, lender-placed products and other niche insurance products. Auto insurance represents approximately 70% of premium with a significant presence in the non-standard risk auto market. Allstate's capabilities are being leveraged to create additional auto and homeowners insurance products to better serve middle market customers through independent agents.

As part of the acquisition, Allstate Independent Agency and Encompass organizations are being integrated into National General by:

- Migrating Encompass policyholders and business operations to National General and retiring the Encompass technology infrastructure
- Transitioning Encompass and Allstate-branded Independent Agent new business to National General as auto and homeowners insurance products roll out

Commercial lines strategy The Allstate brand commercial insurance strategy is being advanced through an equity investment and commercial partnership with NEXT Insurance, a high-growth, digital platform for small business insurance. This partnership will expand the availability of our commercial lines offerings via the NEXT product portfolio, which complements the Allstate commercial auto product suite, across a wider distribution network.

Profit improvement actions continue for our Allstate brand traditional legacy commercial lines insurance products, emphasizing pricing, claims, operational improvements and non-renewal of policies where we are unable to meet our profit target. In 2023, Allstate brand began exiting traditional commercial insurance in five states, which is expected to be completed by mid-year 2025. These five states combined made up 36% of 2022 Allstate brand commercial net written premium. Additionally, as of the fourth quarter of 2022, coverage is no longer offered to transportation network companies unless the contracts utilize telematics-based pricing. National General commercial auto product lines are expected to continue organic growth as well as expand to new geographies.

Answer Financial strategy Answer Financial is an insurance agency that sells other insurance companies' products directly to customers. Our strategy as a technology-enabled insurance agency is to provide comparison shopping and related services for businesses, offering customers choice, convenience and ease of use.

Products and distribution

Allstate Protection differentiates itself by offering a comprehensive range of affordable, simple and connected protection solutions across distribution channels for specific consumer segments.

Protection Products	
Insurance products [1]	Auto
	Homeowners
	Specialty auto (motorcycle, trailer, motor home and off-road vehicle)
	Other personal lines (renters, condominium, landlord, boat, umbrella, manufactured home and scheduled personal property)
	Commercial lines
Answer Financial	Comparison quotes and sales of non-proprietary auto, homeowners and other personal lines (condominium, renters, motorcycle, recreational vehicle and boat)

[1] Insurance products are primarily offered by the Allstate and National General brands.

Distribution	
Allstate brand	In the U.S., we offer products through over 6,400 Allstate exclusive agents operating in approximately 7,100 locations, supported by 20,200 licensed sales professionals and 700 exclusive financial specialists. We also offer products through approximately 400 market sales associates, 7,900 independent agents, 500 direct auto representatives, 600 sales representatives in contact centers and online. In Canada, we offer Allstate brand products through approximately 500 employee sales agents.
National General (including Encompass)	Distributed through over 43,000 independent agent locations, approximately 520 retail stores, contact centers and online.
Answer Financial	Comparison quotes and sales offered to customers online or through contact centers.

Allstate exclusive agents also support the Protection Services segment through offering roadside assistance and consumer protection plans. We also sell a range of non-proprietary life and annuity insurance products offered by third-party providers.

Exclusive agent compensation structure The compensation structure for Allstate exclusive agents rewards them for delivering high value to customers and achieving certain business outcomes such as profitable growth and household penetration. Allstate exclusive agent remuneration comprises a base commission, variable compensation and a bonus.

- Agents receive a monthly base commission payment as a percentage of their total eligible written premium.
- Variable compensation rewards agents for acquiring new customers by exceeding a base production goal.

- Bonus compensation is based on a percentage of premiums and can be earned by agents who are meeting certain sales goals and selling additional policies to meet customer needs profitably.

We are addressing a challenging economic environment with modifications to agent compensation by reducing the emphasis on new business growth in select geographies. Allstate exclusive agent remuneration in select geographies comprises a base commission and renewal bonus for eligible agents that can be earned by profitably retaining customers.

When an Allstate product is not available, agents have the ability to earn commissions and additional bonuses on non-proprietary products provided to customers through Ivantage, a leading provider of property and casualty brokerage services, and arrangements with other companies, agencies, and brokers. As of December 31, 2023, Ivantage had $2.19 billion non-proprietary premiums under management, consisting of approximately $1.93 billion of personal insurance premiums primarily related to property business in hurricane exposed areas, and approximately $259 million of commercial insurance premiums.

Additionally, we offer a homeowners product through our excess and surplus lines carrier, North Light Specialty Insurance Company, in certain areas with higher risk of catastrophes or where customers do not meet the Allstate brand standard underwriting profile.

Allstate agents and exclusive financial specialists receive commissions for non-proprietary life and retirement sales and are eligible for a quarterly bonus based on the volume of non-proprietary sales.

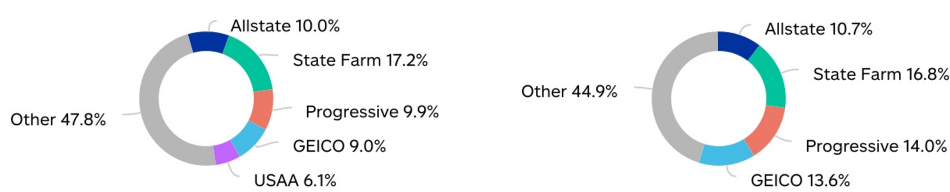
Independent agent remuneration for National General comprises a base commission and a bonus that can be earned by agents who achieve sales goals and a target loss ratio.

Innovative product offerings and features		
Market-leading solutions		
Allstate brand	Your Choice Auto®	Qualified customers choose from a variety of options, such as Accident Forgiveness, Deductible Rewards ®, Safe Driving Bonus® and New Car Replacement.
	Allstate House and Home®	Featured options include Claim RateGuard®, Claim-Free Bonus, Deductible Rewards® and flexibility in options and coverages, including graduated roof coverage and pricing based on roof type and age for damage related to wind and hail events.
	Bundling Benefits	Auto customers with a qualifying property policy are provided an auto renewal guarantee and a deductible waiver (when the same event, with the same covered cause of loss, damages both auto and property). Offered in 47 states and District of Columbia (“D.C.”) as of December 31, 2023.
	Auto Replacement Protection	Replaces a qualifying customer’s vehicle involved in a total loss accident with a newer vehicle with fewer miles. Offered in 48 states and D.C. as of December 31, 2023.
	New experience and product suite	Reimagined insurance experience and products, making them affordable, simple and connected. Examples include fewer questions for customers to answer before getting a quote, easy-to-understand coverage descriptions and an industry-leading rating plan. Offered through the web and direct to consumers in seven states for auto and 17 states for renters as of December 31, 2023.
National General	Custom360℠	Endorsements and coverage amounts can be scaled up or down to create a custom, needs-based insurance solution for customers at all stages in life. Offered in 16 states as of December 31, 2023.
Telematics solutions		
Allstate brand	Drivewise®	Telematics-based program, available in 48 states and D.C. as of December 31, 2023, that uses a mobile application or an in-vehicle device to capture driving behaviors and encourage safe driving. It provides customers with information, tools and more accurate individual pricing.
	Milewise®	Usage-based insurance product, available in 17 states as of December 31, 2023, that gives customers flexibility to customize their insurance and pay based on the number of miles they drive.
National General	DynamicDrive℠	Mobile-based telematics application, available in 40 states as of December 31, 2023, used to capture driving behaviors and to more accurately rate customers.

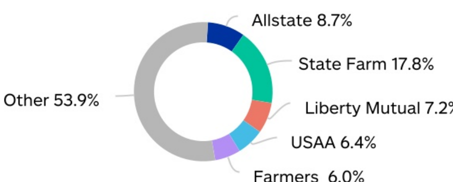
Competition

The personal lines insurance markets, including private passenger auto and homeowners insurance, are highly competitive. The following charts provide Allstate Protection’s combined market share compared to our principal U.S. competitors using statutory direct written premium for the year ended December 31, 2022, according to A.M. Best.

Personal lines insurance **Private passenger auto insurance**



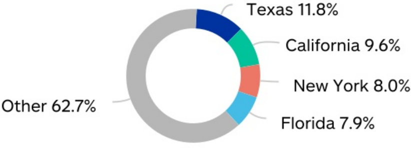
Homeowners insurance



Geographic markets

We primarily operate in the U.S. (all 50 states and D.C.) and Canada. Our top geographic markets based on 2023 statutory direct premiums are reflected below.

Top geographic markets



Protection Services Segment

Our Protection Services segment accounted for 4.6% of Allstate's 2023 consolidated total revenue and 78.5% of Allstate's December 31, 2023 PIF. Protection Services includes Allstate Protection Plans, Allstate Dealer Services, Allstate Roadside, Arity and Allstate Identity Protection, which offer a broad range of products and services that expand and enhance customer value propositions.

Strategy - Protection Services' strategy is to innovate new products and services, expand distribution and provide affordable, simple and connected protection solutions.

Allstate Protection Plans	Expand distribution and product breadth of consumer protection plans through new and existing retailers and mobile operators across North America, Europe, Asia and Australia.
Allstate Dealer Services	Expand distribution of Allstate branded protection and insurance products through auto dealerships, business partnerships and direct to consumer.
Allstate Roadside	Modernize the roadside assistance business through technology and enhance capabilities to deliver a superior customer experience.
Arity	Provide industry leading telematics and mobility insights to insurance companies, the transportation industry and location-enabled consumer apps. Services include: telematics-enabled mobility insights for consumers and businesses, driving behavior data and scores (Arity IQ) to deliver personalized insurance pricing, and marketing services including lead generation and advertising technology integrations to optimize advertising investments.
Allstate Identity Protection	Create a leading position in the identity protection market, offering full-service identity protection and expand partnership and direct to consumer distribution channels.

Products and distribution

Products and services	
Allstate Protection Plans	Provides consumer protection plans and related technical support for mobile phones, consumer electronics, furniture and appliances which provide customers protection from mechanical or electrical failure, and in certain cases, accidental damage.
Allstate Dealer Services	Offers protection and insurance products, including vehicle service contracts, guaranteed asset protection waivers, road hazard tire and wheel protection, and paint and fabric protection.
Allstate Roadside	Offers towing, jump-start, lockout, fuel delivery and tire change services to retail customers and customers of our wholesale partners.
Arity	Provides insights and services created from data collected, normalized and analyzed by the Arity platform, including automotive telematics information. Product suite includes on-demand risk scoring, lead generation, digital advertising, data integration, traditional telematics, and data-as-a-service solutions.
Allstate Identity Protection	Provides identity, consumer cybersecurity, privacy and family digital safety protection.

Distribution channels	
Allstate Protection Plans	Retailers and mobile operators, in-store or online.
Allstate Dealer Services	Independent agents selling through auto dealerships in the U.S. in conjunction with the purchase of a new or used vehicle, through business partnerships and direct to consumer.
Allstate Roadside	Allstate exclusive agents, direct to consumer, wholesale partners, affinity groups and on-demand mobile application service.
Arity	Sells directly to affiliate and non-affiliate customers and through strategic partners.
Allstate Identity Protection	Primarily through workplace benefit programs with growth in partnerships and direct to consumer delivered through enterprise partnerships, online and mobile application sales.

Geographic markets

Protection Services primarily operates in the U.S. and Canada, with Allstate Protection Plans also offering services in Europe, Australia and Asia.

Competition

We compete on a variety of factors, including product offerings, brand recognition, financial strength, price and customer experience. The market for these services is highly competitive.

Allstate Health and Benefits Segment

Strategy

Allstate Health and Benefits segment accounted for 4.2% of Allstate's 2023 consolidated total revenue and 2.1% of Allstate's December 31, 2023 PIF. The Allstate Health and Benefits segment provides consumers with financial protection against the risk of accidents, illness and mortality. We are among the industry leaders in the growing and highly competitive voluntary benefits market, offering a broad range of accident, health and life products through workplace enrollment. Our life insurance portfolio includes individual and group permanent life solutions. We also provide stop-loss and fully insured group health products to employers and short-term medical and medicare supplement insurance to individuals. Target customers are consumers with family and financial protection needs. Allstate Health and Benefits is well represented in all market segments and is a leader in the large and mega (over 10,000 employees) market segments.

Allstate Health and Benefits is differentiated through its broad product portfolio, flexible enrollment solutions, strong national accounts team and well-recognized brand.

Our strategy for growth is to deliver substantially more value through innovative products and technology, tailored solutions and exceptional service through investments in future-state technologies and data and analytics capabilities.

On November 1, 2023, we announced that we are pursuing the sale of the Health and Benefits business.

Products and distribution

Health and benefits products
Employer voluntary benefits
Group health
Individual health

Distribution channels
Over 8,000 independent agents and benefits brokers and Allstate exclusive agents, focusing on workplace benefits for small employers, specifically employer voluntary benefits and group health
Over 33,000 independent agents, in-house agencies, direct-to-consumer marketing, wholesaling, worksite marketing and the internet for individual health

Competition

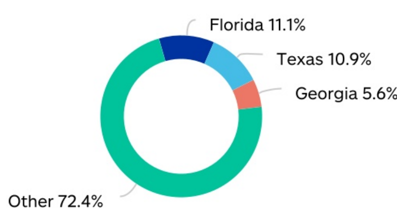
We compete on a wide variety of factors, including product offerings, brand recognition, financial strength and ratings, price, distribution and customer service.

The market for voluntary benefits is growing as these products help employees fill the increasing gaps associated with continued medical cost inflation and the shifting of costs from employers to employees. Favorable industry and economic trends have increased competitive pressure and attracted new traditional and non-traditional entrants to the voluntary benefits market. Recent entrants, including large group medical, life and disability insurance carriers, are leveraging core benefit capabilities by bundling and discounting to capture voluntary market share. We also compete with large group medical carriers in our stop-loss, fully insured group health insurance, short-term medical and medicare supplement insurance offerings.

Geographic markets

We primarily operate in the U.S. (all 50 states and D.C.) and Canada. The top geographic markets based on 2023 statutory direct premiums are reflected below.

Top geographic markets



Other Business Segments

Run-off Property-Liability Segment

The Run-off Property-Liability segment includes results from property and casualty insurance coverage that primarily relates to policies written during the 1960s through the mid-1980s.

Strategy Management of this segment has been assigned to a designated group of professionals with expertise in claims handling, policy coverage interpretation, exposure identification, litigation and reinsurance collection. We may pursue settlement agreements including policy buybacks on direct excess commercial business when appropriate to improve the certainty of the liabilities. Settlement agreements are negotiated contracts between Allstate and third parties that generally set forth the rights and obligations of the parties, including terms of payment for claims. At the end of 2023, 68% of the gross case reserves, excluding incurred but not reported, on the run-off direct excess commercial business were attributable to settlement agreements. This group also manages other direct commercial and assumed reinsurance business in runoff and engages in reinsurance ceded and assumed commutations as required or when considered economically advantageous.

Changes in the reserves established for asbestos, environmental and other run-off lines losses have occurred and may continue. Reserve changes can be caused by new information relating to new and additional claims, new exposures or the impact of resolving unsettled claims based on unanticipated events such as arbitrations, litigation, legislative, judicial or regulatory actions. Environmental losses may also increase as the result of additional funding for environmental site clean-up.

Challenges related to the concentration of insurance and reinsurance claims from companies who specialize in this business continue to be addressed.

Corporate and Other Segment

Our Corporate and Other segment is comprised of debt service, holding company activities and certain non-insurance operations, including expenses associated with strategic initiatives, such as our Avail peer-to-peer car-sharing initiative.

Regulation

Allstate is subject to extensive regulation, primarily at the state level. The method, extent and substance of such regulation vary by state but generally have their source in statutes that establish standards and requirements for conducting the business of insurance and that also delegate regulatory authority to a state agency. These rules have a substantial effect on our business and relate to a wide variety of matters, including insurer solvency and statutory surplus sufficiency, reserve adequacy, insurance company licensing and examination, agent and adjuster licensing, agent and broker compensation, policy forms, rate setting, the nature and amount of investments, claims practices, participation in shared markets and guaranty funds, transactions with affiliates, the payment of dividends, underwriting standards, statutory accounting methods, trade practices, privacy regulation and data security, corporate governance and risk management. In addition, state legislators and insurance regulators continue to examine the appropriate nature and scope of state insurance regulation. For a discussion of statutory financial information, see Note 17 of the consolidated financial statements.

For a discussion of regulatory contingencies, see Note 15 of the consolidated financial statements. Note 15 and Note 17 are incorporated in this Part I, Item 1 by reference.

The Dodd-Frank Wall Street Reform and Consumer Protection Act (“Dodd-Frank”) created the Federal Insurance Office (“FIO”) within the U.S. Department of the Treasury (“Treasury”). The FIO monitors the insurance industry, provides advice to the Financial Stability Oversight Council (“FSOC”), represents the U.S. on international insurance matters, and studies the current regulatory system.

Additional regulations or new requirements may emerge from the activities of various regulatory entities, including the Federal Reserve Board, FIO, FSOC, the National Association of Insurance Commissioners (“NAIC”), and the International Association of Insurance Supervisors, that are evaluating solvency and capital standards for insurance company groups. In addition, the NAIC has adopted amendments to its model holding company law that have been adopted by some jurisdictions. The outcome of these actions is uncertain; however, these actions may impact the business models and profitability of insurance holding companies.

We cannot predict whether any specific state or federal measures will be adopted to change the nature or scope of the regulation of insurance or what effect any such measures would have on Allstate. We are working for changes in the regulatory environment to make insurance more available and affordable for customers, encourage market innovation, improve driving safety, strengthen cybersecurity and promote better catastrophe preparedness and loss mitigation.

Limitations on Dividends by Insurance Subsidiaries As a holding company with most business operations conducted by subsidiaries, The Allstate Corporation relies on dividends from Allstate Insurance Company as one of the principal sources of cash to pay dividends and to meet its obligations, including the payment of principal and interest on debt or to fund non-insurance-related businesses. Allstate Insurance Company is regulated as an insurance company in Illinois, and its ability to pay dividends is restricted by Illinois law. The laws of the other jurisdictions that generally govern our other insurance subsidiaries contain similar limitations on the payment of dividends. However, such laws in some jurisdictions may be more restrictive.

For additional information regarding limitations, see Part II, Item 7 - Management’s Discussion and Analysis of Financial Condition and Results of Operations of this report.

In addition, the NAIC adopted a group capital calculation covering all entities of the insurance company group for use in solvency monitoring activities by regulators. Any increase in the amount of capital or reserves our insurance subsidiaries are required to hold could reduce the amount of future dividends such subsidiaries are able to distribute to the holding company. Any reduction in the risk-based capital (“RBC”) ratios of our insurance subsidiaries could also adversely affect their financial strength ratings as determined by statistical rating agencies. We have not experienced, and we do not expect to experience, any impact from the group capital calculation on our current dividend plans.

Insurance Holding Company Regulation – Change of Control The Allstate Corporation is a holding company and its insurance subsidiaries are subject to regulation in the jurisdictions in which they write business. In the U.S., these subsidiaries are organized under the insurance codes of Alabama, California, Florida, Illinois, Indiana, Massachusetts, Michigan, Mississippi, Missouri, New Jersey, New York, North Carolina, Ohio, South Carolina and Texas. Additionally, some of these subsidiaries are considered commercially domiciled in California, Florida, and Texas.

Generally, the insurance codes in these states provide that the acquisition or change of “control” of a domestic or commercially domiciled insurer or of any person that controls such an insurer cannot be consummated without the prior approval of the relevant insurance regulator. In general, a presumption of “control” arises from the ownership, control, possession with the power to vote, or possession of proxies with respect to ten percent or more of the voting securities of an insurer or of a person who controls an insurer. In addition, certain state insurance laws require pre-acquisition notification to state agencies of a change in control with respect to a non-domestic insurance company licensed to do business in that state. While such pre-acquisition notification

statutes do not authorize the state agency to disapprove the change of control, such statutes do authorize certain remedies, including the issuance of a cease-and-desist order with respect to the non-domestic insurer if certain conditions exist, such as undue market concentration.

Thus, any transaction involving the acquisition of ten percent or more of The Allstate Corporation's common stock would generally require prior approval by the state insurance departments in Alabama (where the threshold is five percent or more of The Allstate Corporation's common stock), California, Florida, Illinois, Indiana, Massachusetts, Michigan, Mississippi, Missouri, New Jersey, New York, North Carolina, Ohio, South Carolina and Texas. Moreover, notification would be required in those other states that have adopted pre-acquisition notification provisions and where the insurance subsidiaries are admitted to transact business. Such approval requirements may deter, delay or prevent certain transactions affecting the ownership of The Allstate Corporation's common stock.

Rate Regulation Nearly all states have insurance laws requiring personal property and casualty insurers to file rating plans, policy or coverage forms, and other information with the state's regulatory authority. In many cases, such rating plans, policy forms, or both must be approved prior to use.

The speed with which an insurer can change rates in response to competition or increasing costs depends on the state rating laws, which include the following categories:

- Prior approval — Regulators must approve a rate before the insurer may use it (21 states)
- File-and-use — Insurers do not have to wait for the regulator's approval to use a rate, but the rate must be filed with the regulatory authority prior to being used (20 states)
- Use-and-file — Requires an insurer to file rates within a certain period of time after the insurer begins using them (9 states)
- No filing or approval — One state, with an immaterial amount of written premiums, does not require a filing to be submitted

Under these rating laws, the regulator has the authority to disapprove a rate filing.

Percentage of 2023 statutory direct written premiums based on state rating laws

Prior approval 51%
Use-and-file 10%
File-and-use 39%

An insurer's ability to adjust its rates in response to competition or to changing costs is dependent on an insurer's ability to demonstrate to the regulator that its rates or proposed rating plan meets the requirements of the rating laws. In those states that significantly restrict an insurer's discretion in selecting the business that it wants to underwrite, an insurer can manage its risk of loss by charging a rate that reflects the cost and expense of providing the insurance. In those states that significantly restrict an insurer's ability to charge a rate that reflects the cost and expense of providing the insurance, the insurer may be able to manage its risk of loss by being more selective in the type of business it underwrites. When a state significantly restricts both underwriting and pricing, it becomes more difficult for an insurer to maintain its targeted level of profitability.

From time to time, the personal lines insurance industry comes under pressure from state regulators, legislators, and special-interest groups to reduce, freeze, or set rates at levels that do not correspond with our analysis of underlying costs, catastrophe loss exposure, and expenses. We expect this kind of pressure to persist. Allstate and other insurers are using increasingly sophisticated pricing models and rating plans that are reviewed by regulators and special-interest groups. States may limit the ability of insurers to include variables in their rating plans even though they are indicative of risk. State regulators may interpret existing law or rely on future legislation or regulations to impose new restrictions that adversely affect profitability or growth. We cannot predict the impact on our business of possible future legislative and regulatory measures regarding insurance rates.

Involuntary Markets As a condition of maintaining our licenses to write personal property and casualty insurance in various states, we are required to participate in assigned risk plans, reinsurance facilities, and joint underwriting associations that provide various types of insurance coverage to individuals or entities that otherwise are unable to purchase such coverage from private insurers. Underwriting results related to these arrangements, which tend to be adverse, have been immaterial to our results of operations.

For a discussion of these items see Note 15 of the consolidated financial statements. Note 15 is incorporated in this Part I, Item 1 by reference.

Indemnification Programs We are a participant in state-based industry pools, facilities or associations, mandating participation by insurers offering certain coverage in their state, including the Michigan Catastrophic Claims Association ("MCCA"), the New Jersey Property-Liability Insurance Guaranty Association, the North Carolina Reinsurance Facility and the Florida Hurricane Catastrophe Fund. We also participate in the Federal Government National Flood Insurance Program.

Recent regulatory changes have occurred related to the MCCA.

- On July 2, 2021, Public Acts 21 and 22, which passed in 2019, became effective, setting fee schedules for personal injury protection claims. Such fee schedules were set at 200% of Medicare rates in 2021, declining to 195% in 2022 and 190% in 2023, for any providers other than certain unique categories of providers and applying to treatment on existing and new claims.
- Other legislative proposals to change the MCCA operation in the future and to adjust Public Acts 21 and 22 are put forth periodically, as well as a recent Michigan Supreme Court decision that found that the reimbursement rates described above applied only to motor vehicle accidents occurring in 2019 or later.

For a discussion of these items see Note 11 of the consolidated financial statements. Note 11 is incorporated in this Part I, Item 1 by reference.

Guaranty Funds Under state insurance guaranty fund laws, insurers doing business in a state can be assessed, up to prescribed limits, in order to cover certain obligations of insolvent insurance companies. We do not anticipate any material adverse financial impact on Allstate from these assessments.

Investment Regulation Our insurance subsidiaries are subject to state regulation that specifies the types of investments that can be made and concentration limits of invested assets. Failure to comply with these rules leads to the treatment of non-conforming investments as non-admitted assets for purposes of measuring statutory surplus. Further, in some instances, these rules require divestiture of non-conforming investments.

Exiting Geographic Markets; Canceling and Non-Renewing Policies Most states regulate an insurer’s ability to exit a market. For example, states may limit, to varying degrees, an insurer’s ability to cancel and non-renew policies. Some states restrict or prohibit an insurer from withdrawing one or more types of insurance business from the state, except pursuant to a plan that is approved by the state insurance department. Regulations that limit cancellation and non-renewal and that subject withdrawal plans to prior approval requirements may restrict an insurer’s ability to exit unprofitable markets.

Broker-Dealer and Investment Advisers The Allstate entities that operate as a broker-dealer and registered investment advisers are subject to regulation and supervision by the Securities and Exchange Commission (“SEC”), Financial Institution Regulatory Authority and/or, in some cases, state securities administrators. The SEC has proposed rules and amendments related to cybersecurity risk management and cybersecurity-related disclosure for broker-dealers, registered investment advisers, registered investment companies, and business development companies. Certain state and federal regulators are considering or have implemented best interest or fiduciary standards. Such standards could impact products provided by Allstate agents and Allstate’s broker-dealer, their sales processes, sales volume, and producer compensation arrangements.

Inflation Reduction Act of 2022 The Inflation Reduction Act of 2022, which contains several tax-related provisions, was signed into law in August 2022. The law creates a 15% corporate alternative minimum tax (“CAMT”) on certain large corporations and an excise tax of 1% on stock repurchases by publicly traded U.S. corporations, both effective after December 31, 2022. The excise tax on common stock repurchases is classified as an additional cost of the stock acquired included in treasury stock in shareholders' equity. The Company has determined that it is considered an “applicable corporation” under the rules of CAMT.

15% Global Minimum Tax The Organization for Economic Cooperation and Development (“OECD”) secured agreement from nearly 140 countries to address how corporate profits are taxed for multinational enterprises (“MNEs”). OECD has released Pillar Two Model Rules, a 15% minimum effective tax rate (also known as the Global Anti-Base Erosion “GloBE” Rules), designed to ensure that large MNEs pay a minimum level of tax on the income arising in each jurisdiction where they operate and mandates sharing of certain company information with taxing authorities on a local and global basis.

Certain jurisdictions have enacted, and others have proposed, legislation to implement certain provisions of Pillar Two for fiscal years beginning on or after December 31, 2023. We are continuing to monitor the implications resulting from the potential enactment of Pillar Two rules in the jurisdictions where we operate.

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

In October 2023, California enacted several climate disclosure bills. One of these is the Climate Corporate Data Accountability Act (Senate Bill 253), which requires disclosure and assurance over greenhouse gas emissions using a phased reporting approach. The law requires the California Air Resources Board to develop and adopt implementing regulations no later than January 1, 2025. Allstate has publicly reported its greenhouse gas inventory since 2010. We will continue

evaluating the anticipated impacts and scope of the new laws on our reporting and disclosures.

Dodd-Frank: Covered Agreement On September 22, 2017, the U.S. and European Union signed a Covered Agreement, a bilateral agreement that "relates to the recognition of prudential measures with respect to the business of insurance or reinsurance that achieves a level of protection for insurance or reinsurance consumers that is substantially equivalent to the level of protection achieved under State insurance or reinsurance regulation."

The U.S. had five years from the date of signing to amend its credit for reinsurance laws and regulations to conform with the requirements of the Covered Agreement or face federal preemption determinations by the FIO. To address the requirements of the Covered Agreement, the NAIC formally adopted revisions to its existing credit for reinsurance model law and model regulation, with the expectation that states would adopt and implement the modified model law and regulation by September 2022. A sufficient number of states have adopted the model law and/or regulation to avoid federal preemption.

Division Statute On November 27, 2018, the Illinois General Assembly passed legislation authorizing a statute that makes available a process by which a domestic insurance company may divide into two or more domestic insurance companies. The statute, which became effective January 1, 2019, can be used to divide continuing blocks of insurance business from insurance business no longer marketed, or otherwise discontinued into separate companies with separate capital. The statute can also be used for sale to a third party or to manage risks associated with indemnification programs. Before a plan of division can be effected it must be approved according to the organizational documents of the dividing insurer and submitted for approval by the Illinois Department of Insurance. In 2021, Allstate Insurance Company and certain affiliate insurance companies utilized the division statute to form three Illinois domiciled insurance companies that retained assets and liabilities for certain Michigan automobile insurance policies with catastrophic personal injury claims that are ceded to the MCCA.

Privacy Regulation and Data Security Federal law and the laws of many states require financial institutions to protect the security and confidentiality of consumer information and to notify consumers about their policies and practices relating to collection, use, disclosure, and protection of consumer information. Federal law and the laws of many states also regulate disclosures and disposal of consumer information. Congress, state legislatures, and regulatory authorities are currently considering additional regulation relating to privacy of personal information.

For example, the California Consumer Privacy Act, as amended by the California Privacy Rights Act, which took effect in January 2023, as well as similar laws in Virginia, Connecticut, and approximately nine other states (with various effective dates), impose significant compliance requirements for certain businesses in those states. Among other things, these privacy laws provide consumers with privacy rights such as the right to request access to or deletion of their personal information. The California Privacy Rights Act established a new privacy regulatory agency. In November 2023, the New York State Department of Financial Services amended its cybersecurity regulation, including both new and heightened requirements. The NAIC created an Insurance Data Security Model Law, which several states have adopted in some form, establishing standards for data security, including the investigation of and notification to insurance commissioners of cybersecurity events. Additional states are also likely to adopt similarly themed cybersecurity requirements in the future. We cannot predict the impact on our business of possible future legislative or regulatory measures regarding privacy or cybersecurity.

Asbestos Congress has repeatedly considered legislation to address asbestos claims and litigation in the past. We cannot predict the impact on our business of possible future legislative measures regarding asbestos.

Environmental Environmental pollution and clean-up of polluted waste sites is the subject of federal and state regulation. The Comprehensive Environmental Response Compensation and Liability Act of 1980 (the "Superfund") and comparable state statutes (the "mini-Superfunds") govern the clean-up and restoration of waste sites by Potentially Responsible Parties ("PRPs"). The Superfund and the mini-Superfunds (collectively, the "Environmental Clean-up Laws" or "ECLs") establish a mechanism to assign liability to PRPs or to fund the clean-up of waste sites if PRPs fail to do so. The extent of liability to be allocated to a PRP depends on a variety of factors. The insurance industry is involved in extensive litigation regarding coverage issues arising out of the clean-up of waste sites by insured PRPs and the insured parties' alleged liability to third parties responsible for the clean-up. The insurance industry, including Allstate, has disputed and is disputing many such claims. Key coverage issues include whether the Superfund response, investigation, and clean-up costs are considered damages under the policies; whether coverage has been triggered; whether any pollution exclusion applies; whether there has been proper notice of claims; whether administrative liability triggers the duty to defend; whether there is an appropriate allocation of liability among potentially responsible insurers; and whether the liability in question falls within the definition of an "occurrence." Identical coverage issues exist for clean-up and waste sites not covered under the Superfund. To date, courts have been inconsistent in their rulings on these issues.

Allstate's exposure to liability with regard to its insureds that have been, or may be, named as PRPs is uncertain. While comprehensive Superfund reform proposals have been introduced in Congress, only modest reform measures have been enacted. In May 2017, the Environmental Protection Agency created a Superfund Task Force that issued proposed reforms in its 2019 final report. These recommendations address expediting clean-up and remediation processes, reducing the financial burden of the clean-up process, encouraging private investment, promoting redevelopment and community revitalization, and building and strengthening partnerships. We cannot predict which, if any, of these reforms will be enacted or, if enacted, what their impact may be.

Developments in the insurance and reinsurance industries have fostered a movement to segregate asbestos, environmental and other run-off lines exposures into separate legal entities with dedicated capital. Regulatory bodies in certain cases have supported these actions. We are unable to determine the impact, if any, that these developments will have on the collectability of reinsurance recoverables in the future.

Human Capital

Allstate's success is highly dependent on human capital. The wellbeing of our employees is a key priority, and Allstate strives to promote a dynamic and welcoming workplace that promotes inclusive diversity and equity, fosters collaboration, and encourages employees to be fully engaged in their work every day. As of December 31, 2023, Allstate had approximately 53,000 full-time employees and 400 part-time employees.

Allstate's human capital management focuses on the following priorities:

Talent Recruitment and Management We seek to provide employees with rewarding work, professional growth and educational opportunities.

- Our flexible work and equal opportunity policies support talent attraction and retention. This has enabled us to recruit a more geographically dispersed and diverse talent pool, as well as to reduce our facilities footprint.
- Performance review and development takes place throughout the year, with a renewed focus on driving performance through ongoing feedback and coaching. Allstate invests in training and re-skilling opportunities, with most of our learning experiences offered virtually to support our remote and global workforce.
- In 2023, Allstate:
  - Introduced a new education benefit provider, Guild. Guild expands support and access to over 80 tuition-free professional degrees, certificates and bootcamps to all U.S. based employees at more than 25 schools.
  - Completed more than 450 thousand hours of voluntary continued learning from external and internal providers
  - Delivered over 400 virtually facilitated workshops focused on technical upskilling, well-being, on-boarding, Inclusive Diversity and Equity ("IDE"), and leadership development, totaling close to 800 hours of learning for over 10,000 participants
  - Invested over $2.4 million towards the cost of the degrees of almost 700 U.S. employees.
  - Filled over 28% of open U.S. positions with internal applicants.

Inclusive Diversity and Equity We strive for a workforce where the breadth of our diversity makes us a better company. IDE is one of Allstate's core values of Our Shared Purpose.

U.S. workforce diversity as of December 31, 2023	
Women	55%
Racially and ethnically diverse	40%

- Talent acquisition, development, retention, and mobility practices support employees in achieving their career aspirations. We work to create a diverse talent pipeline.
- As part of our commitment to fair and equitable compensation practices, we complete pay equity analyses. Annually, we identify potential pay gaps across substantially similar employee groups as well as identify policies, practices or systematic issues that may contribute to pay gaps. The external analyses found that Allstate's results compared well to benchmarks for companies of similar size and scope.
- Allstate supports and funds Employee Impact Groups ("EIGs") and Business Impact Groups ("BIGs") to help advance IDE and create opportunities for employees to work together to create business solutions.
  - EIGs are voluntary employee-led communities that enhance the employee experience through engagement, development and collaboration. They bring value to participants and impact Allstate through cultural education and awareness, market and community outreach, professional development, recruiting, retention, and customer engagement. EIGs are required to interact with at least two other EIGs annually.
  - BIGs, voluntary employee-led groups that focus on creating business impact and serve as an incubator for innovation, collaboration and professional development.
  - Officers from across the enterprise leverage their time, networks and resources to support the EIGs and BIGs, and positively impact employee engagement and feelings of belonging at Allstate.
- Allstate continues to make significant progress on our IDE strategy while aligning it to Allstate's global talent strategy. In 2023, we:
  - Improved representation by attracting more qualified candidates with remote work options. We've seen an increase in applicants since we announced our permanent flexible work environment, including an increase in diverse candidates.
  - Since the Allstate IDE A.C.T. (Accountability, Clarity, Transparency) Framework rolled out in 2022, every business unit now has either an IDE Inclusion Council or an IDE Business Lead that partners with Human Resources on their business area-based action plans to achieve our corporate IDE strategy.
  - Incorporated IDE behavior questions into structured interviews for executive candidates.

Employee Well-being and Safety We believe in a culture of well-being and take our responsibility to care for employees' well-being seriously, devoting resources to employee health and safety.

- Allstate created a workplace well-being strategy based on employee feedback, including providing greater flexibility in how, when, and where work is done.
- Allstate hosts enterprise-wide talks with subject matter experts sharing personal stories and fact-based best practices to provide tangible ways employees can support their individual journey. EIGs promote sessions that are relevant to their networks to build a sense of community.
- Communications and voluntary courses facilitated by internal performance coaches on well-being themes of mind, body, wallet and community are shared so employees can engage in content that matters most to them.
- Well-being assessments are offered to understand employee needs and wants to support their well-being. Completing the assessment lowers the cost of benefits to employees and allows Allstate to provide holistic programs based on personalized interests.
- Our Wellbeing Champion community connects their teams and leaders with Allstate's health and wellness resources and promotes opportunities to engage in programs, including virtual yoga and meditation classes offered four times a week.

Organizational Culture **Allstate defines culture as a self-sustaining system of shared values, priorities and principles that shape beliefs and drive behaviors and decision-making within an organization.** Allstate encourages employees to proactively manage their career so it is integrated into their personal purpose. This includes investing in and holding management accountable for employee development and maintaining a culture aligned with Our Shared Purpose at all levels.

- We have a strong culture built on shared purpose, values, standards, and behaviors and are transforming to become the lowest cost protection provider with an affordable, simple, connected experience.
- We focus on Integrity & Ethics, Belonging, Meaningful Work, Performance Standards, Career Development, Employee Listening, Distributed Work and Well-being to make Allstate a place talent loves.
- Allstate continues to commit to leadership development, now with the introduction of the Leading at Allstate program. This initiative, focusing on leading change, performance and growth, leadership styles, and leading distributed teams, saw a successful fourth quarter early adopter pilot. Notably, over 250 leaders completed live sessions, with feedback indicating a 95% willingness to recommend the learning and 97% employee satisfaction with the content.
- Allstate, driven by a leadership-instilled commitment to Inclusive Diversity and Equity, launched a tool that helps learners discover their work-style preference, integrating it into the Degreed learning system. This initiative breaks barriers and fosters inclusion through IDE resources, accessible via both traditional classroom training and the Degreed Learning Hub. Over 3,300 individuals accessed the work-style preferences tool.

For additional information, please see the section titled "Our Key Sustainability Priorities-People" in our Proxy Statement.

In addition to the above discussion of our employees, please see information about Allstate agents under the caption "Allstate Protection Segment - Products and Distribution" in Part I, Item 1 of this report.

Website

Our website is allstate.com. The Allstate Corporation's annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and any amendments to such reports that we file or furnish pursuant to Section 13(a) of the Securities Exchange Act of 1934 are available on the Investor Relations section of our website (www.allstateinvestors.com), free of charge, as soon as reasonably practicable after they are electronically filed or furnished to the SEC and available at www.sec.gov. In addition, our Corporate Governance Guidelines, our Global Code of Business Conduct, and the charters of our Audit Committee, Compensation and Human Capital Committee, Executive Committee, Nominating, Governance and Social Responsibility Committee and Risk and Return Committee are available on the Investor Relations section of our website. The information found on our website is not incorporated by reference into this Annual Report on Form 10-K or in any other report or document filed with the SEC.

Other Information About Allstate

- Allstate's five reportable segments use shared services, including human resources, investment, finance, information technology and legal services, provided by Allstate Insurance Company and other affiliates.
- Although the insurance business generally is not seasonal, claims and claims expense for the Allstate Protection segment tend to be higher for periods of severe or inclement weather.
- "Allstate®" is a very well-recognized brand name in the United States. We use the "Allstate®", "National General®" and "Answer Financial®" brands extensively in our business. We also provide additional protection products and services through "Allstate® Protection Plans", "Allstate® Dealer Services®", "Allstate® Roadside", "Arity®", "Allstate® Identity Protection" "Allstate® Benefits" and "Allstate® Health Solutions", among others. These brands, products and services are supported with the related service marks, logos, and slogans. Our rights in the United States to these names, service marks, logos and slogans continue as long as we continue to use them in commerce. Many service marks used by Allstate are the subject of renewable U.S. and/or foreign service mark registrations. We believe that these service marks are important to our business and we intend to maintain our rights to them.

Information about our Executive Officers

The following table sets forth the names of our executive officers as of February 1, 2024, their ages, positions, business experience, and the years of their first election as officers. “AIC” refers to Allstate Insurance Company. Each of the officers named below may be removed from office at any time, with or without cause, by the board of directors of the relevant company.

Name	Age	Position with Allstate and Business Experience	Year First Elected Officer
Thomas J. Wilson	66	Chairman of the Board (May 2008 to present), President (June 2005 to January 2015 and February 2018 to present), and Chief Executive Officer (January 2007 to present) of The Allstate Corporation and AIC.	1995
Elizabeth A. Brady	59	Executive Vice President, Chief Marketing, Customer and Communications Officer of AIC (January 2020 to present); Executive Vice President and Chief Marketing, Innovation and Corporate Relations Officer of AIC (August 2018 to January 2020).	2018
Christine M. DeBiase	55	Executive Vice President, Chief Legal Officer, General Counsel and Corporate Secretary of The Allstate Corporation and AIC (January 2023 to present); Executive Vice President, Chief Administrative Officer and General Counsel of Brighthouse Financial (February 2018 to December 2022).	2023
John E. Dugenske	57	President, Investments and Corporate Strategy of AIC (September 2022 to present); President, Investments and Financial Products of AIC (January 2020 to September 2022); Executive Vice President and Chief Investment and Corporate Strategy Officer of AIC (January 2018 to January 2020).	2017
Suren Gupta	62	President, Protection Products & Enterprise Services (August 2023 to present); President, Enterprise Services (October 2022 to August 2023); Executive Vice President, Chief Information Technology and Enterprise Services Officer of AIC (January 2020 to October 2022); Executive Vice President, Enterprise Technology and Strategic Ventures of AIC (February 2015 to January 2020).	2011
Zulfikar Jeevanjee	59	Executive Vice President, Chief Information Officer of AIC (October 2022 to present); Senior Vice President, Chief Technology Officer, CVS Health (February 2021 to September 2022); Senior Vice President, Chief Enterprise Architect of AIC (November 2018 to February 2021); Senior Vice President, Group Technology Manager, Wells Fargo (December 2008 to October 2018).	2022
Jesse E. Merten	49	Executive Vice President and Chief Financial Officer of The Allstate Corporation and AIC (September 2022 to present); President, Financial Products of AIC (May 2020 to September 2022); Executive Vice President and Chief Risk Officer of AIC (December 2017 to May 2020); Treasurer of The Allstate Corporation (January 2015 to April 2019) and of AIC (February 2015 to May 2019).	2012
John C. Pintozzi	58	Senior Vice President, Controller and Chief Accounting Officer of The Allstate Corporation and AIC (September 2019 to present); Senior Vice President and Chief Financial Officer, Allstate Investments (May 2012 to August 2019).	2005
Mark Q. Prindiville	56	Executive Vice President and Chief Risk Officer of AIC (May 2020 to present); Senior Vice President of AIC (September 2016 to May 2020).	2016
Mario Rizzo	57	President, Property-Liability of AIC (September 2022 to present); Executive Vice President and Chief Financial Officer of The Allstate Corporation and AIC (January 2018 to September 2022).	2010
Robert Toohey	56	Executive Vice President and Chief Human Resources Officer of AIC (March 2022 to present); Self-Employed Talent and Operations Advisor/Consultant (August 2021 to March 2022); President of Pymetrics (May 2019 to August 2021).	2022

Forward-Looking Statements

This report contains "forward-looking statements" that anticipate results based on our estimates, assumptions and plans that are subject to uncertainty. These statements are made subject to the safe-harbor provisions of the Private Securities Litigation Reform Act of 1995. Forward-looking statements do not relate strictly to historical or current facts and may be identified by their use of words like "plans," "seeks," "expects," "will," "should," "anticipates," "estimates," "intends," "believes," "likely," "targets" and other words with similar meanings. These statements may address, among other things, our strategy for growth, catastrophe exposure management, product development, investment results, regulatory approvals, market position, expenses, financial results, litigation and reserves. We believe that these statements are based on reasonable estimates, assumptions and plans. Forward-looking statements speak only as of the date on which they are made, and we assume no obligation to update any forward-looking statements as a result of new information or future events or developments. In addition, forward-looking statements are subject to certain risks or uncertainties that could cause actual results to differ materially from those communicated in these forward-looking statements. These risks and uncertainties include, but are not limited to, those described in Part 1, "Item 1A. Risk Factors" and elsewhere in this report and those described from time to time in our other reports filed with the Securities and Exchange Commission.

Item 1A. Risk Factors

Summary Risks are grouped into three categories: (1) insurance and financial services, (2) business, strategy and operations and (3) macro, regulatory and risk environment. Many risks may affect more than one category and are included where the impact is most significant. If some of these risk factors occur, they may cause the emergence of or exacerbate the impact of other risk factors, which could materially increase the severity of the impact of these risks on our business, results of operations, financial condition or liquidity. The table below includes examples of risks from each category.

Insurance and financial services	*Business, strategy and operations*	*Macro, regulatory and risk environment*
Risks related to the insurance and financial services industries	*Risks related to Allstate's business and operating model*	*Risks that impact most companies*
• Loss cost estimates are complex and losses are unknown at the time policies are sold • Claim frequency and severity volatility • Catastrophes and severe weather • Investment results are subject to market volatility and valuation judgments	• Highly competitive industry • Changing consumer preferences • New or changing technologies • Ineffective Transformative Growth strategy implementation • Ability to maintain catastrophe reinsurance programs and limits • Fluctuations in financial strength and ratings • Loss of key business relationships • Ability to attract, develop and retain talent	• Adverse changes in economic and capital market conditions • Large-scale pandemic events • Cybersecurity and privacy events • Changing climate conditions • Evolving environmental, social and governance expectations and standards • Regulatory and political changes

The Allstate Corporation Board of Directors ("Allstate Board") has overall responsibility for oversight of Management's design and implementation of our Enterprise Risk and Return Management ("ERRM") framework that manages the business on an integrated basis following our risk and return principles. The Risk and Return Committee of the Allstate Board oversees effectiveness of the ERRM program, governance structure and risk-related decision-making, while focusing on the Company's overall risk profile.

See Management's Discussion and Analysis ("MD&A"), Enterprise Risk and Return Management for further details.

Consider these cautionary statements carefully together with other factors discussed elsewhere in this document, in filings with the Securities and Exchange Commission ("SEC") or in materials incorporated therein by reference.

Insurance and financial services

Property and casualty actual claim costs may exceed current reserves established for claims due to changes in the inflationary, regulatory and litigation environment

Estimating claim reserves is an inherently uncertain and complex process. We continually refine our best estimates of losses after considering known facts and interpretations of the circumstances.

Our reserving methodology may be impacted by the following:

- Models that rely on the assumption that past loss development patterns will persist into the future
- Internal factors including experience with similar cases, actual claims paid, historical trends involving claim payment and case reserving patterns, pending levels of unpaid claims, loss management programs, product mix, contractual terms and changes in claim reporting and settlement practices
- External factors such as inflation, court decisions, changes in law or litigation imposing unintended coverage, regulatory requirements, changes in driving patterns, delays in reporting of claims and economic conditions, supply chain disruptions and labor shortages
- The ultimate cost of losses, or our current estimates, have and may continue to vary materially from recorded reserves and such variance may adversely affect our results of operations and financial condition as the reserves and amounts due from reinsurers are reestimated

See MD&A, Application of Critical Accounting Estimates for further details.

Unexpected increases in the frequency or severity of property and casualty claims may adversely affect our results of operations and financial condition

A significant increase in claim frequency could adversely affect our results of operations and financial condition. Changes in mix of business, miles driven, weather, driving behaviors or other factors can lead to changes in claim frequency. We may experience volatility in claim frequency, and short-term trends may not be predictive of future losses over the longer term.

Increases in claim severity can arise from numerous causes that are inherently difficult to

predict. The following factors have and may continue to impact claim severity for auto bodily injury, auto physical damage (including collision and property damage) and homeowners coverages:

- Bodily injury — more severe accidents, an increase in claims with attorney representation, higher medical consumption, and inflation
- Vehicle physical damage — inflation, supply chain disruptions and labor shortages impacting used vehicle and parts prices, labor rates, length of claim resolution, delays in the receipt of third-party carrier claims, and a higher mix of total losses
- Homeowners — inflation in the construction industry, building materials and home furnishings, changes in the mix of loss type, and other economic and environmental factors, including short-term supply imbalances for services and supplies in areas affected by catastrophes

Catastrophes and severe weather events may subject us to significant losses

Catastrophic events could adversely affect operating results and cause them to vary significantly from one period to the next. Climate change could contribute to increased variability of catastrophe losses and underwriting results. Also, our liquidity could be constrained by a catastrophe, or multiple catastrophes, which could result in extraordinary losses, sales of investments or a downgrade of our debt or financial strength ratings.

Catastrophic losses are caused by wind and hail, wildfires, tornadoes, hurricanes, tropical storms, earthquakes, severe freeze events, volcanic eruptions, terrorism, cyber-attacks, civil unrest, industrial accidents and other such events.

Our personal property insurance business may incur catastrophe losses greater than:

- Those experienced in prior years
- The average expected level used in pricing
- Current reinsurance coverage limits
- Loss estimates from hurricane and earthquake models at various levels of probability

Property and casualty businesses are subject to claims arising from severe weather events such as winter storms, rain, hail and high winds. The incidence and severity of weather conditions resulting in claims are extremely volatile.

The total number of policyholders affected by the event, the severity of the event and the coverage provided contribute to catastrophe and severe weather losses. Increases in the insured values of covered property, geographic concentration and the number of policyholders exposed to certain events could increase the severity of claims from catastrophic and severe weather events.

Limitations in analytical models used to assess and predict the exposure to catastrophe losses may adversely affect our results of operations and financial condition

We use internally developed and third-party vendor models along with our own historical data to assess exposure to catastrophe losses. The models assume various conditions and probability scenarios and may not accurately predict future losses or measure losses currently incurred.

Price competition and changes in regulation and underwriting standards in property and casualty businesses may adversely affect our results of operations and financial condition

The personal property-liability market is highly competitive with carriers competing through underwriting, advertising, price, customer service, innovation and distribution. Changes in regulatory standards regarding underwriting and rates could also affect the ability to predict future losses and could impact profitability. Competitors can alter underwriting standards, lower prices and increase advertising, which could result in lower growth or profitability for Allstate. A decline in the growth or profitability of the property and casualty businesses could have a material effect on our results of operations and financial condition.

Our investment portfolios are subject to market risk and declines in credit quality which may adversely affect or create volatility in our investment income and cause realized and unrealized losses

We continually evaluate investment management strategies since we are subject to risk of loss due to adverse changes in interest rates, credit spreads, equity prices, real estate values, currency exchange rates and liquidity. Adverse changes have and may continue to occur due to changes in monetary and fiscal policy, inflation, geopolitical events and the economic climate, liquidity of a market or market segment, investor return expectations or risk tolerance, insolvency or financial distress of key market makers or participants, instability of the banking sector, or changes in market perceptions of credit worthiness.

Inflation has been and continues to remain elevated, which has led to volatility of interest rates. The U.S. Federal Reserve and other central banks have responded to inflationary pressure, generally through more restrictive monetary policy, including increasing target interest rates. These actions could create significant economic uncertainty. Market volatility resulting from these factors has and may continue to impact our investment valuations and returns and impact our results of operations and financial condition.

Our investments are subject to risks associated with economic and capital market conditions and factors that may be unique to our portfolio, including:

- General weakening of the economy, which is typically reflected through higher credit spreads and lower equity and real estate valuations
- Declines in credit quality
- Declines in interest rates, credit spreads or sustained low interest rates could lead to declines in portfolio yields and investment income
- Increases in market interest rates, credit spreads or a decrease in liquidity could have an adverse effect on the value of our fixed income securities that form a substantial majority of our investment portfolios
- Supply chain disruptions, labor shortages, macro trends impacting real estate supply and demand and other factors may have an adverse impact on investment valuations and returns
- Weak performance of general and joint venture partners and underlying investments unrelated to general market or economic conditions could lead to declines in investment income and cause realized losses in our limited partnership interests
- Concentration in any particular issuer, industry, collateral type, group of related industries, geographic sector or risk type

The amount and timing of net investment income, capital contributions and distributions from our performance-based investments, which primarily include limited partnership interests that are recorded on a lag, can fluctuate significantly due to the underlying investments' performance or changes in market or economic conditions. Additionally, these investments are less liquid than similar, publicly-traded investments and a decline in market liquidity could impact our ability to sell them at their current carrying values.

Declining equity markets or increases in interest rates or credit spreads could cause the value of the investments in our pension plans to decrease. Declines in interest rates could cause the funding ratio to decline and the value of the obligations for our pension and postretirement plans to increase. These factors could decrease the funded status of our pension and postretirement plans, increasing the likelihood or magnitude of future benefit expense and contributions.

Determination of the fair value and amount of credit losses for investments includes subjective judgments and could materially impact our results of operations and financial condition

The valuation of the portfolio is subjective, and the value of assets may differ from the actual amount received upon the sale of an asset. The degree of judgment required in determining fair values increases when:

- Market observable information is less readily available
- The use of different valuation assumptions may have a material effect on the assets' fair values
- Changing market conditions could materially affect the fair value of investments

The determination of the amount of credit losses varies by investment type and is based on ongoing evaluation and assessment of known and inherent risks associated with the respective asset class or investment.

Such evaluations and assessments are highly judgmental and are revised as conditions change and new information becomes available.

We update our evaluations regularly and reflect changes in credit losses in our results of operations. Our conclusions may ultimately prove to be incorrect as assumptions, facts and circumstances change. When estimating credit loss allowances, historical loss trends, consideration of current conditions, and forecasts may not be indicative of future changes in credit losses and additional amounts may need to be recorded in the future.

Our participation in indemnification programs subjects us to the risk that reimbursement for qualifying claims and claims expenses may not be received

Participation in state-based industry pools, facilities and associations may have a material, adverse effect on our results of operations and financial condition. Our largest exposure is associated with the Michigan Catastrophic Claim Association ("MCCA"), a state-mandated indemnification mechanism for qualified personal injury protection losses that exceed a specified level. To the extent the MCCA's current and future assessments are insufficient to reimburse its ultimate obligation on existing claims to member companies, our ability to obtain the 100% indemnification of ultimate losses could be impaired. We also participate in the Federal Government National Flood Insurance Program.

For further discussion of these items, see Regulation section, Indemnification Programs and Note 11 of the consolidated financial statements.

We may not be able to mitigate the impact associated with changes in capital requirements

Regulatory requirements affect the amount of capital to be maintained by our subsidiary insurance companies. Changes to requirements or regulatory interpretations may result in additional capital held in our insurance companies and could require us to increase prices, reduce our sales of certain products, or accept a return on equity below original levels assumed in pricing.

A downgrade in financial strength ratings may have an adverse effect on our business

Financial strength ratings are important factors in establishing the competitive position of insurance companies and their access to capital markets. Rating agencies have and could downgrade or change the outlook on our ratings in the future due to:

- Changes in the financial profile of one of our insurance companies
- Changes in a rating agency's determination of the amount of capital required to maintain a particular rating
- Increases in the perceived risk of our investment portfolio, a reduced confidence in management or our business strategy, or other considerations that may or may not be under our control

A downgrade in our ratings could have an adverse effect on our sales, competitiveness, customer retention, the marketability of our product offerings, liquidity, access to and cost of borrowing or refinancing our existing debt obligations, results of operations and financial condition.

Business, strategy and operations

We operate in markets that are highly competitive

Markets in which we operate are highly competitive, and we must continually allocate resources to refine and improve products and services to maintain our reputation, enhance brand perception, and remain competitive. If we are unsuccessful in generating new business, retaining customers or renewing contracts, our ability to maintain or increase premiums written or the ability to sell our products could be adversely impacted.

Determining competitive position is complicated in the auto and homeowners insurance business as companies use different underwriting standards to accept new customers and quotes and close rates can fluctuate across companies and locations. Pricing of products is driven by multiple factors, including loss expectations, expense structure and dissimilar return targets. Additionally, sophisticated pricing algorithms make it difficult to determine what price potential customers would pay across competitors.

There is also significant competition for producers, such as exclusive and independent agents and their licensed sales professionals. Growth and retention may be materially affected if we are unable to attract and retain effective producers or if those producers are unable to attract and retain their licensed sales professionals or customers.

Our ability to adequately and effectively price our products is affected by the evolving nature of consumer needs and preferences, market and regulatory dynamics, broader use of telematics-based rate segmentation and potential change in consumer demand.

Many voluntary benefits contracts are renewed annually and consumer protection plan contracts are generally multi-year, but renewals occur on a rolling basis. There is a risk that employers and retailers may be able to obtain more favorable terms from competitors than they could by renewing coverage with us. These competitive pressures may adversely affect the renewal of these contracts, as well as our ability to sell products.

Changing consumer preferences may adversely impact the demand for our products which may adversely impact our business

Growth and retention may be impacted if customer preferences change and we are unable to effectively adapt our business model and processes, including maintaining competitive products and allowing consumers to interact with us how they choose. Our business could be impacted by our ability to attract and retain customers through distribution channels that they prefer.

Our business may also be adversely impacted by new or changing technologies

Technological changes, such as autonomous or partially autonomous vehicles or technologies that facilitate ride, car or home sharing could disrupt the demand for products from current customers, create coverage issues, impact the frequency or severity of losses, or reduce the size of the automobile insurance market causing our auto insurance business to decline. Since auto insurance constitutes a significant portion of our overall business, we may be more sensitive than other insurers and more adversely affected by trends that could decrease auto insurance rates or reduce demand for auto insurance over time.

Technological advancements and innovation are occurring in distribution, underwriting, claims and operations at a rapid pace that may continue to accelerate. Nontraditional competitors could enter the insurance market and further accelerate these trends. Our competitive position could be impacted if we are unable to deploy, in a cost effective and competitive manner, technology such as artificial intelligence, large language models and machine learning that collects and analyzes data to inform underwriting or other decisions, or if our competitors collect and use data which we do not have the ability to access or use. Innovations must be implemented in compliance with applicable insurance regulations and in a responsible and compliant manner. These changes may require extensive modifications to our systems and processes and extensive coordination with and reliance on the systems and operations of third parties. If we are unable to adapt to or bring such advancements and innovations to market, the quality of our products, our relationships with customers and agents, competitive position and business prospects may be materially affected. Changes in technology related to collection and application of data regarding customers could expose us to regulatory or legal actions and may have a material adverse effect on our business, reputation, results of operations and financial condition.

Changes in technology and customer preferences may impact the ways in which we interact, do business with our customers and design our products. We may not be able to respond effectively or in a timely manner to these changes, including developing and deploying customer-facing technology to address these changing preferences and maintaining competitive technology,

which could have an adverse effect on our results of operations and financial condition.

Executing our strategy to advance and innovate technology has and may continue to impact our workforce as we require new and different skills, particularly those in areas such as digital, data and analytics and technology to achieve our strategic goals. Advancements in technology and changes in consumer preferences may also impact our workforce needs in the future.

Transformative Growth strategy implementation may not be effective

The Transformative Growth strategy is to accelerate growth by improving customer value, expanding customer access, increasing sophistication and investment in customer acquisition, modernizing the technology ecosystem and driving organizational transformation. Implementation is focused on the property-liability businesses and impacts all aspects of Allstate's customer experience and business model, spanning product distribution and sales, operations and servicing, and claims processing. As part of the strategy, we have developed and continue to develop new insurance and non-insurance products and services to provide affordable, simple, and connected protection through multiple distribution channels. We have also expanded our product and service offerings through acquisitions and may continue to do so. If the strategy is not implemented effectively, customer retention and policy growth objectives could be adversely impacted. Lost business opportunities may result due to slower than anticipated speed to market. New products and services may not be as profitable as our existing products, may not perform as well as we expect and may change our risk exposures. External forces including competitor actions or regulatory changes may also have an adverse effect on the value generated from the transformation.

Our catastrophe management strategy may adversely affect premium growth

Catastrophe risk management actions have led us to reduce the size of our homeowners business, including customers with auto and other personal lines products and may negatively impact future sales. Adjustments to our business structure, size and underwriting practices in markets with significant severe weather and catastrophe risk exposure could adversely impact premium growth rates and retention.

The ability of our subsidiaries to pay dividends may affect our liquidity and ability to meet our obligations

The Allstate Corporation is a holding company with no significant operations. Its principal assets are the stock of its subsidiaries and its directly held cash and investment portfolios. Its liabilities include debt and pension and other postretirement benefit obligations related to employees. State insurance regulatory authorities limit the payment of dividends by insurance subsidiaries, as described in Note 17 of the consolidated financial statements. The limitations are based on statutory income and surplus. In addition, competitive pressures generally require the subsidiaries to maintain insurance financial strength ratings. These restrictions and other regulatory requirements may affect the ability of subsidiaries to make dividend payments. Limits on the ability of the subsidiaries to pay dividends could adversely affect holding company liquidity, including the ability to pay dividends to shareholders, service debt or complete share repurchase programs as planned.

Changes in regulatory or rating agency capital requirements could decrease deployable capital and potentially reduce future dividends paid by our insurance companies.

For a discussion of capital requirements, see Regulation section, Limitations on Dividends by Insurance Subsidiaries.

Our ability to pay dividends or repurchase stock is subject to limitations under terms of certain of our securities

The terms of the outstanding subordinated debentures prohibit us from declaring or paying any dividends or distributions on our common or preferred stock or redeeming, purchasing, acquiring or making liquidation payments on our common stock or preferred stock if we have elected to defer interest payments on the subordinated debentures, subject to certain limited exceptions.

If the full preferred stock dividends for all preceding dividend periods have not been declared and paid, we generally may not repurchase or pay dividends on common stock during any dividend period while our preferred stock is outstanding.

See Note 13 of the consolidated financial statements.

Reinsurance may be unavailable at current levels and prices, which may limit our ability to write new business

Market conditions impact the availability and cost of the reinsurance we purchase. Reinsurance may not remain continuously available to us to the same extent and on the same terms and rates as were historically available or is currently available. Our ability to economically justify reinsurance to reduce our catastrophe risk in designated areas may depend on our ability to adjust premium rates to fully or partially recover cost. If we cannot maintain our current level of reinsurance or purchase new reinsurance protection in amounts we consider sufficient at acceptable prices, we would have to either accept an increase in our catastrophe exposure, reduce our insurance exposure or seek other alternatives.

Unfavorable conditions in the insurance-linked securities ("ILS") market may increase the cost to use ILS or issue new securities in amounts we consider sufficient at acceptable prices.

Reinsurance subjects us to counterparty risk and may not be adequate to protect us against losses arising from ceded insurance

Collecting from reinsurers is subject to uncertainty arising from factors that include:

- Whether reinsurers, their affiliates or certain indemnitors have the financial capacity and willingness to make payments under the terms of a reinsurance treaty or contract
- Whether insured losses meet the qualifying conditions of the reinsurance contract

Our inability to recover from a reinsurer could have a material effect on our results of operations and financial condition.

Acquisitions or divestitures of businesses may not produce anticipated benefits, resulting in operating difficulties, unforeseen liabilities or asset impairments

The ability to achieve certain anticipated financial benefits from the acquisition of businesses depends in part on our ability to successfully grow and integrate the businesses consistent with our anticipated acquisition economics. Financial results could be adversely affected by unanticipated performance issues, unforeseen liabilities, transaction-related charges, diversion of management time and resources to acquisition integration challenges or growth strategies, loss of key employees, challenges in integrating information technology systems of acquired companies with our own, amortization of expenses related to intangibles, charges for impairment of long-term assets or goodwill and indemnifications.

Acquired businesses may not perform as projected, cost savings anticipated from the acquisition may not materialize, and costs associated with the integration may be greater than anticipated. As a result, if we do not manage these integrations effectively, the quality of our products as well as our relationships with customers and partners may result in the company not achieving returns on its investment at the level projected at acquisition.

We also may divest businesses from time to time. These transactions may result in continued financial involvement in the divested businesses, such as through reinsurance, guarantees or other financial arrangements, following the transaction. If the acquiring companies do not perform under the arrangements, our financial results could be negatively impacted.

We may be subject to the risks and costs associated with intellectual property infringement, misappropriation and third-party claims

We rely on a combination of contractual rights and copyright, trademark, patent and trade secret laws to establish and protect our intellectual property. Third parties may infringe or misappropriate our intellectual property. We may have to litigate to enforce and protect intellectual property and to determine its scope, validity or enforceability, which could divert significant resources and prove unsuccessful. An inability to protect intellectual property or an inability to successfully defend against a claim of intellectual property infringement could have a material effect on our business.

We may be subject to claims by third parties for patent, trademark or copyright infringement or breach of usage rights. Any such claims and any resulting litigation could result in significant expense and liability. If third-party providers or we are found to have infringed a third-party intellectual property right, either of us could be enjoined from providing certain products or services or from utilizing and benefiting from certain methods, processes, copyrights, trademarks, trade secrets or licenses. Alternatively, we could be required to enter into costly licensing arrangements with third parties or implement costly work-arounds. Any of these scenarios could have a material effect on our business and results of operations.

Loss of key vendor relationships, disruptions to the provision of products or services by a vendor, or failure of a vendor to provide and protect reliable data, and proprietary information, or personal information of our customers, claimants or employees could adversely affect our operations

We rely on services and products provided by many vendors in the U.S. and abroad. These include vendors of computer hardware, software, cloud technology and software as a service, as well as vendors or outsourcing of services such as:

- Claim and administrative services
- Call center services for customer support
- Human resource benefits management
- Information technology support
- Investment management services
- Financial and business support services

We continue to identify ways to improve operating efficiency and reduce cost, which may result in additional outsourcing arrangements in the future. If we are not successful transitioning work to a vendor or a key vendor becomes unable to continue to provide products or services, fails to meet service level standards, or if any vendor fails to protect our confidential, proprietary, and other information, or if our business continuity plans do not sufficiently address a vendor-related business interruption, we may suffer operational impairments and financial losses.

Our ability to attract, develop, and retain talent to maintain appropriate staffing levels and establish a successful work culture is critical to our success

Competition for qualified employees with highly specialized knowledge in areas such as underwriting, data and analytics, technology and e-commerce, is intense and we have experienced increased competition in hiring and retaining employees. The increased prevalence of remote-working arrangements that do not require employees to relocate to take a new job could contribute to higher turnover.

Factors that affect our ability to attract and retain such employees include:

- Compensation and benefits
- Training and re-skilling programs
- Reputation as a successful business with a culture of fair hiring, and of training and promoting qualified employees
- Recognition of and response to changing trends and other circumstances that affect employees

The unexpected loss of key personnel could have a material adverse impact on our business because of the loss of their skills, knowledge of our products and offerings and years of industry experience and, in some cases, the difficulty of promptly finding qualified replacement personnel.

Macro, regulatory and risk environment

Conditions in the global economy and capital markets could adversely affect our business and results of operations

Global economic and capital market conditions could adversely impact demand for our products, returns on our investment portfolio and results of operations. The conditions that would have the largest impact on our business include:

- Low or negative economic growth
- Interest rate levels
- Rising inflation increasing claims and claims expense
- Substantial increases in delinquencies or defaults on debt
- Significant downturns in the market value or liquidity of our investment portfolio
- Prolonged downturn in equity valuations
- Reduced consumer spending and business investment

Stressed conditions, volatility and disruptions in global capital markets or financial asset classes could adversely affect our investment portfolio. Our assumptions about portfolio diversification may not hold across market conditions, which could lead to heightened investment losses.

Capital and credit market conditions may significantly affect our ability to meet liquidity needs or obtain credit on acceptable terms

In periods of extreme volatility and disruption in the capital and credit markets, liquidity and credit capacity may be severely restricted. Our access to additional financing depends on a variety of factors such as market conditions, the general availability of credit, the overall availability of credit to our industry, our credit ratings and credit capacity, as well as lenders' perception of our long- or short-term financial prospects. In such circumstances, our ability to obtain capital to fund operating expenses, financing costs, capital expenditures or acquisitions may be limited, and the cost of any such capital may be significant.

A large-scale pandemic, the occurrence of terrorism, military actions, social unrest or other actions may have an adverse effect on our business

A large-scale pandemic, such as the Coronavirus and its impacts, the occurrence of terrorism, military actions, social unrest or other actions, may result in loss of life, property damage, and disruptions to commerce and reduced economic activity. Some of the assets in our investment portfolio may be adversely affected by declines in the equity markets, changes in interest rates, reduced liquidity and economic activity caused by a large-scale pandemic. Additionally, a large-scale pandemic or terrorist act could have a material effect on sales, liquidity and operating results.

While most of the risks related to the Coronavirus have moderated, some longer-term impacts remain, such as supply chain disruptions, labor shortages, and other macroeconomic factors that have increased inflation and asset values. These factors have affected our operations and may continue to significantly affect our results of operations, financial condition and liquidity and should be considered when comparing the current period to prior periods.

See MD&A, Highlights for a summary of the impacts on our operations, each of our segments and investments that may continue, emerge, evolve or accelerate into 2024.

The failure in cyber or other information security controls, as well as the occurrence of events unanticipated in our disaster recovery processes and business continuity planning, could result in a loss or disclosure of confidential information, damage to our reputation, additional costs and impair our ability to conduct business effectively

We depend heavily on computer systems, mathematical algorithms and data to perform necessary business functions. There are threats that could impact our ability to protect our data and systems; if the threats materialize, they could impact confidentiality, integrity and availability:

- Confidentiality — protecting our data from disclosure to unauthorized parties
- Integrity — ensuring data is not changed accidentally or without authorization and is accurate
- Availability — ensuring our data and systems are accessible to meet our business needs

We collect, use, store or transmit a large amount of confidential, proprietary and other information (including personal information of customers, claimants or employees) in connection with the operation of our business. Systems are subject to increased cyberattacks and unauthorized access, such as physical and electronic break-ins or unauthorized tampering.

We constantly defend against threats to our data and systems, including malware and computer virus attacks, unauthorized access, system failures and disruptions. We have experienced breaches of our data and systems, although to date none of these breaches has had a material effect on our business, operations or reputation. Events like these jeopardize the information processed and stored in, and transmitted through, our computer systems and networks and otherwise cause interruptions or malfunctions in our operations, which could result in damage to our reputation, financial losses, litigation, increased costs, regulatory penalties or customer dissatisfaction.

These risks may increase in the future as threats become more sophisticated and we continue to expand internet and mobile strategies, develop additional remote connectivity solutions to serve our employees and customers, develop and expand products and services designed to protect customers' digital footprint, and build and maintain an integrated digital enterprise.

Our increased use of third-party services (e.g., cloud technology and software as a service) can make it more difficult to identify and respond to cyberattacks in any of the above situations. Although we may review and assess third-party vendor cyber security controls, our efforts may not be successful in preventing or mitigating the effects of such events. Third parties to whom we outsource certain functions are also subject to cybersecurity risks.

Personal information is subject to an increasing number of federal, state, local and international laws and regulations regarding privacy and data security, as well as contractual commitments. Any failure or perceived failure by us to comply with such obligations may result in governmental enforcement actions and fines, litigation or public statements against us by consumer advocacy groups or others and could cause our employees and customers to lose trust in us, which could have an adverse effect on our reputation and business.

Our integrated operational risk and return management processes and practices may not be sufficient to timely detect and mitigate operational risks, including those posed by third-party service providers, that could have an adverse effect on our reputation and business.

See the Regulation section, Privacy Regulation and Data Security, for additional information.

The occurrence of a disaster or event that results in the shut-down, disruption, degradation or unavailability of one or more of our systems or facilities, unanticipated problems with our disaster recovery processes, or a support failure from external providers, could have an adverse effect on our ability to conduct business and on our results of operations and financial condition, particularly if those events affect our computer-based data processing, transmission, storage, and retrieval systems or destroy data. If a significant number of employees were unavailable or unable to access our systems in the event of a disaster, our ability to effectively conduct business could be severely compromised.

Losses from changing climate and weather conditions may adversely affect our financial condition, profitability or cash flows

Climate change affects the occurrence of certain natural events, such as increasing the frequency or severity of wind, tornado, hailstorm and thunderstorm events due to increased convection in the atmosphere. There could also be more frequent wildfires in certain geographies, more flooding and the potential for increased severity of hurricanes. As a result, incurred losses from such events and the demand, price and availability of reinsurance coverages for automobile and homeowners insurance may be affected.

Climate change may also impact insurability by impairing our ability to identify and quantify potential hazards that will result in losses and offer our customers products at an affordable price. Our investment portfolio is also subject to the effects of climate change as economic shifts alter the return dynamic of long-term investments and increase valuation risk.

Due to significant variability associated with future changing climate conditions, we are unable to predict the impact climate change will have on our businesses.

Our efforts to meet evolving environmental, social, and governance standards may not meet stakeholders' expectations

Some of our existing or potential investors, customers, employees, regulators, and other stakeholders evaluate our business practices according to a variety of environmental, social and governance ("ESG") standards and expectations, including those related to climate change, inclusive diversity and equity, data privacy, and the well-being of our employees. Some regulators have proposed or adopted, or may propose or adopt, pro- or anti-ESG rules or standards applicable to our business.

