# Catastrophe Reinsurance Programs

Northbrook, IL, February 1, 2023 – Our Nationwide Excess Catastrophe Reinsurance Program [1] provides reinsurance protection to the Allstate Protection businesses of The Allstate Corporation (NYSE: ALL). In the fourth quarter of 2022, we increased coverage $100 million for the Program through the issuance of a catastrophe bond. The Florida Excess Catastrophe Program, National General Lender Services Program and National General Reciprocal Excess Catastrophe Program placed in the second quarter of 2022 remain unchanged.

The catastrophe reinsurance program is part of our catastrophe management strategy, which is intended to provide our shareholders with an acceptable return on the risks assumed in our personal lines business, reduce earnings variability, and provide protection to our customers. Our current catastrophe reinsurance program supports our risk tolerance framework which utilizes a modeled 1-in-100 annual aggregate limit for catastrophe losses from hurricanes, earthquakes and wildfires of $2.50 billion, net of reinsurance.

Allstate's catastrophe reinsurance program materially reduces our exposure to wind, earthquake, and wildfire losses. 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. Claim adjustment fees are indemnified as a percentage of ultimate net loss and are included within each contract's reinsurance limit.

The reinsurance agreements have been placed in the traditional reinsurance and Insurance-Linked Securities ("ILS") markets. In doing so, we consider a number of factors including coverage, cost, terms, and the period of protection. All reinsurers participating on our program have an A.M. Best insurance financial strength rating of A- or better, except one, that is not rated by A.M. Best. Additionally, all reinsurance agreements placed in the ILS markets are collateralized.

The total cost of our property catastrophe reinsurance programs, excluding reinstatement premiums, during 2022 was $788 million compared to $556 million during 2021.

The following pages summarize our reinsurance program which includes:

- Nationwide Excess Catastrophe Reinsurance Program
- Florida Excess Catastrophe Reinsurance Program
- National General Lender Services Standalone Program
- National General Reciprocal Excess Catastrophe Reinsurance Contract
- Kentucky Earthquake Excess Catastrophe Reinsurance Contract
- Excess & Surplus Earthquake Contract
- Canada Catastrophe Excess of Loss Reinsurance Contract

