



# The Allstate Corporation

**Bank of America 2023 U.S. Insurance Conference**

**Tom Wilson, Chair, President and Chief Executive Officer**

2.14.2023

# Forward-looking Statements and Non-GAAP Financial Information

This presentation contains forward-looking statements and information. This presentation also contains non-GAAP measures that are denoted with an asterisk. You can find the reconciliation of those measures to GAAP measures within our most recent earnings release, investor supplement or on our website, [www.allstateinvestors.com](http://www.allstateinvestors.com), under the “Financials” link.

Additional information on factors that could cause results to differ materially from this presentation is available in the 2021 Form 10-K, Form 10-Q for September 30, 2022, our most recent earnings release, and at the end of these slides. These materials are available on our website, [www.allstateinvestors.com](http://www.allstateinvestors.com), under the “Financials” link.

# Allstate's Strategy To Increase Shareholder Value



<sup>(1)</sup> Adjusted net income return on Allstate common shareholders' equity; a reconciliation of this non-GAAP measure to return on common shareholders' equity, a GAAP measure, is not possible on a forward-looking basis because it is not possible to provide a reliable forecast for catastrophes or investment income on limited partnership interests, and prior year reserve reestimates are expected to be zero because reserves are determined based on our best estimate of ultimate losses as of the reporting date

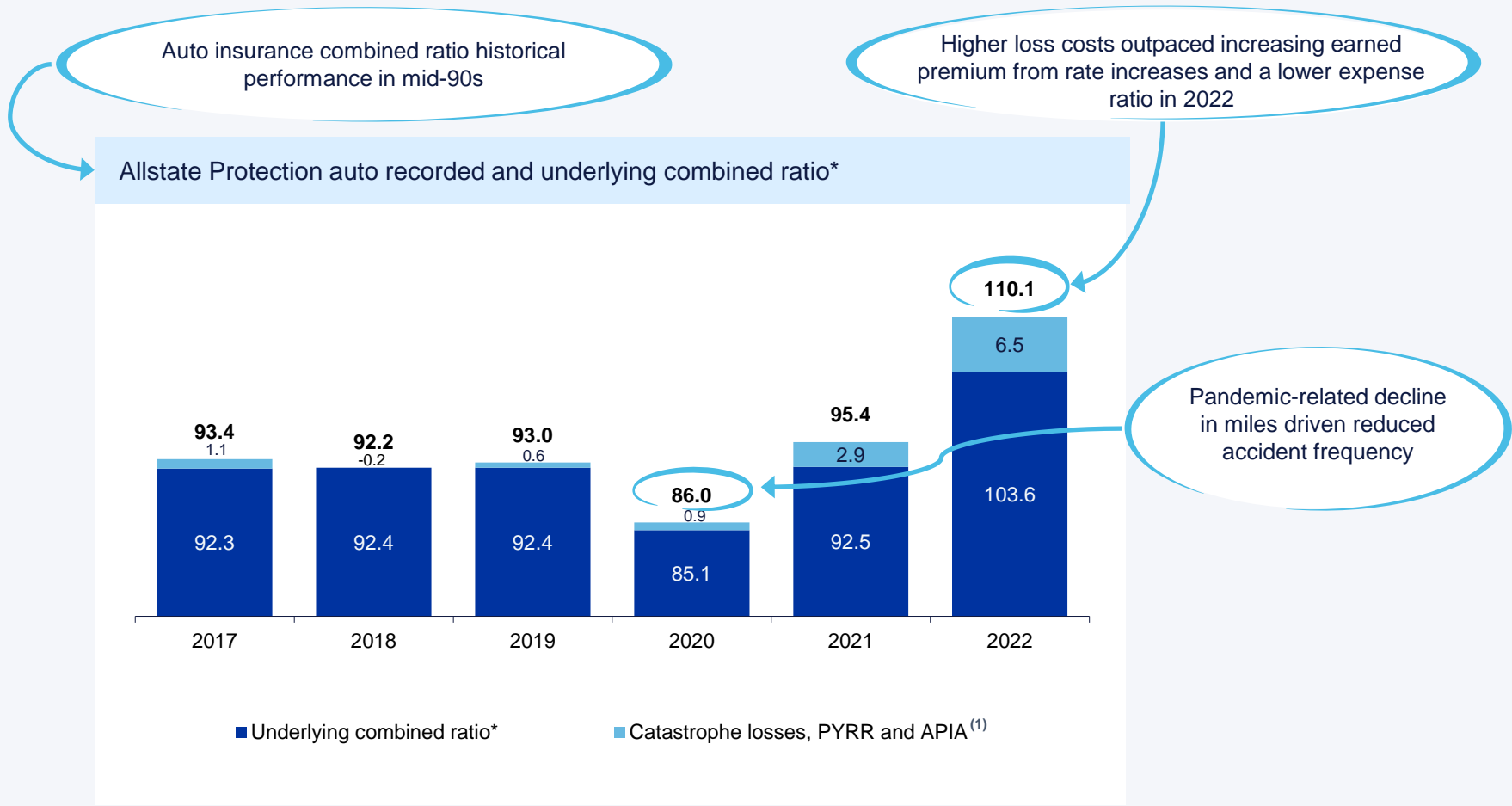
# Allstate Is Focused on Improving Profitability