Our business practices and disclosures are evaluated against ESG standards which are continually evolving and not always well defined or readily measurable today. ESG-related expectations may also reflect contrasting or conflicting values or agendas. Our practices may not change in the particular ways or at the rate stakeholders expect. We may fail to meet our commitments or targets. Our policies and processes to evaluate and manage ESG priorities in coordination with other business priorities may not prove completely effective or fully satisfy our stakeholders. Customers and potential customers may choose not to do business with us based on our ESG practices and related policies and actions. We may face adverse regulatory, investor, media, or public scrutiny leading to business, reputational, or legal challenges.

We are subject to extensive regulation, and potential further restrictive regulation may increase operating costs and limit growth

We largely operate in the highly regulated insurance and broader financial services sectors and are subject to extensive laws and regulations that are complex and subject to change. Changes may lead to additional expenses, increased legal exposure, or increased reserve or capital requirements limiting our ability to grow or to achieve targeted profitability. Moreover, laws and regulations are administered and enforced by governmental authorities that exercise interpretive latitude, including:

- State insurance regulators
- State securities administrators
- State attorneys general
- Federal agencies including the SEC, the Financial Industry Regulatory Authority, the Department of Labor, the U.S. Department of Justice, the Consumer Financial Protection Bureau and the National Labor Relations Board

Consequently, compliance with one regulator's or enforcement authority's interpretation of a legal issue may not result in compliance with another's interpretation of the same issue.

There is risk that one regulator's or enforcement authority's interpretation of a legal issue may change to our detriment. There is also a risk that changes in the overall legal environment may cause us to change our views regarding the actions we need to take from a legal risk management perspective. This could necessitate changes to our practices that may adversely impact our business. In some cases, state insurance laws and regulations are generally intended to protect or benefit purchasers or users of insurance products, not holders of securities that we issue. These laws and regulations may limit our ability to grow or to improve the profitability of our business.

We have business process and information technology operations in Canada, India, the United Kingdom and Mexico that are subject to operating, regulatory and political risks in those countries. We also outsource certain business functions to vendors located in foreign countries, including India, Mexico, Colombia, South Africa and the Philippines, that are subject to operating, regulatory and political risks in those countries. We may incur substantial costs and other negative consequences if any of these risks occur, including an adverse effect on our business, results of operations and financial condition.

A regulatory environment that requires rate increases to be approved, can dictate underwriting practices and mandate participation in loss sharing arrangements, may adversely affect results of operations and financial condition

Political events and positions can affect the insurance market, including efforts to suppress rates to a level that may not allow us to reach targeted levels of profitability. Regulatory challenges to rate increases, especially during inflationary periods with more significant rate changes, may restrict rate changes that may be required to achieve targeted levels of profitability and returns on equity. If we are unsuccessful, our results of operations could be negatively impacted. Certain states may enact regulatory reforms regarding insurance rating that may make it more difficult to obtain rates that appropriately reflect the risk.

In addition, certain states have enacted laws that require an insurer conducting business in that state to participate in assigned risk plans, reinsurance facilities and joint underwriting associations. Certain states also require the insurer to offer coverage to all consumers, often restricting an insurer's ability to charge the price it might otherwise charge for the risk acceptance. In these markets, we may be compelled to underwrite significant amounts of business at lower-than-desired rates, possibly leading to an unacceptable return on equity. Alternatively, as the facilities recognize a financial deficit, they could have the ability to assess participating insurers, adversely affecting our results of operations and financial condition. Laws and regulations of many states also limit an insurer's ability to withdraw from one or more lines of insurance, except pursuant to a plan that is approved by the state insurance department. Certain states require an insurer to participate in guaranty funds for impaired or insolvent insurance companies. These funds periodically assess losses against all insurance companies doing business in the state. Our results of operations and financial condition could be adversely affected by any of these factors.

Regulatory reforms, and the more stringent application of existing regulations, may make it more expensive for us to conduct our business

The federal government has enacted and continues to propose comprehensive regulatory reforms for financial services entities. As part of a larger effort to strengthen the regulation of the financial services market, certain reforms are applicable to the insurance industry. A growing number of state laws, enforced by a variety of regulators, on issues such as privacy and cybersecurity may also increase expenses and require additional compliance activities.

The Federal Insurance Office and Financial Stability Oversight Council have been established, and the federal government may enact reforms that affect the state insurance regulatory framework. The potential impact of state or federal measures that change the nature or scope of insurance and financial regulation is uncertain but may make it more expensive for us to conduct business and limit our ability to grow or achieve profitability.

Losses from legal and regulatory actions may be material to our results of operations, cash flows and financial condition

We are involved in various legal actions, including class-action litigation challenging a range of company practices; including coverages provided by our insurance products, some of which involve claims for substantial or indeterminate amounts. We are also

involved in various regulatory actions and inquiries, including market conduct exams by state insurance regulatory agencies. In the event of an unfavorable outcome in any of these matters, the ultimate liability may be more than amounts currently accrued or disclosed in our reasonably possible loss range and may be material to our results of operations, cash flows and financial condition.

See Note 15 of the consolidated financial statements.

Changes in or the application of accounting standards issued by standard-setting bodies and changes in tax laws may adversely affect our results of operations and financial condition

Our financial statements are subject to GAAP, which are periodically revised, interpreted or expanded. Accordingly, we may be required to adopt new guidance or interpretations, which may have a material effect on our results of operations and financial condition and could adversely impact financial strength ratings.

- Market declines, changes in business strategies or other events impacting the fair value of goodwill or purchased intangible assets could result in an impairment charge to income
- Realization of our deferred tax assets assumes that we can fully utilize the deductions recognized for tax purposes; we may recognize additional tax expense if these assets are not fully utilized
- New tax legislative initiatives may be enacted that may impact our effective tax rate and could adversely affect our tax positions or tax liabilities

See the Regulation section, MD&A, Application of Critical Accounting Estimates and Note 2 of the consolidated financial statements for further details.

Misconduct or fraudulent acts by employees, agents and third parties may expose us to financial loss, disruption of business, regulatory assessments and reputational harm

The company and the insurance industry are susceptible to past and future misconduct or fraudulent activities by employees, representative agents, vendors, customers and other third parties. These activities could include:

- Fraud against the company, its employees and its customers through illegal or prohibited activities
- Unauthorized acts or representations, unauthorized use or disclosure of personal or proprietary information, deception, and misappropriation of funds or other benefits

Item 1B. Unresolved Staff Comments

None.

Item 1C. Cybersecurity

Governance

The Allstate Corporation Board of Directors ("Allstate Board") has overall responsibility for oversight of enterprise risk.

The Audit Committee of the Allstate Board oversees the effectiveness of the cybersecurity program. The Audit Committee retains an external cybersecurity advisor to consult on cybersecurity matters and perform assessments of the Allstate Information Security Program.

The Chief Information Security Officer ("CISO") regularly updates the Audit Committee and Allstate Board on Information Security Program status, cybersecurity risk management, the control environment, emerging threat intelligence and key risk and performance measurements. In addition, the CISO provides updates to senior leadership, the Audit Committee and the Allstate Board, as appropriate.

Jeffrey Wright is senior vice president and CISO for Allstate. He is responsible for the development and execution of the security strategy which protects Allstate's information from external and internal cybersecurity threats. Mr. Wright has more than 20 years of information security leadership experience.

Risk Management and Strategy

The Enterprise Risk and Return Council has delegated the power and authority to manage cybersecurity risks to the Information Security Council ("ISC"). The CISO chairs the ISC, with senior management representation from across the Company including representatives from Privacy, Legal and Technology. The ISC monitors, makes mitigating decisions about, and escalates information security risks that are outside the Company's established risk tolerance. Additionally, it provides executive sponsorship of information security controls and oversees the development and review of the information security policy and enterprise security standards.

Allstate evaluates candidates for information security positions based on experience and qualifications. Senior leadership, team leads and subject matter experts conduct interviews to identify top candidates who represent the technical and behavioral acumen required of cybersecurity professionals at Allstate. Allstate provides cybersecurity employees with continuing education associated with their roles and responsibilities.

Information Security Program Allstate has implemented a robust Information Security Program to manage material risks from cybersecurity threats. The Company's Program uses a risk-based, defense-in-depth approach to identify, assess and manage cybersecurity risks to the Company's information assets and systems, enabling the business to achieve its objectives. The Information Security Program is aligned with industry best practices and standards including the ISO 27001/27002 standards, the Control Objectives for Information and Related Technologies

Framework and the National Institute of Standards and Technology Cybersecurity Framework (“NIST CSF”).

Allstate conducts risk and control assessments to proactively identify and assess the likelihood and impact of specific information security risks using the NIST CSF. The Company conducts these risk assessments at multiple levels of scope, including applications, business processes, business units, and enterprise. Allstate documents the identified risks, tracking them based on potential impact and the likelihood that harm might occur. The Company manages the risks in accordance with its Information Security Program.

Allstate’s Information Security Program outlines the responsibilities and expectations for the security of Allstate information systems. The Program includes standards, policies and procedures requiring the implementation of technical, administrative and physical controls to manage the risk to Allstate information and systems. These standards, policies and procedures cover industry-standard information security domains, including risk assessment, third-party supplier risk management, vulnerability management, identity and access management, application security, network security, cybersecurity awareness training, encryption and incident management.

Allstate conducts periodic assessments, designed to evaluate effectiveness of implemented controls. The Company performs vulnerability scans and penetration tests to assess controls and proactively identify vulnerabilities for prioritization and remediation. Findings are managed and tracked in accordance with Allstate’s governance, risk and compliance standards.

Dedicated personnel support information security operations 24 hours per day, seven days per week. Allstate’s incident response program is designed to detect, respond and recover from a range of cybersecurity-related incidents.

Item 2. Properties

In Illinois, the Company has 11 locations totaling approximately 480 thousand square feet of office space.

In North America, we operate from approximately 780 retail stores, administrative, data processing, claims handling and other support facilities that total 710 thousand square feet owned and 4.3 million square feet leased.

Outside North America, we own one and lease two properties in Northern Ireland comprising approximately 200 thousand square feet. We also have two leased facilities in India for approximately 500 thousand square feet and two leased facilities in London for approximately seven thousand square feet.

The locations where Allstate exclusive agencies operate in the U.S. are typically leased by the agencies.

Item 3. Legal Proceedings

Information required for Item 3 is incorporated by reference to the discussion under the heading “Regulation and compliance” and under the heading “Legal and regulatory proceedings and inquiries” in Note 15 of the consolidated financial statements.

Item 4. Mine Safety Disclosures

Not applicable.

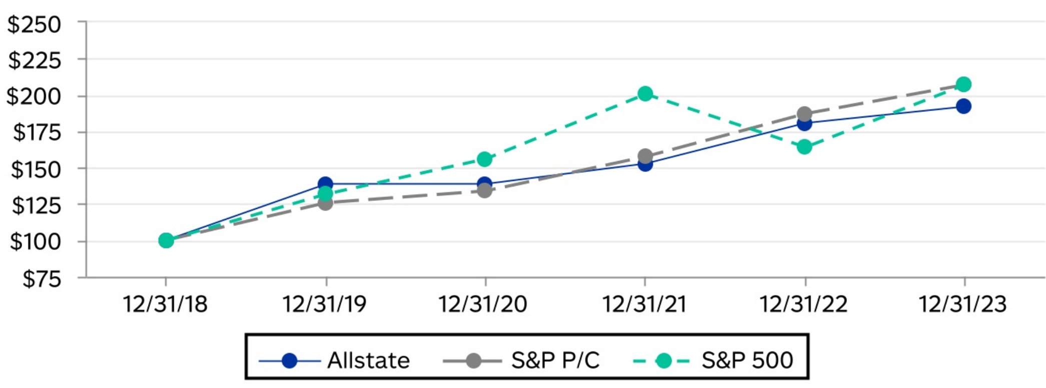
Part II

Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

As of January 31, 2024, there were 56,831 holders of record of The Allstate Corporation's common stock. The principal market for the common stock is the New York Stock Exchange, where our common stock trades under the trading symbol "ALL". Our common stock is also listed on the Chicago Stock Exchange.

Common stock performance graph

The following performance graph compares the cumulative total shareholder return on Allstate common stock for a five-year period (December 31, 2018 to December 31, 2023) with the cumulative total return of the S&P Property and Casualty Insurance Index (S&P P/C) and the S&P 500 stock index.



Value at each year-end of $100 initial investment made on December 31, 2018

	12/31/2018	12/31/2019	12/31/2020	12/31/2021	12/31/2022	12/31/2023
Allstate	$ 100.00	$ 138.82	$ 138.65	$ 152.35	$ 180.29	$ 191.72
S&P P/C	$ 100.00	$ 125.87	$ 133.84	$ 157.27	$ 186.95	$ 207.04
S&P 500	$ 100.00	$ 131.47	$ 155.65	$ 200.29	$ 163.98	$ 207.04

Issuer Purchases of Equity Securities

Period	Total number of shares (or units) purchased [1]	Average price paid per share (or unit)	Total number of shares (or units) purchased as part of publicly announced plans or programs	Maximum number (or approximate dollar value) of shares (or units) that may yet be purchased under the plans or programs [2]
October 1, 2023 - October 31, 2023				
Open Market Purchases	329	$ 112.37	—	
November 1, 2023 - November 30, 2023				
Open Market Purchases	125,437	$ 134.12	—	
December 1, 2023 - December 31, 2023				
Open Market Purchases	2,798	$ 138.37	—	
Total	**128,564**	**$ 134.15**	**—**	**$ 472 million**

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

October: 329
November: 125,437
December: 2,798

[2] In August 2021, we announced the approval of a common share repurchase program for $5 billion. In July 2023, we suspended repurchasing shares under the current authorization. The authorization for the share repurchase program expires on March 31, 2024. The Inflation Reduction Act, enacted in August 2022, imposes a 1% excise tax on stock repurchases occurring after December 31, 2022. The excise tax on common stock repurchases is classified as an additional cost of the stock acquired included in treasury stock in shareholders' equity.

Item 6. [Reserved]

None.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

	Page
2023 Highlights	36
Property-Liability Operations	41
Allstate Protection	43
Run-off Property-Liability	51
Protection Services	54
Property and Casualty Insurance Claims and Claims Expense Reserves	56
Allstate Health and Benefits	63
Investments	65
Market Risk	74
Capital Resources and Liquidity	77
Enterprise Risk and Return Management	82
Application of Critical Accounting Estimates	85
Regulation and Legal Proceedings	96
Pending Accounting Standards	96

2023 Highlights

Overview

The following discussion highlights significant factors influencing the consolidated financial position and results of operations of The Allstate Corporation (referred to in this document as "we," "our," "us," the "Company" or "Allstate"). It should be read in conjunction with the consolidated financial statements and related notes found under Item 8. contained herein.

A discussion of strategy, including updates to the multi-year Transformative Growth initiative, can be found in Part 1, Item 1. Business.

This section of this Form 10-K generally discusses 2023 and 2022 results and year-to-year comparisons between 2023 and 2022. Discussions of 2021 results and year-to-year comparisons between 2022 and 2021 that are not included in this Form 10-K can be found in Management's Discussion and Analysis ("MD&A") in Part II, Item 7 of our annual report on Form 10-K for 2022, filed February 16, 2023. Certain amounts have been reclassified or recast to reflect the application of the new guidance to all in-scope long-duration insurance contracts and to conform to current year presentation.

The most important factors we monitor to evaluate the financial condition and performance for our reportable segments and the Company include:

- *Allstate Protection*: premium, policies in force ("PIF"), new business sales, policy retention, price changes, claim frequency and severity, catastrophes, loss ratio, expenses, underwriting results and combined ratio
- *Protection Services*: revenues, premium written, PIF and adjusted net income
- *Allstate Health and Benefits*: premiums, other revenue, new business sales, PIF, benefit ratio, expenses and adjusted net income
- *Investments*: exposure to market risk, asset allocation, credit quality, total return, net investment income, cash flows, net gains and losses on investments and derivatives, unrealized capital gains and losses, long-term returns and asset duration
- *Financial condition*: liquidity, parent holding company deployable assets, financial strength ratings, operating leverage, debt levels, book value per share and return on equity

Measuring segment profit or loss

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

Underwriting income is calculated as premiums earned and other revenue, less claims and claims expense ("losses"), Shelter-in-Place Payback expense, amortization of deferred policy acquisition costs ("DAC"), operating costs and expenses, amortization or impairment of purchased intangibles, and restructuring and related charges, as determined using accounting principles generally accepted in the United States of America ("GAAP"). We use this measure in our evaluation of results of operations to analyze profitability.

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

- Net gains and losses on investments and derivatives
- Pension and other postretirement remeasurement gains and losses
- Business combination expenses and the amortization or impairment of purchased intangibles
- Income or loss from discontinued operations
- Gain or loss on disposition
- Adjustments for other significant non-recurring, infrequent or unusual items, when (a) the nature of the charge or gain is such that it is reasonably unlikely to recur within two years, or (b) there has been no similar charge or gain within the prior two years
- Income tax expense or benefit on reconciling items

Macroeconomic Impacts

Macroeconomic factors have and may continue to impact the results of our operations, financial condition and liquidity, such as U.S. government fiscal and monetary policies, banking system instability, the Russia/Ukraine and Israel/Hamas conflicts and the remaining impacts of the Novel Coronavirus Pandemic or COVID-19 (“Coronavirus”), such as supply chain disruptions, labor shortages and other macroeconomic factors that have increased inflation.

Inflation continues to remain elevated, which led to increases in interest rates by the Federal Reserve and many foreign governmental authorities and central banks. These actions could create significant economic uncertainty. Market volatility resulting from these factors and from disruptions in the banking industry have and may continue to impact our investment valuations and returns.

These factors have affected our operations and may continue to significantly affect our results of operations, financial condition and liquidity and should be considered when comparing the current period to prior periods. Macroeconomic impacts are disclosed in Part 1 “Item 1A. Risk Factors'', including the risk factors titled “*A large-scale pandemic, the occurrence of terrorism, military actions, social unrest or other actions may have an adverse effect on our business*” and “*Conditions in the global economy and capital markets could adversely affect our business and results of operations*”. This is not inclusive of all potential impacts and should not be treated as such. Within the MD&A, we have included further disclosures related to macroeconomic impacts on our 2023 results.

Israel/Hamas Conflict

As of December 31, 2023, we have approximately $47 million investment exposure in the Middle East, of which approximately $43 million is held in Israel, which is primarily indirect exposure through funds managed by external asset managers.

Russia/Ukraine Conflict

The Russia-Ukraine war and related sanctions imposed as a result of this conflict have increased global economic and political uncertainty, including inflationary pressures and an increased risk of cybersecurity incidents. Allstate does not have operations or direct investments in Russia, Belarus or Ukraine, but we could experience significant indirect impacts on the investment portfolio, financial position, or results of operations.

2023 Operating Priorities and Results

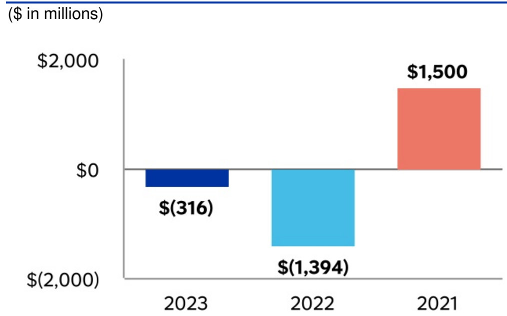
Allstate continued to focus on its operating priorities while executing a comprehensive plan to improve auto insurance profitability. The table below summarizes the results of our 2023 Operating Priorities.

2023 Operating Priorities [1]	
Improve Customer Value	Enterprise Net Promoter Score, which measures how likely customers are to recommend Allstate, finished below the prior year, reflecting the impact of substantial price increases necessary to offset higher loss costs.
Grow Customer Base	Consolidated policies in force reached 194 million, a 2.8% increase from prior year. Property-Liability policies in force decreased by 2.0% compared to the prior year, as continued growth at National General was more than offset by the Allstate brand and renewals declined in the auto insurance business.
	Protection Services policies in force increased 4.3%, primarily due to growth at Allstate Protection Plans.
Achieve Target Economic Returns on Capital	Return on average Allstate common shareholders’ equity was (2.0)% in 2023.
	The Property-Liability combined ratio of 104.5 for the full year decreased compared to the prior year primarily reflecting increased premiums earned, partially offsetting continued high loss costs. A comprehensive profitability plan is being executed.
Proactively Manage Investments	Net investment income of $2.48 billion in 2023 was $75 million higher than prior year as higher market-based investment income was partially offset by lower performance-based results.
	Total return on the $66.68 billion investment portfolio was 6.7% in 2023. Proactive portfolio management repositioned the fixed income portfolio into longer duration and higher-yielding assets that sustainably increase income.
Execute Transformative Growth	Allstate made substantial progress in advancing Transformative Growth in 2023, including continued cost reductions, deploying a new property-liability technology platform and a new Affordable, Simple and Connected auto insurance offering in seven states.
	National General is building a strong competitive position in independent agent distribution.
	Build a digital enterprise by expanding utilization of machine-based learning and artificial intelligence.

[1] 2024 operating priorities will remain mostly consistent with the 2023 priorities.

Consolidated net income (loss) applicable to common shareholders

($ in millions)

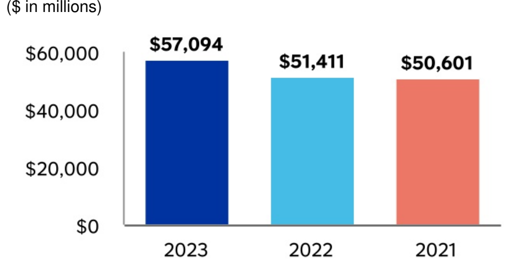


Consolidated net loss applicable to common shareholders was $316 million in 2023 compared to net loss of $1.39 billion in 2022, primarily due to improved underwriting results and net gains on equity valuations compared to losses in 2022.

For the twelve months ended December 31, 2023, return on Allstate common shareholders' equity was (2.0)% compared to (7.2)% for the twelve months ended December 31, 2022.

Total revenue

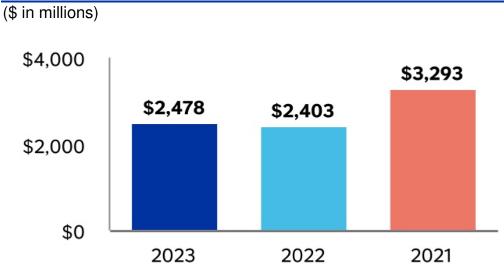
($ in millions)



Total revenue increased 11.1% to $57.09 billion in 2023 compared to 2022, primarily due to a 10.4% increase in property and casualty insurance premiums earned and net gains on equity valuations in 2023 compared to losses in 2022.

Net investment income

($ in millions)



Net investment income increased $75 million to $2.48 billion in 2023 compared to 2022, primarily due to higher market-based income reflecting increased fixed income portfolio yields and investment balances, partially offset by lower performance-based investment results.

Summarized financial results

($ in millions)	Years Ended December 31, 2023	2022	2021
Revenues			
Property and casualty insurance premiums	$ 50,670	$ 45,904	$ 42,218
Accident and health insurance premiums and contract charges	1,846	1,832	1,834
Other revenue	2,400	2,344	2,172
Net investment income	2,478	2,403	3,293
Net gains (losses) on investments and derivatives	(300)	(1,072)	1,084
Total revenues	**57,094**	**51,411**	**50,601**
Costs and expenses			
Property and casualty insurance claims and claims expense	(41,070)	(37,264)	(29,318)
Shelter-in-Place Payback expense	—	—	(29)
Accident, health and other policy benefits	(1,071)	(1,042)	(1,060)
Amortization of deferred policy acquisition costs	(7,278)	(6,634)	(6,236)
Operating, restructuring and interest expenses	(7,685)	(7,832)	(7,760)
Pension and other postretirement remeasurement gains (losses)	(9)	(116)	644
Amortization of purchased intangibles	(329)	(353)	(376)
Total costs and expenses	**(57,442)**	**(53,241)**	**(44,135)**
(Loss) income from operations before income tax expense	**(348)**	**(1,830)**	**6,466**
Income tax benefit (expense)	135	488	(1,292)
Net (loss) income from continuing operations	**(213)**	**(1,342)**	**5,174**
Loss from discontinued operations, net of tax	—	—	(3,593)
Net (loss) income	**(213)**	**(1,342)**	**1,581**
Less: Net loss attributable to noncontrolling interest	(25)	(53)	(33)
Net (loss) income attributable to Allstate	**(188)**	**(1,289)**	**1,614**
Preferred stock dividends	(128)	(105)	(114)
Net (loss) income applicable to common shareholders	**$ (316)**	**$ (1,394)**	**$ 1,500**

Segment Highlights

Allstate Protection underwriting loss was $2.09 billion in 2023 compared to underwriting loss of $2.78 billion in 2022, due to increased premiums earned and lower unfavorable non-catastrophe reserve reestimates, partially offset by higher incurred losses and higher catastrophe losses of $5.64 billion in 2023 compared to $3.11 billion in 2022.

Premiums written increased 10.0% to $50.35 billion in 2023 compared to $45.79 billion in 2022, reflecting higher premiums in both Allstate and National General brands.

Protection Services adjusted net income was $106 million in 2023 compared to $169 million in 2022. The decrease in 2023 was due to higher appliance and furniture claim severity at Allstate Protection Plans and lower third-party lead sales at Arity, partially offset by improved margins at Allstate Roadside and lower expenses at Allstate Identity Protection. Adjusted net income was also impacted by an increase in state income taxes and deferred tax liabilities for Allstate Dealer Services.

Premiums and other revenues increased 9.4% or $220 million to $2.56 billion in 2023 from $2.34 billion in 2022 primarily due to Allstate Protection Plans.

Allstate Health and Benefits adjusted net income was $242 million in 2023 compared to $245 million in 2022. The decrease was primarily due to a decline in employer voluntary benefits, partially offset by increases in individual and group health.

Premiums and contract charges totaled $1.85 billion in 2023, an increase of 0.8% from $1.83 billion in 2022 primarily due to growth in group health, partially offset by a decline in employer voluntary benefits and individual health.

Income Taxes

The effective tax rate is the ratio of income tax (benefit) expense divided by (loss) income from operations before income tax expense. The effective tax rate for 2023 was 38.8% compared to 26.7% in 2022 due to the total income tax benefit measured against a lower loss from operations before income tax expense of $348 million in 2023 compared to a loss of $1.83 billion in 2022.

In both years, the effective tax rate was higher than the 21% federal statutory income tax rate, primarily due to tax credits, tax-exempt interest income and excess tax benefits on shared-based payments, offset by a change in valuation allowance and uncertain tax positions. In addition, in 2023, the Company recorded an additional tax benefit arising from the liquidation of a foreign subsidiary and the remeasurement of state deferred income taxes. The

impact of the state deferred income taxes was not material to the consolidated results of operations but resulted in a tax expense to Protection Services and a tax benefit to Allstate Protection.

For additional information, see Note 16 of the consolidated financial statements.

Financial Highlights

Investments totaled $66.68 billion as of December 31, 2023, increasing from $61.83 billion as of December 31, 2022.

Allstate shareholders' equity was $17.77 billion as of December 31, 2023 and $17.49 billion as of December 31, 2022. The increase is primarily due to lower unrealized net capital losses on investments, partially offset by dividends paid to shareholders, common share repurchases and a net loss.

Book value per diluted common share (ratio of Allstate common shareholders' equity to total common shares outstanding and dilutive potential common shares outstanding) was $59.39 as of December 31, 2023, an increase of 2.2% from $58.12 as of December 31, 2022.

Return on average common Allstate shareholders' equity For the twelve months ended December 31, 2023, return on Allstate common shareholders' equity was (2.0)%, an increase of 5.2 points from (7.2)% for the twelve months ended December 31, 2022, primarily due to lower net loss applicable to common shareholders.

Pension and other postretirement remeasurement gains and losses We recorded pension and other postretirement remeasurement losses of $9 million in 2023, primarily related to losses on the remeasurement of the projected benefit obligation driven by a decrease in the liability discount rate, partially offset by gains due to favorable asset performance compared to expected return on plan assets. See Note 18 of the consolidated financial statements and Application of Critical Accounting Estimates section of the MD&A for further information.

Adopted accounting standard

Accounting for Long-Duration Insurance Contracts Effective January 1, 2023, the Company adopted the Financial Accounting Standards Board ("FASB") guidance revising the accounting for certain long-duration insurance contracts using the modified retrospective approach to the transition date of January 1, 2021.

Under the new guidance, measurement assumptions, including those for mortality, morbidity and policy lapses, are required to be reviewed at least annually, and updated as appropriate. In addition, reserves under the new guidance are required to be discounted using an upper-medium grade fixed income instrument yield that is updated through other comprehensive income ("OCI") at each reporting date. Additionally, deferred policy acquisition costs ("DAC") for all long-duration products are amortized on a simplified basis. Also, the Company's reserve for future policy benefits and DAC are subject to new disclosure guidance.

In addition, the Company met the conditions included in Accounting Standards Update No. 2022-05, *Transition for Sold Contracts*, and elected to not apply the new guidance for contracts that were part of the 2021 sales of Allstate Life Insurance Company ("ALIC") and Allstate Life Insurance Company of New York ("ALNY").

After-tax cumulative effect of change in accounting principle on transition date

($ in millions)	January 1, 2021
Decrease in retained income	$ 21
Decrease in accumulated other comprehensive income ("AOCI")	277
Total decrease in equity	**$ 298**

The decrease in AOCI was primarily attributable to a change in the discount rate used in measuring the reserve for future policy benefits for traditional life contracts and other long-term products with guaranteed terms from a portfolio-based rate at contract issuance to an upper-medium grade fixed income-based rate at the transition date. The decrease in retained income primarily related to certain cohorts of long-term contracts whose expected net premiums exceeded expected gross premiums which resulted in an increase in reserves and a decrease in retained income equal to the present value of expected future benefits less the present value of expected future premiums at the transition date.

Property-Liability Operations

Overview Property-Liability operations consist of two reportable segments: Allstate Protection and Run-off Property-Liability. These segments are consistent with the groupings of financial information that management uses to evaluate performance and to determine the allocation of resources.

We do not allocate Property-Liability investment income, net gains and losses on investments and derivatives, or assets to the Allstate Protection and Run-off Property-Liability segments. Management reviews assets at the Property-Liability level for decision-making purposes.

GAAP operating ratios are used to measure our profitability to enhance an investor's understanding of our financial results and are calculated as follows:

- *Loss ratio:* the ratio of claims and claims expense (loss adjustment expenses), to premiums earned. Loss ratios include the impact of catastrophe losses and prior year reserve reestimates.
- *Expense ratio:* the ratio of amortization of DAC, operating costs and expenses, amortization or impairment of purchased intangibles, restructuring and related charges and Shelter-in-Place Payback expense, less other revenue to premiums earned.
- *Combined ratio:* the sum of the loss ratio and the expense ratio.

We have also calculated the following impacts of specific items on the GAAP operating ratios because of the volatility of these items between periods. The impacts are calculated by taking the specific items noted below divided by Property-Liability premiums earned:

- *Effect of catastrophe losses on combined ratio:* includes catastrophe losses and prior year reserve reestimates of catastrophe losses included in claims and claims expense
- *Effect of prior year reserve reestimates on combined ratio*
- *Effect of amortization of purchased intangibles on combined ratio*
- *Effect of restructuring and related charges on combined ratio*
- *Effect of Shelter-in-Place Payback expense on combined and expense ratios*
- *Effect of Run-off Property-Liability business on combined ratio:* includes claims and claims expense, restructuring and related charges and operating costs and expenses in the Run-off Property-Liability segment

Premium measures and statistics are used to analyze our premium trends and are calculated as follows:

- *PIF*: policy counts are based on items rather than customers. A multi-car customer would generate multiple item (policy) counts, even if all cars were insured under one policy. Commercial lines PIF counts for shared economy agreements typically reflect contracts that cover multiple rather than individual drivers. Lender-placed policies are excluded from policy counts because relationships are with the lenders.
- *New issued applications*: item counts of automobile or homeowner insurance applications for insurance policies that were issued during the period, regardless of whether the customer was previously insured by another Allstate brand.
- *Average premium-gross written ("average premium"):* gross premiums written divided by issued item count. Gross premiums written include the impacts from discounts, surcharges and ceded reinsurance premiums and exclude the impacts from mid-term premium adjustments and premium refund accruals. Average premiums represent the appropriate policy term for each line.
- *Renewal ratio:* renewal policy item counts issued during the period, based on contract effective dates, divided by the total policy item counts issued generally 6 months prior for auto or 12 months prior for homeowners.
- *Implemented rate changes:* represents the impact in the locations (U.S. states, the District of Columbia or Canadian provinces) where rate changes were implemented during the period as a percentage of total brand prior year-end premiums written.

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

- *Gross claim frequency* is calculated as annualized notice counts, excluding counts associated with catastrophe events, received in the period divided by the average of PIF with the applicable coverage during the period. Gross claim frequency includes all actual notice counts, regardless of their current status (open or closed) or their ultimate disposition (closed with a payment or closed without payment).
- *Report year incurred claim severity* is calculated by dividing the sum of recorded estimated incurred losses and allocated loss adjustment expenses, excluding catastrophes, by the reported notice counts during that report year. Report year incurred claim severity does not include incurred

but not reported ("IBNR") losses or benefits from subrogation and salvage.

- *Paid claim severity* is calculated by dividing the sum of paid losses and loss expenses by claims closed with a payment during the period.
- *Percent change in frequency or paid claim severity statistics* are calculated as the amount of increase or decrease in gross claim frequency or paid claim severity in the current period compared to the same period in the prior year divided by the prior year gross claim frequency or paid claim severity.
- *Percent change in report year incurred claim severity statistic* is calculated as the amount of increase or decrease in report year incurred claim severity recorded in the current year divided by the current estimate of the prior report year incurred claim severity.

Underwriting results

($ in millions, except ratios)	2023	2022	2021
Premiums written	$ 50,347	$ 45,787	$ 41,358
Premiums earned	$ 48,427	$ 43,909	$ 40,454
Other revenue	1,545	1,416	1,437
Claims and claims expense	(40,453)	(36,732)	(28,876)
Shelter-in-Place Payback expense	—	—	(29)
Amortization of DAC	(6,070)	(5,570)	(5,313)
Other costs and expenses	(5,255)	(5,650)	(5,622)
Restructuring and related charges [1]	(143)	(44)	(145)
Amortization of purchased intangibles	(235)	(240)	(241)
Underwriting (loss) income	**$ (2,184)**	**$ (2,911)**	**$ 1,665**
Catastrophe losses			
Catastrophe losses, excluding reserve reestimates	$ 5,660	$ 3,094	$ 3,541
Catastrophe reserve reestimates [2]	(24)	18	(202)
Total catastrophe losses	**$ 5,636**	**$ 3,112**	**$ 3,339**
Non-catastrophe reserve reestimates [2]	$ 574	$ 1,726	$ 326
Prior year reserve reestimates [2]	550	1,744	124
GAAP operating ratios			
Loss ratio	83.5	83.6	71.4
Expense ratio [3]	21.0	23.0	24.5
Combined ratio	104.5	106.6	95.9
Effect of catastrophe losses on combined ratio	11.6	7.1	8.3
Effect of prior year reserve reestimates on combined ratio	1.2	3.9	0.3
Effect of catastrophe losses included in prior year reserve reestimates on combined ratio	—	—	(0.5)
Effect of restructuring and related charges on combined ratio [1]	0.3	0.1	0.4
Effect of amortization of purchased intangibles on combined ratio	0.5	0.5	0.6
Effect of Shelter-in-Place Payback expense on combined and expense ratios	—	—	0.1
Effect of Run-off Property-Liability business on combined ratio	0.2	0.3	0.3

[1] Restructuring and related charges in 2023 primarily relate to implementing actions to streamline the organization and outsource operations, and real estate costs related to facilities being vacated. See Note 14 of the consolidated financial statements for additional details.

[2] Favorable reserve reestimates are shown in parentheses.

[3] Other revenue is deducted from operating costs and expenses in the expense ratio calculation.

Allstate Protection Segment

Private passenger auto, homeowners, and other personal lines insurance products are offered to consumers through agents, directly through contact centers and online. Our strategy is to offer products that allow customers to interact with us when, where and how they want with affordable, simple and connected protection products. For additional information on our strategy and outlook, see Part I, Item 1. Business - Strategy and Segment Information.

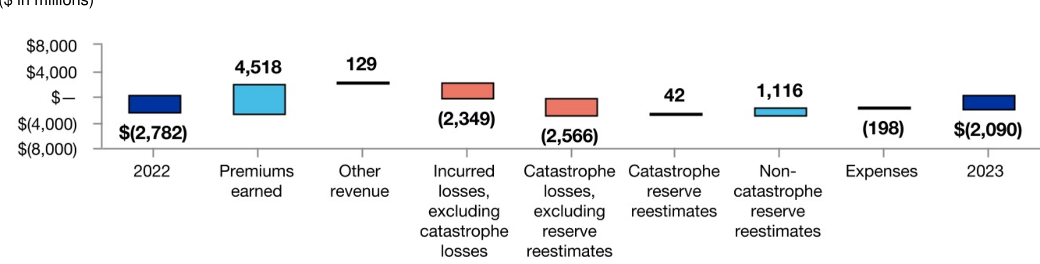
Underwriting results

($ in millions)	For the years ended December 31, 2023	2022	2021
Premiums written	$ 50,347	$ 45,787	$ 41,358
Premiums earned	$ 48,427	$ 43,909	$ 40,454
Other revenue	1,545	1,416	1,437
Claims and claims expense	(40,364)	(36,607)	(28,760)
Shelter-in-Place Payback expense	—	—	(29)
Amortization of DAC	(6,070)	(5,570)	(5,313)
Other costs and expenses	(5,251)	(5,646)	(5,618)
Restructuring and related charges	(142)	(44)	(145)
Amortization of purchased intangibles	(235)	(240)	(241)
Underwriting (loss) income	**$ (2,090)**	**$ (2,782)**	**$ 1,785**
Catastrophe losses	$ 5,636	$ 3,112	$ 3,339

Underwriting loss improved to $2.09 billion in 2023 compared to $2.78 billion in 2022, primarily due to increased premiums earned and lower unfavorable non-catastrophe reserve reestimates, partially offset by higher losses. We are executing a comprehensive plan to improve auto insurance profitability, by raising rates, reducing operating expenses and advertising, implementing underwriting restrictions in underperforming states and enhancing claims processes to manage loss costs.

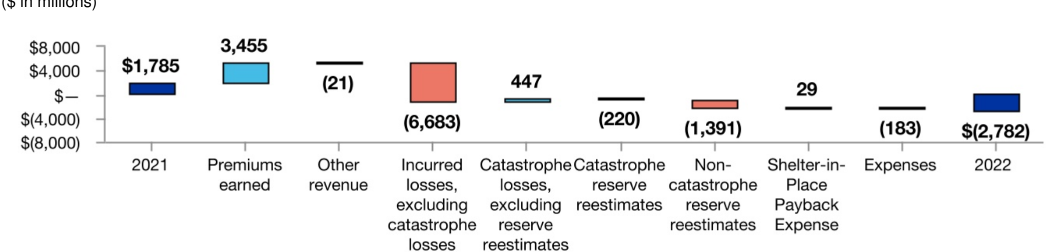
Change in underwriting results from 2022 to 2023

($ in millions)



Change in underwriting results from 2021 to 2022

($ in millions)



Underwriting income (loss) by brand and by line of business

($ in millions)	Allstate Brand 2023	Allstate Brand 2022	Allstate Brand 2021	National General 2023	National General 2022	National General 2021	Allstate Protection 2023	Allstate Protection 2022	Allstate Protection 2021
	For the years ended December 31,								
Auto [1]	$ (829)	$ (2,846)	$ 1,208	$ (280)	$ (168)	$ 54	$ (1,109)	$ (3,014)	$ 1,262
Homeowners [2]	(624)	701	411	(179)	(30)	(98)	(803)	671	313
Other personal lines [3]	(37)	(85)	216	(2)	(3)	17	(39)	(88)	233
Commercial lines	(277)	(478)	(158)	12	14	—	(265)	(464)	(158)
Other business lines [4]	106	95	115	9	10	6	115	105	121
Answer Financial	—	—	—	—	—	—	11	8	14
Total	**$ (1,661)**	**$ (2,613)**	**$ 1,792**	**$ (440)**	**$ (177)**	**$ (21)**	**$ (2,090)**	**$ (2,782)**	**$ 1,785**

[1] 2021 results include certain National General commercial lines insurance products.

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

[3] Include renters, condominium, landlord and other personal lines products.

[4] Primarily represents revenue and direct operating expenses of Ivantage, distribution of non-proprietary life and annuity products and lender-placed products. Ivantage, a general agency for Allstate exclusive agents, provides agents a solution for their customers when coverage through Allstate brand underwritten products is not available. In the first quarter of 2023, National General lender-placed products results were reclassified to other business lines. Historical results have been updated to conform with this presentation.

Premium measures and statistics include PIF, new issued applications, average premiums and renewal ratio to analyze our premium trends. Premiums written is the amount of premiums charged for policies issued during a fiscal period. Premiums are considered earned and are included in the financial results on a pro-rata basis over the policy period. The portion of premiums written applicable to the unexpired term of the policies is recorded as unearned premiums on our Consolidated Statements of Financial Position.

Premiums written by brand and line of business

($ in millions)	Allstate Brand 2023	Allstate Brand 2022	Allstate Brand 2021	National General 2023	National General 2022	National General 2021	Allstate Protection 2023	Allstate Protection 2022	Allstate Protection 2021
	For the years ended December 31,								
Auto	$ 27,894	$ 25,946	$ 24,102	$ 6,064	$ 4,720	$ 3,763	$ 33,958	$ 30,666	$ 27,865
Homeowners	11,018	9,936	8,717	1,566	1,273	1,365	12,584	11,209	10,082
Other personal lines	2,290	2,096	2,001	229	153	155	2,519	2,249	2,156
Commercial lines	473	917	848	247	207	—	720	1,124	848
Other business lines	—	—	—	566	539	407	566	539	407
Total premiums written	**$ 41,675**	**$ 38,895**	**$ 35,668**	**$ 8,672**	**$ 6,892**	**$ 5,690**	**$ 50,347**	**$ 45,787**	**$ 41,358**

Premiums earned by brand and line of business

($ in millions)	Allstate Brand 2023	Allstate Brand 2022	Allstate Brand 2021	National General 2023	National General 2022	National General 2021	Allstate Protection 2023	Allstate Protection 2022	Allstate Protection 2021
	For the years ended December 31,								
Auto	$ 27,384	$ 25,286	$ 24,088	$ 5,556	$ 4,429	$ 3,535	$ 32,940	$ 29,715	$ 27,623
Homeowners	10,333	9,249	8,272	1,406	1,169	1,280	11,739	10,418	9,552
Other personal lines	2,179	2,016	1,925	208	143	152	2,387	2,159	2,077
Commercial lines	593	919	827	218	204	—	811	1,123	827
Other business lines	—	—	—	550	494	375	550	494	375
Total premiums earned	**$ 40,489**	**$ 37,470**	**$ 35,112**	**$ 7,938**	**$ 6,439**	**$ 5,342**	**$ 48,427**	**$ 43,909**	**$ 40,454**

Reconciliation of premiums written to premiums earned

($ in millions)	2023	2022	2021
	For the years ended December 31,		
Total premiums written	**$ 50,347**	**$ 45,787**	**$ 41,358**
Increase in unearned premiums	(2,004)	(1,776)	(1,143)
Other	84	(102)	239
Total premiums earned	**$ 48,427**	**$ 43,909**	**$ 40,454**

Unearned premium balance by line of business

($ in millions)	As of December 31, 2023	2022
Allstate brand:		
Auto	$ 7,569	$ 7,039
Homeowners	6,187	5,495
Other personal lines	1,264	1,151
Commercial lines	194	314
Total Allstate brand	**15,214**	**13,999**
National General:		
Auto	2,547	2,017
Homeowners	799	651
Other personal lines	69	62
Commercial lines	155	129
Other business lines	317	294
Total National General	**3,887**	**3,153**
Allstate Protection unearned premiums	**$ 19,101**	**$ 17,152**

Policies in force by brand and by line of business

	Allstate brand			National General			Allstate Protection		
PIF (thousands)	**2023**	**2022**	**2021**	**2023**	**2022**	**2021**	**2023**	**2022**	**2021**
Auto	20,326	21,658	21,972	4,957	4,376	3,944	25,283	26,034	25,916
Homeowners	6,652	6,622	6,525	686	638	634	7,338	7,260	7,159
Other personal lines	4,522	4,636	4,578	341	300	288	4,863	4,936	4,866
Commercial lines	152	204	210	132	107	105	284	311	315
Total	**31,652**	**33,120**	**33,285**	**6,116**	**5,421**	**4,971**	**37,768**	**38,541**	**38,256**

Auto insurance premiums written increased 10.7% or $3.29 billion in 2023 compared to 2022, primarily due to the following factors:

- Increased average premiums driven by 2022 and 2023 rate increases. In the year ended December 31, 2023:
  - Rate increases of 17.9% were taken for Allstate brand in 55 locations, resulting in total Allstate brand insurance premium impact of 16.4%
  - Rate increases of 18.8% were taken for National General brand in 48 locations, resulting in total National General brand insurance premium impact of 12.8%
- We expect to continue to pursue rate increases for both Allstate and National General brands into 2024 to improve auto insurance profitability
- PIF decreased 2.9% or 751 thousand to 25,283 thousand as of December 31, 2023 compared to December 31, 2022
- Renewal ratio decreased 1.6 points as of December 31, 2023 compared to December 31, 2022
- Decreased new issued applications driven by the direct and exclusive agency channels, partially offset by growth in the independent agency channel
- The impact of the ongoing rate increases, underwriting restrictions in markets with returns below target levels and temporary reductions in advertising have and may continue to have an adverse effect on the renewal ratio, premiums and future PIF growth

Auto premium measures and statistics

	2023	2022	2021	2023 vs. 2022	2022 vs. 2021
New issued applications (thousands)					
Allstate Protection by brand					
Allstate brand	2,915	3,644	3,616	(20.0)%	0.8 %
National General	3,000	2,677	2,057	12.1 %	30.1 %
Total new issued applications	**5,915**	**6,321**	**5,673**	**(6.4)%**	**11.4 %**
Allstate Protection by channel					
Exclusive agency channel	2,294	2,401	2,387	(4.5)%	0.6 %
Direct channel	1,632	2,202	1,773	(25.9)%	24.2 %
Independent agency channel	1,989	1,718	1,513	15.8 %	13.5 %
Total new issued applications	**5,915**	**6,321**	**5,673**	**(6.4)%**	**11.4 %**
Allstate brand average premium	$ 757	$ 659	$ 605	14.9 %	8.9 %
Allstate brand renewal ratio (%)	85.4	87.0	87.0	(1.6)	—

Homeowners insurance premiums written increased 12.3% or $1.38 billion in 2023 compared to 2022, primarily due to the following factors:

- Higher Allstate brand average premiums from implemented rate increases taken in 2022 and 2023 and inflation in insured home replacement costs, combined with policies in force growth
- In 2023 rate increases of 15.0% were taken for Allstate brand in 49 locations, resulting in total Allstate brand insurance premium impact of 11.3%
- National General policy growth may be negatively impacted in future quarters as we improve underwriting margins to targeted levels in the current books of business through underwriting and rate actions. In 2023 rate increases of 23.4% were taken for National General brand in 32 locations, resulting in total National General brand insurance premium impact of 11.0%
- Decreased new issued applications in the direct and exclusive agency channels, partially offset by growth in the independent agency channel
- Policy growth is being reduced in states and lines of business that are underperforming. We are no longer writing new homeowners business in California and Florida, and we are non-renewing certain policies in Florida to reduce our exposure, which have and will continue to negatively impact premiums
- The impact of the ongoing rate increases, underwriting restrictions in markets with returns below target levels and temporary reductions in advertising have and may continue to have an adverse effect on the renewal ratio, premiums and future PIF growth

Homeowners premium measures and statistics

	2023	2022	2021	2023 vs. 2022	2022 vs. 2021
New issued applications (thousands)					
Allstate Protection by brand					
Allstate brand	934	986	962	(5.3)%	2.5 %
National General	177	136	102	30.1 %	33.3 %
Total new issued applications	**1,111**	**1,122**	**1,064**	**(1.0)%**	**5.5 %**
Allstate Protection by channel					
Exclusive agency channel	800	826	840	(3.1)%	(1.7)%
Direct channel	79	94	84	(16.0)%	11.9 %
Independent agency channel	232	202	140	14.9 %	44.3 %
Total new issued applications	**1,111**	**1,122**	**1,064**	**(1.0)%**	**5.5 %**
Allstate brand average premium	$ 1,812	$ 1,614	$ 1,426	12.3 %	13.2 %
Allstate brand renewal ratio (%)	86.7	86.8	87.1	(0.1)	(0.3)

Other personal lines premiums written increased 12.0% or $270 million in 2023 compared to 2022, primarily due to increases in landlords, condominiums and personal umbrella for Allstate brand. We are no longer writing condominium new business in California and Florida and we are non-renewing certain policies in Florida, which will continue to negatively impact premiums.

Commercial lines premiums written decreased 35.9% or $404 million in 2023 compared to 2022, due to profitability actions taken to no longer offer coverage to transportation network companies unless the contracts utilize telematics-based pricing and the Allstate brand exiting traditional commercial insurance in five states, which will continue to negatively impact premiums.

The Allstate brand commercial insurance strategy is being advanced through an equity investment and commercial partnership with NEXT Insurance, a high-growth, digital platform for small business insurance which will expand the availability of our commercial lines offerings via NEXT product portfolio.

Other business lines premiums written increased 5.0% or $27 million in 2023 compared to 2022.

GAAP operating ratios include loss ratio, expense ratio and combined ratio to analyze our profitability trends. Frequency and severity statistics are used to describe the trends in loss costs.

Combined ratios by line of business

	For the years ended December 31,								
	Loss ratio			Expense ratio [1]			Combined ratio		
	2023	2022	2021	2023	2022	2021	2023	2022	2021
Auto	82.8	87.2	70.5	20.6	22.9	24.9	103.4	110.1	95.4
Impact of Shelter-in-Place Payback expense				—	—	0.1	—	—	0.1
Homeowners	85.4	71.1	73.5	21.4	22.5	23.2	106.8	93.6	96.7
Other personal lines	82.0	79.7	62.9	19.6	24.4	25.9	101.6	104.1	88.8
Commercial lines	105.8	120.7	97.5	26.9	20.6	21.6	132.7	141.3	119.1
Other business lines	48.4	39.5	38.4	30.7	39.2	29.3	79.1	78.7	67.7
Total	**83.3**	**83.3**	**71.1**	**21.0**	**23.0**	**24.5**	**104.3**	**106.3**	**95.6**
Impact of amortization of purchased intangibles				0.5	0.5	0.6	0.5	0.5	0.6
Impact of Shelter-in-Place Payback expense				—	—	0.1	—	—	0.1
Impact of restructuring and related charges				0.3	0.1	0.4	0.3	0.1	0.4

[1] Other revenue is deducted from operating costs and expenses in the expense ratio calculation.

Loss ratios by line of business

	For the years ended December 31,											
	Loss ratio			Effect of catastrophe losses			Effect of prior year reserve reestimates			Effect of catastrophe losses included in prior year reserve reestimates		
	2023	2022	2021	2023	2022	2021	2023	2022	2021	2023	2022	2021
Auto	82.8	87.2	70.5	2.1	1.7	1.7	0.7	4.0	0.5	(0.2)	(0.2)	(0.1)
Homeowners	85.4	71.1	73.5	38.6	21.6	27.2	0.8	1.9	(1.4)	0.3	0.7	(1.7)
Other personal lines	82.0	79.7	62.9	14.6	12.3	11.0	0.8	(1.5)	(5.1)	(0.8)	0.1	(0.5)
Commercial lines	105.8	120.7	97.5	3.7	2.5	2.9	10.4	24.2	14.4	1.0	(0.1)	0.4
Other business lines	48.4	39.5	38.4	7.5	9.1	5.3	2.2	(1.2)	(4.8)	—	0.8	0.3
Total	**83.3**	**83.3**	**71.1**	**11.6**	**7.1**	**8.3**	**1.0**	**3.6**	**—**	**—**	**—**	**(0.5)**

Auto underwriting results

	For the periods ended											
	2023				2022				2021			
($ in millions, except ratios)	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Underwriting income (loss)	$ 93	$ (178)	$ (678)	$ (346)	$ (974)	$ (1,315)	$ (578)	$ (147)	$ (300)	$ (159)	$ 394	$ 1,327
Loss ratio	78.5	81.4	87.9	83.4	90.6	95.3	84.9	77.6	78.9	76.9	68.7	57.2
Effect of prior year non-catastrophe reserve reestimates	1.7	0.3	1.4	(0.1)	2.3	8.5	3.8	2.1	2.1	1.1	(0.4)	(0.2)

Frequency and severity are influenced by:

- Supply chain disruptions and labor shortages
- Mix of repairable losses and total losses
- Value of total losses due to changes in used car prices
- Changes in medical inflation and consumption
- Number of claims with attorney representation
- Labor and part costs
- Changes in commuting activity
- Driving behavior (e.g., speed, time of day) impacting severity and mix of claim types
- Organizational and process changes impacting claim opening and closing practices and shifts in timing, if any, can impact comparisons to prior periods

The quarterly auto loss ratio has been more variable due to these and additional factors discussed below.

Auto loss ratio decreased 4.4 points in 2023 compared to 2022 driven by increased earned premium compared to the prior year. Estimated report year 2023 incurred claim severity for Allstate brand, excluding Esurance and Canada, had a weighted average increase of between 8% to 9% compared to report year 2022 for major coverages due to higher part costs and labor rates for repairable vehicles, a higher mix of total losses, higher costs for claims with attorney representation, higher medical consumption and inflation. Gross claim frequency increased relative to the prior year. We are enhancing our claims practices to manage loss costs by increasing resources and expanding re-inspections, accelerating resolution of bodily injury claims, and negotiating improved vendor services and parts agreements.

Homeowners loss ratio increased 14.3 points in 2023 compared to 2022, primarily due to higher catastrophe losses and severity, partially offset by increased premiums earned.

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

(% change year-over-year) For the year ended December 31, 2023	
Gross claim frequency	(4.2)%
Paid claim severity	11.8

Gross claim frequency decreased in 2023 compared to 2022 primarily due to fire and water perils. Paid claim severity increased in 2023 compared to 2022 due to inflationary loss cost pressure driven by increases in labor and materials costs. Homeowner paid claim severity can be impacted by both the mix of perils and the magnitude of specific losses paid during the period.

Other personal lines loss ratio increased 2.3 points in 2023 compared to 2022, primarily due to higher catastrophe losses and increased severity, partially offset by increased premiums earned.

Commercial lines loss ratio decreased 14.9 points in 2023 compared to 2022 primarily due to the result of profitability actions taken and lower unfavorable reserve reestimates, partially offset by continued elevated frequency and severity.

Other business lines loss ratio increased 8.9 points in 2023 compared to 2022 primarily due to higher non-catastrophe losses and unfavorable prior year reserve reestimates.

Catastrophe losses increased 81.1% or $2.52 billion in 2023 compared to 2022 primarily related to an increased number of wind/hail events and larger losses per event.

Reinsurance recoveries in 2021 related to the Nationwide Aggregate Reinsurance Program for aggregate catastrophe losses occurring between April 1, 2020 and December 31, 2020, which primarily impacted homeowners prior year reserve reestimates.

We define a "catastrophe" as an event that produces pre-tax losses before reinsurance in excess of $1 million and involves multiple first party policyholders, or a winter weather event that produces a number of claims in excess of a preset, per-event threshold of average claims in a specific area, occurring within a certain amount of time following the event. Catastrophes are caused by various natural events including high winds, winter storms and freezes, tornadoes, hailstorms, wildfires, tropical storms, tsunamis, hurricanes, earthquakes and volcanoes.

We are also exposed to man-made catastrophic events, such as certain types of terrorism, civil unrest, wildfires or industrial accidents. The nature and level of catastrophes in any period cannot be reliably predicted.

Catastrophe losses by the type of event

	For the years ended December 31,					
($ in millions)	Number of events	2023	Number of events	2022	Number of events	2021
Hurricanes/tropical storms	3	$ 66	2	$ 399	6	$ 742
Tornadoes	4	189	4	192	3	107
Wind/hail	136	5,065	106	1,936	85	1,878
Wildfires	4	335	9	52	5	269
Freeze/other events	2	5	3	515	2	611
Prior year reserve reestimates		(24)		28		35
Prior year aggregate reinsurance recoveries		—		(10)		(237)
Current year aggregate reinsurance recoveries		—		—		(66)
Total catastrophe losses [1]	**149**	**$ 5,636**	**124**	**$ 3,112**	**101**	**$ 3,339**

[1] 2021 includes approximately $250 million of reinstatement premiums for the year ended December 31, 2021, related to the Nationwide Catastrophe Reinsurance Program, primarily due to Hurricane Ida.

Catastrophe management

Historical catastrophe experience For the last ten years, the average annual impact of catastrophes on our loss ratio was 8.3 points, but it has varied from 5.7 points to 11.6 points. The average annual impact of catastrophes on the homeowners loss ratio for the last ten years was 27.1 points. Over time, we have limited our aggregate insurance exposure to catastrophe losses in certain regions of the country that are subject to high levels of natural catastrophes by our participation in various state facilities. For further discussion of these facilities, see Note 15 of the consolidated financial statements. However, the impact of these actions may be diminished by the growth in insured values, the effect of state insurance laws and regulations and we may not be able to maintain our current level of reinsurance or purchase new reinsurance protection in amounts we consider sufficient at acceptable prices. In addition, in various states we are required to participate in assigned risk plans, reinsurance facilities and joint underwriting associations that provide insurance coverage to individuals or entities that otherwise are unable to purchase such coverage from private insurers. Because of our participation in these and other state facilities such as wind pools, we may be exposed to losses that surpass the capitalization of these facilities and to assessments from these facilities.

We have continued to take actions to maintain an appropriate level of exposure to catastrophic events while continuing to meet the needs of our customers, including the following:

- Continuing to limit or not offer new homeowners, manufactured home and landlord package policy business in certain coastal geographies. Additionally, we:
  - Wrote a limited number of homeowners policies in select areas of California from 2016 to 2022, but are no longer writing new homeowners and condominium business in the state of California. We may take further action to reduce our exposure.
  - Reduced our exposure to high risk areas, including California and Florida. Since December 31, 2022, PIF has declined by an average of approximately 7% in those two states.
  - Write homeowners coverage, excluding in Florida, through our excess and surplus lines carrier, North Light Specialty Insurance Company (“North Light”), which includes earthquake coverage (other than fire following earthquakes) that is currently ceded via quota share reinsurance.
- Increased capacity in our brokerage platform for customers not offered an Allstate policy. As of December 31, 2023, Ivantage had $2.19 billion non-proprietary premiums under management.
- Ceded wind exposure related to insured property located in wind pool eligible areas in certain states.
- Generally require higher deductibles for tropical cyclone than all peril deductibles and are in place for a large portion of coastal insured properties.
- Include coverage for flood-related losses for auto comprehensive damage coverage since we have additional catastrophe exposure, beyond the property lines, for auto customers who have purchased comprehensive damage coverage.
- Offer a homeowners policy in 43 states. Allstate House and Home ® provides options of coverage for roof damage, including graduated coverage and pricing based on roof type and age. In 2023, premiums written totaled $6.84 billion or 54.3% of homeowners premiums written compared to $5.60 billion or 49.9% in 2022.

Hurricanes We consider the greatest areas of potential catastrophe losses due to hurricanes to be major metropolitan centers in counties along the eastern and gulf coasts of the United States. The average premium on a property policy near these coasts is generally greater than in other areas. However, average premiums are often not considered commensurate with the inherent risk of loss. In addition, as explained in Note 15 of the consolidated financial statements, in various states Allstate is subject to assessments from assigned risk plans, reinsurance facilities and joint underwriting associations providing insurance for wind related property losses.

We have addressed our risk of hurricane loss by, among other actions, purchasing reinsurance for specific states and on a countrywide basis for our personal lines property insurance in areas most exposed to hurricanes, limiting personal homeowners, landlord package policy and manufactured home new business writings in coastal areas in southern and eastern states, implementing tropical cyclone deductibles where appropriate, and not offering continuing coverage on certain policies in coastal counties in certain states. We continue to seek appropriate returns for the risks we write. This may require further actions, similar to those already taken, in geographies where we are not getting appropriate returns. However, we may maintain or opportunistically increase our presence in areas where adequate risk adjusted returns can be achieved.

Earthquakes We do not offer earthquake coverage in most states. We retain approximately 25,000 PIF with earthquake coverage, with the largest number of policies located in Kentucky, due to regulatory and other reasons. We purchase reinsurance in Kentucky and enter into arrangements in many states to make earthquake coverage available through our brokerage platform.

We continue to have exposure to earthquake risk on certain policies that do not specifically exclude coverage for earthquake losses, including our auto policies, and to fires following earthquakes. Allstate homeowner policyholders in California are offered coverage for damage caused by an earthquake through the California Earthquake Authority (“CEA”), a privately-financed, publicly-managed state agency created to provide insurance coverage for earthquake damage. Allstate is subject to assessments from the CEA under certain circumstances as explained in Note 15 of the consolidated financial statements. While North Light writes property policies in California, which can include earthquake coverage, this coverage is 100% ceded via quota share reinsurance.

Fires following earthquakes Under a standard homeowners policy we cover fire losses, including those caused by an earthquake. Actions taken related to our risk of loss from fires following earthquakes include restrictive underwriting guidelines in California for new business writings, purchasing reinsurance for Kentucky personal lines property risks, and purchasing nationwide occurrence reinsurance, excluding Florida.

Wildfires Actions taken related to managing our risk of loss from wildfires include purchasing nationwide occurrence reinsurance, new and renewal inspection programs to identify and remediate wildfire risk as well as leveraging contemporary underwriting tools in select areas. While these programs are designed to mitigate risk, the exposure to wildfires still exists. We continue to manage our exposure and seek appropriate returns for the risks we write.

To manage the exposure, we may implement further actions, similar to those already taken, in geographies where we are not achieving appropriate returns. However, we may maintain or opportunistically

increase our presence in areas where adequate risk adjusted returns can be achieved.

Catastrophe reinsurance The total cost of our property catastrophe reinsurance programs, excluding reinstatement premiums, during 2023 was $1.02 billion compared to $788 million during 2022. Catastrophe placement premiums are a reduction of premium with approximately 74% related to homeowners. The increases were driven by higher Nationwide program costs. A description of our current catastrophe reinsurance program appears in Note 11 of the consolidated financial statements.

Expense ratio decreased 2.0 points in 2023 compared to 2022, primarily due to higher earned premium growth relative to fixed costs and lower advertising costs, partially offset by higher restructuring costs.

Impact of specific costs and expenses on the expense ratio

($ in millions, except ratios)	For the years ended December 31, 2023	2022	2021	2023 vs 2022	2022 vs 2021
Amortization of DAC	$ 6,070	$ 5,570	$ 5,313	$ 500	$ 257
Advertising expense	638	934	1,249	(296)	(315)
Amortization of purchased intangibles	235	240	241	(5)	(1)
Other costs and expenses, net of other revenue	3,068	3,296	2,952	(228)	344
Restructuring and related charges	142	44	145	98	(101)
Shelter-in-Place Payback expense	—	—	29	—	(29)
Allstate Special Payment plan bad debt expense	—	—	(20)	—	20
Total underwriting expenses	**$ 10,153**	**$ 10,084**	**$ 9,909**	**$ 69**	**$ 175**
Premiums earned	**$ 48,427**	**$ 43,909**	**$ 40,454**	**$ 4,518**	**$ 3,455**
Expense ratio					
Amortization of DAC	12.5	12.7	13.1	(0.2)	(0.4)
Advertising expense	1.3	2.2	3.1	(0.9)	(0.9)
Other costs and expenses	6.4	7.5	7.2	(1.1)	0.3
Subtotal	20.2	22.4	23.4	(2.2)	(1.0)
Amortization of purchased intangibles	0.5	0.5	0.6	—	(0.1)
Restructuring and related charges	0.3	0.1	0.4	0.2	(0.3)
Shelter-in-Place Payback expense	—	—	0.1	—	(0.1)
Allstate Special Payment plan bad debt expense	—	—	—	—	—
Total expense ratio	**21.0**	**23.0**	**24.5**	**(2.0)**	**(1.5)**

Deferred acquisition costs We establish a DAC asset for costs that are related directly to the acquisition of new or renewal insurance policies, principally agent remuneration and premium taxes. DAC is amortized to income over the period in which premiums are earned.

DAC balance as of December 31 by product type

($ in millions)	2023	2022
Auto	$ 1,207	$ 1,089
Homeowners	890	788
Other personal lines	177	164
Commercial lines	42	54
Other business lines	63	51
Total DAC	**$ 2,379**	**$ 2,146**

Run-off Property-Liability Segment

The Run-off Property-Liability segment includes results from property and casualty insurance coverage that primarily relates to policies written during the 1960s through the mid-1980s. Our exposure to asbestos, environmental and other run-off lines claims arises principally from direct excess commercial insurance, assumed reinsurance coverage, direct primary commercial insurance and other businesses in run-off. We may pursue settlement agreements including policy buybacks on direct excess commercial business when appropriate to improve the certainty of the liabilities. Settlement agreements are negotiated contracts between Allstate and third parties that generally set forth the rights and obligations of the parties, including terms of payment for claims. For additional information on our strategy and outlook, see Part I, Item 1. Business - Strategy and Segment Information.

Underwriting results

($ in millions)	For the years ended December 31, 2023	2022	2021
Claims and claims expense			
Asbestos claims	$ (44)	$ (34)	$ (63)
Environmental claims	(18)	(56)	(40)
Other run-off lines	(27)	(35)	(13)
Total claims and claims expense	**(89)**	**(125)**	**(116)**
Operating costs and expenses	(5)	(4)	(4)
Underwriting loss	**$ (94)**	**$ (129)**	**$ (120)**

Underwriting losses in 2023 and 2022 primarily related to our annual reserve review using established industry and actuarial best practices. The annual review resulted in unfavorable reserve reestimates totaling $80 million and $118 million in 2023 and 2022, respectively. The reserve reestimates are included as part of claims and claims expense.

The reserve reestimates in 2023 primarily related to new reported information and defense costs for asbestos and other run-off exposures and higher than expected environmental reported losses. The reserve reestimates in 2022 primarily related to new reported information and defense costs for asbestos and higher than expected reported losses for environmental and other run-off exposures.

We believe that our reserves are appropriately established based on available facts, technology, laws, regulations, and assessments of other pertinent factors and characteristics of exposure (e.g., claim activity, potential liability, jurisdiction, products versus non-products exposure) presented by individual policyholders, assuming no change in the legal, legislative or economic environment. However, as we progress with the resolution of disputed claims in the courts and arbitrations and with negotiations and settlements, our reported losses may be more variable.

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

($ in millions)	December 31, 2023	December 31, 2022
Asbestos claims		
Gross reserves	$ 1,166	$ 1,190
Reinsurance	(362)	(379)
Net reserves	804	811
Environmental claims		
Gross reserves	331	328
Reinsurance	(64)	(61)
Net reserves	267	267
Other run-off claims		
Gross reserves	445	437
Reinsurance	(72)	(64)
Net reserves	373	373
Total		
Gross reserves	1,942	1,955
Reinsurance	(498)	(504)
Net reserves	**$ 1,444**	**$ 1,451**

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

($ in millions)	December 31, 2023	December 31, 2022
Direct excess commercial insurance		
Gross reserves	$ 1,114	$ 1,106
Reinsurance	(382)	(385)
Net reserves	732	721
Assumed reinsurance coverage		
Gross reserves	603	618
Reinsurance	(54)	(56)
Net reserves	549	562
Direct primary commercial insurance		
Gross reserves	140	148
Reinsurance	(61)	(62)
Net reserves	79	86
Other run-off business		
Gross reserves	1	1
Reinsurance	—	—
Net reserves	1	1
Unallocated loss adjustment expenses		
Gross reserves	84	82
Reinsurance	(1)	(1)
Net reserves	83	81
Total		
Gross reserves	1,942	1,955
Reinsurance	(498)	(504)
Net reserves	**$ 1,444**	**$ 1,451**

Percentage of gross and ceded reserves by case and IBNR

	December 31, 2023		December 31, 2022	
	Case	**IBNR**	**Case**	**IBNR**
Direct excess commercial insurance				
Gross reserves [1]	57 %	43 %	58 %	42 %
Ceded [2]	63	37	63	37
Assumed reinsurance coverage				
Gross reserves	32	68	31	69
Ceded	43	57	33	67
Direct primary commercial insurance				
Gross reserves	59	41	57	43
Ceded	83	17	81	19

[1] Approximately 68% and 64% of gross case reserves as of December 31, 2023 and December 31, 2022, respectively, are subject to settlement agreements.

[2] Approximately 72% and 70% of ceded case reserves as of December 31, 2023 and December 31, 2022, respectively, are subject to settlement agreements.

Gross payments from case reserves by type of exposure

($ in millions)	For the years ended December 31, 2023	2022
Direct excess commercial insurance		
Gross [1]	$ 72	$ 82
Ceded [2]	(27)	(35)
Assumed reinsurance coverage		
Gross	45	35
Ceded	(8)	(3)
Direct primary commercial insurance		
Gross	7	7
Ceded	—	(1)

[1] In 2023 and 2022, 85% and 88% of payments related to settlement agreements, respectively.

[2] In 2023 and 2022, 83% and 94% of payments related to settlement agreements, respectively.

Total net reserves as of December 31, 2023, included $762 million or 53% of estimated IBNR reserves compared to $765 million or 53% of estimated IBNR reserves as of December 31, 2022.

Total gross payments were $124 million and $125 million for 2023 and 2022, respectively. Payments primarily related to settlement agreements reached with several insureds on large claims, mainly asbestos related losses, where the scope of coverages has been agreed upon. The claims associated with these settlement agreements are expected to be substantially paid out over the next several years as qualified claims are submitted by these insureds.

Reinsurance collections were $35 million and $37 million for 2023 and 2022, respectively. The allowance for uncollectible reinsurance recoverables was $59 million and $58 million as of December 31, 2023 and 2022, respectively. The allowance represents 10.3% and 10.0% of the related reinsurance recoverable balances as of December 31, 2023 and 2022, respectively.

Protection Services Segment

Protection Services comprise Allstate Protection Plans, Allstate Dealer Services, Allstate Roadside, Arity and Allstate Identity Protection. In 2023, Protection Services represented 78.5% of total PIF and 5.0% of premiums written. We offer consumer product protection plans, protection and insurance products (including vehicle service contracts, guaranteed asset protection, road hazard tire and wheel and paintless dent repair protection), roadside assistance, device and mobile data collection services and analytic solutions using automotive telematics information, identity theft protection and remediation services. For additional information on our strategy and outlook, see Part I, Item 1. Business - Strategy and Segment Information.

Summarized financial information

($ in millions)	For the years ended December 31, 2023	2022	2021
Premiums written	$ 2,663	$ 2,699	$ 2,642
Revenues			
Premiums	$ 2,243	$ 1,995	$ 1,764
Other revenue	319	347	354
Intersegment insurance premiums and service fees [(1)]	138	149	175
Net investment income	73	48	43
Costs and expenses			
Claims and claims expense	(632)	(532)	(458)
Amortization of DAC	(1,058)	(928)	(795)
Operating costs and expenses	(889)	(874)	(837)
Restructuring and related charges	(6)	(2)	(14)
Income tax expense on operations	(83)	(35)	(52)
Less: noncontrolling interest	**(1)**	**(1)**	**1**
Adjusted net income	**$ 106**	**$ 169**	**$ 179**
Allstate Protection Plans	$ 117	$ 150	$ 142
Allstate Dealer Services	(15)	35	34
Allstate Roadside	24	7	7
Arity	(18)	(11)	3
Allstate Identity Protection	(2)	(12)	(7)
Adjusted net income	**$ 106**	**$ 169**	**$ 179**
Allstate Protection Plans	145,292	138,726	141,073
Allstate Dealer Services	3,776	3,865	3,956
Allstate Roadside	553	531	525
Allstate Identity Protection	2,884	3,112	2,802
Policies in force as of December 31 (in thousands)	**152,505**	**146,234**	**148,356**

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

Adjusted net income decreased 37.3% or $63 million in 2023 compared to 2022, due to an increase in state income taxes and deferred tax liabilities for Allstate Dealer Services, higher appliance and furniture claim severity at Allstate Protection Plans and lower third-party lead sales at Arity, partially offset by improved margins at Allstate Roadside and lower expenses at Allstate Identity Protection.

Premiums written decreased 1.3% or $36 million in 2023 compared to 2022, primarily due to a decrease at Allstate Dealer Services and lower rescue volumes at Allstate Roadside, partially offset by international growth at Allstate Protection Plans.

PIF increased 4.3% or 6 million in 2023 compared to 2022 due to an increase at Allstate Protection Plans.

Other revenue decreased 8.1% or $28 million in 2023 compared to 2022, primarily due to reductions in third-party lead sales at Arity.

Intersegment premiums and service fees decreased 7.4% to $138 million in 2023 compared to 2022, driven by decreased device sales for the

Drivewise® offering at Arity due to a shift from devices to a lower cost mobile phone program.

