



## The Allstate Corporation

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Raymond James 2017 Institutional Investor Conference  
Mario Rizzo: Chief Financial Officer, Allstate Personal Lines  
March 7, 2017

**Allstate**<sup>®</sup>  
You're in good hands.



## Forward-Looking Statements and Non-GAAP Financial Information

This presentation contains forward-looking statements and information. Additional information on factors that could cause results to differ materially from those projected in this presentation is available in the 2016 Form 10-K, in our most recent earnings release, and at the end of these slides. These materials are available on our website, [allstateinvestors.com](http://allstateinvestors.com), under the “Financials” link.

This presentation also contains some 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 and investor supplement. These materials are available on our website, [allstateinvestors.com](http://allstateinvestors.com), under the “Financials” link.



# Allstate Creates Long-Term Value By Leveraging Our Capabilities and Strategic Assets

- **Serve more than 16 million households**
- **Nation's largest publicly held personal lines insurer**
- **Over 36,000 total Allstate agencies and licensed sales professionals**
- **Operate in all 50 states plus D.C. and Canada**
- **Diversified portfolio of businesses**
  - **Auto, Homeowners, Other Personal Lines**
  - **Life, Benefits, Annuities**
  - **Roadside Services, Dealer Services**
  - **Arity**
  - **Consumer Protection Plans**
- **\$80+ billion investment portfolio**
- **Unique customer value propositions**
- **Drivewise® and DriveSense® telematics offerings**



## 2017 Operating Priorities

1. **Better serve our customers**
2. **Achieve target economic returns on capital**
3. **Grow customer base**
4. **Proactively manage investments**
5. **Build long-term growth platforms**



# Allstate Delivers the Best Value to Each Customer Segment by Offering Unique Products and Services at a Competitive Price



## Strategy Based On: Segmentation, Analytics and Advanced Technology

Segmentation	Analytics	Advanced Technology
<ul style="list-style-type: none"> <li>▪ Allstate agencies as Trusted Advisors</li> <li>▪ Esurance provides broad product offering and self serve tools</li> <li>▪ Encompass packaged product offers single annual household policy</li> <li>▪ Answer Financial best comparative value and speed</li> </ul>	<ul style="list-style-type: none"> <li>▪ Sophisticated pricing expertise</li> <li>▪ Effective and efficient claims settlement</li> <li>▪ Marketing optimization and performance</li> <li>▪ Enterprise and investment risk management</li> </ul>	<ul style="list-style-type: none"> <li>▪ Infrastructure simplification</li> <li>▪ Enterprise digitization</li> <li>▪ Telematics - connected car</li> </ul>



## Allstate Personal Lines Strategic Priorities

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### *Near-Term*

#### **Fix and stabilize our core business**

- Improve auto returns
- Maintain homeowners margins
- Drive near-term growth

### *Mid-Term*

#### **Transform existing business model**

- Trusted advisor capabilities
- Enhance data & analytics capabilities
- Digital transformation

### *Long-Term*

#### **Create the future**

- New consumer products (SquareTrade)
- Expand Connected Car platform
- Monetize data assets