Net loss reflects underwriting loss and decline in value of public equity holdings

(\$ in millions, except ratios)	Twelve months ended December 31,	
	2022	2021
Total revenues	\$51,412	\$50,588
Premiums written - Property-Liability	45,787	41,358
Net investment income	2,403	3,293
Net income (loss)	(1,416)	1,485
Adjusted net income (loss)*	(262)	4,033
Adjusted net income return on equity*	(1.3)%	16.9%
Combined ratio – Property-Liability	106.6	95.9
Underwriting income (loss) - Property-Liability	(2,911)	1,665





Loss reflects auto insurance underwriting loss reflecting rapid increase in loss costs and reserve increases for prior years

# Auto Insurance Impacted by Rising Loss Costs

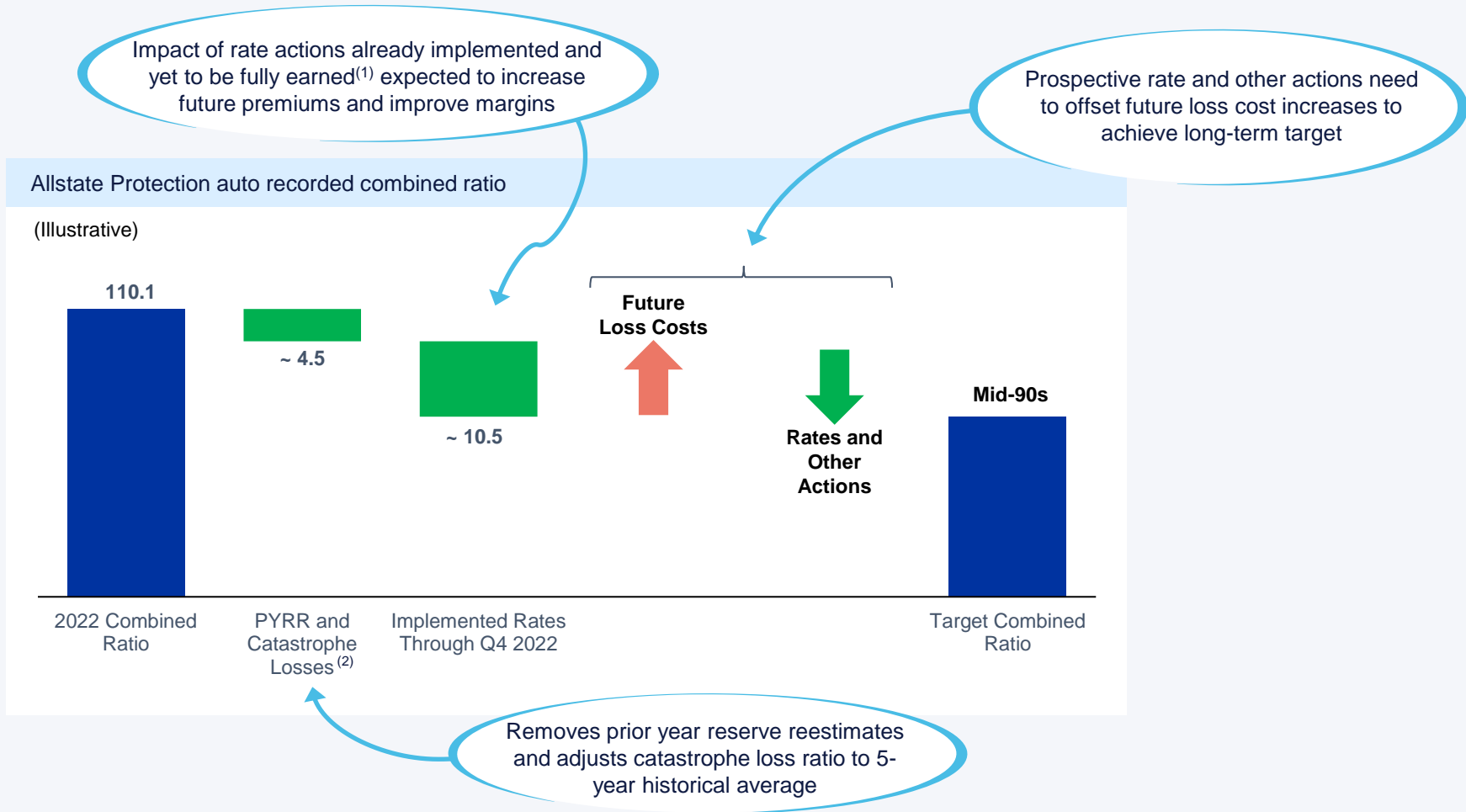


<sup>(1)</sup> Reflects combined ratio impact of catastrophe losses, prior year reserve reestimates and amortization of purchased intangibles

# Executing Comprehensive Approach to Restore Auto Margins

Auto insurance profit improvement will be driven by:			Actions taken and planned:
<b>Rate Increases</b>	<ul style="list-style-type: none"> <li>• Pursuing rate actions</li> <li>• Pricing expertise and sophistication</li> </ul>		<ul style="list-style-type: none"> <li>• Implemented Allstate brand rate increases of <b>16.9%</b> in 2022</li> <li>• Expect to continue to pursue <b>significant rate increases in 2023</b></li> </ul>
<b>Expense Focus</b>	<ul style="list-style-type: none"> <li>• Reducing expenses as part of Transformative Growth</li> </ul>		<ul style="list-style-type: none"> <li>• Achieved approximately <b>half the savings to date</b></li> <li>• <b>Temporarily reduced advertising spend</b> to manage new business volume</li> <li>• <b>Future cost reductions</b> from digitization, sourcing and operating efficiency and distribution model</li> </ul>
<b>Underwriting Actions</b>	<ul style="list-style-type: none"> <li>• Implementing stricter auto new business underwriting requirements</li> </ul>		<ul style="list-style-type: none"> <li>• <b>Restricting new business</b> in 37 states including CA, NY and NJ</li> </ul>
<b>Claims Excellence</b>	<ul style="list-style-type: none"> <li>• Modifying claims practices to manage loss costs</li> </ul>		<ul style="list-style-type: none"> <li>• Leverage scale with <b>strategic partnerships</b> and <b>parts procurement</b></li> <li>• <b>Predictive modeling</b> to enable fair and fast resolution and liability determination early in process</li> </ul>

# Implemented Rate Increases Will Improve Auto Insurance Profitability; Additional Actions Needed to Offset Future Loss Cost Increases

