

Catastrophe Reinsurance Program Effective June 1, 2016 to May 31, 2017

Northbrook, Ill., August 3, 2016 – We have completed the placement of our 2016 personal lines catastrophe reinsurance program* for the personal lines property and automobile business units of The Allstate Corporation (NYSE: ALL).

Our catastrophe reinsurance program allows us to continue to provide customers with insurance while protecting capital from the costs associated with major catastrophe losses. It was designed, utilizing our risk management methodology, to address our exposure to catastrophes nationwide. Our program provides reinsurance protection for catastrophes resulting from multiple perils, including hurricanes, windstorms, hail, tornadoes, earthquakes, fires following earthquakes, riots, freeze, and wildfires. These reinsurance agreements are part of our catastrophe management strategy, which is intended to provide our shareholders an acceptable return on the risks assumed in our personal lines business, and to reduce variability of earnings while providing protection to our customers. We place coverage in the traditional reinsurance and capital markets considering a number of factors including coverage, cost, terms, and the period of protection.

Our 2016 reinsurance program continues to support our goal to have no more than a 1% likelihood of having greater than \$2 billion in average annual aggregate hurricane and earthquake losses, net of reinsurance, based on modeling assumptions and applications currently available. Since the 2006 inception of Allstate's catastrophe reinsurance program, our exposure to wind loss has been materially reduced and we have substantially eliminated our exposure to homeowners' earthquake loss. Similar to our 2015 program, we have designed our 2016 program to respond to these exposure changes by including coverage in all agreements for multiple perils, in addition to hurricanes and earthquakes, except for the following agreements which reinsure specific perils:

- the “2013-1 PCS Excess Catastrophe Reinsurance agreement”- an agreement comprising two contracts which provides coverage in specific states for hurricanes and earthquakes, including fires following earthquakes, based on insured industry losses as reported by the Property Claim Service (“PCS”);
- the “2014-1 PCS Excess Catastrophe Reinsurance agreement”- an agreement comprising three contracts which provides coverage in specific states for hurricanes and earthquakes, including fires following earthquakes, based on insured industry losses as reported by PCS;
- the “Sanders Re 2014-2 Excess Reinsurance contract”- which provides coverage to qualifying personal lines property losses in the State of Florida arising out of a Named Storm Event, a Severe Thunderstorm Event, or an Earthquake event, all as defined in the contract;
- the “E&S Earthquake agreement”- an agreement which provides coverage for earthquakes, shake damage only, in the State of California, resulting from losses to personal lines property policies written by our excess and surplus lines insurer; and
- a Kentucky agreement which provides coverage for earthquakes and fires following earthquakes.

The Nationwide Per Occurrence Excess Catastrophe Reinsurance program, as described below, provides \$4.55 billion of reinsurance coverage less a \$500 million retention and subject to the amount of reinsurance placed in each of its ten layers. Similar to the expiring program, the 2016 program includes a Per Occurrence Excess Catastrophe Reinsurance agreement which reinsures our personal lines property and automobile excess catastrophe losses resulting from multiple perils in every state except New Jersey, and including only personal lines automobile excess catastrophe losses in Florida. The agreement includes coverage for the first six layers of the program with each layer 95% placed; provides coverage for the Sixth Gap Fill Layer and a portion of the Ninth Layer; and includes a reinstatement of limits for each of the first six layers and a portion of the program's Ninth Layer. For June 1, 2016 to May 31, 2017, the program also consists of two additional agreements: a 2013-1 PCS Excess Catastrophe Reinsurance agreement and a 2014-1 PCS Excess Catastrophe Reinsurance agreement. These agreements provide additional limits above the Seventh Layer of the Per Occurrence Excess Catastrophe Reinsurance agreement and do not include a reinstatement of limits. In addition, the PCS agreements provide coverage in specific states** solely for hurricanes and earthquakes, including fires following earthquakes.

* A reinsurance program comprises one or more reinsurance agreements and a reinsurance agreement comprises one or more reinsurance contracts.

** While the 2014-1 PCS Excess Catastrophe Reinsurance agreement does not provide reinsurance recoveries for New Jersey hurricane exposures for the risk period, beginning May 22, 2016, the agreement allows for the potential of these recoveries in the remaining risk periods.

A description of the catastrophe reinsurance agreements that reinsure the personal lines property and automobile business as of June 1, 2016 follows:

- Nationwide Per Occurrence Excess Catastrophe Reinsurance program, excluding New Jersey and including only personal lines automobile business in Florida, for the June 1, 2016 to May 31, 2017 term:

- The Per Occurrence Excess Catastrophe Reinsurance agreement reinsures personal lines property and automobile excess catastrophe losses caused by multiple perils in Layers One through Six and Layer Nine of the program. We employ a multi-year approach to placing reinsurance coverage to lessen the amount of reinsurance being placed in the market in any one year. Coverage is provided as follows:

First Layer: \$250 million limit in excess of a \$500 million retention, 1 reinstatement
Second Layer: \$250 million limit in excess of a \$750 million retention, 1 reinstatement
Third Layer: \$500 million limit in excess of a \$1.00 billion retention, 1 reinstatement
Fourth Layer: \$750 million limit in excess of a \$1.50 billion retention, 1 reinstatement
Fifth Layer: \$500 million limit in excess of a \$2.25 billion retention, 1 reinstatement

Coverage for each of the First through Fifth Layers comprises three contracts, with each contract providing one third of 95% of the total layer limit and expiring as of May 31, 2017, May 31, 2018, and May 31, 2019. Unlike the contracts expiring May 31, 2017 and May 31, 2018, the newly placed contracts expiring May 31, 2019 include coverage for automobile losses in Florida. The contracts for each of the First through Fifth Layers include one reinstatement of limits, per year, with premium required. Reinsurance premiums are subject to redetermination for exposure changes on an annual basis.

Sixth Layer: \$324 million limit in excess of a \$2.75 billion retention, 1 reinstatement
Ninth Layer: \$446 million limit in excess of a \$3.75 billion retention, 1 reinstatement

The Sixth Layer contract is 95% placed and expires May 31, 2022. The Ninth Layer contract expires May 31, 2022 and provides \$131 million in limits for the Ninth Layer.

The Sixth Layer and Ninth Layer contracts are placed in the traditional reinsurance market and contain comparable contract terms and conditions as Layers One through Five. Unlike Layer One through Five contracts, each contract contains a variable reset option which the ceding entities may elect to invoke at each anniversary allowing for the annual adjustment of each contract's attachment and exhaustion levels within specified limits. The variable reset option requires a premium adjustment for an increase or decrease in the updated modeled annual expected loss from the initial modeled annual expected loss. The Sixth and Ninth Layer contracts each contain one reinstatement of limits over each of their seven year terms with premium required. Reinsurance premiums are subject to redetermination for exposure changes on an annual basis.

Sixth Layer and above Gap Fill Excess contract: \$175 million limit in excess of \$2.75 billion retention, no reinstatement

The Gap Fill Excess contract reinsures personal lines property and automobile excess catastrophe losses caused by multiple perils in all states excluding New Jersey and including only personal lines automobile business in Florida. The contract's one year term incepted June 1, 2016 and expires May 31, 2017. The contract provides one annual limit of \$175 million in excess of a \$2.75 billion retention. Recoveries under the Sixth and Ninth Layers of the Nationwide Per Occurrence agreement and the PCS excess catastrophe reinsurance agreements inure to the benefit of this contract. The contract is placed in the traditional reinsurance market with comparable terms as Layers One through Six and Layer Nine. The contract does not include a reinstatement of limits. Reinsurance premium is subject to redetermination for exposure changes.

