



The Allstate Corporation

Fourth Quarter 2020 Earnings Presentation
February 4, 2021

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You're in good hands.



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 or investor supplement.

Additional information on factors that could cause results to differ materially from this presentation is available in the 2019 Form 10-K, Form 10-Q for September 30, 2020, our most recent earnings release, and at the end of these slides. These materials are available on our website, www.allstateinvestors.com, under the “Financials” link.



Allstate Delivers Attractive Returns While Building Higher Growth Business Models

- **Allstate made exceptional progress in 2020 building transformative growth business models**
 - Maintained overall Property-Liability policies in force at 34 million while transitioning to broader customer access. Allstate brand increased while Encompass declined
 - Total policies in force increased by 20.5% for the year to reach 175.9 million
 - Improved competitive price position in auto insurance while maintaining attractive returns
 - Positioned for growth in 2021 with acquisition of National General
 - Long-term growth driven by improved customer value proposition, expansive distribution and industry-leading capabilities

- **Strong profitability and returns on capital in 2020**
 - Net Income of \$2.6 billion and adjusted net income* of \$1.8 billion in the fourth quarter
 - Profitability in fourth quarter benefited from lower frequency of auto accidents, strong homeowner's insurance profitability and higher performance-based investment income
 - Net income of \$5.5 billion and adjusted net income* of \$4.6 billion for the full year 2020
 - Return on equity* of 19.8% for the full year (adjusted net income basis)

- **Strategy to increase market share in personal property-liability while expanding protection services will increase shareholder value**
 - Higher Property-Liability growth with attractive returns through broader customer access and improved customer value proposition
 - Protection Services rapidly growing revenues and profitability
 - Proactive capital deployment strategy supports return on equity above industry and comparable to S&P 500



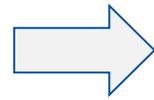
Increase Personal Property-Liability Market Share



- Expand Customer Access
- Improve Customer Value



Leveraging Allstate Brand, Customer Base and Capabilities



2020 Operating Priorities

- Better Serve Customers
- Grow Customer Base
- Achieve Target Returns on Capital
- Proactively Manage Investments
- Build Long-Term Growth Platforms

Expand Protection Services

- Innovative Growth Platforms
- Broad Distribution



(1) Allstate Life Insurance Company to be divested and replaced with non-proprietary products
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Transition To Higher Growth Successfully Being Implemented

Expand Customer Access

- Allstate Property-Liability new business from existing agents met goals except for March and April
- Stopped appointing new Allstate agents while a higher growth and lower cost model is developed, which had a negative impact on new business
- Increasing direct sales under Allstate brand
- Completed acquisition of National General

Improve Customer Value

- Improved competitive price position of auto insurance through targeted rate reductions and direct pricing discount
- Maintaining attractive margins through cost reductions
- Leveraging industry leading telematics offerings: Drivewise® and Milewise®

Transformational Growth

- Extensive Allstate agent platform with industry leading value position
- Direct business utilizing Allstate brand, competitive prices, broad product portfolio and insurance expertise
- Independent agent business with national distribution, effective agency-facing technology and strong position in auto and homeowners insurance
- Protection Services with innovative business models and expanding total addressable markets



Allstate Delivers Strong Results in 2020

- Total revenues of \$12.0 billion in the fourth quarter and \$44.8 billion for the full year 2020
- Net income of \$2.6 billion in the fourth quarter and \$5.5 billion for the full year 2020
- Adjusted net income of \$14.73 per share generated a return on common shareholders' equity* of 19.8% for the latest 12 months