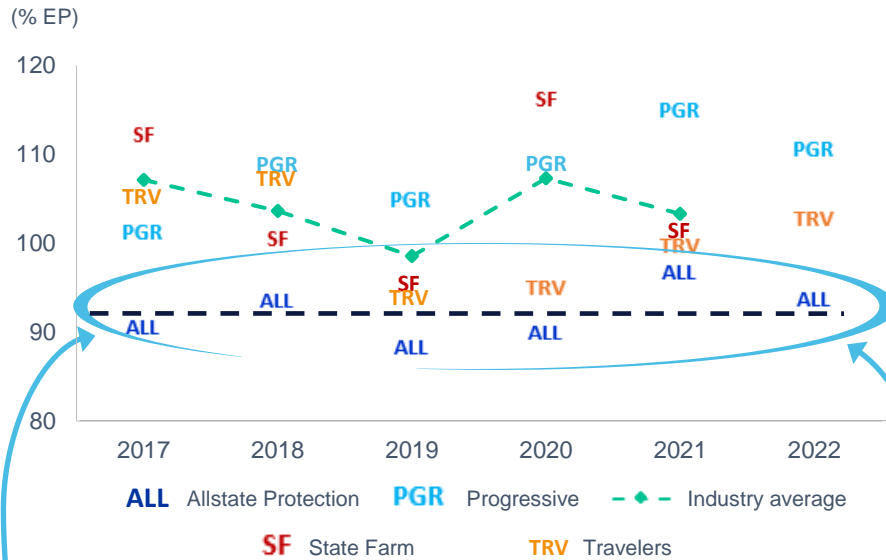


<sup>(1)</sup> Reflects estimated earned premium from rates already implemented and yet to be fully earned, including ~9.5 points in 2023 and ~1.0 point in 2024  
<sup>(2)</sup> Adjusts combined ratio for impact of prior year reserve reestimates in 2022 and normalizes impact of catastrophe losses to average of the last 5 years

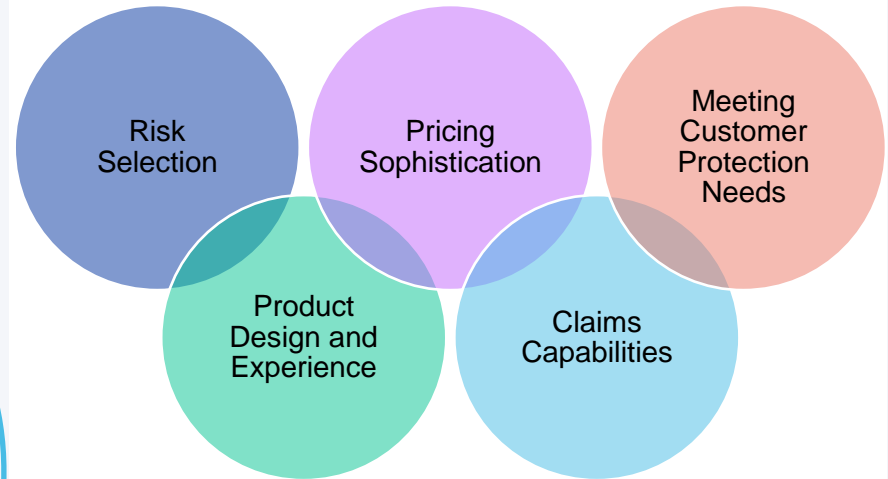
# Homeowners Insurance Generates Attractive Returns

Homeowners insurance combined ratio ~12.0 points better than industry average from 2017 - 2021

Homeowners insurance combined ratios<sup>(1)</sup>



Integrated homeowners system creates competitive advantage



Superior underwriting performance

Generated \$681 million of underwriting income in 2022 and an annual average of ~\$650 million from 2017 – 2021, representing a favorable gap to the industry average of ~\$975 million annually over that timeframe