- The 2013-1 PCS Excess Catastrophe Reinsurance agreement reinsures personal lines property and automobile excess catastrophe losses caused by hurricanes in 28 states and the District of Columbia, and earthquakes, including fires following earthquakes, in California, New York, and Washington. This agreement is placed with a Bermuda insurance company, Sanders Re Ltd. ("Sanders Re"), which completed an offering to unrelated investors of principal at risk, variable market rate notes to collateralize losses covered by the agreement. Amounts payable under the agreement are based on insured industry losses as reported by PCS and further indexed by annual pay-out factors specific to personal lines property and automobile exposures in the agreement's covered areas (the "pay-out factors"). Reinsurance recoveries under the 2013-1 PCS Excess Catastrophe Reinsurance agreement are limited to our ultimate net loss from a PCS reported hurricane or earthquake event, in excess of each contract's specific attachment level and subject to each contract's limit. The agreement's risk period is for four years from May 4, 2013 to May 3, 2017. The placement of these contracts achieves, for the perils of

- hurricane and earthquakes, including fires following earthquakes, a \$150 million limit or 44.38% of \$338 million between a \$3.22 billion to \$3.56 billion layer and a \$200 million limit or 44.74% of \$447 million between a \$3.75 billion to \$4.20 billion layer. The contracts do not include a reinstatement of limits.
- The 2014-1 PCS Excess Catastrophe Reinsurance agreement reinsures personal lines property and automobile excess catastrophe losses caused by hurricanes in 29 states and the District of Columbia, and earthquakes, including fires following earthquakes, in California, New York, and Washington. This agreement is placed with Sanders Re which utilized privately placed funding similarly employed for the 2013-1 PCS Excess Catastrophe Reinsurance agreement to provide collateral equal to the agreement's limits for qualifying covered losses. Amounts payable under the agreement are based on insured industry losses as reported by PCS and further indexed by pay-out factors as described above. For the May 22, 2016 to May 21, 2017 risk period, the pay-out factors for personal lines property and automobile hurricane exposures in New Jersey are zero. Reinsurance recoveries under the 2014-1 PCS Excess Catastrophe Reinsurance agreement are limited to our ultimate net loss from a PCS reported hurricane or earthquake event, in excess of each contract's specific attachment level and subject to each contract's limit. The agreement comprises three contracts with each contract's risk period beginning on May 22, 2014 and with two of the three contracts' risk periods expiring on May 21, 2018 and one contract's risk period expiring on May 21, 2019. The placement of these contracts achieves, for the perils of hurricane and earthquakes, including fires following earthquakes, a \$305 million limit or 50.58% of \$603 million between a \$3.15 billion to \$3.75 billion layer; a \$115 million limit or 25.73% of \$447 million between a \$3.75 billion to \$4.20 billion layer; and a \$330 million limit or 95.1% of \$347 million between a \$4.20 billion to \$4.55 billion layer. The contracts comprising the agreement contain a variable reset option which the ceding entities may elect to invoke for risk periods subsequent to the first risk period and which allows for the annual adjustment of each contract's attachment and exhaustion levels within specified limits. The variable reset option requires a premium adjustment for an increase or decrease in the updated modeled annual expected loss from the initial modeled annual expected loss. The contracts do not include a reinstatement of limits.
 - The New Jersey Excess Catastrophe Reinsurance agreement is designed apart from the other components of the program to address the distinct needs of our separately capitalized companies in that state and comprises two existing and a newly placed contract that reinsure personal lines property and automobile excess catastrophe losses in New Jersey. The contracts expire May 31, 2017, May 31, 2018 and May 31, 2019 and provide 31.67%, 31.66%, and 31.67%, respectively, of \$400 million of limits excess of a provisional \$169 million retention, a \$162 million retention, and a \$150 million retention, respectively. Each contract includes one reinstatement of limits per contract year with premium due. The reinsurance premium and retention are subject to redetermination for exposure changes on an annual basis.
 - The Pennsylvania Excess Catastrophe Reinsurance agreement comprises a three-year term contract that reinsures personal lines property losses in Pennsylvania caused by multiple perils. The contract expires May 31, 2018 and provides three limits of \$100 million in excess of a \$100 million retention with two limits available in any one contract year and is 95% placed. The reinsurance premium and retention are not subject to redetermination for exposure changes.
 - The Kentucky Earthquake Excess Catastrophe Reinsurance agreement comprises a three-year term contract that reinsures personal lines property losses in Kentucky caused by earthquakes and fires following earthquakes. The contract expires May 31, 2017 and provides \$25 million in excess of a \$5 million retention with two limits available in any one contract year and is 95% placed. The reinsurance premium and retention are not subject to redetermination for exposure changes.
 - The E&S Earthquake agreement comprises one contract which reinsures personal lines property catastrophe losses in California caused by the peril of earthquakes and insured by our excess and surplus lines insurer. The contract expires June 30, 2018. Unlike the other contracts comprising the Nationwide Program, the E&S Earthquake agreement provides reinsurance on a 100% quota share basis with no retention. The contract allows for cession of policies providing earthquake coverage so long as the total amount of in-force building limits provided by those policies does not exceed \$400 million. This \$400 million cap limits the policies that are covered by the reinsurance and not the amount of loss eligible for cession which includes losses to dwellings, other structures, personal property, and additional living expenses on policies covered by this program. The cap limit has not been exceeded. The E&S Earthquake agreement reinsures only shake damage resulting from the earthquake peril.
 - The Florida Excess Catastrophe Reinsurance agreement is designed apart from the other components of the program to address the distinct needs of our separately capitalized companies in that state and comprises five contracts which reinsure Castle Key Insurance Company ("CKIC") and Castle Key Indemnity Company

(“CKI”, and together with CKIC, “Castle Key”) for personal lines property excess catastrophe losses in Florida. For the June 1, 2016 to May 31, 2017 term, the agreement includes CKIC’s and CKI’s reimbursement contracts with the Florida Hurricane Catastrophe Fund (the “Mandatory FHCF contracts”)***. All contracts comprising the agreement, except the Sanders Re 2014-2 Class A contract (“Sanders Re 2014-2 contract”), provide a one year term effective June 1, 2016 through May 31, 2017 with reinsurance premium subject to redetermination for exposure changes. The Sanders Re 2014-2 contract is a three year term contract with a risk period effective June 1, 2014 through May 31, 2017. Sanders Re utilized privately placed funding similarly employed for the Nationwide Program’s two agreements to provide collateral equal to the contract’s limit for qualified covered losses. The Sanders Re 2014-2 contract contains a variable reset option which Castle Key invoked for the June 1, 2016 to May 31, 2017 risk period and which resulted in an adjustment of the contract’s attachment level with a corresponding premium adjustment. With the exception of the Mandatory FHCF contracts and the Sanders Re 2014-2 contract, all contracts provide reinsurance for qualifying losses to personal lines property arising out of multiple perils in addition to hurricanes. The Mandatory FHCF contracts reinsure qualifying personal lines property losses caused by storms the National Hurricane Center declares to be hurricanes, and the Sanders Re 2014-2 contract reinsures qualifying losses to personal lines property caused by a Named Storm Event, a Severe Thunderstorm Event, or an Earthquake Event. These Events are defined in the Sanders Re 2014-2 contract as Events declared by various reporting agencies, including PCS, and in the case of a Severe Thunderstorm Event, should PCS cease to report on Severe Thunderstorms, then such event will be deemed a Severe Thunderstorm if the Companies have assigned a catastrophe code to such Severe Thunderstorm.

