

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

Form 13F

FORM 13F COVER PAGE

Report for the Calendar Year or Quarter Ended: JUNE 30, 2006

Check here if Amendment ; Amendment Number: _____
This Amendment (Check only one.): is a restatement.
 adds new holdings entries.

Institutional Investment Manager Filing this Report:

Name: ALLSTATE LIFE INSURANCE COMPANY
Address: 3075 SANDERS ROAD, SUITE G4A
NORTHBROOK, IL. 60062-7127

Form 13F File Number: 28-01037

The institutional manager filing this report and the person by whom it is signed hereby represent that the person signing the report is authorized to submit it, that all information contained herein is true, correct and complete, and that it is understood that all required items, statements, schedules, lists, and tables, are considered integral parts of this form.

Person Signing this Report on Behalf of Reporting Manager:

Name: JAMES ZILS
Title: VICE PRESIDENT INVESTMENT OPERATIONS
Phone: 847-402-3073

Signature, Place, and Date of Signing:

/s/ JAMES ZILS NORTHBROOK, IL. 8/11/2006

[Signature] [City, State] [Date]

Report Type (Check only one.):

- 13F HOLDINGS REPORT. (Check here if all holdings of this reporting manager are reported in this report.)
- 13F NOTICE. (Check here if no holdings reported are in this report, and all holdings are reported by other reporting manager(s).)
- 13F COMBINATION REPORT. (Check here if a portion of the holdings for this reporting manager are reported in this report and a portion are reported by other reporting manager(s).)

List of Other Managers Reporting for this Manager:

FORM 13F SUMMARY PAGE

Report Summary:

Number of Other Included Managers: ONE
Form 13F Information Table Entry Total: 72
Form 13F Information Table Value Total: 337,265 (THOUSAND)

List of Other Included Managers:

Provide a numbered list of the name(s) and Form 13F file number(s) of all institutional investment managers with respect to which this report is filed, other than the manager filing this report.

[If there are no entries in this list, state "NONE" and omit the column headings and list entries.]

