Form
Unknown document format

m of 35% to 21% beginning January 1, 2018. As a result, the corporate tax rate is not comparable between periods.

2. Changed international taxation to a modified territorial tax system whereby U.S. federal income taxes are generally eliminated on dividends from foreign subsidiaries, and certain earnings of controlled foreign corporations are included in U.S. federal taxable income.
3. Contained several other provisions, such as limitations of deductibility of executive compensation, meals and entertainment and lobbying expenses and changes to the dividends received deduction.
4. Affected the timing of certain tax deductions for reserves and deferred acquisition costs, but does not impact the Company's overall income tax expense.

The Company recorded a net tax benefit of $506 million, recognized as a reduction to income tax expense in the Company's Consolidated Statements of Operations for the year ended December 31, 2017. The net benefit was primarily due to re-measurement of the Company's deferred tax assets and liabilities from 35% to 21%. This was partially offset by the transition to a modified territorial system for international taxation which required the Company to recognize a liability based on non-U.S. income from international subsidiaries that had not been repatriated to the U.S. parent company (the "Transition Tax"). The Company's effective income tax rate for 2017 was 20.1% and included a one-time benefit of 12.7%.
During 2018, the impact of the Tax Legislation was adjusted from the Company's preliminary estimates due to, among other things, changes in interpretations and assumptions the Company previously made, guidance that was issued and actions the Company took as a result of the Tax Legislation, resulting in a net tax benefit of $29 million, recognized as a reduction to income tax expense in the Company's Consolidated Statements of Operations. The accounting for income tax effects of the Tax Legislation has been completed.
Regulatory tax examinations The Internal Revenue Service ("IRS") is currently examining the Company's 2015 and 2016 federal income tax returns, with the 2017 tax year exam scheduled to begin mid-2019. The 2015-17 cycle is expected to be completed in 2020. The 2013 and 2014 federal income tax return audit is complete through the exam phase and the Company will progress to the appeals process for one unagreed issue in 2019. Any adjustments that may result from IRS examinations of the Company's tax returns are not expected to have a material effect on the consolidated financial statements.
Unrecognized tax benefits The Company recognizes tax positions in the consolidated financial statements only when it is more likely than not that the position will be sustained on examination by the relevant taxing authority based on the technical merits

2018 Form 10-K Notes to Consolidated Financial Statements

of the position. A position that meets this standard is measured at the largest amount of benefit that will more likely than not be realized on settlement. A liability is established for differences between positions

taken in a tax return and amounts recognized in the consolidated financial statements.

Reconciliation of the change in the amount of unrecognized tax benefits

	For the years ended December 31,		
($ in millions)	2018	2017	2016
Balance – beginning of year	$55	$ 10	$ 7
Increase for tax positions taken in a prior year	3	34	—
Increase for tax positions taken in the current year	12	11	3
Balance – end of year	$70	$ 55	$ 10

The Company believes it is reasonably possible that a decrease of up to $58 million in unrecognized tax benefits may occur within the next twelve months due to IRS settlements.

Components of the deferred income tax assets and liabilities

	As of December 31,	
($ in millions)	2018	2017
Deferred tax assets		
Unearned premium reserves	$594	$545
Accrued compensation	145	137
Pension	192	86
Discount on loss reserves	67	53
Net operating loss carryover	50	50
Other assets	57	49
Other postretirement benefits	45	48
Total deferred tax assets	1,150	968
Deferred tax liabilities		
DAC	(854)	(770)
Unrealized net capital gains	(2)	(422)
Life and annuity reserves	(194)	(241)
Intangible assets	(145)	(113)
Investments	(278)	(106)
Other liabilities	(102)	(98)
Total deferred tax liabilities	(1,575)	(1,750)
Net deferred tax liability	$(425)	$(782)

Although realization is not assured, management believes it is more likely than not that the deferred tax assets will be realized based on the Company’s assessment that the deductions ultimately recognized for tax purposes will be fully utilized. As of December 31, 2018, the Company has U.S. federal and foreign net operating loss carryforwards of $209 million and $30 million, respectively.

The provisions of the Tax Cuts and Jobs Act eliminated the 20-year carryforward period and made it indefinite for federal net operating losses generated in tax years after December 31, 2017. For such amounts generated prior to 2018, the 20-year carryforward period continues to apply.

Components of the net operating loss carryforwards as of December 31, 2018

($ in millions)	Total

	20-Year Carryforward Expires in 2025-2036	Indefinite Carryforward Period	
US Federal	$ 149	$ 60	$209
Foreign	—	30	30
Total	$ 149	$ 90	$239

Components of income tax expense

	For the years ended December 31,		
($ in millions)	2018	2017	2016
Current	$704	$1,018	$654
Deferred	(212)	(216)	223
Total income tax expense	$492	$802	$877

The Company paid income taxes of $731 million, $968 million and $359 million in 2018, 2017 and 2016, respectively.

The Company had a current income tax receivable of $124 million and a current tax payable of $44 million as of December 31, 2018 and 2017, respectively.