The Mandatory FHCF contracts include an estimated maximum provisional limit of 90% of \$191 million or \$172 million, in excess of a provisional retention of \$60 million, and also include reimbursement of up to 5% eligible loss adjustment expenses. The limit and retention of the Mandatory FHCF contracts are subject to re-measurement based on June 30, 2016 exposure data. In addition, the FHCF’s retention is subject to adjustment upward or downward to an actual retention based on submitted exposures to the FHCF by all participants. For each of the two largest hurricanes, the provisional retention is \$60 million and a retention equal to one third of that amount, or approximately \$20 million, is applicable to all other hurricanes for the season beginning June 1, 2016. All the contracts comprising the Florida agreement are listed and described below:

- Below FHCF contract – provides limits of \$40 million in excess of \$20 million and is 100% placed. The first reinstatement of limits is prepaid and the second and final reinstatement requires additional premium.
- Mandatory FHCF contracts – provide 90% of \$191 million of limits in excess of a provisional retention of \$60 million with no reinstatement of limits. For each of the two largest hurricanes, the provisional retention is \$60 million and retention equal to one third of that amount, or approximately \$20 million, is applicable to all other hurricanes for the season beginning June 1, 2016.
- Excess contract – provides limits of \$254 million in excess of a \$20 million retention. Recoveries from the Below FHCF contract and Mandatory FHCF contracts inure to the benefit of this contract. Additionally, FHCF contract loss reimbursements are deemed to be paid resulting in the Excess contract providing reinsurance for loss occurrences not subject to reimbursement under the FHCF contracts as the Excess contract is a multi-peril contract. This contract provides reinsurance limits above the FHCF Mandatory contracts and reinsurance limits for CKIC’s and CKI’s 10% co-participation in the Mandatory FHCF. The contract is 100% placed with no reinstatement of limits.
- Sanders Re 2014-2 contract – provides limits of \$200 million in excess of \$60 million and in excess of “Stated Reinsurance,” as defined on the 2016 Florida Excess Catastrophe Reinsurance Agreement chart on page 13 and, for the June 1, 2016 to May 31, 2017 risk period, consists of the Mandatory FHCF contracts as if each contract were 100% placed and the Excess contract. Under the Sanders Re contract, Stated Reinsurance is deemed to be provided on a multiple perils basis pursuant to the terms of the non-FHCF contracts. Further, the Stated Reinsurance includes an erosion feature which provides that upon the exhaustion of a portion of the Stated Reinsurance, coverage under the Sanders Re contract shall be concurrently placed above and contiguous to the unexhausted portion of the Stated Reinsurance, if any.

*** CKIC’s and CKI’s Mandatory FHCF coverage is provided under reimbursement contracts distinct to each entity; CKIC’s FHCF Reimbursement contract provides a \$36,721,387 retention with a \$117,438,362 limit, and CKI’s Reimbursement contract provides a \$22,918,379 retention with a \$73,295,078 limit. For ease of reference, the FHCF’s provisional retentions and limits have been consolidated for purposes of this disclosure.

The reinsurance agreements have been placed in the global reinsurance market. All reinsurers participating on our program, except Sanders Re, are rated by A.M. Best and maintain an A.M. Best insurance financial strength rating of A- or better. Sanders Re, who is not rated by A.M. Best or Standard & Poor's ("S&P"), has provided collateral in an amount equal to its reinsurance limits. All rated reinsurers also maintain an S&P rating of A- or better.

The total cost of our property catastrophe reinsurance programs during the first and second quarter of 2016 was \$103 million and \$101 million. The total cost of our catastrophe reinsurance programs during 2015 was \$111 million in the first quarter, \$109 million in the second quarter, \$103 million in the third quarter and \$104 million in the fourth quarter. These quarterly costs reflect premium re-measurements recognized in the quarter.

The terms, retentions and limits for Allstate's Catastrophe Reinsurance Program in place as of June 1, 2016 are contained in the following tables.

Nationwide Catastrophe Reinsurance Program

(\$ in millions)

<u>Excess of Loss Contracts</u>	<u>Effective date</u>	<u>% of placed layer</u>			<u>Reinstatements</u>	<u>Retention</u>	<u>Per occurrence Limit</u>
		<u>Yr 1</u>	<u>Yr 2</u>	<u>Yr 3</u>			
Per Occurrence Excess Catastrophe Reinsurance Agreement ⁽¹⁾							
Per Occurrence First Layer	6/1/2016	95	63.33	31.67	1 annual limit each contract year	\$500	\$250
Per Occurrence Second Layer	6/1/2016	95	63.33	31.67	1 annual limit each contract year	750	250
Per Occurrence Third Layer	6/1/2016	95	63.33	31.67	1 annual limit each contract year	1,000	500
Per Occurrence Fourth Layer	6/1/2016	95	63.33	31.67	1 annual limit each contract year	1,500	750
Per Occurrence Fifth Layer	6/1/2016	95	63.33	31.67	1 annual limit each contract year	2,250	500
Per Occurrence Sixth Layer	6/1/2016	95	95	95	1 limit over the contract's seven year term	2,750	324
Per Occurrence Ninth Layer	6/1/2016	29.37	**	**	1 limit over the contract's seven year term	3,745	446
Per Occurrence Sixth Layer and Above Gap Fill Excess contract ⁽⁴⁾	6/1/2016	100			None	2,750	175
2013-1 PCS Excess Catastrophe Reinsurance Agreement ⁽²⁾							
Class B Excess Catastrophe Reinsurance contract Eighth Layer	5/4/2013	44.38	*		None	3,218	338
Class A Excess Catastrophe Reinsurance contract Ninth Layer	5/4/2013	44.74	*		None	3,751	447
2014-1 PCS Excess Catastrophe Reinsurance Agreement ⁽³⁾							
Class D Excess Catastrophe Reinsurance contract Eighth Layer	5/22/2014	50.58	*	*	None	3,148	603
Class C Excess Catastrophe Reinsurance contract Ninth Layer	5/22/2014	25.73	*	*	None	3,751	447
Class B Excess Catastrophe Reinsurance contract Tenth Layer	5/22/2014	95.1	*	*	None	4,198	347
New Jersey ⁽⁵⁾							
New Jersey	6/1/2016	31.67	31.67	31.67	1 annual limit each contract year	150	400
New Jersey	6/1/2015	31.66	31.66		1 annual limit each contract year	162	400
New Jersey	6/1/2014	31.67			1 annual limit each contract year	169	400

Pennsylvania ⁽⁶⁾	6/1/2015	95	95	3 limits over 3 years, prepaid	100	100
Kentucky ⁽⁷⁾	6/1/2014	95		2 limits over remaining term, prepaid	5	25
Quota Share Contract	Effective date		% Ceded		Retention	Limit
E&S Earthquake ⁽⁸⁾	7/1/2013 to 6/30/2018		100		None	None

⁽¹⁾The Per Occurrence Excess Catastrophe Reinsurance agreement reinsures personal lines property and automobile excess catastrophe losses caused by multiple perils in all states, excluding New Jersey and including only personal lines automobile business in Florida. Each of the First through the Fifth Layers of the agreement comprise three contracts, each expiring 5/31/2017, 2018, and 2019, with each contract providing one third of 95% of the total layer limit. Unlike the contracts expiring 5/31/2017 and 5/31/2018, the newly placed contracts expiring 5/31/2019 include coverage for automobile losses in Florida. The Sixth Layer is 95% placed and comprises one contract expiring May 31, 2022. The Ninth Layer contract provides 29.37% of \$446 million in limits or \$131 million and expires May 31, 2022. The Gap Fill Excess contract is a one year term contract effective June 1, 2016 and provides one limit of \$175 million and is 100% placed. Recoveries under the Sixth and Ninth Layers of the Nationwide Per Occurrence agreement and the PCS excess catastrophe reinsurance agreements inure to the benefit of this contract. The Sixth and Ninth Layer contracts and the Gap Fill Excess contract are placed in the traditional reinsurance market with comparable terms as Layers One to Five. The contracts for Layers One to Five include one annual reinstatement of limits with premium required. The Sixth and Ninth Layer contracts include one reinstatement of limits over each of the contracts' seven year terms with premium required. The Gap Fill Excess contract does not include a reinstatement of limits. Reinsurance premium is subject to redetermination for exposure changes.

⁽²⁾The 2013-1 PCS Excess Catastrophe Reinsurance agreement comprises two contracts that reinsure personal lines property and automobile excess catastrophe losses caused by hurricanes in 28 states and the District of Columbia, and earthquakes, including fires following earthquakes, in California, New York, and Washington. The Class B Excess Catastrophe Reinsurance contract is a four year term contract and provides one limit of \$150 million or 44.38% of \$338 million excess of a \$3.22 billion attachment level. The Class A Excess Catastrophe Reinsurance contract is a four year term contract and provides one limit of \$200 million or 44.74% of \$447 million excess of a \$3.75 billion attachment level. The contracts do not include a reinstatement.