(\$ in millions, except per share data and ratios)	Three months ended December 31,			Twelve months ended December 31,		
	2020	2019	Change	2020	2019	Change
Total revenues	\$12,018	\$11,472	4.8%	\$44,791	\$44,675	0.3%
Total revenues (excl. realized capital gains and losses)	11,344	10,770	5.3%	43,435	42,790	1.5%
Property-Liability insurance premiums	8,884	8,873	0.1%	35,580	34,843	2.1%
Net investment income	1,191	689	72.9%	2,853	3,159	(9.7%)
Realized capital gains and losses	674	702	(4.0%)	1,356	1,885	(28.1%)
Income applicable to common shareholders:						
Net income	2,598	1,707	52.2%	5,461	4,678	16.7%
<i>per diluted common share*</i>	8.45	5.23	61.6%	17.31	14.03	23.4%
Adjusted net income*	1,805	1,020	77.0%	4,648	3,477	33.7%
<i>per diluted common share*</i>	5.87	3.13	87.5%	14.73	10.43	41.2%
Return on common shareholders' equity (trailing twelve months)						
Net income applicable to common shareholders				21.0%	21.7%	(0.7) pts
Adjusted net income*				19.8%	16.9%	2.9 pts



Increasing Property-Liability Market Share While Maintaining Attractive Returns

- **Allstate will have leading positions in three primary distribution channels and expects to increase market share by over 1 percentage point in 2021**
 - **Allstate agent distribution serves customers who want local relationships. Increased focus on new business and lower cost structure**
 - **Allstate direct leverages brand, advertising and has lower prices for customers who do not prefer an agent**
 - **National General platform is positioned to be a large national carrier with a broad range of products and strong technology platform**

- **Go to market model designed for higher growth and attractive returns**
 - **Strong insurance pricing and claims capabilities**
 - **Leading position in telematics, only major insurer offering insurance by the mile**
 - **Improved price competitiveness while maintaining attractive returns**
 - **Lower auto frequency provides opportunity to improve affordability with targeted rate reductions**
 - **Underwriting expense ratio declined by 1.9 points since 2018, excluding restructuring and Coronavirus related expenses, with objective of further reducing costs**
 - **Allstate has a record of generating attractive returns in different market conditions**
 - **Auto insurance combined ratio has averaged 92.7 over the last 5 years (94.4 excluding 2020) with a range of 86.0 – 98.8**
 - **Homeowners insurance combined ratio has averaged 89.5 over the last 5 years with a range of 84.8 – 93.6**



Acquisition of National General Will Accelerate Profitable Growth Through Independent Agents

- **Allstate closed the \$4 billion acquisition of National General Holdings Corp. on Jan. 4, 2021**
- **National General will become Allstate's independent agent ("IA") platform**
 - **Encompass will be consolidated into National General in 2021 and Allstate Independent Agents will transition over time**
 - **The new entity will be branded as National General, an Allstate company**
 - **New standard auto and homeowners insurance products will be rolled out over the next two years**

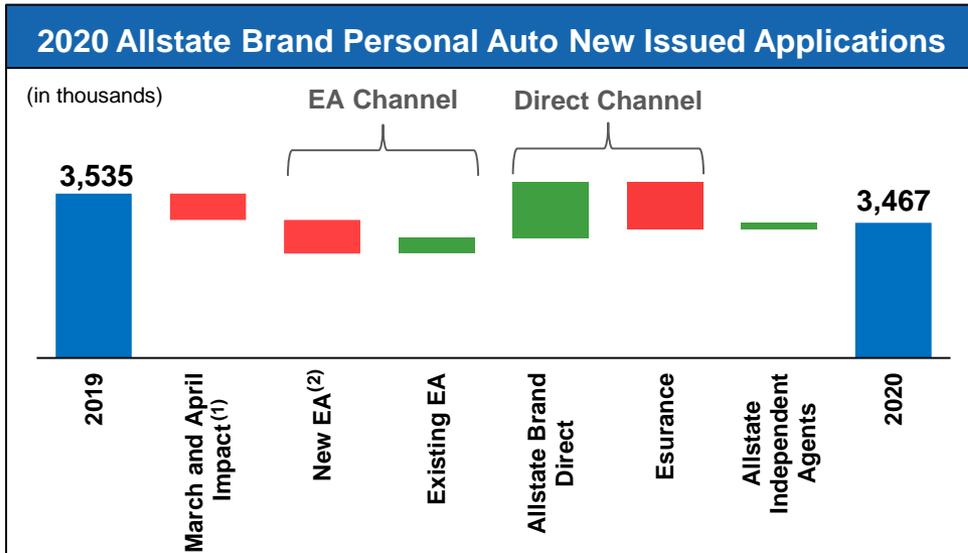
National General Measures of Acquisition Success