<sup>(1)</sup> Industry and competitor information 2017 – 2021 represents statutory results per S&P Global Market Intelligence. Allstate and 2022 information reflects GAAP results



# Transformative Growth To Increase Personal Property-Liability Market Share

## Multi-year initiative to build a low-cost digital insurer with broad distribution

- Improve customer value
- Expand customer access
- Increase sophistication and investment in customer acquisition
- Modernize technology ecosystem
- Drive organizational transformation

### Transformative Growth Outcomes

#### Lowest Cost Auto Insurance

- Competitively priced products through lower expense structure
- Increased pricing sophistication utilizing telematics

#### Differentiated Product and Customer Experience

- Deploying differentiated affordable, simple and connected products
- Personalized consumer experiences leveraging analytics and machine-based learning

#### Broad and Efficient Distribution System

- Only major carrier with competitive offering in branded agent, direct and independent agent distribution

#### Enhanced Agility Through Technology

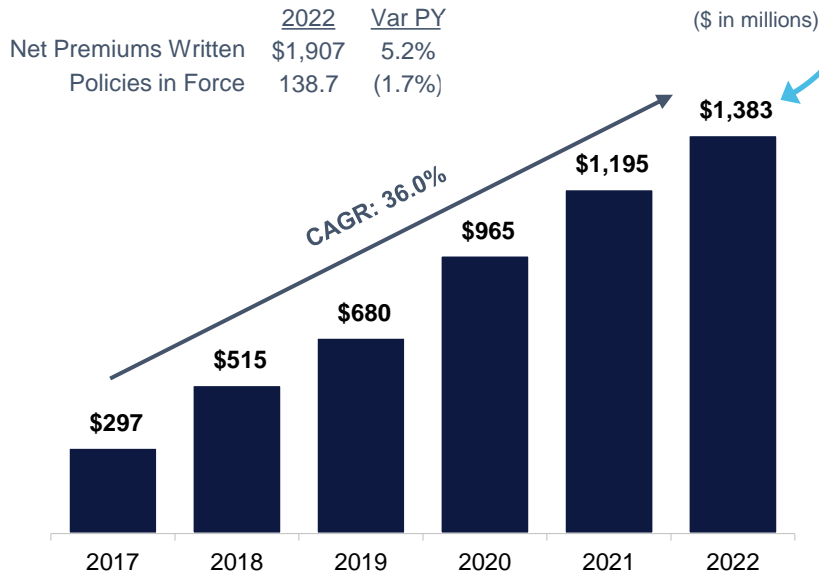
- Integrated and flexible technology ecosystem
- Retirement of legacy systems

# Allstate Protection Plans Rapid Growth Since 2017 Acquisition for \$1.4 Billion

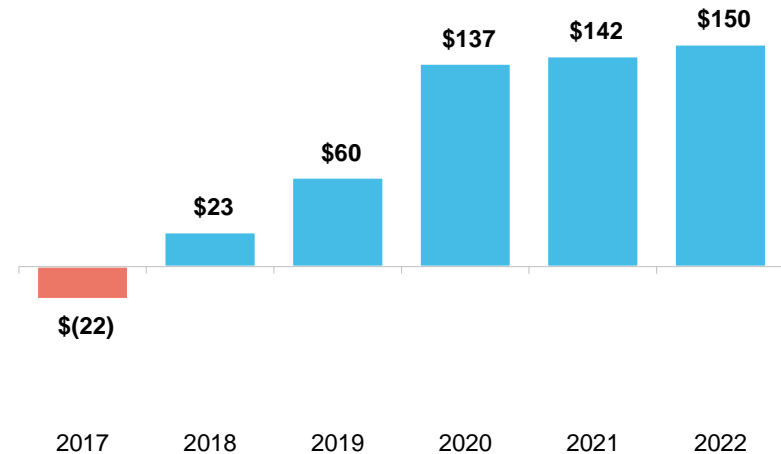
Allstate Protection Plans revenues compound annual growth of 36% last five years with policies ~5x higher