⁽³⁾The 2014-1 PCS Excess Catastrophe Reinsurance agreement comprises three contracts that reinsure personal lines property and automobile excess catastrophe losses caused by hurricanes in 29 states and the District of Columbia, and earthquakes, including fires following earthquakes, in California, New York, and Washington. The Class D Excess Catastrophe Reinsurance contract is a five year term contract and provides one limit of \$305 million or 50.58% of \$603 million excess of a \$3.15 billion attachment level. The Class C Excess Catastrophe Reinsurance contract and Class B Excess Catastrophe Reinsurance contract are four year term contracts and provide one limit of \$115 million or 25.73% of \$447 million excess of a \$3.75 billion attachment level and one limit of \$330 million or 95.1% of \$347 million in excess of a \$4.20 billion attachment level respectively. The contracts do not include a reinstatement. The contracts contain a variable reset option which the ceding entities may elect to invoke for risk periods subsequent to the first risk period and which allows for the annual adjustment of each contract's attachment and exhaustion levels, within specified limits, and subject to a corresponding premium adjustment.

⁽⁴⁾The Gap Fill Excess contract reinsures personal lines property and automobile excess catastrophe losses caused by multiple perils in all states excluding New Jersey and including only personal lines automobile business in Florida. Recoveries under the Sixth and Ninth Layers of the Nationwide Per Occurrence agreement and the PCS excess catastrophe reinsurance agreements inure to the benefit of this contract which is for a one year term and expires on May 31, 2017. The contract provides one limit of \$175 million excess of a \$2.75 billion retention and does not include a reinstatement of limits. The contract is placed in the traditional reinsurance market with comparable terms as Layers One through Six and Layer 9. The reinsurance premium is subject to redetermination for exposure changes.

⁽⁵⁾The New Jersey agreement comprises two existing contracts and a newly placed contract that reinsure personal lines property and automobile excess catastrophe losses in New Jersey caused by multiple perils. The two existing contracts expiring May 31, 2017 and May 31, 2018 and the newly placed contract expiring May 31, 2019 each provide 31.67%, 31.66% and 31.67%, respectively, of the \$400 million limit in excess of a provisional \$169 million retention, a \$162 million retention, and a \$150 million retention, respectively. Each contract includes one reinstatement of limits per contract year, with premium due. The reinsurance premium and retention are subject to redetermination for exposure changes on an annual basis.

⁽⁶⁾The Pennsylvania agreement reinsures personal lines property excess catastrophe losses in Pennsylvania caused by multiple perils. The contract has a three year term effective 6/1/2015 to 5/31/2018 and provides three limits over three years, with two limits available in any one contract year. The reinsurance premium and retention are not subject to redetermination for exposure changes.

⁽⁷⁾The Kentucky Earthquake agreement reinsures personal lines property excess catastrophe losses caused by earthquakes or fires following earthquakes in Kentucky. The contract has a three year term effective June 1, 2014 to May 31, 2017 and provides three limits over three years subject to two limits being available in any one contract year. The reinsurance premium and retention are not subject to redetermination for exposure changes.

⁽⁸⁾The E&S Earthquake agreement reinsures personal lines property catastrophe losses caused by earthquakes (shake only) in California for business written by our excess and surplus lines insurer. The contract is effective from July 1, 2013 to June 30, 2018, and provides reinsurance on a 100% quota share basis with no retention. The contract allows for cession of policies providing earthquake coverage so long as the total amount of in-force building limits provided by those policies does not exceed \$400 million. This \$400 million cap limits the policies that are covered by the reinsurance and not the amount of loss eligible for cession. If the \$400 million cap is exceeded, no new policies may be ceded to the agreement until the in-force building limits provided by the policies reinsured under the agreement are less than \$400 million. The reinsurance premium varies depending on the location of the insured property subject to the agreement.

* The percentage of the placed layer which the limit of each contract comprising the 2013-1 PCS Excess Catastrophe Reinsurance agreement and each contract comprising the 2014-1 PCS Excess Catastrophe Reinsurance agreement represents will vary from year to year and therefore is noted only for the 2016 catastrophe reinsurance program.

**The percentage of the placed layer which the limit of the Ninth Layer Per Occurrence contract represents will vary from year to year and therefore is noted only for the 2016 catastrophe reinsurance program.

Castle Key Group

(\$ in millions)	<u>Effective date</u>	<u>% placed</u>	<u>Reinstatement</u>	<u>Retention</u>	<u>Per occurrence Limit</u>
Below FHCF ⁽¹⁾	6/1/2016	100	3 limits over 1-year term	\$20	\$40
Mandatory FHCF Coverage ⁽²⁾	6/1/2016	90	None	60 for each of the 2 largest storms, 20 for all other storms	mandatory FHCF Coverage limit of 191
Excess ⁽³⁾	6/1/2016	100	None	20, with recoveries from the Below FHCF and Mandatory FHCF Coverage inuring	254
Sanders Re 2014-2 Class A Excess Catastrophe contract ⁽⁴⁾	6/1/2016	100	None	60, and 425 which is equivalent to the Mandatory FHCF Coverage as if 100% placed and reinsurance limits provided by the Excess contract above the Mandatory FHCF Coverage	200

⁽¹⁾ Below FHCF - provides coverage beginning 6/1/2016 for 1 year covering personal lines property excess catastrophe losses on policies written by Castle Key Insurance Company and Castle Key Indemnity Company. The preliminary reinsurance premium is subject to redetermination for exposure changes. Reinsurance premium to reinstate the limit is prepaid for the first limit and required for the additional and final reinstatement limit.

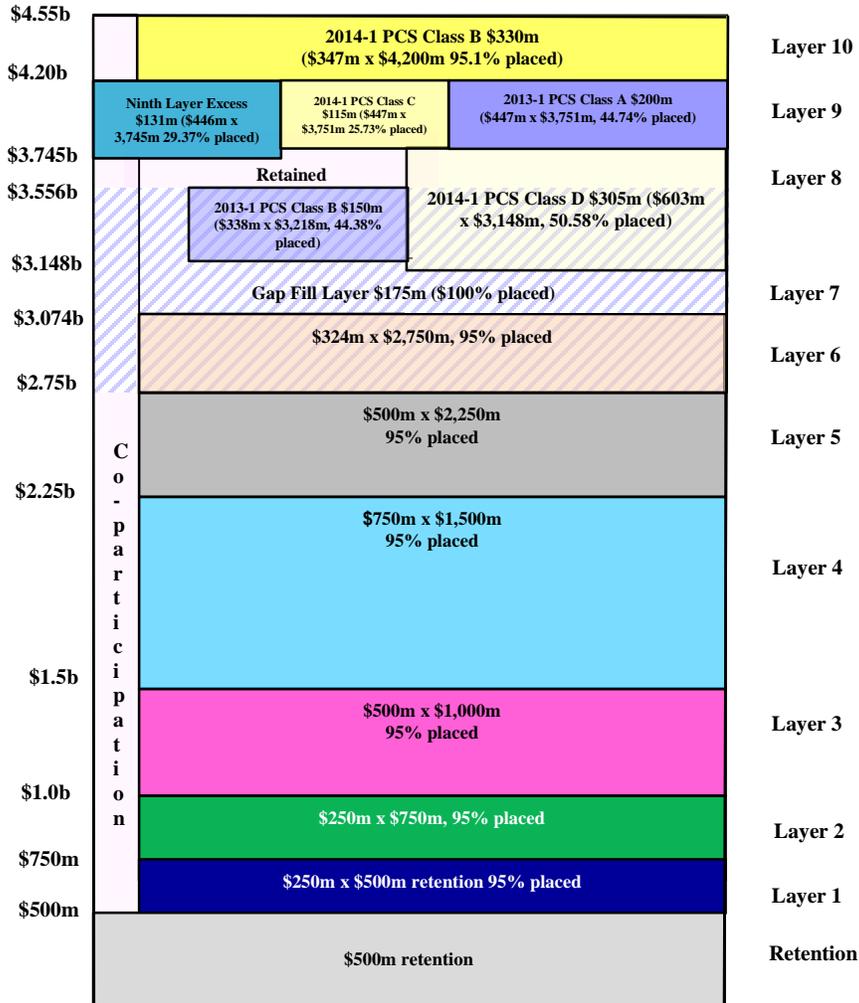
⁽²⁾ Mandatory Florida Hurricane Catastrophe Fund ("FHCF") Coverage— provides 90% reimbursement on qualifying personal lines property losses caused by storms the National Hurricane Center declares to be hurricanes up to an estimated maximum per hurricane season. Estimated limits and retentions are calculated for Castle Key Insurance Company and Castle Key Indemnity Company independently, and are subject to annual re-measurements based on June 30, 2016 exposure data. The retentions are initial estimates subject to adjustment upward or downward to the actual retention which is determined based on the submitted exposures of all FHCF participants.