- 1. Accretive with Growing Earnings**
- 2. Integrate IA Businesses and Achieve Synergies**
- 3. Grow IA Channel Policies in Force with Broader Product Offering**

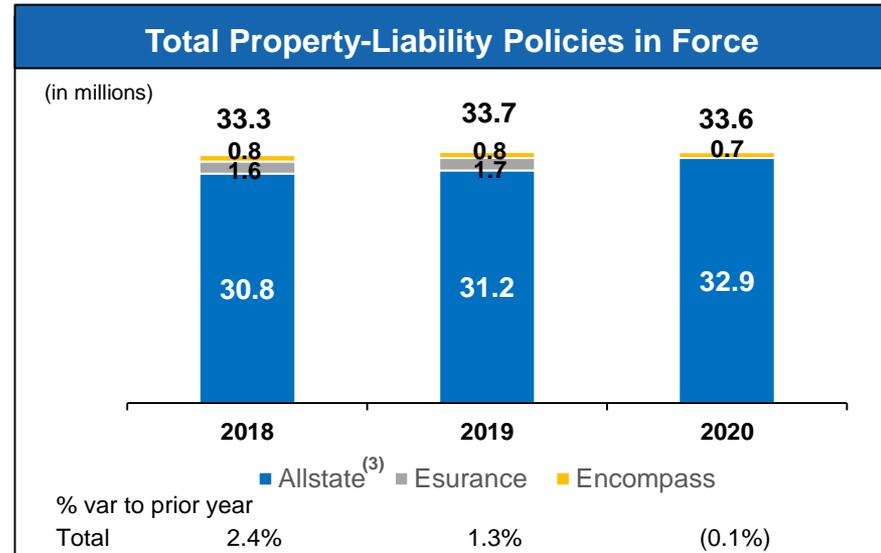


Strengthened Allstate Brand Property-Liability Distribution

- Allstate agent distribution improved effectiveness and efficiency
 - Existing agents increased new business in 2020, except for March and April, supported by higher new business commissions
 - Stopped appointing new Allstate agents while a higher growth and lower cost model is being developed, which had a negative impact on new business
- Successfully transitioned direct capabilities to Allstate brand
 - Discontinued brand advertising for Esurance and shifted resources to Allstate brand
 - Implemented channel of distribution pricing with lower cost for direct
 - Allstate branded direct sales increased more than Esurance sales declined
- Overall Allstate and Esurance brand policies in force were maintained at prior year levels
 - New business volumes increased compared to prior year, excluding March and April, which was offset by a decline in retention
 - Encompass branded policies in force declined