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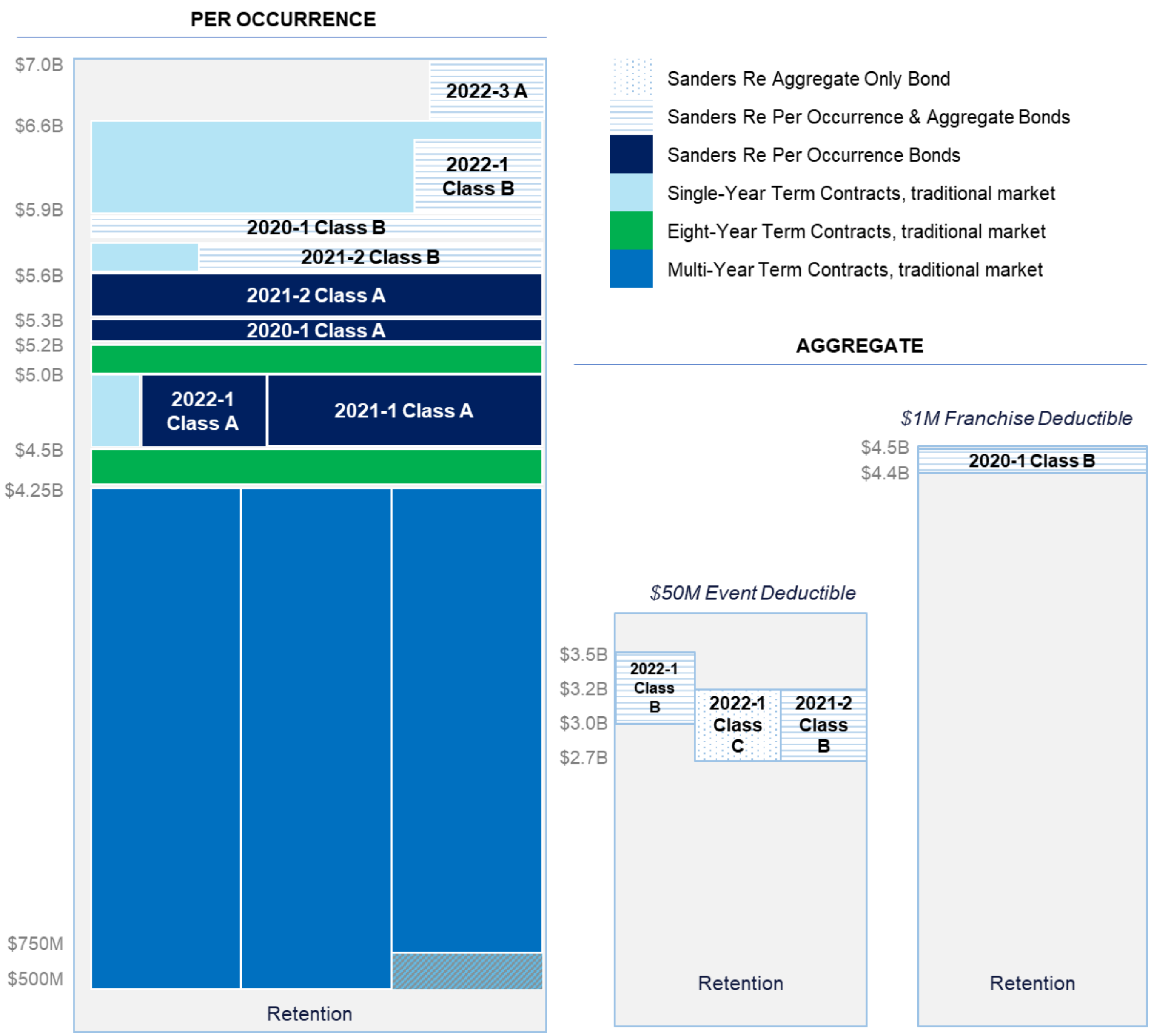
[1] A reinsurance program comprises one or more reinsurance agreements and a reinsurance agreement comprises one or more reinsurance contracts

**Nationwide Excess Catastrophe Reinsurance Program**

The Nationwide Excess Catastrophe Reinsurance Program (the "Nationwide Program") provides coverage for events up to $7.01 billion of loss less a $500 million retention and is subject to the percentage of reinsurance placed in each of its agreements. The agreements comprising the Nationwide Program are described below.




***Per Occurrence and Aggregate Excess Agreements***

The Nationwide Program includes occurrence coverage in contracts from both the traditional reinsurance and ILS markets, while annual aggregate protection is included in four contracts supported by the ILS market. The agreements provide multi-line catastrophe coverage in every state except Florida, where coverage is only provided for personal lines automobile.

The Nationwide Program includes multi-year agreements providing coverage up to $3.75 billion in excess of a $500.0 million retention, where 1/3 of the capacity is placed in any one year. The Program also provides reinsurance capacity above $4.25 billion through a combination of contracts placed with traditional market reinsurers and catastrophe bonds issued in the ILS market by Sanders Re.

## ***Traditional Reinsurance Market Multi-Year Per Occurrence Excess Agreements***

The multi-year ***Per Occurrence Excess Agreements*** placed in the traditional reinsurance market in 2022 consist of four contracts providing coverage up to $3.75 billion in excess of a $500.0 million retention and exhausting at $4.25 billion per loss occurrence and two eight-year term contracts providing coverage in excess of a $4.25 billion retention.