Reconciliation of the statutory federal income tax rate to the effective income tax rate

	For the years ended December 31,		
	2018	2017	2016
Statutory federal income tax rate on income from operations	21.0 %	35.0 %	35.0 %
Tax Legislation benefit	(1.1)	(12.7)	—
Share-based payments	(0.6)	(1.6)	—
Tax-exempt income	(0.9)	(0.8)	(1.2)
Tax credits	(1.2)	(0.9)	(1.2)
Non-deductible goodwill impairment	—	1.1	—
Other	0.7	—	(0.7)
Effective income tax rate on income from operations	17.9 %	20.1 %	31.9 %

Note 16 Statutory Financial Information and Dividend Limitations

Allstate’s domestic property and casualty and life insurance subsidiaries prepare their statutory-basis financial statements in conformity with accounting practices prescribed or permitted by the insurance department of the applicable state of domicile. Prescribed statutory accounting practices include a variety of publications of the National Association of Insurance Commissioners (“NAIC”), as well as state laws, regulations and general administrative rules. Permitted statutory accounting practices encompass all accounting practices not so prescribed.

All states require domiciled insurance companies to prepare statutory-basis financial statements in conformity with the NAIC Accounting Practices and Procedures Manual, subject to any deviations prescribed or permitted by the applicable insurance commissioner and/or director. Statutory accounting practices differ from GAAP primarily since they require charging policy acquisition and certain sales inducement costs to expense as incurred, establishing life insurance reserves based on different actuarial assumptions, and valuing certain investments and establishing deferred taxes on a different basis.

Statutory net income (loss) and capital and surplus of Allstate’s domestic insurance subsidiaries

($ in millions)	Net income (loss)			Capital and surplus	
	2018	2017	2016	2018	2017
Amounts by major business type:					
Property and casualty insurance	$2,939	$3,050	$1,520	$14,328	$14,903
Life insurance, annuities and voluntary accident and health insurance	465	327	197	3,819	3,727
Amount per statutory accounting practices	$3,404	$3,377	$1,717	$18,147	$18,630

Dividend Limitations

There are no regulatory restrictions that limit the payment of dividends by the Corporation, except those generally applicable to corporations incorporated in Delaware. Dividends are payable only out of certain components of shareholders’ equity as permitted by Delaware law. However, the ability of the Corporation to pay dividends is dependent on business conditions, income, cash requirements of the Company, receipt of dividends from AIC and other relevant factors.

The payment of shareholder dividends by AIC without the prior approval of the Illinois Department of Insurance (“IL DOI”) is limited to formula amounts based on net income and capital and surplus, determined in conformity with statutory accounting practices, as well as the timing and amount of dividends paid in the preceding twelve months. AIC paid dividends of $2.87 billion in 2018. The maximum amount of dividends AIC will be able to pay without prior

IL DOI approval at a given point in time during 2019 is $2.73 billion, less dividends paid during the

preceding twelve months measured at that point in time. The payment of a dividend in excess of this amount requires 30 days advance written notice to the IL DOI. The dividend is deemed approved, unless the IL DOI disapproves it within the 30 day notice period. Additionally, any dividend must be paid out of unassigned surplus excluding unrealized appreciation from investments, which for AIC totaled $11.15 billion as of December 31, 2018, and cannot result in capital and surplus being less than the minimum amount required by law.

Under state insurance laws, insurance companies are required to maintain paid up capital of not less than the minimum capital requirement applicable to the types of insurance they are authorized to write. Insurance companies are also subject to risk-based capital (“RBC”) requirements adopted by state insurance regulators. A company’s “authorized control level RBC” is calculated using various factors applied to certain financial balances and activity. Companies that do not maintain adjusted statutory capital and surplus at a level in excess of the company action level RBC, which is two times authorized control level RBC, are required to take specified actions. Company action level RBC is significantly in excess of the minimum capital requirements. Total adjusted statutory capital and surplus and authorized control level RBC of AIC were $17.29 billion and $3.01 billion, respectively, as of December 31, 2018. Substantially all of the Corporation's insurance subsidiaries are subsidiaries of and/or reinsure all of their business to AIC, including ALIC. AIC's subsidiaries are included as a component of AIC's total statutory capital and surplus.

The amount of restricted net assets, as represented by the Corporation's investment in its insurance subsidiaries, was $25 billion as of December 31, 2018.

Intercompany transactions

Notification and approval of intercompany lending activities is also required by the IL DOI for transactions that exceed a level that is based on a formula using statutory admitted assets and statutory surplus.