Claims and claims expense increased 18.8% or $100 million in 2023 compared to 2022, primarily driven by higher levels of claims at Allstate Protection Plans driven by growth in the business and higher severity at both Allstate Protection Plans and Allstate Dealer Services, partially offset by lower frequency at Allstate Roadside.

Amortization of DAC increased 14.0% or $130 million in 2023 compared to 2022, driven by revenue growth at both Allstate Protection Plans and Allstate Dealer Services.

Operating costs and expenses increased 1.7% or $15 million in 2023 compared to 2022, primarily due to growth at Allstate Protection Plans, partially offset by lower expenses at Arity.

Restructuring and related charges increased $4 million in 2023 compared to 2022, primarily due to restructuring charges at Allstate Roadside.

Property and Casualty Insurance Claims and Claims Expense Reserves

Underwriting results are significantly influenced by estimates of claims and claims expense reserves. For a description of our reserve process, see Note 9 of the consolidated financial statements. Further, for a description of our reserving policies and the potential variability in our reserve estimates, see the Application of Critical Accounting Estimates section of the MD&A. These reserves are an estimate of amounts necessary to settle all outstanding claims, including IBNR claims, as of the reporting date.

The facts and circumstances leading to reestimates of reserves relate to changes in claim activity and revisions to the development factors used to predict how losses are likely to develop from the end of a reporting period until all claims have been paid. Reestimates occur when actual losses differ from those predicted by the estimated development factors used in prior reserve estimates.

We believe the net loss reserves exposures are appropriately established based on available facts, laws and regulations.

Total reserves, net of recoverables ("net reserves"), as of December 31

($ in millions)	2023	2022	2021
Allstate Protection	$ 29,969	$ 26,876	$ 22,124
Run-off Property-Liability	1,444	1,451	1,421
Total Property-Liability	31,413	28,327	23,545
Protection Services	49	38	36
Total net reserves	**$ 31,462**	**$ 28,365**	**$ 23,581**
Reserve for property and casualty insurance claims and claims expense	$ 39,858	$ 37,541	$ 33,060
Less: reinsurance and indemnification recoverables [1]	8,396	9,176	9,479
Total net reserves	**$ 31,462**	**$ 28,365**	**$ 23,581**

[1] Includes $6.36 billion, $6.66 billion and $6.64 billion of unpaid indemnification recoverables related to the Michigan Catastrophic Claims Association ("MCCA") as of December 31, 2023, 2022 and 2021, respectively.

Impact of reserve reestimates by brand on combined ratio and net income applicable to common shareholders [1] [2]

	2023		2022		2021	
($ in millions, except ratios)	Reserve reestimates	Effect on combined ratio	Reserve reestimates	Effect on combined ratio	Reserve reestimates	Effect on combined ratio
Allstate Protection	$ 461	0.9	$ 1,619	3.6	$ 8	—
Run-off Property-Liability	89	0.2	125	0.3	116	0.3
Total Property-Liability	550	1.1	1,744	3.9	124	0.3
Protection Services	(1)	—	(3)	—	(2)	—
Total	**$ 549**		**$ 1,741**		**$ 122**	
Reserve reestimates, after-tax	$ 434		$ 1,375		$ 96	
Consolidated net (loss) income applicable to common shareholders	$ (316)		$ (1,394)		$ 1,500	
Reserve reestimates as a % impact on consolidated net (loss) income applicable to common shareholders	NM		(98.6) %		(6.4) %	
Property-Liability prior year reserve reestimates included in catastrophe losses	$ (24)		$ 18		$ (202)	

[1] Favorable reserve reestimates are shown in parentheses.

[2] Ratios are calculated using property and casualty premiums earned.

NM = not meaningful

The following tables reflect the accident years to which the reestimates shown above are applicable. Favorable reserve reestimates are shown in parentheses.

Prior year reserve reestimates

($ in millions) 2023	2018 & prior	2019	2020	2021	2022	Total
Allstate Protection	$ 230	$ 130	$ 84	$ 401	$ (384)	$ 461
Run-off Property-Liability	89	—	—	—	—	89
Total Property-Liability	319	130	84	401	(384)	550
Protection Services	—	—	—	—	(1)	(1)
Total	**$ 319**	**$ 130**	**$ 84**	**$ 401**	**$ (385)**	**$ 549**

2022	2017 & prior	2018	2019	2020	2021	Total
Allstate Protection	$ 27	$ 161	$ 294	$ 345	$ 792	$ 1,619
Run-off Property-Liability	125	—	—	—	—	125
Total Property-Liability	152	161	294	345	792	1,744
Protection Services	—	—	—	—	(3)	(3)
Total	**$ 152**	**$ 161**	**$ 294**	**$ 345**	**$ 789**	**$ 1,741**

2021	2016 & prior	2017	2018	2019	2020	Total
Allstate Protection	$ (130)	$ 100	$ (67)	$ 231	$ (126)	$ 8
Run-off Property-Liability	116	—	—	—	—	116
Total Property-Liability	(14)	100	(67)	231	(126)	124
Protection Services	—	—	—	—	(2)	(2)
Total	**$ (14)**	**$ 100**	**$ (67)**	**$ 231**	**$ (128)**	**$ 122**

Allstate Protection

The tables below show Allstate Protection net reserves representing the estimated cost of outstanding claims as they were recorded at the beginning of years 2023, 2022, and 2021, and the effect of reestimates in each year.

Net reserves by line

($ in millions)	January 1 reserves 2023	2022	2021
Auto [1]	$ 19,365	$ 16,078	$ 14,164
Homeowners [1]	3,520	2,731	2,315
Other personal lines	1,653	1,844	1,463
Commercial lines and other [2]	2,338	1,471	1,194
Total Allstate Protection	**$ 26,876**	**$ 22,124**	**$ 19,136**

(1) 2022 includes a $944 million reclassification of reserves from homeowners to auto.

(2) 2023 and 2022 include the unamortized fair value adjustment related to the acquisition of National General.

Impact of reserve reestimates by line on combined ratio and underwriting income

($ in millions, except ratios)	2023 Reserve reestimates	2023 Effect on combined ratio	2022 Reserve reestimates	2022 Effect on combined ratio	2021 Reserve reestimates	2021 Effect on combined ratio
Auto	$ 244	0.5	$ 1,185	2.7	$ 149	0.4
Homeowners	102	0.2	200	0.4	(135)	(0.3)
Other personal lines	19	0.1	(32)	(0.1)	(107)	(0.3)
Commercial lines	84	0.2	272	0.6	119	0.3
Other business lines	12	—	(6)	—	(18)	(0.1)
Total Allstate Protection	**$ 461**	**1.0**	**$ 1,619**	**3.6**	**$ 8**	**—**
Underwriting (loss) income	$ (2,090)		$ (2,782)		$ 1,785	
Reserve reestimates as a % impact on underwriting (loss) income - favorable (unfavorable)	(22.1) %		(58.2) %		(0.4) %	

Unfavorable reserve reestimates in 2023 were primarily due to National General personal auto lines, homeowners and commercial lines.

Unfavorable reserve reestimates for personal auto in 2022 were primarily from bodily injury and physical damage coverages. Increases in injury coverages reflected recent data and updated assumptions related to severity of third-party bodily injury claims,

increased claims with attorney representation, litigation costs, increased medical treatment utilization and higher medical inflation. Increases in physical damage reflected the ongoing inflationary factors and supply chain shortages impacting used vehicle and parts prices, labor rates and length of claim resolution. Delays in the receipt of claims, including third-party carrier claims also contributed to the adverse development of claims reported in prior years. Unfavorable reserve reestimates for commercial were primarily from auto injury coverages for both shared economy and traditional segments with a large portion of the traditional segment increase related to states where the Company will no longer be selling new business.

Run-off Property-Liability

We conduct an annual review in the third quarter of each year to evaluate and establish asbestos, environmental and other run-off reserves. Reserves are recorded in the reporting period in which they are determined. Using established industry and actuarial best practices and assuming no change in the regulatory or economic environment, this detailed and comprehensive methodology determines reserves based on assessments of the characteristics of exposure (e.g. claim activity, potential liability, jurisdiction, products versus non-products exposure) presented by policyholders.

Run-off Property-Liability net reserve reestimates

($ in millions)	2023		2022		2021	
	January 1 reserves	Reserve reestimates	January 1 reserves	Reserve reestimates	January 1 reserves	Reserve reestimates
Asbestos claims	$ 811	$ 44	$ 828	$ 34	$ 827	$ 63
Environmental claims	267	18	226	56	206	40
Other run-off lines	373	27	367	35	375	13
Total	**$ 1,451**	**$ 89**	**$ 1,421**	**$ 125**	**$ 1,408**	**$ 116**
Underwriting loss		$ (94)		$ (129)		$ (120)

Reserve reestimates in 2023 primarily related to new reported information and defense costs for asbestos and other run-off exposures and higher than expected environmental reported losses.

Reserve reestimates in 2022 primarily related to new reported information and defense costs for asbestos and higher than expected reported losses for environmental and other run-off exposures.

Reserves and claim activity before (Gross) and after (Net) the effects of reinsurance

($ in millions, except ratios)	2023		2022		2021	
	Gross	Net	Gross	Net	Gross	Net
Asbestos claims						
Beginning reserves	$ 1,190	$ 811	$ 1,210	$ 828	$ 1,204	$ 827
Incurred claims and claims expense	56	44	59	34	100	63
Claims and claims expense paid	(80)	(51)	(79)	(51)	(94)	(62)
Ending reserves	**$ 1,166**	**$ 804**	**$ 1,190**	**$ 811**	**$ 1,210**	**$ 828**
Annual survival ratio	14.6	15.8	15.1	15.9	12.9	13.4
3-year survival ratio	13.8	14.8	13.1	14.0	11.1	12.0
Environmental claims						
Beginning reserves	$ 328	$ 267	$ 273	$ 226	$ 249	$ 206
Incurred claims and claims expense	23	18	79	56	50	40
Claims and claims expense paid	(20)	(18)	(24)	(15)	(26)	(20)
Ending reserves	**$ 331**	**$ 267**	**$ 328**	**$ 267**	**$ 273**	**$ 226**
Annual survival ratio	16.6	14.8	13.7	17.8	10.5	11.3
3-year survival ratio	14.4	15.1	14.5	15.4	10.6	10.6
Combined environmental and asbestos claims						
Annual survival ratio	15.0	15.5	14.7	16.3	12.4	12.9
3-year survival ratio	13.9	14.8	13.3	14.3	11.0	11.7
Percentage of IBNR in ending reserves		55.7 %		55.9 %		54.8 %

The survival ratio is calculated by taking our ending reserves divided by payments made during the year. This is a commonly used but simplistic and imprecise approach to measuring the adequacy of asbestos and environmental reserve levels. Many factors, such as mix of business, level of coverage provided and settlement procedures have significant impacts on the amount of environmental and asbestos claims and claims expense reserves, claim payments and the resultant ratio. As payments result in corresponding reserve reductions, survival ratios can be expected to vary over time. The asbestos and environmental net 3-year survival ratio in 2023 increased from 2022 due to lower average payments.

Net asbestos reserves by type of exposure and total reserve additions

	December 31, 2023		December 31, 2022		December 31, 2021	
($ in millions)	**Net reserves**	**% of reserves**	**Net reserves**	**% of reserves**	**Net reserves**	**% of reserves**
Direct:						
Primary	$ 9	1 %	$ 9	1 %	$ 8	1 %
Excess	263	33	257	32	275	33
Total direct	272	34	266	33	283	34
Assumed reinsurance	91	11	97	12	104	13
IBNR	441	55	448	55	441	53
Total net reserves	**$ 804**	**100 %**	**$ 811**	**100 %**	**$ 828**	**100 %**
Total reserve additions	$ 44		$ 34		$ 63	

IBNR net reserves decreased $7 million as of December 31, 2023 compared to December 31, 2022. IBNR provides for reserve development of known claims and future reporting of additional unknown claims from current policyholders and ceding companies.

Reinsurance and indemnification programs We utilize reinsurance to reduce exposure to catastrophe risk and manage capital, and to support the required statutory surplus and the insurance financial strength ratings of certain subsidiaries such as Castle Key Insurance Company ("CKIC") and Allstate New Jersey Insurance Company ("ANJ"). We purchase significant reinsurance to manage our aggregate countrywide exposure to an acceptable level. The price and terms of reinsurance and the credit quality of the reinsurer are considered in the purchase process. We have also purchased reinsurance to mitigate exposures in our long-tail liability lines, including environmental, asbestos and other run-off lines as well as our commercial lines, including shared economy. We also participate in various indemnification mechanisms, including state-based industry pool or facility programs mandating participation by insurers offering certain coverage in their state and the federal government National Flood Insurance Program ("NFIP"). See Note 11 of the consolidated financial statements for additional details on these programs.

Intercompany reinsurance We enter into certain intercompany insurance and reinsurance transactions in order to maintain underwriting control and manage insurance risk among various legal entities. These reinsurance agreements have been approved by the appropriate regulatory authorities. All significant intercompany transactions have been eliminated in consolidation.

Catastrophe reinsurance We anticipate completing the placement of our 2024 nationwide catastrophe reinsurance program in the first half of 2024. For further details of the existing 2023 program, see Note 11 of the consolidated financial statements.

Reinsurance and indemnification recoverables, net of the allowance established for uncollectible amounts

($ in millions)	S&P financial strength rating [1]	A.M. Best financial strength rating [1]	Reinsurance or indemnification recoverables on paid and unpaid claims, net	
			2023	2022
Indemnification programs				
State-based industry pool or facility programs				
MCCA [2]	N/A	N/A	$ 6,424	$ 6,722
New Jersey Property-Liability Insurance Guaranty Association ("PLIGA")	N/A	N/A	326	330
North Carolina Reinsurance Facility ("NCRF")	N/A	N/A	382	292
Florida Hurricane Catastrophe Fund ("FHCF")	N/A	N/A	82	96
Other			32	7
Federal Government - NFIP	N/A	N/A	76	145
Subtotal			7,322	7,592
Catastrophe reinsurance recoverables				
Swiss Reinsurance America Corporation	AA-	A+	37	64
Sanders RE II LTD.	N/A	N/A	36	85
Renaissance Reinsurance Limited	A+	A+	31	56
Other			246	558
Subtotal			350	763
Other reinsurance recoverables, net [3]				
Lloyd's of London ("Lloyd's")	AA-	A	180	180
Aleka Insurance Inc.	N/A	N/A	113	183
Pacific Valley Insurance Company, Inc.	N/A	N/A	67	88
Swiss Reinsurance America Corporation	AA-	A+	47	67
Other, including allowance for credit losses			545	575
Subtotal			952	1,093
Total Property-Liability			**8,624**	**9,448**
Protection Services			**26**	**19**
Total			**$ 8,650**	**$ 9,467**

(1) N/A reflects no S&P Global Ratings ("S&P") or A.M. Best ratings available.

(2) As of December 31, 2023 and 2022, MCCA includes $62 million of reinsurance recoverable on paid claims and $6.36 billion and $6.66 billion of reinsurance recoverable on unpaid claims, respectively.

(3) Other reinsurance recoverables primarily relate to commercial lines, including shared economy, as well as asbestos, environmental and other liability exposures.

Reinsurance and indemnification recoverables include an estimate of the amount of insurance claims and claims expense reserves that are ceded under the terms of the agreements, including IBNR unpaid losses. We calculate our ceded reinsurance and indemnification estimates based on the terms of each applicable agreement, including an estimate of how IBNR losses will ultimately be ceded under the agreement. We also consider other limitations and coverage exclusions under our agreements. Accordingly, our estimate of recoverables is subject to similar risks and uncertainties as our estimate of reserves for claims and claims expense. We believe the recoverables are appropriately established; however, as our underlying reserves continue to develop, the amount ultimately recoverable may vary from amounts currently recorded. We regularly evaluate the reinsurers and the respective amounts of our reinsurance recoverables, and a provision for uncollectible reinsurance recoverables is recorded, if needed. The establishment of reinsurance recoverables and the related allowance for uncollectible reinsurance is also an inherently uncertain process involving estimates. Changes in estimates could result in additional changes to the Consolidated Statements of Operations.

Indemnification recoverables are considered collectible based on the industry pool and facility enabling legislation and the Company has not had any credit losses related to these programs and we do not anticipate losses in the foreseeable future. We also have not experienced credit losses on our catastrophe reinsurance programs, which include highly rated reinsurers.

The allowance for uncollectible reinsurance relates to other reinsurance programs primarily related to our Run-off Property-Liability segment. The allowance was $62 million as of December 31, 2023 and 2022.

The allowance is based upon our ongoing review of amounts outstanding, length of collection periods, changes in reinsurer credit standing, and other relevant factors. In addition, in the ordinary course of

business, we may become involved in coverage disputes with certain of our reinsurers that may ultimately result in lawsuits and arbitrations brought by or against such reinsurers to determine the parties' rights and obligations under the various reinsurance agreements. We employ dedicated specialists to manage reinsurance collections and disputes. We also consider recent developments in commutation activity between reinsurers and cedents, and recent trends in arbitration and litigation outcomes in disputes between cedents and reinsurers in seeking to maximize our reinsurance recoveries.

Adverse developments in the insurance industry have led to a decline in the financial strength of some of our reinsurance carriers, causing amounts recoverable from them and future claims ceded to them to be considered a higher risk. There has also been consolidation activity in the industry, which causes reinsurance risk across the industry to be concentrated among fewer companies.

See Note 2 of the consolidated financial statements for a description of the methodology utilized to calculate the allowance for reinsurance recoverables.

For further details related to our reinsurance and indemnification recoverables, see the Regulation section in Part I and Note 11 of the consolidated financial statements.

Effects of reinsurance ceded and indemnification programs on our premiums earned and claims and claims expense

($ in millions)	For the years ended December 31, 2023	2022	2021
Allstate Protection - Premiums			
Indemnification programs			
State-based industry pool or facility programs			
NCRF	$ 323	$ 300	$ 310
MCCA	29	18	20
PLIGA	7	7	7
FHCF	28	24	15
Other	1	—	420
Federal Government - NFIP	327	319	350
Catastrophe reinsurance	995	764	541
Other reinsurance programs	110	261	60
Total Allstate Protection	**1,820**	**1,693**	**1,723**
Run-off Property-Liability	—	—	—
Total Property-Liability	**1,820**	**1,693**	**1,723**
Protection Services	**169**	**176**	**181**
Total effect on premiums earned	**$ 1,989**	**$ 1,869**	**$ 1,904**
Allstate Protection - Claims			
Indemnification programs			
State-based industry pool or facility programs			
MCCA	$ (185)	$ 116	$ 611
NCRF	379	294	279
PLIGA	14	(24)	—
FHCF	(6)	74	13
Other	1	—	359
Federal Government - NFIP	102	435	267
Catastrophe reinsurance	32	298	1,719
Other reinsurance programs	151	261	85
Total Allstate Protection	**488**	**1,454**	**3,333**
Run-off Property-Liability	29	50	60
Total Property-Liability	**517**	**1,504**	**3,393**
Protection Services	**116**	**96**	**91**
Total effect on claims and claims expense	**$ 633**	**$ 1,600**	**$ 3,484**

In 2023, ceded premiums earned increased primarily due to catastrophe reinsurance. In 2022, ceded premiums earned decreased primarily due to the expiration of legacy National General reinsurance programs.

In 2023, ceded claims and claims expenses decreased $967 million primarily due to lower amounts related to NFIP, and a reduction in gross reserves for Michigan personal injury protection coverage. In 2022, ceded claims and claims expenses decreased $1.88 billion primarily due to higher gross catastrophe losses in 2021 that resulted in reinsurance activity. For further discussion of these items, see Regulation, Indemnification Programs and Note 11 of the consolidated financial statements.

Michigan personal injury protection reserve and claim activity before and after the effects of MCCA recoverables

	For the years ended December 31,					
	2023		2022		2021	
($ in millions)	Gross	Net	Gross	Net	Gross	Net
Beginning reserves	$ 7,393	$ 735	$ 7,387	$ 747	$ 6,282	$ 670
National General acquisition as of January 4, 2021	—	—	—	—	566	31
Incurred claims and claims expense - current year	307	102	451	175	398	132
Incurred claims and claims expense - prior years	(455)	(60)	(159)	(15)	403	59
Claims and claims expense paid - current year [1]	(21)	(20)	(26)	(26)	(35)	(35)
Claims and claims expense paid - prior years [1]	(221)	(116)	(260)	(146)	(227)	(110)
Ending reserves [2]	**$ 7,003**	**$ 641**	**$ 7,393**	**$ 735**	**$ 7,387**	**$ 747**

[1] Paid claims and claims expenses reported in the table for the current and prior years, recovered from the MCCA totaled $106 million, $114 million and $117 million in 2023, 2022 and 2021, respectively.

[2] Gross reserves for the year ended December 31, 2023, comprise 77% case reserves and 23% IBNR. Gross reserves for the year ended December 31, 2022, comprise 76% case reserves and 24% IBNR. Gross reserves for the year ended December 31, 2021, comprise 74% case reserves and 26% IBNR. The MCCA does not require member companies to report ultimate case reserves.

Pending MCCA claims differ from most personal lines insurance pending claims as other personal lines policies incurred claims settle in shorter periods due to having a coverage limit. MCCA claims can be outstanding for a claimant's lifetime, as there is no contractual limitation. Many of these injuries are catastrophic in nature, resulting in serious permanent disabilities that require attendant and residential care for periods that may span decades. A significant portion of the ultimate incurred claim reserves and the recoverables can be attributed to a small number of catastrophic claims that occurred more than five years ago and continue to pay lifetime benefits.

As of December 31, 2023, approximately 1,350 of our catastrophic claims that are eligible for reimbursement are pending with the MCCA, of which approximately 80% represents claims that occurred more than 5 years ago. There are 74 claims with reserves in excess of $15 million as of December 31, 2023, which comprise approximately 30% of the gross ending reserves in the table above. As a result, significant developments with a single claimant can result in volatility in prior year incurred claims.

Pending, new and closed claims for Michigan personal injury protection exposure

	For the years ended December 31,		
Number of claims [1]	2023	2022	2021
Pending, beginning of year	5,568	5,421	4,857
National General acquisition as of January 4, 2021	—	—	525
New	6,496	8,059	8,616
Closed	(7,338)	(7,912)	(8,577)
Pending, end of year	**4,726**	**5,568**	**5,421**

[1] Total claims includes those covered and not covered by the MCCA indemnification.

Allstate Health and Benefits Segment

Allstate Health and Benefits offers employer voluntary benefits, group health and individual health products, including life, accident, critical illness, hospital indemnity, short-term disability and other health products.

In 2023, Allstate Health and Benefits represented 2.1% of total PIF. Our target customers are consumers with family and financial protection needs. For additional information on our strategy and outlook, see Part I, Item 1. Business - Strategy and Segment Information.

Effective January 1, 2023, we adopted the FASB guidance revising the accounting for certain long-duration insurance contracts in the Allstate Health and Benefits segment using the modified retrospective approach at the transition date of January 1, 2021. See Note 2 of the consolidated financial statements for further information regarding the impact of the adopted accounting standard on our consolidated financial statements.

Summarized financial information

($ in millions)	For the years ended December 31, 2023	2022	2021
Revenues			
Accident and health insurance premiums and contract charges	$ 1,846	$ 1,832	$ 1,834
Other revenue	447	402	359
Net investment income	82	69	74
Costs and expenses			
Accident, health and other policy benefits	(1,071)	(1,042)	(1,060)
Amortization of DAC	(150)	(136)	(128)
Operating costs and expenses	(842)	(814)	(787)
Restructuring and related charges	(7)	(2)	(9)
Income tax expense on operations	(63)	(64)	(60)
Adjusted net income	**$ 242**	**$ 245**	**$ 223**
Benefit ratio [1]	56.2	55.1	55.9
Employer voluntary benefits [2]	3,590	3,783	3,804
Group health [3]	136	119	122
Individual health [4]	417	394	407
Policies in force as of December 31 (in thousands)	**4,143**	**4,296**	**4,333**

[1] Benefit ratio is calculated as accident, health and other policy benefits less interest credited to contractholder funds of $33 million, $33 million, and $34 million for the years ended December 31, 2023, 2022, and 2021, respectively, divided by premiums and contract charges.

[2] Employer voluntary benefits include supplemental life and health products offered through workplace enrollment.

[3] Group health includes health products and administrative services sold to employers.

[4] Individual health includes short-term medical and other health products sold directly to individuals.

Adjusted net income decreased $3 million in 2023 compared to 2022, primarily due to a decline in employer voluntary benefits, partially offset by increases in individual and group health.

Premiums and contract charges increased 0.8% or $14 million in 2023 compared to 2022, primarily due to growth in group health, partially offset by a decline in employer voluntary benefits and individual health.

Premiums and contract charges by line of business

($ in millions)	For the years ended December 31, 2023	2022	2021
Employer voluntary benefits	$ 1,001	$ 1,033	$ 1,040
Group health	440	385	350
Individual health	405	414	444
Premiums and contract charges	**$ 1,846**	**$ 1,832**	**$ 1,834**

New annualized premium sales (annualized premiums at initial employer voluntary benefits customer enrollment or health policy sale) decreased by $2 million to $732 million in 2023. The decrease in 2023 primarily relates to a decline in employer voluntary benefits, partially offset by growth in group health and individual health businesses.

Other revenue increased $45 million in 2023 compared to 2022, primarily due to an increase in group health administrative fees.

Accident, health and other policy benefits increased 2.8% or $29 million in 2023 compared to 2022, primarily due to growth in group health, partially offset by lower benefit utilization in individual health.

Accident, health and other policy benefits include changes in the reserve for future policy benefits, expected development on reported claims, and reserves for incurred but not reported claims as shown in Note 10 of the consolidated financial statements.

Benefit ratio increased 1.1 points to 56.2 in 2023 compared to 55.1 in 2022, primarily due to higher benefit utilization in employer voluntary benefits and group health, partially offset by lower benefit utilization in individual health.

Amortization of DAC increased 10.3% or $14 million in 2023 compared to 2022, primarily due to higher amortization related to growth in individual health. For information on changes in DAC, see Note 12 of the consolidated financial statements.

Operating costs and expenses

	For the years ended December 31,		
($ in millions)	**2023**	**2022**	**2021**
Non-deferrable commissions	$ 319	$ 321	$ 316
General and administrative expenses	523	493	471
Total operating costs and expenses	**$ 842**	**$ 814**	**$ 787**

Operating costs and expenses increased $28 million in 2023 compared to 2022, primarily due to growth in group health and investments in the employer voluntary benefits business.

Allstate Health and Benefits reinsurance ceded

The vast majority of reinsurance relates to the disposition of long-term care and other closed blocks of business. We retain primary liability as a direct insurer for all risks ceded to reinsurers.

Reinsurance recoverables by reinsurer, net

	S&P financial strength rating	A.M. Best financial strength rating	Reinsurance recoverable on paid and unpaid benefits	
			As of December 31,	
($ in millions)			**2023**	**2022**
Mutual of Omaha Insurance	A+	A+	$ 70	$ 65
Everlake Life Insurance Company	NR	A+	33	35
Argo Capital Group Ltd.	NR	NR	24	20
General Re Life Corporation	AA+	A++	15	13
Midlands Casualty Insurance Company	NR	NR	15	16
Other [(1)]			5	6
Credit loss allowance			(3)	(3)
Total			**$ 159**	**$ 152**

(1) As of December 31, 2023, the other category includes $4 million and $5 million of recoverables due from reinsurers rated A- or better by S&P and A.M. Best, respectively. As of December 31, 2022, the other category includes $3 million and $4 million of recoverables due from reinsurers rated A- or better by S&P and A.M. Best, respectively.

We continuously monitor the creditworthiness of reinsurers in order to determine our risk of recoverability on an individual and aggregate basis. No reinsurance recoverables have been written off in the three-years ended December 31, 2023.

Investments

Overview and strategy

The return on our investment portfolios is an important component of our ability to offer good value to customers, fund business improvements and create value for shareholders. Investment portfolios are held for Property-Liability, Protection Services, Allstate Health and Benefits and Corporate and Other operations. While taking into consideration the investment portfolio in aggregate, management of the underlying portfolios is significantly influenced by the nature of each respective business and its corresponding liability profile. For each business, we identify a strategic asset allocation which considers both the nature of the liabilities and the risk and return characteristics of the various asset classes in which we invest. This allocation is informed by our long-term business and market expectations, as well as other considerations such as risk appetite, portfolio diversification, duration, desired liquidity and capital. Within appropriate ranges relative to strategic allocations, tactical allocations are made in consideration of prevailing and potential future market conditions. We manage risks that involve uncertainty related to interest rates, inflation, credit spreads, equity returns and currency exchange rates.

The Property-Liability portfolio emphasizes protection of principal and consistent income generation, within a total return framework. This approach has produced competitive returns over the long term and is designed to ensure financial strength and stability for paying claims, while maximizing economic value and surplus growth. Products with lower liquidity needs, such as auto insurance and run-off lines, and capital create capacity to invest in less liquid higher yielding fixed income securities, performance-based investments such as limited partnerships and equity securities. Products with higher liquidity needs, such as homeowners insurance, are invested primarily in high quality liquid fixed income securities.

The Protection Services portfolio is focused on protection of principal and consistent income generation, within a total return framework. The portfolio is largely comprised of fixed income securities with a lesser allocation to equity securities and short-term investments.

The Allstate Health and Benefits portfolio is focused on protection of principal and consistent income generation while targeting an appropriate return on capital. The portfolio is largely comprised of fixed income securities with a small allocation to commercial mortgage loans and equity securities.

The Corporate and Other portfolio is focused on liquidity needs and capital preservation within a total return framework. The portfolio is largely comprised of high-quality liquid fixed income securities and short-term investments.

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

Market-based strategy seeks to deliver predictable earnings aligned to business needs and provide flexibility to adjust investment risk profile based on enterprise objectives and market opportunities primarily through public and private fixed income investments and public equity securities.

Performance-based strategy seeks to deliver attractive risk-adjusted returns and supplement market risk with idiosyncratic risk. Returns are impacted by a variety of factors including general macroeconomic and public market conditions as public benchmarks are often used in the valuation of underlying investments. Variability in earnings will also result from the performance of the underlying assets or business and the timing of sales of those investments. Earnings from the sales of investments may be recorded as net investment income or net gains and losses on investments and derivatives. The portfolio, which primarily includes private equity (including infrastructure investments) and real estate with a majority being limited partnerships, is diversified across a number of characteristics, including managers or partners, vintage years, investment strategies, geographies (including international) and industry sectors or property types. These investments are generally illiquid in nature, often require specialized expertise, typically involve a third-party manager, and enhance returns and income through transformation at the company or property level. A portion of these investments seek returns in markets or asset classes that are dislocated or special situations, primarily in private markets.

Investments in the Middle East As of December 31, 2023, we have approximately $47 million investment exposure in the Middle East, of which approximately $43 million is held in Israel, which is primarily indirect exposure through funds managed by external asset managers.

Investments in Russia and Ukraine As of December 31, 2023, we do not have any direct or indirect investments in Russia, Belarus or Ukraine.

Investments Outlook

We plan to focus on the following priorities:

- Enhance investment portfolio returns through use of a dynamic capital allocation framework and focus on tax efficiency.
- Leverage our broad capabilities to manage the portfolio to earn higher risk-adjusted returns on capital.
- Invest for the specific needs and characteristics of Allstate's businesses, including its corresponding liability profile.

We utilize our integrated enterprise risk and return management framework to determine the amount of investment risk we are willing to accept. After reducing interest rate risk by shortening the portfolio duration beginning in late 2021, during 2023 we extended the fixed income portfolio duration as the sustained higher market yields provide an opportunity to increase risk-adjusted returns. As recession risks remain elevated, we also retained defensive positioning to equity risk and credit risk in the portfolio through a reduced allocation to public equity, high yield bonds and bank loans. We expect to maintain performance-based investments in our portfolio, consistent with our strategy to have a greater proportion of return derived from idiosyncratic assets or operating performance.

Contractual maturities and yields of fixed income securities for the next three years

	Fixed income securities	
($ in millions)	Carrying value	Investment yield
2024	$ 3,374	3.0 %
2025	6,288	3.5
2026	5,565	3.5

Portfolio composition and strategy by reporting segment [1]

	As of December 31, 2023				
($ in millions)	Property-Liability	Protection Services	Allstate Health and Benefits	Corporate and Other	Total
Fixed income securities [2]	$ 43,466	$ 1,796	$ 1,806	$ 1,797	$ 48,865
Equity securities [3]	1,516	254	44	597	2,411
Mortgage loans, net	701	—	121	—	822
Limited partnership interests	8,366	—	—	14	8,380
Short-term investments [4]	4,555	130	92	367	5,144
Other investments, net	936	—	119	—	1,055
Total	**$ 59,540**	**$ 2,180**	**$ 2,182**	**$ 2,775**	**$ 66,677**
Percentage to total	**89.3 %**	**3.3 %**	**3.3 %**	**4.1 %**	**100.0 %**
Market-based	$ 50,019	$ 2,180	$ 2,182	$ 2,553	$ 56,934
Performance-based	9,521	—	—	222	9,743
Total	**$ 59,540**	**$ 2,180**	**$ 2,182**	**$ 2,775**	**$ 66,677**

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

(2) Fixed income securities are carried at fair value. Amortized cost, net for these securities was $44.06 billion, $1.85 billion, $1.91 billion, $1.83 billion and $49.65 billion for Property-Liability, Protection Services, Allstate Health and Benefits, Corporate and Other, and in total, respectively.

(3) Equity securities are carried at fair value. The fair value of equity securities held as of December 31, 2023 was $167 million in excess of cost. These net gains were primarily concentrated in the technology and banking sectors. Equity securities include $1.02 billion of funds with underlying investments in fixed income securities as of December 31, 2023.

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

Investments totaled $66.68 billion as of December 31, 2023, increasing from $61.83 billion as of December 31, 2022, primarily due to positive operating cash flows, higher fixed income valuations and to support higher reserves, partially offset by dividends paid to shareholders and common share repurchases.

Portfolio composition by investment strategy

($ in millions)	As of December 31, 2023 Market-based	Performance-based	Total
Fixed income securities	$ 48,749	$ 116	$ 48,865
Equity securities	1,768	643	2,411
Mortgage loans, net	822	—	822
Limited partnership interests	141	8,239	8,380
Short-term investments	5,144	—	5,144
Other investments, net	310	745	1,055
Total	**$ 56,934**	**$ 9,743**	**$ 66,677**
Percent to total	**85.4 %**	**14.6 %**	**100.0 %**
Unrealized net capital gains and losses			
Fixed income securities	$ (784)	$ —	$ (784)
Limited partnership interests	—	(4)	(4)
Short-term investments	(1)	—	(1)
Other investments	(2)	—	(2)
Total	**$ (787)**	**$ (4)**	**$ (791)**

During 2023, strategic actions focused on optimizing portfolio yield, return and risk in the more volatile and rising interest rate environment. The sustained higher market yields provide an opportunity to increase risk-adjusted returns, so we extended the fixed income portfolio duration to 4.8 years (including the effect of interest rate derivatives and any call features associated with the securities) during 2023 from 3.4 years as of December 31, 2022. Considering the ongoing risk of recession, we retained a lower allocation to high-yield bonds, bank loans and public equity relative to year-end 2022. We maintained performance-based investments in the Property-Liability portfolio.

Fixed income securities

Fixed income securities by type

($ in millions)	Fair value as of December 31, 2023	2022
U.S. government and agencies	$ 8,619	$ 7,898
Municipal	6,006	6,210
Corporate	31,205	26,263
Foreign government	1,290	957
Asset-backed securities ("ABS")	1,745	1,157
Total fixed income securities	**$ 48,865**	**$ 42,485**

Fixed income securities are rated by third-party credit rating agencies or are internally rated. The Securities Valuation Office ("SVO") of the National Association of Insurance Commissioners ("NAIC") evaluates the fixed income securities of insurers for regulatory reporting and capital assessment purposes. The NAIC assigns securities to one of six credit quality categories defined as "NAIC designations". In general, securities with NAIC designations of 1 and 2 are considered investment grade and securities with NAIC designations of 3 through 6 are considered below investment grade. The rating is either received from the SVO based on availability of applicable ratings from rating agencies on the NAIC Nationally Recognized Statistical Rating Organizations provider list, including Moody's Investors Service ("Moody's"), S&P Global Ratings ("S&P"), Fitch Ratings ("Fitch"), or a comparable internal rating.

As a result of time lags between the funding of investments, the finalization of legal documents, and the completion of the SVO filing process, the portfolio includes certain securities that have not yet been designated by the SVO as of each balance sheet date and the categorization of these securities is based on the expected ratings indicated by internal analysis.

As of December 31, 2023, 91.5% of the consolidated fixed income securities portfolio was rated investment grade. Credit ratings below these designations are considered lower credit quality or below investment grade, which includes high yield bonds.

Market prices for certain securities may have credit spreads which imply higher or lower credit quality than the current third-party rating. Our initial investment decisions and ongoing monitoring procedures for fixed income securities are based on a due diligence process which includes, but is not limited to, an assessment of the credit quality, sector, structure and liquidity risks of each issuer.

Fixed income portfolio monitoring is a comprehensive process to identify and evaluate each fixed income security that may require a credit loss allowance. The process includes a quarterly review of all securities to identify instances where the fair value of a security compared to its amortized cost is below internally established thresholds. For further detail on

our fixed income portfolio monitoring process, see Note 5 of the consolidated financial statements.

The following table presents total fixed income securities by the applicable NAIC designation and comparable S&P rating.

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

	December 31, 2023					
	NAIC 1 A and above		NAIC 2 BBB		NAIC 3 BB	
($ in millions)	Fair value	Unrealized gain (loss)	Fair value	Unrealized gain (loss)	Fair value	Unrealized gain (loss)
U.S. government and agencies	$ 8,619	$ (5)	$ —	$ —	$ —	$ —
Municipal	5,963	(43)	34	(1)	7	—
Corporate						
Public	7,019	(55)	15,560	(392)	611	(28)
Privately placed	1,651	(54)	2,867	(92)	1,890	(45)
Total corporate	**8,670**	**(109)**	**18,427**	**(484)**	**2,501**	**(73)**
Foreign government	1,289	4	1	—	—	—
ABS	1,669	(1)	16	—	10	—
Total fixed income securities	**$ 26,210**	**$ (154)**	**$ 18,478**	**$ (485)**	**$ 2,518**	**$ (73)**
	NAIC 4 B		NAIC 5-6 CCC and lower		Total	
	Fair value	Unrealized gain (loss)	Fair value	Unrealized gain (loss)	Fair value	Unrealized gain (loss)
U.S. government and agencies	$ —	$ —	$ —	$ —	$ 8,619	$ (5)
Municipal	—	—	2	1	6,006	(43)
Corporate						
Public	108	(3)	—	—	23,298	(478)
Privately placed	1,358	(59)	141	(18)	7,907	(268)
Total corporate	**1,466**	**(62)**	**141**	**(18)**	**31,205**	**(746)**
Foreign government	—	—	—	—	1,290	4
ABS	—	—	50	7	1,745	6
Total fixed income securities	**$ 1,466**	**$ (62)**	**$ 193**	**$ (10)**	**$ 48,865**	**$ (784)**

Municipal bonds, including tax exempt and taxable securities, include general obligations of state and local issuers and revenue bonds.

Our practice for acquiring and monitoring municipal bonds is predominantly based on the underlying credit quality of the primary obligor. We currently rely on the primary obligor to pay all contractual cash flows and are not relying on bond insurers for payments. As a result of downgrades in the insurers' credit ratings, the ratings of the insured municipal bonds generally reflect the underlying ratings of the primary obligor.

Corporate bonds include publicly traded and privately placed securities. Privately placed securities primarily consist of corporate issued senior debt securities that are negotiated with the borrower or are issued by entities in unregistered form under SEC Rule 144A which allows purchasers to more easily resell these securities under certain conditions.

Our $7.91 billion portfolio of privately placed securities, primarily 144A bonds, is diversified by issuer, industry sector and country. The portfolio is made up of 455 issuers. Privately placed corporate obligations may contain structural security features such as financial covenants and call protections that provide investors greater protection against credit deterioration, reinvestment risk or fluctuations in interest rates than those typically found in publicly registered debt securities. Additionally, investments in these securities are made after fundamental analysis of issuers and sectors along with macro and asset class views. Ongoing monitoring includes continuous assessment of operating performance and financial position. Every issue not rated by an independent rating agency is internally rated with a formal rating affirmation at least once a year. Liquidity of securities issued by public entities in unregistered form is similar to public debt markets.

Our corporate bond portfolio includes $4.11 billion of below investment grade bonds, $3.39 billion of which are privately placed, primarily 144A bonds. These securities are diversified by issuer and industry sector. The below investment grade corporate bonds portfolio is made up of 317 issuers. We employ fundamental analyses of issuers and sectors along with macro and asset class views to identify investment opportunities. This results in a portfolio with broad exposure to the high yield market with an emphasis on idiosyncratic positions reflective of our views of market conditions and opportunities.

Foreign government securities consist of Canadian governmental and provincial securities (all of which are held by our Canadian companies).

ABS are structured securities that are primarily collateralized by consumer or corporate borrowings and residential and commercial real estate loans. The cash flows from the underlying collateral paid to the securitization trust are generally applied in a pre-determined order and are designed so that each security issued by the trust, typically referred to as a "class", qualifies for a specific original rating.

ABS includes collateralized debt obligations, consumer and other ABS. Credit risk is managed by monitoring the performance of the underlying collateral. Many of the securities in the ABS portfolio have credit enhancement with features such as overcollateralization, subordinated structures, reserve funds, guarantees or insurance. ABS also includes residential mortgage-backed securities and commercial mortgage-backed securities.

For example, the "senior" portion or "top" of the capital structure, or rating class, which would originally qualify for a rating of Aaa typically has priority in receiving principal repayments on the underlying collateral and retains this priority until the class is paid in full. In a sequential structure, underlying collateral principal repayments are directed to the most senior rated Aaa class in the structure until paid in full, after which principal repayments are directed to the next most senior Aaa class in the structure until it is paid in full. Senior Aaa classes generally share any losses from the underlying collateral on a pro-rata basis after losses are absorbed by classes with lower original ratings.

The payment priority and class subordination included in these securities serves as credit enhancement for holders of the senior or top portions of the structures. These securities continue to retain the payment priority features that existed at the origination of the securitization trust. Other forms of credit enhancement may include structural features embedded in the securitization trust, such as overcollateralization, excess spread and bond insurance. The underlying collateral may contain fixed interest rates, variable interest rates (such as adjustable rate mortgages), or both fixed and variable rate features.

Equity securities of $2.41 billion primarily include common stocks, exchange traded and mutual funds, non-redeemable preferred stocks and real estate investment trust ("REIT") equity investments. Certain exchange traded and mutual funds have fixed income securities as their underlying investments.

Mortgage loans of $822 million mainly comprise loans secured by first mortgages on developed commercial real estate. Key considerations used to manage our exposure include property type and geographic diversification. For further detail on our mortgage loan portfolio, see Note 5 of the consolidated financial statements.

Limited partnership interests include $7.15 billion of interests in private equity funds, $1.09 billion of interests in real estate funds and $141 million of interests in other funds as of December 31, 2023. We have commitments to invest additional amounts in limited partnership interests totaling $2.94 billion as of December 31, 2023.

Private equity limited partnerships by sector

(% of carrying value)	December 31, 2023
Industrial	20.8 %
Healthcare	12.5
Information technology	11.3
Consumer discretionary	10.9
Consumer staples	8.8
Other	35.7
Total	**100.0 %**

Real estate limited partnerships by sector

(% of carrying value)	December 31, 2023
Industrial	28.8 %
Residential	19.1
Data centers	19.0
Healthcare	11.4
Consumer staples	5.1
Other	16.6
Total	**100.0 %**

Short-term investments of $5.14 billion primarily comprise money market funds, commercial paper, U.S. Treasury bills and other short-term investments, including securities lending collateral of $1.59 billion.

Other investments primarily comprise $224 million of bank loans, $709 million of real estate, $119 million of policy loans and $1 million of derivatives as of December 31, 2023. For further detail on our use of derivatives, see Note 7 of the consolidated financial statements.

Direct real estate investments by sector

(% of carrying value)	December 31, 2023
Agriculture	28.6 %
Industrial	23.7
Residential	20.6
Retail	18.5
Other	8.6
Total	**100.0 %**

Unrealized net capital gains (losses)

($ in millions)	As of December 31, 2023	2022
U.S. government and agencies	$ (5)	$ (225)
Municipal	(43)	(290)
Corporate	(746)	(2,299)
Foreign government	4	(40)
ABS	6	(31)
Fixed income securities	**(784)**	**(2,885)**
Short-term investments	(1)	(1)
Derivatives	(2)	(3)
Equity method of accounting (“EMA”) limited partnerships	(4)	2
Unrealized net capital gains and losses, pre-tax	**$ (791)**	**$ (2,887)**

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

($ in millions)	As of December 31, 2023 Amortized cost, net	Gross unrealized Gains	Gross unrealized Losses	Fair value
Corporate				
Banking [1]	$ 4,189	$ 31	$ (135)	$ 4,085
Basic industry	1,007	7	(42)	972
Capital goods	2,800	33	(97)	2,736
Communications	2,767	33	(115)	2,685
Consumer goods (cyclical and non-cyclical)	6,813	93	(251)	6,655
Financial services	2,111	17	(88)	2,040
Energy	2,645	35	(63)	2,617
Technology	2,800	21	(153)	2,668
Transportation	1,104	13	(45)	1,072
Utilities	5,330	109	(123)	5,316
Other	385	5	(31)	359
Total corporate fixed income portfolio	**31,951**	**397**	**(1,143)**	**31,205**
U.S. government and agencies	8,624	114	(119)	8,619
Municipal	6,049	109	(152)	6,006
Foreign government	1,286	17	(13)	1,290
ABS	1,739	13	(7)	1,745
Total fixed income securities	**$ 49,649**	**$ 650**	**$ (1,434)**	**$ 48,865**

[1] As of December 31, 2023, we have exposure of approximately $90 million to regional banks primarily through investment grade corporate bonds.

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

($ in millions)	Amortized cost, net	As of December 31, 2022 Gross unrealized Gains	Losses	Fair value
Corporate				
Banking	$ 5,153	$ 16	$ (314)	$ 4,855
Basic industry	1,019	2	(75)	946
Capital goods	2,288	3	(197)	2,094
Communications	2,422	1	(261)	2,162
Consumer goods (cyclical and non-cyclical)	5,984	6	(531)	5,459
Financial services	2,243	4	(176)	2,071
Energy	2,364	2	(156)	2,210
Technology	3,137	4	(298)	2,843
Transportation	959	1	(73)	887
Utilities	2,633	7	(203)	2,437
Other	360	—	(61)	299
Total corporate fixed income portfolio	**28,562**	**46**	**(2,345)**	**26,263**
U.S. government and agencies	8,123	6	(231)	7,898
Municipal	6,500	36	(326)	6,210
Foreign government	997	—	(40)	957
ABS	1,188	4	(35)	1,157
Total fixed income securities	**$ 45,370**	**$ 92**	**$ (2,977)**	**$ 42,485**

In general, the gross unrealized losses are related to an increase in market yields, which may include increased risk-free interest rates and wider credit spreads since the time of initial purchase. Similarly, gross unrealized gains reflect a decrease in market yields since the time of initial purchase.

Equity securities by sector

($ in millions)	December 31, 2023 Cost	Over (under) cost	Fair value	December 31, 2022 Cost	Over (under) cost	Fair value
Banking	$ 30	$ 38	$ 68	$ 135	$ 56	$ 191
Basic Industry	9	2	11	57	16	73
Capital Goods	77	(27)	50	196	3	199
Energy	32	3	35	110	44	154
Funds						
Equities	258	12	270	904	(19)	885
Fixed income	1,038	(15)	1,023	1,067	(84)	983
Other	58	5	63	3	—	3
Total funds	**1,354**	**2**	**1,356**	**1,974**	**(103)**	**1,871**
Transportation	16	$ 23	39	48	19	67
Utilities	59	1	60	67	12	79
Other [(1)]	667	125	792	1,666	267	1,933
Total equity securities	**$ 2,244**	**$ 167**	**$ 2,411**	**$ 4,253**	**$ 314**	**$ 4,567**

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

Net investment income

($ in millions)	For the years ended December 31, 2023	2022	2021
Fixed income securities	$ 1,761	$ 1,255	$ 1,148
Equity securities	75	132	100
Mortgage loans	35	33	43
Limited partnership interests	499	985	1,973
Short-term investments	253	82	5
Other investments	169	162	195
Investment income, before expense	**2,792**	**2,649**	**3,464**
Investment expense			
Investee level expenses	(79)	(68)	(60)
Securities lending expense	(93)	(30)	—
Operating costs and expenses	(142)	(148)	(111)
Total investment expense	**(314)**	**(246)**	**(171)**
Net investment income	**$ 2,478**	**$ 2,403**	**$ 3,293**
Property-Liability	$ 2,218	$ 2,190	$ 3,118
Protection Services	73	48	43
Allstate Health and Benefits	82	69	74
Corporate and Other	105	96	58
Net investment income	**$ 2,478**	**$ 2,403**	**$ 3,293**
Market-based	$ 2,219	$ 1,566	$ 1,429
Performance-based	573	1,083	2,035
Investment income, before expense	**$ 2,792**	**$ 2,649**	**$ 3,464**

Net investment income increased 3.1% or $75 million in 2023 compared to 2022, primarily due to higher market-based results driven by reinvesting into fixed income securities with higher yields and to a lesser extent, the reinvestment of proceeds from sales of equity securities into fixed income securities, partially offset by lower performance-based results, mainly from limited partnerships.

Performance-based investment income

($ in millions)	For the years ended December 31, 2023	2022	2021
Private equity	$ 414	$ 798	$ 1,660
Real estate	159	285	375
Total performance-based income before investee level expenses	**$ 573**	**$ 1,083**	**$ 2,035**
Investee level expenses [1]	(74)	(59)	(55)
Total performance-based income	**$ 499**	**$ 1,024**	**$ 1,980**

[1] Investee level expenses include asset level operating expenses on directly held real estate and other consolidated investments reported in investment expense.

Performance-based investment income decreased 51.3% or $525 million in 2023 compared to 2022, primarily due to lower valuation increases compared to the prior year and lower income from the sales of underlying investments.

Performance-based investment results and income can vary significantly between periods and are influenced by economic conditions, equity market performance, comparable public company earnings multiples, capitalization rates, operating performance of the underlying investments and the timing of asset sales. The company typically employs a lag in recording and recognizing changes in valuations of limited partnership interests due to the availability of investee financial statements.

Components of net gains (losses) on investments and derivatives and the related tax effect

($ in millions)	For the year December 31, 2023	2022	2021
Sales	$ (433)	$ (832)	$ 578
Credit losses	(99)	(54)	(42)
Valuation change of equity investments - appreciation (decline):			
Equity securities	239	(772)	544
Equity fund investments in fixed income securities	43	(128)	(24)
Limited partnerships [1]	34	(160)	(21)
Total valuation of equity investments	**316**	**(1,060)**	**499**
Valuation change and settlements of derivatives	(84)	874	49
Net gains (losses) on investments and derivatives, pre-tax	**(300)**	**(1,072)**	**1,084**
Income tax benefit (expense)	63	230	(237)
Net gains (losses) on investments and derivatives, after-tax	**$ (237)**	**$ (842)**	**$ 847**
Property-Liability	$ (230)	$ (688)	$ 798
Protection Services	—	(40)	19
Allstate Health and Benefits	2	(35)	5
Corporate and Other	(9)	(79)	25
Net gains (losses) on investments and derivatives, after-tax	**$ (237)**	**$ (842)**	**$ 847**
Market-based	$ (352)	$ (1,083)	$ 917
Performance-based	52	11	167
Net gains (losses) on investments and derivatives, pre-tax	**$ (300)**	**$ (1,072)**	**$ 1,084**

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

Net losses on investments and derivatives in 2023 related primarily to losses on sales, partially offset by higher valuation on equity investments. Net losses on investments and derivatives in 2022 related primarily to decreased valuation on equity investments and losses on sales of fixed income securities, partially offset by increased valuation change and settlements of derivatives.

Net losses on sales in 2023 and 2022 related primarily to sales of fixed income securities in connection with ongoing portfolio management.

Net losses on valuation change and settlements of derivatives of $84 million in 2023 primarily related to net losses on equity futures used to manage equity exposure, losses on credit default swaps used to reduce credit risk and losses on foreign currency contracts used to manage foreign currency risk. Net gains in 2022 primarily comprised of gains on interest rate futures used to mitigate the impact of increases in interest rates, gains on foreign currency contracts due to the strengthening of the U.S. dollar and gains on equity futures used to manage exposure to equity markets.

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

($ in millions)	For the years ended December 31, 2023	2022	2021
Sales	$ 76	$ 29	$ 111
Credit losses	(68)	(30)	(43)
Valuation change of equity investments	58	(35)	71
Valuation change and settlements of derivatives	(14)	47	28
Total performance-based	**$ 52**	**$ 11**	**$ 167**

Net gains on performance-based investments and derivatives in 2023 primarily related to gains on sales and increased valuation of equity investments, partially offset by increased credit losses. 2022 primarily related to increased valuation change and settlements of derivatives and gains on sales, partially offset by decreased valuation of equity investments.

Market Risk

Market risk is the risk that we will incur losses due to adverse changes in interest rates, credit spreads, equity prices, commodity prices or foreign currency exchange rates. Adverse changes to these rates and prices may occur due to changes in fiscal policy, inflation, the economic climate, the liquidity of a market or market segment, insolvency or financial distress of key market makers or participants or changes in market perceptions of credit worthiness or risk tolerance. Our primary market risk exposures are to changes in interest rates, credit spreads and equity prices, and to a lesser extent, foreign currency exchange rates. We also have direct and indirect exposure to commodity price changes through our diversified investments in agriculture, infrastructure and energy primarily held in limited partnership interests and consolidated subsidiaries.

The active management of market risk is integral to our results of operations. We may use the following approaches to manage exposure to market risk within defined tolerance ranges:

1) Rebalance existing asset or liability portfolios
2) Change the type of investments purchased in the future
3) Use derivative instruments to modify the market risk characteristics of existing assets and liabilities or assets expected to be purchased

Overview In formulating and implementing guidelines for investing funds, we seek to earn attractive risk-adjusted returns that enhance our ability to offer competitive prices to customers while contributing to stable profits and long-term capital growth. Accordingly, our investment decisions and objectives are informed by underlying risks. Investment policies define the overall framework for managing market and other investment risks, including accountability and controls over risk management activities. Subsidiaries that conduct investment activities follow policies that have been approved by their respective boards of directors and which specify the investment limits and strategies that are appropriate given the liquidity, surplus, product profile and regulatory requirements of the subsidiary. Executive oversight of investment activities is conducted primarily through the subsidiaries' boards of directors and legal entity investment committees. The Enterprise Risk and Return Council ("ERRC") oversees the aggregate risk of Allstate and its subsidiaries. Working in conjunction with the board or the investment committee of each subsidiary, as applicable, the ERRC evaluates the risk tolerance of each subsidiary and determines the aggregate risk tolerance of the enterprise.

We use widely-accepted quantitative and qualitative approaches to measure, monitor and manage market risk. We evaluate our market risk exposure using multiple measures including but not limited to:

- *Duration,* a measure of the price sensitivity of assets and liabilities to changes in interest rates
- *Value-at-risk,* a statistical estimate that the change in fair value of a portfolio will exceed a certain amount over a given time horizon, at a specified probability
- *Scenario analysis,* an estimate of the potential changes in the fair value of a portfolio that could occur under hypothetical market conditions defined by changes to multiple market risk factors: interest rates, credit spreads, equity prices or currency exchange rates
- *Sensitivity analysis,* an estimate of the potential changes in the fair value of a portfolio that could occur using hypothetical shocks to a market risk factor

The selection of measures used in our sensitivity analysis should not be construed as our prediction of future market events, but only as an illustration of the potential effect of such an event

In general, we establish investment portfolio asset allocation and market risk limits based upon a combination of these measures. The asset allocation limits place restrictions on the total funds that may be invested within an asset class. Comprehensive day-to-day management of market risk within defined tolerance ranges occurs as portfolio managers buy and sell within their respective markets based upon the acceptable boundaries established by investment policies. Although we apply a similar overall philosophy to market risk, the underlying business frameworks and the accounting and regulatory environments may differ between our products and therefore affect investment decisions and risk parameters. Our actual experience may differ from the results of the sensitivity measurements provided below.

Interest rate risk is the risk that we will incur a loss due to adverse changes in risk-free interest rates. This risk arises from many of our primary activities, as we invest substantial funds in interest-sensitive assets. Changes in interest rates can have favorable and unfavorable effects on our results. For example, increases in rates can improve investment income, but decrease the fair value of our fixed income securities portfolio which may result in sales of assets at losses. Decreases in rates could increase the fair value of our fixed income securities portfolio while decreasing future investment income due to reinvestment at lower market yields and accelerated pay-downs and prepayments of certain investments.

For our issued debt, we monitor market interest rates and evaluate refinancing opportunities as maturity dates approach. To mitigate this risk, we ladder the maturity dates of our debt. For our issued noncumulative perpetual preferred stock, we monitor market dividend rates and evaluate opportunities to redeem or refinance on or after specified dates. For further detail regarding our debt and our preferred stock, see Note 13 of the consolidated financial statements and the Capital Resources and Liquidity section of this Item.

Our assessment of interest rate risk reflects the effect of changing risk-free interest rates on interest-sensitive assets, including investments with callable or prepayable features. As of December 31, 2023, the fixed income portfolio duration[1] was 4.8 compared to 3.4 as of December 31, 2022.

Change in fair value of interest-sensitive assets [1] [2]

($ in millions)	As of December 31, 2023	2022
-100 bps change	$ 2,530	$ 1,549
+100 bps change	(2,314)	(1,471)
+200 bps change	(4,410)	(2,864)

(1) Includes the effects of interest rate derivatives and any call features associated with the securities.

(2) Represents an immediate, parallel increase or decrease based on information and assumptions used in the duration calculations.

To the extent that conditions differ from the assumptions we used in these calculations, duration and rate shock measures could be significantly impacted. These calculations may not fully capture the effect of non-parallel changes in the term structure of interest rates or large changes in interest rates.

Credit spread risk is the risk that we will incur a loss due to adverse changes in credit spreads ("spreads"). A credit spread is the additional yield on fixed income securities and loans above the risk-free rate that market participants require to compensate them for assuming credit, liquidity or prepayment risks. This risk arises from many of our primary activities, as we invest substantial funds in spread-sensitive fixed income assets. We assess credit spread risk by evaluating spread duration which measures the price sensitivity of the assets to changes in spreads.

As of December 31, 2023, the spread duration[1] was 4.7 compared to 4.0 as of December 31, 2022.

Change in fair value of spread-sensitive assets [1] [2]

($ in millions)	As of December 31, 2023	2022
+100 bps change	$ (1,898)	$ (1,462)

(1) Includes the effects of credit derivatives and any call features associated with the securities.

(2) Represents an immediate, parallel increase based on information and assumptions used in the spread duration calculations.

Equity price risk is the risk that we will incur losses due to adverse changes in the levels of equity indices, the value of individual stocks, or private market valuations related to our limited partnership interests.

Equity investments[1] As of December 31, 2023, we held $1.52 billion in equity investments that comprise equity securities, excluding those with fixed income securities as their underlying investments, and including limited partnership interests where the underlying assets are predominately public equity securities, compared to $4.06 billion as of December 31, 2022.

Change in fair value of equity investments [1] [2]

($ in millions)	As of December 31, 2023	2022
-10% change in equity valuations	$ (127)	$ (402)

(1) Includes the effects of equity derivatives.

(2) Represents an immediate change in equity valuations for investments.

We periodically use derivatives to reduce equity price risk or to adjust our equity risk profile. Derivatives provide an offset to changes in equity market values.

Limited partnership interests As of December 31, 2023, we held $8.24 billion in limited partnership interests excluding those limited partnership interests where the underlying assets are predominately public equity securities compared to $7.64 billion as of December 31, 2022. These illiquid investments are primarily comprised of private equity and real estate funds, with valuation changes typically reflecting the idiosyncratic performance of the underlying asset.

Change in fair value of limited partnership interests [1]

($ in millions)	As of December 31, 2023	2022
-10% change in private market valuations	$ (824)	$ (764)

(1) Represents an immediate change in the value of limited partnership interests.

For limited partnership interests, quarterly changes in fair values may not be highly correlated to equity indices in the short term and changes in value of these investments are generally recognized on a three-month delay due to the availability of the related investee financial statements.

Foreign currency exchange rate risk is the risk that we will incur economic losses due to adverse changes in foreign currency exchange rates. This risk primarily arises from our foreign equity investments, including common stocks, limited partnership interests, and our Canada, Northern Ireland, Europe and India operations. We use foreign currency derivative contracts to partially offset this risk.

Change in fair value of foreign currency denominated investments [1]

($ in millions)	As of December 31, 2023	2022
-10% change in foreign currency exchange rates	$ (356)	$ (310)
-10% change in net investments in foreign subsidiaries	(125)	(114)

[1] Represents an immediate, simultaneous depreciation in each of the foreign currency exchange rates to which we are exposed compared to the U.S. dollar, including the effects of foreign currency derivative contracts and excludes the offset from liabilities in foreign currencies.

As of December 31, 2023, we had $3.56 billion in foreign currency denominated investments, including the effects of foreign currency derivative contracts, and $1.25 billion net investment in our foreign subsidiaries, primarily related to our Canada operations. These amounts were $3.10 billion and $1.14 billion, respectively, as of December 31, 2022.

Capital Resources and Liquidity

Capital resources consist of shareholders' equity and debt, representing funds deployed or available to be deployed to support business operations or for general corporate purposes.

Capital resources

($ in millions)	As of December 31, 2023	2022	2021
Preferred stock, common stock, treasury stock, retained income and other shareholders' equity items	$ 18,470	$ 19,880	$ 24,518
Accumulated other comprehensive income (loss)	(700)	(2,392)	426
Total Allstate shareholders' equity	**17,770**	**17,488**	**24,944**
Debt	7,942	7,964	7,976
Total capital resources	**$ 25,712**	**$ 25,452**	**$ 32,920**
Ratio of debt to Allstate shareholders' equity	44.7 %	45.5 %	32.0 %
Ratio of debt to capital resources	30.9 %	31.3 %	24.2 %

Allstate shareholders' equity increased in 2023, primarily due to lower unrealized net capital losses on investments, partially offset by dividends paid to shareholders, common share repurchases and a net loss. In 2023, we paid dividends of $925 million and $107 million related to our common and preferred shares, respectively. Allstate shareholders' equity decreased in 2022, primarily due to net unrealized capital losses on investments in 2022 compared to gains in 2021, common share repurchases, a net loss and dividends paid to shareholders. In 2022, we paid dividends of $926 million and $105 million related to our common and preferred shares, respectively.

Repayment of debt On March 29, 2023, the Company repaid, at maturity, $250 million of Floating Rate Senior Notes that bear interest at a floating rate equal to three-month London Interbank Offered Rate ("LIBOR") plus 0.63% per year. On June 15, 2023, the Company repaid, at maturity, $500 million of 3.15% Senior Notes.

Issuance of debt On March 31, 2023, the Company issued $750 million of 5.25% Senior Notes due 2033. Interest on the Senior Notes is payable semi-annually in arrears on March 30 and September 30 of each year, beginning on September 30, 2023. The Senior Notes are redeemable at any time at the applicable redemption price prior to the maturity date. The net proceeds of this issuance were used to repay the $500 million senior debt maturity and for general corporate purposes.

Redemption of preferred stock On April 17, 2023, the Company redeemed all 23,000 shares of Fixed Rate Noncumulative Preferred Stock, Series G, par value $1.00 per share and liquidation preference $25,000 per share, and the corresponding depositary shares for a total redemption payment of $575 million. The Company recognized $18 million of original issuance costs in preferred stock dividends on the Consolidated Statements of Operations and Consolidated Statements of Shareholders' Equity.

Issuance of preferred stock On May 18, 2023, the Company issued 24,000 shares of Fixed Rate Noncumulative Preferred Stock, Series J, par value $1.00 per share and liquidation preference amount of $25,000 per share, and the corresponding depositary shares for gross proceeds of $600 million. The preferred stock is perpetual and has no maturity date. The preferred stock is redeemable at the Company's option in whole or in part, on or after July 15, 2028 at a redemption price of $25,000 per share, plus declared and unpaid dividends. Prior to July 15, 2028, the preferred stock is redeemable at the Company's option, in whole but not in part, within 90 days of the occurrence of certain rating agency events at a redemption price equal to $25,500 per share, plus declared and unpaid dividends, or in whole but not in part, within 90 days after the occurrence of a regulatory capital event, at a redemption price equal to $25,000 per share, plus declared and unpaid dividends.

Common share repurchases In July 2023, we suspended repurchasing shares under the current authorization. As of December 31, 2023, there was $472 million remaining of the $5.00 billion program. The authorization for the share repurchase program expires on March 31, 2024.

During 2023, we repurchased 2.8 million common shares, or 1.1% of total common shares outstanding as of December 31, 2022, for $330 million.

Since 1995, we have acquired 792 million shares of our common stock at a cost of $43.18 billion, primarily as part of various stock repurchase programs. We have reissued 156 million common shares since 1995, primarily associated with our equity incentive plans, the 1999 acquisition of American Heritage Life Investment Corporation and the 2001 redemption of certain mandatorily redeemable preferred securities. Since 1995, total common shares outstanding has decreased by 636 million shares or 70.8%, primarily due to our repurchase programs.

Common shareholder dividends On January 3, 2023, April 3, 2023, July 3, 2023 and October 2, 2023, we paid a common shareholder dividend of $0.85, $0.89, $0.89 and $0.89, respectively. On November 15, 2023, we declared a common shareholder dividend of $0.89 payable on January 2, 2024.

Financial ratings and strength

Senior long-term debt, commercial paper and insurance financial strength ratings

	As of December 31, 2023		
	Moody's	**S&P Global Ratings**	**A.M. Best**
The Allstate Corporation (debt)	A3	BBB+	a-
The Allstate Corporation (short-term issuer)	P-2	A-2	AMB-1
Allstate Insurance Company (insurance financial strength)	Aa3	A+	A+

Our ratings are influenced by many factors including our operating and financial performance, asset quality, liquidity, overall portfolio mix, financial leverage (i.e., debt), exposure to risks such as catastrophes and the current level of operating leverage. The preferred stock and subordinated debentures are viewed as having a common equity component by certain rating agencies and are given equity credit up to a pre-determined limit in our capital structure as determined by their respective methodologies. These respective methodologies consider the existence of certain terms and features in the instruments such as the noncumulative dividend feature in the preferred stock.

The Allstate Corporation (the "Corporation") and Allstate Insurance Company ("AIC") In March 2023, Moody's affirmed The Allstate Corporation's (the "Corporation") senior debt and short-term issuer ratings of A3 and P-2, respectively, and AIC's insurance financial strength rating of Aa3. The outlook for the ratings was changed from stable to negative.

In August 2023, A.M. Best downgraded the Corporation's senior debt and short-term issuer ratings to a- and AMB-1, respectively, and affirmed AIC's insurance financial strength rating of A+. The outlook for the ratings is stable.

In August 2023, S&P downgraded the Corporation's senior debt rating to BBB+ and affirmed the short-term issuer rating of A-2, and downgraded AIC's insurance financial strength rating to A+. The outlook for the ratings changed from negative to stable.

American Heritage Life ("AHL") In August 2023, A.M. Best affirmed the insurance financial strength rating of A+ for AHL. The outlook for the rating is stable.

Other property and casualty companies We have distinct and separately capitalized groups of subsidiaries licensed to sell property and casualty insurance that maintain separate group ratings. The ratings of these groups are influenced by the risks that relate specifically to each group. Many mortgage companies require property owners to have insurance from an insurance carrier with a secure financial strength rating from an accredited rating agency.

In August 2023, A.M. Best affirmed the insurance financial strength rating of A of the members of Allstate New Jersey Group (Allstate New Jersey Insurance Company, Allstate New Jersey Property and Casualty Insurance Company, Encompass Insurance Company of New Jersey, Encompass Property and Casualty Insurance Company of New Jersey, Esurance Insurance Company of New Jersey). The outlook for the rating changed from stable to negative. ANJ writes auto and homeowners insurance in New Jersey. Allstate New Jersey Insurance Company also has a financial strength rating of A" from Demotech, which was affirmed in December 2023.

In August 2023, A.M. Best affirmed the insurance financial strength rating of A+ for North Light, our excess and surplus lines carrier. The outlook for the North Light rating is stable.

In August 2023, A.M. Best downgraded the insurance financial strength ratings of the members of Castle Key Group (Castle Key Insurance Company, Castle Key Indemnity Company, Encompass Floridian Insurance Company, Encompass Floridian Indemnity Company) to B. The outlook for the ratings changed from negative to stable. CKIC also has a financial strength rating of A' from Demotech that was affirmed in December 2023.

ANJ and North Light do not have support agreements with AIC.

Allstate's domestic property and casualty and life insurance subsidiaries prepare their statutory-basis financial statements in conformity with accounting practices prescribed or permitted by the insurance department of the applicable state of domicile. Statutory surplus is a measure that is often used as a basis for determining dividend paying capacity, operating leverage and premium growth capacity, and it is also reviewed by rating agencies in determining their ratings.

The property and casualty business is comprised of 59 insurance companies as of December 31, 2023, each of which has individual company dividend limitations. As of December 31, 2023, total statutory surplus is $14.56 billion compared to $15.28 billion as of December 31, 2022. Property and casualty subsidiaries surplus was $14.25 billion as of December 31, 2023, compared to $15.00 billion as of December 31, 2022. Life, accident and health insurance subsidiaries surplus was $310 million as of December 31, 2023, compared to $279 million as of December 31, 2022.

The NAIC has developed financial relationships or tests known as the Insurance Regulatory Information System to assist state insurance regulators in monitoring the financial condition of insurance companies and identifying companies that require special attention or actions by state insurance regulators. The NAIC analyzes financial data provided by insurance companies using prescribed ratios, each

with defined "usual ranges". Additional regulatory scrutiny may occur if a company's ratios fall outside the usual ranges for four or more of the ratios. Nine of our domestic insurance companies have four or more ratios outside the usual ranges due to higher written premiums and net losses in 2023.

Liquidity sources and uses Our potential sources and uses of funds principally include the following activities below.

Activities for potential sources of funds

	Property-Liability	*Protection Services*	*Allstate Health and Benefits*	*Corporate and Other*
Receipt of insurance premiums	ü	ü	ü	
Recurring service fees	ü	ü	ü	
Contractholder fund deposits			ü	
Reinsurance and indemnification program recoveries	ü	ü	ü	
Receipts of principal, interest and dividends on investments	ü	ü	ü	ü
Sales of investments	ü	ü	ü	ü
Funds from securities lending, commercial paper and line of credit agreements	ü			ü
Intercompany loans	ü	ü	ü	ü
Capital contributions from parent [1]	ü	ü	ü	ü
Dividends or return of capital from subsidiaries	ü	ü	ü	ü
Tax refunds/settlements	ü	ü	ü	ü
Funds from periodic issuance of additional securities				ü
Receipt of intercompany settlements related to employee benefit plans				ü

[1] Capital support is generally at management's discretion unless contractual commitments are in place.

Activities for potential uses of funds

	Property-Liability	*Protection Services*	*Allstate Health and Benefits*	*Corporate and Other*
Payment of claims and related expenses	ü	ü		
Payment of contract benefits, surrenders and withdrawals			ü	
Reinsurance cessions and indemnification program payments	ü	ü	ü	
Operating costs and expenses	ü	ü	ü	ü
Purchase of investments	ü	ü	ü	ü
Repayment of securities lending, commercial paper and line of credit agreements	ü			ü
Payment or repayment of intercompany loans	ü	ü	ü	ü
Capital contributions to subsidiaries	ü	ü	ü	ü
Dividends or return of capital to shareholders/parent company	ü	ü	ü	ü
Tax payments/settlements	ü	ü	ü	ü
Common share repurchases				ü
Debt service expenses and repayment	ü			ü
Payments related to employee benefit plans	ü	ü	ü	ü
Payments for acquisitions	ü	ü	ü	ü

Contractual obligations and commitments We have short-term and long-term contractual obligations and commitments. We manage our short-term liquidity position to ensure the availability of a sufficient amount of liquid assets to extinguish short-term liabilities as they come due in the normal course of business, including utilizing potential sources of liquidity. Long-term obligations include known contractual commitments that require cash needs beyond 12 months.

Short-term contractual obligations are typically settled with cash or short-term investments and operating cash flows. Most of these obligations are paid within one year. These include unconditional purchase obligations, other liabilities and accrued expenses, including liabilities for collateral and operating leases, and net unrecognized tax benefits.

We actively manage our financial position and liquidity levels in light of changing market, economic, and business conditions. Liquidity is managed at both the entity and enterprise level across the Company and is assessed on both base and stressed level liquidity needs. We believe we have sufficient liquidity to meet these needs. Additionally, we have existing intercompany agreements in place that facilitate liquidity management across the Company to enhance flexibility.

As of December 31, 2023, we held $16.20 billion of cash, U.S. government and agencies fixed income securities, public equity securities and short-term investments, which we would expect to be able to liquidate within one week. In addition, we regularly estimate how much of the total portfolio, which includes high quality corporate fixed income and municipal holdings, can be reasonably liquidated within one quarter. These estimates are subject to considerable uncertainty associated with evolving market conditions. As of December 31, 2023, cash and estimated liquidity available within one quarter, under normal market conditions and at current market prices, was $23.52 billion.