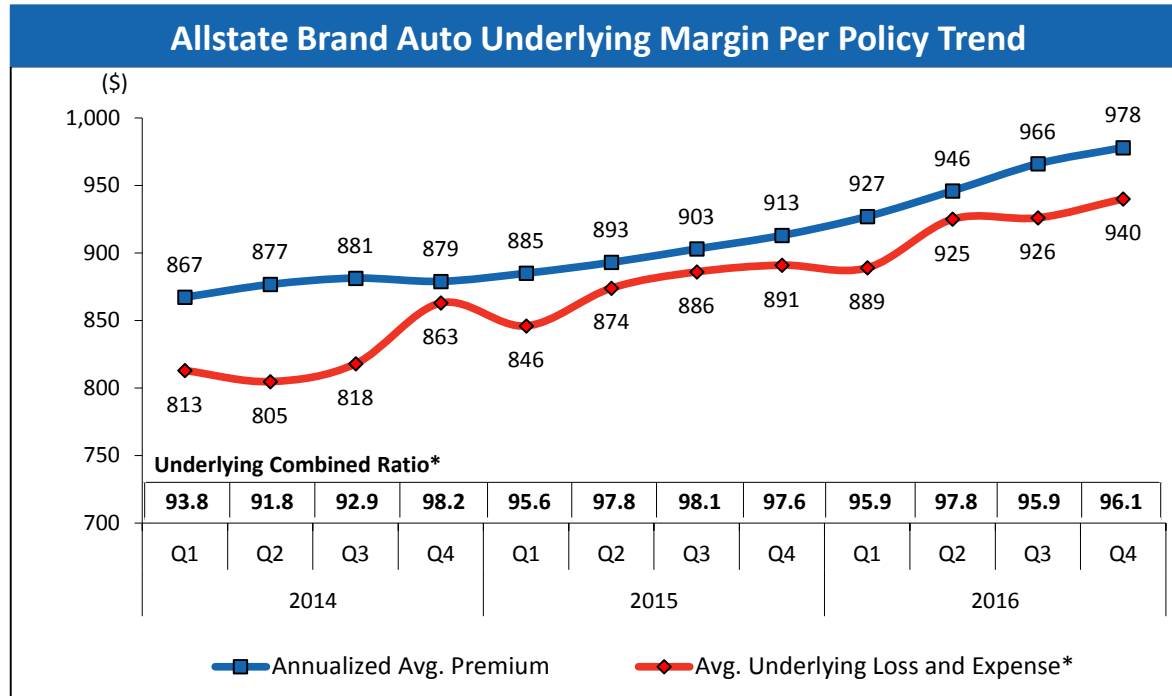


# Progress Continues on Auto Insurance Profit Improvement Plan

Near-Term

Mid-Term

Long-Term



- **2015 – 2016 auto profit improvement actions focused on catching up to increase in loss costs**
  - Gross auto rate increases of ~\$2.6 billion<sup>1</sup> approved across all underwriting brands in 2015 and 2016
  - Underwriting guideline changes to target underperforming segments and geographies
  - Claims organization focused on operational excellence
  - Expense spending controls
- **Near-term objective focuses on continued margin improvement while changing growth trajectory**

<sup>(1)</sup> Estimate based on historical written premium. Actual amounts realized will be based on retention and mix of customers. Approximately 30% of the Allstate brand rate increases approved in 2015 were earned in 2015, with the remainder earned in 2016 and 2017. Approximately 28% of the Allstate brand auto rate increases approved in 2016 were earned in 2016, with the remainder expected to be earned in 2017 and 2018.



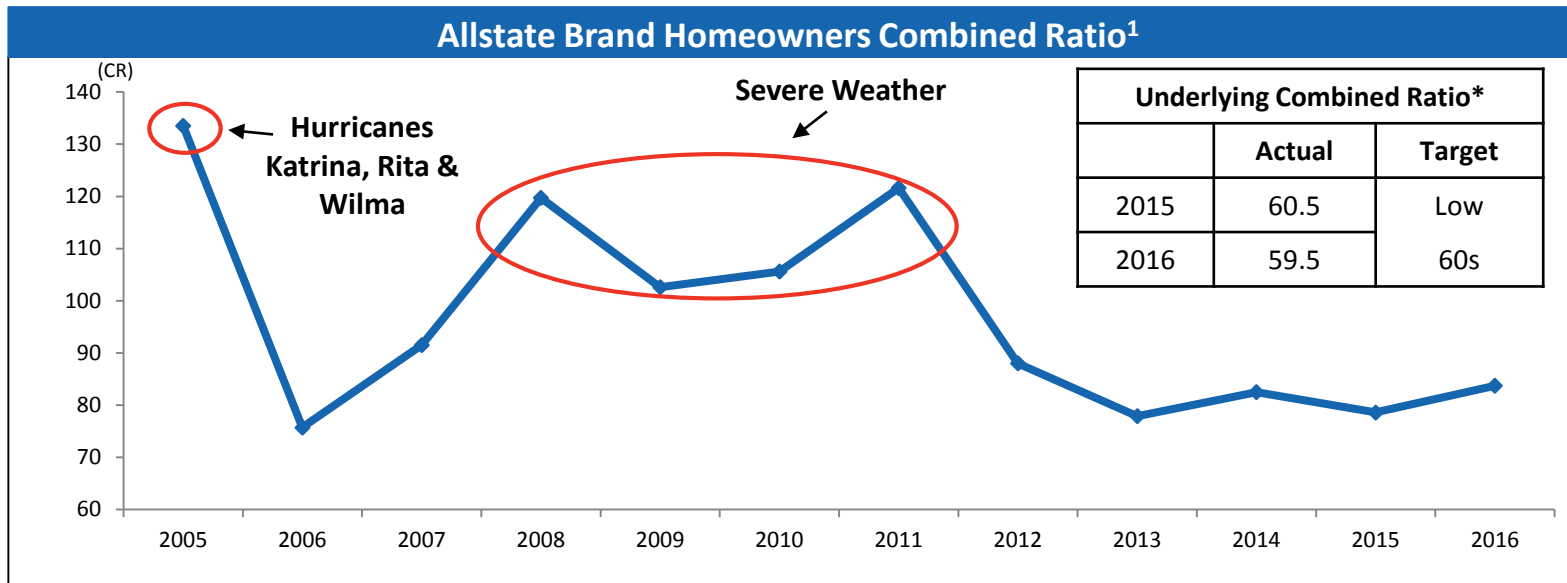
# Allstate Brand Homeowners a Competitive Advantage