Note 17 Benefit Plans

Pension and other postretirement plans

Defined benefit pension plans cover most full-time employees, certain part-time employees and employee-agents. Benefits under the pension plans are based upon the employee's length of service, eligible annual compensation and, prior to January 1, 2014, either a cash balance or final average pay formula. A cash balance formula applies to all eligible employees hired after August 1, 2002. Eligible employees hired before August 1, 2002 chose between the cash balance formula and the final average pay formula. In July 2013, the Company amended its primary plans effective January 1, 2014 to introduce a new cash balance formula to replace the previous formulas (including the final average pay formula and the previous cash balance formula) under which eligible employees accrue benefits. The Company also provides a medical coverage subsidy for eligible employees hired before January 1, 2003, including their eligible dependents, when they retire and certain life insurance benefits for eligible retirees ("postretirement benefits"). In July 2013, the Company amended the plan to eliminate the life insurance benefits effective January 1, 2014 for current eligible employees and effective January 1, 2016 for eligible retirees who retired after 1989. The Company continues to pay life insurance premiums for certain retiree plaintiffs subject to a court order requiring it to do so until such time as their lawsuit seeking to keep their life insurance benefits intact is resolved. Qualified employees may become eligible for a medical subsidy if they retire in accordance with the terms of the applicable plans and are continuously insured under the Company's group plans or other approved plans in accordance with the plan's participation requirements.

The Company shares the cost of retiree medical benefits with non Medicare-eligible retirees based on years of service, with the Company's share being subject to a 5% limit on future annual medical cost inflation after retirement. For Medicare-eligible retirees, the Company provides a fixed Company contribution based on years of service and other factors, which is not subject to adjustments for inflation.

The Company has reserved the right to modify or terminate its benefit plans at any time and for any reason.

Obligations and funded status

The Company calculates benefit obligations based upon generally accepted actuarial methodologies using the projected benefit obligation ("PBO") for pension plans and the accumulated postretirement benefit obligation ("APBO") for other postretirement plans. The determination of pension costs and other postretirement obligations are determined using a December 31 measurement date. The benefit obligations represent the actuarial present value of all benefits attributed to employee service rendered as of the measurement date. The PBO is measured using the pension benefit formulas and assumptions as to future compensation levels. A plan's funded status is calculated as the difference between the benefit obligation and the fair value of plan assets. The Company's funding policy for the pension plans is to make contributions at a level in accordance with regulations under the Internal Revenue Code ("IRC") and generally accepted actuarial principles. The Company's other postretirement benefit plans are not funded.

Notes to Consolidated Financial Statements 2018 Form 10-K

Components of the pension and other postretirement plans' funded status reflected in the Consolidated Statements of Financial Position

	As of December 31,			
	Pension benefits		Postretirement benefits	
($ in millions)	2018	2017	2018	2017
Fair value of plan assets	$5,299	$6,284	$—	$—
Less: Benefit obligation	6,224	6,815	375	386
Funded status	$(925)	$(531)	$(375)	$(386)
Items not yet recognized as a component of net periodic cost:				
Net actuarial loss (gain)	$2,313	$2,224	$(200)	$(218)
Prior service credit	(198)	(254)	(16)	(37)
Unrecognized pension and other postretirement benefit cost, pre-tax	2,115	1,970	(216)	(255)
Deferred income tax	(449)	(419)	41	51
Unrecognized pension and other postretirement benefit cost	$1,666	$1,551	$(175)	$(204)

The $89 million increase in the pension net actuarial loss during 2018 is primarily related to losses from unfavorable asset performance compared to the expected return on plan assets which was partially offset by an increase in the discount rate used to value the liabilities, amortization of unrecognized pension costs and recognition of a settlement loss. A significant component of the $2.31 billion net actuarial pension benefit losses not yet recognized in 2018 reflects decreases in the discount rate. The $18 million decrease in the OPEB net actuarial gain during 2018 primarily related to amortization of net actuarial gains.

The primary qualified employee plan represents 78% of the pension benefits' underfunded status as of December 31, 2018.

The change in items not yet recognized as a component of net periodic cost is recorded in unrecognized pension and other postretirement benefit cost.

Changes in items not yet recognized as a component of net periodic cost

($ in millions)	Pension benefits	Postretirement benefits
Items not yet recognized as a component of net periodic cost – December 31, 2017	$1,970	$ (255)
Net actuarial loss (gain) arising during the period	476	(3)
Net actuarial (loss) gain amortized to net periodic benefit cost	(379)	22
Prior service credit amortized to net periodic benefit cost	56	21
Translation adjustment and other	(8)	(1)
Items not yet recognized as a component of net periodic cost – December 31, 2018	$2,115	$ (216)

The net actuarial loss (gain) and prior service credit is recognized as a component of net periodic cost amortized over the average remaining service period of active employees expected to receive benefits.

Estimates of 2019 prior service credit

($ in millions)	Pension benefits	Postretirement benefits
Prior service credit	$ (56)	$ (3)

The accumulated benefit obligation ("ABO") for all defined benefit pension plans was $6.15 billion and $6.74 billion as of December 31, 2018 and 2017, respectively. The ABO is the actuarial present value of all benefits attributed by the pension benefit formula to employee service rendered at the measurement date. However, it differs from the PBO due to the exclusion of an assumption as to future compensation levels.

The PBO, ABO and fair value of plan assets for the Company's pension plans with an ABO in excess of plan assets were $5.99 billion, $5.93 billion and $5.07 billion, respectively, as of December 31, 2018 and $6.42 billion, $6.36 billion and $5.89 billion, respectively, as of December 31, 2017. Included in the accrued benefit cost of the pension benefits are certain unfunded non-qualified plans with accrued benefit costs of $135 million and $140 million for 2018 and 2017, respectively.