Certain remote events and circumstances could constrain our liquidity. Those events and circumstances include, for example, a catastrophe resulting in extraordinary losses, a decrease in market liquidity, dramatic changes in security pricing, a cybersecurity breach, a downgrade in our senior long-term debt ratings to non-investment grade status, or a downgrade in AIC's financial strength ratings. The rating agencies also consider the interdependence of our individually rated entities; therefore, a rating change in one entity could potentially affect the ratings of other related entities.

The Corporation is party to an Amended and Restated Intercompany Liquidity Agreement ("Liquidity Agreement") with certain subsidiaries, which includes, but is not limited to AIC. The Liquidity Agreement allows for short-term advances of funds to be made between parties for liquidity and other general corporate purposes. The Liquidity Agreement does not establish a commitment to advance funds on the part of any party. AIC serves as a lender and borrower, certain other subsidiaries serve only as borrowers, and the Corporation serves only as a lender. The maximum amount of potential funding under each of these agreements is $1.00 billion.

In addition to the Liquidity Agreement, the Corporation also has an intercompany loan agreement with certain of its subsidiaries, which includes, but is not limited to, AIC. The amount of intercompany loans available to the Corporation's subsidiaries is at the discretion of the Corporation. The maximum amount of loans the Corporation will have outstanding to all its eligible subsidiaries at any given point in time is limited to $1.00 billion. The Corporation may use commercial paper borrowings, bank lines of credit and securities lending to fund intercompany borrowings.

Parent company capital capacity At the parent holding company level, we have deployable assets totaling $3.41 billion as of December 31, 2023, primarily comprised of cash and short-term, fixed income and equity securities that are generally saleable within one quarter. The earnings capacity of the operating subsidiaries is the primary source of capital generation for the Corporation.

The payment of dividends by AIC to The Allstate Corporation is limited by Illinois insurance law to formula amounts based on statutory net income and statutory surplus, as well as the timing and amount of dividends paid in the preceding twelve months. The maximum amount of dividends that AIC will be able to pay, without prior Illinois Department of Insurance approval, at a given point in time in 2024, based on 10% of actual 2023 statutory surplus, is estimated at $1.20 billion, less dividends paid during the preceding twelve months measured at that point in time. For the year ended December 31, 2023, the maximum amount of dividends allowed to be paid by AIC was $1.22 billion. No dividends were paid in 2023. Notification and approval of intercompany lending activities are also required by the Illinois Department of Insurance for those transactions that exceed formula amounts based on statutory admitted assets and statutory surplus.

These holding company assets and subsidiary dividends provide funds for the parent company's fixed charges and other corporate purposes.

Intercompany dividends were paid in 2023, 2022 and 2021 between the following companies: AIC, Allstate Insurance Holdings, LLC ("AIH"), the Corporation, ALIC, American Heritage Life Insurance Company ("AHL") and Allstate Financial Insurance Holdings Corporation ("AFIHC").

Intercompany dividends

($ in millions)	2023	2022	2021
AIC to AIH	$ —	$ 4,203	$ 5,946
AIH to the Corporation	—	4,205	5,586
ALIC to AIC	—	—	1,642
AHL to AFIHC	40	110	90
AFIHC to the Corporation	50	112	128

There were no capital contributions paid by the Corporation to AIC in 2023, 2022 or 2021.

Dividends may not be paid or declared on our common stock and shares of common stock may not be repurchased unless the full dividends for the latest completed dividend period on our preferred stock have been declared and paid or provided for.

The terms of our outstanding subordinated debentures also prohibit us from declaring or paying any dividends or distributions on our common or preferred stock or redeeming, purchasing, acquiring, or making liquidation payments on our common stock or preferred stock if we have elected to defer interest payments on the subordinated debentures, subject to certain limited exceptions. In 2023, we did not defer interest payments on the subordinated debentures.

Additional resources to support liquidity are as follows:

- The Corporation and AIC have access to a $750 million unsecured revolving credit facility that is available for short-term liquidity requirements. In November 2022, the maturity date of this facility was extended to November 2027 and the U.S. dollar benchmark rate was amended from London Interbank Offered Rate to Secured Overnight Financing Rate. The facility is fully subscribed among 11 lenders with the largest commitment being $95 million. The commitments of the lenders are several and no lender is responsible for any other lender's commitment if such lender fails to make a loan under the facility. This facility contains an increase provision that would allow up to an additional $500 million of borrowing, subject to the lenders' commitment. This facility has a financial covenant requiring that we not exceed a 37.5% debt to capitalization ratio as defined in the agreement. This ratio was 23.4% as of December 31, 2023. Although the right to borrow under the facility is not subject to a minimum rating requirement, the costs of maintaining the facility and borrowing under it are based on the ratings of our senior unsecured, unguaranteed long-term debt. There were no borrowings under the credit facility during 2023.
- To cover short-term cash needs, the Corporation has access to a commercial paper facility with a borrowing capacity limited to any undrawn credit facility balance up to $750 million.
- As of December 31, 2023, there were no balances outstanding for the credit facility or the commercial paper facility and therefore the remaining borrowing capacity was $750 million under each facility.
- The Corporation has access to a universal shelf registration statement with the Securities and Exchange Commission that expires in 2024. We can use this shelf registration to issue an unspecified amount of debt securities, common stock (including 638 million shares of treasury stock as of December 31, 2023), preferred stock, depository shares, warrants, stock purchase contracts, stock purchase units and securities of trust subsidiaries. The specific terms of any securities we issue under this registration statement will be provided in the applicable prospectus supplements.

Long-term contractual obligations

Defined benefit pension plans and other postretirement benefit plans ("OPEB") Pension plan obligations within the next 12 months represent our planned contributions to certain unfunded non-qualified plans where the benefit obligation exceeds the assets. Obligations beyond 12 months are projected based on the average remaining service period using the current underfunded status of the plans. The OPEB plans' obligations are estimated based on the expected benefits to be paid. See Note 18 of the consolidated financial statements for further information.

Reserves for property and casualty insurance claims and claims expense represent estimated amounts necessary to settle all outstanding claims, including claims that have been IBNR as of the balance sheet date. Estimated timing of payments for reserves is based on our historical experience and our expectation of future payment patterns. The ultimate cost of losses may vary materially from recorded amounts that are our best estimates. See Note 9 of the consolidated financial statements and Application of Critical Accounting Estimates section of the MD&A for further information.

Reserve for future policy benefits and contractholder funds We estimate the present value of cash payments to be made to contractholders and policyholders. We are currently making payments for contracts where the timing of a portion or all of the payments has been determined by the contract. Contracts such as voluntary accident and health insurance, interest-sensitive life and traditional life insurance involve payment obligations where a portion or all of the amount and timing of future payments is uncertain. We have estimated the timing of payments related to these contracts based on historical experience and our expectation of future payment patterns. Uncertainties relating to these liabilities include mortality, morbidity, customer lapse and withdrawal activity, estimated additional deposits for interest-sensitive life contracts, and renewal premium for life policies, which may significantly impact both the timing and amount of future payments. See Note 10 of the consolidated financial statements for further information.

Contractual commitments represent investment commitments such as private placements, limited partnership interests and other loans. Limited partnership interests are typically funded over the commitment period which is shorter than the contractual expiration date of the partnership and as a result, the actual timing of the funding may vary.

We have agreements in place for services we conduct, generally at cost, between subsidiaries relating to insurance, reinsurance, loans and capitalization. All material intercompany transactions have been appropriately eliminated in consolidation. Intercompany transactions among insurance subsidiaries and affiliates have been approved by the appropriate departments of insurance as required.

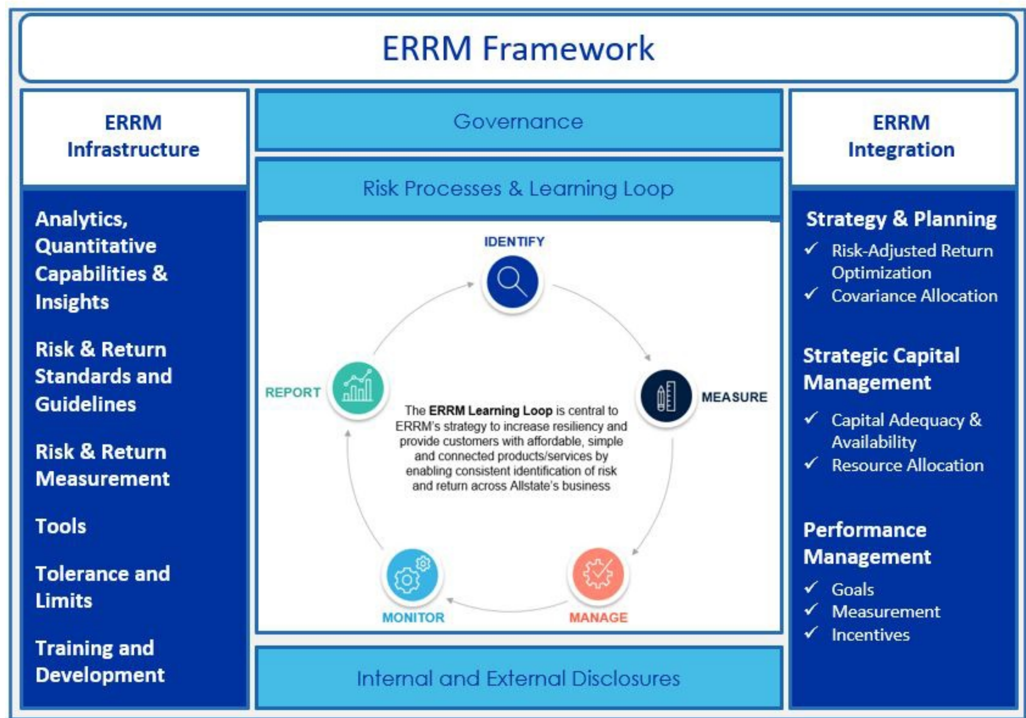
For a more detailed discussion of our off-balance sheet arrangements, see Note 7 of the consolidated financial statements.

Enterprise Risk and Return Management

Allstate is subject to significant risks as an insurer and a provider of protection products and services. These risks are discussed in more detail in the Risk Factors section of this document.

We regularly identify, measure, manage, monitor and report all significant risks. Major categories of enterprise risk are strategic, insurance, investment, financial, operational and culture.

Allstate manages these risks through an Enterprise Risk and Return Management ("ERRM") framework that includes governance, processes, culture, and activities that are performed on an integrated, enterprise-wide basis, following our risk and return principles. Our legal and capital structures are designed to manage capital and solvency on a legal entity basis. Our risk-return principles define how we operate and guide risk and return decision making. These principles state that our priority is to maintain a strong foundation by protecting solvency, complying with laws and acting with integrity. We strive to build strategic value and optimize risk and return.



Governance ERRM governance includes board oversight, an executive management committee, and enterprise and market-facing business chief risk officers.

- The Allstate Corporation Board of Directors ("Allstate Board") has overall responsibility for oversight of management's design and implementation of ERRM.
- The Risk and Return Committee ("RRC") of the Allstate Board oversees effectiveness of the ERRM program, governance structure and risk-related decision-making, while focusing on the Company's overall risk profile.
- The Audit Committee oversees the effectiveness of internal controls over financial reporting, disclosure controls and procedures as well as management's risk control framework and cybersecurity program.
- The ERRC directs ERRM activities by establishing risk and return targets, determining economic capital levels and monitoring integrated strategies and actions from an enterprise risk and return perspective. The ERRC consists of Allstate's chief executive officer, chief financial officer, chief risk officer, chief legal officer and other senior leaders.
- Other key committees work with the ERRC to direct ERRM activities, including the Operating Committee, the Operational Risk and Return Council, the Information Security Council, the Internal Compliance and Control Committee, the Environmental, Social, and Governance ("ESG")

Steering Committee, liability governance committees, and investment committees.

Key risks are assessed and reported through comprehensive ERRM reports prepared for senior management and the RRC. The risk summary report communicates the alignment of Allstate's risk profile with risk and return principles, while providing a perspective on risk positioning. Discussion promotes active engagement with management and the RRC. Internal controls over key risks are managed and reported to senior management and the Audit Committee of the Company through a semi-annual risk control dashboard. Annually, we review risks related to the strategic plan, operating plan and incentive compensation programs with the Allstate Board.

Framework We apply risk and return principles using an integrated ERRM framework that focuses on assessment, transparency and dialogue. Our framework provides a comprehensive view of risks and is used by senior management and business managers to drive risk-return based decisions. We continually validate and improve our ERRM practices by benchmarking and obtaining external perspectives.

Management and the ERRC rely on internal and external perspectives to determine an appropriate level of target economic capital. Internal perspectives include enterprise solvency and volatility assessments, review of key operating and model assumptions, and management judgment. Sensitivity testing and scenario analysis are used to gauge the robustness of Allstate's risk, capital and liquidity positions. Analysis of extremely low frequency scenarios is used to assess the sufficiency of capital and contingency options under worst-case outcomes, including unlikely but impactful single events, as well as sequences of multiple tail events. External considerations include NAIC risk-based capital as well as S&P's, Moody's, and A.M. Best's capital adequacy measurement. Our economic capital reflects management's view of the aggregate level of capital necessary to satisfy stakeholder interests, manage Allstate's risk profile and maintain financial strength. The impact of strategic initiatives on enterprise risk is evaluated through the economic capital framework.

The NAIC has adopted the Risk Management and Own Risk and Solvency Assessment Model Act ("ORSA Model Act"), which has been enacted by our insurance subsidiaries' domiciliary states. The ORSA Model Act requires that insurers maintain a risk management framework and conduct an internal own risk and solvency assessment of the insurer's material risks in normal and stressed environments. Results of the assessment are filed annually.

Allstate's risk appetite is measured through our economic capital framework. The enterprise risk appetite is cascaded into individual risk limits which set boundaries on the amount of risk we are willing to accept from one specific risk category before escalating for further management discussion and action. Risk limits are established based upon expected returns, volatility, potential tail losses and impact on the enterprise portfolio. To effectively operate within risk limits and for risk-return optimization, Allstate establishes risk limits and capital targets specific to each business unit. Allstate's risk management strategies adapt to changes in business and market environments.

Process Our ERRM framework establishes a basis for transparency and dialogue across the enterprise and for continuous learning by embedding our risk and return management culture of identifying, assessing, managing, monitoring and reporting risks within the organization. Allstate designs business and enterprise strategies that seek to optimize risk-adjusted returns on capital. Risks are managed at both the legal entity and enterprise level.

A summary of our process to manage each of our major risk categories follows:

Strategic risk and return management addresses loss associated with inadequate or flawed business planning or strategy setting, including product mix, mergers or acquisitions and market positioning, and unexpected changes within the market or regulatory environment in which Allstate operates. This includes reputational risk, which is the potential for negative publicity regarding a company's conduct or business practices to adversely impact its profitability, operations, or consumer base, or to require costly litigation and other defensive measures.

We manage strategic risk in part through Allstate Board and senior management strategy reviews that include risk and return assessment of our strategic plans and ongoing monitoring of strategic actions, key assumptions and the external competitive environment. Using the ERRM framework, Allstate designs strategies that seek to optimize risk-adjusted returns associated with taking insurance, investment, and other business risks.

Insurance risk and return management addresses fluctuations in the timing, frequency and severity of benefits, expenses, and premiums relative to the return expectations inclusive of systemic risk, concentration of insurance exposures, policy terms, reinsurance coverage, and claims handling practices.

Insurance risk is the potential for loss due to adverse changes in actual or anticipated insurance claims experience (including claims adjustment expenses), net of reinsurance, and lost future profits. Insurance risk exposures include our operating results and financial condition, claims frequency and severity, and catastrophe and severe weather.

Insurance risk exposures are measured and monitored with different approaches including:

- Stochastic methods: measure and monitor risks such as natural catastrophes and severe weather. We develop probabilistic estimates of risk based on our exposures, historical observed volatility or industry-recognized models in the case of catastrophe risk.
- Scenario analysis: measures and monitors risks and estimated losses due to extreme low frequency events that include combined multiple

event scenarios across risk categories and time periods.

Investment risk and return management addresses financial loss due to changes in the valuations of assets held in the Allstate investment portfolio. Such losses may be caused by macro developments, such as changes to interest rates, credit spreads and equity price levels, or could be specific to individual investments in the portfolio. These losses can encompass both daily market volatility and permanent impairments of capital due to credit defaults and equity write-downs.

Investment risk exposures include interest rate risk, credit spread risk, equity price risk and foreign currency exchange rate risk.

Investment risk exposures are measured, monitored and limited in a number of ways including:

- Sensitivity analysis: measures the impact from a unit change in a market risk input.
- Stochastic and probabilistic estimation of potential losses: combines portfolio risk exposures with historical or recent market volatilities and correlations to assess the potential range of future investment results.
- Contributions to economic capital: measure the percentage allocations of investment risk and risk types within enterprise economic capital.
- Scenario analysis: measures material adverse outcomes such as shock scenarios applied to credit, public and private equity markets.

Some of the stress scenarios are a combination of multiple scenarios across risk categories and over multiple time periods, considering the effects of macroeconomic conditions.

Financial risk and return management addresses the risk of insufficient cash flows to meet corporate or policyholder needs, risk of inadequate aggregate capital or capital within any subsidiary, inability to access capital markets, credit risk that arises when an external party fails to meet a contractual obligation such as reinsurance for ceded claims, or risk associated with a business counterparty default.

We actively manage our capital and liquidity levels in light of changing market, economic and business conditions. Our capital position, capital generation capacity, and targeted risk profile provide strategic and financial flexibility.

We generally assess solvency on a statutory accounting basis, but also consider holding company capital and liquidity needs. Capital at the insurance companies significantly exceeds regulatory risk-based capital requirements and capital levels at the parent holding company provide liquidity and financial flexibility to meet enterprise capital and liquidity requirements.

Operational risk and return management addresses loss as a result of the failure of people, processes, or systems. Operational risk exposures include human capital, privacy, regulatory compliance, ethics, fraud, system availability, cybersecurity, data quality, disaster recovery and business continuity.

Operational risk is managed at the enterprise and market-facing business levels, through an integrated Operational Risk and Return Management ("ORRM") framework that is anchored to the ERRM Learning Loop, which depicts the five components of effective risk management. The Learning Loop is a continual process which includes risk identification, measurement, management, monitoring, and reporting of risk.

From time to time, we engage independent advisers to assess and consult on operational risks. We also perform internal risk reviews of the quality of our operational risk program and identify opportunities to strengthen our internal controls.

Culture risk and return management addresses the potential for loss of stakeholder value from a suboptimal work environment, missed opportunities, or ineffective risk management practices. Allstate defines organization culture as a self-sustaining system of shared values, principles and priorities that shape beliefs, drive behavior and influence decision-making within an organization. Allstate's approach is grounded in its Risk and Return Principles and organized by Our Shared Purpose.

Culture is managed using a set of cultural risk categories established as a basis for assessment and measurement, and the Learning Loop is applied to ensure continuous improvement. Culture risk assessments, informed by both quantitative metrics and qualitative judgment, are shared and discussed with the ERRC, RRC and Compensation and Human Capital Committee throughout the year. To strengthen oversight, the Culture Risk and Return Management ("CRRM") team partners with Human Resources and the broader organization to enhance the sophistication of the CRRM framework, including the following key components:

- Key risk categories, defining the most important areas of culture to track and enhance.
- Key risk indicators, reflecting the health of the system, providing early warnings, and helping Allstate prioritize risk and return activities.
- Governance, ensuring timely discussion, escalation, and prioritization of issues, as well as identification of opportunities.

Many risk drivers impact more than one of these key risk categories. Examples include risks related to inflation and ESG factors. Such risks are managed within processes listed above, but overall strategy is coordinated at the enterprise level, and holistic governance is provided by cross-functional committees such as the ERRC.

Application of Critical Accounting Estimates

The preparation of financial statements in conformity with GAAP requires management to adopt accounting policies and make estimates and assumptions that affect amounts reported in the consolidated financial statements. The most critical estimates, presented in the order they appear in the Consolidated Statements of Financial Position, include those used in determining:

- Fair value of financial assets
- Impairment of fixed income securities with credit losses
- Evaluation of goodwill
- Reserve for property and casualty insurance claims and claims expense estimation
- Pension and other postretirement plans net costs and assumptions

In making these determinations, management makes subjective and complex judgments that frequently require estimates about matters that are inherently uncertain. Many of these policies, estimates and related judgments are common in the insurance and financial services industries; others are specific to our businesses and operations. It is reasonably likely that changes in these estimates could occur from period to period and result in a material impact on our consolidated financial statements.

A summary of each of these critical accounting estimates follows. For a more detailed discussion of the effect of these estimates on our consolidated financial statements, and the judgments and assumptions related to these estimates, see the referenced sections of this document. For a more detailed summary of our significant accounting policies, see the notes to the consolidated financial statements.

Fair value of financial assets Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. We are responsible for the determination of fair value of financial assets and the supporting assumptions and methodologies. We use independent third-party valuation service providers, broker quotes and internal pricing methods to determine fair values. We utilize only one single quote or price to value each financial instrument in our financial statements.

Valuation service providers typically obtain data about market transactions and other key valuation model inputs from multiple sources and, through the use of proprietary models, produce valuation information in the form of a single fair value for individual fixed income and other securities for which a fair value has been requested under the terms of our agreements. The inputs used by the valuation service providers include, but are not limited to, market prices from recently completed transactions and transactions of comparable securities, interest rate yield curves, credit spreads, liquidity spreads, currency rates, and other information, as applicable. Credit and liquidity spreads are typically implied from completed transactions and transactions of comparable securities. Valuation service providers also use proprietary discounted cash flow models that are widely accepted in the financial services industry and similar to those used by other market participants to value the same financial instruments. The valuation models take into account, among other things, market observable information (as described above) as of the measurement date, as well as the specific attributes of the security being valued including its term, interest rate, credit rating, industry sector, and where applicable, collateral quality and other issue or issuer specific information. Executing valuation models effectively requires seasoned professional judgment and experience. For certain equity securities, valuation service providers provide market quotations for completed transactions on the measurement date. In cases where market transactions or other market observable data is limited, the extent to which judgment is applied varies inversely with the availability of market observable information.

For certain of our financial assets measured at fair value, where our valuation service providers cannot provide fair value determinations, we obtain a single non-binding price quote from a broker familiar with the security who, similar to our valuation service providers, may consider transactions or activity in similar securities among other information. The brokers providing price quotes are generally from the brokerage divisions of financial institutions with market making, underwriting and distribution expertise regarding the security subject to valuation.

The fair value of certain financial assets, including privately placed corporate fixed income securities and free-standing derivatives, for which our valuation service providers or brokers do not provide fair value determinations, is developed using valuation methods and models widely accepted in the financial services industry. Our internal pricing methods are primarily based on models using discounted cash flow methodologies that develop a single best estimate of fair value. Our models generally incorporate inputs that we believe are representative of inputs other market participants would use to determine fair value of the same instruments, including yield curves, quoted market prices of comparable securities or instruments, published credit spreads, and other applicable market data as well as instrument-specific characteristics that include, but are not limited to, coupon rates, expected cash flows, sector of the issuer, and call provisions. Because judgment is required in developing the fair values of these financial assets, they may differ from the amount actually received to sell an asset in an orderly transaction between market participants at the measurement date. Moreover, the use of different valuation assumptions may have a material effect on the financial assets' fair values.

For most of our financial assets measured at fair value, all significant inputs are based on or corroborated by market observable data, and

significant management judgment does not affect the periodic determination of fair value. The determination of fair value using discounted cash flow models involves management judgment when significant model inputs are not based on or corroborated by market observable data. However, where market observable data is available, it takes precedence, and as a result, no range of reasonably likely inputs exists from which the basis of a sensitivity analysis could be constructed.

We gain assurance that our financial assets are appropriately valued through the execution of various processes and controls designed to ensure the overall reasonableness and consistent application of valuation methodologies, including inputs and assumptions, and compliance with accounting standards. For fair values received from third parties or internally estimated, our processes and controls are designed to ensure that the valuation methodologies are appropriate and consistently applied, the inputs and assumptions are reasonable and consistent with the objective of determining fair value, and the fair values are accurately recorded. For example, on a continuing basis, we assess the reasonableness of individual fair values that have stale security prices or that exceed certain thresholds as compared to previous fair values received from valuation service providers or brokers or derived from internal models. We perform procedures to understand and assess the methodologies, processes and controls of valuation service providers. In addition, we may validate the reasonableness of fair values by comparing information obtained from valuation service providers or brokers to other third-party valuation sources for selected securities. We perform ongoing price validation procedures such as back-testing of actual sales, which corroborate the various inputs used in internal models to market observable data. When fair value determinations are expected to be more variable, we validate them through reviews by members of management who have relevant expertise and who are independent of those charged with executing investment transactions.

During periods of high volatility or market disruption, we may perform an analysis to determine whether there has been a significant decrease in the volume and level of activity for the asset when compared to normal market activity, and if so, whether transactions may not be orderly. Among the indicators we consider in determining whether a significant decrease in the volume and level of market activity for a specific asset has occurred include the level of new issuances in the primary market, trading volume in the secondary market, level of credit spreads over historical levels, bid-ask spread, and price consensuses among market participants and sources. If evidence indicates that prices are based on transactions that are not orderly, we place little, if any, weight on the transaction price and will estimate fair value using an internal model. As of December 31, 2023 and 2022, we did not adjust fair values provided by our valuation service providers or brokers or substitute them with an internal model for such securities.

Fixed income, equity securities and short-term investments by source of fair value determination

	December 31, 2023	
($ in millions)	**Fair value**	**Percent to total**
Fair value based on internal sources	$ 424	0.8 %
Fair value based on external sources [1]	55,996	99.2
Total	**$ 56,420**	**100.0 %**

[1] Includes $21 million that are valued using broker quotes and $354 million that are valued using quoted prices or quoted net asset values from deal sponsors.

For additional detail on fair value measurements, see Note 6 of the consolidated financial statements.

Impairment of fixed income securities with credit losses For fixed income securities classified as available-for-sale, the difference between amortized cost, net of credit loss allowance (“amortized cost, net”) and fair value, net of certain other items and deferred income taxes (as disclosed in Note 5 of the consolidated financial statements), is reported as a component of AOCI on the Consolidated Statements of Financial Position and is not reflected in the operating results of any period until reclassified to net income upon the consummation of a transaction with an unrelated third party or when a credit loss allowance is recorded. We have a comprehensive portfolio monitoring process to identify and evaluate each fixed income security that may require a credit loss allowance.

For each fixed income security in an unrealized loss position, we assess whether management with the appropriate authority has made the decision to sell or whether it is more likely than not we will be required to sell the security before recovery of the amortized cost basis for reasons such as liquidity, contractual or regulatory purposes. If a security meets either of these criteria, any existing credit loss allowance would be written-off against the amortized cost basis of the asset along with any remaining unrealized losses, with the incremental losses recorded in earnings.

If we have not made the decision to sell the fixed income security and it is not more likely than not we will be required to sell the fixed income security before recovery of its amortized cost basis, we evaluate whether we expect to receive cash flows sufficient to recover the entire amortized cost basis of the security. We calculate the estimated recovery value based on the best estimate of future cash flows considering past events, current conditions and reasonable and supportable forecasts. The estimated future cash flows are discounted at the security’s current effective rate, and are compared to the amortized cost of the

security. The determination of cash flow estimates is inherently subjective, and methodologies may vary depending on facts and circumstances specific to the security. All reasonably available information relevant to the collectability of the security are considered when developing the estimate of cash flows expected to be collected. That information generally includes, but is not limited to, as applicable, the remaining payment terms of the security, prepayment speeds, the financial condition and future earnings potential of the issue or issuer, expected defaults, expected recoveries, the value of underlying collateral, origination vintage year, geographic concentration of underlying collateral, available reserves or escrows, current subordination levels, third-party guarantees and other credit enhancements. Other information, such as industry analyst reports and forecasts, sector credit ratings, financial condition of the bond insurer for insured fixed income securities, and other market data relevant to the realizability of contractual cash flows, may also be considered. The estimated fair value of collateral will be used to estimate recovery value if we determine that the security is dependent on the liquidation of collateral for ultimate settlement.

If we do not expect to receive cash flows sufficient to recover the entire amortized cost basis of the fixed income security, a credit loss allowance is recorded in earnings for the shortfall in expected cash flows; however, the amortized cost, net of the credit loss allowance, may not be lower than the fair value of the security. The portion of the unrealized loss related to factors other than credit remains classified in AOCI. If we determine that the fixed income security does not have sufficient cash flow or other information to estimate a recovery value for the security, we may conclude that the entire decline in fair value is deemed to be credit related and the loss is recorded in earnings.

When a security is sold or otherwise disposed or the security is deemed uncollectible and written off, we remove amounts previously recognized in the credit loss allowance. Recoveries after write-offs are recognized when received.

For additional detail on investment impairments, see Note 5 of the consolidated financial statements.

Evaluation of goodwill Goodwill represents the excess of amounts paid for acquiring businesses over the fair value of the net assets acquired, less any impairment of goodwill recognized. Goodwill is recognized when acquired and allocated to reporting units based on which unit is expected to benefit from the synergies of the business combination. Our goodwill reporting units are equivalent to our reportable segments to which goodwill has been assigned: Allstate Protection, Protection Services, and Allstate Health and Benefits.

The goodwill balance was $3.50 billion at both December 31, 2023 and 2022.

Upon acquisition, the purchase price of the acquired business is assumed to be its fair value. Subsequently, we estimate the fair value of our businesses in each goodwill reporting unit, utilizing a combination of widely accepted valuation techniques including a stock price and market capitalization analysis, discounted cash flow (“DCF”) calculations and an estimate of a business’s fair value using market to book multiples derived from peer company analysis. The stock price and market capitalization analysis takes into consideration the quoted market price of our outstanding common stock and includes a control premium, derived from relevant historical acquisition activity, in determining the estimated fair value of the consolidated entity before allocating that fair value to individual reporting units. The DCF analysis utilizes long term assumptions for revenues, investment income, benefits, claims, other operating expenses and income taxes to produce projections of both income and cash flows available for dividends that are present valued using the weighted average cost of capital. Market to book multiples represent the mean market to book multiple for selected peer companies with operations similar to each goodwill reporting unit to which the multiple is applied. The outputs from these methods are weighted based on the nature of the business and the relative amount of market observable assumptions supporting the estimates. The computed values are then weighted to reflect the fair value estimate based on the specific attributes of each goodwill reporting unit.

Estimating the fair value of reporting units is a subjective process that involves the use of significant estimates by management. Changes in market inputs or other events impacting the fair value of these businesses, including discount rates, operating results, investment returns, strategies and growth rate assumptions, among other factors, could result in goodwill impairments, resulting in a charge to income. Certain of our goodwill reporting units are comprised of a combination of legacy and acquired businesses and as a result have substantial internally generated and unrecognized intangibles and fair values that significantly exceed their carrying values.

The most significant assumptions utilized in the determination of the estimated fair value of the Protection Services reporting unit are the earnings growth rate and discount rate. The earnings growth rate in the DCF projection period is based on the business strategy for the reporting unit.

The discount rate, which is consistent with the weighted average cost of capital expected by a market participant, is based upon industry specific required rates of return, including consideration of both debt and equity components of the capital structure. Our discount rate may be impacted by changes in the risk-free rate, cost of debt, equity risk premium and entity specific risks.

Changes in our growth assumptions, including the risk of loss of key customers, or adverse changes in the discount rates could result in a decline in fair value and result in a goodwill impairment charge.

Reserve for property and casualty insurance claims and claims expense estimation Reserves are established to provide for the estimated costs of paying claims and claims expenses under insurance policies we have issued. These reserves are an estimate of amounts necessary to settle all outstanding claims, including estimates of all expenses associated with processing and settling incurred claims and IBNR, less the amount of paid losses, as of the financial statement date. Total reserves comprise three major components: case (established by claim adjusters), supplemental, and IBNR. Estimating the ultimate cost of claims and claims expenses is an inherently uncertain and complex process involving a high degree of judgment and is subject to the evaluation of numerous variables. Underwriting results are significantly influenced by estimates of property and casualty insurance claims and claims expense reserves.

Reserves are established for each business segment and line of business, independently of business segment management. The significant lines of business are auto, homeowners, and other personal lines for Allstate Protection, and asbestos, environmental, and other run-off lines for Run-off Property-Liability. Allstate Protection's current period claims are typically reported promptly with relatively little reporting lag between the date of occurrence and the date the loss is reported. Auto and homeowners liability losses generally take an average of about two years to settle, while auto physical damage, homeowners property and other personal lines generally have an average settlement time of less than one year. Liability losses, especially those involving litigation, can take several years to resolve. Run-off Property-Liability involves long-tail losses, such as those related to asbestos and environmental claims, which often involve substantial reporting lags and extended times to settle.

We update most of our reserve estimates quarterly and as new data and information become available or as events emerge that may affect the resolution of unsettled claims. Changes in prior reserve estimates (reserve reestimates), which may be material, are determined by comparing updated estimates of ultimate losses to prior estimates, with the differences recorded as property and casualty insurance claims and claims expense in the Consolidated Statements of Operations in the period such changes are determined.

The actuarial methods used to develop reserve estimates Reserve estimates are derived by using several different actuarial estimation methods that are variations on one primary actuarial technique. The actuarial technique is known as a "chain ladder" estimation process in which historical loss patterns are applied to actual paid losses and reported losses (paid losses plus individual case reserves established by claim adjusters) for an accident year or a report year to create an estimate of how losses are likely to develop over time. An accident year refers to classifying claims based on the year in which the claims occurred. A report year refers to classifying claims based on the year in which the claims are reported. Both classifications are used to prepare estimates of required reserves for payments to be made in the future. The key assumptions affecting our reserve estimates comprise data elements including claim counts, paid losses, case reserves, and development factors calculated with this data.

In the chain ladder estimation technique, a ratio (development factor) is calculated which compares current period results to results in the prior period for each accident year. The effects of inflation are implicitly considered in the reserving process, as development factors use historic data that incorporates inflation from recent prior periods in estimating future loss costs. The development factor estimation methodology may require modification when data changes due to changing claim reporting practices, changing claim settlement patterns, external regulatory or financial influences, or contractual coverage changes. Changes in such items and inflation can result in increased variability in loss costs and reserve estimates. Actuarial judgment is then applied to develop a best estimate of gross ultimate losses. These developments are discussed further in the loss ratio disclosures within the Allstate Protection Segment and the Property and Casualty Insurance Claims and Claims Expense Reserves sections of the MD&A. See the Run-off Property-Liability reserve estimates section for specific disclosures of industry and actuarial best practices for this segment.

How reserve estimates are established and updated Reserve estimates are developed at a detailed level, and the results are aggregated to form a consolidated reserve estimate. The detailed estimates include each line of insurance, major components of losses (such as coverages and perils), major states or groups of states and for reported losses and IBNR. Development factors are calculated for data elements such as claim counts reported and settled, paid losses, and paid losses combined with case reserves. The historical development patterns for these data elements are used to calculate reserve estimates. Based on this review, our best estimate of required reserves is recorded.

Reserves are reestimated quarterly and periodically throughout the year, by combining historical results with current actual results to calculate new development factors. This process continuously incorporates the historic and latest actual trends, and other underlying changes in the data elements used to calculate reserve estimates. New development factors are likely to differ from previous development factors used in prior reserve estimates because actual results occur differently than the assumptions contained in the previous development factor calculations. When actual development of these data elements is different than the historical development pattern used in a prior period reserve estimate, a new reserve is determined. The difference between indicated reserves based on new reserve estimates and recorded reserves (the previous estimate) is the amount of reserve reestimate. This amount, which could be material and vary significantly from period to period is recognized as an increase or decrease in Property and casualty

insurance claims and claims expense in the Consolidated Statements of Operations. A more detailed discussion of reserve reestimates is presented in the Property and Casualty Insurance Claims and Claims Expense Reserves section of the MD&A.

Net claims and claims expense reserves by segment and line of business

($ in millions)	As of December 31, 2023	2022	2021
Allstate Protection			
Auto	$ 21,286	$ 19,365	$ 16,078
Homeowners	4,754	3,520	2,731
Other lines [(1)]	3,929	3,991	3,315
Total Allstate Protection	**29,969**	**26,876**	**22,124**
Run-off Property-Liability			
Asbestos	804	811	828
Environmental	267	267	226
Other run-off lines	373	373	367
Total Run-off Property-Liability	**1,444**	**1,451**	**1,421**
Total Protection Services	**49**	**38**	**36**
Total net claims and claims expense reserves	**$ 31,462**	**$ 28,365**	**$ 23,581**

(1) Includes the unamortized fair value adjustment related to the acquisition of National General.

Reserve reestimates

($ in millions)	2023	2022	2021
Reserve reestimates, after-tax [(1)]	$ 434	$ 1,375	$ 96
Percentage impact on net income (loss) applicable to common shareholders - favorable (unfavorable)	NM	(98.6)%	(6.4)%

(1) Favorable reserve reestimates are shown in parentheses.

3-year average of net reserve reestimates as a percentage of total reserves for each segment [(1) (2)]

	2023
Allstate Protection	2.6 %
Run-off Property-Liability	7.6
Protection Services	(4.9)

(1) Favorable reserve reestimates are shown in parentheses.

(2) Each of these results is consistent within a reasonable actuarial tolerance for the respective businesses.

Allstate Protection reserve estimate

Factors affecting reserve estimates Reserve estimates are developed based on the processes and historical development trends described above. These estimates are considered in conjunction with known facts and interpretations of circumstances and factors including our experience with similar cases, actual claims paid, historical trends involving claim payment patterns and pending levels of unpaid claims, loss management programs, product mix and contractual terms, changes in laws and regulations, judicial decisions, and economic conditions. When we experience changes of the type previously mentioned, we apply actuarial judgment in the determination and selection of development factors considered more reflective of the new trends, such as combining shorter or longer periods of historical results with current actual results to produce development factors used to reestimate our reserves. For example:

- Supply chain disruptions and labor shortages, higher used car prices, labor and part cost increases, unemployment levels, changes in commuting activity and driving behavior have and may continue to lead to historical development trends being less predictive of future loss development, potentially creating additional reserve variability.
- If a legal change is expected to have a significant impact on the development of claim severity for a coverage which is part of a particular line of insurance in a specific state, judgment is applied to determine appropriate development factors that will most accurately reflect the expected impact on that specific estimate.
- A change in economic conditions is expected to affect the cost of repairs to damaged autos or property for a particular line, coverage, or state, actuarial judgment is applied to determine appropriate development factors to use in the reserve estimate that will most accurately reflect the expected impacts on severity development.

Case and supplemental reserves

- As claims are reported, for certain liability claims of sufficient size and complexity, the field adjusting staff establishes case reserve estimates of ultimate cost, based on their assessment of facts and circumstances related to each individual claim.
- For other claims which occur in large volumes and settle in a relatively short time frame, it is not practical or efficient to set case reserves for each claim, and a statistical case reserve is set for these claims based on estimation techniques described above.
- In the normal course of business, we may also supplement our claims processes by utilizing third-party adjusters, appraisers, engineers, inspectors, and other professionals and information sources to assess and settle catastrophe and non-catastrophe related claims.

- Historically, the case reserves set by the field adjusting staff have not proven to be an entirely accurate estimate of the ultimate cost of claims. To provide for this, a development reserve is estimated using the processes described above and allocated to pending claims as a supplement to case reserves.
- Typically, the case, including statistical case, and supplemental development reserves comprise about 90% of total reserves.

Incurred but not reported ("IBNR")

- IBNR can be a small percentage of reserves for relatively short-term claims, such as auto physical damage claims, or a large percentage of reserves for claims that have uncertain payout requirements over a long period of time, such as auto injury and MCCA claims.
- Comprises about 10% of total reserves.

Generally, the initial reserves for a new accident year are established based on actual claim frequency and severity assumptions for different business segments, lines and coverages based on historical relationships to relevant inflation indicators. Reserves for prior accident years are statistically determined using processes described above. Changes in auto claim frequency may result from changes in mix of business, driving behaviors, miles driven or other macroeconomic factors. Changes in auto current year claim severity are generally influenced by inflation in the medical and auto repair sectors of the economy, the effectiveness and efficiency of our claim settlements and changes in mix of claim type. Injury claims are affected largely by medical inflation, treatment trends, attorney representation and litigation costs while physical damage claims are affected largely by auto repair cost inflation, used car prices, length of claim resolution and the timing of receipt of third-party carrier claims.

We mitigate these effects through various loss management programs. For auto physical damage coverages, we monitor our rate of increase in average cost per claim against the auto maintenance, repair, parts and equipment price indices. We believe our claim settlement initiatives, such as improvements to the claim review and settlement process, the use of special investigative units to detect fraud and handle suspect claims, litigation management and defense strategies, as well as various other loss management initiatives underway, contribute to the mitigation of injury and physical damage severity trends.

Changes in homeowners current year claim severity are generally influenced by inflation in the cost of building materials, the cost of construction and property repair services, the cost of replacing home furnishings and other contents, the types of claims that qualify for coverage, deductibles, other economic and environmental factors and the effectiveness of our claim practices.

As loss experience for the current year develops for each type of loss, it is monitored relative to initial assumptions until it is judged to have sufficient statistical credibility. From that point in time forward, reserves are reestimated using statistical actuarial processes to reflect the impact actual loss trends have on development factors incorporated into the actuarial estimation processes.

Causes of reserve estimate uncertainty Since reserves are estimates of unpaid portions of claims and claims expenses for claims that have occurred, including IBNR losses, the establishment of appropriate reserves, including reserves for catastrophe losses, requires regular reevaluation and refinement of estimates to determine our ultimate loss estimate.

At each reporting date, the highest degree of uncertainty in estimates for most of our losses from ongoing businesses arise from claims remaining to be settled for the current accident year and the most recent preceding accident year. The greatest degree of uncertainty exists in the current accident year because the current accident year contains the greatest proportion of losses that have not been reported or settled as well as heightened uncertainty for claims that involve litigation or take longer to settle during periods of rapidly increasing loss costs, but must be estimated as of the current reporting date. Most of these losses relate to damaged property such as automobiles and homes, and medical care for injuries from accidents. During the first year after the end of an accident year, a large portion of the total losses for that accident year are settled. When accident year losses paid through the end of the first year following the initial accident year are incorporated into updated actuarial estimates, the trends inherent in the settlement of claims emerge more clearly. After the second year, the losses that we pay for an accident year typically relate to claims that are more difficult to settle, such as those involving serious injuries or litigation. Private passenger auto insurance provides a good illustration of the uncertainty of future loss estimates: our typical annual percentage payout of reserves remaining at December 31 for an accident year is approximately 50% in the first year after the end of the accident year, 20% in the second year, 10% in the third year, 10% in the fourth year, and the remaining 10% thereafter.

Reserves for catastrophe losses Catastrophe losses are an inherent risk of the property and casualty insurance industry that have contributed, and will continue to contribute, to potentially material year-to-year fluctuations in our results of operations and financial position. We define a "catastrophe" as an event that produces pre-tax losses before reinsurance in excess of $1 million and involves multiple first party policyholders, or a winter weather event that produces a number of claims in excess of a preset, per-event threshold of average claims in a specific area, occurring within a certain amount of time following the event. Catastrophes are caused by various natural events including high winds, winter storms and freezes, tornadoes, hailstorms, wildfires, tropical storms, tsunamis, hurricanes, earthquakes and volcanoes.

We are also exposed to man-made catastrophic events, such as certain types of terrorism, civil unrest, wildfires or industrial accidents. The nature and level of

catastrophes in any period cannot be reliably predicted.

The estimation of claims and claims expense reserves for catastrophe losses also comprises estimates of losses from reported claims and IBNR, primarily for damage to property. In general, our estimates for catastrophe reserves are based on claim adjuster inspections and the application of historical loss development factors as described above. However, depending on the nature of the catastrophe, the estimation process can be further complicated. For example, for hurricanes, complications could include the inability of insureds to promptly report losses, limitations placed on claims adjusting staff affecting their ability to inspect losses, determining whether losses are covered by our homeowners policy (generally for damage caused by wind or wind driven rain) or specifically excluded coverage caused by flood, exposure to mold damage, and the effects of numerous other considerations, including the timing of a catastrophe in relation to other events, such as at or near the end of a financial reporting period, which can affect the availability of information needed to estimate reserves for that reporting period. In these situations, we may need to adapt our practices to accommodate these circumstances in order to determine a best estimate of our losses from a catastrophe. For example, to complete estimates for certain areas affected by catastrophes not yet inspected by our claims adjusting staff, or where we believed our historical loss development factors were not predictive, we rely on analysis of actual claim notices received compared to total PIF, as well as visual, governmental and third-party information, including aerial photos, using satellites, aircrafts and drones, area observations, and data on wind speed and flood depth to the extent available.

Potential variability in reserve estimates Reserve estimates, by their nature, are very complex to determine, subject to significant judgment, and represent approximations rather than an exact determination for each outstanding claim, including claims incurred but not reported. Accordingly, as actual claims, paid losses, and case reserve results emerge, our estimate of the ultimate cost to settle will differ from previous estimates.

The reserve liability recorded in the Consolidated Statements of Financial Position represents the aggregation of numerous analyses by each business segment, line of insurance, major types of losses (such as coverages and perils), and individual states or groups of states for reported losses and IBNR. Because of this detailed approach to our reserve analysis, there is not a single set of assumptions that determines our reserve estimates at the consolidated level or that management believes can produce a statistically credible or reliable actuarial reserve range that would be meaningful.

To develop a statistical indication of potential reserve variability within reasonably likely possible outcomes, an actuarial technique (stochastic modeling) is applied to the countrywide consolidated data elements for paid losses and paid losses combined with case reserves separately for injury losses, auto physical damage losses, and homeowners insurance losses excluding catastrophe losses. Based on the combined historical variability of the development factors calculated for these data elements, an estimate of the standard error or standard deviation around these reserve estimates is calculated within each accident year for the last twelve years for each type of loss. The variability of these reserve estimates within one standard deviation of the mean (a measure of frequency of dispersion often viewed to be an acceptable level of accuracy) is believed by management to represent a reasonable and statistically probable measure of potential variability. Based on our products and coverages, historical experience, the statistical credibility of our extensive data and stochastic modeling of actuarial chain ladder methodologies used to develop reserve estimates, we have derived the potential standard deviation and impact to net income to our Allstate Protection reserves, excluding catastrophe losses, as shown below. Catastrophe losses are also an inherent risk of the property and casualty insurance industry that have contributed, and will continue to contribute, to potentially material year-to-year fluctuations in our results of operations and financial position.

Reserve estimate variability

	December 31, 2023		
($ in millions)	**Carried reserves** [1]	**Standard deviation**	**Net income effect, pre-tax**
Auto insurance - liability coverage	$ 27,730	7.0 %	$ 1,941
Auto insurance - physical damage coverage	846	14.0	118
Homeowners insurance	3,342	8.5	284

[1] Excludes reserves related to catastrophes.

Although this evaluation reflects most reasonably likely outcomes, it is possible the final outcome may fall below or above these amounts. Historical variability of reserve estimates is reported in the Property and Casualty Insurance Claims and Claims Expense Reserves section of the MD&A.

The Company regularly updates its reserve estimates as new information becomes available and as events unfold that may affect the resolution of unsettled claims. Changes in reserve estimates, which may be material, are reported in property and casualty insurance claims and claims expense in the Consolidated Statements of Operations in the period such changes are determined. Management believes that the reserve for property and casualty insurance claims and claims expense, net of recoverables, is appropriately established in the aggregate and adequate to cover the ultimate net cost of reported and unreported claims arising from losses which had occurred by the date of the Consolidated Statements of Financial Position based on available facts, laws and regulations.

Reserves for Michigan and New Jersey unlimited personal injury protection Claims and claims expense reserves include reserves for Michigan mandatory unlimited personal injury protection coverage to insureds involved in qualifying motor vehicle accidents. The administration of this program is through the MCCA, a state-mandated, non-profit association of which all insurers actively writing automobile coverage in Michigan are members.

The process employed to estimate MCCA covered losses involves a number of activities including the comprehensive review and interpretation of MCCA actuarial reports, other MCCA members' reports and our personal injury protection loss trends which have increased in severity over time. A significant portion of incurred claim reserves can be attributed to a small number of catastrophic claims and thus a large portion of the recoverable is similarly concentrated. We conduct comprehensive claim file reviews to develop case reserve type estimates of specific claims, which inform our view of future claim development and longevity of claimants. Each year, we update the actuarial estimate of our ultimate reserves and recoverables. We report our paid and unpaid claims based on MCCA requirements. The MCCA develops its own reserving estimates based on its own reserve methodologies, which may not align with our estimations. The MCCA does not provide member companies with its estimate of a company's claim costs.

We provide similar personal injury protection coverage in New Jersey for auto policies issued or renewed in New Jersey prior to 1991 that is administered by PLIGA. We use similar actuarial estimating techniques as for the MCCA exposures to estimate loss reserves for unlimited personal injury protection coverage for policies covered by PLIGA. Unlimited coverage was not offered after 1991; therefore, no new claimants are being added.

Reserve estimates are confidential and proprietary and by their nature are very complex to determine and subject to significant judgments. Reserve estimates do not represent an exact determination for each outstanding claim. Claims may be subject to litigation. As actual claims, paid losses and case reserve results emerge, our estimate of the ultimate cost to settle may be materially greater or less than previously estimated amounts.

For additional information related to indemnification recoverables, see Item 1 - Regulation, Indemnification Programs and Note 11 of the consolidated financial statements.

Adequacy of reserve estimates We believe our net claims and claims expense reserves are appropriately established based on available methodologies, facts, laws and regulations. Additionally, we rely on historical claims experience to inform the level of the recorded reserve. We calculate and record a single best reserve estimate, in conformance with generally accepted actuarial standards and practices, for each line of insurance, its components (coverages and perils) and state, for reported losses and for IBNR losses, and as a result we believe that no other estimate is better than our recorded amount. Due to the uncertainties involved, the ultimate cost of losses may vary materially from recorded amounts, which are based on our best estimates.

Run-off Property-Liability reserve estimates

Characteristics of Run-off exposure Our exposure to asbestos, environmental and other run-off claims arise principally from assumed reinsurance coverage written during the 1960s through the mid-1980s, including reinsurance on primary insurance written on large U.S. companies, and from direct excess commercial insurance written from 1972 through 1985, including substantial excess general liability coverages on large U.S. companies. Additional exposure stems from direct primary commercial insurance written during the 1960s through the mid-1980s. Asbestos claims relate primarily to bodily injuries asserted by claimants who were exposed to asbestos or products containing asbestos. Environmental claims relate primarily to pollution and related clean-up costs. Other run-off claims exposures primarily relate to general liability and product liability mass tort claims, such as those for medical devices and other products, workers' compensation claims and claims for various other coverage exposures other than asbestos and environmental.

In 1986, the general liability policy form used by us and others in the property and casualty industry was amended to introduce an "absolute pollution exclusion," which excluded coverage for environmental damage claims, and to add an asbestos exclusion. Most general liability policies issued prior to 1987 contain annual aggregate limits for product liability coverage. General liability policies issued in 1987 and thereafter contain annual aggregate limits for product liability coverage and annual aggregate limits for all coverages. Our experience to date is that these policy form changes have limited the extent of our exposure to environmental and asbestos claim risks.

Our exposure to liability for asbestos, environmental and other run-off claims losses manifests differently depending on whether it arises from assumed reinsurance coverage, direct excess commercial insurance or direct primary commercial insurance.

Direct excess commercial insurance and reinsurance involve coverage written by us for specific layers of protection above retentions and other insurance plans and largely has resulted in asbestos, environmental and mass tort claims. The nature of excess coverage and reinsurance provided to other insurers limits our exposure to loss to specific layers of protection in excess of policyholder retention on their primary insurance plans. Our exposure is further limited by the significant reinsurance that we had purchased on our direct excess business.

Our assumed reinsurance business involved writing generally small participations in other insurers' reinsurance programs. The reinsured losses in which we participate may be a proportion of all eligible losses or eligible losses in excess of defined retentions. Of the

majority of our assumed reinsurance exposure, approximately 85%, is for excess of loss coverage, while the remaining 15% is for pro-rata coverage.

Our direct primary commercial insurance business comprises a cross section of policyholders engaged in many diverse business sectors throughout the country and did not include coverage to large asbestos manufacturers.

How reserve estimates are established and updated We conduct an annual review in the third quarter to evaluate, establish and adjust as necessary, asbestos, environmental and other run-off claims reserves. Changes to reserves are recorded in the reporting period in which they are determined. Using established industry and actuarial best practices and assuming no change in the regulatory or economic environment, this detailed and comprehensive methodology determines asbestos reserves based on assessments of the characteristics of exposure (i.e. claim activity, potential liability, jurisdiction, products versus non-products exposure) presented by individual policyholders, and determines environmental reserves based on assessments of the characteristics of exposure (i.e. environmental damages, respective shares of liability of potentially responsible parties, appropriateness and cost of remediation) to pollution and related clean-up costs. The number and cost of these claims are affected by advertising by trial lawyers seeking asbestos plaintiffs, and entities with asbestos exposure seeking bankruptcy protection as a result of asbestos liabilities, initially causing a delay in the reporting of claims, often followed by an acceleration and an increase in claims and claims expenses as settlements occur.

After evaluating our insureds' probable liabilities for asbestos, environmental and other run-off claims, we evaluate our insureds' coverage programs for such claims. We consider our insureds' total available insurance coverage, including the coverage we issued. We also consider relevant judicial interpretations of policy language and applicable coverage defenses or determinations, if any.

Evaluation of both the insureds' estimated liabilities and our exposure to the insureds depends heavily on an analysis of the relevant legal issues and litigation environment. This analysis is conducted by our specialized claims adjusting staff and legal counsel. Based on these evaluations, case reserves are established by claims adjusting staff and actuarial analysis is employed to develop an IBNR reserve, which includes estimated potential reserve development and claims that have occurred but have not been reported. As of December 31, 2023 and 2022, IBNR was 55.7% and 55.9%, respectively, of combined net asbestos and environmental reserves.

For both asbestos and environmental reserves, we also evaluate our historical direct net loss and expense paid and incurred experience to assess any emerging trends, fluctuations or characteristics suggested by the aggregate paid and incurred activity. Other run-off claims reserves are based on considerations similar to those described above, as they relate to the characteristics of specific individual coverage exposures.

Potential reserve estimate variability Establishing net loss reserves for asbestos, environmental and other run-off claims is subject to uncertainties that are much greater than those presented by other types of property and casualty claims. Among the complications are lack of historical data, long reporting delays, uncertainty as to the number and identity of insureds with potential exposure and unresolved legal issues regarding policy coverage; unresolved legal issues regarding the determination, availability and timing of exhaustion of policy limits; plaintiffs' evolving and expanding theories of liability; availability and collectability of recoveries from reinsurance; retrospectively determined premiums and other contractual agreements; estimates of the extent and timing of any contractual liability; the impact of bankruptcy protection sought by various asbestos producers and other asbestos defendants; and other uncertainties. There are also complex legal issues concerning the interpretation of various insurance policy provisions and whether those losses are covered, or were ever intended to be covered, and could be recoverable through retrospectively determined premium, reinsurance or other contractual agreements. Courts have reached different and sometimes inconsistent conclusions as to when losses are deemed to have occurred and which policies provide coverage; what types of losses are covered; whether there is an insurer obligation to defend; how policy limits are determined; how policy exclusions and conditions are applied and interpreted; and whether clean-up costs represent insured property damage. Our reserves for asbestos, environmental and other run-off exposures could be affected by tort reform, class action litigation, and other potential legislation and judicial decisions. Environmental exposures could also be affected by a change in the existing federal Superfund law and similar state statutes. There can be no assurance that any reform legislation will be enacted or that any such legislation will provide for a fair, effective and cost-efficient system for settlement of asbestos or environmental claims. We believe these issues are not likely to be resolved in the near future, and the ultimate costs may vary materially from the amounts currently recorded resulting in material changes in loss reserves. Historical variability of reserve estimates is demonstrated in the Property and Casualty Insurance Claims and Claims Expense Reserves section of the MD&A.

Adequacy of reserve estimates Management believes its net loss reserves for asbestos, environmental and other run-off claims exposures are appropriately established based on available facts, laws, regulations, and assessments of other pertinent factors and characteristics of exposure (i.e. claim activity, potential liability, jurisdiction, products versus non-products exposure) presented by individual policyholders, assuming no change in the legal, legislative or economic environment. Due to the uncertainties and factors described above, management believes it is not practicable to develop a

meaningful range for any such additional net loss reserves that may be required.

For further discussion of these estimates and quantification of the impact of reserve estimates, reserve reestimates and assumptions, see Note 9 and Note 15 of the consolidated financial statements and the Property and Casualty Insurance Claims and Claims Expense Reserves section of the MD&A.

Pension and other postretirement plans net costs and assumptions Our defined benefit pension plans cover most U.S. employees. Benefits are provided to plan participants based on a cash balance formula. Certain participants also have a significant portion of their benefits attributable to a former final average pay formula. 79% of the projected benefit obligation ("PBO") of our primary qualified employee plan is related to the former final average pay formula. See Note 18 of the consolidated financial statements for a discussion of these plans and their effect on the consolidated financial statements.

Our pension and other postretirement benefit costs are calculated using various actuarial assumptions and methodologies. These assumptions include discount rates, health care cost trend rates, inflation, expected returns on plan assets, mortality and other factors. The assumptions utilized in recording the obligations under our pension plans represent our best estimates and we believe they are reasonable based on information as to historical experience and performance as well as other factors that might cause future expectations to differ from past trends.

Net costs for our defined benefit plans are recognized on the Consolidated Statements of Operations and consist of two elements: 1) costs comprised of service and interest costs, expected return of plan assets, amortization of prior service credit and curtailment gains and losses which are reported in property and casualty claims and claims expense, operating costs and expenses, net investment income and, if applicable, restructuring and related charges and 2) remeasurement gains and losses comprised of changes in actuarial assumptions and the difference between actual and expected returns on plan assets which are recognized immediately in earnings as part of pension and other postretirement remeasurement gains and losses.

We recognize expected returns on plan assets using an unadjusted fair value method. Our policy is to remeasure our pension and postretirement plans on a quarterly basis. We immediately recognize the remeasurement of the projected benefit obligation and plan assets in earnings as it provides greater transparency of our economic obligations in accounting results and better aligns the recognition of the effects of economic and interest rate changes on pension and other postretirement plan assets and liabilities in the year in which the gains and losses are incurred.

Differences in actual experience and changes in other assumptions affect our pension and other postretirement obligations and expenses. Differences between expected and actual returns on plan assets affect remeasurement gains and losses. The primary factors contributing to pension and postretirement remeasurement gains and losses are: 1) changes in the discount rate used to value pension and postretirement obligations as of the measurement date; 2) differences between the expected and the actual return on plan assets; 3) changes in demographic assumptions, including mortality and participant experience; and 4) changes in lump sum interest rates used to value pension obligations as of the measurement date.

Pension and other postretirement service cost, interest cost, expected return on plan assets and amortization of prior service credits are allocated to our reportable segments. The pension and other postretirement remeasurement gains and losses are reported in the Corporate and Other segment.

Pension and postretirement benefits remeasurement gains and losses

($ in millions)	For the years ended December 31, 2023	2022	2021
Remeasurement of projected benefit obligation (gains) losses:			
Discount rate	$ 104	$ (1,268)	$ (285)
Other assumptions	17	(176)	(40)
Remeasurement of plan assets (gains) losses	(112)	1,560	(319)
Remeasurement (gains) losses	**$ 9**	**$ 116**	**$ (644)**

Impact of assumption changes to net cost for pension and other postretirement plans Remeasurement losses in 2023 primarily related to losses on the remeasurement of the projected benefit obligation driven by a decrease in the liability discount rate, partially offset by gains due to favorable asset performance compared to expected return on plan assets. Remeasurement losses in 2022 primarily related to unfavorable asset performance compared to the expected return on plan assets, partially offset by a reduction in the projected benefit obligation due to an increase in the liability discount rate and changes in other assumptions, primarily related to an increase in the long-term lump sum interest rate.

The discount rate is based on rates at which expected pension benefits attributable to past employee service could effectively be settled on a present value basis at the measurement date. We develop the assumed discount rate by utilizing the weighted average yield of a theoretical dedicated portfolio derived from non-callable bonds and callable bonds with a make-whole provision available in the Bloomberg corporate bond universe having ratings of at least "AA" by S&P or at least "Aa" by Moody's on the

measurement date with cash flows that match expected plan benefit requirements. Significant changes in discount rates, such as those caused by changes in the credit spreads, yield curve, the mix of bonds available in the market, the duration of selected bonds and expected benefit payments, may result in volatility in pension cost. The weighted average discount rate used to measure the benefit obligation decreased to 5.35% at December 31, 2023 compared to 5.64% at December 31, 2022, resulting in remeasurement losses for 2023.

The expected long-term rate of return on plan assets reflects the average rate of earnings expected on plan assets. While this rate reflects long-term assumptions and is consistent with long-term historical returns, sustained changes in the market or changes in the mix of plan assets may lead to revisions in the assumed long-term rate of return on plan assets that may result in variability of pension cost. Differences between the actual return on plan assets and the expected long-term rate of return on plan assets are immediately recognized through earnings upon remeasurement. Short-term asset performance can differ significantly from the expected rate of return, especially in volatile markets. In 2023, the actual return on plan assets was higher than the expected return primarily due to positive equity returns and higher fixed income valuations from lower interest rates and tighter credit spreads. In 2022, the actual return on plan assets was lower than the expected return primarily due to higher interest rates, widening credit spreads and weak equity market performance.

We complete periodic evaluations of demographic information and historical experience that affects our pension and other postretirement obligations to identify any required changes to long-term actuarial assumptions and methodologies. Demographic assumptions affect both our pension and postretirement plans and include elements such as retirement rates and participation rates in our postretirement programs, among other factors.

These actuarial assumption updates affect our pension and other postretirement obligations and are incorporated into our best estimates of these assumptions. Remeasurement losses for other assumptions in 2023 primarily related to a decrease in the long-term lump sum interest rate, partially offset by gains from mortality updates. Remeasurement gains for other assumptions in 2022 primarily related to an increase in the long-term lump sum interest rate.

Impact of assumption changes to net periodic pension cost as of December 31, 2023

($ in millions)	Basis/percentage point change	Increase (decrease) to net cost, pre-tax
Pension plans discount rate	+100 basis points	$ (398)
	-100 basis points	476
Expected long-term rate of return on assets	+100 basis points	(42)
	-100 basis points	42

Regulation and Legal Proceedings

We are subject to extensive regulation and we are involved in various legal and regulatory actions, all of which have an effect on specific aspects of our business. For a detailed discussion of the legal and regulatory actions in which we are involved, see Note 15 of the consolidated financial statements.

Pending Accounting Standards

There are pending accounting standards that we have not implemented because the implementation dates have not yet occurred. For a discussion of these pending standards, see Note 2 of the consolidated financial statements.

The effect of implementing certain accounting standards on our financial results and financial condition is often based in part on market conditions at the time of implementation of the standard and other factors we are unable to determine prior to implementation. For this reason, we are sometimes unable to estimate the effect of certain pending accounting standards until the relevant authoritative body finalizes these standards or until we implement them.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk

Information required for Item 7A is incorporated by reference to the material under the caption “Market Risk” in Part II, Item 7 of this report.

Item 8. Financial Statements and Supplementary Data

Consolidated Financial Statements	Page
Consolidated Statements of Operations	98
Consolidated Statements of Comprehensive Income (Loss)	99
Consolidated Statements of Financial Position	100
Consolidated Statements of Shareholders' Equity	101
Consolidated Statements of Cash Flows	102

Notes to Consolidated Financial Statements		
Note 1	General	103
Note 2	Summary of Significant Accounting Policies	104
Note 3	Dispositions	118
Note 4	Reportable Segments	119
Note 5	Investments	123
Note 6	Fair Value of Assets and Liabilities	133
Note 7	Derivative Financial Instruments and Off-balance Sheet Financial Instruments	141
Note 8	Variable Interest Entities	146
Note 9	Reserve for Property and Casualty Insurance Claims and Claims Expense	147
Note 10	Reserve for Future Policy Benefits and Contractholder Funds	154
Note 11	Reinsurance and Indemnification	159
Note 12	Deferred Policy Acquisition Costs	164
Note 13	Capital Structure	165
Note 14	Company Restructuring	169
Note 15	Commitments, Guarantees and Contingent Liabilities	169
Note 16	Income Taxes	175
Note 17	Statutory Financial Information and Dividend Limitations	177
Note 18	Benefit Plans	178
Note 19	Equity Incentive Plans	184
Note 20	Supplemental Cash Flow Information	186
Note 21	Other Comprehensive Income (Loss)	187
Note 22	Quarterly Results (unaudited)	188

Report of Independent Registered Public Accounting Firm (Deloitte and Touche LLP: PCAOB ID No. 34)	189

The Allstate Corporation and Subsidiaries
Consolidated Statements of Operations

(In millions, except per share data)	Years Ended December 31, 2023	2022	2021
Revenues			
Property and casualty insurance premiums	$ 50,670	$ 45,904	$ 42,218
Accident and health insurance premiums and contract charges	1,846	1,832	1,834
Other revenue	2,400	2,344	2,172
Net investment income	2,478	2,403	3,293
Net gains (losses) on investments and derivatives	(300)	(1,072)	1,084
Total revenues	**57,094**	**51,411**	**50,601**
Costs and expenses			
Property and casualty insurance claims and claims expense	41,070	37,264	29,318
Shelter-in-Place Payback expense	—	—	29
Accident, health and other policy benefits (including remeasurement (gains) losses of $ 0, $(4), and $(11))	1,071	1,042	1,060
Amortization of deferred policy acquisition costs	7,278	6,634	6,236
Operating costs and expenses	7,137	7,446	7,260
Pension and other postretirement remeasurement (gains) losses	9	116	(644)
Restructuring and related charges	169	51	170
Amortization of purchased intangibles	329	353	376
Interest expense	379	335	330
Total costs and expenses	**57,442**	**53,241**	**44,135**
(Loss) income from operations before income tax expense	**(348)**	**(1,830)**	**6,466**
Income tax (benefit) expense	(135)	(488)	1,292
Net (loss) income from continuing operations	**(213)**	**(1,342)**	**5,174**
Loss from discontinued operations, net of tax	—	—	(3,593)
Net (loss) income	**(213)**	**(1,342)**	**1,581**
Less: Net loss attributable to noncontrolling interest	(25)	(53)	(33)
Net (loss) income attributable to Allstate	**(188)**	**(1,289)**	**1,614**
Less: Preferred stock dividends	128	105	114
Net (loss) income applicable to common shareholders	**$ (316)**	**$ (1,394)**	**$ 1,500**
Earnings per common share applicable to common shareholders			
Basic			
Continuing operations	$ (1.20)	$ (5.14)	$ 17.28
Discontinued operations	—	—	(12.19)
Total	**$ (1.20)**	**$ (5.14)**	**$ 5.09**
Diluted			
Continuing operations	$ (1.20)	$ (5.14)	$ 17.03
Discontinued operations	—	—	(12.02)
Total	**$ (1.20)**	**$ (5.14)**	**$ 5.01**
Weighted average common shares - Basic	262.5	271.2	294.8
Weighted average common shares - Diluted	262.5	271.2	299.1

See notes to consolidated financial statements.

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

	Years Ended December 31,		
($ in millions)	**2023**	**2022**	**2021**
Net (loss) income	$ (213)	$ (1,342)	$ 1,581
Other comprehensive income (loss), after-tax			
Changes in:			
Unrealized net capital gains and losses	1,651	(2,853)	(2,583)
Unrealized foreign currency translation adjustments	67	(150)	(8)
Unamortized pension and other postretirement prior service credit	(16)	(43)	(59)
Discount rate for reserve for future policy benefits	(10)	228	49
Other comprehensive income (loss), after-tax	**1,692**	**(2,818)**	**(2,601)**
Comprehensive income (loss)	1,479	(4,160)	(1,020)
Less: Comprehensive loss attributable to noncontrolling interest	(15)	(73)	(36)
Comprehensive income (loss) attributable to Allstate	**$ 1,494**	**$ (4,087)**	**$ (984)**

See notes to consolidated financial statements.

The Allstate Corporation and Subsidiaries
Consolidated Statements of Financial Position

($ in millions, except par value data)	December 31, 2023	December 31, 2022
Assets		
Investments		
Fixed income securities, at fair value (amortized cost, net $ 49,649 and $45,370)	$ 48,865	$ 42,485
Equity securities, at fair value (cost $ 2,244 and $4,253)	2,411	4,567
Mortgage loans, net	822	762
Limited partnership interests	8,380	8,114
Short-term, at fair value (amortized cost $ 5,145 and $4,174)	5,144	4,173
Other investments, net	1,055	1,728
Total investments	**66,677**	**61,829**
Cash	722	736
Premium installment receivables, net	10,044	9,165
Deferred policy acquisition costs	5,940	5,442
Reinsurance and indemnification recoverables, net	8,809	9,619
Accrued investment income	539	423
Deferred income taxes	219	382
Property and equipment, net	859	987
Goodwill	3,502	3,502
Other assets, net	6,051	5,904
Total assets	**103,362**	**97,989**
Liabilities		
Reserve for property and casualty insurance claims and claims expense	39,858	37,541
Reserve for future policy benefits	1,347	1,322
Contractholder funds	888	879
Unearned premiums	24,709	22,299
Claim payments outstanding	1,353	1,268
Other liabilities and accrued expenses	9,635	9,353
Debt	7,942	7,964
Total liabilities	**85,732**	**80,626**
Commitments and Contingent Liabilities (Note 7, 9 and 15)		
Shareholders' equity		
Preferred stock and additional capital paid-in, $ 1 par value, 25 million shares authorized, 82.0 thousand and 81.0 thousand shares issued and outstanding, $2,050 and $2,025 aggregate liquidation preference	2,001	1,970
Common stock, $.01 par value, 2.0 billion shares authorized and 900 million issued, 262 million and 263 million shares outstanding	9	9
Additional capital paid-in	3,854	3,788
Retained income	49,716	50,970
Treasury stock, at cost (638 million and 637 million shares)	(37,110)	(36,857)
Accumulated other comprehensive income:		
Unrealized net capital gains and losses	(604)	(2,255)
Unrealized foreign currency translation adjustments	(98)	(165)
Unamortized pension and other postretirement prior service credit	13	29
Discount rate for reserve for future policy benefits	(11)	(1)
Total accumulated other comprehensive loss	**(700)**	**(2,392)**
Total Allstate shareholders' equity	**17,770**	**17,488**
Noncontrolling interest	(140)	(125)
Total equity	**17,630**	**17,363**
Total liabilities and equity	**$ 103,362**	**$ 97,989**

See notes to consolidated financial statements.

The Allstate Corporation and Subsidiaries
Consolidated Statements of Shareholders' Equity

($ in millions, except per share data)	Years Ended December 31, 2023	2022	2021
Preferred stock par value	**$ —**	**$ —**	**$ —**
Preferred stock additional capital paid-in			
Balance, beginning of year	1,970	1,970	1,970
Acquisition	—	—	450
Preferred stock issuance, net of issuance costs	587	—	—
Preferred stock redemption	(556)	—	(450)
Balance, end of year	**2,001**	**1,970**	**1,970**
Common stock par value	**9**	**9**	**9**
Common stock additional capital paid-in			
Balance, beginning of year	3,788	3,722	3,498
Forward contract on accelerated share repurchase agreement	—	—	113
Equity incentive plans activity, net	66	66	111
Balance, end of year	**3,854**	**3,788**	**3,722**
Retained income			
Balance, beginning of year	50,970	53,288	52,767
Cumulative effect of change in accounting principle	—	—	(21)
Net (loss) income	(188)	(1,289)	1,614
Dividends on common stock (declared per share of $ 3.56, $3.40 and $3.24)	(938)	(924)	(958)
Dividends on preferred stock	(128)	(105)	(114)
Balance, end of year	**49,716**	**50,970**	**53,288**
Treasury stock			
Balance, beginning of year	(36,857)	(34,471)	(31,331)
Shares acquired	(332)	(2,496)	(3,262)
Shares reissued under equity incentive plans, net	79	110	122
Balance, end of year	**(37,110)**	**(36,857)**	**(34,471)**
Accumulated other comprehensive income (loss)			
Balance, beginning of year	(2,392)	426	3,304
Cumulative effect of change in accounting principle	—	—	(277)
Change in unrealized net capital gains and losses	1,651	(2,853)	(2,583)
Change in unrealized foreign currency translation adjustments	67	(150)	(8)
Change in unamortized pension and other postretirement prior service credit	(16)	(43)	(59)
Change in discount rate for reserve for future policy benefits	(10)	228	49
Balance, end of year	**(700)**	**(2,392)**	**426**
Total Allstate shareholders' equity	**17,770**	**17,488**	**24,944**
Noncontrolling interest			
Balance, beginning of year	(125)	(52)	—
Acquisition	—	—	(16)
Change in unrealized net capital gains and losses	10	(20)	(3)
Noncontrolling loss	(25)	(53)	(33)
Balance, end of year	**(140)**	**(125)**	**(52)**
Total equity	**$ 17,630**	**$ 17,363**	**$ 24,892**

See notes to consolidated financial statements.