⁽³⁾ Excess - provides coverage beginning 6/1/2016 for 1 year covering personal lines property excess catastrophe losses. Recoveries from the Below FHCF and Mandatory FHCF contracts inure to the benefit of this contract. Additionally, FHCF contract loss reimbursements are deemed to be paid resulting in the Excess contract providing reinsurance for loss occurrences not subject to reimbursement under the FHCF contracts as the Excess contract is a multi-peril contract. The preliminary reinsurance premium is subject to redetermination for exposure changes.

⁽⁴⁾ Sanders Re 2014-2 Class A Excess Catastrophe contract – provides coverage beginning 6/1/2014 for 3 years covering personal lines property excess catastrophe losses. For the period beginning 6/1/2016, the coverage attaches in excess of \$60 million and in excess of Stated Reinsurance which, for the period beginning 6/1/2016, is defined to include 1) the Mandatory FHCF contracts as if each contract were 100% placed and as if the coverage provides for multiple perils; and 2) the Excess contract which provides coverage for losses and perils not covered by the Mandatory FHCF contracts. The limit applies to Castle Key Insurance Company and Castle Key Indemnity Company on a consolidated basis, and retentions apply to each company independently. The contract contains a variable reset option which was invoked for the June 1, 2016 to May 31, 2017 risk period and which resulted in an adjustment of the contract's attachment level with a corresponding premium adjustment.

2016 Nationwide Per Occurrence Excess Catastrophe Reinsurance Program

The Nationwide Per Occurrence Excess Catastrophe Reinsurance program comprises three agreements; The Per Occurrence Excess Catastrophe Reinsurance agreement; the 2013-1 PCS Excess Catastrophe Reinsurance agreement; and the 2014-1 PCS Excess Catastrophe Reinsurance agreement. Each is described below.



- Retention: The retention and limit of the agreement apply to Allstate and the other ceding companies as a group.
- Per Occurrence 1st Layer Limit is \$250 million excess of \$500 million and is subject to one reinstatement.
- Per Occurrence 2nd Layer Limit is \$250 million excess of \$750 million and is subject to one reinstatement.
- Per Occurrence 3rd Layer Limit is \$500 million excess of \$1.00 billion and is subject to one reinstatement.
- Per Occurrence 4th Layer Limit is \$750 million excess of \$1.50 billion and is subject to one reinstatement.
- Per Occurrence 5th Layer Limit is \$500 million excess of \$2.25 billion and is subject to one reinstatement.
- Per Occurrence 6th Layer Limit is \$324 million excess of \$2.75 billion and is subject to one reinstatement.
- Per Occurrence 6th Layer and above (Gap Fill Excess Contract) Limit is \$175 million excess of \$2.75 billion and is not subject to reinstatement.
- Per Occurrence 9th Layer Limit is \$131 million or 29.37% of \$446 million excess of \$3.75 billion and is subject to one reinstatement.

Per Occurrence Excess Catastrophe Reinsurance Agreement

The Per Occurrence Excess Catastrophe Reinsurance agreement comprises Layers 1 through 6 and a portion of Layers 7, 8, and 9 of the Per Occurrence Excess Catastrophe Reinsurance program and reinsures personal lines property and automobile excess catastrophe losses resulting from multiple perils excluding New Jersey and excluding personal lines property in Florida. Coverage for each of the First through the Fifth Layers comprises three contracts, with each contract providing one third of 95% of the total Layer limit and expiring May 31, 2017, May 31, 2018 and May 31, 2019. Coverage for the Sixth Layer and for a portion of the Ninth Layer is provided by two contracts, distinct to each layer, and both with seven year terms expiring May 31, 2022. The Gap Fill Excess Contract provides coverage for a portion of the layers above the Fifth Layer and is a one year term contract expiring May 31, 2017. Recoveries under the Sixth and Ninth Layers of the Nationwide Per Occurrence agreement, and the PCS excess catastrophe reinsurance agreements, inure to the benefit of the Gap Fill Excess Contract.

 2013-1 PCS Class B 8th Layer Limit is \$150 million or 44.38% of \$338 million between a \$3.22 billion to \$3.56 billion layer and is not subject to reinstatement.

 2013-1 PCS Class A 9th Layer Limit is \$200 million or 44.74% of \$447 million between a \$3.75 billion to \$4.20 billion layer and is not subject to reinstatement.

2013-1 PCS Excess Catastrophe Reinsurance Agreement

The 2013-1 PCS Excess Catastrophe Reinsurance agreement comprises parts of Layers 8 and 9 of the Nationwide Excess Catastrophe Reinsurance program and reinsures personal lines property and automobile excess catastrophe losses caused by hurricanes in 28 states and the District of Columbia, and earthquakes, including fires following earthquakes, in California, New York, and Washington. This agreement is placed with a Bermuda insurance company, Sanders Re Ltd. (“Sanders Re”), which completed an offering to unrelated investors of principal at risk, variable market rate notes to collateralize losses covered by the agreement. The agreement comprises two contracts: a Class B Excess Catastrophe Reinsurance contract which provides \$150 million in limits excess of a \$3.22 billion attachment level, and a Class A Excess Catastrophe Reinsurance contract which provides \$200 million in limits excess of a \$3.75 billion attachment level. The contracts’ risk period began on May 4, 2013 and expires on May 3, 2017. The contracts do not include a reinstatement of limits. In addition to reinsuring Allstate and the same 15 affiliates reinsured under the Nationwide Per Occurrence Excess Catastrophe Reinsurance agreement, the 2013-1 PCS Excess Catastrophe Reinsurance agreement also includes coverage for two Esurance affiliates.

Amounts payable under the agreement are based on insured industry losses as reported by PCS and further indexed by an annual pay-out factor specific to personal lines property and personal lines automobile exposures in the agreement’s covered areas. Reinsurance recoveries under the 2013-1 PCS Excess Catastrophe Reinsurance agreement are limited to our ultimate net loss from a PCS reported hurricane or earthquake event, in excess of each contract’s specific attachment level and subject to each contract’s limit.

 2014-1 PCS Class D 7th Layer Limit is \$305 million or 50.58% of \$603 million between a \$3.15 billion to \$3.75 billion layer and is not subject to reinstatement.

 2014-1 PCS Class C 9th Layer Limit is \$115 million or 25.73% of \$447 million between a \$3.75 billion to \$4.02 billion layer and is not subject to reinstatement.

 2014-1 PCS Class B 10th Layer Limit is \$330 million or 95.1% of \$347 million between a \$4.20 billion to \$4.55 billion layer and is not subject to reinstatement.