2018 Form 10-K Notes to Consolidated Financial Statements

Changes in benefit obligations for all plans

	Pension benefits		Postretirement benefits	
($ in millions)	2018	2017	2018	2017
Benefit obligation, beginning of year	$6,815	$6,591	$386	$373
Service cost	113	114	7	8
Interest cost	242	264	13	15
Participant contributions	—	—	13	12
Actuarial (gain) loss	(245)	395	(3)	8
Benefits paid [1]	(646)	(553)	(35)	(35)
Plan amendments	—	—	—	—
Translation adjustment and other	(55)	4	(6)	5
Benefit obligation, end of year	$6,224	$6,815	$375	$386

[1] Benefits paid include lump sum distributions, a portion of which triggered settlement accounting treatment.

Components of net periodic cost

	For the years ended December 31,					
	Pension benefits			Postretirement benefits		
($ in millions)	2018	2017	2016	2018	2017	2016
Service cost	$113	$114	$113	$7	$8	$9
Interest cost	242	264	286	13	15	17
Expected return on plan assets	(421)	(409)	(398)	—	—	—
Amortization of:						
Prior service credit	(56)	(56)	(56)	(21)	(25)	(21)
Net actuarial loss (gain)	176	189	174	(22)	(24)	(24)
Settlement loss	203	153	27	—	—	—
Net periodic cost (credit)	$257	$255	$146	$(23)	$(26)	$(19)

The service cost component is the actuarial present value of the benefits attributed by the plans' benefit formula to services rendered by the employees during the period. Interest cost is the increase in the PBO in the period due to the passage of time at the discount rate. Interest cost fluctuates as the discount rate changes and is also impacted by the related change in the size of the PBO. The decrease or increase in the PBO due to an increase or decrease in the discount rate is deferred and decreases or increases the net actuarial loss. It is recorded in AOCI as unrecognized pension benefit cost and may be amortized.

The expected return on plan assets is determined as the product of the expected long-term rate of return on plan assets and the adjusted fair value of plan assets, referred to as the market-related value of plan assets. To determine the market-related value, the fair value of plan assets is adjusted annually so that differences between changes in the fair value of equity securities and the expected long-term rate of return on these securities are recognized into the market-related value of plan assets over a five-year period. The Company believes this is consistent with the long-term nature of pension obligations.

When the actual return on plan assets exceeds the expected return it reduces the net actuarial loss recorded in AOCI; when the expected return exceeds the actual return it increases the net actuarial loss. These amounts are recorded in AOCI as unrecognized pension benefit cost and may be amortized. The market-related value adjustment represents the current difference between actual returns and

expected returns on equity securities recognized over a five-year period. The market-related value adjustment is a deferred net loss of $420 million as of December 31, 2018. The expected return on plan assets fluctuates when the market-related value of plan assets changes and when the expected long-term rate of return on plan assets assumption changes.

Net actuarial loss fluctuations are due to changes in discount rate, differences between actual return on plan assets and expected long-term rate of return on plan assets, and differences between actual plan experience and other actuarial assumptions when there is an excess sufficient to qualify for amortization.

Net periodic costs related to the pension plan and postretirement benefits are reported in operating costs and expenses. Amortization of net actuarial loss in pension cost is recorded when the net actuarial loss excluding the unamortized market-related value adjustment exceeds 10% of the greater of the PBO or the market-related value of plan assets. The amount of amortization is equal to the excess divided by the average remaining service period for active employees for each plan, which approximates 10 years for Allstate's largest plan. As a result, the effect of changes in the PBO due to changes in the discount rate and changes in the fair value of plan assets may be experienced in our net periodic pension cost in periods subsequent to those in which the fluctuations actually occur.

Settlement losses are non-cash charges that accelerate the recognition of unrecognized pension benefit cost that would have been incurred in subsequent periods, when plan payments, primarily lump sums from qualified pension plans, exceed a threshold of service plus interest cost for the period. The value of lump sums paid in 2018 and 2017 was higher than in 2017 and 2016, respectively, and exceeded the settlement charge threshold, in the primary employee plan, due to higher-than-expected

retirement levels. As a result, a pension settlement loss of $172 million and $122 million, pre-tax, in 2018 and 2017, respectively, was recorded as part of operating costs and expenses in the Corporate and Other segment.

Weighted average assumptions used to determine net pension cost and net postretirement benefit cost

	For the years ended December 31,					
	Pension benefits			Postretirement benefits		
($ in millions)	2018	2017	2016	2018	2017	2016
Discount rate	3.68%	4.15%	4.83%	3.63%	3.63%	4.59%
Rate of increase in compensation levels	3.20	3.20	3.20	n/a	n/a	n/a
Expected long-term rate of return on plan assets	7.32	7.31	7.30	n/a	n/a	n/a

Weighted average assumptions used to determine benefit obligations

	For the years ended December 31,			
	Pension benefits		Postretirement benefits	
	2018	2017	2018	2017
Discount rate	4.31%	3.68%	4.22%	4.06%
Rate of increase in compensation levels	3.16	3.20	n/a	n/a

The weighted average health care cost trend rate used in measuring the accumulated postretirement benefit cost is 5.9% for 2019, gradually declining to 4.5% in 2038 and remaining at that level thereafter.