⁽¹⁾ Reflects new issued application variance to prior year across channels in March and April
⁽²⁾ New EA reflects 2020 new agent appointment production compared to prior year new appointments
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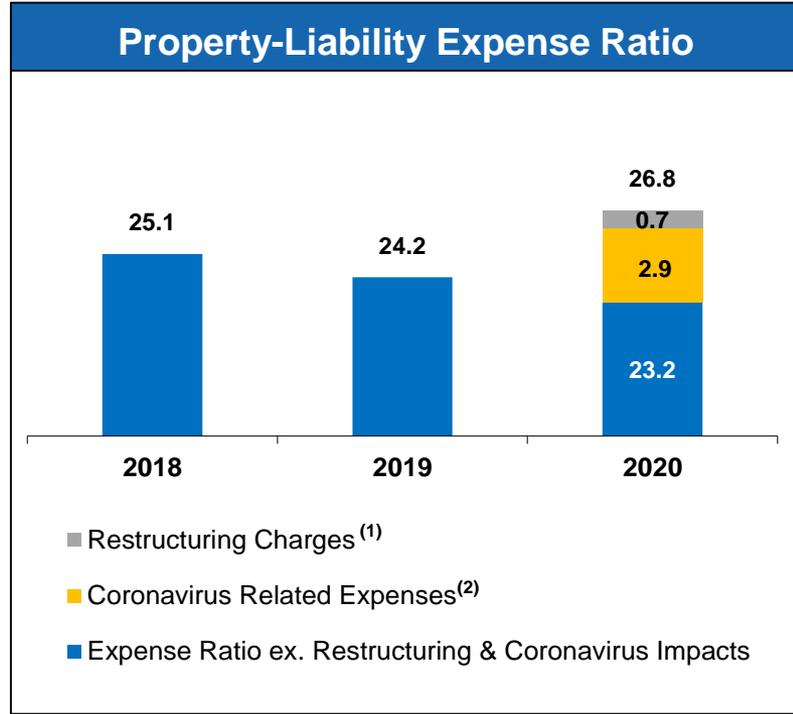
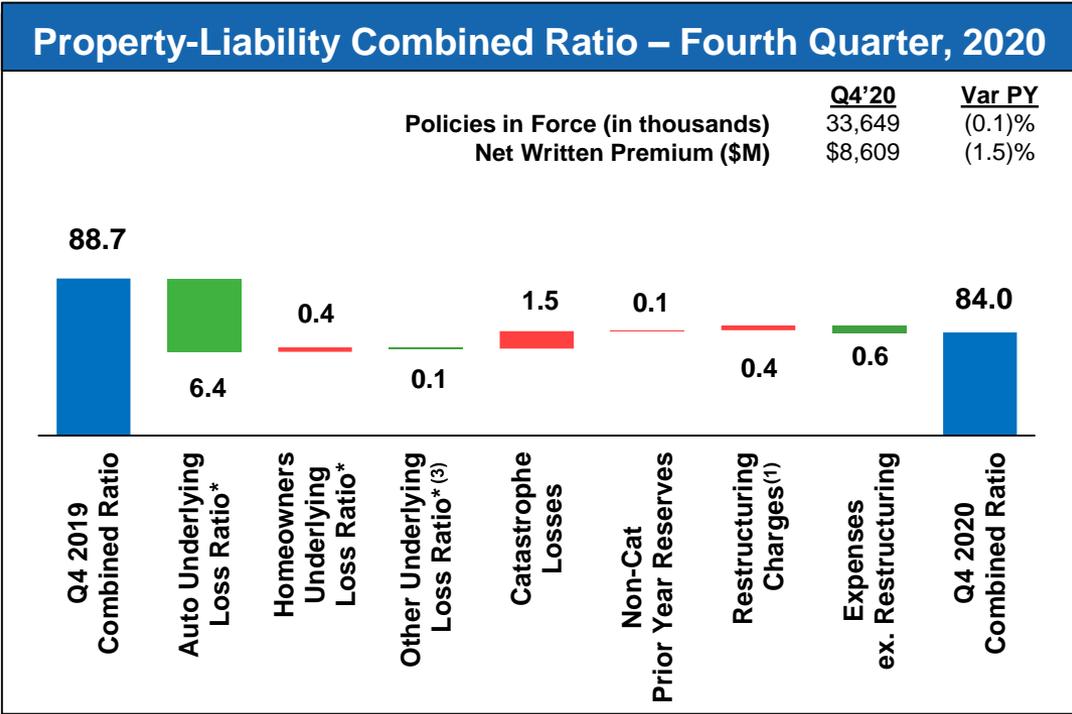