The Allstate Corporation and Subsidiaries Consolidated Statements of Cash Flows

($ in millions)	Years Ended December 31, 2023	2022	2021
Cash flows from operating activities			
Net (loss) income	$ (213)	$ (1,342)	$ 1,581
Adjustments to reconcile net income (loss) to net cash provided by operating activities:			
Depreciation, amortization and other non-cash items	704	847	1,086
Net (gains) losses on investments and derivatives	300	1,072	(1,279)
Pension and other postretirement remeasurement (gains) losses	9	116	(644)
Amortization of deferred gain on reinsurance	—	—	(4)
Loss on disposition of operations, net of tax	—	—	4,031
Changes in:			
Policy benefits and other insurance reserves	2,202	4,445	2,444
Unearned premiums	2,385	2,539	1,608
Deferred policy acquisition costs	(489)	(713)	(624)
Premium installment receivables, net	(861)	(1,038)	(498)
Reinsurance recoverables, net	807	451	(1,570)
Income taxes	(229)	(715)	353
Other operating assets and liabilities	(387)	(541)	(1,368)
Net cash provided by operating activities	**4,228**	**5,121**	**5,116**
Cash flows from investing activities			
Proceeds from sales			
Fixed income securities	22,973	31,494	31,774
Equity securities	5,400	10,969	4,513
Limited partnership interests	710	970	886
Other investments	594	1,071	1,406
Investment collections			
Fixed income securities	1,641	728	2,284
Mortgage loans	81	163	860
Other investments	152	167	550
Investment purchases			
Fixed income securities	(29,431)	(36,920)	(33,857)
Equity securities	(2,935)	(9,294)	(6,409)
Limited partnership interests	(890)	(1,258)	(1,766)
Mortgage loans	(145)	(104)	(221)
Other investments	(292)	(295)	(1,647)
Change in short-term and other investments, net	(617)	792	4,017
Purchases of property and equipment, net	(267)	(420)	(345)
Proceeds from sale of property and equipment	27	209	—
Acquisition of operations, net of cash acquired	—	—	(3,593)
Proceeds from disposition of operations, net of cash transferred	—	—	2,058
Net cash (used in) provided by investing activities	**(2,999)**	**(1,728)**	**510**
Cash flows from financing activities			
Proceeds from issuance of debt	743	—	—
Redemption and repayment of debt	(750)	—	(436)
Proceeds from issuance of preferred stock	587	—	—
Redemption of preferred stock	(575)	—	(450)
Contractholder fund deposits	130	133	826
Contractholder fund withdrawals	(35)	(49)	(1,140)
Dividends paid on common stock	(925)	(926)	(885)
Dividends paid on preferred stock	(107)	(105)	(114)
Treasury stock purchases	(335)	(2,520)	(3,120)
Shares reissued under equity incentive plans, net	73	82	114
Other	(49)	(35)	(35)
Net cash used in financing activities	**(1,243)**	**(3,420)**	**(5,240)**
Net (decrease) increase in cash, including cash classified as assets held for sale	**(14)**	**(27)**	**386**
Cash from continuing operations at beginning of period	736	763	311
Cash classified as assets held for sale at beginning of period	—	—	66
Less: Cash classified as assets held for sale at end of period	—	—	—
Cash from continuing operations at end of period	**$ 722**	**$ 736**	**$ 763**

See notes to consolidated financial statements.

Notes to Consolidated Financial Statements

Note 1 General

Basis of presentation

The accompanying consolidated financial statements include the accounts of The Allstate Corporation (the “Corporation”) and its wholly owned subsidiaries, primarily Allstate Insurance Company (“AIC”), a property and casualty insurance company (collectively referred to as the “Company” or “Allstate”) and variable interest entities (“VIEs”) in which the Company is considered a primary beneficiary. These consolidated financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America (“GAAP”). All significant intercompany accounts and transactions have been eliminated. Certain amounts have been reclassified or recast to reflect the application of the new guidance to all in-scope long-duration insurance contracts to conform to current year presentation. Additional details of the new guidance are included in Note 2.

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. Actual results could differ from those estimates.

Nature of operations

Allstate is engaged, principally in the United States, in the property and casualty insurance business. Allstate is one of the country’s largest personal property and casualty insurers and is organized into five reportable segments: Allstate Protection, Run-off Property-Liability, Protection Services, Allstate Health and Benefits, and Corporate and Other.

Allstate’s primary business is the sale of private passenger auto and homeowners insurance. The Company also offers several other personal property and casualty insurance products, select commercial property and casualty coverages, consumer product protection plans, device and mobile data collection services and analytic solutions using automotive telematics information, roadside assistance, protection and insurance products, employer voluntary benefits and group accident and health insurance and identity protection. Allstate primarily distributes its products through exclusive agents, financial specialists, independent agents and brokers, major retailers, contact centers and the internet.

On November 1, 2023, the Company announced that it is pursuing the sale of the Health and Benefits business.

Discontinued Operations and Held for Sale

A business is classified as held for sale when management having the authority to approve the action commits to a plan to sell the business, the sale is probable to occur during the next 12 months at a price that is reasonable in relation to its current fair value and certain other criteria are met. A business classified as held for sale is recorded at the lower of its carrying amount or estimated fair value less cost to sell. When the carrying amount of the business exceeds its estimated fair value less cost to sell, a loss is recognized and updated each reporting period as appropriate.

The Company completed its sale of the life and annuity business in 2021.

The results of operations of business classified as held for sale are reported as discontinued operations if the disposal represents a strategic shift that will have a major effect on the entity’s operations and financial results. The disposal of a reportable segment generally qualifies for discontinued operations presentation.

When a business is identified for discontinued operations reporting:

- Results for prior periods are retrospectively reclassified as discontinued operations
- Results of operations are reported in a single line, net of tax, in the Consolidated Statements of Operations
- Assets and liabilities are reported as held for sale in the Consolidated Statements of Financial Position in the period in which the business is classified as held for sale

Additional details by major classification of operating results are included in Note 3.

Risks and uncertainties

Allstate has exposure to catastrophic events, including wind/hail, wildfires, tornadoes, hurricanes, tropical storms, earthquakes, severe freeze events, volcanic eruptions, terrorism and industrial accidents.

Catastrophes, an inherent risk of the property and casualty insurance business, have contributed, and will continue to contribute, to material year-to-year fluctuations in the Company’s results of operations and financial position (see Note 9). The nature and level of catastrophic loss experienced in any period cannot be predicted and could be material to results of operations and financial position.

The Company considers the following categories and locations to be the greatest areas of potential catastrophe losses:

- Wildfires — California, Hawaii, Colorado, Oregon and Texas
- Hurricanes — Major metropolitan centers in counties along the eastern and gulf coasts of the United States
- Wind/Hail, Rain and Tornado — Texas, Illinois, Georgia and Colorado
- Earthquakes and fires following earthquakes —Major metropolitan areas near fault lines in the states of California, Oregon, Washington, South Carolina and Kentucky

Note 2 Summary of Significant Accounting Policies

Investments

Fixed income securities include bonds and asset-backed securities ("ABS"). Fixed income securities, which may be sold prior to their contractual maturity, are designated as available-for-sale ("AFS") and are carried at fair value. The difference between amortized cost, net of credit loss allowances ("amortized cost, net") and fair value, net of deferred income taxes, is reflected as a component of accumulated other comprehensive income ("AOCI"). The Company excludes accrued interest receivable from the amortized cost basis of its AFS fixed income securities. Cash received from calls and make-whole payments is reflected as a component of proceeds from sales and cash received from maturities and pay-downs is reflected as a component of investment collections within the Consolidated Statements of Cash Flows.

Equity securities primarily include common stocks, exchange traded and mutual funds, non-redeemable preferred stocks and real estate investment trust equity investments. Certain exchange traded and mutual funds have fixed income securities as their underlying investments. Equity securities are carried at fair value. Equity securities without readily determinable or estimable fair values are measured using the measurement alternative, which is cost less impairment, if any, and adjustments resulting from observable price changes in orderly transactions for the identical or similar investment of the same issuer.

Mortgage loans and bank loans are carried at amortized cost, net, which represent the amount expected to be collected. The Company excludes accrued interest receivable from the amortized cost basis of its mortgage and bank loans. Credit loss allowances are estimates of expected credit losses, established for loans upon origination or purchase, and are established considering all relevant information available, including past events, current conditions, and reasonable and supportable forecasts over the life of the loans. Loans are evaluated on a pooled basis when they share similar risk characteristics; otherwise, they are evaluated individually.

Investments in limited partnership interests are primarily accounted for in accordance with the equity method of accounting ("EMA") and include interests in private equity funds, real estate funds and other funds. Investments in limited partnership interests purchased prior to January 1, 2018, where the Company's interest is so minor that it exercises virtually no influence over operating and financial policies, are accounted for at fair value primarily utilizing the net asset value ("NAV") as a practical expedient to determine fair value.

Short-term investments, including money market funds, commercial paper, U.S. Treasury bills and other short-term investments, are carried at fair value. Other investments primarily consist of bank loans, policy loans, real estate and derivatives. Bank loans are primarily senior secured corporate loans. Policy loans are carried at unpaid principal balances. Real estate is carried at cost less accumulated depreciation. Derivatives are carried at fair value.

Investment income primarily consists of interest, dividends, income from limited partnership interests, rental income from real estate, and income from certain derivative transactions.

Interest is recognized on an accrual basis using the effective yield method and dividends are recorded at the ex-dividend date. Interest income for ABS is determined considering estimated pay-downs, including prepayments, obtained from third-party data sources and internal estimates. Actual prepayment experience is periodically reviewed, and effective yields are recalculated when differences arise between the prepayments originally anticipated and the actual prepayments received and currently anticipated. For ABS of high credit quality with fixed interest rates, the effective yield is recalculated on a retrospective basis. For all others, the effective yield is generally recalculated on a prospective basis. Net investment income for AFS fixed income securities includes the impact of accreting the credit loss allowance for the time value of money. Accrual of income is suspended for fixed income securities when the timing and amount of cash flows expected to be received is not probable. Accrual of income is suspended for mortgage loans and bank loans that are in default or when full and timely collection of principal and interest payments is not probable. Accrued income receivable is monitored for recoverability, and when not expected to be collected, is written off through net investment income. Cash receipts on investments on nonaccrual status are generally recorded as a reduction of amortized cost.

Income from limited partnership interests carried at fair value is recognized based upon the changes in fair value of the investee's equity primarily determined using NAV. Income from EMA limited partnership interests is recognized based on the Company's share of the partnerships' earnings. Income from EMA limited partnership interests is generally recognized on a three

month delay due to the availability of the related financial statements from investees.

Net gains and losses on investments and derivatives include gains and losses on investment sales, changes in the credit loss allowances related to fixed income securities, mortgage loans and bank loans, impairments, valuation changes of equity investments, including equity securities and certain limited partnerships where the underlying assets are predominately public equity securities, and periodic changes in fair value and settlements of certain derivatives, including hedge ineffectiveness. Net gains and losses on sales of investments and derivatives are determined on a specific identification basis and are net of credit losses already recognized through an allowance.

Derivative and embedded derivative financial instruments

Derivative financial instruments include interest rate swaps, credit default swaps, futures (interest rate and equity), options (including swaptions), warrants and stock rights, foreign currency forwards and total return swaps.

All derivatives are accounted for on a fair value basis and reported as other investments, other assets and other liabilities and accrued expenses. Embedded derivative instruments subject to bifurcation are also accounted for on a fair value basis and are reported together with the host contract. Cash flows from other derivatives are reported in cash flows from investing activities within the Consolidated Statements of Cash Flows.

For derivatives for which hedge accounting is not applied, the income statement effects, including fair value gains and losses and accrued periodic settlements, are reported either in net gains and losses on investments and derivatives or in a single line item together with the results of the associated asset or liability for which risks are being managed.

Securities loaned

The Company's business activities include securities lending transactions, which are used primarily to generate net investment income. The proceeds received in conjunction with securities lending transactions can be reinvested in short-term investments or fixed income securities. These transactions are short-term in nature, usually 30 days or less.

The Company receives cash collateral for securities loaned in an amount generally equal to 102% and 105% of the fair value of domestic and foreign securities, respectively, and records the related obligations to return the collateral in other liabilities and accrued expenses. The carrying value of these obligations approximates fair value because of their relatively short-term nature. The Company monitors the market value of securities loaned on a daily basis and obtains additional collateral as necessary under the terms of the agreements to mitigate counterparty credit risk.

The Company maintains the right and ability to repossess the securities loaned on short notice.

Recognition of premium revenues and contract charges, and related benefits and interest credited

Property and casualty insurance premiums include premiums from personal lines policies, protection plans, other contracts (primarily protection and insurance products) and roadside assistance.

Personal lines insurance premiums are deferred and earned on a pro-rata basis over the terms of the policies, typically periods of six or twelve months.

Revenues related to protection plans, other contracts (primarily protection and insurance products) and roadside assistance are deferred and earned over the term of the contract in a manner that recognizes revenue as obligations under the contracts are fulfilled. Revenues from these products are classified as premiums as the products are backed by insurance. Protection plans and protection and insurance premiums are recognized using a cost-based incurrence method over the term of the contracts, which is generally one to five years. Roadside assistance premiums are recognized evenly over the term of the contract as performance obligations are fulfilled.

The portion of premiums written applicable to the unexpired terms of the policies is recorded as unearned premiums.

Unearned premiums

($ in millions)	December 31, 2023	December 31, 2022
Allstate Protection	$ 19,542	$ 17,538
Protection Services	5,150	4,745
Total	**$ 24,692**	**$ 22,283**

Protection Services For the year ended December 31, 2023, the Company recognized $1.74 billion of property and casualty insurance premiums for Protection Services that were included in the unearned premium balance as of December 31, 2022.

For the year ended December 31, 2022, the Company recognized $ 1.46 billion of property and casualty insurance premiums for Protection Services that were included in the unearned premium balance as of December 31, 2021.

The Company expects to recognize approximately $ 1.85 billion, $1.43 billion and $1.87 billion of the December 31, 2023 unearned premium balance in 2024, 2025 and thereafter, respectively.

Health and benefits Voluntary accident and health insurance products are expected to remain in force for an extended period and therefore are primarily classified as long-duration contracts. Traditional life insurance products consist principally of products with fixed and guaranteed premiums and benefits, primarily term and whole life insurance products. Premiums from these products are recognized as revenue when due from policyholders, net of any credit loss allowance for uncollectible premiums. Benefits are reflected in

accident, health and other policy benefits and recognized over the life of the policy in relation to premiums.

Interest-sensitive life contracts, such as universal life, are insurance contracts whose terms are not fixed and guaranteed. The terms that may be changed include premiums paid by the contractholder, interest credited to the contractholder account balance and contract charges assessed against the contractholder account balance. Premiums from these contracts are reported as contractholder fund deposits. Contract charges consist of fees assessed against the contractholder account balance for the cost of insurance (mortality risk), contract administration and surrender of the contract prior to contractually specified dates. These contract charges are recognized as revenue when assessed against the contractholder account balance. Benefit payments in excess of the contractholder account balance are reflected in accident, health and other policy benefits.

Interest credited to contractholder funds, which are reported in accident, health and other policy benefits, represents interest accrued or paid on interest-sensitive life contracts. Crediting rates for interest-sensitive life contracts are adjusted periodically by the Company to reflect current market conditions subject to contractually guaranteed minimum rates.

Premium installment receivables represent premiums written and not yet collected, net of the credit loss allowance for uncollectible premiums. These receivables are primarily outstanding for one year or less. The Company utilizes historical internal data including aging analyses to estimate allowances under current conditions and for the forecast period. The Company regularly evaluates and updates the data and adjusts its allowance as appropriate.

Rollforward of credit loss allowance for premium installment receivables

	For the years ended December 31,	
($ in millions)	**2023**	**2022**
Beginning balance	$ (132)	$ (107)
Increase in the provision for credit losses	(348)	(313)
Write-off of uncollectible premium installment receivable amounts	342	288
Ending balance	**$ (138)**	**$ (132)**

Other revenue

Other revenue represents fees collected from policyholders relating to premium installment payments, commissions on sales of non-proprietary products, sales of identity protection services, fee-based services and other revenue transactions. Other revenue is recognized when performance obligations are fulfilled.

The Company collects service fees in the form of commission and general agent fees by selling policies issued by third-party insurance companies. The Company recognizes Medicare-related and other accident and health commission revenues equal to the estimated lifetime value of the revenues at the time when the policy is sold, net of an allowance for estimated policy cancellations, as no further performance obligations exist. The allowance for estimated third-party cancellations is periodically evaluated and adjusted as necessary.

Deferred policy acquisition costs

Deferred policy acquisition costs (“DAC”) are related directly to the successful acquisition of new or renewal insurance contracts and are deferred and recognized as an expense over the life of the related contracts. These costs are principally agent and broker remuneration, premium taxes and certain underwriting expenses and are included in amortization of deferred policy acquisition costs on the Consolidated Statements of Operations. All other acquisition costs are expensed as incurred and included in operating costs and expenses.

Customers of the Company may exchange one insurance policy for another offered by the Company, or make modifications to an existing life, accident and health or property and casualty contract issued by the Company. These transactions are identified as internal replacements for accounting purposes. Internal replacement transactions determined to result in replacement contracts that are substantially unchanged from the replaced contracts are accounted for as continuations of the replaced contracts. Unamortized DAC related to the replaced contracts continue to be deferred and amortized in connection with the replacement contracts. For traditional life, accident and health and property and casualty insurance policies, any changes to unamortized DAC that result from replacement contracts are treated as prospective revisions and any costs associated with the issuance of replacement contracts are characterized as maintenance costs and expensed as incurred.

Property and casualty insurance For property and casualty insurance, DAC is amortized into income as premiums are earned pro rata over the period of the policy. DAC associated with property and casualty insurance is periodically reviewed for recoverability and adjusted if necessary. Future investment income is considered in determining the recoverability of DAC.

Long-duration voluntary accident and health insurance, traditional life insurance contracts, and interest-sensitive life insurance contracts Voluntary accident and health insurance and traditional life insurance contracts are grouped by product and issue year into cohorts consistent with the cohorts used to calculate the reserve for future policy benefits (“RFPB”). Interest-sensitive life insurance contracts are grouped into cohorts by issue year, and the issue year is determined based on contract issue date. DAC is amortized on a constant level basis over the expected contract term. The constant level basis used for all cohorts is based on policies-in-force. The expected contract term and mortality, morbidity, and lapse

assumptions are used to calculate both DAC amortization and the RFPB. If actual contract lapses are greater than expected lapses for any cohort, each affected cohort's DAC balance will be reduced in the current period based on the difference between the actual and expected lapses. No adjustments to DAC amortization are recorded if actual contract lapses are less than expected lapses for any cohort. If the Company makes an update to any of its mortality, morbidity, or lapse assumptions, the Company will use the assumptions prospectively to amortize any cohort's remaining DAC over the remaining expected contract term.

Present value of future profits The costs assigned to the right to receive future cash flows from certain business purchased from other insurers are also classified as DAC in the Consolidated Statements of Financial Position. The costs capitalized represent the present value of future profits expected to be earned over the lives of the contracts acquired.

The Company amortizes the present value of future profits for long-duration voluntary accident and health insurance, traditional life insurance contracts and interest-sensitive life insurance contracts using the same methodology and assumptions as the amortization of DAC. The present value of future profits for these products is subject to premium deficiency testing.

For property and casualty insurance, these costs are amortized as profits emerge over the lives of the acquired business and are periodically evaluated for recoverability.

The present value of future profits was $8 million and $10 million as of December 31, 2023 and 2022, respectively. Amortization expense of the present value of future profits was $2 million, $11 million and $324 million in 2023, 2022 and 2021, respectively.

Reinsurance and indemnification

Reinsurance In the normal course of business, the Company seeks to limit aggregate and single exposure to losses on large risks by purchasing reinsurance. The Company has also used reinsurance to affect the disposition of certain blocks of business. Reinsurance does not extinguish the Company's primary liability under the policies written. Therefore, in addition to establishing allowances as appropriate after evaluating reinsurers' activities related to claims settlement practices and commutations, the Company evaluates reinsurer counterparty credit risk and records reinsurance recoverables net of credit loss allowances. The Company assesses counterparty credit risk for individual reinsurers separately when more relevant or on a pooled basis when shared risk characteristics exist. The evaluation considers the credit quality of the reinsurer and the period over which the recoverable balances are expected to be collected. The Company considers factors including past events, current conditions and reasonable and supportable forecasts in the development of the estimate of credit loss allowances.

Allowances for property and casualty and accident and health reinsurance recoverables are established primarily through risk-based evaluations.

The property and casualty recoverable evaluation considers the credit rating of the reinsurer, the period over which the reinsurance recoverable balances are expected to be recovered and other relevant factors including historical experience of reinsurer failures. Reinsurers in liquidation or in default status are evaluated individually using the Company's historical liquidation recovery assumptions and any other relevant information available including the most recent public information related to the financial condition or liquidation status of the reinsurer. For accident and health reinsurance recoverables, the Company uses a probability of default and loss given default model developed independently of the Company to estimate current expected credit losses. The accident and health reinsurance recoverable evaluation utilizes factors including historical industry factors based on the probability of liquidation, and incorporates current loss given default factors reflective of the industry.

The Company monitors the credit ratings of reinsurer counterparties and evaluates the circumstances surrounding credit rating changes as inputs into its credit loss assessments. Uncollectible reinsurance recoverable balances are written off against the allowances when there is no reasonable expectation of recovery.

The changes in the allowances are reported in property and casualty insurance claims and claims expense and accident, health and other policy benefits.

Indemnification The Company also participates in various indemnification mechanisms, including industry pools and facilities, which are reimbursement mechanisms that assess participating insurers for expected insured claims, reimburse participating insurers for qualifying paid claims and permit participating insurers to recoup amounts assessed directly from insureds. Indemnification recoverables are backed by the financial resources of the property and casualty insurance company market participants.

The design and function of these indemnification programs does not result in the retention of insurance or reinsurance risk by the indemnitee. Based on the Company's evaluation of these programs on an individual basis, the establishment of credit loss allowances is not warranted at this time. The Company has not experienced any historical credit losses related to its indemnification programs. The Company continues to monitor these programs to determine whether any changes from historical experience have emerged or are expected to emerge or whether there have been any changes in the design or administration of the programs that would require establishment of credit loss allowances.

Revenue recognition The amounts reported as reinsurance and indemnification recoverables include amounts paid and due from reinsurers and indemnitors as well as estimates of amounts expected to be

recovered from reinsurers and indemnitors on insurance liabilities that have been incurred but not yet paid. Reinsurance and indemnification recoverables on unpaid losses are estimated based upon assumptions consistent with those used in establishing the liabilities related to the underlying contract. Reinsurance and indemnification premiums are generally reflected in income in a manner consistent with the recognition of premiums on the associated contracts. For catastrophe coverage, the cost of reinsurance premiums is recognized ratably over the contract period to the extent coverage remains available. Certain catastrophe agreements are subject to reinstatement premiums which are recorded as catastrophe losses when earned.

Goodwill

Goodwill represents the excess of amounts paid for acquiring businesses over the fair value of the net assets acquired, less any impairment of goodwill recognized. The Company's goodwill reporting units are equivalent to its reportable segments to which goodwill has been assigned: Allstate Protection, Protection Services, and Allstate Health and Benefits.

Goodwill by reporting unit

($ in millions)	December 31, 2023	2022
Allstate Protection	$ 1,563	$ 1,563
Protection Services	1,494	1,494
Allstate Health and Benefits	445	445
Total	**$ 3,502**	**$ 3,502**

Goodwill is recognized when acquired and allocated to reporting units based on which unit is expected to benefit from the synergies of the business combination. Goodwill is not amortized but is tested for impairment at least annually. The Company performs its annual goodwill impairment testing during the fourth quarter of each year based upon data as of the close of the third quarter. Goodwill impairment is measured and recognized as the amount by which a reporting unit's carrying value, including goodwill, exceeds its fair value, not to exceed the carrying amount of goodwill allocated to the reporting unit. The Company also reviews goodwill for impairment whenever events or changes in circumstances, such as deteriorating or adverse market conditions, indicate that it is more likely than not that the carrying amount of the reporting unit including goodwill may exceed the fair value of the reporting unit. The goodwill impairment analysis is performed at the reporting unit level.

As of December 31, 2023 and 2022, the fair value of the Company's goodwill reporting units exceeded their carrying values.

Intangible assets

Intangible assets (reported in other assets) consist of capitalized costs primarily related to acquired distribution and customer relationships, trade names and licenses, technology and other assets. The estimated useful lives of distribution and customer relationships, technology and other intangible assets are generally 10 years, 5 years and 5 years, respectively. Intangible assets are carried at cost less accumulated amortization.

Intangible assets by type

($ in millions)	December 31, 2023	2022
Distribution and customer relationships	$ 515	$ 697
Trade names and licenses	159	179
Technology and other	292	301
Total	**$ 966**	**$ 1,177**

Amortization expense is calculated using an accelerated amortization method. Amortization expense on intangible assets was $ 329 million, $353 million and $376 million in 2023, 2022 and 2021, respectively.

Amortization expense of intangible assets for the next five years and thereafter

($ in millions)	
2024	$ 271
2025	215
2026	147
2027	98
2028	54
Thereafter	42
Total amortization	**$ 827**

Accumulated amortization of intangible assets was $ 1.80 billion and $1.48 billion as of December 31, 2023 and 2022, respectively.

Trade names and licenses are considered to have an indefinite useful life and are reviewed for impairment at least annually or more frequent if circumstances arise that indicate an impairment may have occurred. An impairment is recognized if the carrying amount of the asset exceeds its estimated fair value.

Property and equipment

Property and equipment is carried at cost less accumulated depreciation. Included in property and equipment are capitalized costs related to computer software licenses and software developed for internal use. These costs generally consist of certain external payroll and payroll related costs. Property and equipment depreciation is calculated using the straight-line method over the estimated useful lives of the assets, generally 3 to 10 years for equipment and 40 years for real property. Depreciation expense is reported in operating costs and expenses. Accumulated depreciation on property and equipment was $2.59 billion and $2.45 billion as of December 31, 2023 and 2022, respectively. Depreciation expense on property and equipment was $343 million, $335 million and $411 million in 2023, 2022 and 2021, respectively. The Company reviews its property and equipment for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

Income taxes

Income taxes are accounted for using the asset and liability method under which deferred tax assets and liabilities are recognized for temporary differences between the financial reporting and tax bases of assets and liabilities at the enacted tax rates. A deferred tax asset valuation allowance is established when it is more likely than not such assets will not be realized. The Company recognizes interest expense related to income tax matters in income tax expense and penalties in operating costs and expenses.

Reserve for property and casualty insurance claims and claims expense

The reserve for property and casualty insurance claims and claims expense is the estimate of amounts necessary to settle all reported and unreported incurred claims for the ultimate cost of insured property and casualty losses, based upon the facts of each case and the Company's experience with similar cases. Estimated amounts of salvage and subrogation are deducted from the reserve for claims and claims expense. The establishment of appropriate reserves, including reserves for catastrophe losses, is an inherently uncertain and complex process. Reserve estimates are primarily derived using an actuarial estimation process in which historical loss patterns are applied to actual paid losses and reported losses (paid losses plus individual case reserves established by claim adjusters) for an accident or report year to create an estimate of how losses are likely to develop over time. Development factors are calculated quarterly and periodically throughout the year for data elements such as claims reported and settled, paid losses, and paid losses combined with case reserves.

When the Company experiences changes in the mix or type of claims or changing claim settlement patterns or data, it applies actuarial judgment in the determination and selection of development factors to develop reserve liabilities. The effects of inflation are implicitly considered in the reserving process as a development factor using historic data incorporated as a reasonable estimate of future inflation. The historical development patterns for these data elements are used as the assumptions to calculate reserve estimates, including the reserves for reported and unreported claims; however, when the Company experiences changes it may lead to historical development trends being less predictive of future loss development, potentially creating additional reserve variability. Reserve estimates are regularly reviewed and updated, using the most current data and information available. Any resulting reestimates are reflected in current results of operations.

Reserve for future policy benefits

Long-duration voluntary accident and health insurance and traditional life insurance contracts The reserve for future policy benefits ("RFPB") is calculated using the net premium reserving model, which uses the present value of insurance contract benefits less the present value of net premiums. Under the net premium reserving model, the Company computes a net premium ratio which is the present value of insurance contract benefits divided by the present value of gross premiums. The present value of contract benefits and gross premiums are determined using the discount rate at contract inception. The net premium ratio is applied to premiums due on a periodic basis to compute the RFPB. The net premium ratio is recomputed at least annually using both actual historical cash flows and future cash flows anticipated over the life of the cohort of contracts subject to measurement. Assumptions including mortality, morbidity, and lapses affect the timing and amount of estimated cash flows used to calculate the RFPB.

The Company has grouped contracts into cohorts based on product type and issue year. Examples of insurance product types include whole life, term life, critical illness and disability. Issue year is based on the issuance date of the contract to the policyholder, except in the case of contracts acquired in a business combination, where the issue date is based on the acquisition date of the business combination. The RFPB is calculated for contracts in force at the end of each period, which results in the Company recognizing the effects of actual experience in the period it occurs.

Annually, in the third quarter, the Company obtains historical premiums and benefits information and evaluates future cash flow assumptions that include mortality, morbidity, and lapses, and updates cash flow assumptions as necessary. The Company has elected to not update the expense assumption when annually reviewing and updating future cash flow assumptions. Actual premiums and benefits and any updates to future cash flow assumptions are incorporated into the calculation of an updated net premium ratio. Updates for actual premiums and benefits and changes to future cash flow assumptions will result in a liability remeasurement gain or loss. The first step to determining the liability remeasurement gain or loss is to calculate the RFPB using revised net premiums discounted at the locked-in discount rate set at contract issuance. The result of the first step is then compared to the carrying amount of the RFPB before the updates for actual experience and changes to future cash flow assumptions. The decrease (gain) or increase (loss) in the RFPB is reported as liability remeasurement gain or loss in net income and presented parenthetically as part of accident, health and other policy benefits on the Consolidated Statements of Operations. The updated net premium ratio is used in future quarters to measure the RFPB until the next annual update or an earlier date if the Company determines it is necessary to revise future cash flow assumptions based on available evidence, including actual experience.

The discount rate assumption is determined using a yield curve approach. The yield curve consists of U.S. dollar-denominated senior unsecured fixed-income securities issued by U.S. companies that have an A credit rating based on the ratings provided by nationally recognized rating agencies that include Moody's, Standard & Poor's, and Fitch. For points on the yield curve that do not have observable yields, the Company uses linear interpolation which calculates the

unobservable yield based on the two nearest observable yields, except for any points beyond the last observable yield at 30 years, where interest rates are held constant with the last observable point on the yield curve. The Company updates the current discount rate quarterly and the change in the RFPB resulting from the updated current discount rate is recognized in other comprehensive income (“OCI”).

Accident and health short-duration contracts The RFPB includes unpaid losses and loss adjustment expense (“LAE”) reserves for individual and certain voluntary accident and health short-duration contracts and is an estimate of the Company’s liability from incurred claims at the end of the reporting period. The unpaid losses and LAE reserves are the result of an ongoing analysis of recent loss development trends and emerging historical experience. Original estimates are increased or decreased as additional information becomes known regarding individual claims. In setting its reserves, the Company reviews its loss data to estimate expected loss development. Management believes that its use of standard actuarial methodology applied to its analyses of its historical experience provides a reasonable estimate of future losses. However, actual future losses may differ from the Company’s estimate, and may be affected by future events, including inflation and changes in law and judicial interpretations, which would favorably or unfavorably impact the ultimate settlement of the Company’s losses and LAE.

The anticipated effect of inflation is implicitly considered when estimating liabilities for losses and LAE. In addition to inflation, the average severity of claims is affected by a number of factors that may vary by types and features of policies written. Future average severities are projected from historical trends, adjusted for implemented changes in underwriting standards and policy provisions, as well as general economic trends. These estimated trends are monitored and revised as necessary based on actual development.

Unpaid losses include a provision for incurred-but-not-reported (“IBNR”) reserve estimates representing claims that have occurred but have not yet been reported, some of which are not yet known to the insured, as well as a provision for future development on reported claims. IBNR reserves are generally calculated by first projecting the ultimate cost of all claims that have occurred and then subtracting reported losses and loss expenses. Reported losses include cumulative paid losses and loss expenses plus case reserves.

Contractholder funds

Contractholder funds represent interest-bearing liabilities arising primarily from the sale of interest-sensitive life insurance contracts. Contractholder funds primarily comprise cumulative deposits received and interest credited to the contractholder less cumulative contract benefits, surrenders, withdrawals and contract charges for mortality or administrative expenses.

Pension and other postretirement remeasurement gains and losses

The Company’s policy is to remeasure its pension and postretirement plans on a quarterly basis. Pension and other postretirement gains and losses represent the remeasurement of projected benefit obligations and differences between the expected and actual return on plan assets, which are immediately recognized in earnings and are referred to as pension and other postretirement remeasurement gains and losses on the Consolidated Statements of Operations.

The primary factors contributing to pension and postretirement remeasurement gains and losses are:

- Changes in the discount rate used to value pension and postretirement obligations as of the measurement date
- Differences between the expected and the actual return on plan assets
- Changes in demographic assumptions, including mortality and participant experience
- Changes in lump sum interest rates used to value pension obligations as of the measurement date

Differences in actual experience and changes in other assumptions affect the Company’s pension and other postretirement obligations and expenses.

Pension and other postretirement service cost, interest cost, expected return on plan assets and amortization of prior service credits are allocated to the Company’s reportable segments. The pension and other postretirement remeasurement gains and losses are reported in the Corporate and Other segment.

Legal contingencies

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

Debt

Debt includes senior notes, senior debentures, subordinated debentures and junior subordinated debentures issued by the Corporation. Unamortized debt issuance costs and fair value adjustments are reported in debt and are amortized over the expected period the debt will remain outstanding.

Equity incentive plans

The Company has equity incentive plans under which it grants nonqualified stock options, restricted stock units and performance stock awards (“equity awards”) to certain employees and directors of the Company. The Company measures the fair value of equity awards at the grant date and recognizes the

expense over the shorter of the period in which the requisite service is rendered or retirement eligibility is attained. The expense for performance stock awards with no market condition is adjusted each period to reflect the performance factor most likely to be achieved at the end of the performance period. The expense for performance stock awards with a market condition is based on the fair value of the awards at the grant date which incorporates the probability of achieving the market condition. In the event the market condition is not met, any previously recognized expense is not reversed. The Company uses a binomial lattice model to determine the fair value of employee stock options. The Company uses a Monte Carlo simulation model to determine the fair value of performance stock awards with a market condition.

Measurement of credit losses

The Company carries an allowance for expected credit losses for all financial assets measured at amortized cost on the Consolidated Statements of Financial Position. The Company considers past events, current conditions, and reasonable and supportable forecasts in estimating an allowance for credit losses. The Company also carries a credit loss allowance for fixed income securities where applicable and, when amortized cost is reported, it is net of credit loss allowances. For additional information, refer to the Investments, Reinsurance and indemnification or Recognition of premium revenues and contract charges topics of this section.

The Company also estimates a credit loss allowance for commitments to fund mortgage loans and bank loans unless they are unconditionally cancellable by the Company. The related allowance is reported in other liabilities and accrued expenses.

Allowance for credit losses

($ in millions)	As of December 31, 2023	2022
Fixed income securities	$ 36	$ 13
Mortgage loans	11	7
Bank loans	22	57
Investments	**69**	**77**
Premium installment receivables	138	132
Reinsurance recoverables	65	65
Other assets	18	19
Assets	**290**	**293**
Commitments to fund mortgage loans and bank loans	1	—
Liabilities	**1**	**—**
Total	**$ 291**	**$ 293**

Leases

The Company has certain operating leases for office facilities, computer and office equipment, and vehicles. The Company's leases have remaining lease terms of generally 1 year to 10 years, some of which include options to extend the leases for up to 20 years, and some of which include options to terminate the leases within 45 days.

The Company determines if an arrangement is a lease at inception. Leases with an initial term less than one year are not recorded on the balance sheet and the lease costs for these leases are recorded as an expense on a straight-line basis over the lease term. Operating leases with terms greater than one year result in a lease liability recorded in other liabilities and accrued expenses with a corresponding right-of-use ("ROU") asset recorded in other assets on the Consolidated Statements of Financial Position. As of December 31, 2023 and 2022, the Company had $265 million and $343 million in lease liabilities and $163 million and $234 million in ROU assets, respectively.

Operating lease liabilities are recognized at the commencement date based on the present value of future minimum lease payments over the lease term. ROU assets are recognized based on the corresponding lease liabilities adjusted for qualifying initial direct costs, prepaid or accrued lease payments and unamortized lease incentives. As most of the Company's leases do not disclose the implicit interest rate, the Company uses collateralized incremental borrowing rates based on information available at lease commencement when determining the present value of future lease payments. The Company has lease agreements with lease and non-lease components, which are accounted for as a single lease. Lease terms may include options to extend or terminate the lease which are incorporated into the Company's measurements when it is reasonably certain that the Company will exercise the option.

Operating lease costs are recognized on a straight-line basis over the lease term and include interest expense on the lease liability and amortization of the ROU asset. Variable lease costs are expensed as incurred and include maintenance costs and real estate taxes. Lease costs are reported in operating costs and expenses and totaled $102 million, $131 million and $162 million, including $19 million, $23 million and $30 million of variable lease costs in 2023, 2022 and 2021, respectively.

Other information related to operating leases

	December 31,	
	2023	**2022**
Weighted average remaining lease term (years)	3	4
Weighted average discount rate	3.48 %	3.08 %

Maturity of lease liabilities

($ in millions)	Operating leases
2024	$ 92
2025	77
2026	48
2027	30
2028	18
Thereafter	20
Total lease payments	**$ 285**
Less: interest	(20)
Present value of lease liabilities	**$ 265**

Variable interest entities

A VIE is a legal entity that does not have sufficient equity at risk to finance its activities without additional financial support or is structured such that equity investors lack the ability to make significant decisions relating to the entity's operations through voting rights or do not participate in the gains and losses of the entity. The Company consolidates VIEs in which the Company is deemed the primary beneficiary. The primary beneficiary is the entity that has both (1) the obligation to absorb losses or the right to receive benefits that could potentially be significant to the VIE and (2) the power to direct the activities of the VIE that most significantly affect that entity's economic performance.

Foreign currency translation

The local currency of the Company's foreign subsidiaries is deemed to be the functional currency of the country in which these subsidiaries operate. The financial statements of the Company's foreign subsidiaries are translated into U.S. dollars at the exchange rate in effect at the end of a reporting period for assets and liabilities and at average exchange rates during the period for results of operations.

The unrealized gains and losses from the translation of the net assets are recorded as unrealized foreign currency translation adjustments and included in AOCI. Changes in unrealized foreign currency translation adjustments are included in OCI. Gains and losses from foreign currency transactions are reported in operating costs and expenses and have not been material.

Earnings per common share

Basic earnings per common share is computed using the weighted average number of common shares outstanding, including vested unissued participating restricted stock units. Diluted earnings per common share is computed using the weighted average number of common and dilutive potential common shares outstanding.

For the Company, dilutive potential common shares consist of outstanding stock options and unvested non-participating restricted stock units and contingently issuable performance stock awards. The effect of dilutive potential common shares does not include options with an anti-dilutive effect on earnings per common share because their exercise prices exceed the average market price of Allstate common shares during the period or for which the unrecognized compensation cost would have an anti-dilutive effect.

Computation of basic and diluted earnings per common share

($ in millions, except per share data)	For the years ended December 31, 2023	2022	2021
Numerator:			
Net (loss) income from continuing operations	$ (213)	$ (1,342)	$ 5,174
Less: Net loss attributable to noncontrolling interest	(25)	(53)	(33)
Net (loss) income from continuing operations attributable to Allstate	(188)	(1,289)	5,207
Less: Preferred stock dividends	128	105	114
Net (loss) income from continuing operations applicable to common shareholders	(316)	(1,394)	5,093
Income (loss) from discontinued operations, net of tax	—	—	(3,593)
Net (loss) income applicable to common shareholders	**$ (316)**	**$ (1,394)**	**$ 1,500**
Denominator:			
Weighted average common shares outstanding	262.5	271.2	294.8
Effect of dilutive potential common shares [(1)]:			
Stock options	—	—	2.7
Restricted stock units (non-participating) and performance stock awards	—	—	1.6
Weighted average common and dilutive potential common shares outstanding	**262.5**	**271.2**	**299.1**
Earnings per share applicable to common shareholders			
Basic			
Continuing operations	$ (1.20)	$ (5.14)	$ 17.28
Discontinued operations	—	—	(12.19)
Total	**$ (1.20)**	**$ (5.14)**	**$ 5.09**
Diluted [(1)]			
Continuing operations	$ (1.20)	$ (5.14)	$ 17.03
Discontinued operations	—	—	(12.02)
Total	**$ (1.20)**	**$ (5.14)**	**$ 5.01**
Anti-dilutive options excluded from diluted earnings per common share	3.0	1.7	1.3
Weighted average dilutive potential common shares excluded due to net loss applicable to common shareholders [(1)]	2.2	3.1	—

[(1)] As a result of the net loss reported for the years ended December 31, 2023 and 2022, weighted average shares for basic earnings per share is also used for calculating diluted earnings per share because all dilutive potential common shares are anti-dilutive and are therefore excluded from the calculation.

Adopted accounting standard

Accounting for Long-Duration Insurance Contracts Effective January 1, 2023, the Company adopted the Financial Accounting Standards Board ("FASB") guidance revising the accounting for certain long-duration insurance contracts using the modified retrospective approach to the transition date of January 1, 2021.

Under the new guidance, measurement assumptions, including those for mortality, morbidity and policy lapses, are required to be reviewed at least annually, and updated as appropriate. In addition, reserves under the new guidance are required to be discounted using an upper-medium grade fixed income instrument yield that is updated through OCI at each reporting date. Additionally, DAC for all long-duration products are amortized on a simplified basis. Also, the Company's reserve for future policy benefits and DAC are subject to new disclosure guidance.

In addition, the Company met the conditions included in Accounting Standards Update No. 2022-05, *Transition for Sold Contracts*, and elected to not apply the new guidance for contracts that were part of the 2021 sales of Allstate Life Insurance Company ("ALIC") and Allstate Life Insurance Company of New York ("ALNY").

After-tax cumulative effect of change in accounting principle on transition date

($ in millions)	January 1, 2021	
Decrease in retained income	$	21
Decrease in AOCI		277
Total decrease in equity	**$**	**298**

The decrease in AOCI was primarily attributable to a change in the discount rate used in measuring the reserve for future policy benefits for traditional life contracts and other long-term products with guaranteed terms from a portfolio-based rate at contract issuance to an upper-medium grade fixed income-based rate. The decrease in retained income primarily related to certain cohorts of long-term contracts whose expected net premiums exceeded expected gross premiums which resulted in an increase in reserves and a decrease in retained income equal to the present value of expected future benefits less the present value of expected future premiums at the transition date.

Transition disclosures The following tables summarize the balance of and changes in the reserve for future policy benefits and DAC on January 1, 2021 upon the adoption of the guidance.

Impact of adoption for reserve for future policy benefits

($ in millions)	Accident and health		Traditional life		Total	
Pre-adoption 12/31/2020 balance [(1)]	$	728	$	311	$	1,039
Adjustments:						
Effect of the remeasurement of the reserve at upper-medium grade fixed income-based rate [(2)]		232		153		385
Adjustments for contracts with net premiums in excess of gross premiums [(3)]		77		—		77
Total adjustments		**309**		**153**		**462**
Post-adoption 1/1/2021 balance		**1,037**		**464**		**1,501**
Less: reinsurance recoverables [(4)]		159		3		162
Post-adoption 1/1/2021 balance, after reinsurance recoverables	**$**	**878**	**$**	**461**	**$**	**1,339**

(1) Traditional life includes $11 million in reserves related to riders of traditional life insurance products reclassified from contractholder funds.

(2) Adjustment reflected with a corresponding decrease to AOCI.

(3) Adjustment reflected with a corresponding decrease to retained income.

(4) Represents post-adoption January 1, 2021 balance of reinsurance recoverables. Adjustments to reinsurance recoverables for accident and health products increased January 1, 2021 AOCI by $33 million due to the remeasurement of the reserve at upper-medium grade fixed income based rate and increased January 1, 2021 retained income by $ 51 million due to adjustments for contracts with net premiums in excess of gross premiums.

Impact of adoption for DAC

($ in millions)	Accident and health		Traditional life		Interest- sensitive life		Total	
Pre-adoption 12/31/2020 balance	$	343	$	32	$	95	$	470
Adjustment for removal of impact of unrealized gains or losses [(1)]		—		—		2		2
Post-adoption 1/1/2021 balance	**$**	**343**	**$**	**32**	**$**	**97**	**$**	**472**

(1) Adjustment reflected with a corresponding increase to AOCI.

Impacts of the adoption on the financial statements

Consolidated Statements of Operations			
($ in millions, except per share data)	**As reported**	**Impact of change**	**As adjusted**
	Year ended December 31, 2022		
Revenues			
Accident and health insurance premiums and contract charges	$ 1,833	$ (1)	$ 1,832
Total revenues	**51,412**	**(1)**	**51,411**
Costs and expenses			
Accident, health and other policy benefits	1,061	(19)	$ 1,042
Amortization of deferred policy acquisition costs	6,644	(10)	$ 6,634
Total costs and expenses	**53,270**	**(29)**	**53,241**
Loss from operations before income tax expense	**(1,858)**	**28**	**(1,830)**
Income tax benefit	(494)	6	(488)
Net loss	**(1,364)**	**22**	**(1,342)**
Net loss attributable to Allstate	**(1,311)**	**22**	**(1,289)**
Net loss applicable to common shareholders	**$ (1,416)**	**$ 22**	**$ (1,394)**
Earnings per common share:			
Net loss applicable to common shareholders per common share - Basic	$ (5.22)	$ 0.08	$ (5.14)
Net loss applicable to common shareholders per common share - Diluted	(5.22)	0.08	(5.14)
	Year ended December 31, 2021		
Revenues			
Accident and health insurance premiums and contract charges	$ 1,821	$ 13	$ 1,834
Total revenues	**50,588**	**13**	**50,601**
Costs and expenses			
Accident, health and other policy benefits	1,049	11	1,060
Amortization of deferred policy acquisition costs	6,252	(16)	6,236
Total costs and expenses	**44,140**	**(5)**	**44,135**
Income from operations before income tax expense	**6,448**	**18**	**6,466**
Income tax benefit	1,289	3	1,292
Net income from continuing operations	**5,159**	**15**	**5,174**
Net income	**1,566**	**15**	**1,581**
Net income attributable to Allstate	**1,599**	**15**	**1,614**
Net income applicable to common shareholders	**$ 1,485**	**$ 15**	**$ 1,500**
Earnings per common share:			
Net income from continuing operations applicable to common shareholders per common share - Basic	$ 17.23	$ 0.05	$ 17.28
Net income applicable to common shareholders per common share - Basic	5.04	0.05	5.09
Net income from continuing operations applicable to common shareholders per common share - Diluted	16.98	0.05	17.03
Net income applicable to common shareholders per common share - Diluted	4.96	0.05	5.01

Consolidated Statements of Comprehensive Income (Loss)

($ in millions)	As reported	Impact of change	As adjusted
	Year ended December 31, 2022		
Net loss	**$ (1,364)**	**$ 22**	**$ (1,342)**
Other comprehensive loss, after-tax			
Changes in:			
Unrealized net capital gains and losses	(2,851)	(2)	(2,853)
Discount rate for reserve for future policy benefits	—	228	228
Other comprehensive loss, after-tax	**(3,044)**	**226**	**(2,818)**
Comprehensive loss	**(4,408)**	**248**	**(4,160)**
Comprehensive loss attributable to Allstate	**$ (4,335)**	**$ 248**	**$ (4,087)**
	Year ended December 31, 2021		
Net income	**$ 1,566**	**$ 15**	**$ 1,581**
Other comprehensive loss, after-tax			
Changes in:			
Unrealized net capital gains and losses	(2,582)	(1)	(2,583)
Discount rate for reserve for future policy benefits	—	49	49
Other comprehensive loss, after-tax	**(2,649)**	**48**	**(2,601)**
Comprehensive loss	**(1,083)**	**63**	**(1,020)**
Comprehensive loss attributable to Allstate	**$ (1,047)**	**$ 63**	**$ (984)**

Consolidated Statements of Financial Position

($ in millions)	As reported	Impact of change	As adjusted
		December 31, 2022	
Assets			
Deferred policy acquisition costs	$ 5,418	$ 24	$ 5,442
Reinsurance and indemnification recoverables, net	9,606	13	9,619
Deferred income taxes	386	(4)	382
Other assets, net	5,905	(1)	5,904
Total assets	**97,957**	**32**	**97,989**
Liabilities			
Reserve for future policy benefits	1,273	49	1,322
Contractholder funds	897	(18)	879
Unearned premiums	22,311	(12)	22,299
Total liabilities	**80,607**	**19**	**80,626**
Equity			
Retained income	50,954	16	50,970
Accumulated other comprehensive income (loss):			
Unrealized net capital gains and losses	(2,253)	(2)	(2,255)
Discount rate for reserve for future policy benefits	—	(1)	(1)
Total AOCI	**(2,389)**	**(3)**	**(2,392)**
Total Allstate shareholders' equity	**17,475**	**13**	**17,488**
Total equity	**17,350**	**13**	**17,363**
Total liabilities and equity	**$ 97,957**	**$ 32**	**$ 97,989**

Consolidated Statements of Shareholders' Equity

($ in millions)	As reported	Impact of change	As adjusted
	Year ended December 31, 2022		
Retained income			
Balance, beginning of period	$ 53,294	$ (6)	$ 53,288
Net loss	(1,311)	22	(1,289)
Balance, end of period	**50,954**	**16**	**50,970**
Accumulated other comprehensive income (loss)			
Balance, beginning of period	655	(229)	426
Change in unrealized net capital gains and losses	(2,851)	(2)	(2,853)
Change in discount rate for reserve for future policy benefits	—	228	228
Balance, end of period	**(2,389)**	**(3)**	**(2,392)**
Total Allstate shareholders' equity	**17,475**	**13**	**17,488**
Total equity	**$ 17,350**	**$ 13**	**$ 17,363**
	Year ended December 31, 2021		
Retained income			
Balance, beginning of period	$ 52,767	$ —	$ 52,767
Cumulative effect of change in accounting principle	—	(21)	(21)
Net income	1,599	15	1,614
Balance, end of period	**53,294**	**(6)**	**53,288**
Accumulated other comprehensive income (loss)			
Balance, beginning of period	3,304	—	3,304
Cumulative effect of change in accounting principle	—	(277)	(277)
Change in unrealized net capital gains and losses	(2,582)	(1)	(2,583)
Change in discount rate for reserve for future policy benefits	—	49	49
Balance, end of period	**655**	**(229)**	**426**
Total Allstate shareholders' equity	**25,179**	**(235)**	**24,944**
Total equity	**$ 25,127**	**$ (235)**	**$ 24,892**

Consolidated Statements of Cash Flows

($ in millions)	As reported	Impact of change	As adjusted
	Year ended December 31, 2022		
Cash flows from operating activities			
Net loss	$ (1,364)	$ 22	$ (1,342)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:			
Changes in:			
Policy benefits and other insurance reserves	4,503	(58)	4,445
Unearned premiums	2,541	(2)	2,539
Deferred policy acquisition costs	(702)	(11)	(713)
Reinsurance recoverables, net	408	43	451
Income taxes	(721)	6	(715)
Net cash provided by operating activities	**$ 5,121**	**$ —**	**$ 5,121**

Consolidated Statements of Cash Flows

($ in millions)	As reported	Impact of change	As adjusted
	Year ended December 31, 2021		
Cash flows from operating activities			
Net income	$ 1,566	$ 15	$ 1,581
Adjustments to reconcile net income (loss) to net cash provided by operating activities:			
Changes in:			
Policy benefits and other insurance reserves	2,432	12	2,444
Unearned premiums	1,618	(10)	1,608
Deferred policy acquisition costs	(608)	(16)	(624)
Reinsurance recoverables, net	(1,565)	(5)	(1,570)
Income taxes	349	4	353
Net cash provided by operating activities	**$ 5,116**	**$ —**	**$ 5,116**

Pending accounting standards

Accounting for joint ventures In August 2023, the FASB issued guidance requiring a joint venture to initially measure assets contributed and liabilities assumed at fair value as of the formation date. The new guidance will be applied prospectively for joint ventures with a formation date on or after January 1, 2025. The impact of the adoption is not expected to be material to the Company's results of operations or financial position.

Segment reporting In November 2023, the FASB issued guidance expanding segment disclosures by requiring disclosure of significant segment expenses that are regularly provided to the chief operating decision maker and included within each reported measure of segment profit or loss, an amount and description of its composition for other segment items, and interim disclosures of reportable segments' profit or loss and assets. The guidance is effective for annual periods beginning after December 15, 2023 and interim periods beginning after December 15, 2024 and is to be applied retrospectively, with early adoption permitted. The Company is currently evaluating the impact of adopting the guidance on its disclosures.

Income tax disclosures In December 2023, the FASB issued guidance enhancing various aspects of income tax disclosures. The guidance now requires a tabular reconciliation between statutory and effective income tax expense (benefit) with both amounts and percentages for a list of required categories. For certain required categories where an individual category is at least five percent of the statutory tax amount, the required category must be further broken out by nature and, for foreign tax effects, jurisdiction. Additionally, entities must disclose income taxes paid, net of refunds received, broken out between federal, state and foreign, and amounts paid, net of refunds received, to an individual jurisdiction when five percent or more of the total income taxes paid, net of refunds received.

All disclosure requirements in the guidance are annual in nature, and the guidance is effective for annual reporting periods beginning after December 15, 2024, with early adoption permitted. The guidance only affects disclosures and will have no impact on the Company's consolidated financial statements. The Company is currently evaluating the impact of adopting the guidance on its disclosures.

Note 3 Dispositions

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

In connection with the sale of ALIC and certain affiliates, the sale agreement included a provision related to contingent consideration that may be earned over a ten-year period with the first potential payment date commencing on January 1, 2026 and a final potential payment date of January 1, 2035. The contingent consideration is determined annually based on the average ten-year Treasury rate over the preceding three-year period compared to a designated rate. The contingent consideration meets the definition of a derivative and is accounted for on a fair value basis with periodic changes in fair value reflected in earnings. There are no collateral requirements related to the contingent consideration. See Note 7 for further details.

In 2021, the loss on disposition was $ 4.09 billion, after-tax, and reflects purchase price adjustments associated with certain pre-close transactions specified in the stock purchase agreements, changes in statutory capital and surplus prior to the closing date and the closing date equity of the sold entities determined under GAAP, excluding AOCI derecognized related to the dispositions.

Beginning in the first quarter of 2021, the assets and liabilities of the business were reclassified as held for sale and results are presented as discontinued operations. This change was applied on a retrospective basis.

Financial results from discontinued operations

($ in millions)	For the year ended December 31, 2021
Revenues	
Life premiums and contract charges	$ 1,109
Net investment income	1,336
Net gains (losses) on investments and derivatives	195
Total revenues	**2,640**
Costs and expenses	
Life contract benefits	1,315
Interest credited to contractholder funds	414
Amortization of DAC	87
Operating costs and expenses	163
Restructuring and related charges	31
Total costs and expenses	**2,010**
Amortization of deferred gain on reinsurance	4
Income from discontinued operations before income tax expense	634
Income tax expense	136
Income from discontinued operations, net of tax	**498**
Loss on disposition of operations	(4,315)
Income tax benefit	(224)
Loss on disposition of operations, net of tax	**(4,091)**
(Loss) income from discontinued operations, net of tax	**$ (3,593)**

Cash flows from discontinued operations

($ in millions)	For the year ended December 31, 2021
Net cash provided by operating activities from discontinued operations	$ 634
Net cash provided by investing activities from discontinued operations	984

Note 4 Reportable Segments

The Company's chief operating decision maker reviews financial performance and makes decisions about the allocation of resources for the five reportable segments. These segments are described below and align with the Company's key product and service offerings.

Allstate Protection principally offers private passenger auto and homeowners insurance in the United States and Canada, with earned premiums accounting for 84.8% of Allstate's 2023 consolidated revenues. Allstate Protection primarily operates in the U.S. (all 50 states and the District of Columbia ("D.C.")) and Canada. For 2023, the top geographic locations for statutory direct premiums for the Allstate Protection segment were Texas, California, New York and Florida. No other jurisdiction accounted for more than 5% of statutory direct premiums for Allstate Protection. Revenues from external customers generated outside the United States were $2.06 billion, $1.94 billion and $1.86 billion in 2023, 2022 and 2021, respectively.

Run-off Property-Liability includes results from property and casualty insurance coverage that primarily relates to policies written during the 1960s through the mid-1980s. Our exposure to asbestos, environmental and other run-off lines claims arises principally from direct excess commercial insurance, assumed reinsurance coverage, direct primary commercial insurance and other businesses in run-off.

Protection Services comprise Allstate Protection Plans, Allstate Dealer Services, Allstate Roadside, Arity and Allstate Identity Protection. Protection Services offer consumer product protection plans, protection and insurance products (including vehicle service contracts, guaranteed asset protection, road hazard tire and wheel and paintless dent repair protection), roadside assistance, device and mobile data collection

services and analytic solutions using automotive telematics information, identity theft protection and remediation services. Protection Services primarily operates in the U.S. and Canada, with Allstate Protection Plans also offering services in Europe, Australia and Asia. Revenues from external customers generated outside the United States were $346 million, $258 million and $232 million in 2023, 2022 and 2021, respectively and relate to consumer product protection plans sold primarily in the European Union and Australia.

Allstate Health and Benefits offers employer voluntary benefits, group health and individual health products, including life, accident, critical illness, hospital indemnity, short-term disability and other health products. Allstate Health and Benefits primarily operates in the U.S. (all 50 states and D.C.) and Canada. For 2023, the top geographic locations for statutory direct accident, health and life insurance premiums were Florida, Texas, and Georgia. No other jurisdiction accounted for more than 5% of statutory direct accident, health and life insurance premiums. Revenues from external customers generated outside the United States relate to voluntary accident and health insurance sold in Canada and were not material.

Corporate and Other comprises debt service, other holding company activities and certain non-insurance operations, including expenses associated with strategic initiatives, such as the Avail peer-to-peer car-sharing initiative.

Allstate Protection and Run-off Property-Liability segments comprise Property-Liability. The Company does not allocate investment income, net gains and losses on investments and derivatives, or assets to the Allstate Protection and Run-off Property-Liability segments. Management reviews assets at the Property-Liability, Protection Services, Allstate Health and Benefits, and Corporate and Other levels for decision-making purposes.

The accounting policies of the reportable segments are the same as those described in Note 2. The effects of intersegment transactions are eliminated in the consolidated results. For segment results, services provided by Protection Services to Allstate Protection are not eliminated as management considers those transactions in assessing the results of the respective segments.

Measuring segment profit or loss

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

Underwriting income is calculated as premiums earned and other revenue, less claims and claims expenses (“losses”), Shelter-in-Place Payback expense, amortization of DAC, operating costs and expenses, amortization or impairment of purchased intangibles and restructuring and related charges as determined using GAAP.

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

- Net gains and losses on investments and derivatives
- Pension and other postretirement remeasurement gains and losses
- Business combination expenses and the amortization or impairment of purchased intangibles
- Income or loss from discontinued operations
- Gain or loss on disposition
- Adjustments for other significant non-recurring, infrequent or unusual items, when (a) the nature of the charge or gain is such that it is reasonably unlikely to recur within two years, or (b) there has been no similar charge or gain within the prior two years
- Income tax expense or benefit on reconciling items

A reconciliation of these measures to net income (loss) applicable to common shareholders is provided below.

Reportable segments financial performance

($ in millions)	For the years ended December 31, 2023	2022	2021
Underwriting income (loss) by segment			
Allstate Protection	$ (2,090)	$ (2,782)	$ 1,785
Run-off Property-Liability	(94)	(129)	(120)
Total Property-Liability	(2,184)	(2,911)	1,665
Adjusted net income (loss) by segment, after-tax			
Protection Services	106	169	179
Allstate Health and Benefits	242	245	223
Corporate and Other	(415)	(422)	(433)
Reconciling items			
Property-Liability net investment income	2,218	2,190	3,118
Net gains (losses) on investments and derivatives	(300)	(1,072)	1,084
Pension and other postretirement remeasurement gains (losses)	(9)	(116)	644
Business combination expenses and amortization of purchased intangibles [1]	(94)	(113)	(157)
Business combination fair value adjustment	—	—	6
Gain (loss) on disposition [2]	4	89	—
Non-recurring costs [3]	(90)	—	—
Income tax benefit (expense) on reconciling items [4]	182	495	(1,270)
Total reconciling items	**1,911**	**1,473**	**3,425**
Income (loss) from discontinued operations	—	—	(3,612)
Income tax benefit from discontinued operations	—	—	19
Total from discontinued operations	**$ —**	**$ —**	**$ (3,593)**
Less: Net loss attributable to noncontrolling interest [5]	(24)	(52)	(34)
Net (loss) income applicable to common shareholders	**$ (316)**	**$ (1,394)**	**$ 1,500**

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

[2] Includes $83 million related to the gain on sale of headquarters in the fourth quarter of 2022 reported as other revenue in Corporate and Other segment.

[3] Relates to settlement costs for non-recurring litigation that is outside of the ordinary course of business. See Note 15 for additional details.

[4] The tax computation of the reporting segments and income tax benefit (expense) on reconciling items to net income (loss) are computed discretely based on the tax law of the jurisdictions applicable to the reporting entities.

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

Reportable segments revenue information

($ in millions)	For the years ended December 31, 2023	2022	2021
Property-Liability			
Insurance premiums			
Auto	$ 32,940	$ 29,715	$ 27,623
Homeowners	11,739	10,418	9,552
Other personal lines	2,387	2,159	2,077
Commercial lines	811	1,123	827
Other business lines	550	494	375
Allstate Protection	48,427	43,909	40,454
Run-off Property-Liability	—	—	—
Total Property-Liability insurance premiums	48,427	43,909	40,454
Other revenue	1,545	1,416	1,437
Net investment income	2,218	2,190	3,118
Net gains (losses) on investments and derivatives	(292)	(877)	1,021
Total Property-Liability	**51,898**	**46,638**	**46,030**
Protection Services			
Protection Plans	1,540	1,307	1,132
Roadside assistance	195	202	192
Protection and insurance products	508	486	440
Intersegment premiums and service fees [1]	138	149	175
Other revenue	319	347	354
Net investment income	73	48	43
Net gains (losses) on investments and derivatives	—	(52)	25
Total Protection Services	**2,773**	**2,487**	**2,361**
Allstate Health and Benefits			
Employer voluntary benefits	1,001	1,033	1,040
Group health	440	385	350
Individual health	405	414	444
Other revenue	447	402	359
Net investment income	82	69	74
Net gains (losses) on investments and derivatives	3	(44)	7
Total Allstate Health and Benefits	**2,378**	**2,259**	**2,274**
Corporate and Other			
Other revenue	89	179	22
Net investment income	105	96	58
Net gains (losses) on investments and derivatives	(11)	(99)	31
Total Corporate and Other	**183**	**176**	**111**
Intersegment eliminations [1]	(138)	(149)	(175)
Consolidated revenues	**$ 57,094**	**$ 51,411**	**$ 50,601**

[1] Intersegment insurance premiums and service fees are primarily related to Arity and Allstate Roadside and are eliminated in the consolidated financial statements.

Additional significant financial performance data

($ in millions)	For the years ended December 31, 2023	2022	2021
Amortization of DAC			
Property-Liability	$ 6,070	$ 5,570	$ 5,313
Protection Services	1,058	928	795
Allstate Health and Benefits	150	136	128
Consolidated	**$ 7,278**	**$ 6,634**	**$ 6,236**
Income tax expense (benefit)			
Property-Liability	$ (136)	$ (427)	$ 1,151
Protection Services	66	5	39
Allstate Health and Benefits	57	45	53
Corporate and Other	(122)	(111)	49
Consolidated	**$ (135)**	**$ (488)**	**$ 1,292**

Interest expense is primarily incurred in the Corporate and Other segment. Capital expenditures for long-lived assets are generally made in Property-Liability as the Company does not allocate assets to the Allstate Protection and Run-off Property-Liability segments. A portion of these long-lived assets are used by entities included in the Protection Services, Allstate Health and Benefits and Corporate and Other segments and, accordingly, are charged to expenses in proportion to their use.

Reportable segment total assets, investments and deferred policy acquisition costs

($ in millions)	As of December 31, 2023	2022
Assets		
Property-Liability	$ 88,568	$ 82,744
Protection Services	7,292	6,922
Allstate Health and Benefits	4,032	3,752
Corporate and Other	3,470	4,571
Consolidated	**$ 103,362**	**$ 97,989**
Investments [1]		
Property-Liability	$ 59,540	$ 54,011
Protection Services	2,180	1,917
Allstate Health and Benefits	2,182	1,872
Corporate and Other	2,775	4,029
Consolidated	**$ 66,677**	**$ 61,829**
Deferred policy acquisition costs		
Property-Liability	$ 2,378	$ 2,146
Protection Services	3,022	2,768
Allstate Health and Benefits	540	528
Consolidated	**$ 5,940**	**$ 5,442**

[1] The balances reflect the elimination of related party investments between segments.

Note 5 Investments

Portfolio composition

($ in millions)	As of December 31, 2023	2022
Fixed income securities, at fair value	$ 48,865	$ 42,485
Equity securities, at fair value	2,411	4,567
Mortgage loans, net	822	762
Limited partnership interests	8,380	8,114
Short-term investments, at fair value	5,144	4,173
Other investments, net	1,055	1,728
Total	**$ 66,677**	**$ 61,829**

Amortized cost, gross unrealized gains (losses) and fair value for fixed income securities

($ in millions)	Amortized cost, net	Gross unrealized Gains	Gross unrealized Losses	Fair value
December 31, 2023				
U.S. government and agencies	$ 8,624	$ 114	$ (119)	$ 8,619
Municipal	6,049	109	(152)	6,006
Corporate	31,951	397	(1,143)	31,205
Foreign government	1,286	17	(13)	1,290
ABS	1,739	13	(7)	1,745
Total fixed income securities	**$ 49,649**	**$ 650**	**$ (1,434)**	**$ 48,865**
December 31, 2022				
U.S. government and agencies	$ 8,123	$ 6	$ (231)	$ 7,898
Municipal	6,500	36	(326)	6,210
Corporate	28,562	46	(2,345)	26,263
Foreign government	997	—	(40)	957
ABS	1,188	4	(35)	1,157
Total fixed income securities	**$ 45,370**	**$ 92**	**$ (2,977)**	**$ 42,485**

Scheduled maturities for fixed income securities

($ in millions)	As of December 31, 2023 Amortized cost, net	As of December 31, 2023 Fair value	As of December 31, 2022 Amortized cost, net	As of December 31, 2022 Fair value
Due in one year or less	$ 3,422	$ 3,374	$ 2,870	$ 2,836
Due after one year through five years	23,218	22,614	26,546	25,217
Due after five years through ten years	12,553	12,273	11,035	9,870
Due after ten years	8,717	8,859	3,731	3,405
	47,910	**47,120**	**44,182**	**41,328**
ABS	1,739	1,745	1,188	1,157
Total	**$ 49,649**	**$ 48,865**	**$ 45,370**	**$ 42,485**

Actual maturities may differ from those scheduled as a result of calls and make-whole payments by the issuers. ABS is shown separately because of potential prepayment of principal prior to contractual maturity dates.

Net investment income

($ in millions)	For the years ended December 31, 2023	2022	2021
Fixed income securities	$ 1,761	$ 1,255	$ 1,148
Equity securities	75	132	100
Mortgage loans	35	33	43
Limited partnership interests	499	985	1,973
Short-term investments	253	82	5
Other investments	169	162	195
Investment income, before expense	**2,792**	**2,649**	**3,464**
Investment expense	(314)	(246)	(171)
Net investment income	**$ 2,478**	**$ 2,403**	**$ 3,293**

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

($ in millions)	For the years ended December 31, 2023	2022	2021
Fixed income securities	$ (540)	$ (875)	$ 425
Equity securities	282	(900)	520
Mortgage loans	(4)	(1)	20
Limited partnership interests	4	(191)	(52)
Derivatives	(84)	874	49
Other investments	42	21	122
Net gains (losses) on investments and derivatives	**$ (300)**	**$ (1,072)**	**$ 1,084**

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

($ in millions)	For the years ended December 31, 2023	2022	2021
Sales	$ (433)	$ (832)	$ 578
Credit losses	(99)	(54)	(42)
Valuation change of equity investments [1]	316	(1,060)	499
Valuation change and settlements of derivatives	(84)	874	49
Net gains (losses) on investments and derivatives	**$ (300)**	**$ (1,072)**	**$ 1,084**

[1] Includes valuation change of equity securities and certain limited partnership interests where the underlying assets are predominately public equity securities.

Gross realized gains (losses) on sales of fixed income securities

($ in millions)	For the years ended December 31, 2023	2022	2021
Gross realized gains	$ 115	$ 136	$ 587
Gross realized losses	(633)	(1,004)	(158)

Net appreciation (decline) recognized in net income for assets that are still held

($ in millions)	For the years ended December 31, 2023	2022	2021
Equity securities	$ 151	$ (466)	$ 377
Limited partnership interests carried at fair value	85	(5)	435
Total	**$ 236**	**$ (471)**	**$ 812**

Credit losses recognized in net income

($ in millions)	For the years ended December 31, 2023	2022	2021
Assets			
Fixed income securities:			
Corporate	$ (24)	$ (6)	$ (5)
ABS	2	(1)	1
Total fixed income securities	**(22)**	**(7)**	**(4)**
Mortgage loans	(4)	(1)	18
Limited partnership interests	(25)	(4)	(34)
Other investments			
Bank loans	(18)	(26)	(22)
Real estate	(29)	(16)	—
Total credit losses by asset type	**$ (98)**	**$ (54)**	**$ (42)**
Liabilities			
Commitments to fund commercial mortgage loans and bank loans	(1)	—	—
Total	**$ (99)**	**$ (54)**	**$ (42)**

Unrealized net capital gains and losses included in AOCI

($ in millions) December 31, 2023	Fair value	Gross unrealized Gains	Gross unrealized Losses	Unrealized net gains (losses)
Fixed income securities	$ 48,865	$ 650	$ (1,434)	$ (784)
Short-term investments	5,144	—	(1)	(1)
Derivative instruments	—	—	(2)	(2)
Limited partnership interests [1]				(4)
Unrealized net capital gains and losses, pre-tax				**(791)**
Reclassification of noncontrolling interest				13
Deferred income taxes				174
Unrealized net capital gains and losses, after-tax				**$ (604)**
December 31, 2022				
Fixed income securities	$ 42,485	$ 92	$ (2,977)	$ (2,885)
Short-term investments	4,173	—	(1)	(1)
Derivative instruments	—	—	(3)	(3)
Limited partnership interests				2
Unrealized net capital gains and losses, pre-tax				**(2,887)**
Reclassification of noncontrolling interest				23
Deferred income taxes				609
Unrealized net capital gains and losses, after-tax				**$ (2,255)**

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

Change in unrealized net capital gains (losses)

($ in millions)	For the years ended December 31, 2023	2022	2021
Fixed income securities	$ 2,101	$ (3,645)	$ (1,771)
Short-term investments	—	(1)	—
Derivative instruments	1	—	—
Limited partnerships interests	(6)	3	—
Investments classified as held for sale	—	—	(2,369)
Total	**2,096**	**(3,643)**	**(4,140)**
Reclassification of noncontrolling interest and other [1]	(10)	19	864
Deferred income taxes	(435)	771	693
Increase (decrease) in unrealized net capital gains and losses, after-tax	**$ 1,651**	**$ (2,853)**	**$ (2,583)**

[1] 2021 includes changes in amounts by which the amortization of DAC would increase or decrease if the unrealized gains or losses in the respective product portfolios were realized.

Mortgage loans The Company's mortgage loans are commercial mortgage loans collateralized by a variety of commercial real estate property types located across the United States and totaled $822 million and $762 million, net of credit loss allowance, as of December 31, 2023 and 2022, respectively. Substantially all of the commercial mortgage loans are non-recourse to the borrower.

Principal geographic distribution of commercial real estate exceeding 5% of the mortgage loans portfolio

	As of December 31,	
(% of mortgage loan portfolio carrying value)	**2023**	**2022**
California	21.9 %	24.9 %
Texas	17.9	16.3
Florida	7.5	6.4
Washington	5.8	7.3
Tennessee	5.6	6.1
Ohio	5.0	5.6

Types of properties collateralizing the mortgage loan portfolio

	As of December 31,	
(% of mortgage loan portfolio carrying value)	**2023**	**2022**
Apartment complex	30.6 %	30.2 %
Retail	25.0	27.4
Warehouse	20.0	16.0
Office	15.2	17.5
Other	9.2	8.9
Total	**100.0 %**	**100.0 %**

Contractual maturities of the mortgage loan portfolio

	As of December 31, 2023		
($ in millions)	**Number of loans**	**Amortized cost, net**	**Percent**
2024	5	$ 88	10.7 %
2025	6	70	8.5
2026	11	166	20.2
2027	6	58	7.1
Thereafter	29	440	53.5
Total	**57**	**$ 822**	**100.0 %**

Limited partnership interests include interests in private equity funds, real estate funds and other funds. Principal factors influencing carrying value appreciation or decline include operating performance, comparable public company earnings multiples, capitalization rates and the economic environment. For equity method limited partnerships, the Company recognizes an impairment loss when evidence demonstrates that the loss is other than temporary. Evidence of a loss in value that is other than temporary may include the absence of an ability to recover the carrying amount of the investment or the inability of the investee to sustain a level of earnings that would justify the carrying amount of the investment. Changes in fair value limited partnerships are recorded through net investment income and therefore are not tested for impairment.