Pension plan assets

Change in pension plan assets

	For the years ended December 31,	
($ in millions)	2018	2017
Fair value of plan assets, beginning of year	$6,284	$5,650
Actual return on plan assets	(300)	1,051
Employer contribution	16	131
Benefits paid	(646)	(553)
Translation adjustment and other	(55)	5
Fair value of plan assets, end of year	$5,299	$6,284

In general, the Company’s pension plan assets are managed in accordance with investment policies approved by pension investment committees. The purpose of the policies is to ensure the plans’ long-term ability to meet benefit obligations by prudently investing plan assets and Company contributions, while taking into consideration regulatory and legal requirements and current market conditions. The investment policies are reviewed periodically and specify target plan asset allocation by asset category. In addition, the policies specify various asset allocation and other risk limits. The target asset allocation takes the plans’ funding status into consideration, among other factors, including anticipated demographic changes or liquidity requirements that may affect the funding status such as the potential impact of lump sum settlements as well as existing or expected market conditions. In general, the allocation has a lower overall investment risk when a plan is in a stronger funded status position since there is less economic incentive to take risk to increase the expected returns on the plan assets. As a result, the primary employee plan has a greater allocation to equity securities than the employee-agent plan. The primary qualified employee plan comprises 81% of total plan assets and 82% of equity securities. The pension plans' asset exposure within each asset category is tracked against widely accepted established benchmarks for each asset class with limits on variation from the benchmark established in the investment policy. Pension plan assets are regularly monitored for compliance with these limits and other risk limits specified in the investment policies.

Weighted average target asset allocation and actual percentage of plan assets by asset category

	As of December 31, 2018		
	Target asset allocation [1]	Actual percentage of plan assets	
Pension plan's asset category	2018	2018	2017
Equity securities [2]	36 - 53%	47 %	58 %
Fixed income securities	40 - 53%	41	34
Limited partnership interests	0 - 15%	9	6
Short-term investments and other	—	3	2
Total without securities lending [3]		100%	100%

(1) The target asset allocation considers risk based exposure while the actual percentage of plan assets utilizes a financial reporting view excluding exposure provided through derivatives.

(2) The actual percentage of plan assets for equity securities includes 1% and 2% of private equity investments in 2018 and 2017, respectively, that are subject to the limited partnership interests target allocation and 4% and 3% of fixed income mutual funds in 2018 and 2017, respectively, that are subject to the fixed income securities target allocation.

(3) Securities lending collateral reinvestment of $208 million and $202 million is excluded from the table above in 2018 and 2017, respectively.

The target asset allocation for an asset category may be achieved either through direct investment holdings, through replication using derivative instruments (e.g., futures or swaps) or net of hedges using derivative instruments to reduce exposure to an asset category. The net notional amount of derivatives used for replication and hedges is limited to 105% or 115% of total plan assets depending on the plan. Market performance of the different asset categories may, from time to time, cause deviation from the target

asset allocation. The asset allocation mix is reviewed on a periodic basis and rebalanced to bring the allocation within the target ranges.

Outside the target asset allocation, the pension plans participate in a securities lending program to enhance returns. As of December 31, 2018, U.S. government fixed income securities and U.S. equity securities are lent out and cash collateral is invested in short-term investments.

Notes to Consolidated Financial Statements 2018 Form 10-K

Fair values of pension plan assets as of December 31, 2018

($ in millions)	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Balance as of December 31, 2018
Equity securities	$ 51	$ 265	$ —	$ 316
Fixed income securities:				
U.S. government and agencies	172	509	—	681
Corporate	—	1,479	5	1,484
Short-term investments	122	198	—	320
Free-standing derivatives:				
Assets	—	19	—	19
Liabilities	—	(11)	—	(11)
Total plan assets at fair value	$ 345	$ 2,459	$ 5	2,809
% of total plan assets at fair value	12.3 %	87.5 %	0.2 %	100.0 %
Investments measured using the net asset value practical expedient				2,687
Securities lending obligation [1]				(222)
Derivatives Counterparty and Cash Collateral Netting				(6)
Other net plan assets [2]				31
Total reported plan assets				$ 5,299

(1) The securities lending obligation represents the plan's obligation to return securities lending collateral received under a securities lending program. The terms of the program allow both the plan and the counterparty the right and ability to redeem/return the securities loaned on short notice. Due to its relatively short-term nature, the outstanding balance of the obligation approximates fair value.

(2) Other net plan assets represent cash and cash equivalents, interest and dividends receivable and net receivables related to settlements of investment transactions, such as purchases and sales.