### ***$3.75 billion in excess of a $500 million retention contracts***

- Reinsure personal lines property and automobile losses arising out of multiple perils including, but not limited to, hurricane, windstorm, hail, tornado, earthquake, fires following earthquakes and wildfires in all states, excluding personal lines property in the state of Florida
- Include coverage for commercial lines property and automobile (physical damage only) in all states, excluding commercial lines property in the state of Florida
- Consist of multi-year contracts, each providing one-third of 95% of the total limit
  - Existing contracts effective June 1, 2020 consist of four layers and expires May 31, 2023
  - Existing contracts effective June 1, 2021 consist of four layers and expires May 31, 2024
- New contracts effective June 1, 2022 consist of four layers and are structured with a first event retention of $750.0 million and subsequent event retention of $500.0 million
  - Three layers expiring May 31, 2025
  - One layer consisting of multi-year contracts effective June 1, 2022 and expiring May 31, 2023, May 31, 2024 and May 31, 2025
- Includes one reinstatement of limits per year, with premium required
- Reinsurance premiums are subject to adjustment for exposure changes on an annual basis

### ***Eight-Year Term Contracts***

- Contain comparable contract terms and conditions as the $3.75 billion in excess of a $500.0 million retention contracts
- Provide a $210.0 million limit in excess of a minimum $4.25 billion retention and a $137.9 million limit in excess of a minimum $5.04 billion retention, are 95% placed and expire March 31, 2029
- Contain a variable reset option, which the ceding entities may elect to invoke at each anniversary, and which allows for the annual adjustment of each contract's attachment and exhaustion levels within specified limits
- Contain one reinstatement of limits over its eight-year term with premium required. Reinsurance premiums are subject to adjustment for exposure changes on an annual basis

## ***Sanders Re Catastrophe Bonds Agreements***

The ***Sanders Re Per Occurrence Excess Catastrophe Reinsurance Contracts***

- Reinsures excess catastrophe losses caused by named storms, earthquakes and fire following earthquakes, severe weather, wildfires, and other naturally occurring or man-made events declared to be a catastrophe by Allstate
- Reinsure personal lines property and automobile excess catastrophe losses in 49 states and the District of Columbia, excluding the state of Florida
- Reinsure business located in the covered territory and arising out of covered events
- Contain a variable reset option, which the ceding entities may invoke for risk periods subsequent to the first risk period and which allows for the annual adjustment of the contract's attachment and exhaustion levels within specified limits
- Contracts do not include a reinstatement of limits

The ***Sanders Re Per Occurrence & Aggregate Excess Catastrophe Reinsurance Contracts*** *and* ***Sanders Re Aggregate Excess Catastrophe Reinsurance Contract***

- Contain comparable contract terms and conditions as the Sanders Re Per Occurrence Excess Catastrophe Reinsurance Contracts
- For each annual period beginning April 1, Allstate declared catastrophes occurring during such annual period can be aggregated to erode the aggregate retention and qualify for coverage under the aggregate limit
- Reinsurance recoveries from the Nationwide Per Occurrence Excess Contract inure to the benefit of the annual aggregate layer
- Reinsurance recoveries collected under the per occurrence limit of each contract are not eligible for cession under the annual aggregate limit of that contract
- Reinsurance recoveries for all loss occurrences and annual aggregate losses qualifying for coverage during each contract's four-year risk period are limited to our ultimate net loss from covered events and subject to the contract's limit

***2022-3 Excess Catastrophe Reinsurance Contract***

- Placed with Sanders Re III Ltd. which obtained funding from the ILS market to collateralize the contract's limit
- Risk period began December 1, 2022, and terminates on March 31, 2027
- Provides a $100.0 million per occurrence limit in excess of a minimum $3.75 billion retention. While inuring layers are fully intact, the contract would begin to pay subject losses in excess of $6.61 billion