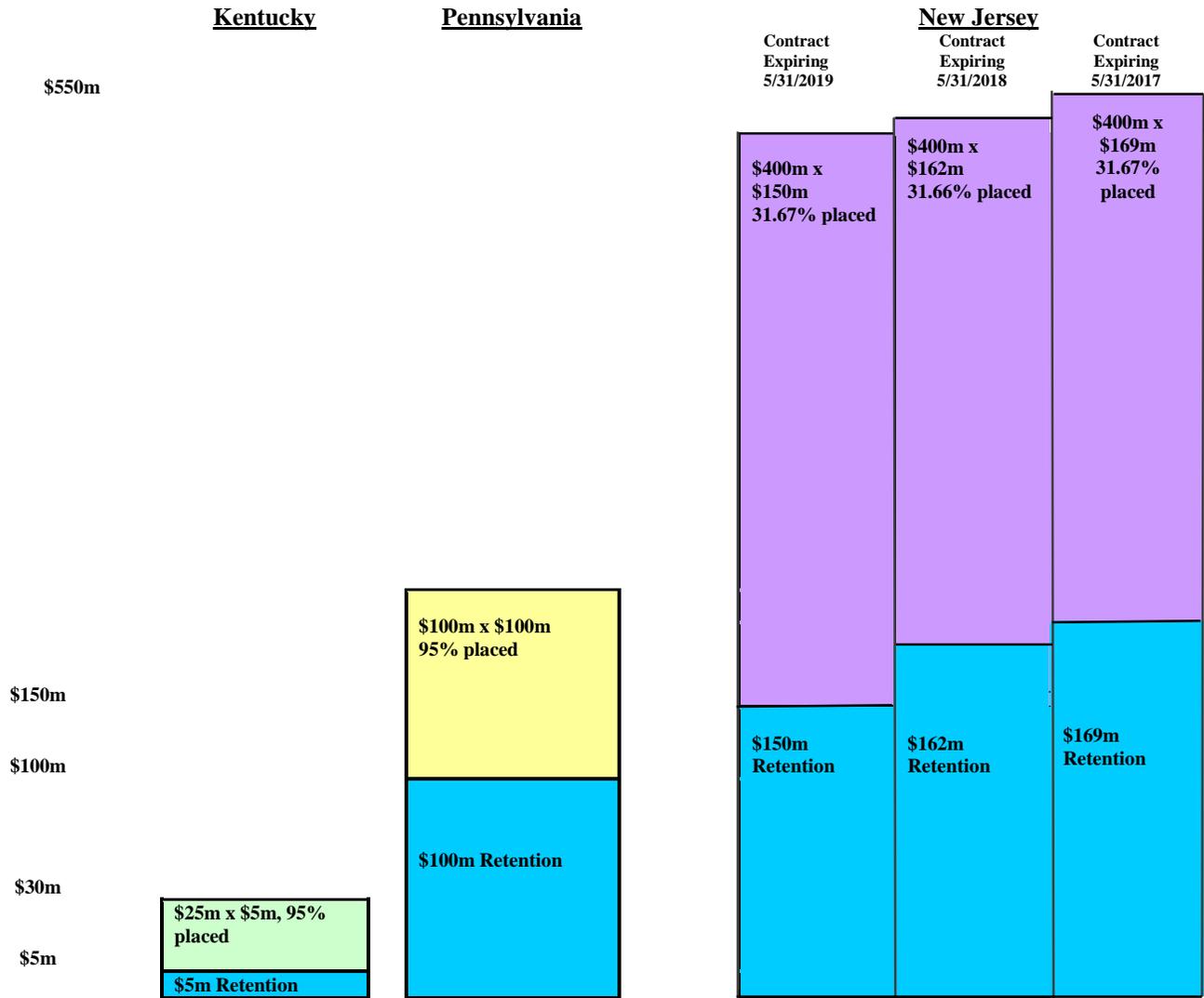
2014-1 PCS Excess Catastrophe Reinsurance Agreement

The 2014-1 PCS Excess Catastrophe Reinsurance agreement comprises parts of Layers 8, 9, and 10 of the Nationwide Excess Catastrophe Reinsurance program and reinsures personal lines property and automobile excess catastrophe losses caused by hurricanes in 29 states and the District of Columbia, and earthquakes, including fires following earthquakes, in California, New York, and Washington. This agreement is placed with a Bermuda insurance company, Sanders Re Ltd. (“Sanders Re”), which completed an offering to unrelated investors of principal at risk, variable market rate notes to collateralize losses covered by the agreement. The agreement comprises three contracts: a Class D Excess Catastrophe Reinsurance contract which provides \$305 million in limits excess of a \$3.15 billion attachment level, a Class C Excess Catastrophe Reinsurance contract which provides \$115 million in limits excess of a \$3.75 billion attachment level, and a Class B Excess Catastrophe Reinsurance contract which provides \$330 million in limits excess of a \$4.20 billion attachment level. The contracts are effective on May 22, 2014 with the risk period for the Class D Excess Catastrophe Reinsurance contract expiring on May 21, 2019 and the risk periods for the Class C Excess Catastrophe Reinsurance contract and the Class B Excess Catastrophe Reinsurance contract expiring on May 21, 2018. The contracts comprising the agreement contain a variable reset option which the ceding entities may elect to invoke for risk periods subsequent to the first risk period and which allows for the annual adjustment of each contract’s attachment and exhaustion levels within specified limits. The variable reset option requires a premium adjustment for an increase or decrease in the updated modeled annual expected loss from the initial modeled annual expected loss. The contracts do not include a reinstatement of limits. In addition to reinsuring Allstate and the same

17 affiliates reinsured under the 2013-1 PCS Excess Catastrophe Reinsurance agreement, the 2014-1 PCS Excess Catastrophe Reinsurance agreement also includes coverage for affiliates that underwrite business exclusively in the State of New Jersey. While the 2014-1 PCS Excess Catastrophe Reinsurance agreement does not provide reinsurance recoveries for New Jersey hurricane exposures for the May 22, 2016 to May 21, 2017 risk period, the agreement allows for the potential of these recoveries in the remaining risk periods.

Amounts payable under the agreement are based on insured industry losses as reported by PCS and further indexed by an annual pay-out factor specific to personal lines property and automobile exposures in the agreement's covered areas. Reinsurance recoveries under the PCS Excess Catastrophe Reinsurance agreement are limited to our ultimate net loss from a PCS reported hurricane or earthquake event, in excess of each contract's specific attachment level and subject to each contract's limit.

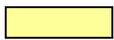
2016 Excess Catastrophe Per Occurrence Reinsurance Agreements for Kentucky, Pennsylvania and New Jersey



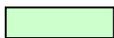
The retention and limit of each contract apply to the ceding companies named on the contract as a group and not individually.



New Jersey – The Excess Catastrophe Reinsurance agreement – New Jersey comprises two existing contracts and a newly placed contract that reinsures personal lines property and automobile excess catastrophe losses in New Jersey caused by multiple perils. The two existing contracts expiring May 31, 2017 and May 31, 2018 and the newly placed contract expiring May 31, 2019 provide 31.67%, 31.66%, and 31.67%, respectively, of the \$400 million limit in excess of a provisional \$169 million retention, a \$162 million retention, and a \$150 million retention, respectively. Each contract includes one reinstatement per contract year, with premium due. The reinsurance premium and retention are subject to redetermination for exposure changes on an annual basis.

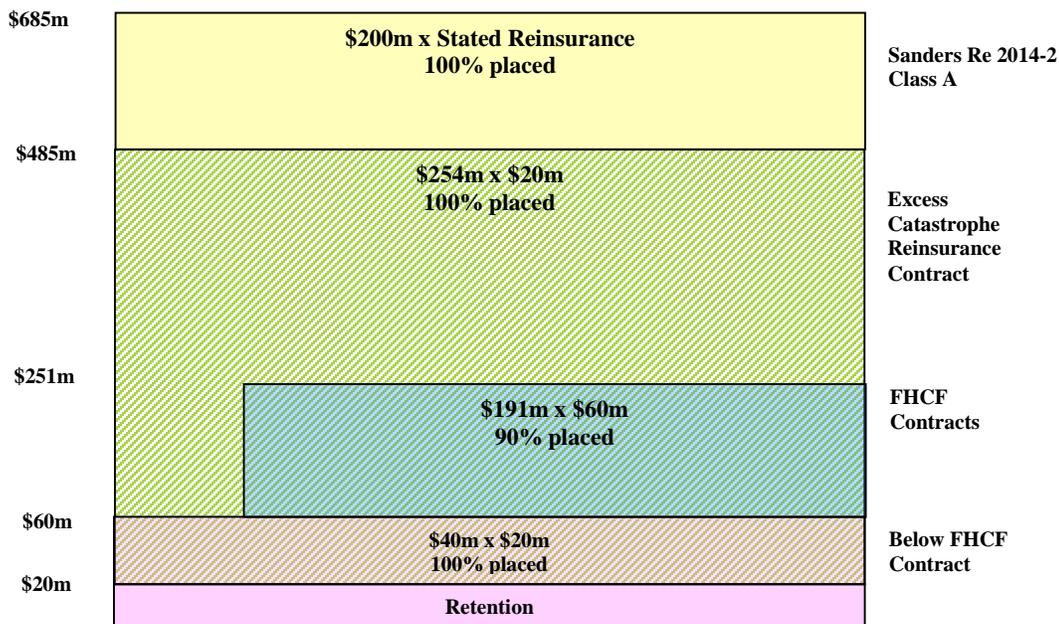


Pennsylvania – The Excess Catastrophe Reinsurance agreement - Pennsylvania is effective June 1, 2015 for three years and reinsures personal lines property excess catastrophe losses caused by multiple perils in the state of Pennsylvania. The contract provides three limits of \$100 million in excess of a \$100 million retention subject to two limits being available in any one contract year and is 95% placed. The reinsurance premium and retention are not subject to redetermination for exposure changes.



