



DIVISION OF  
CORPORATION FINANCE

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

September 29, 2010

Mr. Samuel Pilch  
Group Vice President and Controller  
ALLSTATE LIFE INSURANCE COMPANY  
3100 Sanders Road  
Northbrook, IL 60062

**Re: ALLSTATE LIFE INSURANCE COMPANY**  
**Form 10-K for the Year Ended December 31, 2009**  
**Filed March 12, 2010**  
**File No. 000-31248**

Dear Mr. Pilch:

We have reviewed your August 10, 2010 response to our June 25, 2010 letter and have the following comment. In our comment, we ask you to provide us with information to better understand your disclosure.

Please respond to this letter within ten business days by providing the requested information or by advising us when you will provide the requested response. Where the comment requests you to revise disclosure, the information you provide should show us what the revised disclosure will look like and identify annual or quarterly filing, as applicable, in which you intend to first include it. If you do not believe the comment applies to your facts and circumstances, please tell us why in your response. Please furnish us a letter on EDGAR under the form type label CORRESP that keys your responses to our comments.

After reviewing the information provided, we may raise additional comments and/or request that you amend your filing.

Management's Discussion and Analysis of Financial Condition and Results of Operations  
Application of Critical Accounting Estimates  
Investments  
Impairment of Fixed Income and Equity Securities, page 16

1. Please revise your response dated August 5, 2010 to address the following:
  - Clarify what Other means in the tables that show trust-level, class-level and security specific detailed information for your below investment grade Alt-A, Subprime and CMBS securities;

- Why you believe the recovery value of the security exceeds the current amortized cost despite projected cumulative collateral losses that exceed the average remaining credit enhancement for your Alt-A, Subprime and CMBS securities;
- Disclose the average loan-to-collateral-value ratio for your Alt-A, Subprime and CMBS securities at their acquisition date and at the most recent balance sheet date;
- Where you rely on the recoverability of your unrealized losses through “reliable bond insurance” for your Subprime securities, disclose the rating of these insurance companies and the insured amount separately by investment grades;
- Describe the assumptions used to estimate future cash flows for Cash flow CLOs and Synthetic CDOs. Your revised disclosures should include cumulative collateral losses, overcollateralization percentages, trends in cumulative collateral losses and overcollateralization percentages, estimated future cash flows, projected weighted average loss severity, projected cumulative collateral losses and significant changes in your assumptions since the securities were acquired. Please also disclose why unrealized losses over 24 months are recoverable for these securities.

Please contact Kei Nakada, Staff Accountant, at (202) 551-3659 or Gus Rodriguez, Accounting Branch Chief, at (202) 551-3752, if you have questions regarding the comment. In this regard, do not hesitate to contact me, at (202) 551-3679.

Sincerely,

Jim B. Rosenberg  
Senior Assistant Chief Accountant