***2022-1 Excess Catastrophe Reinsurance Contract***

- Placed with Sanders Re III Ltd. which obtained funding from the ILS market to collateralize the contract's limit
- Risk period began April 1, 2022, and terminates on March 31, 2026
- Consists of three tranches
  - ***Class A (Per Occurrence)*** provides a $200.0 million limit in excess of a minimum $3.75 billion retention. While inuring layers are fully intact, the contract would begin to pay subject losses in excess of $4.46 billion
  - ***Class B (Per Occurrence & Aggregate)*** provides one limit of $175 million for catastrophe loss events in excess of a $50.0 million event deductible, during its four-year term which can be used on a per occurrence or an annual aggregate basis
    - For a qualifying loss occurrence, the contract provides $175.0 million in reinsurance limits in excess of a minimum $3.75 billion retention. While inuring layers are fully intact, the contract would begin to pay subject losses in excess of $5.94 billion
    - Provides an annual aggregate limit of $175.0 million between a $3.00 billion to $3.50 billion layer subject to an annual retention of $3.00 billion
  - ***Class C (Aggregate)*** provides one limit of $175.0 million of placed limit for catastrophe loss events in excess of a $50.0 million event deductible

***2021-2 Excess Catastrophe Reinsurance Contracts***

- Placed with Sanders Re II Ltd. which obtained funding from the ILS market to collateralize the contract's limit
- Risk period began December 1, 2021, and terminates on March 31, 2025
- Consist of two tranches
  - ***Class A (Per Occurrence)*** provides a $250.0 million limit in excess of a minimum $3.75 billion retention. While inuring layers are fully intact, the contract would begin to pay subject losses in excess of $5.33 billion
  - ***Class B (Per Occurrence & Aggregate)*** provides one limit of $150.0 million for catastrophe loss events in excess of a $50.0 million event deductible, during its four-year term which can be used on a per occurrence or an annual aggregate basis
    - For a qualifying loss occurrence, the contract provides $150.0 million in reinsurance limits in excess of a minimum $3.75 billion retention. While inuring layers are fully intact, the contract would begin to pay subject losses in excess of $5.60 billion
    - Provides an annual aggregate limit of $150.0 million between a $2.71 billion to $3.21 billion layer subject to an annual retention of $2.71 billion

***2021-1 Excess Catastrophe Reinsurance Contract***

- Placed with Sanders Re II Ltd. which obtained funding from the ILS market to collateralize the contract's limit
- Risk period began June 1, 2021, and terminates on March 31, 2025
- Provides a $250 million per occurrence limit in excess of a minimum $3.75 billion retention. While inuring layers are fully intact, the contract would begin to pay subject losses in excess of $4.46 billion

***2020-1 Excess Catastrophe Reinsurance Contracts***

- Placed with Sanders Re II Ltd. which obtained funding from the ILS market to collateralize the contract's limit
- Risk period began April 1, 2020, and terminates on March 31, 2024
- Consist of two tranches
  - ***Class A (Per Occurrence)*** provides a $150 million limit in excess of a minimum $3.75 billion retention. While inuring layers are fully intact, the contract would begin to pay subject losses in excess of $5.18 billion
  - ***Class B (Per Occurrence & Aggregate)*** provides one limit of $100.0 million for catastrophe loss events in excess of $1.0 million franchise deductible during its four-year term which can be used on a per occurrence or an annual aggregate basis
    - For a qualifying loss occurrence, the contract provides $100.0 million in reinsurance limits in excess of a minimum $3.75 billion retention. While inuring layers are fully intact, the contract would begin to pay subject losses in excess of $5.83 billion
    - Provides an annual aggregate limit of $100.0 million between a $4.40 billion to $4.50 billion layer subject to an annual retention of $4.40 billion