⁽³⁾ Allstate brand includes Esurance brand in 2020



Property-Liability Results Remained Strong in Fourth Quarter, 2020

- Net written premium declined 1.5% in the quarter as homeowners insurance growth was offset by auto insurance premium refunds
- Underwriting income of \$1.4 billion increased \$420 million compared to the prior year quarter
 - Improved auto insurance underlying loss costs resulted in 85.5 combined ratio
 - Homeowners insurance had a 78.5 combined ratio despite higher catastrophe losses
- Expense ratio, excluding restructuring and Coronavirus related expenses, of 23.2 in 2020 improved 1.0 point compared to the prior year



(1) Reflects restructuring and related charges during 2020 related to the Transformative Growth Plan.

(2) Includes Shelter-In-Place Payback expense and bad debt expense during 2020 related to the Special Payment plan offered to customers as a result of the Coronavirus.

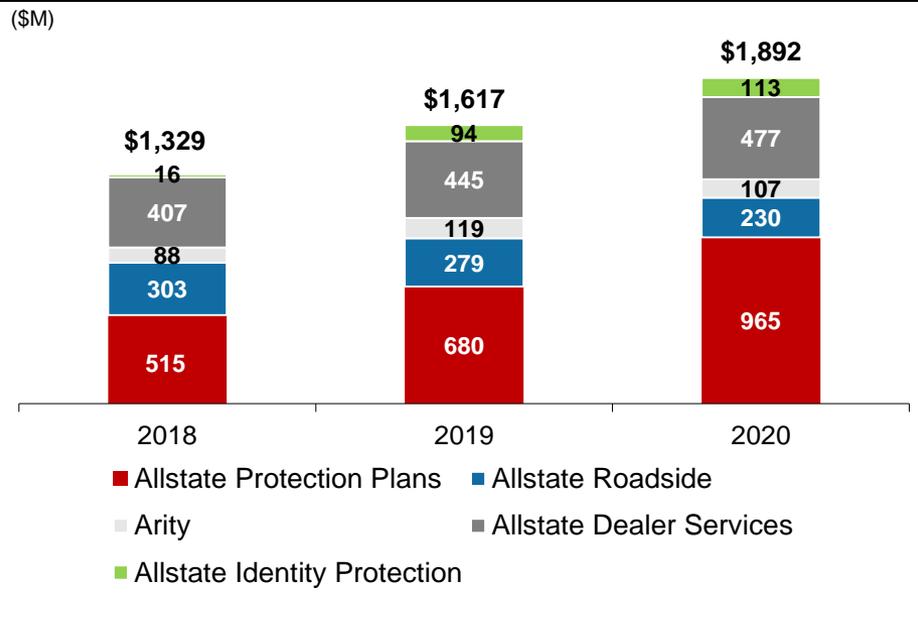
(3) Includes other personal lines and commercial



Protection Services Continues High Growth and Profit Trajectory

- Revenues⁽¹⁾ of \$497 million increased 17.5% compared to the prior year quarter, reaching \$1.9 billion for the full year 2020
 - Allstate Protection Plans had revenues of \$965 million for the full year 2020
 - Policies in force increased 28.6% to 136 million, primarily due to Allstate Protection Plans
- Adjusted net income of \$38 million increased \$35 million compared to prior year quarter
 - Allstate Protection Plans generated adjusted net income of \$137 million for the full year 2020

Protection Services Revenues ⁽¹⁾



Protection Services Results

(\$ in millions)