Carrying value for limited partnership interests

	As of December 31, 2023			As of December 31, 2022		
($ in millions)	**EMA**	**Fair Value**	**Total**	**EMA**	**Fair Value**	**Total**
Private equity	$ 6,015	$ 1,139	$ 7,154	$ 5,372	$ 1,217	$ 6,589
Real estate	1,059	26	1,085	1,013	29	1,042
Other [(1)]	141	—	141	483	—	483
Total	**$ 7,215**	**$ 1,165**	**$ 8,380**	**$ 6,868**	**$ 1,246**	**$ 8,114**

(1) Other consists of certain limited partnership interests where the underlying assets are predominately public equity and debt securities.

Municipal bonds The Company maintains a diversified portfolio of municipal bonds, including tax exempt and taxable securities, which totaled $ 6.01 billion and $6.21 billion as of December 31, 2023 and 2022, respectively. The balance as of December 31, 2023 includes $4.85 billion of tax exempt securities. The municipal bond portfolio includes general obligations of state and local issuers and revenue bonds (including pre-refunded bonds, which are bonds for which an irrevocable trust has been established to fund the remaining payments of principal and interest).

Principal geographic distribution of municipal bond issuers exceeding 5% of the portfolio

(% of municipal bond portfolio carrying value)	As of December 31, 2023	2022
Texas	12.8 %	9.6 %
California	7.7	8.5
New York	6.3	6.7
Illinois	5.4	5.6
Pennsylvania	5.4	5.4
Florida	4.8	5.0

Short-term investments Short-term investments, including money market funds, commercial paper, U.S. Treasury bills and other short-term investments, are carried at fair value. As of December 31, 2023 and 2022, the fair value of short-term investments totaled $5.14 billion and $4.17 billion, respectively.

Other investments Other investments primarily consist of bank loans, real estate, policy loans and derivatives. Bank loans are primarily senior secured corporate loans and are carried at amortized cost, net. Policy loans are carried at unpaid principal balances. Real estate is carried at cost less accumulated depreciation. Derivatives are carried at fair value.

Other investments by asset type

($ in millions)	As of December 31, 2023	2022
Bank loans, net	$ 224	$ 686
Real estate	709	813
Policy loans	119	120
Derivatives	1	1
Other	2	108
Total	**$ 1,055**	**$ 1,728**

Concentration of credit risk As of December 31, 2023, the Company is not exposed to any credit concentration risk of a single issuer and its affiliates greater than 10% of the Company's shareholders' equity, other than the U.S. government and its agencies.

Securities loaned The Company's business activities include securities lending programs with third parties, mostly large banks. As of December 31, 2023 and 2022, fixed income and equity securities with a carrying value of $1.83 billion and $1.93 billion, respectively, were on loan under these agreements. Interest income on collateral, net of fees, was zero, $6 million and $1 million in 2023, 2022 and 2021, respectively.

Other investment information Included in fixed income securities are below investment grade assets totaling $4.18 billion and $4.10 billion as of December 31, 2023 and 2022, respectively.

As of December 31, 2023, fixed income securities and short-term investments with a carrying value of $201 million were on deposit with regulatory authorities as required by law.

As of December 31, 2023, the carrying value of fixed income securities and other investments that were non-income producing was $92 million.

Portfolio monitoring and credit losses

Fixed income securities The Company has a comprehensive portfolio monitoring process to identify and evaluate each fixed income security that may require a credit loss allowance.

For each fixed income security in an unrealized loss position, the Company assesses whether management with the appropriate authority has made the decision to sell or whether it is more likely than not the Company will be required to sell the security before recovery of the amortized cost basis for reasons such as liquidity, contractual or regulatory purposes. If a security meets either of these criteria, any existing credit loss allowance would be written-off against the amortized cost basis of the asset along with any remaining unrealized losses, with incremental losses recorded in earnings.

If the Company has not made the decision to sell the fixed income security and it is not more likely than not the Company will be required to sell the fixed income security before recovery of its amortized cost basis, the Company evaluates whether it expects to receive cash flows sufficient to recover the entire amortized cost basis of the security. The Company calculates the estimated recovery value based on the best estimate of future cash flows considering past events, current conditions and reasonable and supportable forecasts. The estimated future cash flows are discounted at the security's current effective rate and is compared to the amortized cost of the security.

The determination of cash flow estimates is inherently subjective, and methodologies may vary depending on facts and circumstances specific to the security. All reasonably available information relevant to the collectability of the security is considered when developing the estimate of cash flows expected to be collected. That information generally includes, but is not limited to, the remaining payment terms of the security, prepayment speeds, the financial condition and future earnings potential of the issue or issuer, expected defaults, expected recoveries, the value of underlying collateral, origination vintage year, geographic concentration of underlying collateral, available reserves or escrows, current subordination levels, third-party guarantees and other credit enhancements. Other information, such as industry analyst reports and forecasts, credit ratings, financial condition of the bond insurer for insured fixed income securities, and other market data relevant to the realizability of contractual cash flows, may also be considered. The estimated fair value of collateral will be used to estimate recovery value if the Company determines that the security is dependent on the liquidation of collateral for ultimate settlement.

If the Company does not expect to receive cash flows sufficient to recover the entire amortized cost basis of the fixed income security, a credit loss allowance is recorded in earnings for the shortfall in expected cash flows; however, the amortized cost, net of the credit loss allowance, may not be lower than the fair value of the security. The portion of the unrealized loss related to factors other than credit remains classified in AOCI. If the Company determines that the fixed income security does not have sufficient cash flow or other information to estimate a recovery value for the security, the Company may conclude that the entire decline in fair value is deemed to be credit related and the loss is recorded in earnings.

When a security is sold or otherwise disposed or when the security is deemed uncollectible and written off, the Company removes amounts previously recognized in the credit loss allowance. Recoveries after write-offs are recognized when received. Accrued interest excluded from the amortized cost of fixed income securities totaled $495 million and $389 million as of December 31, 2023, and 2022, respectively, and is reported within the accrued investment income line of the Consolidated Statements of Financial Position. The Company monitors accrued interest and writes off amounts when they are not expected to be received.

The Company's portfolio monitoring process includes a quarterly review of all securities to identify instances where the fair value of a security compared to its amortized cost is below internally established thresholds. The process also includes the monitoring of other credit loss indicators such as ratings, ratings downgrades and payment defaults. The securities identified, in addition to other securities for which the Company may have a concern, are evaluated for potential credit losses using all reasonably available information relevant to the collectability or recovery of the security. Inherent in the Company's evaluation of credit losses for these securities are assumptions and estimates about the financial condition and future earnings potential of the issue or issuer. Some of the factors that may be considered in evaluating whether a decline in fair value requires a credit loss allowance are: 1) the financial condition, near-term and long-term prospects of the issue or issuer, including relevant industry specific market conditions and trends, geographic location and implications of rating agency actions and offering prices; 2) the specific reasons that a security is in an unrealized loss position, including overall market conditions which could affect liquidity; and 3) the extent to which the fair value has been less than amortized cost.

Rollforward of credit loss allowance for fixed income securities

($ in millions)	For the years ended December 31, 2023	2022	2021
Beginning balance	$ (13)	$ (6)	$ (2)
Credit losses on securities for which credit losses not previously reported	(11)	(1)	(5)
Net (increases) decreases related to credit losses previously reported	(11)	(6)	1
(Increase) decrease of allowance related to sales and other	(1)	—	—
Write-offs	—	—	—
Ending balance	**$ (36)**	**$ (13)**	**$ (6)**
Components of credit loss allowance as of December 31			
Corporate bonds	$ (35)	$ (11)	$ (6)
ABS	(1)	(2)	—
Total	**$ (36)**	**$ (13)**	**$ (6)**

Gross unrealized losses and fair value by type and length of time held in a continuous unrealized loss position [1]

($ in millions)	Less than 12 months: Number of issues	Fair value	Unrealized losses	12 months or more: Number of issues	Fair value	Unrealized losses	Total unrealized losses
December 31, 2023							
Fixed income securities							
U.S. government and agencies	63	$ 2,554	$ (38)	117	$ 2,513	$ (81)	$ (119)
Municipal	271	400	(4)	1,784	2,245	(148)	(152)
Corporate	251	2,225	(48)	2,106	17,319	(1,095)	(1,143)
Foreign government	7	31	—	75	356	(13)	(13)
ABS	19	64	(1)	150	584	(6)	(7)
Total fixed income securities	**611**	**$ 5,274**	**$ (91)**	**4,232**	**$ 23,017**	**$ (1,343)**	**$ (1,434)**
Investment grade fixed income securities	568	$ 5,061	$ (83)	3,864	$ 20,429	$ (1,151)	$ (1,234)
Below investment grade fixed income securities	43	213	(8)	368	2,588	(192)	(200)
Total fixed income securities	**611**	**$ 5,274**	**$ (91)**	**4,232**	**$ 23,017**	**$ (1,343)**	**$ (1,434)**
December 31, 2022							
Fixed income securities							
U.S. government and agencies	112	$ 4,900	$ (138)	75	$ 2,393	$ (93)	$ (231)
Municipal	3,015	3,944	(215)	507	740	(111)	(326)
Corporate	2,085	18,072	(1,389)	845	6,105	(956)	(2,345)
Foreign government	74	739	(22)	42	200	(18)	(40)
ABS	194	874	(27)	83	109	(8)	(35)
Total fixed income securities	**5,480**	**$ 28,529**	**$ (1,791)**	**1,552**	**$ 9,547**	**$ (1,186)**	**$ (2,977)**
Investment grade fixed income securities	4,959	$ 25,487	$ (1,409)	1,437	$ 8,791	$ (1,009)	$ (2,418)
Below investment grade fixed income securities	521	3,042	(382)	115	756	(177)	(559)
Total fixed income securities	**5,480**	**$ 28,529**	**$ (1,791)**	**1,552**	**$ 9,547**	**$ (1,186)**	**$ (2,977)**

[1] Includes fixed income securities with fair values of $32 million and $10 million and unrealized losses of $3 million and $5 million with credit loss alllowances of $8 million and $11 million as of December 31, 2023, and 2022, respectively.

Gross unrealized losses by unrealized loss position and credit quality as of December 31, 2023

($ in millions)	Investment grade	Below investment grade	Total
Fixed income securities with unrealized loss position less than 20% of amortized cost, net [1] [2]	$ (1,167)	$ (173)	$ (1,340)
Fixed income securities with unrealized loss position greater than or equal to 20% of amortized cost, net [3] [4]	(67)	(27)	(94)
Total unrealized losses	**$ (1,234)**	**$ (200)**	**$ (1,434)**

(1) Below investment grade fixed income securities include $5 million that have been in an unrealized loss position for less than twelve months.

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

(3) Below investment grade fixed income securities include $25 million that have been in an unrealized loss position for a period of twelve or more consecutive months.

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

Investment grade is defined as a security having a National Association of Insurance Commissioners ("NAIC") designation of 1 or 2, which is comparable to a rating of Aaa, Aa, A or Baa from Moody's or AAA, AA, A or BBB from S&P Global Ratings ("S&P"), or a comparable internal rating if an externally provided rating is not available. Market prices for certain securities may have credit spreads which imply higher or lower credit quality than the current third-party rating. Unrealized losses on investment grade securities are principally related to an increase in market yields which may include increased risk-free interest rates or wider credit spreads since the time of initial purchase. The unrealized losses are expected to reverse as the securities approach maturity.

ABS in an unrealized loss position were evaluated based on actual and projected collateral losses relative to the securities' positions in the respective securitization trusts, security specific expectations of cash flows, and credit ratings. This evaluation also takes into consideration credit enhancement, measured in terms of (i) subordination from other classes of securities in the trust that are contractually obligated to absorb losses before the class of security the Company owns, and (ii) the expected impact of other structural features embedded in the securitization trust beneficial to the class of securities the Company owns, such as overcollateralization and excess spread. Municipal bonds in an unrealized loss position were evaluated based on the underlying credit quality of the primary obligor, obligation type and quality of the underlying assets.

As of December 31, 2023, the Company has not made the decision to sell and it is not more likely than not the Company will be required to sell fixed income securities with unrealized losses before recovery of the amortized cost basis.

Loans The Company establishes a credit loss allowance for mortgage loans and bank loans when they are originated or purchased, and for unfunded commitments unless they are unconditionally cancellable by the Company. The Company uses a probability of default and loss given default model for mortgage loans and bank loans to estimate current expected credit losses that considers all relevant information available including past events, current conditions, and reasonable and supportable forecasts over the life of an asset. The Company also considers such factors as historical losses, expected prepayments and various economic factors. For mortgage loans the Company considers origination vintage year and property level information such as debt service coverage, property type, property location and collateral value. For bank loans the Company considers the credit rating of the borrower, credit spreads and type of loan. After the reasonable and supportable forecast period, the Company's model reverts to historical loss trends.

Loans are evaluated on a pooled basis when they share similar risk characteristics. The Company monitors loans through a quarterly credit monitoring process to determine when they no longer share similar risk characteristics and are to be evaluated individually when estimating credit losses.

Loans are written off against their corresponding allowances when there is no reasonable expectation of recovery. If a loan recovers after a write-off, the estimate of expected credit losses includes the expected recovery.

Accrual of income is suspended for loans that are in default or when full and timely collection of principal and interest payments is not probable. Accrued income receivable is monitored for recoverability and when not expected to be collected is written off through net investment income. Cash receipts on loans on non-accrual status are generally recorded as a reduction of amortized cost.

Accrued interest is excluded from the amortized cost of loans and is reported within the accrued investment income line of the Consolidated Statements of Financial Position.

Accrued interest

($ in millions)	As of December 31, 2023	2022
Mortgage loans	$ 3	$ 3
Bank Loans	3	3

Mortgage loans When it is determined a mortgage loan shall be evaluated individually, the Company uses various methods to estimate credit losses on individual loans such as using collateral value less estimated costs to sell where applicable, including when foreclosure is probable or when repayment is expected to be provided substantially through the operation or sale of the collateral and the borrower is experiencing financial difficulty. When collateral value is used, the mortgage loans may not have a credit loss allowance when the fair value of the collateral exceeds the loan's amortized cost. An alternative approach may be utilized to estimate credit losses using the present value of the loan's expected future repayment cash flows discounted at the loan's current effective interest rate.

Individual loan credit loss allowances are adjusted for subsequent changes in the fair value of the collateral less costs to sell, when applicable, or present value of the loan's expected future repayment cash flows.

Debt service coverage ratio is considered a key credit quality indicator when mortgage loan credit loss allowances are estimated. Debt service coverage ratio represents the amount of estimated cash flow from the property available to the borrower to meet principal and interest payment obligations. Debt service coverage ratio estimates are updated annually or more frequently if conditions are warranted based on the Company's credit monitoring process.

Mortgage loans amortized cost by debt service coverage ratio distribution and year of origination

	December 31, 2023							December 31, 2022
($ in millions)	2018 and prior	2019	2020	2021	2022	Current	Total	Total
Below 1.0	$ —	$ —	$ —	$ —	$ 13	$ —	$ 13	$ 18
1.0 - 1.25	27	12	—	—	—	2	41	42
1.26 - 1.50	24	4	10	—	30	65	133	151
Above 1.50	65	220	42	184	59	76	646	558
Amortized cost before allowance	**$ 116**	**$ 236**	**$ 52**	**$ 184**	**$ 102**	**$ 143**	**$ 833**	**$ 769**
Allowance							(11)	(7)
Amortized cost, net							**$ 822**	**$ 762**

Mortgage loans with a debt service coverage ratio below 1.0 that are not considered impaired primarily relate to instances where the borrower has the financial capacity to fund the revenue shortfalls from the properties for the foreseeable term, the decrease in cash flows from the properties is considered temporary, or there are other risk mitigating circumstances such as additional collateral, escrow balances or borrower guarantees. Payments on all mortgage loans were current as of December 31, 2023, 2022 and 2021.

Rollforward of credit loss allowance for mortgage loans

($ in millions)	For the years ended December 31, 2023	2022	2021
Beginning balance	$ (7)	$ (6)	$ (67)
Net (increases) decreases related to credit losses	(4)	(1)	40
Reduction of allowance related to sales	—	—	21
Write-offs	—	—	—
Ending balance	**$ (11)**	**$ (7)**	**$ (6)**

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

Credit ratings of the borrower are considered a key credit quality indicator when bank loan credit loss allowances are estimated. The ratings are either received from the Securities Valuation Office of the NAIC based on availability of applicable ratings from rating agencies on the NAIC credit rating provider list or a comparable internal rating. The year of origination is determined to be the year in which the asset is acquired.

Bank loans amortized cost by credit rating and year of origination

($ in millions)	December 31, 2023							December 31, 2022
	2018 and prior	2019	2020	2021	2022	Current	Total	Total
NAIC 2 / BBB	$ —	$ —	$ 2	$ 6	$ —	$ 1	$ 9	$ 54
NAIC 3 / BB	—	—	—	21	—	17	38	266
NAIC 4 / B	—	17	1	33	16	86	153	329
NAIC 5-6 / CCC and below	21	—	—	11	5	9	46	94
Amortized cost before allowance	**$ 21**	**$ 17**	**$ 3**	**$ 71**	**$ 21**	**$ 113**	**$ 246**	**$ 743**
Allowance							(22)	(57)
Amortized cost, net							**$ 224**	**$ 686**

Rollforward of credit loss allowance for bank loans

($ in millions)	For the years ended December 31, 2023	2022	2021
Beginning balance	$ (57)	$ (61)	$ (67)
Net increases related to credit losses	(18)	(26)	(15)
Reduction of allowance related to sales	50	30	21
Write-offs	3	—	—
Ending balance	**$ (22)**	**$ (57)**	**$ (61)**

Note 6 Fair Value of Assets and Liabilities

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

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

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

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

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

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

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

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

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

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

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

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

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

Certain assets are not carried at fair value on a recurring basis, including mortgage loans, bank loans, real estate and policy loans and are only included in the fair value hierarchy disclosure when the individual investment is reported at fair value.

In determining fair value, the Company principally uses the market approach which generally utilizes market transaction data for the same or similar instruments. To a lesser extent, the Company uses the income approach which involves determining fair values from discounted cash flow methodologies. For the majority of Level 2 and Level 3 valuations, a combination of the market and income approaches is used.

Summary of significant inputs and valuation techniques for Level 2 and Level 3 assets and liabilities measured at fair value on a recurring basis

Level 2 measurements

- *Fixed income securities:*

  U.S. government and agencies, municipal, corporate - public and foreign government: The primary inputs to the valuation include quoted prices for identical or similar assets in markets that are not active, contractual cash flows, benchmark yields and credit spreads.

  Corporate - privately placed: Privately placed are valued using a discounted cash flow model that is widely accepted in the financial services industry and uses market observable inputs and inputs derived principally from, or corroborated by, observable market data. The primary inputs to the discounted cash flow model include an interest rate yield curve, as well as published credit spreads for similar assets in markets that are not active that incorporate the credit quality and industry sector of the issuer.

  Corporate - privately placed also includes redeemable preferred stock that are valued using quoted prices for identical or similar assets in markets that are not active, contractual cash flows, benchmark yields, underlying stock prices and credit spreads.

  ABS: The primary inputs to the valuation include quoted prices for identical or similar assets in markets that are not active, contractual cash flows, benchmark yields, collateral performance, and credit spreads. Certain ABS are valued based on non-binding broker quotes whose inputs have been corroborated to be market observable. Residential mortgage-backed securities, included in ABS, use prepayment speeds as a primary input for valuation.

- *Equity securities:* The primary inputs to the valuation include quoted prices or quoted net asset values for identical or similar assets in markets that are not active.

- *Short-term:* The primary inputs to the valuation include quoted prices for identical or similar assets in markets that are not active, contractual cash flows, benchmark yields and credit spreads.

- *Other investments:* Free-standing exchange listed derivatives that are not actively traded are valued based on quoted prices for identical instruments in markets that are not active.

  Over-the-counter ("OTC") derivatives, including interest rate swaps, foreign currency swaps, total return swaps, foreign exchange forward contracts, certain options and certain credit default swaps, are valued using models that rely on inputs such as interest rate yield curves, implied volatilities, index price levels, currency rates, and credit spreads that are observable for substantially the full term of the contract. The valuation techniques underlying the

models are widely accepted in the financial services industry and do not involve significant judgment.

Level 3 measurements

- *Fixed income securities:*

  Municipal: Comprise municipal bonds that are not rated by third-party credit rating agencies. The primary inputs to the valuation of these municipal bonds include quoted prices for identical or similar assets that are not market observable, contractual cash flows, benchmark yields and credit spreads. Also included are municipal bonds valued based on non-binding broker quotes where the inputs have not been corroborated to be market observable and municipal bonds in default valued based on the present value of expected cash flows.

  Corporate - public and privately placed and ABS: Primarily valued based on non-binding broker quotes where the inputs have not been corroborated to be market observable. Other inputs for corporate fixed income securities include an interest rate yield curve, as well as published credit spreads for similar assets that incorporate the credit quality and industry sector of the issuer.

- *Equity securities:* The primary inputs to the valuation include quoted prices or quoted net asset values for identical or similar assets that are not market observable.

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

- *Other investments:* Certain OTC derivatives, such as interest rate caps, certain credit default swaps and certain options (including swaptions), are valued using models that are widely accepted in the financial services industry. These are categorized as Level 3 as a result of the significance of non-market observable inputs such as volatility. Other primary inputs include interest rate yield curves and credit spreads and quoted prices for identical or similar assets in markets that exhibit less liquidity relative to those markets supporting Level 2 fair value measurements.

- *Other assets:* Includes the contingent consideration provision in the sale agreement for ALIC which meets the definition of a derivative. This derivative is valued internally using a model that includes stochastically determined cash flows and inputs that include spot and forward interest rates, volatility, corporate credit spreads and a liquidity discount. This derivative is categorized as Level 3 due to the significance of non-market observable inputs.

- *Assets held for sale:* Comprise municipal, corporate and ABS fixed income securities and equity securities. The valuation is based on the respective asset type as described above.

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

Assets measured at fair value on a non-recurring basis

Comprise long-lived assets to be disposed of by sale, including real estate, that are written down to fair value less costs to sell and bank loans written down to fair value in connection with recognizing credit losses.

Investments excluded from the fair value hierarchy

Limited partnerships carried at fair value, which do not have readily determinable fair values, use NAV provided by the investees and are excluded from the fair value hierarchy. These investments are generally not redeemable by the investees and generally cannot be sold without approval of the general partner. The Company receives distributions of income and proceeds from the liquidation of the underlying assets of the investees, which usually takes place in years 4-9 of the typical contractual life of 10-12 years. As of December 31, 2023, the Company has commitments to invest $175 million in these limited partnership interests.

Assets and liabilities measured at fair value

($ in millions)	December 31, 2023 Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Counterparty and cash collateral netting	Total
Assets					
Fixed income securities:					
U.S. government and agencies	$ 8,606	$ 13	$ —		$ 8,619
Municipal	—	5,995	11		6,006
Corporate - public	—	23,272	26		23,298
Corporate - privately placed	—	7,849	58		7,907
Foreign government	—	1,290	—		1,290
ABS	—	1,687	58		1,745
Total fixed income securities	**8,606**	**40,106**	**153**		**48,865**
Equity securities [1]	1,656	203	402		2,261
Short-term investments	1,676	3,467	1		5,144
Other investments	—	3	2	$ (2)	3
Other assets	3	—	118		121
Total recurring basis assets	**11,941**	**43,779**	**676**	**(2)**	**56,394**
Non-recurring basis	—	—	15		15
Total assets at fair value	**$ 11,941**	**$ 43,779**	**$ 691**	**$ (2)**	**$ 56,409**
% of total assets at fair value	21.2 %	77.6 %	1.2 %	— %	100.0 %
Investments reported at NAV					1,165
Total					**$ 57,574**
Liabilities					
Other liabilities	$ (2)	$ (10)	$ —	$ 8	$ (4)
Total recurring basis liabilities	**(2)**	**(10)**	**—**	**8**	**(4)**
Total liabilities at fair value	**$ (2)**	**$ (10)**	**$ —**	**$ 8**	**$ (4)**
% of total liabilities at fair value	50.0 %	250.0 %	— %	(200.0) %	100.0 %

[1] As of December 31, 2023, equity securities exclude $150 million of preferred stock measured at cost.

Assets and liabilities measured at fair value

	December 31, 2022				
($ in millions)	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Counterparty and cash collateral netting	Total
Assets					
Fixed income securities:					
U.S. government and agencies	$ 7,878	$ 20	$ —		$ 7,898
Municipal	—	6,189	21		6,210
Corporate - public	—	18,547	69		18,616
Corporate - privately placed	—	7,592	55		7,647
Foreign government	—	957	—		957
ABS	—	1,129	28		1,157
Total fixed income securities	**7,878**	**34,434**	**173**		**42,485**
Equity securities	3,936	298	333		4,567
Short-term investments	508	3,659	6		4,173
Other investments	—	23	3	$ (22)	4
Other assets	3	—	103		106
Total recurring basis assets	**12,325**	**38,414**	**618**	**(22)**	**51,335**
Non-recurring basis	—	—	23		23
Total assets at fair value	**$ 12,325**	**$ 38,414**	**$ 641**	**$ (22)**	**$ 51,358**
% of total assets at fair value	24.0 %	74.8 %	1.2 %	— %	100.0 %
Investments reported at NAV					1,246
Total					**$ 52,604**
Liabilities					
Other liabilities	$ (1)	$ (25)	$ —	$ 21	$ (5)
Total recurring basis liabilities	**(1)**	**(25)**	**—**	**21**	**(5)**
Total liabilities at fair value	**$ (1)**	**$ (25)**	**$ —**	**$ 21**	**$ (5)**
% of total liabilities at fair value	20.0 %	500.0 %	— %	(420.0) %	100.0 %

As of December 31, 2023 and 2022, Level 3 fair value measurements of fixed income securities total $153 million and $173 million, respectively, and include $26 million and $70 million, respectively, of securities valued based on non-binding broker quotes where the inputs have not been corroborated to be market observable and $11 million and $21 million, respectively, of municipal fixed income securities that are not rated by third-party credit rating agencies. An increase (decrease) in credit spreads for fixed income securities valued based on non-binding broker quotes would result in a lower (higher) fair value, and an increase (decrease) in the credit rating of municipal bonds that are not rated by third-party credit rating agencies would result in a higher (lower) fair value.

Rollforward of Level 3 assets and liabilities held at fair value during the year ended December 31, 2023

($ in millions)	Balance as of December 31, 2022	Total gains (losses) included in: Net income	OCI	Transfers: Into Level 3	Out of Level 3	Purchases	Sales	Issues	Settlements	Balance as of December 31, 2023
Assets										
Fixed income securities:										
Municipal	$ 21	$ 3	$ (1)	$ —	$ —	$ —	$ (10)	$ —	$ (2)	$ 11
Corporate - public	69	(1)	2	—	—	—	(44)	—	—	26
Corporate - privately placed	55	(12)	1	16	—	1	(3)	—	—	58
ABS	28	—	—	—	—	31	—	—	(1)	58
Total fixed income securities	**173**	**(10)**	**2**	**16**	**—**	**32**	**(57)**	**—**	**(3)**	**153**
Equity securities	333	36	—	—	—	77	(44)	—	—	402
Short-term investments	6	—	—	—	—	13	—	—	(18)	1
Other investments	3	(1)	—	—	—	—	—	—	—	2
Other assets	103	15	—	—	—	—	—	—	—	118
Total recurring Level 3 assets	**618**	**40**	**2**	**16**	**—**	**122**	**(101)**	**—**	**(21)**	**676**
Liabilities										
Total recurring Level 3 liabilities	**$ —**	**$ —**	**$ —**	**$ —**	**$ —**	**$ —**	**$ —**	**$ —**	**$ —**	**$ —**

Rollforward of Level 3 assets and liabilities held at fair value during the year ended December 31, 2022

($ in millions)	Balance as of December 31, 2021	Total gains (losses) included in: Net income	OCI	Transfers: Into Level 3	Out of Level 3	Purchases	Sales	Issues	Settlements	Balance as of December 31, 2022
Assets										
Fixed income securities:										
Municipal	$ 18	$ —	$ 1	$ 2	$ —	$ 2	$ —	$ —	$ (2)	$ 21
Corporate - public	20	—	(5)	—	—	66	(10)	—	(2)	69
Corporate - privately placed	66	19	2	—	—	34	(65)	—	(1)	55
ABS	40	1	—	—	(28)	17	—	—	(2)	28
Total fixed income securities	**144**	**20**	**(2)**	**2**	**(28)**	**119**	**(75)**	**—**	**(7)**	**173**
Equity securities	349	16	—	—	—	13	(45)	—	—	333
Short-term investments	5	—	—	—	—	23	—	—	(22)	6
Other investments	2	2	—	—	—	—	(1)	—	—	3
Other assets	65	38	—	—	—	—	—	—	—	103
Total recurring Level 3 assets	**565**	**76**	**(2)**	**2**	**(28)**	**155**	**(121)**	**—**	**(29)**	**618**
Liabilities										
Total recurring Level 3 liabilities	**$ —**	**$ —**	**$ —**	**$ —**	**$ —**	**$ —**	**$ —**	**$ —**	**$ —**	**$ —**

Rollforward of Level 3 assets and liabilities held at fair value during the year ended December 31, 2021

($ in millions)	Balance as of December 31, 2020	Total gains (losses) included in: Net income	OCI	Transfers Into Level 3	Transfers Out of Level 3	Purchases	Sales	Issues	Settlements	Balance as of December 31, 2021
Assets										
Fixed income securities:										
Municipal	$ 17	$ —	$ —	$ 1	$ —	$ 3	$ —	$ —	$ (3)	$ 18
Corporate - public	67	1	(1)	—	—	13	(53)	—	—	20
Corporate - privately placed	63	(2)	3	10	—	6	(23)	—	(5)	66
ABS	79	—	1	4	(32)	47	(5)	—	(54)	40
Total fixed income securities	**226**	**(1)**	**3**	**15**	**(32)**	**69**	**(81)**	**—**	**(62)**	**144**
Equity securities	304	61	—	—	—	43	(160)	—	—	349
Short-term investments	35	—	—	—	—	5	—	—	(35)	5
Other investments	—	—	—	—	—	3	(1)	—	—	2
Other assets	—	65	—	—	—	—	—	—	—	65
Assets held for sale	267	3	(1)	17	(13)	4	(163)	—	(6)	—
Total recurring Level 3 assets	**832**	**128**	**2**	**32**	**(45)**	**124**	**(405)**	**—**	**(103)**	**565**
Liabilities										
Liabilities held for sale	(516)	35	—	—	—	—	492	(28)	17	—
Total recurring Level 3 liabilities	**$ (516)**	**$ 35**	**$ —**	**$ —**	**$ —**	**$ —**	**$ 492**	**$ (28)**	**$ 17**	**$ —**

Total Level 3 gains (losses) included in net income

($ in millions)	For the years ended December 31, 2023	2022	2021
Net investment income	$ (1)	$ 15	$ 1
Net gains (losses) on investments and derivatives	41	61	124

Transfers into Level 3 during 2023 included situations where securities were written down utilizing an internal price where the inputs had not been corroborated to be market observable resulting in the security being classified as Level 3.

Transfers into Level 3 during 2022 and 2021 included situations where a quote was not provided by the Company's independent third-party valuation service provider and as a result the price was stale or had been replaced with a broker quote where the inputs had not been corroborated to be market observable resulting in the security being classified as Level 3.

There were no transfers out of Level 3 during 2023. Transfers out of Level 3 during 2022 and 2021 included situations where a broker quote was used in the prior period and a quote became available from the Company's independent third-party valuation service provider in the current period. A quote utilizing the new pricing source was not available as of the prior period, and any gains or losses related to the change in valuation source for individual securities were not significant.

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

($ in millions)	2023	2022	2021
Assets			
Fixed income securities:			
Corporate - privately placed	$ (12)	$ 1	$ (2)
Total fixed income securities	**(12)**	**1**	**(2)**
Equity securities	35	14	28
Other investments	(1)	2	—
Other assets	15	38	65
Total recurring Level 3 assets	**$ 37**	**$ 55**	**$ 91**
Total included in net income	**$ 37**	**$ 55**	**$ 91**
Components of net income			
Net investment income	$ (1)	$ 14	$ 1
Net gains (losses) on investments and derivatives	38	41	90
Total included in net income	**$ 37**	**$ 55**	**$ 91**
Assets			
Municipal	$ —	$ 1	$ —
Corporate - public	1	(5)	—
Corporate - privately placed	2	—	3
Changes in unrealized net capital gains and losses reported in OCI	**$ 3**	**$ (4)**	**$ 3**

Financial instruments not carried at fair value

($ in millions)		December 31, 2023		December 31, 2022	
Financial assets	**Fair value level**	**Amortized cost, net**	**Fair value**	**Amortized cost, net**	**Fair value**
Mortgage loans	Level 3	$ 822	$ 769	$ 762	$ 700
Bank loans	Level 3	224	238	686	686
Financial liabilities	**Fair value level**	**Carrying value [1]**	**Fair value**	**Carrying value [1]**	**Fair value**
Contractholder funds on investment contracts	Level 3	$ 46	$ 46	$ 50	$ 50
Debt	Level 2	7,942	7,655	7,964	7,449
Liability for collateral	Level 2	1,891	1,891	2,011	2,011

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

Note 7 Derivative Financial Instruments and Off-balance Sheet Financial Instruments

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

Asset replication refers to the “synthetic” creation of assets through the use of derivatives. The Company replicates fixed income securities using a combination of a credit default swap, index total return swap, options, futures, or a foreign currency forward contract and one or more highly rated fixed income securities, primarily investment grade host bonds, to synthetically replicate the economic characteristics of one or more cash market securities. The Company replicates equity securities using futures, index total return swaps, and options to increase equity exposure.

Property-Liability may use interest rate swaps, swaptions, futures and options to manage the interest rate risks of existing investments. These instruments are utilized to change the duration of the portfolio in order to offset the economic effect that interest rates would otherwise have on the fair value of its fixed income securities. Fixed income index total return swaps are used to offset valuation losses in the fixed income portfolio during periods of declining market values. Credit default swaps are typically used to mitigate the credit risk within the Property-Liability fixed income portfolio. Equity index total return swaps, futures and options are used by Property-Liability to offset valuation losses in the equity portfolio during periods of declining equity market values. In addition, equity futures are used to hedge the market risk related to deferred compensation liability contracts. Forward contracts are primarily used by Property-Liability to hedge foreign currency risk associated with holding foreign currency denominated investments and foreign operations.

In 2022, the Company also had a derivative embedded in a non-derivative host contract that was required to be separated from the host contract and accounted for at fair value with changes in fair value of the embedded derivative reported in net income.

When derivatives meet specific criteria, they may be designated as accounting hedges and accounted for as fair value, cash flow, foreign currency fair value or foreign currency cash flow hedges.

The notional amounts specified in the contracts are used to calculate the exchange of contractual payments under the agreements and are generally not representative of the potential for gain or loss on these agreements. However, the notional amounts specified in credit default swaps where the Company has sold credit protection represent the maximum amount of potential loss, assuming no recoveries.

Fair value, which is equal to the carrying value, is the estimated amount that the Company would receive or pay to terminate the derivative contracts at the reporting date. The carrying value amounts for OTC derivatives are further adjusted for the effects, if any, of enforceable master netting agreements and are presented on a net basis, by counterparty agreement, in the Consolidated Statements of Financial Position.

For those derivatives which qualify and have been designated as fair value accounting hedges, net income includes the changes in the fair value of both the derivative instrument and the hedged risk. For cash flow hedges, gains and losses are amortized from AOCI and are reported in net income in the same period the forecasted transactions being hedged impact net income.

Non-hedge accounting is generally used for “portfolio” level hedging strategies where the terms of the individual hedged items do not meet the strict homogeneity requirements to permit the application of hedge accounting. For non-hedge derivatives, net income includes changes in fair value and accrued periodic settlements, when applicable. With the exception of non-hedge derivatives used for asset replication and non-hedge embedded derivatives, all of the Company’s derivatives are evaluated for their ongoing effectiveness as either accounting hedge or non-hedge derivative financial instruments on at least a quarterly basis.

In connection with the sale of ALIC and certain affiliates in 2021, the sale agreement included a provision related to contingent consideration that may be earned over a ten-year period with the first potential payment date commencing on January 1, 2026 and a final potential payment date of January 1, 2035. The contingent consideration is determined annually based on the average ten-year Treasury rate over the preceding three-year period compared to a designated rate. The contingent consideration meets the definition of a derivative and is accounted for on a fair value basis with periodic changes in fair value reflected in earnings. There are no collateral requirements related to the contingent consideration.

Summary of the volume and fair value positions of derivative instruments as of December 31, 2023

($ in millions, except number of contracts)	Balance sheet location	Volume [1] Notional amount	Volume [1] Number of contracts	Fair value, net	Gross asset	Gross liability
Asset derivatives						
Derivatives not designated as accounting hedging instruments						
Interest rate contracts						
Futures	Other assets	n/a	20,479	$ 2	$ 2	$ —
Equity and index contracts						
Options	Other investments	n/a	32	—	—	—
Futures	Other assets	n/a	1,305	1	1	—
Foreign currency contracts						
Foreign currency forwards	Other investments	$ 278	n/a	(2)	2	(4)
Contingent consideration	Other assets	250	n/a	118	118	—
Credit default contracts						
Credit default swaps – buying protection	Other investments	34	n/a	(1)	—	(1)
Total asset derivatives		**$ 562**	**21,816**	**$ 118**	**$ 123**	**$ (5)**
Liability derivatives						
Derivatives not designated as accounting hedging instruments						
Interest rate contracts						
Futures	Other liabilities & accrued expenses	n/a	2,175	$ (1)	$ —	$ (1)
Equity and index contracts						
Futures	Other liabilities & accrued expenses	n/a	980	(1)	—	(1)
Foreign currency contracts						
Foreign currency forwards	Other liabilities & accrued expenses	$ 306	n/a	(3)	1	(4)
Credit default contracts						
Credit default swaps – buying protection	Other liabilities & accrued expenses	19	n/a	(1)	—	(1)
Total liability derivatives		**325**	**3,155**	**(6)**	**$ 1**	**$ (7)**
Total derivatives		**$ 887**	**24,971**	**$ 112**		

[1] Volume for OTC and cleared derivative contracts is represented by their notional amounts. Volume for exchange traded derivatives is represented by the number of contracts, which is the basis on which they are traded. (n/a = not applicable)

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

($ in millions, except number of contracts)	Balance sheet location	Volume (1) Notional amount	Volume (1) Number of contracts	Fair value, net	Gross asset	Gross liability
Asset derivatives						
Derivatives not designated as accounting hedging instruments						
Interest rate contracts						
Futures	Other assets	n/a	24,380	$ 3	$ 3	$ —
Equity and index contracts						
Futures	Other assets	n/a	343	—	—	—
Foreign currency contracts						
Foreign currency forwards	Other investments	$ 354	n/a	1	14	(13)
Contingent consideration	Other assets	250	n/a	103	103	—
Credit default contracts						
Credit default swaps – buying protection	Other investments	24	n/a	—	1	(1)
Total asset derivatives		**$ 628**	**24,723**	**$ 107**	**$ 121**	**$ (14)**
Liability derivatives						
Derivatives not designated as accounting hedging instruments						
Interest rate contracts						
Futures	Other liabilities & accrued expenses	n/a	1,624	$ —	$ —	$ —
Equity and index contracts						
Futures	Other liabilities & accrued expenses	n/a	1,229	(1)	—	(1)
Foreign currency contracts						
Foreign currency forwards	Other liabilities & accrued expenses	$ 283	n/a	—	7	(7)
Credit default contracts						
Credit default swaps – buying protection	Other liabilities & accrued expenses	525	n/a	(3)	1	(4)
Total liability derivatives		**808**	**2,853**	**(4)**	**$ 8**	**$ (12)**
Total derivatives		**$ 1,436**	**27,576**	**$ 103**		

(1) Volume for OTC and cleared derivative contracts is represented by their notional amounts. Volume for exchange traded derivatives is represented by the number of contracts, which is the basis on which they are traded. (n/a = not applicable)

Gross and net amounts for OTC derivatives (1)

($ in millions)	Gross amount	Offsets: Counter-party netting	Offsets: Cash collateral (received) pledged	Net amount on balance sheet	Securities collateral (received) pledged	Net amount
December 31, 2023						
Asset derivatives	$ 3	$ (6)	$ 4	$ 1	$ —	$ 1
Liability derivatives	(10)	6	2	(2)	—	(2)
December 31, 2022						
Asset derivatives	$ 23	$ (22)	$ —	$ 1	$ —	$ 1
Liability derivatives	(22)	22	(1)	(1)	—	(1)

(1) All OTC derivatives are subject to enforceable master netting agreements.

Gains (losses) from valuation and settlements reported on derivatives not designated as accounting hedges

($ in millions)	Net gains (losses) on investments and derivatives	Accident, health and other policy benefits	Operating costs and expenses	(Loss) income from discontinued operations	Total gain (loss) recognized in net income on derivatives
2023					
Interest rate contracts	$ (8)	$ —	$ —	$ —	$ (8)
Equity and index contracts	(32)	—	28	—	(4)
Contingent consideration	—	—	15	—	15
Foreign currency contracts	(14)	—	—	—	(14)
Credit default contracts	(30)	—	—	—	(30)
Other contracts	—	—	(1)	—	(1)
Total	**$ (84)**	**$ —**	**$ 42**	**$ —**	**$ (42)**
2022					
Interest rate contracts	$ 737	$ —	$ —	$ —	$ 737
Equity and index contracts	94	—	(43)	—	51
Contingent consideration	—	—	38	—	38
Foreign currency contracts	47	—	(6)	—	41
Credit default contracts	(4)	—	—	—	(4)
Other contracts	—	—	(1)	—	(1)
Total	**$ 874**	**$ —**	**$ (12)**	**$ —**	**$ 862**
2021					
Interest rate contracts	$ 22	$ —	$ —	$ —	$ 22
Equity and index contracts	(7)	27	45	—	65
Contingent consideration	—	—	—	65	65
Foreign currency contracts	32	—	—	—	32
Credit default contracts	7	—	—	—	7
Total return swaps - fixed income	4	—	—	—	4
Total	**$ 58**	**$ 27**	**$ 45**	**$ 65**	**$ 195**

The Company manages its exposure to credit risk by utilizing highly rated counterparties, establishing risk control limits, executing legally enforceable master netting agreements (“MNAs”) and obtaining collateral where appropriate. The Company uses MNAs for OTC derivative transactions that permit either party to net payments due for transactions and collateral is either pledged or obtained when certain predetermined exposure limits are exceeded.

OTC cash and securities collateral pledged

($ in millions)	December 31, 2023
Pledged by the Company	$ 6
Pledged to the Company [(1)]	—

[(1)] $5 million of collateral was posted under MNAs for contracts containing credit-risk-contingent provisions that are in a liability provision.

The Company has not incurred any losses on derivative financial instruments due to counterparty nonperformance. Other derivatives, including futures and certain option contracts, are traded on organized exchanges which require margin deposits and guarantee the execution of trades, thereby mitigating any potential credit risk.

Counterparty credit exposure represents the Company’s potential loss if all of the counterparties concurrently fail to perform under the contractual terms of the contracts and all collateral, if any, becomes worthless. This exposure is measured by the fair value of OTC derivative contracts with a positive fair value at the reporting date reduced by the effect, if any, of legally enforceable master netting agreements.

OTC derivatives counterparty credit exposure by counterparty credit rating

($ in millions)	December 31, 2023				December 31, 2022			
Rating [1]	Number of counter-parties	Notional amount [2]	Credit exposure [2]	Exposure, net of collateral [2]	Number of counter-parties	Notional amount [2]	Credit exposure [2]	Exposure, net of collateral [2]
A+	—	$ —	$ —	$ —	1	$ 128	$ 5	$ —
A	—	—	—	—	1	192	7	—
Total	**—**	**$ —**	**$ —**	**$ —**	**2**	**$ 320**	**$ 12**	**$ —**

[1] Allstate uses the lower of S&P's or Moody's long-term debt issuer ratings.

[2] Only OTC derivatives with a net positive fair value are included for each counterparty.

For certain exchange traded and cleared derivatives, margin deposits are required as well as daily cash settlements of margin accounts.

Exchange traded and cleared margin deposits

($ in millions)	December 31, 2023
Pledged by the Company	$ 66
Received by the Company	—

Market risk is the risk that the Company will incur losses due to adverse changes in market rates and prices. Market risk exists for all of the derivative financial instruments the Company currently holds, as these instruments may become less valuable due to adverse changes in market conditions. To limit this risk, the Company's senior management has established risk control limits. In addition, changes in fair value of the derivative financial instruments that the Company uses for risk management purposes are generally offset by the change in the fair value or cash flows of the hedged risk component of the related assets, liabilities or forecasted transactions.

Certain of the Company's derivative transactions contain credit-risk-contingent termination events and cross-default provisions. Credit-risk-contingent termination events allow the counterparties to terminate the derivative agreement or a specific trade on certain dates if AIC's financial strength credit ratings by Moody's or S&P fall below a certain level. Credit-risk-contingent cross-default provisions allow the counterparties to terminate the derivative agreement if the Company defaults by pre-determined threshold amounts on certain debt instruments.

The following table summarizes the fair value of derivative instruments with termination, cross-default or collateral credit-risk-contingent features that are in a liability position, as well as the fair value of assets and collateral that are netted against the liability in accordance with provisions within legally enforceable MNAs.

($ in millions)	December 31, 2023	December 31, 2022
Gross liability fair value of contracts containing credit-risk-contingent features	$ 10	$ 21
Gross asset fair value of contracts containing credit-risk-contingent features and subject to MNAs	(3)	(11)
Collateral posted under MNAs for contracts containing credit-risk-contingent features	(5)	(10)
Maximum amount of additional exposure for contracts with credit-risk-contingent features if all features were triggered concurrently	**$ 2**	**$ —**

Off-balance sheet financial instruments

Commitments to invest, commitments to purchase private placement securities, commitments to fund loans, financial guarantees and credit guarantees have off-balance sheet risk because their contractual amounts are not recorded in the Company's Consolidated Statements of Financial Position.

Contractual amounts of off-balance sheet financial instruments

($ in millions)	As of December 31, 2023	2022
Commitments to invest in limited partnership interests	$ 2,941	$ 2,778
Private placement commitments	62	114
Other loan commitments	18	10

In the preceding table, the contractual amounts represent the amount at risk if the contract is fully drawn upon, the counterparty defaults and the value of any underlying security becomes worthless. Unless noted otherwise, the Company does not require collateral or other security to support off-balance sheet financial instruments with credit risk.

Commitments to invest in limited partnership interests represent agreements to acquire new or additional participation in certain limited partnership investments. The Company enters into these

agreements in the normal course of business. Because the investments in limited partnerships are not actively traded, it is not practical to estimate the fair value of these commitments.

Private placement commitments represent commitments to purchase private placement debt and private equity securities at a future date. The Company enters into these agreements in the normal course of business. The fair value of the debt commitments generally cannot be estimated on the date the commitment is made as the terms and conditions of the underlying private placement securities are not yet final. Because the private equity securities are not actively traded, it is not practical to estimate fair value of the commitments.

Other loan commitments are agreements to lend to a borrower provided there is no violation of any condition established in the contract. The Company enters into these agreements to commit to future loan fundings at predetermined interest rates. Unless unconditionally cancellable, the Company recognizes a credit loss allowance on such commitments. Commitments have either fixed or varying expiration dates or other termination clauses. The fair value of these commitments is insignificant.

Note 8 Variable Interest Entities

Consolidated VIEs, of which the Company is the primary beneficiary, primarily include Adirondack Insurance Exchange, a New York reciprocal insurer, and New Jersey Skylands Insurance Association, a New Jersey reciprocal insurer (together “Reciprocal Exchanges”). The Reciprocal Exchanges are insurance carriers organized as unincorporated associations. The Company does not own the equity of the Reciprocal Exchanges, which is owned by their respective policyholders.

The Company manages the business operations of the Reciprocal Exchanges and has the power to direct their activities that most significantly impact their economic performance. The Company receives a management fee for the services provided to the Reciprocal Exchanges. In addition, as of both December 31, 2023 and 2022, the Company holds interests of $123 million in the form of surplus notes included in other liabilities and expenses on the Statement of Assets and Liabilities of the Reciprocal Exchanges that provide capital to the Reciprocal Exchanges and would absorb any expected losses. The Company is therefore the primary beneficiary. In addition, the Company provides quota share reinsurance to the Reciprocal Exchanges.

In the event of dissolution, policyholders would share any residual unassigned surplus but are not subject to assessment for any deficit in unassigned surplus of the Reciprocal Exchanges. The assets of the Reciprocal Exchanges can be used only to settle the obligations of the Reciprocal Exchanges and general creditors have no recourse to the Company.

The results of operations of the Reciprocal Exchanges are included in the Company’s Allstate Protection segment and generated $224 million, $164 million and $181 million of earned premiums in 2023, 2022 and 2021, respectively.

Total costs and expenses were $251 million, $244 million and $248 million in 2023, 2022 and 2021, respectively.

Assets and liabilities of Reciprocal Exchanges

($ in millions)	December 31, 2023	December 31, 2022
Assets		
Fixed income securities	$ 267	$ 302
Short-term investments	7	13
Deferred policy acquisition costs	20	15
Premium installment and other receivables, net	40	43
Reinsurance recoverables, net	111	97
Other assets	54	90
Total assets	**499**	**560**
Liabilities		
Reserve for property and casualty insurance claims and claims expense	201	209
Unearned premiums	147	171
Other liabilities and expenses	296	311
Total liabilities	**$ 644**	**$ 691**

Nonconsolidated VIEs The Company makes investments in limited partnership interests and other alternative investments that may be issued by VIEs. These investments are generally accounted for under the equity method and are reported as limited partnership interests in the Company’s Consolidated Statements of Financial Position. The Company does not take an active role in management of these investments. Therefore, the Company has determined it is not the primary beneficiary as it has no ability to direct activities that could significantly affect the economic performance of the investments. The Company’s maximum exposure to loss is limited to the investment carrying value and any unfunded

commitments. Neither the Company's carrying amounts nor the unfunded commitments related to these VIEs are material individually or in the aggregate.

In addition, the Company makes investments in structured securities issued by VIEs for which the Company is not the investment manager. These structured investments typically invest in fixed income securities and are managed by third parties and include ABS and collateralized debt obligations. The Company has not provided financial or other support other than its original investment. For these investments, the Company determined it is not the primary beneficiary due to the relative size of the Company's investment in comparison to the principal amount of the structured securities issued by the VIEs, the Company's inability to direct the activities that most significantly impact the economic performance of the VIEs, and, where applicable, the level of credit subordination which reduces the Company's obligation to absorb losses or right to receive benefits. The Company's maximum exposure to loss on these investments is limited to the amount of the Company's investment. Neither the Company's carrying amounts nor the unfunded commitments related to these VIEs are material individually or in the aggregate.

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

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

When the Company experiences changes in the mix or type of claims or changing claim settlement patterns or data, it applies actuarial judgment in the determination and selection of development factors to develop reserve liabilities. Supply chain disruptions and inflation have resulted in higher part costs, used car values and longer time to claim resolution, which have combined with labor shortages to increase physical damage loss costs. Medical inflation, treatment trends, attorney representation, litigation costs and more severe accidents have contributed to higher third-party bodily injury loss costs. The Company has also digitized and modified claim processes to increase effectiveness and efficiency. These factors may lead to historical development trends being less predictive of future loss development, potentially creating additional reserve variability. Generally, the initial reserves for a new accident year are established based on claim frequency and severity assumptions for different business segments, lines and coverages based on historical relationships to relevant inflation indicators. Reserves for prior accident years are statistically determined using several different actuarial estimation methods. Changes in auto claim frequency may result from changes in mix of business, driving behaviors, miles driven or other factors. Changes in auto current year claim severity are generally influenced by inflation in the medical and auto repair sectors, the effectiveness and efficiency of claim settlements and changes in mix of claim types. When changes in claim data occur, actuarial judgment is used to determine appropriate development factors to establish reserves. The Company's reserving process incorporates changes in loss patterns, operational statistics and changes in claims reporting processes to determine its best estimate of recorded reserves.

As part of the reserving process, the Company may also supplement its claims processes by utilizing third-party adjusters, appraisers, engineers, inspectors, and other professionals and information sources to assess and settle catastrophe and non-catastrophe related claims. The effects of inflation are implicitly considered in the reserving process.

Because reserves are estimates of unpaid portions of losses that have occurred, including IBNR losses, the establishment of appropriate reserves, including reserves for catastrophes, Run-off Property-Liability and reinsurance and indemnification recoverables, is an inherently uncertain and complex process. The ultimate cost of losses may vary materially from recorded amounts, which are based on management's best estimates.

The highest degree of uncertainty is associated with reserves for losses incurred in the initial reporting period as it contains the greatest proportion of losses that have not been reported or settled as well as heightened uncertainty for claims that involve litigation or take longer to settle during periods of rapidly increasing loss costs. The Company also has uncertainty in the Run-off Property-Liability reserves that are based on events long since passed and are complicated by lack of historical data, legal interpretations, unresolved legal issues and legislative intent based on establishment of facts.

The Company regularly updates its reserve estimates as new information becomes available and as events unfold that may affect the resolution of unsettled claims. Changes in reserve estimates, which may be material, are reported in property and casualty insurance claims and claims expense in the Consolidated Statements of Operations in the period such changes are determined.

Management believes that the reserve for property and casualty insurance claims and claims expense, net of recoverables, is appropriately established in the aggregate and adequate to cover the ultimate net cost of reported and unreported claims arising from losses which had occurred by the date of the Consolidated Statements of Financial Position based on available facts, laws and regulations.

Rollforward of reserve for property and casualty insurance claims and claims expense

($ in millions)	2023	2022	2021
Balance as of January 1	$ 37,541	$ 33,060	$ 27,610
Less recoverables [1]	(9,176)	(9,479)	(7,033)
Net balance as of January 1	**28,365**	**23,581**	**20,577**
National General acquisition as of January 4, 2021	—	—	1,797
SafeAuto acquisition as of October 1, 2021	—	—	134
Incurred claims and claims expense related to:			
Current year	40,521	35,523	29,196
Prior years	549	1,741	122
Total incurred	**41,070**	**37,264**	**29,318**
Claims and claims expense paid related to:			
Current year	(23,607)	(20,739)	(18,438)
Prior years	(14,366)	(11,741)	(9,807)
Total paid	**(37,973)**	**(32,480)**	**(28,245)**
Net balance as of December 31	31,462	28,365	23,581
Plus recoverables	8,396	9,176	9,479
Balance as of December 31	**$ 39,858**	**$ 37,541**	**$ 33,060**

[1] Recoverables comprises reinsurance and indemnification recoverables. See Note 11 for further details.

Reconciliation of total claims and claims expense incurred and paid by coverage

	December 31, 2023	
($ in millions)	Incurred	Paid
Allstate Protection		
Auto insurance - liability coverage	$ 15,752	$ (13,032)
Auto insurance - physical damage coverage	9,128	(9,290)
Homeowners insurance	9,330	(8,225)
Total auto and homeowners insurance	34,210	(30,547)
Other personal lines	1,827	(1,632)
Commercial lines	784	(951)
Other business lines	148	(206)
Protection Services	533	(522)
Run-off Property-Liability	78	(89)
Unallocated loss adjustment expenses (“ULAE”)	3,292	(3,269)
Claims incurred and paid from before 2019	243	(845)
Other [1]	(45)	88
Total	**$ 41,070**	**$ (37,973)**

[1] Paid and incurred amounts primarily related to the effect of foreign currency translation adjustments.

Incurred claims and claims expense represents the sum of paid losses, claim adjustment expenses and reserve changes in the calendar year. This expense includes losses from catastrophes of $5.64 billion, $3.11 billion and $3.34 billion in 2023, 2022 and 2021, respectively, net of recoverables. Catastrophes are an inherent risk of the property and casualty insurance business that have contributed to, and will continue to contribute to, material year-to-year fluctuations in the Company’s results of operations and financial position.

The Company calculates and records a single best reserve estimate for losses from catastrophes, in conformance with generally accepted actuarial standards. As a result, management believes that no other estimate is better than the recorded amount. Due to the uncertainties involved, including the factors described above, the ultimate cost of losses may vary materially from recorded amounts, which are based on management’s best estimates.

Prior year reserve reestimates included in claims and claims expense [1]

($ in millions)	Non-catastrophe losses			Catastrophe losses			Total		
	2023	2022	2021	2023	2022	2021	2023	2022	2021
Auto	$ 294	$ 1,249	$ 178	$ (50)	$ (64)	$ (29)	$ 244	$ 1,185	$ 149
Homeowners	66	123	31	36	77	(166)	102	200	(135)
Other personal lines	37	(34)	(96)	(18)	2	(11)	19	(32)	(107)
Commercial lines	76	273	116	8	(1)	3	84	272	119
Other business lines	12	(10)	(19)	—	4	1	12	(6)	(18)
Run-off Property-Liability [2]	89	125	116	—	—	—	89	125	116
Protection Services	(1)	(3)	(2)	—	—	—	(1)	(3)	(2)
Total prior year reserve reestimates	**$ 573**	**$ 1,723**	**$ 324**	**$ (24)**	**$ 18**	**$ (202)**	**$ 549**	**$ 1,741**	**$ 122**

For the years ended December 31,

(1) Favorable reserve reestimates are shown in parentheses.

(2) The Company's 2023, 2022 and 2021 annual reserve review, using established industry and actuarial best practices, resulted in unfavorable reestimates of $ 80 million, $118 million and $111 million, respectively.

The following presents information about incurred and paid claims development as of December 31, 2023, net of recoverables, as well as the cumulative number of reported claims and the total of IBNR reserves plus expected development on reported claims included in the net incurred claims amounts. See Note 2 for the accounting policy and methodology for determining reserves for claims and claims expense, including both reported and IBNR claims. The cumulative number of reported claims is identified by coverage and excludes reported claims for industry pools and facilities where information is not available. The information about incurred and paid claims development for the 2019 to 2023 years, and the average annual percentage payout of incurred claims by age as of December 31, 2023, is presented as required supplementary information.

Auto insurance – liability coverage

($ in millions, except number of reported claims)	Incurred claims and allocated claim adjustment expenses, net of recoverables						IBNR reserves plus expected development on reported claims	Cumulative number of reported claims
	For the years ended December 31,							
Accident year	(unaudited) 2019	(unaudited) 2020	(unaudited) 2021	(unaudited) 2022	2023	Prior year reserve reestimates	As of December 31, 2023	
2019	$ 10,377	$ 10,307	$ 10,557	$ 10,729	$ 10,812	$ 83	$ 642	2,569,785
2020	—	8,651	8,631	8,871	8,904	33	997	1,898,342
2021	—	—	10,365	10,851	11,180	329	2,057	2,229,946
2022	—	—	—	13,321	13,263	(58)	4,202	2,401,908
2023	—	—	—	—	15,365		10,258	2,283,467
				Total	**$ 59,524**	**$ 387**		
Reconciliation to total prior year reserve reestimates recognized by line								
Prior year reserve reestimates for pre-2019 accident years						**229**		
Prior year reserve reestimates for ULAE						**6**		
Other						**—**		
Total prior year reserve reestimates						**$ 622**		

	Cumulative paid claims and allocated claims adjustment expenses, net of recoverables				
	For the years ended December 31,				
Accident year	(unaudited) 2019	(unaudited) 2020	(unaudited) 2021	(unaudited) 2022	2023
2019	$ 3,936	$ 6,995	$ 8,530	$ 9,519	$ 10,170
2020	—	3,111	5,796	7,089	7,907
2021	—	—	3,589	7,304	9,123
2022	—	—	—	4,424	9,061
2023	—	—	—	—	5,107
				Total	**$ 41,368**
All outstanding liabilities before 2019, net of recoverables					1,368
Liabilities for claims and claim adjustment expenses, net of recoverables					**$ 19,524**

Average annual percentage payout of incurred claims by age, net of recoverables, as of December 31, 2023	1 year	2 years	3 years	4 years	5 years
Auto insurance – liability coverage	36.6 %	29.2 %	13.6 %	8.6 %	5.6 %

Auto insurance – physical damage coverage

($ in millions, except number of reported claims)	Incurred claims and allocated claim adjustment expenses, net of recoverables						IBNR reserves plus expected development on reported claims	Cumulative number of reported claims
	For the years ended December 31,							
Accident year	(unaudited) 2019	(unaudited) 2020	(unaudited) 2021	(unaudited) 2022	2023	Prior year reserve reestimates	As of December 31, 2023	
2019	$ 6,241	$ 6,162	$ 6,121	$ 6,120	$ 6,113	$ (7)	$ (11)	4,864,602
2020	—	5,484	5,393	5,369	5,359	(10)	(11)	3,989,262
2021	—	—	7,269	7,326	7,269	(57)	(25)	4,567,859
2022	—	—	—	9,286	9,004	(282)	(79)	4,904,706
2023	—	—	—	—	9,484		970	4,591,024
				Total	**$ 37,229**	**$ (356)**		
Reconciliation to total prior year reserve reestimates recognized by line								
Prior year reserve reestimates for pre-2019 accident years						**(5)**		
Prior year reserve reestimates for ULAE						**(20)**		
Other						**3**		
Total prior year reserve reestimates						**$ (378)**		

	Cumulative paid claims and allocated claims adjustment expenses, net of recoverables				
	For the years ended December 31,				
Accident year	(unaudited) 2019	(unaudited) 2020	(unaudited) 2021	(unaudited) 2022	2023
2019	$ 5,936	$ 6,132	$ 6,126	$ 6,123	$ 6,124
2020	—	5,119	5,405	5,378	5,370
2021	—	—	6,847	7,351	7,294
2022	—	—	—	8,243	9,083
2023	—	—	—	—	8,514
				Total	**$ 36,385**
All outstanding liabilities before 2019, net of recoverables					—
Liabilities for claims and claim adjustment expenses, net of recoverables					**$ 844**

Average annual percentage payout of incurred claims by age, net of recoverables, as of December 31, 2023	1 year	2 years	3 years	4 years	5 years
Auto insurance – physical damage coverage	95.0 %	5.0 %	(0.4)%	(0.1)%	— %

Homeowners insurance

($ in millions, except number of reported claims)	Incurred claims and allocated claim adjustment expenses, net of recoverables						IBNR reserves plus expected development on reported claims	Cumulative number of reported claims
	For the years ended December 31,							
	(unaudited)	(unaudited)	(unaudited)	(unaudited)				
Accident year	**2019**	**2020**	**2021**	**2022**	**2023**	**Prior year reserve reestimates**	**As of December 31, 2023**	
2019	$ 4,694	$ 4,762	$ 4,769	$ 4,781	$ 4,790	$ 9	$ 38	847,160
2020	—	5,626	5,680	5,773	5,824	51	83	977,647
2021	—	—	6,282	6,408	6,468	60	198	989,192
2022	—	—	—	6,537	6,489	(48)	567	784,867
2023	—	—	—	—	9,258		3,469	919,333
				Total	**$ 32,829**	**$ 72**		
Reconciliation to total prior year reserve reestimates recognized by line								
Prior year reserve reestimates for pre-2019 accident years						**29**		
Prior year reserve reestimates for ULAE						**(17)**		
Other						**18**		
Total prior year reserve reestimates						**$ 102**		

	Cumulative paid claims and allocated claims adjustment expenses, net of recoverables				
	For the years ended December 31,				
	(unaudited)	(unaudited)	(unaudited)	(unaudited)	
Accident year	**2019**	**2020**	**2021**	**2022**	**2023**
2019	$ 3,414	$ 4,432	$ 4,621	$ 4,699	$ 4,752
2020	—	4,162	5,423	5,649	5,741
2021	—	—	4,449	6,035	6,270
2022	—	—	—	3,866	5,922
2023	—	—	—	—	5,789
				Total	**$ 28,474**
All outstanding liabilities before 2019, net of recoverables					95
Liabilities for claims and claim adjustment expenses, net of recoverables					**$ 4,450**

Average annual percentage payout of incurred claims by age, net of recoverables, as of December 31, 2023					
	1 year	**2 years**	**3 years**	**4 years**	**5 years**
Homeowners insurance	70.8 %	22.5 %	2.8 %	0.8 %	0.9 %

Reconciliation of the net incurred and paid claims development tables above to the reserve for property and casualty insurance claims and claims expense	
($ in millions)	**As of December 31, 2023**
Net outstanding liabilities	
Allstate Protection	
Auto insurance - liability coverage	$ 19,524
Auto insurance - physical damage coverage	844
Homeowners insurance	4,450
Other personal lines	1,788
Commercial lines	1,745
Other business lines	17
Protection Services	46
Run-off Property-Liability [(1)]	1,361
ULAE	1,679
Other [(2)]	8
Net reserve for property and casualty insurance claims and claims expense	**31,462**
Recoverables	
Allstate Protection	
Auto insurance - liability coverage	6,880
Auto insurance - physical damage coverage	22
Homeowners insurance	343
Other personal lines	243
Commercial lines	326
Other business lines	1
Protection Services	14
Run-off Property-Liability	497
ULAE	70
Total recoverables	**8,396**
Gross reserve for property and casualty insurance claims and claims expense	**$ 39,858**

(1) Run-off Property-Liability includes business in run-off with most of the claims related to accident years more than 40 years ago. IBNR reserves represent $ 762 million of the total reserves as of December 31, 2023.

(2) Primarily related to the unamortized fair value adjustment related to the acquisition of National General.

Note 10 Reserve for Future Policy Benefits and Contractholder Funds

Rollforward of reserve for future policy benefits [1]

	For the years ended December 31,								
	Accident and health			Traditional life			Total		
($ in millions)	2023	2022	2021	2023	2022	2021	2023	2022	2021
Present value of expected net premiums									
Beginning balance	**$ 1,464**	**$ 1,785**	**$ 1,575**	**$ 238**	**$ 254**	**$ 204**	**$ 1,702**	**$ 2,039**	**$ 1,779**
Beginning balance at original discount rate	1,549	1,604	1,307	246	215	154	1,795	1,819	1,461
Effect of changes in cash flow assumptions	(12)	—	—	34	—	—	22	—	—
Effect of actual variances from expected experience	(10)	(137)	(32)	2	36	(5)	(8)	(101)	(37)
Adjusted beginning balance	1,527	1,467	1,275	282	251	149	1,809	1,718	1,424
Issuances [1]	501	371	620	89	34	83	590	405	703
Interest accrual	69	48	52	11	4	7	80	52	59
Net premiums collected	(360)	(337)	(343)	(52)	(43)	(24)	(412)	(380)	(367)
Ending balance at original discount rate	1,737	1,549	1,604	330	246	215	2,067	1,795	1,819
Effect of changes in discount rate assumptions	(49)	(85)	181	(5)	(8)	39	(54)	(93)	220
Ending balance	**1,688**	**1,464**	**1,785**	**325**	**238**	**254**	**2,013**	**1,702**	**2,039**
Present value of expected future policy benefits									
Beginning balance	**2,229**	**2,796**	**2,577**	**524**	**673**	**629**	**2,753**	**3,469**	**3,206**
Beginning balance at original discount rate	2,316	2,426	2,070	534	511	426	2,850	2,937	2,496
Effect of changes in cash flow assumptions	21	(44)	(2)	30	—	—	51	(44)	(2)
Effect of actual variances from expected experience	(33)	(116)	(5)	1	24	4	(32)	(92)	(1)
Adjusted beginning balance	2,304	2,266	2,063	565	535	430	2,869	2,801	2,493
Issuances [1]	486	360	664	102	42	94	588	402	758
Interest accrual	103	76	80	25	12	21	128	88	101
Benefit payments	(398)	(386)	(381)	(36)	(55)	(34)	(434)	(441)	(415)
Ending balance at original discount rate	2,495	2,316	2,426	656	534	511	3,151	2,850	2,937
Effect of changes in discount rate assumptions	(42)	(87)	370	1	(10)	162	(41)	(97)	532
Ending balance	**$ 2,453**	**$ 2,229**	**$ 2,796**	**$ 657**	**$ 524**	**$ 673**	**$ 3,110**	**$ 2,753**	**$ 3,469**
Net reserve for future policy benefits [2]	**$ 765**	**$ 765**	**$ 1,011**	**$ 332**	**$ 286**	**$ 419**	**$ 1,097**	**$ 1,051**	**$ 1,430**
Less: reinsurance recoverables	81	76	149	2	1	2	83	77	151
Net reserve for future policy benefits, after reinsurance recoverables	**$ 684**	**$ 689**	**$ 862**	**$ 330**	**$ 285**	**$ 417**	**$ 1,014**	**$ 974**	**$ 1,279**

[1] 2021 includes assumed business from ALNY and business acquired from National General.

[2] Excludes $250 million, $271 million, and $265 million of reserves related to short-duration and other contracts as of December 31, 2023, 2022 and 2021, respectively.

Revenue and interest recognized in the consolidated statements of operations

($ in millions)	For the years ended December 31, 2023	2022	2021
Revenues [1]			
Accident and health	$ 814	$ 838	$ 872
Traditional life	106	94	55
Total	**$ 920**	**$ 932**	**$ 927**
Interest expense [2]			
Accident and health	$ 34	$ 28	$ 28
Traditional life	14	8	14
Total	**$ 48**	**$ 36**	**$ 42**

[1] Total revenues reflects gross premiums used in the calculation for reserve for future policy benefits. Revenues included in Accident and health insurance premiums and contract charges on the Consolidated Statements of Operations reflect premium revenue recognized for traditional life insurance and long-duration and short-duration accident and health insurance contracts.

[2] Total interest expense presented as part of Accident, health and other policy benefits on the Consolidated Statements of Operations.

The following table provides the amount of undiscounted and discounted expected gross premiums and expected future benefits and expenses for nonparticipating traditional and limited-payment contracts.

	As of December 31,					
	2023		2022		2021	
($ in millions)	Undiscounted	Discounted	Undiscounted	Discounted	Undiscounted	Discounted
Accident and health						
Expected future gross premiums	$ 5,339	$ 3,744	$ 4,919	$ 3,517	$ 5,166	$ 4,369
Expected future benefits and expenses	3,578	2,453	3,243	2,229	3,426	2,796
Traditional life						
Expected future gross premiums	896	623	679	465	614	505
Expected future benefits and expenses	1,301	657	978	524	940	673

Key assumptions used in calculating the reserve for future policy benefits

	As of December 31,			
	Accident and health		Traditional life	
	2023	2022	2023	2022
Weighted-average duration (in years)	4.0	3.6	15.0	13.8
Weighted-average interest rates				
Interest accretion rate (discount rate at contract issuance)	5.83 %	4.97 %	5.41 %	5.56 %
Current discount rate (upper-medium grade fixed income yield)	4.77	4.72	4.97	5.23

Significant assumptions To determine mortality and morbidity assumptions, the Company uses a combination of its historical experience and industry data. Mortality and morbidity are monitored throughout the year. Historical experience is obtained through annual Company experience studies in the third quarter that consider its historical claim patterns. The lapse assumption is determined based on historical lapses of the Company's insurance contracts.

The Company's annual review of the mortality, morbidity and lapse experience assumptions in 2023, 2022, and 2021 resulted in an increase of less than $1 million, a decrease of $4 million and a decrease of $11 million respectively, to the reserve for future policy benefits.

The following table summarizes the ratio of actual to expected experience used in the determination of the reserve for future policy benefits.

	As of December 31,			
	Accident and health		Traditional life	
	2023	2022	2023	2022
Actual to expected experience				
Mortality	n/a	n/a	95 %	238 %
Morbidity	92 %	94 %	n/a	n/a
Lapses	110 %	112 %	78 %	61 %

n/a = not applicable

Contractholder funds

Contractholder funds activity

($ in millions)	For the years ended December 31, 2023	2022	2021
Beginning balance	$ 879	$ 890	$ 857
Deposits	130	133	118
Interest credited	34	32	34
Benefits	(14)	(21)	(41)
Surrenders and partial withdrawals	(21)	(28)	(23)
Contract charges	(119)	(117)	(111)
Other adjustments	(1)	(10)	56
Ending balance	**$ 888**	**$ 879**	**$ 890**
Components of contractholder funds			
Interest-sensitive life insurance	$ 842	$ 829	$ 835
Fixed annuities	46	50	55
Total	**$ 888**	**$ 879**	**$ 890**
Weighted-average crediting rate	4.21 %	4.28 %	4.29 %
Net amount at risk [1]	$ 11,359	$ 11,610	$ 11,682
Cash surrender value	726	719	725

[1] Guaranteed benefit amounts in excess of the current account balances.