Kentucky – The Earthquake Excess Catastrophe Reinsurance agreement – Kentucky is effective June 1, 2014 for three years and reinsures personal lines property excess catastrophe losses caused by earthquakes or fires following earthquakes in Kentucky. The contract provides three limits of \$25 million in excess of a \$5 million retention with two limits available in any one year and is 95% placed. The reinsurance premium and retention are not subject to redetermination for exposure changes.

2016 Florida Excess Catastrophe Reinsurance Agreement



- Estimated retentions are calculated and applied for each Company independently for the FHCF Contracts.
- The Below FHCF Catastrophe Reinsurance contract provides \$40 million excess of \$20 million and is subject to two reinstatements.
- The Mandatory FHCF contracts provide 90% of \$191 million excess of \$60 million*. Their estimated limits and retentions are subject to re-measurement based on June 30, 2016 exposure data. The FHCF retention is subject to adjustment upward or downward to an actual retention which is determined based on the submitted exposures of all FHCF participants.
- The Excess contract provides \$254 million in excess of \$20 million with recoveries from the Below FHCF and Mandatory FHCF Contracts inuring to the benefit of this contract. Additionally, FHCF contract loss reimbursements are deemed to be paid resulting in the Excess contract providing reinsurance for loss occurrences not subject to reimbursement under the FHCF contracts as the Excess contract is a multi-peril contract. The contract is not subject to reinstatement.
- The Sanders Re 2014-2 contract provides \$200 million in limits excess of \$60 million and in excess of Stated Reinsurance which, for the June 1, 2016 to May 31, 2017 period, is defined to include 1.) the Mandatory FHCF contracts as if each contract were 100% placed and as if coverage provides for multiple perils; and 2.) the Excess contract which provides coverage for losses and perils not covered by the Mandatory FHCF contracts. The Sanders Re 2014-2 contract will drop down as the Stated Reinsurance is exhausted. All Stated Reinsurance is deemed to be eroded on a multiple perils basis pursuant to the terms of the non-FHCF contracts.

The Florida Excess Catastrophe Reinsurance agreement reinsures Castle Key Insurance Company (“CKIC”) and Castle Key Indemnity Company (“CKI”, and together with CKIC, “Castle Key”) for personal lines property excess catastrophe losses in Florida. This agreement comprises five contracts and includes Castle Key’s participation in the mandatory Florida Hurricane Catastrophe Fund (“FHCF”). All contracts comprising the agreement and as described above, except the Sanders Re 2014-2 Class A contract (“Sanders Re 2014-2 contract”), provide a one year term effective June 1, 2016 through May 31, 2017 with reinsurance premium subject to redetermination for exposure changes. The Sanders Re 2014-2 contract is a three year term contract with a risk period effective June 1, 2014 through May 31, 2017. The contract contains a variable reset option which Castle Key elected to invoke for June 1, 2016 to May 31, 2017 risk period and which resulted in an adjustment of the contract’s attachment level, with a corresponding premium adjustment. With the exception of the Mandatory FHCF contracts and the Sanders Re 2014-2 contract, all contracts provide reinsurance for qualifying losses to personal lines property arising out of multiple perils in addition to hurricanes. The Mandatory FHCF contracts reinsure qualifying personal lines property losses caused by storms the National Hurricane Center declares to be hurricanes, and the Sanders Re 2014-2 contract reinsures qualifying losses to personal lines property caused by a Named Storm Event, a Severe Thunderstorm Event, or an Earthquake Event, all as defined in the contract.

Illustration of Utilization of Reinsurance Coverage (a)

The following examples are provided to illustrate Allstate's reinsurance program and should not be relied upon to determine the amount of Allstate's net loss from any actual events that may occur in the future. They are based on hypothetical situations. The actual amounts recoverable under our reinsurance program and the amount of our net loss from any one event or series of events could differ materially from the hypothetical results presented in these examples due to a variety of factors, including the nature and location of the specific losses incurred, the specific lines of business covered by the various reinsurance agreements, and the impact of potential litigation. Provisional retentions for the 2016 program have been used.

(in millions)

Amount	Notes
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Example 1 - One hurricane landfalls in South Carolina. (Total loss of \$2.10 billion, net loss of \$580.0 million or 27.6%.)

							Castle Key Group (b)			
							Per Occurrence	2013-1 PCS Excess	2014-1 PCS Excess	Gap Fill Layer
Hurricane in South Carolina										
Per Occurrence Excess Catastrophe Reinsurance Agreement										
Loss	2,100.0									
Retention	500.0	Retention								
Subject Loss	1,600.0	Total loss less 500 retention								
Layer 1		250 x 500, 95% placed								
Retained	12.5	5% of 250 x 500								
Recoverable	(237.5)	95% of 250 x 500, limit reinstates to 250			(237.5)					
Layer 2		250 x 750, 95% placed								
Retained	12.5	5% of 250 x 750								
Recoverable	(237.5)	95% of 250 x 750; limit reinstates to 250			(237.5)					
Layer 3		500 x 1,000, 95% placed								
Retained	25.0	5% of 500 x 1,000								
Recoverable	(475.0)	95% of 500 x 1,000; limit reinstates to 500			(475.0)					
Layer 4		750 x 1,500, 95% placed								
Retained	30.0	5% of 600 x 1,500								
Recoverable	(570.0)	95% of 600 x 1,500; limit reinstates to 750			(570.0)					
South Carolina loss	2,100.0									
Less recoverables	(1,520.0)									
Net loss	580.0				(1,520.0)					

Illustration of Utilization of Reinsurance Coverage (a)

The following examples are provided to illustrate Allstate's reinsurance program and should not be relied upon to determine the amount of Allstate's net loss from any actual events that may occur in the future. They are based on hypothetical situations. The actual amounts recoverable under our reinsurance program and the amount of our net loss from any one event or series of events could differ materially from the hypothetical results presented in these examples due to a variety of factors, including the nature and location of the specific losses incurred, the specific lines of business covered by the various reinsurance agreements, and the impact of potential litigation. Provisional retentions for the 2016 program have been used.

(in millions)

<u>Amount</u>	<u>Notes</u>	<u>Per Occurrence</u>	<u>2013-1 PCS Excess</u>	<u>2014-1 PCS Excess</u>	<u>Gap Fill Layer</u>	<u>New Jersey</u>	<u>Castle Key Group (b)</u>			<u>Sanders Re 2014-2</u>
							<u>Below FHCF</u>	<u>FHCF</u>	<u>Excess</u>	
Example 3 - First hurricane landfalls in Alabama, total loss of \$350 million; second hurricane landfalls in Georgia, total loss of \$900 million; third hurricane landfalls in South Carolina, total loss of \$750 million. (Total loss of \$2.00 billion, net loss of \$1.38 billion or 69.1										
Hurricane in Alabama										
Per Occurrence Excess Catastrophe Agreement										
Loss	350.0									
Retention	500.0	500 retention								
Recoverable	0.0	Retention exceeds total loss								
Alabama loss	350.0									
Less recoverable	0.0									
Net loss	350.0									
Hurricane in Georgia										
Per Occurrence Excess Catastrophe Agreement										
Loss	900.0									
Retention	500.0	500 retention								
Subject Loss	400.0	Total loss less 500 retention								
Layer 1		250 x 500, 95% placed								
Retained	12.5	5% of 250 x 500								
Recoverable	(237.5)	5% of 250 x 500; limit reinstates to 250	(237.5)							
Layer 2		250 x 750, 95% placed								
Retained	7.5	5% of 150 x 750								
Recoverable	(142.5)	95% of 150 x 750; limit reinstates to 250	(142.5)							
Georgia loss	900.0									
Less recoverables	(380.0)									
Net loss	520.0									
Hurricane in South Carolina										
Per Occurrence Excess Catastrophe Agreement										
Loss	750.0									
Retention	500.0	500 retention								
Subject Loss	250.0									
Layer 1		250 x 500, 95% placed								
Retained	12.5	5% of 250 x 500								
Recoverable	(237.5)	95% of 250 x 500; limit now exhausted	(237.5)							
South Carolina loss	750.0									
Less recoverables	(237.5)									
Net loss	512.5									
Total loss	2,000.0									
Less recoverables	(617.5)									
Net loss	1,382.5		(617.5)							

Illustration of Utilization of Reinsurance Coverage (a)

The following examples are provided to illustrate Allstate's reinsurance program and should not be relied upon to determine the amount of Allstate's net loss from any actual events that may occur in the future. They are based on hypothetical situations. The actual amounts recoverable under our reinsurance program and the amount of our net loss from any one event or series of events could differ materially from the hypothetical results presented in these examples due to a variety of factors, including the nature and location of the specific losses incurred, the specific lines of business covered by the various reinsurance agreements, and the impact of potential litigation. Provisional retentions for the 2016 program have been used.