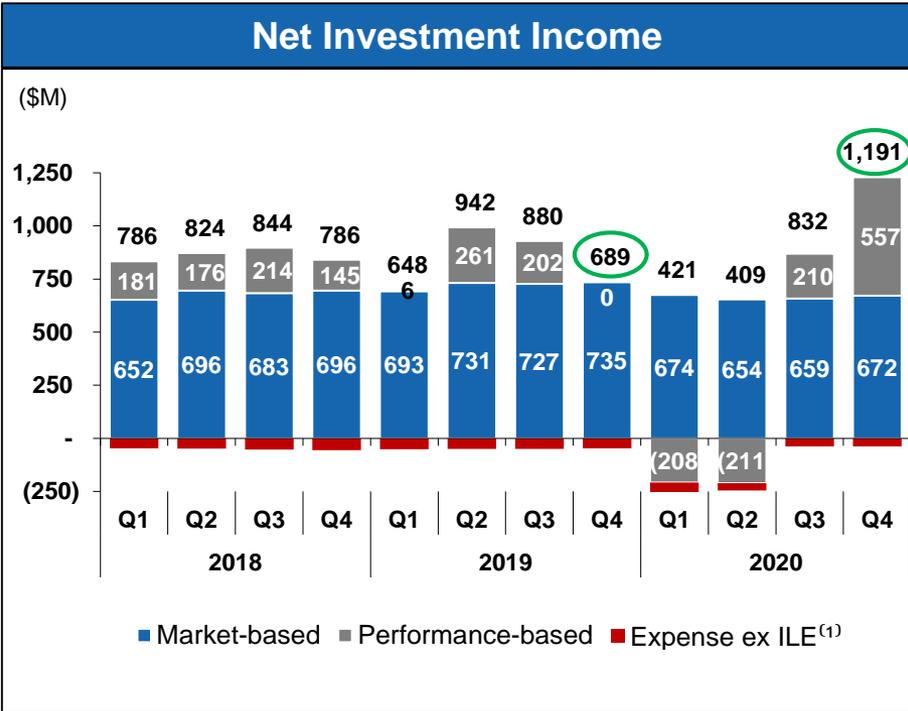
	Q4 2020	Var to PY	YTD 2020	Var to PY
Revenues ⁽¹⁾	\$497	17.5%	\$1,892	17.0%
Adjusted Net Income				
Allstate Protection Plans	\$32	\$20	\$137	\$77
Arity	(2)	1	(11)	(4)
Allstate Roadside	4	5	12	27
Allstate Dealer Services	7	-	29	3
Allstate Identity Protection	(3)	9	(14)	12
Total	38	35	153	115
Policies in Force (M)			136.3	28.6%

⁽¹⁾ Protection Services revenues exclude the impact of realized capital gains and losses



Net Investment Income Benefited From Higher Performance-based Results

- Net investment income for the fourth quarter was \$1.2 billion, substantially higher than the prior year
 - Performance-based income totaled \$557 million from higher valuations and sales gains
 - Market-based income of \$672 million was 8.6% below prior year quarter, reflecting lower reinvestment rates
- Total return of 7.1% for the full year includes investment income (+3.2%) and increased asset valuations (+3.9%)
 - Fourth quarter total return of 2.7% reflects performance-based recovery and higher fixed income and public equity valuations



GAAP Total Return

	Q4'20	2020	Annualized Return	
			3 Year	5 Year
Total Portfolio ⁽²⁾	2.7	7.1	5.8	5.6
Market-based	2.3	7.5	5.8	5.5
Performance-based	7.0	4.9	7.4	8.8

⁽¹⁾ Investee level expenses (ILE) comprise asset level operating expenses are netted against market-based and performance-based income. Beginning January 1, 2020, depreciation previously included in ILE is reported as realized capital gains or losses