Fair values of pension plan assets as of December 31, 2017

($ in millions)	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Balance as of December 31, 2017
Equity securities	$ 126	$ 264	$ 29	$ 419
Fixed income securities:				
U.S. government and agencies	174	420	—	594
Corporate	—	1,543	10	1,553
Short-term investments	97	197	—	294
Cash and cash equivalents	21	—	—	21
Free-standing derivatives:				
Assets	—	1	—	1

Total plan assets at fair value	$ 418	$ 2,425	$ 39	2,882
% of total plan assets at fair value	14.5 %	84.1 %	1.4 %	100.0 %
Investments measured using the net asset value practical expedient				3,598
Securities lending obligation				(216)
Other net plan assets				20
Total reported plan assets				$ 6,284

The fair values of pension plan assets are estimated using the same methodologies and inputs as those used to determine the fair values for the respective asset category of the Company. These methodologies and inputs are disclosed in Note 6.

2018 Form 10-K Notes to Consolidated Financial Statements

Rollforward of Level 3 plan assets during December 31, 2018

($ in millions)	Balance as of December 31, 2017	Actual return on plan assets: Relating to assets sold during the period	Relating to assets still held at the reporting date	Purchases, sales and settlements, net	Net transfers in and/or (out) of Level 3	Balance as of December 31, 2018
Equity securities	$ 29	$ —	$ 3	$ —	$ (32)	$ —
Fixed income securities:						
Corporate	10	—	—	(5)	—	5
Total Level 3 plan assets	$ 39	$ —	$ 3	$ (5)	$ (32)	$ 5

Rollforward of Level 3 plan assets during December 31, 2017

($ in millions)	Balance as of December 31, 2016	Actual return on plan assets: Relating to assets sold during the period	Relating to assets still held at the reporting date	Purchases, sales and settlements, net	Net transfers in and/or (out) of Level 3	Balance as of December 31, 2017
Equity securities	$ —	$ —	$ —	$ 29	$ —	$ 29
Fixed income securities:						
Corporate	10	—	—	—	—	10
Total Level 3 plan assets	$ 10	$ —	$ —	$ 29	$ —	$ 39

Rollforward of Level 3 plan assets during December 31, 2016

($ in millions)	Balance as of December 31, 2015	Actual return on plan assets: Relating to assets sold during the period	Relating to assets still held at the reporting date	Purchases, sales and settlements, net	Net transfers in and/or (out) of Level 3	Balance as of December 31, 2016
Equity securities	$ 1	$ (1)	$ —	$ —	$ —	$ —
Fixed income securities:						
Municipal	7	—	—	(7)	—	—
Corporate	10	—	—	(5)	5	10
Total Level 3 plan assets	$ 18	$ (1)	$ —	$ (12)	$ 5	$ 10

The expected long-term rate of return on plan assets reflects the average rate of earnings expected on plan assets. The Company's assumption for the expected long-term rate of return on plan assets is reviewed annually giving consideration to appropriate financial data including, but not limited to, the plan asset allocation, forward-looking expected returns for the period over which benefits will be paid, historical returns on plan assets and other relevant market data. Given the long-term forward looking nature of this assumption, the actual returns in any one year do not immediately result in a change. In giving consideration to the targeted plan asset allocation, the Company evaluated returns using the same sources it has used historically which include: historical average asset class returns from an independent nationally recognized vendor of this type of data blended together using the asset allocation policy weights for the Company's pension plans; asset class return forecasts from a large global independent asset management firm that specializes in providing multi-asset class investment fund products which were blended together using the asset allocation policy weights; and expected portfolio returns from a proprietary simulation methodology of a widely recognized external investment consulting firm that performs asset allocation and actuarial services for corporate pension plan sponsors. This same methodology has been applied on a consistent basis

each year. All of these were consistent with the Company's weighted average long-term rate of return on plan assets assumption of 7.32% used for 2018 and 7.33% that will be used for 2019. The assumption for the primary qualified employee plan is 7.75% and the employee-agent plan is 5.75% for both years. The employee-agent plan assumption is lower than the primary qualified employee plan assumption due to a lower investment allocation to equity securities and a higher allocation to fixed income securities. As of the 2018 measurement date, the arithmetic average of the annual actual return on plan assets for the most recent 10 and 5 years was 9.0% and 6.6%, respectively.

Cash flows There was no required cash contribution necessary to satisfy the minimum funding requirement under the Internal Revenue Code for the tax qualified pension plans as of December 31, 2018. The Company currently plans to contribute $26 million to its unfunded non-qualified plans and zero to its qualified funded pension plans in 2019. The Company contributed $22 million and $23 million to the postretirement benefit plans in 2018 and 2017, respectively. Contributions by participants were $13 million and $12 million in 2018 and 2017, respectively.

Notes to Consolidated Financial Statements 2018 Form 10-K

Estimated future benefit payments expected to be paid in the next 10 years

($ in millions)	As of December 31, 2018 Pension benefits	Postretirement benefits
2019	$448	$ 24
2020	462	25
2021	495	26
2022	509	27
2023	528	28
2024-2028	2,383	142
Total benefit payments	$4,825	$ 272

2019 changes in pension and other postretirement plan accounting

At January 1, 2019, the Company changed its accounting principle for recognizing actuarial gains and losses and expected return on plan assets for its pension and other postretirement plans to a more preferable policy under U.S. GAAP. Prior to 2019, actuarial gains and losses were recognized as a component of AOCI, and were generally amortized into earnings in future periods. Under the new principle, actuarial gains and losses will be immediately recognized through earnings (“fair value accounting”).