(in millions)

<u>Amount</u>	<u>Notes</u>	<u>Per Occurrence</u>	<u>2013-1 PCS Excess</u>	<u>2014-1 PCS Excess</u>	<u>Gap Fill Layer</u>	<u>New Jersey</u>	<u>Castle Key Group (b)</u>			
							<u>Below FHCF</u>	<u>FHCF</u>	<u>Excess</u>	<u>Sanders Re 2014-2</u>
Example 4 - continuation										
<u>Hurricane in Maine</u>										
<u>Per Occurrence Excess Catastrophe Agreement</u>										
Loss	200.0									
Retention	<u>500.0</u>	500 retention								
Subject Loss	0.0	Retention exceeds total loss								
Maine loss	200.0									
Less recoverable	<u>0.0</u>									
Net loss	200.0									
<u>Fire losses in California following an earthquake</u>										
<u>Per Occurrence Excess Catastrophe Agreement</u>										
Loss	1,700.0									
Retention	<u>500.0</u>	500 retention								
Subject loss	1,200.0	Total loss less 500 retention								
Layer 1		250 x 500, 95% placed								
Retained	12.5	5% of 250 x 500								
Recoverable	(237.5)	95% of 250 x 500; limit reinstates to 150	(237.5)							
Layer 2		250 x 750, 95% placed								
Retained	12.5	5% of 250 x 750								
Recoverable	(237.5)	95% of 250 x 750; limit reinstates to 250	(237.5)							
Layer 3		500 x 1,000, 95% placed								
Retained	25.0	5% of 500 x 1,000								
Recoverable	(475.0)	95% of 500 x 1,000; limit reinstates to 500	(475.0)							
Layer 4		750 x 1,500, 95% placed								
Retained	10.0	5% of 200 x 1,500								
Recoverable	(190.0)	95% of 200 x 1,500; limit reinstates to 750	(190.0)							
CA loss	1,700.0									
Less recoverable	<u>(1,140.0)</u>									
Net loss	560.0									
Total loss	3,000.0									
Less recoverables	<u>(1,561.1)</u>									
Net loss	1,438.9		<u>(1235.0)</u>			<u>(326.1)</u>				

Illustration of Utilization of Reinsurance Coverage (a)

The following examples are provided to illustrate Allstate's reinsurance program and should not be relied upon to determine the amount of Allstate's net loss from any actual events that may occur in the future. They are based on hypothetical situations. The actual amounts recoverable under our reinsurance program and the amount of our net loss from any one event or series of events could differ materially from the hypothetical results presented in these examples due to a variety of factors, including the nature and location of the specific losses incurred, the specific lines of business covered by the various reinsurance agreements, and the impact of potential litigation. Provisional retentions for the 2016 program have been used.

(in millions)

Example 5 - continuation	Amount	Notes	Per Occurrence	2013-1 PCS Excess	2014-1 PCS Excess	Gap Fill Layer	New Jersey	Castle Key Group (b)			Sanders Re 2014-2
								Below FHCF	FHCF	Excess	
2013-1 PCS Class B contract											
Loss	3,800.0										
Retention	<u>3,218.0</u>	3,218 retention									
Subject Loss	582.0										
	150.0	150 Limit; 338 x 3,218, 44.38% placed									
	168.75%	Contract provides 100% of 150 limit Event Index Percentage Event Index Percentage is equal to the Hurricane Index Value - retention / Exhaustion level - retention (Hurricane Index value = PCS declared property loss of 47,500 x the property payout factor for the subject state + PCS declared auto loss of 4,950 x the automobile payout factor for the subject state. Payout factors are applicable to each covered state and are subject to annual adjustment.)									
Recoverable	(150.0)	Event Index Percentage x contract limit, subject to contract limit; limit not subject to reinstatement		(150.0)							
2014-1 PCS Class D contract											
Loss	3,800.0										
Retention	<u>3,148.0</u>	3,148 retention									
Subject Loss	652.0										
	305.0	305 Limit; 603 x 3,148, 50.58% placed									
	106.20%	Contract provides 100% of 305 limit Event Index Percentage Event Index Percentage is equal to the Hurricane Index Value - retention / Exhaustion level - retention (Hurricane Index value = PCS declared property loss of 47,500 x the property payout factor for the subject state + PCS declared auto loss of 4,950 x the automobile payout factor for the subject state. Payout factors are applicable to each covered state and are subject to annual adjustment.)									
Recoverable	(305.0)	Event Index Percentage x contract limit, subject to contract limit; limit not subject to reinstatement			(305.0)						

Illustration of Utilization of Reinsurance Coverage (a)

The following examples are provided to illustrate Allstate's reinsurance program and should not be relied upon to determine the amount of Allstate's net loss from any actual events that may occur in the future. They are based on hypothetical situations. The actual amounts recoverable under our reinsurance program and the amount of our net loss from any one event or series of events could differ materially from the hypothetical results presented in these examples due to a variety of factors, including the nature and location of the specific losses incurred, the specific lines of business covered by the various reinsurance agreements, and the impact of potential litigation. Provisional retentions for the 2016 program have been used.

(in millions)

Amount	Notes	Per Occurrence	2013-1 PCS Excess	2014-1 PCS Excess	Gap Fill Layer	New Jersey	Castle Key Group (b)			Sanders Re 2014-2
							Below FHCF	FHCF	Excess	
Example 5- continuation										
Hurricane in Florida										
Below FHCF										
Loss	600.0									
Retention	20.0									
Subject Loss	580.0									
Recoverable	(40.0)							(40.0)		
FHCF										
Loss	600.0									
Retention	60.0									
Subject Loss	540.0									
Retained	19.1									
Recoverable	(171.0)							(171.0)		
Excess										
Loss	600.0									
Retention	20.0									
Subject Loss	580.0									
Inuring Reinsurance	211.0									
Recoverable	(254.0)								(254.0)	
Sanders Re 2014-2 Class A ^(d)										
Loss	600.0									
Retention	485.0									
Subject Loss	115.0									
Recoverable	(115.0)									(115.0)
Florida loss	600.0									
Less recoverables:										
Below FHCF	(40.0)									
FHCF	(171.0)									
Excess	(254.0)									
Sanders Re 2014-2 Class A	(115.0)									
Net loss	20.0									
Total loss	5,400.0									
Less net recoverables	(4,225.0)									
Net loss	1,175.0	(2,936.5)	(166.7)	(366.8)	(175.0)			(40.0)	(171.0)	(254.0)
										(115.0)

(a) For purposes of these examples, the loss is assumed to have occurred during the contract year 6/1/16 through 5/31/17.

(b) For purposes of these examples, the limits of liability and retentions have been combined for Castle Key Insurance Company and Castle Key Indemnity Company.

(c) Allstate's separately capitalized Florida underwriting entities underwrite only personal lines property business.

(d) If after a third or subsequent event in any one contract year and provided the Stated Reinsurance Layers as defined in the Sanders Re 2014-2 Class A Contract have been exhausted by previous events in the same contract year, the Sanders Re 2014-2 Class A contract's attachment point is equal to \$20 million.