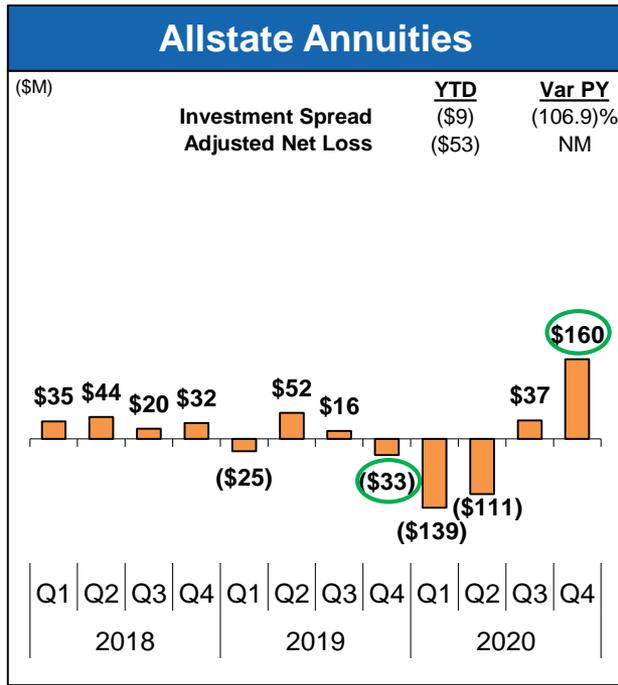
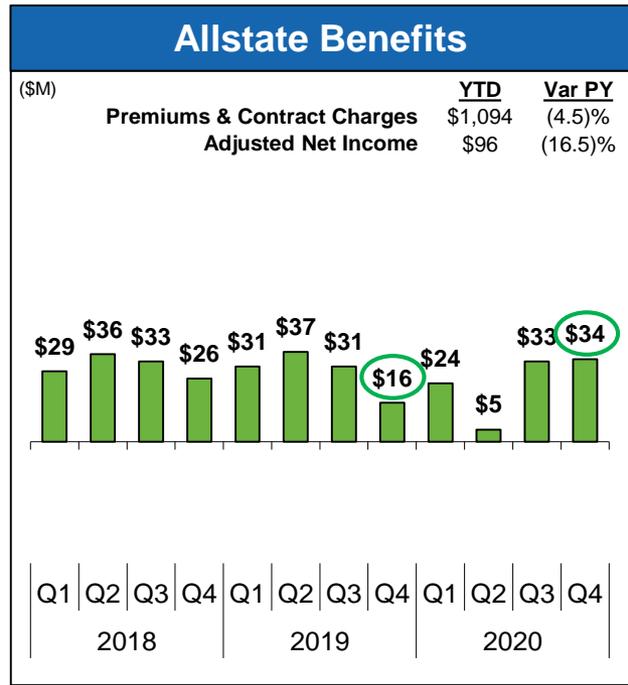
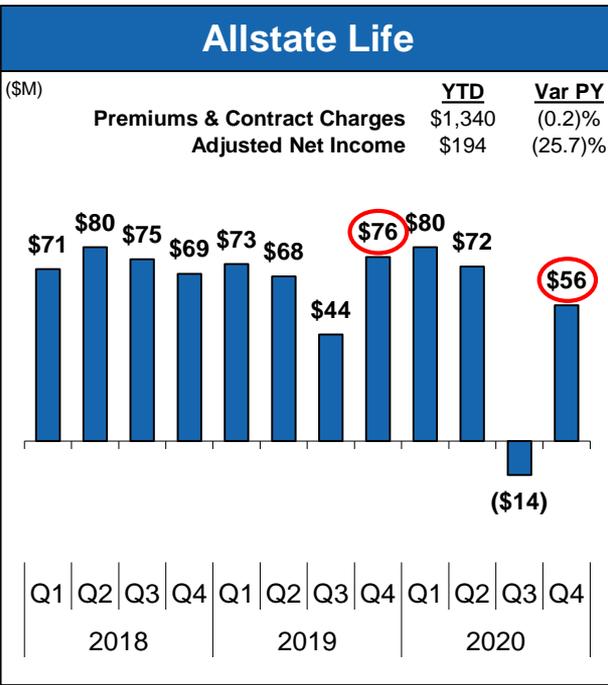
⁽²⁾ Total portfolio return includes non-ILE expenses of 0.0% for Q4, 0.2% for 2020 and 0.2% and 0.2% for the annualized trailing 3 and 5 year periods, respectively