Account values: comparison of current crediting rate to guaranteed minimum crediting rate [1]

($ in millions)

Range of guaranteed minimum crediting rates	At guaranteed minimum	1-50 basis points above	Total
December 31, 2023			
Less than 3.00%	$ —	$ —	$
3.00% - 3.49%	—	30	
3.50% - 3.99%	11	—	
4.00% - 4.49%	434	—	4
4.50% - 4.99%	262	—	2
5.00% or greater	67	—	
Non-account balances [2]			
Total	**$ 774**	**$ 30**	**$ 8**
December 31, 2022			
Less than 3.00%	$ —	$ —	$
3.00% - 3.49%	—	16	
3.50% - 3.99%	12	—	
4.00% - 4.49%	429	—	4
4.50% - 4.99%	267	—	2
5.00% or greater	69	—	
Non-account balances [2]			
Total	**$ 777**	**$ 16**	**$ 8**

[1] Difference, in basis points, between rates being credited to contractholders and the respective guaranteed minimum crediting rates.

[2] Non-account balances include unearned revenue and amounts related to policies where a claim is either in the course of settlement or IBNR. A claim on a life insurance policy results in the accrual of interest at a rate and over a period of time that is specified by state insurance regulations.

Accident and health short-duration contracts

The following presents information about incurred and paid claims development as of December 31, 2023, net of recoverables, as well as the cumulative number of reported claims and the total of IBNR reserves plus expected development on reported claims included in the net incurred claims amounts. See Note 2 for the accounting policy and methodology for determining reserves for future policy benefits, including both reported and IBNR claims. The Company's accident and health claims are counted by claim number assigned to each claimant per illness, injury or death, regardless of number of services rendered for each incident. Claims closed without payment are not included in the cumulative number of reported accident and health claims. The information about incurred and paid claims development for the 2019 to 2023 years, and the average annual percentage payout of incurred claims by age as of December 31, 2023, is presented as required supplementary information.

Group and individual accident and health

($ in millions, except number of reported claims)	Incurred claims and allocated claim adjustment expenses, net of recoverables					IBNR reserves plus expected development on reported claims	Cumulative number of reported claims
	For the years ended December 31,						
Accident year	(unaudited) 2019	(unaudited) 2020	(unaudited) 2021	(unaudited) 2022	2023	As of December 31, 2023	
2019	$ 257	$ 239	$ 242	$ 242	$ 242	$ —	313,017
2020	—	297	293	294	291	1	415,364
2021	—	—	424	420	415	2	677,649
2022	—	—	—	437	402	8	587,462
2023	—	—	—	—	476	164	413,651
				Total	**$ 1,826**		

	Cumulative paid claims and allocated claims adjustment expenses, net of recoverables				
	For the years ended December 31,				
Accident year	(unaudited) 2019	(unaudited) 2020	(unaudited) 2021	(unaudited) 2022	2023
2019	$ 158	$ 234	$ 242	$ 242	$ 242
2020	—	184	284	290	290
2021	—		272	408	414
2022	—	—	—	275	393
2023	—	—	—	—	312
				Total	**$ 1,651**
All outstanding liabilities before 2019, net of recoverables					—
Liabilities for claims and claim adjustment expenses, net of recoverables					**$ 175**

Reconciliation of the net incurred and paid claims development tables above to the reserve for future policy benefits		
($ in millionsdisplay)		**As of December 31, 2023**
Net outstanding liabilities		
Group and individual accident and health short-duration contracts	$	175
Long-duration accident and health insurance		684
Long-duration traditional life insurance		330
Other contracts [1]		29
ULAE		9
Net reserve for future policy benefits		**1,227**
Recoverables		
Group and individual accident and health short-duration contracts		37
Other accident and health short-duration contracts		—
Insurance lines other than short-duration		83
ULAE		—
Gross reserve for future policy benefits	**$**	**1,347**

[1] Other includes short-duration contracts related to employer voluntary benefits and other contracts.

Average annual percentage payout of incurred claims by age, net of recoverables, as of December 31, 2023	1 year	2 years	3 years	4 years	5 years
Group and individual accident and health	64.2 %	33.1 %	2.0 %	0.5 %	0.2 %

Note 11 Reinsurance and Indemnification

Effects of reinsurance and indemnification on property and casualty premiums written and earned and accident and health insurance premiums and contract charges

($ in millions)	For the years ended December 31, 2023	2022	2021
Property and casualty insurance premiums written			
Direct	$ 54,632	$ 50,065	$ 45,523
Assumed	396	245	213
Ceded	(2,018)	(1,824)	(1,736)
Property and casualty insurance premiums written, net of recoverables	**$ 53,010**	**$ 48,486**	**$ 44,000**
Property and casualty insurance premiums earned			
Direct	$ 52,301	$ 47,552	$ 43,944
Assumed	358	221	178
Ceded	(1,989)	(1,869)	(1,904)
Property and casualty insurance premiums earned, net of recoverables	**$ 50,670**	**$ 45,904**	**$ 42,218**
Accident and health insurance premiums and contract charges			
Direct	$ 1,865	$ 1,838	$ 1,892
Assumed	28	31	21
Ceded	(47)	(37)	(79)
Accident and health insurance premiums and contract charges, net of recoverables	**$ 1,846**	**$ 1,832**	**$ 1,834**

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

($ in millions)	For the years ended December 31, 2023	2022	2021
Property and casualty insurance claims and claims expense [1]	$ (633)	$ (1,600)	$ (3,484)
Accident, health and other policy benefits	(44)	15	(91)

[1] Includes approximately $39 million of ceded losses related to the Nationwide Reinsurance Program for 2023.

Reinsurance and indemnification recoverables, net

($ in millions)	As of December 31, 2023	2022
Property and casualty		
Paid and due from reinsurers and indemnitors	$ 254	$ 291
Unpaid losses estimated (including IBNR)	8,396	9,176
Total property and casualty	**$ 8,650**	**$ 9,467**
Accident and health insurance	159	152
Total	**$ 8,809**	**$ 9,619**

Rollforward of credit loss allowance for reinsurance recoverables

($ in millions)	For the years ended December 31, 2023	2022
Property and casualty [1] [2]		
Beginning balance	$ (62)	$ (66)
Increase in the provision for credit losses	(1)	(5)
Write-offs	1	9
Ending balance	**$ (62)**	**$ (62)**
Accident and health insurance		
Beginning balance	$ (3)	$ (8)
Decrease/(Increase) in the provision for credit losses	—	5
Write-offs	—	—
Ending Balance	**$ (3)**	**$ (3)**

[1] Primarily related to Run-off Property-Liability reinsurance ceded.

[2] Indemnification recoverables are considered collectible based on the industry pool and facility enabling legislation.

Property and casualty reinsurance and indemnifications recoverables

Property and casualty programs are grouped by the following characteristics:

1. Indemnification programs - industry pools, facilities or associations that are governed by state insurance statutes or regulations or the federal government.
2. Catastrophe reinsurance programs - reinsurance protection for catastrophe exposure nationwide and by specific states, as applicable.
3. Other reinsurance programs - reinsurance protection for asbestos, environmental and other liability exposures as well as commercial lines, including shared economy.

Property and casualty reinsurance is in place for the Allstate Protection, Run-off lines and Protection Services segments. The Company purchases reinsurance after evaluating the financial condition of the reinsurer as well as the terms and price of coverage.

Indemnification programs The Company participates in state-based industry pools or facilities mandating participation by insurers offering certain coverage in their state, including the Michigan Catastrophic Claims Association ("MCCA"), the New Jersey Property-Liability Insurance Guaranty Association ("PLIGA"), the North Carolina Reinsurance Facility ("NCRF") and the Florida Hurricane Catastrophe Fund ("FHCF"). When the Company pays qualifying claims under the coverage indemnified by a state's pool or facility, the Company is reimbursed for the qualifying claim losses and expenses. Each state pool or facility may assess participating companies to collect sufficient amounts to meet its total indemnification requirements. The enabling legislation for each state's pool or facility compels the pool or facility only to indemnify participating companies for qualifying claim losses and expenses; the state pool or facility does not underwrite the coverage or take on the ultimate risk of the indemnified business. As a pass through, these pools or facilities manage the receipt of assessments paid by participating companies and payment of indemnified amounts for covered claims presented by participating companies. The Company has not had any credit losses related to these indemnification programs.

State-based industry pools or facilities

Michigan Catastrophic Claims Association The MCCA is a statutory indemnification mechanism for member insurers' qualifying personal injury protection claims paid for the unlimited lifetime medical benefits above the applicable retention level for qualifying injuries from automobile, motorcycle and commercial vehicle accidents. Indemnification recoverables on paid and unpaid claims, including IBNR, as of December 31, 2023 and 2022 include $6.42 billion and $6.72 billion, respectively, from the MCCA for its indemnification obligation.

The MCCA is funded by annually assessing participating member companies actively writing motor vehicle coverage in Michigan on a per vehicle basis that is currently $122 per vehicle insured for unlimited personal injury protection ("PIP") coverage and $48 per vehicle for other PIP coverage. The MCCA's calculation of the annual assessment is based upon the total of members' actuarially determined present value of expected payments on lifetime claims by all persons expected to be catastrophically injured in that year and ultimately qualify for MCCA reimbursement, its operating expenses, and adjustments for the amount of excesses or deficiencies in prior assessments. The assessment is incurred by the Company as policies are written and recovered as a component of premiums from the Company's customers.

The MCCA indemnifies qualifying claims of all current and former member companies (whether or not actively writing motor vehicle coverage in Michigan) for qualifying claims and claims expenses incurred while the member companies were actively writing the mandatory PIP coverage in Michigan. Member companies actively writing automobile coverage in Michigan include the MCCA annual assessments in determining the level of premiums to charge insureds in the state.

As required for member companies by the MCCA, the Company reports covered paid and unpaid claims to the MCCA when estimates of loss for a reported claim are expected to exceed the retention level, the claims involve certain types of severe injuries, or there are litigation demands received suggesting the claim value exceeds certain thresholds. The retention level is adjusted upward every other MCCA fiscal year by the lesser of 6% or the increase in the consumer price index. The retention level is $635 thousand per claim for the fiscal two-years ending June 30, 2025 compared to $600 thousand per claim for the fiscal two-years ending June 30, 2023.

The MCCA is obligated to fund the ultimate liability of member companies' qualifying claims and claim expenses. The MCCA does not underwrite the insurance coverage or hold any underwriting risk.

The MCCA indemnifies members as qualifying claims are paid and billed by members to the MCCA. Unlimited lifetime covered losses result in significant levels of ultimate incurred claim reserves being recorded by member companies along with offsetting indemnification recoverables. Disputes with claimants over coverage on certain reported claims can result in additional losses, which may be recoverable from the MCCA, excluding litigation expenses. There is currently no method by which insurers are able to obtain the benefit of managed care programs to reduce claims costs through the MCCA.

The MCCA annual assessments fund current operations and member company reimbursements. The MCCA prepares statutory-basis financial statements in conformity with accounting practices prescribed or permitted by the State of Michigan Department of Insurance and Financial Services ("MI

DOI”). The MI DOI has granted the MCCA a statutory permitted practice that expires in June 30, 2025 to discount its liabilities for loss and loss adjustment expense. As of June 30, 2023, the date of its most recent annual financial report, the MCCA had cash and invested assets of $21.58 billion and an accumulated deficit of $2.05 billion. The permitted practice reduced the accumulated deficit by $44.95 billion. As a result of this deficit, the assessment includes an increase of $48 per passenger and commercial vehicle and motorcycle insured beginning July 1, 2023, with varying assessments for commercial fleet and historical vehicles.

New Jersey Property-Liability Insurance Guaranty Association PLIGA serves as the statutory administrator of the Unsatisfied Claim and Judgment Fund (“UCJF”), Workers’ Compensation Security Fund and the New Jersey Surplus Lines Insurance Guaranty Fund.

In addition to its insolvency protection responsibilities, PLIGA reimburses insurers for unlimited excess medical benefits (“EMBs”) paid in connection with PIP claims in excess of $75,000 for policies issued or renewed prior to January 1, 1991, and limited EMB claims in excess of $75,000 and capped at $250,000 for policies issued or renewed on or after January 1, 1991, to December 31, 2003.

A significant portion of the incurred claim reserves and the recoverables can be attributed to a small number of catastrophic claims. Assessments paid to PLIGA for the EMB program totaled $7 million in 2023. The amounts of paid and unpaid recoverables as of December 31, 2023 and 2022 were $326 million and $330 million, respectively.

PLIGA annually assesses all admitted property and casualty insurers writing covered lines in New Jersey for PLIGA indemnification and expenses. PLIGA assessments may be recouped as a surcharge on premiums collected. PLIGA does not ultimately retain underwriting risk as it assesses member companies for their expected qualifying losses to provide funding for payment of its indemnification obligation to member companies for their actual losses. As a pass through, PLIGA facilitates these transactions of receipt of assessments paid by member companies and payment to member companies for covered claims presented by them for indemnification. As of December 31, 2022, the date of its most recent annual financial report, PLIGA had a fund balance of $271 million.

As statutory administrator of the UCJF, PLIGA provides compensation to qualified claimants for personal injury protection, bodily injury, or death caused by private passenger automobiles operated by uninsured or “hit and run” drivers. The UCJF also provides private passenger pedestrian personal injury protection benefits when no other coverage is available.

PLIGA annually collects a UCJF assessment from all admitted property and casualty insurers writing motor vehicle liability insurance in New Jersey for UCJF indemnification and expenses. UCJF assessments can be expensed as losses recoverable in rates as appropriate. As of December 31, 2022, the date of its most recent annual financial report, the UCJF fund had a balance of $71 million.

North Carolina Reinsurance Facility The NCRF provides automobile liability insurance to drivers that private market insurers are not otherwise willing to insure. All insurers licensed to write automobile insurance in North Carolina are members of the NCRF. Premiums, losses and expenses are assigned to the NCRF. North Carolina law allows the NCRF to recoup operating losses for certain insureds through a surcharge to policyholders. As of September 30, 2023, the NCRF reported a deficit of $122 million in members’ equity. The NCRF implemented a loss recoupment surcharge on all private passenger and commercial fleet policies effective October 1, 2023, through March 31, 2024. Member companies are assessed the recoupment surcharge. The loss recoupment surcharge will be adjusted on April 1, 2024 and discontinued once losses are recovered. The NCRF results are shared by the member companies in proportion to their respective North Carolina automobile liability writings. For the fiscal year ending September 30, 2023, net gain was $25 million, including $1.2 billion of earned premiums, $364 million of certain private passenger auto risk recoupment and $153 million of member loss recoupments. As of December 31, 2023, the NCRF recoverables on paid claims is $83 million and recoverables on unpaid claims is $299 million. Paid recoverable balances, if covered, are typically settled within sixty days of monthly filing.

Florida Hurricane Catastrophe Fund Allstate subsidiaries Castle Key Insurance Company (“CKIC”) and Castle Key Indemnity Company (“CKI”, and together with CKIC, “Castle Key”) participate in the mandatory coverage provided by the FHCF and therefore have access to reimbursement for certain qualifying Florida hurricane losses from the FHCF. Castle Key has exposure to assessments and pays annual premiums to the FHCF for this reimbursement protection. The FHCF has the authority to issue bonds to pay its obligations to participating insurers in excess of its capital balances. Payment of these bonds is funded by emergency assessments on all property and casualty premiums in the state, except workers’ compensation, medical malpractice, accident and health insurance and policies written under the National Flood Insurance Program (“NFIP”). The FHCF emergency assessments are limited to 6% of premiums per year beginning the first year in which reimbursements require bonding, and up to a total of 10% of premiums per year for assessments in the second and subsequent years, if required to fund additional bonding. The FHCF has not issued an emergency assessment since 2015.

Annual premiums earned and paid under the FHCF agreement were $ 28 million, $24 million and $15 million in 2023, 2022 and 2021, respectively. Commuted contracts related to Hurricane Irma resulted in payments to the Company of $6 million in 2023. Qualifying losses were $ 74 million and $13 million in 2022 and 2021, respectively. The Company has access

to reimbursement provided by the FHCF for 90% of qualifying personal property losses that exceed its current retention of $152 million for the two largest hurricanes and $51 million for other hurricanes, up to a maximum total of $312 million, effective from June 1, 2023 to May 31, 2024. The amounts recoverable from the FHCF totaled $82 million and $96 million as of December 31, 2023 and 2022, respectively.

Federal Government - National Flood Insurance Program NFIP is a program administered by the Federal Emergency Management Agency ("FEMA") whereby the Company sells and services NFIP flood insurance policies as an agent of FEMA and receives fees for its services. The Company is fully indemnified for claims and claim expenses and does not retain any ultimate risk for the indemnified business. The federal government is obligated to pay all claims and certain allocated loss adjustment expenses in accordance with the arrangement.

Congressional authorization for the NFIP is periodically evaluated and may be subjected to freezes, including when the federal government experiences a shutdown. FEMA has a NFIP reinsurance program to manage the future exposure of the NFIP through the transfer of risk to private reinsurance companies and capital market investors. Congress is evaluating the funding of the program as well as considering reforms to the program that would be incorporated in legislation to reauthorize the NFIP. As of September 30, 2023, the NFIP owes $20.5 billion to the U.S. Treasury.

The amounts recoverable as of December 31, 2023 and 2022 were $76 million and $145 million, respectively. Premiums earned under the NFIP include $327 million, $319 million and $350 million in 2023, 2022 and 2021, respectively. Qualifying losses incurred include $102 million, $435 million and $267 million in 2023, 2022 and 2021, respectively.

Catastrophe reinsurance The Company's reinsurance program is designed to provide reinsurance protection for catastrophes resulting from multiple perils including hurricanes, windstorms, hail, tornadoes, winter storms, wildfires, earthquakes and fires following earthquakes.

- The Company purchases reinsurance from traditional reinsurance companies as well as the insurance-linked securities ("ILS") market.
- The majority of the Company's program comprises multi-year contracts, primarily placed in the traditional reinsurance market, such that generally one-third of the program is renewed every year.
- Coverage is generally purchased on a broad geographic, product line and multiple peril loss basis.
- Florida personal lines property is covered by a separate agreement, as the risk of loss is different and the Company's subsidiaries operating in this state are separately capitalized.
- When applicable, reinsurance reinstatement premiums are recognized in the same period as the loss event that gave rise to the reinstatement premium and are recorded in claims and claims expense in the consolidated statements of operations.

The Company's current catastrophe reinsurance program supports the Company's risk and return framework which is intended to provide shareholders with an acceptable return on the risks assumed in the property business, and to reduce variability of earnings, while providing protection to customers. This framework incorporates the Company's robust economic capital model and is informed by catastrophe risk models including hurricanes, earthquakes and wildfires and adjusts based on premium and insured value growth. The Company's reinsurance agreements are part of its capital models and its catastrophe risk management strategy. As of December 31, 2023, the modeled 1-in-100 probable maximum loss for hurricane, earthquake and wildfire perils is approximately $2.5 billion, net of reinsurance. The Company continually reviews its aggregate risk appetite and the cost and availability of reinsurance to optimize the risk and return profile of this exposure. The following catastrophe reinsurance agreements are in effect as of December 31, 2023.

The Nationwide Excess Catastrophe Reinsurance Program (the "Nationwide Program") provides coverage up to $6.92 billion of loss less retention of $500 million to $750 million, and is subject to the percentage of reinsurance placed in each of its agreements. Property business in the state of Florida is excluded from this program. Separate reinsurance agreements address the distinct needs of separately capitalized legal entities. The Nationwide Program includes reinsurance agreements with both the traditional and ILS markets as described below:

- *Core traditional market multi-year and per occurrence excess agreements* provide limits totaling $4.69 billion for catastrophe losses arising out of multiple perils and are comprised of the following:
  - $3.58 billion of placed limits exhausting at $4.25 billion, with one annual reinstatement:
    - 31.6% of the coverage is provided in four multi-year contracts attaching at $500 million.
    - 31.7% of the coverage is provided in five multi-year contracts with the first $250 million in excess of $500 million retained by Allstate.
    - 31.7% of the coverage is provided in one single-year contract providing $250 million of placed limit in excess of a $750 million retention and four multi-year contracts attaching at $1.00 billion.
    - Three single-year contracts providing coverage between $1.75 billion and $4.25 billion, 4% placed.

- Two single-year contracts providing $500 million of limits in excess of a $4.25 billion retention, one 95% placed and one 4% placed.
- $105 million of placed limits in excess of a $ 4.75 billion retention and $131 million of placed limits in excess of a $ 5.54 billion retention, both with a 5% co-participation and one reinstatement of limits over its eight-year term.
- $375 million of placed limits in single-year placements filling capacity around the multi-year and ILS placements:
  - One contract providing $95 million of placed limits in excess of a $4.75 billion retention, with two limits available in any one contract year.
  - One contract providing $260 million of placed limits in excess of a $4.75 billion retention, with no annual reinstatement.
  - One contract providing $20 million of placed limits in excess of a $6.82 billion retention, with no annual reinstatement.

- *ILS placements* provide $1.80 billion of placed limits, with no reinstatement of limits, and are comprised of the following:
  - Six contracts providing occurrence coverage of $ 1.05 billion of placed limits, reinsuring losses in all states except Florida caused by named storms, earthquakes and fire following earthquakes, severe weather, wildfires, and other naturally occurring or man-made events determined to be a catastrophe by the Company.
  - Three contracts providing occurrence and aggregate coverage of $425 million of placed limits, also provide that for each annual period beginning April 1, Allstate declared catastrophes to personal lines property and automobile business can be aggregated to erode the aggregate retention and qualify for coverage under the aggregate limits. Recoveries are limited to the ultimate net loss from the reinsured event.
  - Two contracts, providing aggregate coverage of $ 325 million of placed limits.

Florida program The Florida program provides coverage for property policies of CKIC and certain affiliate companies for Florida catastrophe events up to $1.66 billion of a billion of losses less a $ 40 million retention. The Florida program includes reinsurance agreements placed in the traditional market, the FHCF, the Florida Reinsurance to Assist Policyholders Program (“RAP”) and the ILS market as follows:

- Traditional market placements comprise reinsurance limits for losses to personal lines property in Florida arising out of multiple perils. These contracts provide a combined $695 million of limits, with a portion of the traditional market placements providing coverage for perils not covered by the FHCF and RAP contracts, which only cover hurricanes.
- Three FHCF contracts provide $330 million of limits for qualifying losses to personal lines property in Florida caused by storms the National Hurricane Center declares to be hurricanes. The three contracts are 90% placed.
- Three RAP contracts provide $49 million of limits for qualifying losses to personal lines property in Florida caused by storms the National Hurricane Center declares to be hurricanes. The three contracts are 90% placed.
- ILS placements provide $620 million of reinsurance limits for qualifying losses to personal lines property in Florida caused by a named storm event, a severe weather event, an earthquake event, a fire event, a volcanic eruption event, or a meteorite impact event.

National General Lender Services Standalone Program is placed in the traditional market and provides $255 million of coverage, subject to a $60 million retention, with one reinstatement of limits. Inuring contracts include the National General Florida Hurricane Catastrophe Fund contract providing $64 million of limits in excess of a $ 33 million retention, 90% placed, and the National General RAP Contract providing $10 million of limits in excess of a $24 million retention, 90% placed.

National General Reciprocal Excess Catastrophe Reinsurance Contracts are placed in the traditional market and provide $600 million of coverage, subject to a $20 million retention, with one reinstatement of limits.

Kentucky Earthquake Excess Catastrophe Reinsurance Contract is placed in the traditional market and provides two limits of $28 million, subject to a $2 million retention with one reinstatement of limits.

Canada Catastrophe Excess of Loss Reinsurance Contract is placed in the traditional market and provides CAD 255 million of placed limits, subject to a CAD 75 million retention, with one reinstatement of limits.

The Company has not experienced credit losses on its catastrophe reinsurance programs. The total cost of the property catastrophe reinsurance program was $1.02 billion, $788 million and $556 million in 2023, 2022 and 2021, respectively.

Other reinsurance programs The Company’s other reinsurance programs relate to commercial lines, including shared economy, and asbestos, environmental, and other liability exposures. The largest reinsurance recoverable balance the Company had outstanding was $180 million from Lloyd’s of London as of December 31, 2023 and 2022. These programs also include reinsurance recoverables of $113 million and $183 million from Aleka Insurance Inc. as of December 31, 2023 and 2022, respectively.

Note 12 Deferred Policy Acquisition Costs

Deferred policy acquisition costs activity

($ in millions)	Accident and health insurance long-duration contracts: Accident and health	Traditional life	Interest-sensitive life	Accident and health insurance short-duration contracts	Property and casualty	Total
Year ended December 31, 2023						
Beginning balance	$ 322	$ 79	$ 101	$ 26	$ 4,914	$ 5,442
Acquisition costs deferred	100	33	16	13	7,614	7,776
Amortization charged to income	(73)	(21)	(14)	(10)	(7,128)	(7,246)
Experience adjustment	(28)	(1)	(3)	—	—	(32)
Ending balance	**$ 321**	**$ 90**	**$ 100**	**$ 29**	**$ 5,400**	**$ 5,940**
Year ended December 31, 2022						
Beginning balance	$ 339	$ 47	$ 90	$ 17	$ 4,245	$ 4,738
Acquisition costs deferred	88	40	27	16	7,167	7,338
Amortization charged to income	(77)	(7)	(15)	(7)	(6,498)	(6,604)
Experience adjustment	(28)	(1)	(1)	—	—	(30)
Ending balance	**$ 322**	**$ 79**	**$ 101**	**$ 26**	**$ 4,914**	**$ 5,442**
Year ended December 31, 2021						
Beginning balance	$ 333	$ 32	$ 97	$ 10	$ 3,304	$ 3,776
Acquisitions [1]	3	—	—	—	321	324
Acquisition costs deferred	93	26	14	13	6,728	6,874
Amortization charged to income	(64)	(10)	(17)	(6)	(6,108)	(6,205)
Experience adjustment	(26)	(1)	(4)	—	—	(31)
Ending balance	**$ 339**	**$ 47**	**$ 90**	**$ 17**	**$ 4,245**	**$ 4,738**

[1] Represents value of business acquired from National General and SafeAuto.

Note 13 Capital Structure

Total debt outstanding

($ in millions)	As of December 31, 2023	2022
Floating Rate Senior Notes, due 2023 [1]	$ —	$ 250
3.150% Senior Notes, due 2023 [2]	—	500
6.750% Senior Notes due 2024 [2] [4]	350	350
0.750% Senior Notes, due 2025 [2]	600	600
3.280% Senior Notes, due 2026 [2]	550	550
Due in one year through five years	**1,500**	**2,250**
1.450% Senior Notes, due 2030 [2]	600	600
6.125% Senior Notes, due 2032 [2]	159	159
5.250% Senior Notes due 2033 [2]	750	—
5.350% Senior Notes due 2033 [2]	323	323
Due after five years through ten years	**1,832**	**1,082**
5.550% Senior Notes due 2035 [2]	546	546
5.950% Senior Notes, due 2036 [2]	386	386
6.900% Senior Debentures, due 2038	165	165
5.200% Senior Notes, due 2042 [2]	62	62
4.500% Senior Notes, due 2043 [2]	500	500
4.200% Senior Notes, due 2046 [2]	700	700
3.850% Senior Notes, due 2049 [2]	500	500
Floating Rate Subordinated Debentures, due 2053 [3]	500	500
Floating Rate Subordinated Debentures, due 2053 [3]	800	800
6.500% Junior Subordinated Debentures, due 2067	500	500
Due after ten years	**4,659**	**4,659**
Long-term debt total principal	**7,991**	**7,991**
Fair value adjustments [4]	7	26
Debt issuance costs	(56)	(53)
Total long-term debt	**7,942**	**7,964**
Short-term debt [5]	—	—
Total debt	**$ 7,942**	**$ 7,964**

[1] 2023 Floating Rate Senior Notes were not redeemable prior to the applicable maturity dates and bear interest at a floating rate equal to three-month LIBOR, reset quarterly on each interest reset date, plus 0.63% per year.

[2] Senior Notes are subject to redemption at the Company's option in whole or in part at any time at the greater of either 100% of the principal amount plus accrued and unpaid interest to the redemption date or the discounted sum of the present values of the remaining scheduled payments of principal and interest and accrued and unpaid interest to the redemption date.

[3] 2053 Subordinated Debentures became floating rate in 2023.

[4] Debt acquired as part of the National General acquisition completed on January 4, 2021.

[5] The Company classifies any borrowings which have a maturity of twelve months or less at inception as short-term debt.

Debt maturities

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

($ in millions)	
2024	$ 350
2025	600
2026	550
2027	—
2028	—
Thereafter	6,491
Total long-term debt principal	**$ 7,991**

Repayment of debt On March 29, 2023, the Company repaid, at maturity, $250 million of Floating Rate Senior Notes that bear interest at a floating rate equal to three-month London Interbank Offered Rate ("LIBOR") plus 0.63% per year. On June 15, 2023, the Company repaid, at maturity, $500 million of 3.15% Senior Notes.

Issuance of debt On March 31, 2023, the Company issued $ 750 million of 5.250% Senior Notes due 2033. Interest on the Senior Notes is payable semi-annually in arrears on March 30 and September 30 of each year, beginning on September 30, 2023. The Senior Notes are redeemable at any time at the applicable redemption price prior to the maturity date. The net proceeds of this issuance were used to repay the $500 million senior debt maturity and for general corporate purposes.

LIBOR-linked debt The administrator of LIBOR ceased the publication of the U.S. dollar ("USD") LIBOR settings on June 30, 2023. LIBOR was used as a

benchmark or reference rate for Subordinated Debentures that the Company has issued.

Subordinated Debentures The Subordinated Debentures allow for the use of an alternative methodology to determine the interest rate if LIBOR is no longer available. The Federal Reserve Board adopted a final rule that implemented the Adjustable Interest Rate (LIBOR) Act on December 16, 2022. This guidance impacts the alternative rate methodology utilized by the Subordinated Debentures.

Both Subordinated Debentures replaced the three-month LIBOR with the CME Term SOFR Reference Rate published for a three-month tenor plus a spread adjustment of 0.26161% effective for interest paid under the terms of each of the Subordinated Debentures after June 30, 2023, as shown in the table below.

rest rates for LIBOR-linked debt

millions)	5.100% Subordinated Debentures, due 2053	5.750% Subordinated Debentures, due 2053
t outstanding	$ 500	$ 800
dend accrual date [1]	July 15, 2023	August 15, 2023
e following commencement date	3-month SOFR + 3.165% + 0.26161%	3-month SOFR + 2.938% + 0.26161%

[1] First dividend accrual date following the last published three-month LIBOR rate on June 30, 2023.

The Subordinated Debentures may be redeemed (i) in whole at any time or in part from time to time on or after January 15, 2023 for the 5.100% Subordinated Debentures and August 15, 2023 for the 5.750% Subordinated Debentures at their principal amount plus accrued and unpaid interest to, but excluding, the date of redemption; provided that if the Subordinated Debentures are not redeemed in whole, at least $25 million aggregate principal amount must remain outstanding, or (ii) in whole, but not in part, prior to January 15, 2023 for the 5.100% Subordinated Debentures and August 15, 2023 for the 5.750% Subordinated Debentures, within 90 days after the occurrence of certain tax and rating agency events, at their principal amount or, if greater, a make-whole redemption price, plus accrued and unpaid interest to, but excluding, the date of redemption. The 5.750% Subordinated Debentures have this make-whole redemption price provision only when a reduction of equity credit assigned by a rating agency has occurred.

Interest on the 5.100% Subordinated Debentures was payable quarterly at the stated fixed annual rate to January 14, 2023, or any earlier redemption date, and then at an annual rate equal to the three-month LIBOR plus 3.165%. Interest on the 5.750% Subordinated Debentures was payable semi-annually at the stated fixed annual rate to August 14, 2023, or any earlier redemption date, and then quarterly at an annual rate equal to the three-month LIBOR plus 2.938%.

Junior Subordinated Debentures As of December 31, 2023, the Company had outstanding $500 million of Series A 6.500% Fixed-to-Floating Rate Junior Subordinated Debentures ("Junior Subordinated Debentures"). The scheduled maturity date for the Debentures is May 15, 2057 with a final maturity date of May 15, 2067. The Junior Subordinated Debentures may be redeemed (i) in whole or in part, at any time on or after May 15, 2037 at the principal amount plus accrued and unpaid interest to the date of redemption, or (ii) in certain circumstances, in whole or in part, prior to May 15, 2037 at the principal amount plus accrued and unpaid interest to the date of redemption or, if greater, a make-whole price.

Interest on the Junior Subordinated Debentures is payable semi-annually at the stated fixed annual rate to May 15, 2037, and then payable quarterly at an annual rate equal to the three-month LIBOR plus 2.120%. The LIBOR Act guidance impacted the alternative rate methodology utilized by the Debentures. The Junior Subordinated Debentures replaced the three-month LIBOR with the CME Term SOFR Reference Rate published for a three-month tenor plus a spread adjustment of 0.26161%. The Company may elect at one or more times to defer payment of interest on the Junior Subordinated Debentures for one or more consecutive interest periods that do not exceed 10 years. Interest compounds during such deferral periods at the rate in effect for each period. The interest deferral feature obligates the Company in certain circumstances to issue common stock or certain other types of securities if it cannot otherwise raise sufficient funds to make the required interest payments. The Company has reserved 75 million shares of its authorized and unissued common stock to satisfy this obligation.

The terms of the Subordinated Debentures and Junior Subordinated Debentures prohibit the Company from declaring or paying any dividends or distributions on common or preferred stock or redeeming, purchasing, acquiring, or making liquidation payments on common stock or preferred stock if the Company has elected to defer interest payments on the Subordinated Debentures or Junior Subordinated Debentures, respectively, subject to certain limited exceptions.

In connection with the issuance of the Junior Subordinated Debentures, the Company entered into a replacement capital covenant ("RCC"). This covenant was not intended for the benefit of the holders of the Junior Subordinated Debentures and could not be enforced by them. Rather, it was for the benefit of holders of one or more other designated series of the Company's indebtedness ("covered debt"), currently the $800 million Floating Rate Subordinated Debentures due in 2053. Pursuant to the RCC, the Company has agreed that it will not repay, redeem, or purchase the Junior Subordinated Debentures on or before May 15, 2067 (or such earlier date on which the RCC terminates by its terms) unless, subject to certain limitations, the Company has received net cash proceeds in specified amounts from the sale of common stock or certain other qualifying securities.

The promises and covenants contained in the RCC will not apply if (i) S&P upgrades the Company's issuer credit rating to A or above, (ii) the Company redeems the Junior Subordinated Debentures due to a tax event, (iii) after notice of redemption has been given by the Company and a market disruption event occurs preventing the Company from raising proceeds in accordance with the RCC, or (iv) the Company repurchases or redeems up to 10% of the outstanding principal of the Junior Subordinated Debentures in any one-year period, provided that no more than 25% will be so repurchased, redeemed or purchased in any ten-year period.

The RCC terminates in 2067. The RCC will terminate prior to its scheduled termination date if (i) the Junior Subordinated Debentures are no longer outstanding and the Company has fulfilled its obligations under the RCC or it is no longer applicable, (ii) the holders of a majority of the then-outstanding principal amount of the then-effective series of covered debt consent to agree to the termination of the RCC, (iii) the Company does not have any series of outstanding debt that is eligible to be treated as covered debt under the RCC, (iv) the Junior Subordinated Debentures are accelerated as a result of an event of default, (v) certain rating agency or change in control events occur, (vi) S&P, or any successor thereto, no longer assigns a solicited rating on senior debt issued or guaranteed by the Company, or (vii) the termination of the RCC would have no effect on the equity credit provided by S&P with respect to the Junior Subordinated Debentures. An event of default, as defined by the supplemental indenture, includes default in the payment of interest or principal and bankruptcy proceedings.

Other capital resources To manage short-term liquidity, the Company maintains a commercial paper program and a credit facility as a potential source of funds. In November, 2020, the Company entered into a new unsecured revolving credit facility agreement with a borrowing limit of $750 million. In November 2022, the maturity date was extended to November 2027 and the USD benchmark rate was amended from LIBOR to SOFR. This facility contains an increase provision that would allow up to an additional $500 million of borrowing. This facility has a financial covenant requiring the Company not to exceed a 37.5% debt to capitalization ratio as defined in the agreement. Although the right to borrow under the facility is not subject to a minimum rating requirement, the costs of maintaining the facility and borrowing under it are based on the ratings of the Company's senior unsecured, unguaranteed long-term debt. The total amount outstanding at any point in time under the combination of the commercial paper program and the credit facility cannot exceed the amount that can be borrowed under the credit facility. No amounts were outstanding under the credit facility as of December 31, 2023 or 2022. The Company had no commercial paper outstanding as of December 31, 2023 or 2022.

The Company paid $355 million, $323 million and $321 million of interest on debt in 2023, 2022 and 2021, respectively.

The Company had $209 million and $371 million of investment-related debt that is reported in other liabilities and accrued expenses as of December 31, 2023 and 2022, respectively.

During 2021, the Company filed a universal shelf registration statement with the Securities and Exchange Commission ("SEC") that expires in 2024. The registration statement covers an unspecified amount of securities and can be used to issue debt securities, common stock, preferred stock, depositary shares, warrants, stock purchase contracts, stock purchase units and securities of trust subsidiaries.

Common stock The Company had 900 million shares of issued common stock of which 262 million shares were outstanding and 638 million shares were held in treasury as of December 31, 2023. In 2023, the Company acquired 3 million shares at an average cost of $ 118.18 and reissued 2 million net shares under equity incentive plans.

Preferred stock All outstanding preferred stock represents noncumulative perpetual preferred stock with a $1.00 par value per share and a liquidation preference of $25,000 per share.

Redemption of preferred stock On April 17, 2023, the Company redeemed all 23,000 shares of Fixed Rate Noncumulative Preferred Stock, Series G, par value $1.00 per share and liquidation preference amount of $25,000 per share, and the corresponding depositary shares for a total redemption payment of $575 million. The Company recognized $ 18 million of original issuance costs in preferred stock dividends on the Consolidated Statements of Operations and Consolidated Statements of Shareholders' Equity.

Issuance of preferred stock On May 18, 2023, the Company issued 24,000 shares of Fixed Rate Noncumulative Preferred Stock, Series J, par value $1.00 per share and liquidation preference amount of $ 25,000 per share, and the corresponding depositary shares for gross proceeds of $600 million.

Total preferred stock outstanding

	As of December 31,		Aggregate liquidation preference ($ in millions)			Dividend per depository share [1]			Aggregate dividend payment ($ in millions)		
	2023	2022	2023	2022	Dividend rate	2023	2022	2021	2023	2022	2021
Series G [2]	—	23,000	$ —	$ 575.0	5.625 %	$ 0.70	$ 1.41	$ 1.41	$ 16 [3]	$ 32	$ 32
Series H	46,000	46,000	1,150.0	1,150.0	5.100 %	1.28	1.28	1.28	59	59	59
Series I	12,000	12,000	300.0	300.0	4.750 %	1.19	1.19	1.19	14	14	14
Series J	24,000	—	600.0	—	7.375 %	0.75	—	—	18	—	—
National General Series [4]									—	—	9
Total	**82,000**	**81,000**	**$ 2,050**	**$ 2,025**					**$ 107**	**$ 105**	**$ 114**

[1] Each depository share represents a 1/1,000th interest in a share of preferred stock.

[2] On April 17, 2023, the Company redeemed all outstanding shares of Preferred Stock Series G.

[3] Excludes $18 million related to original issuance costs in preferred stock dividends on the Consolidated Statements of Operations and Consolidated Statements of Shareholders' Equity as a result of the preferred stock redemptions.

[4] On February 2, 2021 and July 15, 2021, the Company redeemed all outstanding shares of National General Series A, B and D, and National General Preferred Stock Series C, respectively.

The preferred stock ranks senior to the Company's common stock with respect to the payment of dividends and liquidation rights. The Company will pay dividends on the preferred stock on a noncumulative basis only when, as and if declared by the Company's board of directors (or a duly authorized committee of the board) and to the extent that the Company has legally available funds to pay dividends. If dividends are declared on the preferred stock, they will be payable quarterly in arrears at an annual fixed rate. Dividends on the preferred stock are not cumulative. Accordingly, in the event dividends are not declared on the preferred stock for payment on any dividend payment date, then those dividends will cease to be payable. If the Company has not declared a dividend before the dividend payment date for any dividend period, the Company has no obligation to pay dividends for that dividend period, whether or not dividends are declared for any future dividend period. No dividends may be paid or declared on the Company's common stock and no shares of the Company's common stock may be repurchased unless the full dividends for the latest completed dividend period on the preferred stock have been declared and paid or provided for.

The preferred stock does not have voting rights except with respect to certain changes in the terms of the preferred stock, in the case of certain dividend nonpayments, certain other fundamental corporate events, mergers or consolidations and as otherwise provided by law. If and when dividends have not been declared and paid in full for at least six quarterly dividend periods or their equivalent (whether or not consecutive), the authorized number of directors then constituting the Company's board of directors will be increased by two. The holders of the preferred stock, together with the holders of all other affected classes and series of voting parity stock, voting as a single class, will be entitled to elect the two additional members of the board of directors of the Company, subject to certain conditions. The board of directors shall at no time have more than two preferred stock directors.

The preferred stock is perpetual and has no maturity date. The preferred stock is redeemable at the Company's option in whole or in part, on or after October 15, 2024 for Series H, January 15, 2025 for Series I and July 15, 2028 for Series J at a redemption price of $25,000 per share, plus declared and unpaid dividends. Prior to October 15, 2024 for Series H, January 15, 2025 for Series I and July 15, 2028 for Series J, the preferred stock is redeemable at the Company's option, in whole but not in part, within 90 days after the occurrence of certain regulatory capital events at a redemption price equal to $25,000 per share or within 90 days after the occurrence of a certain rating agency event at a redemption price equal to $25,500 per share, plus declared and unpaid dividends for Series H, I and J, respectively.

Note 14 Company Restructuring

The Company undertakes various programs to reduce expenses. These programs generally involve a reduction in staffing levels, and in certain cases, office closures. Restructuring and related charges primarily include the following costs related to these programs:

- *Employee* - severance and relocation benefits
- *Exit* - contract termination penalties and real estate costs primarily related to accelerated amortization of right-of-use assets and related leasehold improvements at facilities to be vacated

The expenses related to these activities are included in the Consolidated Statements of Operations as restructuring and related charges and totaled $169 million, $51 million and $170 million in 2023, 2022 and 2021, respectively.

Restructuring expenses in 2023 primarily relate to implementing actions to streamline the organization and outsource operations, and real estate costs related to facilities being vacated. The Company continues to identify ways to improve operating efficiency and reduce cost which may result in additional restructuring charges in the future.

Organizational transformation

($ in millions)	
Expected program charges	$ 95
2023 expenses	(91)
Remaining program charges	**$ 4**

These charges are primarily recorded in the Allstate Protection segment. The actions related to the organizational transformation component of the Transformative Growth plan are substantially complete as of December 31, 2023.

Restructuring activity during the period

($ in millions)	Employee costs	Exit costs	Total liability
Restructuring liability as of December 31, 2022	$ 27	$ 7	$ 34
Expense incurred	104	71	175
Adjustments to liability	—	(6)	(6)
Payments and non-cash charges	(91)	(71)	(162)
Restructuring liability as of December 31, 2023	**$ 40**	**$ 1**	**$ 41**

As of December 31, 2023, the cumulative amount incurred to date for active programs related to employee severance, relocation benefits and exit expenses totaled $103 million for employee costs and $76 million for exit costs.

Note 15 Commitments, Guarantees and Contingent Liabilities

Shared markets and state facility assessments

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

The Company routinely reviews its exposure to assessments from these plans, facilities and government programs. Underwriting results related to these arrangements, which tend to be adverse, have been immaterial to the Company's results of operations in the last three years. Because of the Company's participation, it may be exposed to losses that surpass the capitalization of these facilities or assessments from these facilities.

Florida Citizens Castle Key is subject to assessments from Citizens Property Insurance Corporation in the state of Florida ("FL Citizens"), which was initially created by the state of Florida to provide insurance to property owners unable to obtain coverage in the private insurance market. FL Citizens, at the discretion and direction of its Board of Governors, can levy a regular assessment on assessable insurers and assessable insureds for a deficit in any calendar year up to a maximum of the greater of: 2% of the projected deficit or 2% of the aggregate statewide direct written premium for the prior calendar year. The base of assessable insurers includes all property and casualty premiums in the state, except workers' compensation, medical malpractice, accident and health insurance and policies written under the NFIP. An insurer may recoup a regular assessment through a surcharge to policyholders. In order to recoup this assessment, an insurer must file for a policy surcharge with the Florida Office of Insurance Regulation at least fifteen days prior to imposing the surcharge on policies. If a deficit remains after the regular assessment, FL Citizens can also levy emergency assessments in the current and subsequent years. Companies are required to collect the emergency assessments directly from residential property policyholders and remit to FL Citizens as collected. Currently, the emergency assessment is zero for all policies issued or renewed on or after July 1, 2015.

Louisiana Citizens Louisiana Citizens Property Insurance Corporation ("LA Citizens") can levy a regular assessment on participating companies for a deficit in any calendar year up to a maximum of the greater of 10% of the calendar year deficit or 10% of Louisiana direct property premiums industry-wide for the prior calendar year. If the plan year deficit exceeds the

amount that can be recovered through regular assessments, LA Citizens may fund the remaining deficit by issuing revenue assessment bonds in the capital markets. LA Citizens then declares emergency assessments each year to provide debt service on the bonds until they are retired. Companies writing assessable lines must surcharge their policyholders emergency assessments in the percentage established annually by LA Citizens and must remit amounts collected to the bond trustee on a quarterly basis. Emergency assessments to pay off bonds issued in 2007 for the hurricanes of 2005 will continue until 2025.

Facilities such as FL Citizens and LA Citizens are generally designed so that the ultimate cost is borne by policyholders; however, the exposure to assessments from these facilities and the availability of recoupments or premium rate increases may not offset each other in the Company's financial statements. Moreover, even if they do offset each other, they may not offset each other in financial statements for the same fiscal period due to the ultimate timing of the assessments and recoupments or premium rate increases, as well as the possibility of policies not being renewed in subsequent years.

California Earthquake Authority Exposure to certain potential losses from earthquakes in California is limited by the Company's participation in the California Earthquake Authority ("CEA"), which provides insurance for California earthquake losses. The CEA is a privately-financed, publicly-managed state agency created to provide insurance coverage for earthquake damage. Insurers selling homeowners insurance in California are required to offer earthquake insurance to their customers either through their company or by participation in the CEA. The Company's homeowners policies continue to include coverages for losses caused by explosions, theft, glass breakage and fires following an earthquake, which are not underwritten by the CEA.

As of October 31, 2023, the CEA's capital balance was approximately $6.00 billion. Should losses arising from an earthquake cause a deficit in the CEA, an additional $2.10 billion would be obtained from the proceeds of revenue bonds the CEA may issue, an existing $9.30 billion reinsurance layer, $1.00 billion from policy surcharge, and finally, if needed, assessments on participating insurance companies. Participating insurers are required to pay an assessment, currently estimated not to exceed $1.70 billion, if the capital of the CEA falls below $350 million. Within the limits previously described, the assessment could be intended to restore the CEA's capital to a level of $350 million. There is no provision that allows insurers to recover assessments through a premium surcharge or other mechanism. The CEA's projected aggregate claim paying capacity is $20.10 billion as of October 31, 2023 and if an event were to result in claims greater than its capacity, affected policyholders may be paid a prorated portion of their covered losses, paid on an installment basis, or no payments may be made if the claim paying capacity of the CEA is insufficient.

All future assessments on participating CEA insurers are based on their CEA insurance market share as of December 31 of the preceding year. As of December 31, 2023, the Company's market share was 8.5%. The Company's market share will increase 0.3% with the addition of National General as a participating CEA insurer in 2023. At the current level, the Company's maximum possible CEA assessment was $141 million during 2023. These amounts are re-evaluated by the board of directors of the CEA on an annual basis. Accordingly, assessments from the CEA for a particular quarter or annual period may be material to the results of operations and cash flows, but not the financial position of the Company. Management believes the Company's exposure to earthquake losses in California has been significantly reduced as a result of its participation in the CEA.

Texas Windstorm Insurance Association The Company participates as a member of the Texas Windstorm Insurance Association ("TWIA"), which provides wind and hail property coverage to coastal risks unable to procure coverage in the voluntary market. Wind and hail coverage is written on a TWIA-issued policy. TWIA follows a funding structure first utilizing currently available funds set aside from current and prior years. Under the current law, to the extent losses exceed premiums received from policyholders, TWIA utilizes a combination of reinsurance, TWIA issued securities, as well as member and policyholder assessments to fund loss payments.

Any assessments from TWIA for a particular quarter or annual period may be material to the results of operations and cash flows, but not to the financial position of the Company.

North Carolina Joint Underwriters Association The North Carolina Joint Underwriters Association ("NCJUA") was created to provide property insurance for properties, other than the state's beach and coastal areas, that insurers are not otherwise willing to insure. All insurers licensed to write property insurance in North Carolina are members of the NCJUA. Premiums, losses and expenses of the NCJUA are shared by the member companies in proportion to their respective North Carolina property insurance writings. Member companies participate in plan deficits or surpluses based on their participation ratios, which are determined annually. The Company had a $7 million receivable from the NCJUA at December 31, 2023 representing its participation in the NCJUA's surplus of $10 million for all open years.

North Carolina Insurance Underwriting Association The North Carolina Insurance Underwriting Association ("NCIUA") provides property insurance, including windstorm and hail coverage, for properties located in the state's beach and coastal areas that insurers are not otherwise willing to insure. All insurers licensed to write residential and commercial property insurance in North Carolina are members of the NCIUA. Members are assessed in proportion to their North Carolina residential and commercial property insurance writings, which is determined annually and varies by coverage, for plan deficits. As of December 31, 2023,

the NCIUA had a surplus of $1.03 billion. No member company is entitled to the distribution of any portion of the NCIUA's surplus. The Company does not recognize any interest related to this surplus. Legislation in 2009 capped insurers' assessments for losses incurred in any calendar year at $1.00 billion. Subsequent to an industry assessment of $1.00 billion, if the plan continues to require funding, it may authorize insurers to assess a 10% catastrophe recovery charge on each property insurance policy statewide to be remitted to the plan.

Other programs The Company is also subject to assessments by the NCRF and the FHCF, which are described in Note 11.

Guaranty funds

Under state insurance guaranty fund laws, insurers doing business in a state can be assessed, up to prescribed limits, for certain obligations of insolvent insurance companies to policyholders and claimants. Amounts assessed to each company are typically related to its proportion of business written in each state. The Company's policy is to accrue assessments when the entity for which the insolvency relates has met its state of domicile's statutory definition of insolvency, the amount of the loss is reasonably estimable and the related premium upon which the assessment is based is written. In most states, the definition is met with a declaration of financial insolvency by a court of competent jurisdiction. In certain states there must also be a final order of liquidation. Since most states allow a credit against premium or other state related taxes for assessments, an asset is recorded based on paid and accrued assessments for the amount the Company expects to recover on the respective state's tax return and is realized over the period allowed by each state. As of December 31, 2023 and 2022, the liability balance included in other liabilities and accrued expenses was $23 million and $29 million, respectively. The related premium tax offsets included in other assets were $5 million and $6 million as of December 31, 2023 and 2022, respectively.

Guarantees

In the normal course of business, the Company provides standard indemnifications to contractual counterparties in connection with numerous transactions, including acquisitions and divestitures. The types of indemnifications typically provided include indemnifications for breaches of representations and warranties, taxes and certain other liabilities, such as third-party lawsuits. The indemnification clauses are often standard contractual terms and are entered into in the normal course of business based on an assessment that the risk of loss would be remote. The terms of the indemnifications vary in duration and nature. In many cases, the maximum obligation is not explicitly stated and the contingencies triggering the obligation to indemnify have not occurred and are not expected to occur. Consequently, the maximum amount of the obligation under such indemnifications is not determinable. Historically, the Company has not made any material payments pursuant to these obligations.

Related to the sale of ALNY on October 1, 2021, AIC agreed to indemnify Wilton Reassurance Company in connection with certain representations, warranties and covenants of AIC, and certain liabilities specifically excluded from the transaction, subject to specific contractual limitations regarding AIC's maximum obligation. Management does not believe these indemnifications will have a material effect on results of operations, cash flows or financial position of the Company.

Related to the sale of ALIC and Allstate Assurance Company on November 1, 2021, AIC and Allstate Financial Insurance Holdings Corporation (collectively, the "Sellers") agreed to indemnify Everlake US Holdings Company in connection with certain representations, warranties and covenants of the Sellers, and certain liabilities specifically excluded from the transaction, subject to specific contractual limitations regarding the Sellers' maximum obligation. Management does not believe these indemnifications will have a material effect on results of operations, cash flows or financial position of the Company.

The aggregate liability balance related to all guarantees was not material as of December 31, 2023.

Regulation and compliance

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

modifications, and the reviews that led to them, may be accompanied by payments being made and costs being incurred. The ultimate changes and eventual effects of these actions on the Company's business, if any, are uncertain.

Legal and regulatory proceedings and inquiries

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

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

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

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

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

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

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

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

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

These developments may include information learned through the discovery process, rulings on dispositive motions, settlement discussions, information obtained from other sources, experience from managing these and other matters, and other rulings by courts, arbitrators or others. When the Company possesses sufficient appropriate information to develop an estimate of the reasonably possible loss or range of loss above the amount accrued, if any, that estimate is aggregated and disclosed below. There

may be other disclosed matters for which a loss is probable or reasonably possible, but such an estimate is not possible. Disclosure of the estimate of the reasonably possible loss or range of loss above the amount accrued, if any, for any individual matter would only be considered when there have been sufficient legal and factual developments such that the Company's ability to resolve the matter would not be impaired by the disclosure of the individual estimate.

The Company currently estimates that the aggregate range of reasonably possible loss in excess of the amount accrued, if any, for the disclosed matters where such an estimate is possible is zero to $56 million, pre-tax. This disclosure is not an indication of expected loss, if any. Under accounting guidance, an event is "reasonably possible" if "the chance of the future event or events occurring is more than remote but less than likely" and an event is "remote" if "the chance of the future event or events occurring is slight." This estimate is based upon currently available information and is subject to significant judgment and a variety of assumptions and known and unknown uncertainties. The matters underlying the estimate will change from time to time, and actual results may vary significantly from the current estimate. The estimate does not include matters or losses for which an estimate is not possible. Therefore, this estimate represents an estimate of possible loss only for certain matters meeting these criteria. It does not represent the Company's maximum possible loss exposure. Information is provided below regarding the nature of all of the disclosed matters and, where specified, the amount, if any, of plaintiff claims associated with these loss contingencies.

Due to the complexity and scope of the matters disclosed in the "Claims related proceedings" and "Other proceedings" subsections below and the many uncertainties that exist, the ultimate outcome of these matters cannot be predicted and in the Company's judgment, a loss, in excess of amounts accrued, if any, is not probable. In the event of an unfavorable outcome in one or more of these matters, the ultimate liability may be in excess of amounts currently accrued, if any, and may be material to the Company's operating results or cash flows for a particular quarterly or annual period. However, based on information currently known to it, management believes that the ultimate outcome of all matters described below, as they are resolved over time, is not likely to have a material effect on the financial position of the Company.

Claims related proceedings The Company is managing various disputes in Florida that raise challenges to the Company's practices, processes, and procedures relating to claims for personal injury protection benefits under Florida auto policies. Medical providers continue to pursue litigation under various theories that challenge the amounts that the Company pays under the personal injury protection coverage, seeking additional benefit payments, as well as applicable interest, penalties and fees. There is a pending lawsuit, *Revival Chiropractic v. Allstate Insurance Company* , *et al*. (M.D. Fla. filed January 2019; appeal pending, Eleventh Circuit Court of Appeals), where the federal district court denied class certification and plaintiff's request to file a renewed motion for class certification. In *Revival*, on June 2, 2022, the Eleventh Circuit certified to the Florida Supreme Court Allstate's appeal of the federal district court's interpretation of the state personal injury protection statute. The Eleventh Circuit is holding determination on plaintiff's class certification appeal pending the outcome of the Florida Supreme Court certification. The oral argument before the Florida Supreme Court was on March 8, 2023. The Company is also defending litigation involving individual plaintiffs.

The Company is defending putative class actions in various courts that raise challenges to the Company's depreciation practices in homeowner property claims. In these lawsuits, plaintiffs generally allege that, when calculating actual cash value, the costs of "non-materials" such as labor, general contractor's overhead and profit, and sales tax should not be subject to depreciation. The Company is currently defending the following lawsuits on this issue: *Sims, et al. v. Allstate Fire and Casualty Insurance Company, et al.* (W.D. Tex. filed June 2022); *Thompson, et al. v. Allstate Insurance Company* (Circuit Court of Cole Co., Mo. filed June 2022); *Hill v. Allstate Vehicle and Property Insurance Company* (Circuit Court of Cole Co., Mo. filed October 2022); *Tabuga v. Allstate Vehicle and Property Insurance Company* (D. Md. filed April 2023); and *Hernandez v. Allstate Vehicle and Property Insurance Company* (D. Ariz. filed April 2023) (the Shumway plaintiff was substituted with Hernandez). No classes have been certified in any of these matters.

The Company is defending putative class actions pending in multiple states alleging that the Company underpays total loss vehicle physical damage claims on auto policies. The alleged systematic underpayments result from the following theories: (a) the third-party valuation tool used by the Company as part of a comprehensive adjustment process is allegedly flawed, biased, or contrary to applicable law; and/or (b) the Company allegedly does not pay sales tax, title fees, registration fees, and/or other specified fees that are allegedly mandatory under policy language or state legal authority.

The Company is currently defending the following lawsuits: *Kronenberg v. Allstate Insurance Company and Allstate Fire and Casualty Insurance Company* (E.D.N.Y. filed December 2018); *Durgin v. Allstate Property and Casualty Insurance Company* (W.D. La. filed June 2019); *Golla v. Allstate Insurance Company* (N.D. Ohio filed June 2023); *Bibbs v. Allstate Insurance Company and Allstate Fire and Casualty Insurance Company* (N.D. Ohio filed August 2023); *Hail v. Allstate Property and Casualty Insurance Company* (State Court of Habersham Co., Ga. filed December 2023); and *Katz v. Esurance Property and Casualty Insurance Company and National General Insurance Company* (E.D.N.Y. filed February 2024). No classes have been certified in any of these matters.

Settlements in principle have been reached in the following cases: *Bass v. Imperial Fire and Casualty Insurance Company* (W.D. La. filed February 2022); and

Cummings v. Allstate Property and Casualty Insurance Company (M.D. La. filed April 2022).

The Company is defending putative class actions in Arizona federal court that are alleging underpayment of uninsured/underinsured motorist claims. The lawsuits are *Dorazio v. Allstate Fire and Casualty Insurance Company* (D. Ariz. filed December 2022) and *Loughran v. MIC General Insurance Corporation* (D. Ariz. filed December 2022). The plaintiffs allege that uninsured/underinsured motorist coverages must be stacked where the defendants allegedly did not include specified policy language and did not provide specified notice to policyholders. No classes have been certified in these matters. In July 2023, the Arizona Supreme Court issued a ruling in *Franklin v. CSAA General Insurance*, a matter involving another insurer. The *Franklin* decision held, under the factual circumstances of that case, that stacking of uninsured/underinsured motorist coverages was required because the insurer did not include specified policy language and did not issue specified notice.

The Company is currently defending its insureds against plaintiffs' bodily injury lawsuit stemming from a 2018 automobile accident, *Equihua v. Chausse and Nash* (Superior Court of Los Angeles Co., Cal. filed Jan. 2019). On August 18, 2021, a jury returned a verdict against the insureds. The Company then moved to intervene in the lawsuit on September 9, 2021 and together with the insureds, sought to vacate the judgment and to obtain a new trial. On November 2, 2021, the trial court denied the post-trial motions to vacate the judgment and for a new trial and the Company's motion to intervene. The Company and the insureds subsequently filed an appeal with the California Court of Appeal, Second District, which affirmed judgment in favor of plaintiffs on November 6, 2023. On December 18, 2023, the insureds filed a petition for review with the California Supreme Court. On February 14, 2024, the California Supreme Court entered an order denying the petition for review.

Other proceedings The Company has pending an investigatory hearing before the California Insurance Commissioner concerning the private passenger automobile insurance rating practices of Allstate Insurance Company and Allstate Indemnity Company in California. The investigatory hearing is captioned *In the Matter of the Rating Practices of Allstate Insurance Company and Allstate Indemnity Company*. Pursuant to the Notice of Hearing issued by the California Insurance Commissioner, the California Insurance Commissioner is investigating: (1) whether Allstate has potentially violated California insurance law by using illegal price optimization; (2) how Allstate implemented any such potentially illegal price optimization in its private passenger auto insurance rates and/or class plans; and (3) how such potentially illegal price optimization impacted Allstate's private passenger auto insurance policyholders. Fact discovery was completed in the investigatory hearing. Allstate and the California Department of Insurance have reached an agreement in principle to resolve the investigatory hearing. The May 22, 2023 hearing was continued. A new hearing date has not been set.

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

Plaintiffs further allege that a senior officer engaged in stock option exercises during that time allegedly while in possession of material nonpublic information about Allstate brand auto insurance claim frequency. The Company, its chairman, president and chief executive officer, and its former president are the named defendants. After the court denied their motion to dismiss on February 27, 2018, defendants answered the complaint, denying plaintiffs' allegations that there was any misstatement or omission or other misconduct. On June 22, 2018, plaintiffs filed their motion for class certification. The court allowed the lead plaintiffs to amend their complaint to add the City of Providence Employee Retirement System as a proposed class representative and on September 12, 2018, the amended complaint was filed. A class was certified on March 26, 2019, vacated by the U.S. Court of Appeals for the Seventh Circuit on July 16, 2020 and remanded for further consideration by the district court. On December 21, 2020, the district court again granted plaintiffs' motion for class certification and certified a class consisting of all persons who purchased Allstate common stock between October 29, 2014 and August 3, 2015. Defendants' petition for permission to appeal this ruling was denied on January 28, 2021. Following the close of discovery, defendants moved for summary judgment on March 23, 2022. On July 26, 2022, the court entered its order granting summary judgment in part (as to plaintiffs' claims relating to certain statements made in October 2014) and denying it as to the remainder of plaintiffs' claims. On January 10, 2023, the parties filed a joint pre-trial order. A pre-trial conference did not occur. Subsequently, on June 28, 2023, the parties reached an agreement in principle to settle the action, without any admission of liability or wrongdoing. On September 26, 2023, an order was entered by the district court granting preliminary approval of the class settlement. On December 19, 2023, the district court granted final approval of the class settlement. No appeal was filed.

The Company is continuing to defend two putative class actions in California federal court, *Holland Hewitt v. Allstate Life Insurance Company* (E.D. Cal. filed May 2020) and *Farley v. Lincoln Benefit Life Company* (E.D. Cal. filed Dec. 2020), following the sale of ALIC. On April 19, 2023, the district court certified a class in *Farley.* LBL is appealing the district court's order in the Ninth Circuit Court of Appeals. There has been no ruling on

plaintiff's motion for class certification in *Hewitt.* In these cases, plaintiffs generally allege that the defendants failed to comply with certain California statutes which address contractual grace periods and lapse notice requirements for certain life insurance policies. Plaintiffs claim that these statutes apply to life insurance policies that existed before the statutes' effective date. The plaintiffs seek damages and injunctive relief. Similar litigation is pending against other insurance carriers. In August 2021, the California Supreme Court in *McHugh v. Protective Life*, a matter involving another insurer, determined that the statutory notice requirements apply to life insurance policies issued before the statutes' effective date. The Company asserts various defenses to plaintiffs' claims and to class certification.

Note 16 Income Taxes

The Company and its eligible domestic subsidiaries file a U.S. consolidated federal income tax return. The Company also files tax returns in various states and foreign jurisdictions. Tax liabilities and benefits realized by the consolidated group are allocated as generated by the respective entities.

Deferred income taxes result from temporary differences between the tax basis of assets and liabilities and their reported amounts in the financial statements that will result in taxable or deductible amounts in future years. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in years in which those temporary differences are expected to be recovered or settled. Deferred tax assets and liabilities are adjusted through income tax expense as changes in tax laws or rates are enacted.

Inflation Reduction Act of 2022 The Inflation Reduction Act of 2022 ("Act"), which contains several tax-related provisions, was signed into law on August 16, 2022. The Act created a 15% corporate alternative minimum tax ("CAMT") on certain large corporations and an excise tax of 1% on stock repurchases by publicly traded U.S. corporations, both effective after December 31, 2022. The excise tax on common stock repurchases is classified as an additional cost of the stock acquired included in treasury stock in shareholders' equity.

In addition, under the CAMT rules, the Company has determined that it is considered an "Applicable Corporation" which requires computation of federal income tax liability under two tax systems, the U.S. regular corporate tax and the CAMT. Although the CAMT may apply in any given year where the CAMT liability exceeds the regular tax liability, the CAMT would generate a non-expiring tax credit carryforward which would be accounted for as a deferred tax asset. The CAMT credit can be used to reduce regular tax in future years when the regular tax liability is greater than the CAMT liability.

The impact of a change in tax law is required to be recognized in the period of enactment. As such in assessing the realizability of our deferred tax assets, including determination of valuation allowance, the Company has made an accounting policy election to evaluate the realizability of deferred tax assets excluding the impact of the CAMT.

15% Global Minimum Tax The Organization for Economic Cooperation and Development ("OECD") secured agreement from nearly 140 countries to address how corporate profits are taxed for multinational enterprises ("MNEs"). OECD has released Pillar Two Model Rules, a 15% minimum effective tax rate (also known as the Global Anti-Base Erosion "GloBE" Rules), designed to ensure that large MNEs pay a minimum level of tax on the income arising in each jurisdiction where they operate and mandates sharing of certain company information with taxing authorities on a local and global basis.

Certain jurisdictions have enacted, and others have proposed, legislation to implement certain provisions of Pillar Two for fiscal years beginning on or after December 31, 2023. The Company is continuing to monitor the implications resulting from the potential enactment of Pillar Two rules in the jurisdictions where it operates.

Regulatory tax examinations On January 4, 2021 and October 1, 2021, the Company acquired National General and SafeAuto, respectively. For tax years prior to the acquisition, National General is under a separate audit by the Internal Revenue Service ("IRS"). The IRS has completed its exam of Allstate's tax years prior to 2017 and National General tax years prior to 2015. Currently, the Company is under exam for the 2017 and 2018 tax years and National General is under exam for the 2015 through 2019 tax years. The Company believes that adequate provision has been made in the consolidated financial statements for any potential adjustments that may result from IRS examinations or any other tax authorities related to all open tax years.

Unrecognized tax benefits The Company recognizes tax positions in the consolidated financial statements only when it is more likely than not that the position will be sustained on examination by the relevant taxing authority based on the technical merits of the position. A position that meets this standard is measured at the largest amount of benefit that will more likely than not be realized on settlement. A liability is established for differences between positions taken in a tax return and amounts recognized in the consolidated financial statements.

Reconciliation of the change in the amount of unrecognized tax benefits

($ in millions)	For the years ended December 31, 2023	2022	2021
Balance – beginning of year	$ 17	$ 17	$ 12
Acquisitions	—	—	5
Increase for tax positions taken in a prior year	23	—	—
Increase for tax positions taken in the current year	5	—	—
Balance – end of year	**$ 45**	**$ 17**	**$ 17**

The Company believes that it is reasonably possible that a portion of the unrecognized tax benefits could decrease within the next twelve months as a result of the lapse of the applicable statute of limitations, which is not expected to be material to the financial statements.

The Company recognizes interest expense related to uncertain tax benefits in income tax (benefit) expense and penalties in operating costs and expenses. For the years ended December 31, 2023, 2022, and 2021, interest expense related to unrecognized tax benefits of $7 million, $3 million, and zero was recorded, respectively. The total accrued interest expense and penalties as of December 31, 2023 and 2022 were $24 million and $17 million, respectively.

Components of the deferred income tax assets and liabilities

($ in millions)	As of December 31, 2023	2022
Deferred tax assets		
Unearned premium reserves	$ 897	$ 815
Discount on loss reserves	269	228
Net operating loss carryover	258	97
Research & development capitalization	228	219
Unrealized net capital losses	174	609
Accrued compensation	121	128
General business credits carryover	110	—
Pension	26	10
Other postretirement benefits	13	15
Other	110	95
Total deferred tax assets before valuation allowance	**2,206**	**2,216**
Valuation allowance	(69)	(34)
Total deferred tax assets after valuation allowance	**2,137**	**2,182**
Deferred tax liabilities		
DAC	(1,075)	(1,018)
Investments	(455)	(431)
Intangible assets	(99)	(147)
Other	(289)	(204)
Total deferred tax liabilities	**(1,918)**	**(1,800)**
Net deferred tax assets	**$ 219**	**$ 382**

As of December 31, 2023, the Company has U.S. federal, state and foreign net operating loss ("NOL") and general business credit carryforwards. In assessing the realizability of gross deferred tax assets, management considers whether it is more likely than not that some portion or all of the gross deferred tax assets will not be realized. Management considers the scheduled reversal of deferred tax liabilities, projected future taxable income and tax planning strategies in making this assessment, as well as limitations on use in future periods. Accordingly, management believes that it is more likely than not that the benefit from certain NOL carryforwards will not be fully realized. The Company has a valuation allowance of $69 million on the deferred tax assets related to these NOL carryforwards.

The following table sets forth the amounts and expiration dates of federal, foreign, state net operating loss carryforwards and tax credit carryforwards.

Components of the net operating loss carryforwards as of December 31, 2023

($ in millions)	20-Year Carryforward Expires in 2025-2043	Indefinite	20-Year Carryforward Expires in 2043	Various
U.S. Federal NOL	$ 255	$ 12	$ —	$ —
Foreign NOL	—	398	—	—
State NOL [1]	—	—	—	134
U.S. Federal general business credits	—	—	110	—

[1] Multiple state net operating loss carryforwards expiring in various periods, beginning in 2029.

Components of income tax expense

($ in millions)	For the years ended December 31, 2023	2022	2021
Current	$ 114	$ (35)	$ 841
Deferred	(249)	(453)	451
Total income tax (benefit) expense	**$ (135)**	**$ (488)**	**$ 1,292**

The Company received an income tax refund of $ 45 million in 2023, and paid income taxes of $ 95 million and $1.05 billion in 2022 and 2021, respectively.

The Company had current income tax receivable of $ 663 million and $677 million as of December 31, 2023 and 2022, respectively.

Reconciliation of the statutory federal income tax rate to the effective income tax rate

($ in millions)	2023		2022		2021	
(Loss) income before income taxes	$ (348)		$ (1,830)		$ 6,466	
Statutory federal income tax rate on income from operations	(73)	21.0 %	(384)	21.0 %	1,357	21.0 %
Tax credits	(47)	13.5	(55)	3.0	(42)	(0.6)
Tax-exempt income	(23)	6.6	(17)	0.9	(18)	(0.3)
U.S. shareholder's tax (benefit) expense	(17)	4.9	13	(0.7)	4	0.1
Share-based payments	(14)	4.0	(22)	1.2	(18)	(0.3)
State income taxes	(7)	2.0	—	—	13	0.2
Dividend received deduction	(4)	1.1	(7)	0.4	(5)	(0.1)
Uncertain tax positions	33	(9.5)	2	(0.1)	—	—
Change in valuation allowance	6	(1.7)	10	(0.6)	(3)	(0.1)
Other	11	(3.1)	(28)	1.6	4	0.1
Effective income tax rate on income from operations	**$ (135)**	**38.8 %**	**$ (488)**	**26.7 %**	**$ 1,292**	**20.0 %**

Note 17 Statutory Financial Information and Dividend Limitations

Allstate's domestic property and casualty and life, accident and health insurance subsidiaries prepare their statutory-basis financial statements in conformity with accounting practices prescribed or permitted by the insurance department of the applicable state of domicile. Prescribed statutory accounting practices include a variety of publications of the NAIC, as well as state laws, regulations and general administrative rules. Permitted statutory accounting practices encompass all accounting practices not so prescribed.

All states require domiciled insurance companies to prepare statutory-basis financial statements in conformity with the NAIC Accounting Practices and Procedures Manual, subject to any deviations prescribed or permitted by the applicable insurance commissioner or director. Statutory accounting practices differ from GAAP primarily since they require charging policy acquisition costs to expense as incurred, establishing life insurance reserves based on different actuarial assumptions, and valuing certain investments and establishing deferred taxes on a different basis.

Statutory net income (loss) and capital and surplus of Allstate's domestic insurance subsidiaries

($ in millions)	Net income (loss) 2023	Net income (loss) 2022	Net income (loss) 2021	Capital and surplus 2023	Capital and surplus 2022
Amounts by major business type:					
Property and casualty insurance	$ (487)	$ (1,653)	$ 5,975	$ 14,250	$ 14,997
Life, accident and health insurance	61	70	96	310	279
Life and annuity business sold	—	—	1,642	—	—
Amount per statutory accounting practices	**$ (426)**	**$ (1,583)**	**$ 7,713**	**$ 14,560**	**$ 15,276**

Dividend Limitations

There are no regulatory restrictions that limit the payment of dividends by the Corporation, except those generally applicable to corporations incorporated in Delaware. Dividends are payable only out of certain components of shareholders' equity as permitted by Delaware law. However, the ability of the Corporation to pay dividends is dependent on business conditions, income, cash requirements of the Company, receipt of dividends from AIC and other relevant factors.