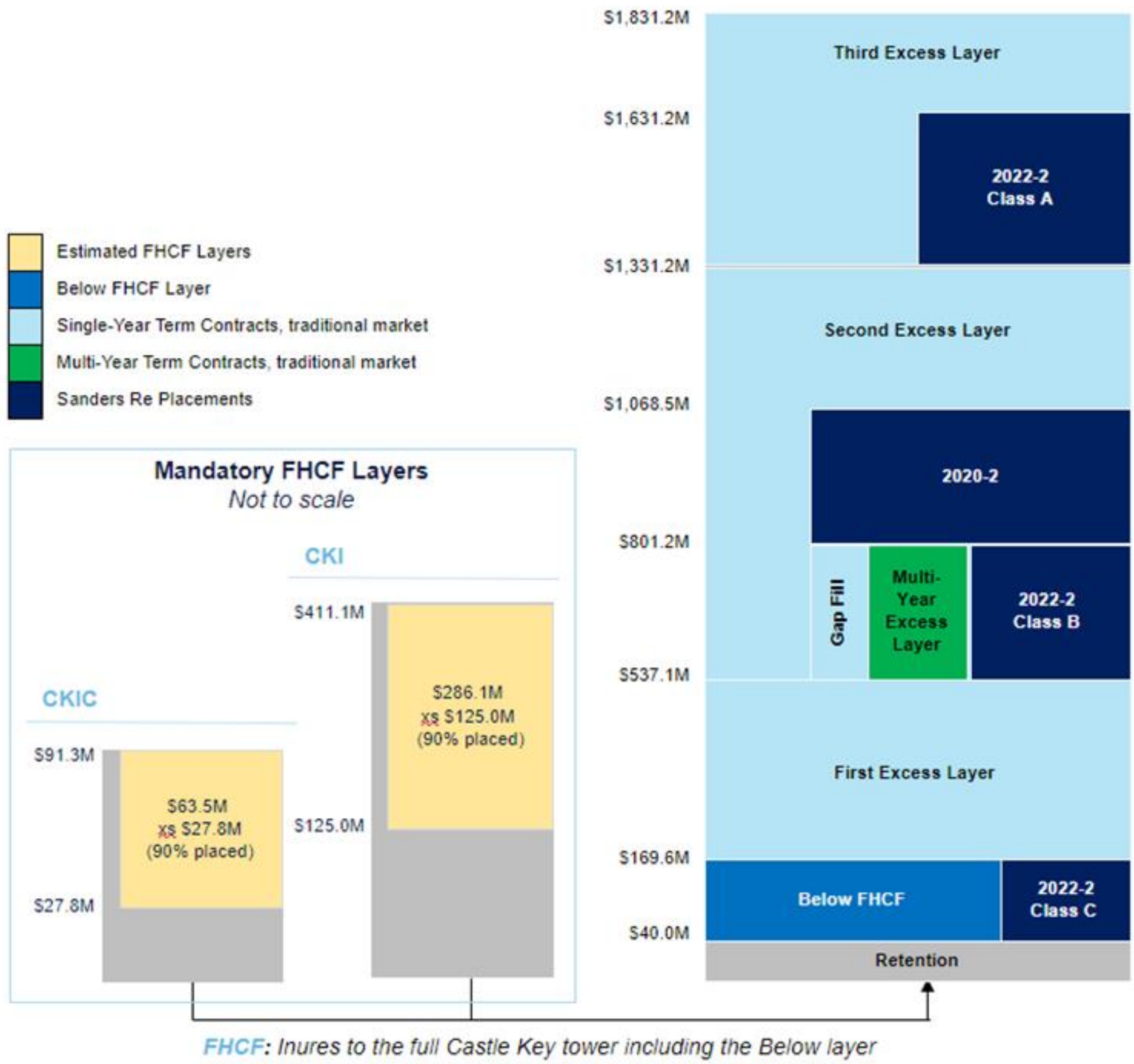
***Traditional Reinsurance Market Single-Year Per Occurrence Excess Agreements***

The single-year ***Per Occurrence Excess Agreements*** placed in the traditional reinsurance market in 2022 consist of five contracts, filling capacity around the traditional market and ILS multi-year placements

- Contain comparable contract terms and conditions as the $3.75 billion in excess of a $500 million retention contracts
- Provide combined $640 million in limit, with three contracts providing $465.0 million of placed limit between $5.94 billion and $6.61 billion of loss and two contracts providing $175.0 million of placed limit between $3.75 billion and $5.94 billion of loss
- Provide additional gap coverage as the layer shifts down in attachment, subject to the $3.75 billion minimum retention level as lower layer limits are exhausted
- A retention co-participation of 5% for a layer of $2.86 billion in excess of $3.75 billion is deemed in place and inures to the benefit of the contracts
- Contracts do not include a reinstatement of limits