In addition, the Company changed its policy for recognizing expected returns on plan assets by eliminating the permitted accounting practice allowing the five-year smoothing of equity returns and moving to an unadjusted fair value method.

The Company believes that fair value accounting is preferable as it provides greater transparency of its economic obligations in accounting results and better aligns with the fair value accounting principles by recognizing the effects of economic and interest rate changes on pension and other postretirement plan assets and liabilities in the year in which the gains and losses are incurred. These changes will be applied retrospectively thereby requiring restatement of prior

periods presented and upon adoption will have no impact on shareholders’ equity or book value per share.

Allstate 401(k) Savings Plan

Employees of the Company, with the exception of those employed by the Company’s international, SquareTrade, Esurance and Answer Financial subsidiaries, are eligible to become members of the Allstate 401(k) Savings Plan (“Allstate Plan”). The Company’s contributions are based on the Company’s matching obligation. The Company is responsible for funding its anticipated contribution to the Allstate Plan, and may, at the discretion of management, use the ESOP to pre-fund certain portions. In connection with the Allstate Plan, the Company has a note from the ESOP with a principal balance of $2 million as of December 31, 2018. The ESOP note has a fixed interest rate of 7.9% and matures in 2019. The Company records dividends on the ESOP shares in retained income and all the shares held by the ESOP are included in basic and diluted weighted average common shares outstanding.

The Company’s contribution to the Allstate Plan was $89 million, $81 million and $80 million in 2018, 2017 and 2016, respectively. These amounts were reduced by the ESOP benefit.

ESOP benefit

($ in millions)	For the years December 31, 2018	2017	2016
Interest expense recognized by ESOP	$—	$—	$1
Less: dividends accrued on ESOP shares	(1)	(1)	(3)
Cost of shares allocated	—	3	7
Compensation expense	(1)	2	5

Reduction of defined contribution due to ESOP	1	38	60
ESOP benefit	$(2)	$(36)	$(55)

The Company made zero, $1 million and $2 million in contributions to the ESOP in 2018, 2017 and 2016, respectively. As of December 31, 2018, total committed to be released, allocated and unallocated ESOP shares were zero, 39 million and 0.4 million, respectively.

Allstate’s Canadian, SquareTrade, Esurance and Answer Financial subsidiaries sponsor defined contribution plans for their eligible employees. Expense for these plans was $15 million, $12 million and $10 million in 2018, 2017 and 2016, respectively.

Note 18 Equity Incentive Plans

The Company currently has equity incentive plans under which the Company grants nonqualified stock options, restricted stock units and performance stock awards to certain employees and directors of the Company. The total compensation expense related to equity awards was $125 million, $106 million and $80 million and the total income tax benefits were $22 million, $22 million and $28 million for 2018, 2017 and 2016, respectively. Total cash received from the exercise of options was $92 million, $178 million and $187 million for 2018, 2017 and 2016, respectively. Total tax benefit realized on options exercised and the release of stock restrictions was $28 million, $96 million and $61 million for 2018, 2017 and 2016, respectively.

The Company records compensation expense related to awards under these plans over the shorter of the period in which the requisite service is rendered or retirement eligibility is attained. Compensation expense for performance share awards is based on the probable number of awards expected to vest using the performance level most likely to be achieved at the end of the performance period. As of December 31, 2018, total unrecognized compensation cost related to all nonvested awards was $89 million, of which $29 million related to nonqualified stock options which is expected to be recognized over the weighted average vesting period of 1.71 years, $23 million related to restricted stock units which is expected to be recognized over the weighted average vesting period of 1.69 years and $37 million related to performance stock awards which is expected to be recognized over the weighted average vesting period of 1.59 years.

Options are granted to employees with exercise prices equal to the closing share price of the Company's common stock on the applicable grant date. Options granted to employees on or after February 18, 2014 vest ratably over a three-year period. Options granted prior to February 18, 2014 vest 50% on the second anniversary of the grant date and 25% on each of the third and fourth anniversaries of the grant date. Vesting is subject to continued service, except for employees who are retirement eligible and in certain other limited circumstances. Options may be exercised once vested and will expire no later than ten years after the date of grant.

Restricted stock units for directors vest immediately and convert into shares of stock on the earlier of the day of the third anniversary of the grant date or the date the director's service terminates, unless a deferred period of restriction is elected. Restricted stock units granted to directors prior to

June 1, 2016 convert upon leaving the board. Restricted stock units granted to employees on or after February 18, 2014 vest on the day prior to the third anniversary of the grant date. Awards granted to employees prior to February 18, 2014 vest 50% on the day prior to the second anniversary of the grant date and 25% on each of the days prior to the third and fourth anniversaries of the grant date. Restricted stock units granted to employees subsequently convert into shares of stock on the day of the respective anniversary of the grant date. Vesting is subject to continued service, except for employees who are retirement eligible and in certain other limited circumstances.