Near-Term

Mid-Term

Long-Term

- Repositioned homeowners business to adapt to dramatic increase in severe weather that began in 2008
  - Average gross premium increased over 35% from 2008 – 2016; significant shift to \$1,000 and higher base deductibles
  - Reduced policies in force by ~25% (2 million) from 2006 peak to Q1 2014 bottom. Reduction in size partially offset by brokering third party insurance. Decline in homeowner policies had a negative impact on auto insurance items in force
  - House & Home® product (~28% of Allstate brand homeowner premium) includes graduated roof coverage and prices for roof type
  - Cumulative underwriting income of \$5.7 billion from 2012 – 2016, net of \$6.7 billion of catastrophe losses



	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Catastrophe losses (\$B)	\$4.1	\$0.6	\$1.1	\$2.7	\$1.6	\$1.8	\$2.9	\$1.4	\$1.0	\$1.4	\$1.2	\$1.7
Underwriting income (\$B)	(\$1.9)	\$1.4	\$0.5	(\$1.1)	(\$0.1)	(\$0.3)	(\$1.3)	\$0.7	\$1.4	\$1.1	\$1.4	\$1.1

<sup>(1)</sup> Allstate Brand Homeowners results prior to 2011 are not adjusted for DAC accounting change adopted in 2012.



# Trusted Advisor Strategy is Based on Three Pillars With Focus on Relationship Initiation

Near-Term    Mid-Term    Long-Term

**A** Attract customers in new ways

**B** Build personalized solutions

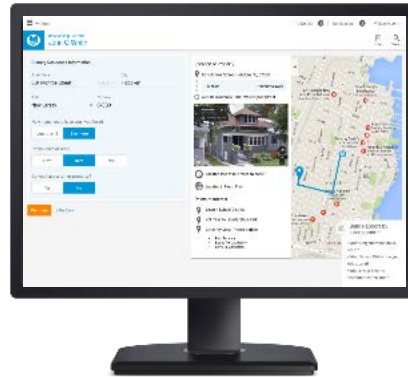
**C** Cultivate a trust-based relationship