Expanding international geographic footprint and into appliance and furniture coverage

Allstate Protection Plans revenues<sup>(1)</sup>



Allstate Protection Plans adjusted net income



Includes favorable one-time tax benefits offset by lower first year margins on recent account additions

<sup>(1)</sup> Revenues exclude the impact of net gains and losses on investments and derivatives

# Proactive Risk and Return Management Supports Investment Results

	Enterprise Risk and Return Objectives	Investment Allocations	Investment Outcome
2021	<ul style="list-style-type: none"> <li>Lower overall risk levels due to declines in auto insurance profit</li> <li>Expectation that sustained inflation would necessitate increased interest rates</li> </ul>	<ul style="list-style-type: none"> <li>Reduced economic capital for investments                             <ul style="list-style-type: none"> <li>Shortened fixed income duration</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>Avoided approximately \$2 billion of fixed income losses in 2022 as interest rates increased</li> </ul>
2022	<ul style="list-style-type: none"> <li>Reduce potential for investment losses associated with an economic recession</li> <li>Increase returns from fixed income portfolio given higher interest rates</li> </ul>	<ul style="list-style-type: none"> <li>Reduced below investment grade holdings by 48% and lowered public equity holdings by 40% in 2022</li> <li>Began to increase duration of fixed income portfolio late in 2022</li> </ul>	<ul style="list-style-type: none"> <li>Reduces economic capital for investments</li> </ul>

2022 Total Return

**(4.0%)**

Compares favorably to intermediate bond index (9%)<sup>(1)</sup> and S&P 500 performance (18%)

2022 Net Investment Income

**\$2.4 billion**

Higher market yields will lead to increased market-based investment income

<sup>(1)</sup> Bloomberg intermediate bond index

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# Forward-looking Statements

This presentation 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. Factors that could cause actual results to differ materially from those expressed in, or implied by, the forward-looking statements include risks related to:

Insurance and Financial Services (1) unexpected increases in claim frequency and severity; (2) catastrophes and severe weather events; (3) limitations in analytical models used for loss cost estimates; (4) price competition and changes in regulation and underwriting standards; (5) actual claims costs exceeding current reserves; (6) market risk and declines in credit quality of our investment portfolio; (7) our subjective determination of fair value and amount of credit losses for investments; (8) our participation in indemnification programs, including state industry pools and facilities; (9) inability to mitigate the impact associated with changes in capital requirements;

(10) a downgrade in financial strength ratings;

Business, Strategy and Operations (11) competition in the industries in which we compete and new or changing technologies; (12) implementation of our transformative growth strategy; (13) our catastrophe management strategy; (14) restrictions on our subsidiaries’ ability to pay dividends; (15) restrictions under terms of certain of our securities on our ability to pay dividends or repurchase our stock; (16) the availability of reinsurance at current levels and prices; (17) counterparty risk related to reinsurance; (18) acquisitions and divestitures of businesses; (19) intellectual property infringement, misappropriation and third-party claims;

Macro, Regulatory and Risk Environment (20) conditions in the global economy and capital markets, including the economic impacts from the recent military conflict between Russia and Ukraine; (21) a large-scale pandemic, the occurrence of terrorism, military actions, or social unrest; (22) 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; (23) changing climate and weather conditions; (24) restrictive regulations and regulatory reforms, including limitations on rate increases and requirements to underwrite business and participate in loss sharing arrangements; (25) losses from legal and regulatory actions; (26) changes in or the application of accounting standards; (27) loss of key vendor relationships or failure of a vendor to protect our data, confidential and proprietary information, or personal information of our customers, claimants or employees; (28) our ability to attract, develop and retain talent; and (29) misconduct or fraudulent acts by employees, agents and third parties.

Additional information concerning these and other factors may be found in our filings with the Securities and Exchange Commission, including the “Risk Factors” section in our most recent annual report on Form 10-K.