Allstate Life, Benefits and Annuities Impacted by Coronavirus and Investment Income

- Allstate Life adjusted net income of \$56 million decreased \$20 million from the prior year, primarily due to higher contract benefits from unfavorable mortality due to the Coronavirus
- Allstate Benefits adjusted net income of \$34 million increased \$18 million from the prior year quarter, reflecting lower benefit utilization, likely Coronavirus related, and the non-renewal of a large underperforming account in 2019
- Allstate Annuities adjusted net income of \$160 million in the fourth quarter increased \$193 million from the prior year quarter, driven by strong performance-based investment income

Adjusted Net Income



NM = not meaningful



Allstate Generates Attractive Returns While Investing in Growth

- Return on equity was among the highest in the insurance industry
- Closed on \$4 billion acquisition of National General to strategically position Allstate for profitable growth in the independent agent channel
- Completed the \$750 million accelerated share repurchase (“ASR”) agreement on Jan. 12, 2021
 - After completion of the ASR agreement, \$1.45 billion remains on the \$3 billion common share repurchase program
- Returned \$2.4 billion to common shareholders in 2020 through \$1.7 billion in share repurchases and \$668 million in common shareholder dividends
- Announced pending sale of Allstate Life Insurance Company which will redeploy up to \$2.2 billion of capital out of lower growth and return businesses with minimal impact on our strategy

Capital Position			
	<u>12/31/2020</u>	<u>12/31/2019</u>	<u>Inc / (Dec)</u>
Adjusted Net Income Return on Equity*	19.8%	16.9%	2.9 pts
Common Shares Outstanding (in millions)	304.2	318.8	(4.6%)
Book Value per Common Share	\$91.50	\$73.12	25.1%
Price per Share⁽¹⁾	\$110	\$112	\$(2)

⁽¹⁾ Closing price on last closing day of period rounded to nearest dollar





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. 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:
 - 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 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 the amount of realized capital losses recorded for impairments of our investments; (8) the impact of changes in market interest rates or performance-based investment returns on our annuity business; (9) the impact of changes in reserve estimates and amortization of deferred acquisition costs on our life, benefits and annuity businesses; (10) our participation in indemnification programs, including state industry pools and facilities; (11) our ability to mitigate the capital impact associated with statutory reserving and capital requirements; (12) a downgrade in financial strength ratings; (13) changes in tax laws;
 - Business, Strategy and Operations (14) competition in the insurance industry and new or changing technologies; (15) implementation of our Transformative Growth Plan; (16) our catastrophe management strategy; (17) restrictions on our subsidiaries’ ability to pay dividends; (18) restrictions under terms of certain of our securities on our ability to pay dividends or repurchase our stock; (19) the availability of reinsurance at current level and prices; (20) counterparty risk related to reinsurance; (21) acquisitions and divestitures of businesses; (22) intellectual property infringement, misappropriation and third-party claims;
 - Macro, Regulatory and Risk Environment (23) conditions in the global economy and capital and credit markets; (24) a large scale pandemic, such as the Novel Coronavirus Pandemic or COVID-19 and its impacts, or occurrence of terrorism or military actions; (25) the failure in cyber or other information security controls, or the occurrence of events unanticipated in our disaster recovery processes and business continuity planning; (26) changing climate and weather conditions; (27) restrictive regulations and regulatory reforms, including limitations on rate increases and requirements to underwrite business and participate in loss sharing arrangements; (28) losses from legal and regulatory actions; (29) changes in or the application of accounting standards; (30) loss of key vendor relationships or failure of a vendor to protect our data or confidential, proprietary and personal information; (31) our ability to attract, develop and retain key personnel, including availability and productivity of employees during the Coronavirus; and (32) 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. 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.