## Trusted Advisor Key Capabilities – Attract & Build

### Five R's Sales Process



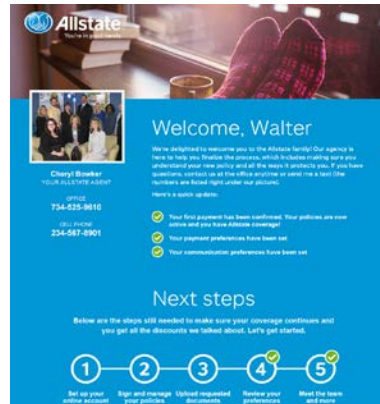
### Relationship Platform



### Personalized Proposal



### Customer Onboarding



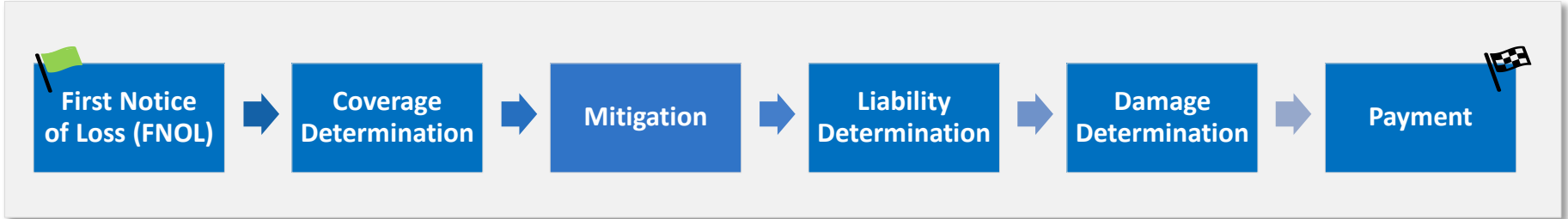
### Business Outcomes

- ✓ Broader customer relationships
- ✓ Higher close rates
- ✓ Improved retention
- ✓ Less price sensitivity
- ✓ Accelerated growth





## TODAY...A Linear Service Model



## TOMORROW...A Digitized Real-Time Service Model



### Business Outcomes

- ✓ Lower expenses
- ✓ Greater consistency and accuracy
- ✓ Quicker processing/cycle time
- ✓ More customer & agency owner control
- ✓ Faster speed to market