**Florida Excess Catastrophe Reinsurance Program**

The ***Florida Excess Catastrophe Reinsurance Program*** provides coverage for Castle Key Insurance Company ("CKIC"), Castle Key Indemnity Company ("CKI") and affiliated companies personal lines property excess catastrophe losses in Florida. For the June 1, 2022 to May 31, 2023 term, the Program includes five contracts placed in the traditional market, Castle Key's reimbursement contracts with the Florida Hurricane Catastrophe Fund (the "Mandatory FHCF - Florida Hurricane Catastrophe Fund Contracts")[2], and two Sanders Re contracts placed in the ILS market.

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[2] CKIC's and CKI's mandatory FHCF coverage is provided under reimbursement contracts distinct to each entity. CKIC's FHCF reimbursement contract provides a $63.5 million limit after a $27.8 million retention, 90% placed, and CKI's reimbursement contract provides a $286.1 million limit after a $125.0 million retention, 90% placed.

***Mandatory FHCF Contracts***

- Indemnify qualifying personal lines property losses caused by storms the National Hurricane Center declares to be hurricanes
- Provide $349.6 million of limits in excess of a $152.8 million retention and are 90% placed
- Include reimbursement of up to 10% of eligible loss adjustment expenses, which is part of and not in addition to the reinsurance limit provided, with no reinstatement of limits
- For each of the two largest hurricanes, the retention is $152.8 million and a retention equal to one-third of that amount, or approximately $51 million, is applicable to all other hurricanes for the season beginning June 1, 2022
- Reinsurance limit and retention reflect June 30, 2022 actual exposure data based on exposures submitted to the FHCF by all participants

***Sanders Re Catastrophe Bonds Multi-Year Agreements***

The ***Sanders Re 2022-2 and 2020-2 Excess Catastrophe Reinsurance Contracts***

- Reinsure qualifying losses to personal lines property 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 in Florida as defined in the contract
- For the June 1, 2022 to May 31, 2023 risk period, stated reinsurance is defined to include the Below FHCF Contract, the Mandatory FHCF Contracts which are deemed to exhaust due to loss occurrences subject to the non-FHCF contracts, and the Excess Agreement; stated reinsurance is deemed to be provided on a multiple perils basis under the terms of the non-FHCF contracts and 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
- Contain a variable reset option, which Castle Key may invoke for risk periods subsequent to the first risk period and which allows for the annual adjustment of the contract’s attachment and exhaustion levels; the variable reset option requires a premium adjustment
- Contracts do not include a reinstatement of limits

***2022-2 Excess Catastrophe Reinsurance Contract***

- Placed with Sanders Re III Ltd. which obtained funding from the ILS market to collateralize the contract’s limit
- Three-year term contract with a risk period effective June 1, 2022, through May 31, 2025
- Consists of three tranches
  - ***Class A*** provides $150.0 million of placed limit in excess of a minimum $169.6 million retention
  - ***Class B*** provides $100.0 million of placed limit in excess of a minimum $169.6 million retention
  - ***Class C*** provides $37.5 million of placed limit in excess of a minimum $40.0 million retention

***2020-2 Excess Catastrophe Reinsurance Contract***

- Placed with Sanders Re II Ltd. which obtained funding from the ILS market to collateralize the contract’s limit
- Three-year term contract with a risk period effective June 1, 2020, through May 31, 2023
- Provides $200.0 million of placed limit in excess of a minimum $169.6 million retention