The payment of shareholder dividends by AIC without the prior approval of the Illinois Department of Insurance ("IL DOI") is limited to formula amounts based on net income and capital and surplus, determined in conformity with statutory accounting practices, as well as the timing and amount of dividends paid in the preceding twelve months. There were no dividends paid by AIC in 2023. The maximum amount of dividends AIC will be able to pay without prior IL DOI approval at a given point in time during 2024 is $1.20 billion, less dividends paid during the preceding twelve months measured at that point in time. The payment of a dividend in excess of this amount requires 30 days advance written notice to the IL DOI. The dividend is deemed approved, unless the IL DOI disapproves it within the 30-day notice period. Additionally, any dividend must be paid out of unassigned surplus excluding unrealized appreciation from investments, which for AIC totaled $7.15 billion as of December 31, 2023, and cannot result in capital and surplus being less than the minimum amount required by law.

Under state insurance laws, insurance companies are required to maintain paid up capital of not less than the minimum capital requirement applicable to the types of insurance they are authorized to write. Insurance companies are also subject to risk-based capital ("RBC") requirements adopted by state insurance regulators. A company's "authorized control level RBC" is calculated using various factors applied to certain financial balances and activity. Companies that do not maintain adjusted statutory capital and surplus at a level in excess of the company action level RBC, which is two times authorized control level RBC, are required to notify and file a RBC remediation plan to the domiciliary regulator and provide a copy of the remediation plan to state insurance regulators in which the insurer is authorized to do business. Company action level RBC is significantly in excess of the minimum capital requirements. Total adjusted statutory capital and surplus and authorized control level RBC of AIC were $11.99 billion and $3.07 billion, respectively, as of December 31, 2023. Most of the Corporation's insurance subsidiaries are subsidiaries of or reinsure all of their business to AIC. AIC's subsidiaries are included as a component of AIC's total statutory capital and surplus.

The amount of restricted net assets, as represented by the Corporation's investment in its insurance subsidiaries, was $21.18 billion as of December 31, 2023.

Intercompany transactions

Notification and approval of intercompany lending activities is also required by the IL DOI for transactions that exceed a level that is based on a formula using statutory admitted assets and statutory surplus.

Note 18 Benefit Plans

Pension and other postretirement plans

Defined benefit pension plans cover most U.S. employees. Benefits under the U.S. pension plans are based upon the employee's length of service, eligible annual compensation and, prior to January 1, 2014, either a cash balance or final average pay formula. A cash balance formula applies to all eligible employees hired after August 1, 2002. Eligible employees hired before August 1, 2002 chose between the cash balance formula and the final average pay formula. In July 2013, the Company amended its primary plans effective January 1, 2014 to introduce a new cash balance formula to replace the previous formulas (including the final average pay formula and the previous cash balance formula) under which eligible employees accrue benefits.

The Company also provides a medical coverage subsidy for eligible employees hired before January 1, 2003, including their eligible dependents, when they retire and certain life insurance benefits for eligible retirees ("postretirement benefits"). Effective January 1, 2021, the Company eliminated the medical coverage subsidy for employees who were not eligible to retire as of December 31, 2020.

Certain employees may become eligible for a medical subsidy if they retire in accordance with the terms of the applicable plans and are insured under the Company's group plans or other approved plans in accordance with the plan's participation requirements. The Company shares the cost of retiree medical benefits with non Medicare-eligible retirees based on years of service, with the Company's share being

subject to a 5% limit on future annual medical cost inflation after retirement. For Medicare-eligible retirees, the Company provides a fixed Company contribution based on years of service and other factors, which is not subject to adjustments for inflation.

In July 2013, the Company amended the plan to eliminate the life insurance benefits effective January 1, 2014 for current eligible employees and effective January 1, 2016 for eligible retirees who retired after 1989. Subject to a court order, the Company paid life insurance premiums for certain retiree plaintiffs until their lawsuit seeking to keep their life insurance benefits intact was resolved. In September 2020, the court entered summary judgment in favor of the Company and dismissed the action, releasing the Company from the order requiring the continued payment of premiums for certain retirees. In December 2021, the Court of Appeals affirmed summary judgment in favor of the Company. In October 2022, the U.S. Supreme Court denied the plaintiffs' petition for appeal. On December 13, 2022, the trial court denied the plaintiffs' motions to vacate the summary judgment decision and seek further discovery. On December 15, 2023, the 11th Circuit Court of Appeals affirmed the trial court's denial of plaintiffs' motion to vacate. This decision is subject to any appeals.

The Company has reserved the right to modify or terminate its benefit plans at any time and for any reason.

Obligations and funded status

The Company calculates benefit obligations based upon generally accepted actuarial methodologies using the projected benefit obligation ("PBO") for pension plans and the accumulated postretirement benefit obligation ("APBO") for other postretirement plans. Pension costs and other postretirement obligations are determined using a December 31 measurement date. The benefit obligations represent the actuarial present value of all benefits attributed to employee service rendered as of the measurement date. The PBO is measured using the pension benefit formulas and assumptions. A plan's funded status is calculated as the difference between the benefit obligation and the fair value of plan assets. The Company's funding policy for the pension plans is to make contributions at a level in accordance with regulations under the Internal Revenue Code ("IRC") and generally accepted actuarial principles. The Company's other postretirement benefit plans are not funded.

Change in projected benefit obligation, plan assets and funded status

	As of December 31,			
	Pension benefits		Postretirement benefits	
($ in millions)	2023	2022	2023	2022
Change in projected benefit obligation				
Benefit obligation, beginning of year	$ 4,511	$ 6,500	$ 203	$ 284
Service cost	132	101	1	1
Interest cost	239	219	10	10
Participant contributions	—	—	16	16
Remeasurement of projected benefit obligation (gains) losses	125	(1,382)	(4)	(62)
Benefits paid	(379)	(894)	(42)	(42)
Translation adjustment and other	(44)	(33)	1	(4)
Benefit obligation, end of year	**$ 4,584**	**$ 4,511**	**$ 185**	**$ 203**
Change in plan assets				
Fair value of plan assets, beginning of year	$ 4,430	$ 6,525		
Actual return on plan assets	418	(1,189)		
Employer contribution	14	24		
Benefits paid	(379)	(894)		
Translation adjustment and other	(43)	(36)		
Fair value of plan assets, end of year	**$ 4,440**	**$ 4,430**		
Funded status [1]	**$ (144)**	**$ (81)**	**$ (185)**	**$ (203)**
Amounts recognized in AOCI				
Unamortized pension and other postretirement prior service credit	**$ —**	**$ —**	**$ (18)**	**$ (39)**

[1] The funded status is recorded within other assets or other liabilities and accrued expenses on the Consolidated Statements of Financial Position.

Changes in items not yet recognized as a component of net cost for pension and other postretirement plans

($ in millions)	Pension benefits	Postretirement benefits
Items not yet recognized as a component of net cost – December 31, 2022	$ —	$ (39)
Prior service credit amortized to net cost	—	21
Translation adjustment and other	—	—
Items not yet recognized as a component of net cost – December 31, 2023	**$ —**	**$ (18)**

The prior service credit is recognized as a component of net cost for pension and other postretirement plans amortized over the average remaining service period of active employees expected to receive benefits.

The accumulated benefit obligation ("ABO") for all defined benefit pension plans was $4.48 billion and $4.42 billion as of December 31, 2023 and 2022, respectively. The ABO is the actuarial present value of all benefits attributed by the pension benefit formula to employee service rendered at the measurement date. However, it differs from the PBO due to the exclusion of an assumption as to future compensation levels.

The PBO, ABO and fair value of plan assets for the Company's pension plans with an ABO in excess of plan assets were $4.27 billion, $4.18 billion and $4.09 billion, respectively, as of December 31, 2023 and $84 million, $83 million and zero, respectively, as of December 31, 2022. Included in the accrued benefit cost of the pension benefits are certain unfunded non-qualified plans with accrued benefit costs of $78 million and $84 million for 2023 and 2022, respectively.

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

	For the years ended December 31,								
	Pension benefits			Postretirement benefits			Total pension and postretirement benefits		
($ in millions)	2023	2022	2021	2023	2022	2021	2023	2022	2021
Service cost	$ 132	$ 101	$ 103	$ 1	$ 1	$ 1	$ 133	$ 102	$ 104
Interest cost	239	219	191	10	10	8	249	229	199
Expected return on plan assets	(306)	(371)	(445)	—	—	—	(306)	(371)	(445)
Amortization of prior service credit	—	(27)	(50)	(21)	(25)	(25)	(21)	(52)	(75)
Costs and expenses	**65**	**(78)**	**(201)**	**(10)**	**(14)**	**(16)**	**55**	**(92)**	**(217)**
Remeasurement of projected benefit obligation	125	(1,382)	(309)	(4)	(62)	(16)	121	(1,444)	(325)
Remeasurement of plan assets	(112)	1,560	(319)	—	—	—	(112)	1,560	(319)
Remeasurement (gains) losses	**13**	**178**	**(628)**	**(4)**	**(62)**	**(16)**	**9**	**116**	**(644)**
Total net (benefit) cost	**$ 78**	**$ 100**	**$ (829)**	**$ (14)**	**$ (76)**	**$ (32)**	**$ 64**	**$ 24**	**$ (861)**

The service cost component is the actuarial present value of the benefits attributed by the plans' benefit formula to services rendered by the employees during the period.

Interest cost is the increase in the PBO in the period due to the passage of time at the discount rate.

Interest cost fluctuates as the discount rate changes and is also impacted by the related change in the size of the PBO.

The expected return on plan assets is determined as the product of the expected long-term rate of return on plan assets and the fair value of plan assets.

Pension and other postretirement service cost, interest cost, expected return on plan assets, amortization of prior service credit and curtailment gains and losses are reported in property and casualty insurance claims and claims expense, operating costs and expenses, net investment income and (if applicable) restructuring and related charges on the Consolidated Statements of Operations.

Remeasurement gains and losses relate to changes in discount rates, the differences between actual return on plan assets and the expected long-term rate of return on plan assets, and differences between actual plan experience and actuarial assumptions.

Weighted average assumptions used to determine net pension cost and net postretirement benefit cost

	For the years ended December 31,					
	Pension benefits			Postretirement benefits		
	2023	2022	2021	2023	2022	2021
Discount rate	5.65 %	4.27 %	2.84 %	5.66 %	4.24 %	2.75 %
Expected long-term rate of return on plan assets	7.35	7.06	7.06	n/a	n/a	n/a
Cash balance interest credit rate	4.05	2.74	2.04	n/a	n/a	n/a

Weighted average assumptions used to determine benefit obligations

	As of December 31,			
	Pension benefits		Postretirement benefits	
	2023	2022	2023	2022
Discount rate	5.35 %	5.64 %	5.28 %	5.58 %
Cash balance interest credit rate	4.03	3.97	n/a	n/a

The weighted average health care cost trend rate used in measuring the accumulated postretirement benefit cost is 6.8% for 2024, gradually declining to 4.5% in 2035 and remaining at that level thereafter.

Pension plan assets In general, the Company's pension plan assets are managed in accordance with investment policies approved by pension investment committees. The purpose of the policies is to ensure the plans' long-term ability to meet benefit obligations by prudently investing plan assets and Company contributions, while taking into consideration regulatory and legal requirements and current market conditions. The investment policies are reviewed periodically and specify target plan asset allocation by asset category. In addition, the policies specify various asset allocation and other risk limits. The target asset allocation takes the plans' funding status into consideration, among other factors, including anticipated demographic changes or liquidity requirements that may affect the funding status such as the potential impact of lump sum settlements as well as existing or expected market conditions. In general, the allocation has a lower overall investment risk when a plan is in a stronger funded status position since there is less economic incentive to take risk to increase the expected returns on the plan assets. The pension plans' asset exposure within each asset category is tracked against widely accepted established benchmarks for each asset class with limits on variation from the benchmark established in the investment policy. Pension plan assets are regularly monitored for compliance with these limits and other risk limits specified in the investment policies.

Weighted average target asset allocation and actual percentage of plan assets by asset category

	As of December 31, 2023		
	Target asset allocation [1]	Actual percentage of plan assets	
Pension plan's asset category	2023	2023	2022
Equity securities	17 - 36%	26 %	27 %
Fixed income securities	38 - 54	48	49
Limited partnership interests	1 - 29	23	21
Short-term investments and other	NA	3	3
Total without securities lending [2]		**100 %**	**100 %**

[1] The target asset allocation considers risk-based exposure while the actual percentage of plan assets utilizes a financial reporting view excluding exposure provided through derivatives.

[2] Securities lending collateral reinvestment of $180 million and $297 million is excluded from the table above in 2023 and 2022, respectively.

The target asset allocation for an asset category may be achieved either through direct investment holdings, through replication using derivative instruments (e.g., futures or swaps) or net of hedges using derivative instruments to reduce exposure to an asset category. The net notional amount of derivatives used for replication and non-hedging strategies is limited to 115% of total plan assets. Market performance of the different asset categories may, from time to time, cause deviation from the target asset allocation. The asset allocation mix is reviewed on a periodic basis and rebalanced to bring the allocation within the target ranges.

Outside the target asset allocation, the pension plans participate in a securities lending program to enhance returns. As of both December 31, 2023 and 2022, fixed income securities are lent out and cash collateral is invested in short-term investments.

Fair values of pension plan assets as of December 31, 2023

($ in millions)	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Balance as of December 31, 2023
Equity securities	$ 132	$ 28	$ —	$ 160
Fixed income securities:				
Government bonds [1]	323	1,007	—	1,330
Corporate bonds [2]	—	794	—	794
Short-term investments	154	144	—	298
Free-standing derivatives:				
Assets	—	—	—	—
Liabilities	(1)	(8)	—	(9)
Other assets	1	—	—	1
Total plan assets at fair value	**$ 609**	**$ 1,965**	**$ —**	**2,574**
% of total plan assets at fair value	23.7 %	76.3 %	— %	100.0 %
Investments measured using the net asset value practical expedient				2,019
Securities lending obligation [3]				(179)
Derivatives counterparty and cash collateral netting				8
Other net plan assets [4]				18
Total reported plan assets				**$ 4,440**

Fair values of pension plan assets as of December 31, 2022

($ in millions)	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Balance as of December 31, 2022
Equity securities	$ 120	$ 25	$ —	$ 145
Fixed income securities:				
Government bonds [1]	496	896	—	1,392
Corporate bonds [2]	—	757	—	757
Short-term investments	163	279	—	442
Free-standing derivatives:				
Assets	—	1	—	1
Liabilities	(1)	(5)	—	(6)
Other assets	1	—	—	1
Total plan assets at fair value	**$ 779**	**$ 1,953**	**$ —**	**$ 2,732**
% of total plan assets at fair value	28.5 %	71.5 %	— %	100.0 %
Investments measured using the net asset value practical expedient				$ 1,975
Securities lending obligation [3]				(296)
Derivatives counterparty and cash collateral netting				2
Other net plan assets [4]				17
Total reported plan assets				**$ 4,430**

(1) Includes U.S. government and agencies and foreign government bonds.

(2) Includes ABS securities.

(3) The securities lending obligation represents the plan's obligation to return securities lending collateral received under a securities lending program. The terms of the program allow both the plan and the counterparty the right and ability to redeem/return the securities loaned on short notice. Due to its relatively short-term nature, the outstanding balance of the obligation approximates fair value.

(4) Other net plan assets represent cash and cash equivalents, interest and dividends receivable and net receivables related to settlements of investment transactions, such as purchases and sales.

The fair values of pension plan assets are estimated using the same methodologies and inputs as those used to determine the fair values for the respective asset category of the Company. These methodologies and inputs are disclosed in Note 6.

Rollforward of Level 3 plan assets during December 31, 2023

($ in millions)	Balance as of December 31, 2022	Actual return on plan assets: Relating to assets sold during the period	Actual return on plan assets: Relating to assets still held at the reporting date	Purchases, sales and settlements, net	Net transfers in (out) of Level 3	Balance as of December 31, 2023
Equity securities	$ —	$ —	$ —	$ —	$ —	$ —
Total Level 3 plan assets	**$ —**	**$ —**	**$ —**	**$ —**	**$ —**	**$ —**

Rollforward of Level 3 plan assets during December 31, 2022

($ in millions)	Balance as of December 31, 2021	Actual return on plan assets: Relating to assets sold during the period	Actual return on plan assets: Relating to assets still held at the reporting date	Purchases, sales and settlements, net	Net transfers in (out) of Level 3	Balance as of December 31, 2022
Equity securities	$ 2	$ —	$ —	$ —	$ (2)	$ —
Total Level 3 plan assets	**$ 2**	**$ —**	**$ —**	**$ —**	**$ (2)**	**$ —**

Rollforward of Level 3 plan assets during December 31, 2021

($ in millions)	Balance as of December 31, 2020	Actual return on plan assets: Relating to assets sold during the period	Actual return on plan assets: Relating to assets still held at the reporting date	Purchases, sales and settlements, net	Net transfers in (out) of Level 3	Balance as of December 31, 2021
Equity securities	$ —	$ —	$ —	$ 2	$ —	$ 2
Fixed income securities:						
Corporate	$ 2	$ —	$ —	$ (2)	$ —	$ —
Total Level 3 plan assets	**$ 2**	**$ —**	**$ —**	**$ —**	**$ —**	**$ 2**

The expected long-term rate of return on plan assets reflects the average rate of earnings expected on plan assets. The Company's assumption for the expected long-term rate of return on plan assets is evaluated annually giving consideration to appropriate data including, but not limited to, the plan asset allocation, forward-looking expected returns for the period over which benefits will be paid, historical returns on plan assets and other relevant market data. Given the long-term forward-looking nature of this assumption, the actual returns in any one year do not immediately result in a change to the expected long-term rate of return on plan assets. In consideration of the targeted plan asset allocation, the Company evaluated expected returns using sources including historical average asset class returns from independent nationally recognized providers of this type of data blended together using the asset allocation policy weights for the Company's pension plans; asset class return forecasts developed by employees with relevant expertise in such forecasts and who are independent from those charged with managing the pension plan assets; and expected portfolio returns from a proprietary simulation methodology of a widely recognized external investment consulting firm that performs asset allocation and actuarial services for corporate pension plan sponsors. The above sources support the Company's weighted average long-term rate of return on plan assets assumption of 7.35% used for 2023 and an estimate of 7.34% that will be used for 2024. As of the 2023 measurement date, the arithmetic average of the annual actual return on plan assets for the most recent 10 and 5 years was 8.3% and 10.0%, respectively.

Cash flows There was no required cash contribution necessary to satisfy the minimum funding requirement under the IRC for the tax qualified pension plan for the year ended December 31, 2023.

The Company currently plans to contribute $ 19 million to its unfunded non-qualified plans and zero to both its primary and other qualified funded pension plans in 2024.

The Company contributed $26 million and $26 million to the postretirement benefit plans in 2023 and 2022, respectively. Contributions by participants were $16 million and $16 million in 2023 and 2022, respectively.

Estimated future benefit payments expected to be paid in the next 10 years

($ in millions)	As of December 31, 2023 Pension benefits	Postretirement benefits
2024	$ 495	$ 23
2025	487	23
2026	488	21
2027	477	20
2028	472	18
2029-2033	1,740	60
Total benefit payments	**$ 4,159**	**$ 165**

Allstate 401(k) Savings Plan

Employees of the Company, with the exception of those employed by the Company's international, SquareTrade and InfoArmor subsidiaries, are eligible to become members of the Allstate 401(k) Savings Plan ("Allstate Plan"). The Company's contributions are based on the Company's matching obligation. The Company is responsible for funding its contribution to the Allstate Plan.

The Company's contribution to the Allstate Plan was $ 124 million, $131 million and $110 million in 2023, 2022 and 2021, respectively.

Allstate's Canadian, SquareTrade and InfoArmor subsidiaries sponsor defined contribution plans for their eligible employees. Expense for subsidiary sponsored defined contribution plans was $14 million, $9 million and $9 million in 2023, 2022 and 2021, respectively.

Note 19 Equity Incentive Plans

The Company currently has equity incentive plans under which it grants nonqualified stock options, restricted stock units and performance stock awards to certain employees and directors of the Company.

Equity awards

($ in millions)	2023	2022	2021
Compensation expense	$ 73	$ 93	$ 120
Income tax benefits	12	16	18
Cash received from exercise of options	103	130	151
Tax benefit realized on options exercised and release of stock restrictions	31	44	37

The Company records compensation expense related to awards under these plans over the shorter of the period in which the requisite service is rendered or retirement eligibility is attained. Compensation expense for performance stock awards with no market condition is based on the probable number of awards expected to vest using the performance level most likely to be achieved at the end of the performance period. Compensation expense for performance stock awards with a market condition is based on the number of awards expected to vest as estimated at the grant date and does not change if the market condition is not met.

Nonvested awards as of December 31, 2023

($ in millions)	Unrecognized compensation	Weighted average vesting period
Nonqualified stock options	$ 17	1.68
Restricted stock units	48	1.74
Performance stock awards	17	1.69
Total	**$ 82**	

Options are granted to employees with exercise prices equal to the closing share price of the Company's common stock on the applicable grant date. Options granted to employees vest ratably over a three-year period. Vesting is subject to continued service, except for employees who are retirement eligible and in certain other limited circumstances. Options may be exercised once vested and will expire no later than ten years after the date of grant.

Restricted stock units for directors vest immediately and convert into shares of stock on the earlier of the day of the third anniversary of the grant date or the date the director's service terminates, unless a deferred period of restriction is elected. Restricted stock units granted to directors prior to June 1, 2016 convert upon leaving the board. Restricted stock units granted to employees prior to February 19, 2020 vest on the day prior to the third anniversary of the grant date. Restricted stock units granted to employees on or after February 19, 2020 vest ratably over a three-year period. Restricted stock units granted to employees subsequently convert into shares of stock on the day of the respective anniversary of the grant date. Vesting is subject to continued service, except for employees who are

retirement eligible and in certain other limited circumstances.

Performance stock awards vest into shares of stock based on achieving established company-specific performance goals. Performance stock awards granted prior to February 19, 2020 vest into shares of stock on the day prior to the third anniversary of the grant date. Performance stock awards granted on or after February 19, 2020 vest into shares of stock on the third anniversary of the grant date.

The numbers of shares earned upon vesting of the performance stock awards is based on the attainment of performance goals for each of the performance periods, subject to continued service, except for employees who are retirement eligible and in certain other limited circumstances.

Since 2001, a total of 110.8 million shares of common stock were authorized to be used for awards under the plans, subject to adjustment in accordance with the plans' terms. As of December 31, 2023, 12.3 million shares were reserved and remained available for future issuance under these plans. The Company uses its treasury shares for these issuances.

The fair value of each option grant is estimated on the date of grant using a binomial lattice model. The Company uses historical data to estimate option exercise and employee termination within the valuation model. In addition, separate groups of employees that have similar historical exercise behavior are considered separately for valuation purposes. The expected term of options granted is derived from the output of the binomial lattice model and represents the period of time that options granted are expected to be outstanding. The expected volatility of the price of the underlying shares is implied based on traded options and historical volatility of the Company's common stock. The expected dividends were based on the current dividend yield of the Company's stock as of the date of the grant. The risk-free rate for periods within the contractual life of the option is based on the U.S. Treasury yield curve in effect at the time of grant.

Option grant assumptions

	2023	2022	2021
Weighted average expected term	5.8 years	5.9 years	7.5 years
Expected volatility	20.0% - 31.6%	19.8% - 29.9%	16.5% - 28.8%
Weighted average volatility	24.9 %	23.2 %	23.0 %
Expected dividends	2.4% - 3.3%	2.5% - 3.0%	2.0% - 3.0%
Weighted average expected dividends	2.6 %	2.8 %	3.1 %
Risk-free rate	3.3% - 5.6%	0% - 4.8%	0% - 1.7%

Summary of option activity

	For the year ended December 31, 2023			
	Number (in 000s)	Weighted average exercise price	Aggregate intrinsic value (in 000s)	Weighted average remaining contractual term (years)
Outstanding as of January 1, 2023	8,953	$ 95.72		
Granted	910	136.63		
Exercised	(1,499)	80.27		
Forfeited	(170)	124.26		
Expired	(67)	117.79		
Outstanding as of December 31, 2023	**8,127**	**102.37**	**$ 305,666**	**5.2**
Outstanding, net of expected forfeitures	8,091	102.24	305,369	5.2
Outstanding, exercisable ("vested")	6,146	95.05	276,112	4.3

The weighted average grant date fair value of options granted was $ 31.45, $21.16 and $15.61 during 2023, 2022 and 2021, respectively. The intrinsic value, which is the difference between the fair value and the exercise price, of options exercised was $79 million, $107 million and $112 million during 2023, 2022 and 2021, respectively.

Changes in restricted stock units

	For the year ended December 31, 2023	
	Number (in 000s)	Weighted average grant date fair value
Nonvested as of January 1, 2023	929	$ 110.75
Granted	417	132.65
Vested	(371)	117.28
Forfeited	(73)	124.84
Nonvested as of December 31, 2023	**902**	**117.05**

The fair value of restricted stock units is based on the market value of the Company's stock as of the date of the

grant. The market value in part reflects the payment of future dividends expected. The weighted average grant date fair value of restricted stock units granted was $ 132.65, $123.98 and $108.99 during 2023, 2022 and 2021, respectively. The total fair value of restricted stock units vested was $ 49 million, $59 million and $35 million during 2023, 2022 and 2021, respectively.

Changes in performance stock awards

	For the year ended December 31, 2023	
	Number (in 000s)	**Weighted average grant date fair value**
Nonvested as of January 1, 2023	796	$ 116.36
Granted	240	136.62
Adjustment for performance achievement	54	123.72
Vested	(309)	122.47
Forfeited	(47)	120.53
Nonvested as of December 31, 2023	**734**	**120.68**

The change in performance stock awards primarily comprises awards vested and granted in 2023.

The fair value of performance stock awards that do not include a market condition is based on the market value of the Company's stock as of the date of the grant.

Starting with the February 2020 award, the fair value of performance stock awards includes a component with market-based condition measured on the grant date using a Monte Carlo simulation model. Market-based condition measures the Company's total shareholder return ("TSR") relative to the TSR of peer companies, expressed in terms of the Company's TSR percentile rank among the peer companies, over a three-calendar-year performance period. The Monte Carlo simulation model uses a risk-neutral framework to model future stock price movements based upon the risk-free rate of return at the time of grant, volatilities of the Company and the peer companies, and expected term assumed to be equal to the remaining measurement period. The market value in part reflects the payment of future dividends expected.

For the year ended December 31, 2023, the 2023 performance stock awards with market-based condition assumes a risk-free rate of 1.7%, volatility of 24.8%, average peer volatility of 29.9% and an expected term of 2.9 years.

The weighted average grant date fair value of performance stock awards granted was $136.62, $123.08 and $107.14 during 2023, 2022 and 2021, respectively. The total fair value of performance stock awards vested was $41 million, $87 million and $70 million during 2023, 2022 and 2021, respectively.

The Company recognizes all tax effects related to share-based payments at settlement or expiration through the income statement.

Note 20 Supplemental Cash Flow Information

Non-cash investing activities include $64 million, $185 million and $51 million related to mergers and exchanges completed with equity and fixed income securities, bank loans, real estate and limited partnerships in 2023, 2022 and 2021, respectively. Non-cash investing activities include $15 million related to right-of-use real estate obtained in exchange for lease obligations and $123 million related to debt assumed by purchaser on sale of real estate for the year ended December 31, 2023.

Non-cash financing activities include $39 million, $65 million and $53 million related to the issuance of Allstate common shares for vested equity awards in 2023, 2022 and 2021, respectively.

Cash flows used in operating activities in the Consolidated Statements of Cash Flows include cash paid for operating leases related to amounts included in the measurement of lease liabilities of $ 130 million, $163 million and $181 million for the year ended December 31, 2023, 2022 and 2021, respectively. Non-cash operating activities include $30 million, $26 million and $98 million related to right-of-use assets obtained in exchange for lease obligations for the year ended December 31, 2023, 2022 and 2021, respectively.

Liabilities for collateral received in conjunction with the Company's securities lending program and OTC and cleared derivatives are reported in other liabilities and accrued expenses or other investments. The accompanying cash flows are included in cash flows from operating activities in the Consolidated Statements of Cash Flows along with the activities resulting from management of the proceeds, as follows:

($ in millions)	For the years ended December 31, 2023	2022	2021
Net change in proceeds managed			
Net change in fixed income securities	$ 259	$ (521)	$ —
Net change in short-term investments	(139)	(49)	(539)
Operating cash flow provided (used)	**120**	**(570)**	**(539)**
Net change in cash	—	3	9
Net change in proceeds managed	**$ 120**	**$ (567)**	**$ (530)**
Cash flows from operating activities			
Net change in liabilities			
Liabilities for collateral, beginning of year	$ (2,011)	$ (1,444)	$ (914)
Liabilities for collateral, end of year	(1,891)	(2,011)	(1,444)
Operating cash flow (used) provided	**$ (120)**	**$ 567**	**$ 530**

Note 21 Other Comprehensive Income (Loss)

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

	For the years ended December 31,								
	2023			2022			2021		
($ in millions)	Pre-tax	Tax	After-tax	Pre-tax	Tax	After-tax	Pre-tax	Tax	After-tax
Unrealized net holding gains and losses arising during the period, net of related offsets [1]	$ 1,547	$ (322)	$ 1,225	$ (4,472)	$ 949	$ (3,523)	$ (2,840)	$ 601	$ (2,239)
Less: reclassification adjustment of realized capital gains and losses	(539)	113	(426)	(848)	178	(670)	436	(92)	344
Unrealized net capital gains and losses	**2,086**	**(435)**	**1,651**	**(3,624)**	**771**	**(2,853)**	**(3,276)**	**693**	**(2,583)**
Unrealized foreign currency translation adjustments	**85**	**(18)**	**67**	**(190)**	**40**	**(150)**	**(10)**	**2**	**(8)**
Unamortized pension and other postretirement prior service credit [2]	**(20)**	**4**	**(16)**	**(54)**	**11**	**(43)**	**(75)**	**16**	**(59)**
Discount rate for reserve for future policy benefits	**(13)**	**3**	**(10)**	**289**	**(61)**	**228**	**62**	**(13)**	**49**
Other comprehensive income (loss)	**$ 2,138**	**$ (446)**	**$ 1,692**	**$ (3,579)**	**$ 761**	**$ (2,818)**	**$ (3,299)**	**$ 698**	**$ (2,601)**

[1] 2021 includes $2.4 billion of losses related to held for sale investments in connection with the sale of the life and annuity business.

[2] Represents prior service credits reclassified out of other comprehensive income and amortized into operating costs and expenses.

Note 22 Quarterly Results (unaudited)

($ in millions, except per share data)	First Quarter 2023	First Quarter 2022	Second Quarter 2023	Second Quarter 2022	Third Quarter 2023	Third Quarter 2022	Fourth Quarter 2023	Fourth Quarter 2022
Revenues	$ 13,786	$ 12,336	$ 13,979	$ 12,219	$ 14,497	$ 13,208	$ 14,832	$ 13,648
Net income (loss) applicable to common shareholders	(346)	634	(1,389)	(1,040)	(41)	(685)	1,460	(303)
Earnings per common share applicable to common shareholders - Basic	(1.31)	2.28	(5.29)	(3.80)	(0.16)	(2.55)	5.57	(1.15)
Earnings per common share applicable to common shareholders - Diluted [1]	(1.31)	2.25	(5.29)	(3.80)	(0.16)	(2.55)	5.52	(1.15)

[1] For periods presented with a net loss from continuing operations applicable to common shareholders, weighted average shares for basic earnings per share is also used for calculating diluted earnings per share because all dilutive potential common shares are anti-dilutive and are therefore excluded from the calculation.

Consolidated net income applicable to common shareholders was $ 1.46 billion in the fourth quarter of 2023 compared to net loss of $ 303 million in the fourth quarter of 2022, primarily due to improved underwriting results.

Effective January 1, 2023, the Company adopted the FASB guidance revising the accounting for certain long-duration insurance contracts using the modified retrospective approach to the transition date of January 1, 2021. See Note 2 for discussion of the guidance and further information regarding the impact of the adoption on the consolidated financial statements.

Impact of adoption for reserve for future policy benefits

($ in millions, except per share data)	First Quarter 2022	Second Quarter 2022	Third Quarter 2022	Fourth Quarter 2022
Revenues	$ (1)	$ (1)	$ —	$ 1
Net income (loss) applicable to common shareholders	4	2	9	7
Earnings per common share applicable to common shareholders - Basic	0.01	0.01	0.03	0.02
Earnings per common share applicable to common shareholders - Diluted	0.01	0.01	0.03	0.02

Report of Independent Registered Public Accounting Firm

To the Shareholders and the Board of Directors of The Allstate Corporation

Opinions on the Financial Statements and Internal Control over Financial Reporting

We have audited the accompanying Consolidated Statements of Financial Position of The Allstate Corporation and subsidiaries (the "Company") as of December 31, 2023 and 2022, the related Consolidated Statements of Operations, Comprehensive Income (Loss), Shareholders' Equity, and Cash Flows, for each of the three years in the period ended December 31, 2023, and the related notes and the schedules listed in the Index at Item 15 (collectively referred to as the "financial statements"). We also have audited the Company's internal control over financial reporting as of December 31, 2023, based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2023 and 2022, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2023, in conformity with accounting principles generally accepted in the United States of America. Also, in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2023, based on criteria established in *Internal Control - Integrated Framework (2013)* issued by COSO.

Change in Accounting Principle

As discussed in Note 2 to the financial statements, the Company has changed its method of accounting for the measurement and disclosure of long-duration insurance contracts using the modified retrospective approach to the transition date of January 1, 2021 due to the adoption of Accounting Standards Update 2018-12, *Targeted Improvements to the Accounting for Long-Duration Contracts*.

Basis for Opinions

The Company's management is responsible for these financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Item 9A. Controls and Procedures. Our responsibility is to express an opinion on these financial statements and an opinion on the Company's internal control over financial reporting based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud, and whether effective internal control over financial reporting was maintained in all material respects.

Our audits of the financial statements included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures to respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

Definition and Limitations of Internal Control over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Critical Audit Matter

The critical audit matter communicated below is a matter arising from the current-period audit of the financial statements that was communicated or required to be communicated to the audit committee and that (1) relates to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of a critical audit matter does not alter in any way our opinion on the financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Reserve for Property and Casualty Insurance Claims and Claims Expense - Refer to Notes 2 and 9 to the Financial Statements

Critical Audit Matter Description

The Company establishes reserves for property and casualty insurance claims and claims expense on reported and unreported claims of insured losses. Using established industry and actuarial best practices as well as the Company's historical claims experience, the reserve for property and casualty insurance claims and claims expense is estimated based on (i) claims reported, (ii) claims incurred but not reported, and (iii) projections of claim payments to be made in the future.

Given the subjectivity of estimating claims incurred but not reported and projections of claim payments to be made in the future, particularly those with payout requirements over a longer period of time, the related audit effort in evaluating the reserve for property and casualty insurance claims and claims expense required a high degree of auditor judgment and an increased extent of effort, including involvement of our actuarial specialists.

How the Critical Audit Matter Was Addressed in the Audit

Our principal audit procedures related to the reserve for property and casualty insurance claims and claims expense included the following:

- We tested the effectiveness of controls related to the reserve for property and casualty insurance claims and claims expense, including those over the Company's estimates and projections.
- We evaluated the methods and assumptions used by the Company to estimate the reserve for property and casualty insurance claims and claims expense by:
  - Testing the underlying data that served as the basis for the actuarial analysis, including historical claims, to test that the inputs to the actuarial estimate were complete and accurate.
  - Performing a retrospective review, including comparing prior year estimates of expected incurred losses to actual experience during the current year to identify potential bias in the determination of the reserve for property and casualty insurance claims and claims expense.
- With the assistance of our actuarial specialists, we developed independent estimates for the reserve for property and casualty insurance claims and claims expense, particularly those with payout requirements over a longer period of time, utilizing loss data and industry claim development factors, and compared our estimates to management's estimates and assessed the consistency of management's approach.

/s/ Deloitte & Touche LLP
Chicago, Illinois

February 21, 2024

We have served as the Company's auditor since 1992.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

None.

Item 9A. Controls and Procedures

Evaluation of Disclosure Controls and Procedures We maintain disclosure controls and procedures as defined in Rule 13a-15(e) under the Securities Exchange Act of 1934. Under the supervision and with the participation of our management, including our principal executive officer and principal financial officer, we conducted an evaluation of the effectiveness of our disclosure controls and procedures as of the end of the period covered by this report. Based upon this evaluation, the principal executive officer and the principal financial officer concluded that our disclosure controls and procedures are effective in providing reasonable assurance that material information required to be disclosed in our reports filed with or submitted to the Securities and Exchange Commission under the Securities Exchange Act is recorded, processed, summarized and reported within the time periods specified by the Securities Exchange Act and made known to management, including the principal executive officer and the principal financial officer, as appropriate to allow timely decisions regarding required disclosure.

Management's Report on Internal Control over Financial Reporting Management is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rule 13a-15(f) under the Securities Exchange Act of 1934.

Under the supervision and with the participation of our management, including our principal executive officer and principal financial officer, we conducted an evaluation of the effectiveness of our internal control over financial reporting as of December 31, 2023 based on the criteria related to internal control over financial reporting described in "Internal Control – Integrated Framework (2013)" issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on our evaluation, management concluded that our internal control over financial reporting was effective as of December 31, 2023.

Deloitte & Touche LLP, the independent registered public accounting firm that audited the consolidated financial statements included in this Form 10-K, has issued their attestation report on the Company's internal control over financial reporting, which is included herein.

Changes in Internal Control over Financial Reporting There have been no changes in our internal control over financial reporting that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting during the fiscal year ended December 31, 2023.

Item 9B. Other Information

During the three months ended December 31, 2023, no director or officer of the Company who is required to file reports under Section 16 of the Exchange Act adopted, modified, or terminated a "Rule 10b5-1 trading arrangement" or "non-Rule 10b5-1 trading arrangement," as each term is defined in Item 408(a) of Regulation S-K.

Item 9C. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections

Not applicable.

Part III

Item 10. Directors, Executive Officers and Corporate Governance

Information regarding directors of The Allstate Corporation standing for election at the 2024 annual stockholders meeting is incorporated in this Item 10 by reference to the descriptions in the Proxy Statement under the caption "Corporate Governance – Our Director Nominees."

Information regarding our audit committee and audit committee financial experts is incorporated in this Item 10 by reference to the information under the caption "Corporate Governance – Structure of the Board and Its Committees" in the Proxy Statement.

Information regarding executive officers of The Allstate Corporation is incorporated in this Item 10 by reference to Part I, Item 1 of this report under the caption "Information about our Executive Officers."

We have adopted a Global Code of Business Conduct that applies to all of our directors and employees, including our principal executive officer, principal financial officer and controller and principal accounting officer. The text of our Global Code of Business Conduct is posted on our website, www.allstateinvestors.com. We intend to satisfy the disclosure requirements regarding amendments to, and waiver from, the provisions of our Global Code of Business Conduct by posting such information on the same website pursuant to applicable NYSE and SEC rules.

Item 11. Executive Compensation

Information required for Item 11 is incorporated by reference to the sections of the Proxy Statement with the following captions:

- Corporate Governance – Director Compensation
- Executive Compensation

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

Information regarding security ownership of certain beneficial owners and management is incorporated in this Item 12 by reference to the sections of the Proxy Statement with the following captions:

- Stock Ownership Information – Security Ownership of Directors and Executive Officers
- Stock Ownership Information – Security Ownership of Certain Beneficial Owners

Equity compensation plan information

The following table includes information as of December 31, 2023, with respect to The Allstate Corporation's equity compensation plans:

Plan Category	Number of Securities to be Issued upon Exercise of Outstanding Options, Warrants and Rights (a)	Weighted-Average Exercise Price of Outstanding Options, Warrants and Rights (b)	Number of Securities Remaining Available for Future Issuance under Equity Compensation Plans (Excluding Securities Reflected in Column (a)) (c)
Equity Compensation Plans Approved by Security Holders [1]	10,047,422 [2]	$ 102.37 [3]	11,690,397 [4]
Total	10,047,422 [2]	$ 102.37 [3]	11,690,397 [4]

(1) Consists of the 2019 Equity Incentive Plan, which amended and restated the 2013 Equity Incentive Plan; the 2017 Equity Compensation Plan for Non-Employee Directors; the 2006 Equity Compensation Plan for Non-Employee Directors; and the Equity Incentive Plan for Non-Employee Directors (the equity plan for non-employee directors prior to 2006). The Corporation does not maintain any equity compensation plans not approved by stockholders.

(2) As of December 31, 2023, 901,835 restricted stock units ("RSUs") and 1,018,240 performance stock awards ("PSAs") were outstanding. PSAs are reported at the maximum potential amount awarded for incomplete performance periods and the amount earned for the 2021 PSA grant, reduced for forfeitures. For incomplete performance periods, the actual number of shares earned may be less and are based upon measures achieved at the end of the three-year performance period for those PSAs granted in 2022 and 2023.

(3) The weighted-average exercise price of outstanding options, warrants, and rights does not take into account RSUs and PSAs, which have no exercise price.

(4) Includes 11,408,638 shares that may be issued in the form of stock options, unrestricted stock, restricted stock, restricted stock units, stock appreciation rights, performance units, performance stock, and stock in lieu of cash under the 2019 Equity Incentive Plan; and 281,759 shares that may be issued in the form of stock options, unrestricted stock, restricted stock, restricted stock units, and stock in lieu of cash compensation under the 2017 Equity Compensation Plan for Non-Employee Directors.

Asset managers, such as those that manage mutual funds and exchange traded funds, principally on behalf of third-party investors, at times acquire sufficient voting ownership interests in Allstate to require disclosure. State Street Corp. manages an investment portfolio of $5.36 billion on behalf of participants in Allstate's 401(k) Savings Plan and $786 million on behalf of the Allstate domestic qualified pension plan. The terms of these arrangements are customary, and the aggregate related fees are not material.

Item 13. Certain Relationships and Related Transactions, and Director Independence

Information required for Item 13 is incorporated by reference to the material in the Proxy Statement under the captions "Corporate Governance – Board and Nominee Independence Determinations" and "Other Information - Appendix B – Categorical Standards of Independence."

Item 14. Principal Accounting Fees and Services

Information required for Item 14 is incorporated by reference to the material in the Proxy Statement under the caption "Audit Committee Matters – Ratification of Deloitte & Touche LLP as the Independent Registered Public Accountant for 2024."

Part IV

Item 15. (a) (1) Exhibits and Financial Statement Schedules.

The following consolidated financial statements, notes thereto and related information of The Allstate Corporation (the "Company") are included in Item 8.

- Consolidated Statements of Operations
- Consolidated Statements of Comprehensive Income (Loss)
- Consolidated Statements of Financial Position
- Consolidated Statements of Shareholders' Equity
- Consolidated Statements of Cash Flows
- Notes to the Consolidated Financial Statements
- Report of Independent Registered Public Accounting Firm

Item 15. (a) (2)

The following additional financial statement schedules are furnished herewith pursuant to the requirements of Form 10-K.

The Allstate Corporation		**Page**
Schedules required to be filed under the provisions of Regulation S-X Article 7:		
Schedule I	Summary of Investments – Other than Investments in Related Parties	S-1
Schedule II	Condensed Financial Information of Registrant (The Allstate Corporation)	S-2
Schedule III	Supplementary Insurance Information	S-6
Schedule IV	Reinsurance	S-7
Schedule V	Valuation Allowances and Qualifying Accounts	S-8

All other schedules are omitted because they are not applicable, or not required, or because the required information is included in the Consolidated Financial Statements or notes thereto.

Item 15. (a) (3)

The following is a list of the exhibits filed as part of this Form 10-K. The exhibit numbers followed by an asterisk (*) indicate exhibits that are management contracts or compensatory plans or arrangements.

		Incorporated by Reference				
Exhibit Number	**Exhibit Description**	**Form**	**File Number**	**Exhibit**	**Filing Date**	**Filed or Furnished Herewith**
2.1	Stock Purchase Agreement, dated as of January 26, 2021, by and among Allstate Insurance Company, Allstate Financial Insurance Holdings Corporation, and Antelope US Holdings Company (certain schedules and exhibits to the Stock Purchase Agreement are omitted pursuant to Item 601(b)(2) of Regulation S-K. The Registrant agrees to furnish to the Securities and Exchange Commission, upon request, a copy of any omitted schedule or exhibit).	8-K	1-11840	2.1	January 27, 2021	
3.1	Restated Certificate of Incorporation filed with the Secretary of State of Delaware on May 23, 2012	8-K	1-11840	3(i)	May 23, 2012	
3.2	Amended and Restated Bylaws of The Allstate Corporation as amended July 14, 2023	8-K	1-11840	3.1	July 17, 2023	
3.3	Certificate of Designations with respect to the Preferred Stock, Series H of the Registrant, dated August 5, 2019	8-K	1-11840	3.1	August 5, 2019	
3.4	Certificate of Designations with respect to the Preferred Stock, Series I of the Registrant, dated November 8, 2019	8-K	1-11840	3.1	November 8, 2019	
3.5	Certificate of Elimination with respect to the Preferred Stock Series A, C, D, E and F of the Registrant, dated February 20, 2020	10-K	1-11840	3.6	February 21, 2020	
3.6	Certificate of Elimination with respect to the Preferred Stock, Series G of the Registrant, dated May 1, 2023	10-Q	1-11840	3.6	May 3, 2023	
3.7	Certificate of Designations with respect to the Preferred Stock, Series J of the Registrant, dated May 16, 2023	8-K	1-11840	3.1	May 18, 2023	

Exhibit Number	Exhibit Description	Incorporated by Reference				Filed or Furnished Herewith
		Form	File Number	Exhibit	Filing Date	
4.1	The Allstate Corporation hereby agrees to furnish to the Commission, upon request, the instruments defining the rights of holders of each issue of its long-term debt and that of its consolidated subsidiaries					
4.2	Description of Registrant's Securities					X
4.3	Deposit Agreement, dated August 8, 2019, among the Registrant, Equiniti Trust Company, as depositary, and the holders from time to time of the depositary receipts described therein (Series H)	8-K	1-11840	4.1	August 8, 2019	
4.4	Form of Preferred Stock Certificate, Series H (included as Exhibit A to Exhibit 3.3 above)	8-K	1-11840	4.2	August 8, 2019	
4.5	Form of Depositary Receipt, Series H (included as Exhibit A to Exhibit 4.3 above)	8-K	1-11840	4.3	August 8, 2019	
4.6	Deposit Agreement, dated November 8, 2019, among the Registrant, Equiniti Trust Company, as depositary, and the holders from time to time of the depositary receipts described therein (Series I)	8-K	1-11840	4.1	November 8, 2019	
4.7	Form of Preferred Stock Certificate, Series I (included as Exhibit A to Exhibit 3.4 above)	8-K	1-11840	4.2	November 8, 2019	
4.8	Form of Depositary Receipt, Series I (included as Exhibit A to Exhibit 4.6 above)	8-K	1-11840	4.3	November 8, 2019	
4.9	Deposit Agreement, dated May 18, 2023, among the Registrant, Equiniti Trust Company, as depositary, and the holders from time to time of the depositary receipts described therein (Series J)	8-K	1-11840	4.1	May 18, 2023	
4.10	Form of Preferred Stock Certificate, Series J (included as Exhibit A to Exhibit 3.7 above)	8-K	1-11840	4.2	May 18, 2023	
4.11	Form of Depositary Receipt (included as Exhibit A to Exhibit 4.9 above)	8-K	1-11840	4.3	May 18, 2023	
10.1	Credit Agreement dated November 16, 2020, among The Allstate Corporation, Allstate Insurance Company, and Allstate Life Insurance Company, as Borrowers; the lenders party thereto, Wells Fargo Bank, National Association, as Syndication Agent; Bank of America, N.A., Barclays Bank PLC, Credit Suisse AG, New York Branch, Goldman Sachs Bank USA, Morgan Stanley MUFG Loan Partners, LLC, and U.S. Bank National Association, as Documentation Agents; and JPMorgan Chase Bank, N.A., as Administrative Agent.	8-K	1-11840	10.1	November 17, 2020	
10.2	Amendment No. 1 to Credit Agreement dated as of May 4, 2021	10-Q	1-11840	10.1	May 5, 2021	
10.3	Amendment No. 2 to Credit Agreement dated as of November 16, 2022	10-K	1-11840	10.3	February 16, 2023	
10.4*	The Allstate Corporation Annual Executive Incentive Plan, as amended and restated effective November 17, 2020	10-K	1-11840	10.2	February 22, 2021	
10.5*	The Allstate Corporation Deferred Compensation Plan, as amended and restated effective January 1, 2019	S-8	1-11840	4	November 20, 2018	
10.6*	The Allstate Corporation 2019 Equity Incentive Plan, as amended and restated effective February 19, 2020	10-Q	1-11840	10.1	May 5, 2020	
10.7*	Form of Performance Stock Award Agreement for awards granted on or after February 19, 2020, under The Allstate Corporation 2019 Equity Incentive Plan to officers subject to reporting obligations under Section 16 of the Securities Exchange Act of 1934 or an executive vice president	10-Q	1-11840	10.5	May 5, 2020	

Exhibit Number	Exhibit Description	Incorporated by Reference				Filed or Furnished Herewith
		Form	File Number	Exhibit	Filing Date	
10.8*	Form of Option Award Agreement for awards granted on or after February 19, 2020, under The Allstate Corporation 2019 Equity Incentive Plan to officers subject to reporting obligations under Section 16 of the Securities Exchange Act of 1934 or an executive vice president	10-Q	1-11840	10.3	May 5, 2020	
10.9*	Form of Option Award Agreement for awards granted on or after April 13, 2018, under The Allstate Corporation 2013 Equity Incentive Plan	10-Q	1-11840	10.3	May 1, 2018	
10.10*	Form of Option Award Agreement for awards granted on or after February 21, 2012 and prior to April 13, 2018 under The Allstate Corporation 2009 Equity Incentive Plan	10-Q	1-11840	10.3	May 2, 2012	
10.11*	Form of Restricted Stock Unit Award Agreement for awards granted on or after February 19, 2020, under The Allstate Corporation 2019 Equity Incentive Plan to officers subject to reporting obligations under Section 16 of the Securities Exchange Act of 1934 or an executive vice president	10-Q	1-11840	10.4	May 5, 2020	
10.12*	Supplemental Retirement Income Plan, as amended and restated effective October 19, 2018	10-K	1-11840	10.16	February 15, 2019	
10.13*	The Allstate Corporation Change in Control Severance Plan effective December 30, 2011	8-K	1-11840	10.1	December 28, 2011	
10.14*	Amendment to The Allstate Corporation Change in Control Severance Plan effective March 1, 2021	8-K	1-11840	10.1	March 1, 2021	
10.15*	The Allstate Corporation Deferred Compensation Plan for Non-Employee Directors, as amended and restated effective September 15, 2008	8-K	1-11840	10.7	September 19, 2008	
10.16*	The Allstate Corporation Equity Incentive Plan for Non-Employee Directors, as amended and restated effective September 15, 2008	8-K	1-11840	10.5	September 19, 2008	
10.17*	The Allstate Corporation 2006 Equity Compensation Plan for Non-Employee Directors, as amended and restated effective September 15, 2008	8-K	1-11840	10.6	September 19, 2008	
10.18*	The Allstate Corporation 2017 Equity Compensation Plan for Non-Employee Directors	Proxy	1-11840	App. D	April 12, 2017	
10.19*	Form of amended and restated Restricted Stock Unit Award Agreement with regards to awards outstanding on September 15, 2008 under The Allstate Corporation 2006 Equity Compensation Plan for Non-Employee Directors	8-K	1-11840	10.8	September 19, 2008	
10.20*	Form of Restricted Stock Unit Award Agreement for awards granted on or after September 15, 2008, and prior to June 1, 2016, under The Allstate Corporation 2006 Equity Compensation Plan for Non-Employee Directors	8-K	1-11840	10.9	September 19, 2008	
10.21*	Form of Restricted Stock Unit Award Agreement for awards granted on or after June 1, 2016, and prior to June 1, 2017, under The Allstate Corporation 2006 Equity Compensation Plan for Non-Employee Directors	10-Q	1-11840	10.2	August 3, 2016	
10.22*	Form of Restricted Stock Unit Award Agreement for awards granted on or after June 1, 2017, under The Allstate Corporation 2017 Equity Compensation Plan for Non-Employee Directors	10-Q	1-11840	10.2	August 1, 2017	
10.23*	Form of Indemnification Agreement between the Registrant and Director	10-Q	1-11840	10.2	August 1, 2007	
10.24*	Resolutions regarding Non-Employee Director Compensation adopted November 19, 2021	10-K	1-11840	10.31	February 18, 2022	
10.25*	Resolutions regarding Non-Employee Director Compensation adopted November 18, 2022	10-K	1-11840	10.33	February 16, 2023	
10.26*	Voluntary Retirement Agreement, dated August 18, 2022, between Glenn T. Shapiro and Allstate Insurance Company	8-K	1-11840	10	August 18, 2022	
10.27*	Offer Letter dated March 9, 2022 to Robert Toohey	10-Q	1-11840	10.1	May 3, 2023	

Exhibit Number	Exhibit Description	Incorporated by Reference				Filed or Furnished Herewith
		Form	File Number	Exhibit	Filing Date	
19	The Allstate Corporation Insider Trading Policy, effective July 14, 2023					X
21	Subsidiaries of The Allstate Corporation					X
23	Consent of Independent Registered Public Accounting Firm					X
31(i)	Rule 13a-14(a) Certification of Principal Executive Officer					X
31(i)	Rule 13a-14(a) Certification of Principal Financial Officer					X
32	Section 1350 Certifications					X
97	The Allstate Corporation Clawback Policy, effective July 5, 2023					X
101.INS	Inline XBRL Instance Document (the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document					X
101.SCH	Inline XBRL Taxonomy Extension Schema					X
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase					X
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase					X
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase					X
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase					X
104	Cover Page Interactive Data File (formatted as inline XBRL and contained in Exhibit 101)					X

Item 15. (b)

The exhibits are listed in Item 15. (a)(3) above.

Item 15. (c)

The financial statement schedules are listed in Item 15. (a)(2) above.

Item 16.

None.

Signatures

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

The Allstate Corporation
(Registrant)

/s/ John C. Pintozzi

By: John C. Pintozzi
Senior Vice President, Controller and Chief Accounting Officer
(Principal Accounting Officer)
February 21, 2024

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Signature	Title	Date
/s/ Thomas J. Wilson Thomas J. Wilson	Chairman of the Board, President, Chief Executive Officer and a Director (Principal Executive Officer)	February 21, 2024
/s/ Jesse E. Merten Jesse E. Merten	Executive Vice President and Chief Financial Officer (Principal Financial Officer)	February 21, 2024
/s/ John C. Pintozzi John C. Pintozzi	Senior Vice President, Controller and Chief Accounting Officer (Principal Accounting Officer)	February 21, 2024
/s/ Donald E. Brown Donald E. Brown	Director	February 21, 2024
/s/ Kermit R. Crawford Kermit R. Crawford	Director	February 21, 2024
/s/ Richard T. Hume Richard T. Hume	Director	February 21, 2024
/s/ Margaret M. Keane Margaret M. Keane	Director	February 21, 2024
/s/ Siddharth N. Mehta Siddharth N. Mehta	Director	February 21, 2024
/s/ Maria R. Morris Maria R. Morris	Director	February 21, 2024
/s/ Jacques P. Perold Jacques P. Perold	Director	February 21, 2024
/s/ Andrea Redmond Andrea Redmond	Director	February 21, 2024
/s/ Gregg M. Sherrill Gregg M. Sherrill	Lead Director	February 21, 2024
/s/ Judith A. Sprieser Judith A. Sprieser	Director	February 21, 2024
/s/ Perry M. Traquina Perry M. Traquina	Director	February 21, 2024
/s/ Monica Turner Monica Turner	Director	February 21, 2024

The Allstate Corporation and Subsidiaries

Schedule I — Summary of Investments Other than Investments in Related Parties

($ in millions)	As of December 31, 2023		
	Cost/amortized cost, net	**Fair value (if applicable)**	**Amount shown in the Balance Sheet**
Type of investment			
Fixed maturities:			
Bonds:			
United States government, government agencies and authorities	$ 8,624	$ 8,619	$ 8,619
States, municipalities and political subdivisions	6,049	6,006	6,006
Foreign governments	1,286	1,290	1,290
Public utilities	5,330	5,316	5,316
All other corporate bonds	26,621	25,889	25,889
Asset-backed securities	1,739	1,745	1,745
Total fixed maturities	**49,649**	**48,865**	**48,865**
Equity securities:			
Common stocks:			
Public utilities	44	47	47
Banks, trusts and insurance companies	36	53	53
Industrial, miscellaneous and all other	1,855	1,956	1,956
Nonredeemable preferred stocks	309	355	355
Total equity securities	**2,244**	**2,411**	**2,411**
Mortgage loans on real estate	822	769	822
Real estate (none acquired in satisfaction of debt)	709		709
Policy loans	119		119
Derivative instruments	1	1	1
Limited partnership interests	8,380		8,380
Other long-term investments	226	239	226
Short-term investments	5,145	5,144	5,144
Total investments	**$ 67,295**		**$ 66,677**

The Allstate Corporation and Subsidiaries

Schedule II — Condensed Financial Information of Registrant Statement of Operations

($ in millions)	Year Ended December 31, 2023	2022	2021
Revenues			
Investment income, less investment expense	$ 45	$ 59	$ 13
Net gains (losses) on investments and derivatives	(28)	(34)	12
Total revenues	**17**	**25**	**25**
Expenses			
Interest expense	396	351	328
Pension and other postretirement remeasurement (gains) losses	12	179	(611)
Pension and other postretirement (benefit) expense	55	(98)	(218)
Other operating expenses	142	56	71
Total expenses	**605**	**488**	**(430)**
(Loss) gain from operations before income tax benefit and equity in net income of subsidiaries	**(588)**	**(463)**	**455**
Income tax (benefit) expense	(143)	(103)	93
(Loss) gain before equity in net income of subsidiaries	**(445)**	**(360)**	**362**
Equity in net income (loss) of subsidiaries [(1)]	257	(929)	1,252
Net (loss) income	**(188)**	**(1,289)**	**1,614**
Preferred stock dividends	128	105	114
Net (loss) income applicable to common shareholders	**(316)**	**(1,394)**	**1,500**
Other comprehensive income (loss), after-tax			
Changes in:			
Unrealized net capital gains and losses	1,651	(2,853)	(2,583)
Unrealized foreign currency translation adjustments	67	(150)	(8)
Unamortized pension and other postretirement prior service credit	(16)	(43)	(59)
Discount rate for reserve for future policy benefits	(10)	228	49
Other comprehensive income (loss), after-tax	**1,692**	**(2,818)**	**(2,601)**
Comprehensive income (loss)	**$ 1,504**	**$ (4,107)**	**$ (987)**

(1) 2021 include results of operations for the life and annuity business held for sale reported as discontinued operations in the Consolidated Statements of Operations.

See accompanying notes to condensed financial information and notes to consolidated financial statements.

The Allstate Corporation and Subsidiaries

Schedule II (Continued) — Condensed Financial Information of Registrant Statement of Financial Position

($ in millions, except par value data)	December 31, 2023	December 31, 2022
Assets		
Investments in subsidiaries	$ 24,388	$ 23,711
Fixed income securities, at fair value (amortized cost, net $ 1,027 and $2,513)	1,003	2,422
Short-term investments, at fair value (amortized cost, net $ 297 and $291)	297	291
Cash	—	—
Receivable from subsidiaries	359	341
Deferred income taxes	90	59
Other assets	233	108
Total assets	**26,370**	**26,932**
Liabilities		
Debt	7,585	7,588
Pension and other postretirement benefit obligations	237	180
Deferred compensation	341	320
Notes due to subsidiaries	—	1,000
Dividends payable to shareholders	270	260
Other liabilities	167	96
Total liabilities	**8,600**	**9,444**
Shareholders' equity		
Preferred stock and additional capital paid-in, $1 par value, 25 million shares authorized, 82.0 thousand and 81.0 thousand shares issued and outstanding, $2,050 and $2,025 aggregate liquidation preference	2,001	1,970
Common stock, $.01 par value, 2.0 billion shares authorized and 900 million issued, 262 million and 263 million shares outstanding	9	9
Additional capital paid-in	3,854	3,788
Retained income	49,716	50,970
Treasury stock, at cost (638 million and 637 million shares)	(37,110)	(36,857)
Accumulated other comprehensive income:		
Unrealized net capital gains and losses	(604)	(2,255)
Unrealized foreign currency translation adjustments	(98)	(165)
Unamortized pension and other postretirement prior service credit	13	29
Discount rate for reserve for future policy benefits	(11)	(1)
Total accumulated other comprehensive loss	**(700)**	**(2,392)**
Total Allstate shareholders' equity	**17,770**	**17,488**
Total liabilities and equity	**$ 26,370**	**$ 26,932**

See accompanying notes to condensed financial information and notes to consolidated financial statements.

The Allstate Corporation and Subsidiaries

Schedule II (Continued) — Condensed Financial Information of Registrant Statement of Cash Flows

($ in millions)	Years Ended December 31, 2023	2022	2021
Cash flows from operating activities			
Net (loss) income	$ (188)	$ (1,289)	$ 1,614
Adjustments to reconcile net income to net cash provided by operating activities:			
Equity in net (loss) income of subsidiaries [1]	(257)	929	(1,252)
Dividends received from subsidiaries	250	3,396	5,112
Net (gains) losses on investments and derivatives	28	34	(12)
Pension and other postretirement remeasurement (gains) losses	12	179	(611)
Changes in:			
Pension and other postretirement benefits	55	(98)	(218)
Income taxes	(78)	(14)	177
Operating assets and liabilities	43	76	158
Net cash (used in) provided by operating activities	**(135)**	**3,213**	**4,968**
Cash flows from investing activities			
Proceeds from sales of investments	1,427	2,572	1,743
Investment purchases	(50)	(2,507)	(2,673)
Investment collections	85	39	38
Capital contribution or return of capital from subsidiaries	975	145	383
Change in short-term investments, net	(7)	6	4,182
Acquisition of subsidiaries	—	—	(4,144)
Net cash provided by (used in) investing activities	**2,430**	**255**	**(471)**
Cash flows from financing activities			
Proceeds from borrowings from subsidiaries	—	1,000	2,200
Repayment of notes due to subsidiaries	(1,000)	(1,000)	(2,450)
Proceeds from issuance of debt	743	—	—
Redemption of preferred stock	(575)	—	—
Redemption and repayment of debt	(750)	—	(250)
Proceeds from issuance of preferred stock	587	—	—
Dividends paid on common stock	(925)	(926)	(885)
Dividends paid on preferred stock	(107)	(105)	(105)
Treasury stock purchases	(335)	(2,520)	(3,120)
Shares reissued under equity incentive plans, net	73	82	114
Other	(6)	—	—
Net cash used in financing activities	**(2,295)**	**(3,469)**	**(4,496)**
Net (decrease) increase in cash	**—**	**(1)**	**1**
Cash at beginning of year	—	1	—
Cash at end of year	**$ —**	**$ —**	**$ 1**

[1] 2021 results include operations for the life and annuity business held for sale reported as discontinued operations in the Consolidated Statements of Operations.

See accompanying notes to condensed financial information and notes to consolidated financial statements.

The Allstate Corporation and Subsidiaries
Schedule II (Continued) — Condensed Financial Information of Registrant
Notes to Condensed Financial Information

1. General

Pursuant to rules and regulations of the Securities and Exchange Commission, the unconsolidated condensed financial statements of the Parent Company do not reflect all of the information and notes normally included with financial statements prepared in accordance with GAAP. Therefore, these condensed financial statements of the Registrant should be read in conjunction with the consolidated financial statements and notes thereto included in Item 8.

The debt presented in Note 13 "Capital Structure" are direct obligations of or guaranteed by the Registrant. A majority of the pension and other postretirement benefits plans presented in Note 18 "Benefit Plans" are direct obligations of the Registrant.

Participating subsidiaries fund the pension plans contributions under a master services cost sharing agreement. In addition, as a result of joint and several pension liability rules under the Internal Revenue Code and the Employee Retirement Income Security Act of 1974, as amended, many liabilities that arise in connection with pension plans are joint and several across all members of a controlled group of entities.

2. Notes due to subsidiaries

On June 17, 2022, the Registrant issued $ 1.00 billion notes, with a rate of 1.63% due on June 17, 2023, to Kennett Capital Inc. The proceeds of this issuance were used for cash management purposes. On June 9, 2023, the Registrant repaid $1.00 billion to Kennett Capital Inc.

On March 1, 2021 and June 18, 2021, the Registrant issued $ 200 million and $1.00 billion notes, with rates of 0.21% and 0.20%, due on March 1, 2022 and June 18, 2022, respectively, to Kennett Capital Inc. The proceeds of these issuances were used for cash management purposes. On April 5, 2021, the Registrant repaid $200 million to Kennett Capital Inc. On June 17, 2022, the Registrant repaid $1.00 billion to Kennett Capital Inc.

3. Supplemental Disclosures of Cash Flow Information

The Registrant paid $355 million, $323 million and $321 million of interest on debt in 2023, 2022 and 2021, respectively.

The Allstate Corporation and Subsidiaries

Schedule III — Supplementary Insurance Information

($ in millions)	As of December 31,			For the years ended December 31,					
Segment	Deferred policy acquisition costs	Reserves for claims and claims expense, contract benefits and contractholder funds	Unearned premiums	Premium revenue and contract charges	Net investment income [1]	Claims and claims expense, contract benefits and interest credited to contractholders	Amortization of deferred policy acquisition costs	Other operating costs and expenses	Premiums written (excluding life)
2023									
Property-Liability									
Allstate Protection	$ 2,378	$ 37,852	$ 19,542	$ 48,427		$ 40,364	$ 6,070	$ 5,628	$ 50,347
Run-off Property-Liability	—	1,942	—	—		89	—	5	—
Total Property-Liability	2,378	39,794	19,542	48,427	$ 2,218	40,453	6,070	5,633	50,347
Protection Services [2]	3,022	64	5,150	2,381	73	632	1,058	956	2,663
Allstate Health and Benefits	540	2,235	17	1,846	82	1,071	150	881	1,598
Corporate and Other	—	—	—	—	105	—	—	676	—
Intersegment Eliminations [2]	—	—	—	(138)	—	(15)	—	(123)	—
Total	**$ 5,940**	**$ 42,093**	**$ 24,709**	**$ 52,516**	**$ 2,478**	**$ 42,141**	**$ 7,278**	**$ 8,023**	**$ 54,608**
2022									
Property-Liability									
Allstate Protection	$ 2,146	$ 35,537	$ 17,538	$ 43,909		$ 36,607	$ 5,570	$ 5,930	$ 45,787
Run-off Property-Liability	—	1,955	—	—		125	—	4	—
Total Property-Liability	2,146	37,492	17,538	43,909	$ 2,190	36,732	5,570	5,934	45,787
Protection Services [2]	2,768	49	4,745	2,144	48	532	928	952	2,699
Allstate Health and Benefits	528	2,201	16	1,832	69	1,042	136	852	1,594
Corporate and Other	—	—	—	—	96	—	—	712	—
Intersegment Eliminations [2]	—	—	—	(149)	—	—	—	(149)	—
Total	**$ 5,442**	**$ 39,742**	**$ 22,299**	**$ 47,736**	**$ 2,403**	**$ 38,306**	**$ 6,634**	**$ 8,301**	**$ 50,080**
2021									
Property-Liability									
Allstate Protection	$ 1,951	$ 31,099	$ 15,763	$ 40,454		$ 28,760	$ 5,313	$ 6,033	$ 41,358
Run-off Property-Liability	—	1,916	—	—		116	—	4	—
Total Property-Liability	1,951	33,015	15,763	40,454	$ 3,118	28,876	5,313	6,037	41,358
Protection Services [2]	2,294	45	4,054	1,939	43	458	795	938	2,642
Allstate Health and Benefits	493	2,585	16	1,834	74	1,060	128	838	1,630
Corporate and Other	—	—	—	—	58	—	—	(133)	—
Intersegment Eliminations [2]	—	—	—	(175)	—	(16)	—	(159)	—
Total	**$ 4,738**	**$ 35,645**	**$ 19,833**	**$ 44,052**	**$ 3,293**	**$ 30,378**	**$ 6,236**	**$ 7,521**	**$ 45,630**

[1] A single investment portfolio supports both Allstate Protection and Run-off Property-Liability segments.

[2] Includes intersegment premiums and service fees and the related incurred losses and expenses that are eliminated in the consolidated financial statements.

The Allstate Corporation and Subsidiaries
Schedule IV — Reinsurance

($ in millions)	Gross amount	Ceded to other companies [1]	Assumed from other companies	Net amount	Percentage of amount assumed to net
Year ended December 31, 2023					
Life insurance in force	**$ 21,788**	**$ 482**	**$ 1,301**	**$ 22,607**	**5.8 %**
Premiums and contract charges:					
Life insurance	$ 226	$ 6	$ 16	$ 236	6.8 %
Accident and health insurance	1,639	41	12	1,610	0.7
Property and casualty insurance	52,301	1,989	358	50,670	0.7
Total premiums and contract charges	**$ 54,166**	**$ 2,036**	**$ 386**	**$ 52,516**	**0.7**
Year ended December 31, 2022					
Life insurance in force	**$ 21,271**	**$ 614**	**$ 1,401**	**$ 22,058**	**6.4 %**
Premiums and contract charges:					
Life insurance	$ 214	$ 6	$ 17	$ 225	7.6 %
Accident and health insurance	1,624	31	14	1,607	0.9
Property and casualty insurance	47,552	1,869	221	45,904	0.5
Total premiums and contract charges	**$ 49,390**	**$ 1,906**	**$ 252**	**$ 47,736**	**0.5**
Year ended December 31, 2021					
Life insurance in force	**$ 20,535**	**$ 640**	**$ 1,528**	**$ 21,423**	**7.1 %**
Premiums and contract charges:					
Life insurance	$ 160	$ 7	$ 15	$ 168	8.9 %
Accident and health insurance	1,732	72	6	1,666	0.4
Property and casualty insurance	43,944	1,904	178	42,218	0.4
Total premiums and contract charges	**$ 45,836**	**$ 1,983**	**$ 199**	**$ 44,052**	**0.5**

[1] No reinsurance or coinsurance income was netted against premium ceded in 2023, 2022 or 2021.

The Allstate Corporation and Subsidiaries
Schedule V — Valuation Allowances and Qualifying Accounts

($ in millions)		Additions			
Description	**Balance as of beginning of period**	**Charged to costs and expenses**	**Other additions**	**Deductions**	**Balance as of end of period**
Year ended December 31, 2023					
Fixed income securities	$ 13	$ 23	$ —	$ —	$ 36
Mortgage loans	7	4	—	—	11
Bank loans	57	18	—	53	22
Investments	**77**	**45**	**—**	**53**	**69**
Premium installment receivable	132	348	—	342	138
Reinsurance recoverables	65	1	—	1	65
Other assets	19	—	—	1	18
Assets	**293**	**394**	**—**	**397**	**290**
Commitments to fund mortgage loans and bank loans	—	1	—	—	1
Liabilities	**—**	**1**	**—**	**—**	**1**
Total	**$ 293**	**$ 395**	**$ —**	**$ 397**	**$ 291**
Valuation allowance for deferred tax assets	$ 34	$ —	$ 35	$ —	$ 69
Year ended December 31, 2022					
Fixed income securities	$ 6	$ 7	$ —	$ —	$ 13
Mortgage loans	6	1	—	—	7
Bank loans	61	26	—	30	57
Investments	**73**	**34**	**—**	**30**	**77**
Premium installment receivable	107	313	—	288	132
Reinsurance recoverables	74	—	—	9	65
Other assets	26	—	—	7	19
Assets	**280**	**347**	**—**	**334**	**293**
Commitments to fund mortgage loans and bank loans	—	—	—	—	—
Liabilities	**—**	**—**	**—**	**—**	**—**
Total	**$ 280**	**$ 347**	**$ —**	**$ 334**	**$ 293**
Valuation allowance for deferred tax assets	$ 24	$ —	$ 10	$ —	$ 34
Year ended December 31, 2021					
Fixed income securities	$ 2	$ 4	$ —	$ —	$ 6
Mortgage loans	67	(61)	—	—	6
Bank loans	67	(6)	—	—	61
Investments	**136**	**(63)**	**—**	**—**	**73**
Premium installment receivable	153	274	19	339	107
Reinsurance recoverables	60	15	—	1	74
Other assets	17	9	—	—	26
Assets	**366**	**235**	**19**	**340**	**280**
Commitments to fund mortgage loans and bank loans	1	—	—	1	—
Liabilities	**1**	**—**	**—**	**1**	**—**
Total	**$ 367**	**$ 235**	**$ 19**	**$ 341**	**$ 280**
Valuation allowance for deferred tax assets	$ —	$ —	$ 38	$ 14	$ 24