No.	Form 13F File Number	Name
1	028-10298	ALLSTATE INVESTMENTS LLC

FORM 13F REPORT

NAME OF REPORTING MANAGER: ALLSTATE LIFE INSURANCE COMPANY

NAME OF ISSUER	TITLE OF CLASS	CUSIP	VALUE (x\$1000)	SHARES/ PRN AMT	SH/ PRN	PUT/ CALL	INVSTMT DCRETN	OTHER MANAGERS	VOTING AUTHORITY SOLE	VOTING AUTHORITY SHARED	VOTING AUTHORITY NONE
ALLERGAN INC.	COMMON	018490102	1,609	15,000	SH		DEFINED	1	X		
DUKE ENERGY CORP	COMMON	26441C105	3,892	132,500	SH		DEFINED	1	X		
FRANKLIN RESOURCES	COMMON	354613101	868	10,000	SH		DEFINED	1	X		
JOHNSON & JOHNSON	COMMON	478160104	2,187	36,500	SH		DEFINED	1	X		
PPL CORPORATION	COMMON	69351T106	3,327	103,000	SH		DEFINED	1	X		
TRAVELERS PTY CASUALTY	REDEEMABLE P/S	89420G307	10,078	411,000	SH		DEFINED	1	X		
3M COMPANY 0% 11/21/2032	DEBT	88579YAB7	9,476	10,500,000	PRN		DEFINED	1	X		
AFFILIATED MANAGERS GRP											
2.793750% 02/25/2033	DEBT	008252AE8	728	350,000	PRN		DEFINED	1	X		
ALZA CORP 0% 07/28/2020	DEBT	02261WAB5	3,372	4,100,000	PRN		DEFINED	1	X		
AMDOCS LIMITED .500000% 03/15/2024	DEBT	02342TAD1	4,303	4,250,000	PRN		DEFINED	1	X		
AMERICAN EXPRESS 1.850000% 12/01/2033	DEBT	025816AS8	8,446	8,250,000	PRN		DEFINED	1	X		
AMERICAN FINANCIAL GROUP											
1.486100% 06/02/2033	DEBT	025932AD6	2,035	4,000,000	PRN		DEFINED	1	X		
AMERICAN INTL GROUP											
.500000% 05/15/2007	DEBT	026874AN7	2,518	2,650,000	PRN		DEFINED	1	X		
AMERICAN INTL GROUP											
0% 11/09/2031	DEBT	026874AP2	7,185	10,375,000	PRN		DEFINED	1	X		
AMGEN INC 0% 03/01/2032	DEBT	031162AL4	3,455	4,700,000	PRN		DEFINED	1	X		
AON CORP 3.500000% 11/15/2012	DEBT	037389AT0	611	375,000	PRN		DEFINED	1	X		
BAUSCH & LOMB INC											
4.421880% 08/01/2023	DEBT	071707AM5	1,172	1,000,000	PRN		DEFINED	1	X		
BEST BUY 2.250000% 01/15/2022	DEBT	086516AF8	6,539	5,300,000	PRN		DEFINED	1	X		
BLACKROCK INC 2.625000% 02/15/2035	DEBT	09247XAB7	2,843	2,000,000	PRN		DEFINED	1	X		
BRISTOL-MYERS SQUIBB											
2.510000% 09/15/2023	DEBT	110122AN8	11,978	12,000,000	PRN		DEFINED	1	X		
CAESARS ENTERTAINMENT											
3.598750% 04/15/2024	DEBT	127687AB7	4,842	3,850,000	PRN		DEFINED	1	X		
CARNIVAL CORP 1.132000% 04/29/2033	DEBT	143658AV4	7,815	12,000,000	PRN		DEFINED	1	X		
CARNIVAL CORP 2.000000% 04/15/2021	DEBT	143658AN2	3,746	3,300,000	PRN		DEFINED	1	X		
CENTERPOINT ENERGY INC											
3.750000% 05/15/2023	DEBT	15189TAM9	2,733	2,400,000	PRN		DEFINED	1	X		
CENTURYTEL INC 4.750000% 08/01/2032	DEBT	156700AH9	3,101	3,000,000	PRN		DEFINED	1	X		
COOPER CAMERON CORP 1.500000% 05/15/2024	DEBT	216640AE2	3,543	2,400,000	PRN		DEFINED	1	X		
COSTCO WHOLESALE CORP 0% 08/19/2017	DEBT	22160QAC6	416	320,000	PRN		DEFINED	1	X		
CSX CORP 0% 10/30/2021	DEBT	126408GA5	9,180	7,300,000	PRN		DEFINED	1	X		
DANAHER CORP 0% 01/22/2021	DEBT	235851AF9	8,001	8,500,000	PRN		DEFINED	1	X		
DEVON ENERGY CORPORATION											
4.900000% 08/15/2008	DEBT	25179MAA1	8,800	7,250,000	PRN		DEFINED	1	X		
DEVON ENERGY CORPORATION											
4.950000% 08/15/2008	DEBT	25179MAB9	1,335	1,100,000	PRN		DEFINED	1	X		
DIAMOND OFFSHORE DRILL											
1.500000% 04/15/2031	DEBT	25271CAE2	864	500,000	PRN		DEFINED	1	X		
DOMINION RESOURCES INC											
2.125000% 12/15/2023	DEBT	25746UAT6	5,539	5,250,000	PRN		DEFINED	1	X		
ELECTRONICIS FOR IMAGING											
1.500000% 06/01/2023	DEBT	286082AA0	1,706	1,750,000	PRN		DEFINED	1	X		
FLUOR CORP 1.500000% 02/15/2024	DEBT	343412AA0	5,066	3,000,000	PRN		DEFINED	1	X		
FOUR SEASONS HTL 1.875000% 07/30/2024	DEBT	35100EAE4	2,103	2,000,000	PRN		DEFINED	1	X		
GATX CORP 7.500000% 02/01/2007	DEBT	361448AC7	1,890	1,500,000	PRN		DEFINED	1	X		
GENZYME CORP 1.250000% 12/01/2023	DEBT	372917AN4	5,194	5,000,000	PRN		DEFINED	1	X		
HARRIS CORP 3.500000% 08/15/2022	DEBT	413875AH8	555	300,000	PRN		DEFINED	1	X		
HASBRO INC 2.750000% 12/01/2021	DEBT	418056AN7	993	1,000,000	PRN		DEFINED	1	X		
HCC INSURANCE HOLDINGS											
1.300000% 04/01/2023	DEBT	404132AB8	5,416	4,150,000	PRN		DEFINED	1	X		
HEALTH MANAGEMENT ASSOC											
1.500000% 08/01/2023	DEBT	421933AF9	3,026	3,000,000	PRN		DEFINED	1	X		
HEWLETT-PACKARD CO 0% 10/14/2017	DEBT	428236AC7	3,479	5,500,000	PRN		DEFINED	1	X		
INCO LTD 1.094300% 03/14/2023	DEBT	453258AT2	631	300,000	PRN		DEFINED	1	X		
INTEL CORP 2.950000% 12/15/2035	DEBT	458140AD2	2,103	2,500,000	PRN		DEFINED	1	X		
INTL GAME TECHNOLOGY 0% 01/29/2033	DEBT	459902AM4	7,062	8,800,000	PRN		DEFINED	1	X		
INVITROGEN INC 2.000000% 08/01/2023	DEBT	46185RAJ9	1,079	1,000,000	PRN		DEFINED	1	X		
LABORATORY CP	DEBT	50540RAC6	5,687	6,750,000	PRN		DEFINED	1	X		
LEHMAN BROTHERS HOLDINGS											
.250000% 05/08/2010	DEBT	524908FN5	1,333	1,500,000	PRN		DEFINED	1	X		