***<u>Traditional Reinsurance Market Contracts</u>***

- Reinsures personal lines property excess catastrophe losses caused by multiple perils in Florida
- Placed in the traditional reinsurance market providing combined $1.30 billion in placed limit in the following layers
  - ***Below FHCF Layer*** provides $126.9 million in limits in excess of a $40.0 million retention, is 71.1% placed, and has two reinstatements of limits
  - ***First, Second and Third Excess Layers*** provide combined limit of $1.14 billion in excess of a $169.6 million retention; FHCF inures to the benefit of these layers; these layers have no reinstatement of limits
    - First Excess Layer provides $367.5 million of limit
    - Second Excess Layer provides $417.7 million of limit in excess of a $169.6 million retention and wraps around the 2022-2 Class B and 2020-2 Excess Catastrophe Reinsurance Contracts
    - Third Excess Layer provides $350.0 million of limit in excess of a $169.6 million retention and wraps around the 2022-2 Class A Excess Catastrophe Reinsurance Contract
  - ***Multi-year Excess Layer*** provides $264.1 million in limits in excess of a $169.6 million retention, is 10% placed, and sits next to the 2022-2 Class B Excess Catastrophe Reinsurance Contract. The contract is in its final year, expiring May 31, 2023, with no reinstatement of limits
  - ***Gap Fill Layer*** provides $50.0 million in limits in excess of a $169.6 million retention and also sits next to 2022-2 Class B Excess Catastrophe Reinsurance Contract, with no reinstatement of limits
- Reinsurance premium is subject to adjustment for exposure changes

**Other Catastrophe Reinsurance Programs**

The following programs are designed separately from the Nationwide and Florida Excess Catastrophe Reinsurance Programs to address distinct exposures in certain states and markets.

**National General Lender Services Standalone Program**

- Reinsures the National General lender services portfolio, which includes property, automobile and real estate owned products
- Consists of two annual term contracts expiring May 31, 2023
- Provides one limit of $50 million in excess of a $50 million retention and one limit of $175 million in excess of a $100 million retention
- Inuring contract includes the National General Florida Hurricane Catastrophe Fund Contract providing $32.3 million of limits in excess of a $14.1 million retention, 90% placed
- Includes one reinstatement of limits per contract year, with additional premium due

**National General Reciprocal Excess Catastrophe Reinsurance Contracts**

- Reinsure Property business, including but not limited to Fire, Allied Lines, Homeowners Multiple Peril, Inland Marine and Automobile Physical Damage
- Consist of two annual contracts expiring June 30, 2023
- Provide one limit of $60 million in excess of a $20 million retention, one limit of $220 million in excess of a $80 million retention, one limit of $370 million in excess of a $300 million retention and one limit of $40 million in excess of a $670 million retention
- Include one reinstatement of limits per contract year, with additional premium due

### Kentucky Earthquake Excess Catastrophe Reinsurance Contract

- Reinsures personal lines property losses in Kentucky caused by earthquakes and fire following earthquakes
- Three-year term contract expiring May 31, 2023
- Provides three limits of $28 million in excess of a $2 million retention, with two limits available in any one contract year, and is 95% placed
- Reinsurance premium and retention are not subject to adjustment for exposure changes

### Excess & Surplus (“E&S”) Earthquake Contract

- Reinsures personal lines property catastrophe losses in California caused by the peril of earthquakes and is insured by our excess and surplus lines insurer; reinsures only shake damage resulting from the earthquake peril
- Three-year term contract effective July 1, 2021, through June 30, 2024, both days inclusive
- Provides reinsurance on a 100% quota share basis with no retention
- Allows for cession of policies providing earthquake coverage as long as the total amount of in-force building limits provided by those policies does not exceed $400 million; $400 million cap limits the policies that are covered by the reinsurance contract 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

### Canada Catastrophe Excess of Loss Reinsurance Contract

- Reinsures personal lines property and automobile physical damage catastrophe losses in the Canadian provinces of Ontario, Quebec, Alberta, New Brunswick and Nova Scotia
- Consists of one annual contract expiring December 31, 2022
- Provides a total limit of CAD 175 million in excess of a CAD 50 million retention, structured as three separate layers: CAD 50 million limit in excess of a CAD 50 million retention, CAD 75 million limit in excess of a CAD 100 million retention and CAD 50 million limit in excess of a CAD 175 million retention
- Includes one reinstatement of limits, with additional premium due