## Existing Growth Platforms



Industry leader in the voluntary benefits market



Serves brand sensitive, self-directed consumers

## New Platforms Created in 2016



Leverages software, data and analytics to better manage risk and serve customers



Broadens product offering into consumer protection plan market

## Applying New Data & Analytics Capabilities Across the Organization

Product & Pricing



Marketing



Claims



Distribution

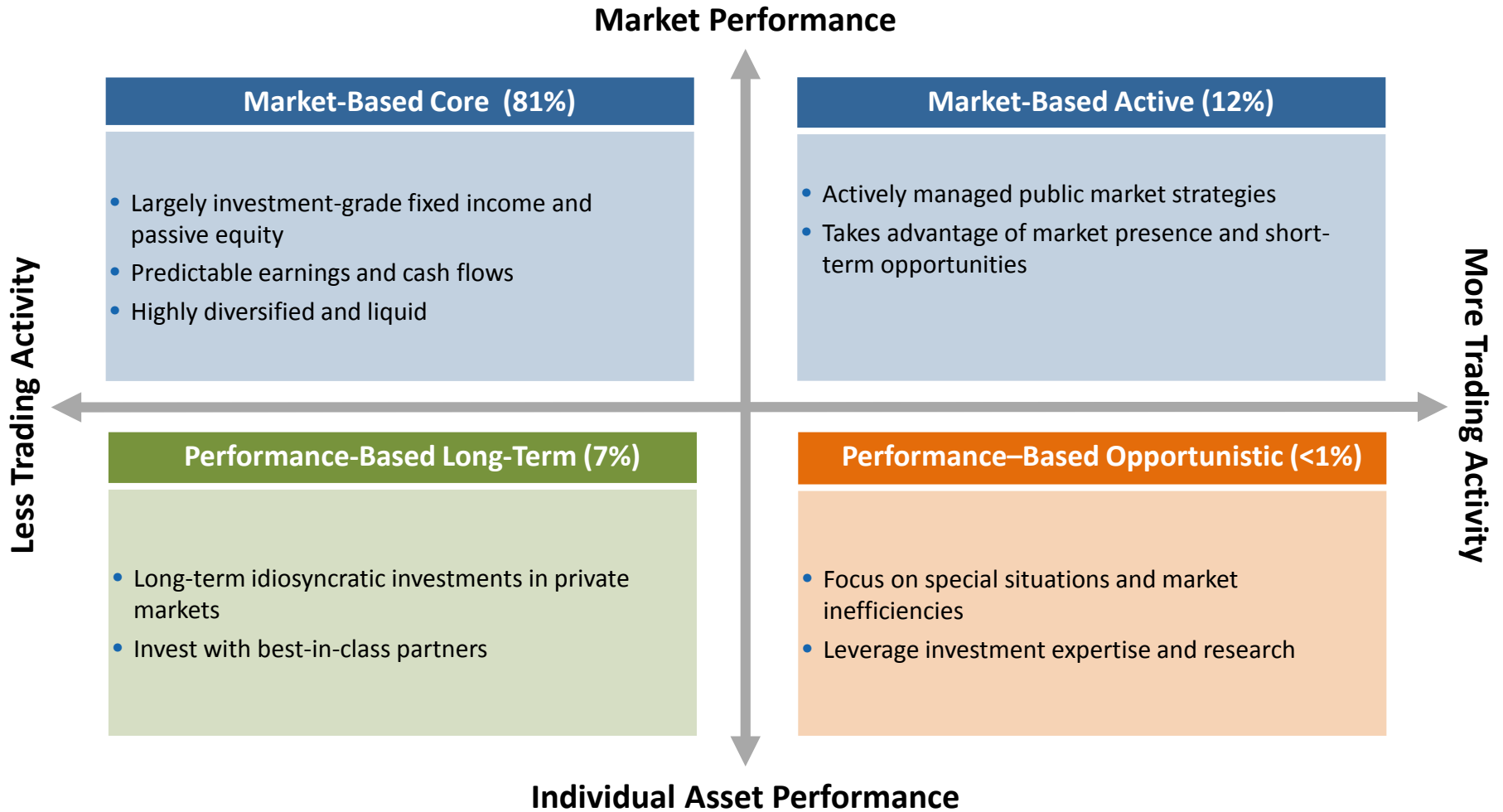


Operations





## Source of Investment Return (\$82B portfolio at Q4 2016)





- **Disciplined, economic value-based management of our business**
- **Leveraging broad market reach, substantial capabilities and resources to provide differentiated customer value propositions**
- **Building long-term strategic platforms**
- **Attractive long-term investment returns**
- **Proactive capital management to enhance shareholder value**



## 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. These 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. We believe these statements are based on reasonable estimates, assumptions and plans. However, if the estimates, assumptions or plans underlying the forward-looking statements prove inaccurate or if other risks or uncertainties arise, actual results could 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: (1) adverse changes in the nature and level of catastrophes and severe weather events; (2) our catastrophe management strategy on premium growth; (3) unexpected increases in the frequency or severity of claims; (4) regulatory changes, including limitations on rate increases and requirements to underwrite business and participate in loss sharing arrangements; (5) impacts from the Covered Agreement, including new capital and solvency regulations and changes in state insurance laws; (6) the cyclical nature of the property and casualty business; (7) market convergence and regulatory changes on our risk segmentation and pricing; (8) reestimates of reserves for claims; (9) adverse legal determinations regarding discontinued product lines and other legal and regulatory actions; (10) changes in underwriting and actual experience; (11) the influence of changes in market interest rates or performance-based investment returns on spread-based products; (12) changes in estimates of profitability on interest-sensitive life products; (13) reducing our concentration in spread-based business and exiting certain distribution channels; (14) changes in tax laws; (15) our ability to mitigate the capital impact associated with statutory reserving and capital requirements; (16) operational issues relating to a decline in Lincoln Benefit Life Company’s financial strength ratings ; (17) market risk and declines in credit quality relating to our investment portfolio; (18) our subjective determination of the fair value of our fixed income and equity securities and the amount of realized capital losses recorded for impairments of our investments; (19) competition in the insurance industry; (20) impact of new or changing technologies on our business (21) conditions in the global economy and capital markets; (22) losses from legal and regulatory actions; (23) restrictive regulation and regulatory reforms; (24) the availability of reinsurance at current levels and prices; (25) risks of our reinsurers; (26) exposure associated with our participation in state industry pools and facilities; (27) a downgrade in our financial strength ratings; (28) the effect of adverse capital and credit market conditions; (29) failure in cyber or other information security; (30) the impact of a large scale pandemic, the threat or incurrence of terrorism or military action; (31) acquisitions of businesses; (32) possible impairments in the value of goodwill; (33) changes in accounting standards; (34) the realization of deferred tax assets; (35) restrictions on our subsidiaries’ ability to pay dividends; (36) restrictions under the terms of certain of our securities on our ability to pay dividends or repurchase our stock; (37) changing climate and weather conditions; (38) loss of key vendor relationships or failure of a vendor to protect confidential and proprietary information; and (39) intellectual property infringement, misappropriation and third party claims. 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. Forward-looking statements speak only as of the date on which they are made, and we assume no obligation to update or revise any forward-looking statement.



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