LIBERTY MEDIA CORP 3.250000% 03/15/2031	DEBT	530715AR2	1,515	2,000,000	PRN	DEFINED	1	X
LOCKHEED MARTIN CORP 3.018130% 08/15/2033	DEBT	539830AP4	9,092	8,000,000	PRN	DEFINED	1	X
LOWE'S COMPANIES INC .861000% 10/19/2021	DEBT	548661CG0	8,420	8,000,000	PRN	DEFINED	1	X
MANOR CARE INC 2.125000% 08/01/2035	DEBT	564055AM3	8,120	7,250,000	PRN	DEFINED	1	X
MASCO CORP 0% 07/20/2031	DEBT	574599BB1	10,093	22,000,000	PRN	DEFINED	1	X
MERRILL LYNCH & CO 0% 03/13/2032	DEBT	590188W46	9,374	8,600,000	PRN	DEFINED	1	X
NABORS INDUSTRIES INC 0% 06/15/2023	DEBT	629568AL0	1,095	1,000,000	PRN	DEFINED	1	X
NEXTEL COMMUNIC	DEBT	65332VAY9	7,972	8,250,000	PRN	DEFINED	1	X
OMNICOM GROUP 0% 06/15/2033	DEBT	681919AR7	7,500	7,500,000	PRN	DEFINED	1	X
PMI GROUP INC 2.500000% 07/15/2021	DEBT	69344MAE1	5,388	5,250,000	PRN	DEFINED	1	X
RPM INTERNATIONAL INC. 1.389000% 05/13/2033	DEBT	749685AK9	3,091	5,750,000	PRN	DEFINED	1	X
SCHLUMBERGER LIMITED 2.125000% 06/01/2023	DEBT	806857AD0	1,009	600,000	PRN	DEFINED	1	X
SLM CORP 3.110630% 07/25/2035	DEBT	78442PAC0	6,559	6,500,000	PRN	DEFINED	1	X
ST JUDE MEDICAL INC 2.800000% 12/15/2035	DEBT	790849AB9	7,880	8,000,000	PRN	DEFINED	1	X
TEVA PHARMACEUT FIN BV .375000% 11/15/2022	DEBT	88164MAB4	1,468	1,000,000	PRN	DEFINED	1	X
TEVA PHARMACEUT FIN BV 1.750000% 02/01/2026	DEBT	88165FAA0	1,823	2,000,000	PRN	DEFINED	1	X
TEVA PHARMACEUT FIN LLC .250000% 02/01/2024	DEBT	88164RAB3	2,795	2,700,000	PRN	DEFINED	1	X
TJX COMPANIES INC 0% 02/13/2021	DEBT	872540AL3	6,538	8,250,000	PRN	DEFINED	1	X
TRANSOCEAN INC 1.500000% 05/15/2021	DEBT	893830AD1	5,700	5,000,000	PRN	DEFINED	1	X
TYCO INTL GROUP SA 3.125000% 01/15/2023	DEBT	902118BG2	9,815	7,550,000	PRN	DEFINED	1	X
WALT DISNEY COMPANY 2.125000% 04/15/2023	DEBT	254687AU0	10,462	9,500,000	PRN	DEFINED	1	X
WELLS FARGO COMPANY 4.898750% 05/01/2033	DEBT	949746FA4	5,993	6,000,000	PRN	DEFINED	1	X
WYETH 2.390000% 01/15/2024	DEBT	983024AD2	11,711	11,250,000	PRN	DEFINED	1	X

----- "STOCK" -----	6	21,960	708,000					
DEBT -----	66	315,305	327,020,000					
REPORT TOTALS -----	72	337,265	327,728,000					