Performance stock awards vest into shares of stock on the day prior to the third anniversary of the grant date. Vesting of the number of performance stock awards earned based on the attainment of performance goals for each of the performance periods is subject to continued service, except for employees who are retirement eligible and in certain other limited circumstances, and achievement of performance goals. Performance stock awards subsequently convert into shares of stock in full the day of the anniversary of the grant date.

A total of 98.0 million shares of common stock were authorized to be used for awards under the plans, subject to adjustment in accordance with the plans' terms. As of December 31, 2018, 15.0 million shares were reserved and remained available for future issuance under these plans. The Company uses its treasury shares for these issuances.

The fair value of each option grant is estimated on the date of grant using a binomial lattice model. The Company uses historical data to estimate option exercise and employee termination within the valuation model. In addition, separate groups of employees that have similar historical exercise behavior are considered separately for valuation purposes. The expected term of options granted is derived from the output of the binominal lattice model and represents the period of time that options granted are expected to be outstanding. The expected volatility of the price of the underlying shares is implied based on traded options and historical volatility of the Company's common stock. The expected dividends were based on the current dividend yield of the Company's stock as of the date of the grant. The risk-free rate for periods within the contractual life of the option is based on the U.S. Treasury yield curve in effect at the time of grant.

Option grant assumptions

	2018	2017	2016
Weighted average expected term	5.7 years	6.1 years	5.0 years
Expected volatility	15.6 - 30.7%	15.7 - 32.7%	16.0 - 34.3%
Weighted average volatility	19.8 %	21.0 %	24.3 %
Expected dividends	1.5 - 2.2%	1.4 - 1.9%	1.9 - 2.1%
Weighted average expected dividends	2.0 %	1.9 %	2.1 %
Risk-free rate	1.3 - 3.2%	0.5 - 2.5%	0.2 - 2.4%

Notes to Consolidated Financial Statements 2018 Form 10-K

Summary of option activity

	For the year ended December 31, 2018			
	Number (in 000s)	Weighted average exercise price	Aggregate intrinsic value (in 000s)	Weighted average remaining contractual term (years)
Outstanding as of January 1, 2018	11,262	$ 58.46		
Granted	2,388	93.04		
Exercised	(1,710)	53.57		
Forfeited	(206)	80.79		
Expired	(4)	52.21		
Outstanding as of December 31, 2018	11,730	65.82	$ 221,999	6.3
Outstanding, net of expected forfeitures	11,614	65.59	221,832	6.3
Outstanding, exercisable ("vested")	6,968	54.14	198,747	5.0

The weighted average grant date fair value of options granted was $17.03, $14.60 and $12.25 during 2018, 2017 and 2016, respectively. The intrinsic value, which is the difference between the fair value and the exercise price, of options exercised was $72 million, $199 million and $119 million during 2018, 2017 and 2016, respectively.

Changes in restricted stock units

	For the year ended December 31, 2018	
	Number (in 000s)	Weighted average grant date fair value
Nonvested as of January 1, 2018	1,241	$ 67.93
Granted	255	93.16
Vested	(498)	67.45
Forfeited	(41)	75.40
Nonvested as of December 31, 2018	957	74.58

The fair value of restricted stock units is based on the market value of the Company's stock as of the date of the grant. The market value in part reflects the payment of future dividends expected. The weighted average grant date fair value of restricted stock units granted was $93.16, $80.12 and $63.51 during 2018, 2017 and 2016, respectively. The total fair value of restricted stock units vested was $47 million, $58 million and $29 million during 2018, 2017 and 2016, respectively.

Changes in performance stock awards

	For the year ended December 31, 2018	
	Number (in 000s)	Weighted average grant date fair value
Nonvested as of January 1, 2018	1,090	$ 70.35

Granted	402	92.88
Adjustment for performance achievement	(34)	70.53
Vested	(161)	70.53
Forfeited	(49)	76.33
Nonvested as of December 31, 2018	1,248	77.35

The change in PSA's comprises those initially granted in 2018 and the adjustment to previously granted PSA's for performance achievement. The fair value of performance stock awards is based on the market value of the Company's stock as of the date of the grant. The market value in part reflects the payment of future dividends expected. The weighted average grant date fair value of performance stock awards granted was $92.88, $78.47 and $62.32 during 2018, 2017 and 2016, respectively. The total fair value of performance stock awards vested was $15 million, $17 million and $28 million during 2018, 2017 and 2016, respectively.

Under the employee share-based payment accounting standard adopted in 2017, the Company recognizes all tax effects related to share-based payments at settlement or expiration through the income statement. Prior to the adoption, the Company recognized excess tax effects through the statement of shareholders' equity. The tax benefit recognized through the statement of shareholders' equity related to tax deductions from stock option exercises was $23 million in 2016. The tax benefit recognized through shareholders' equity related to all stock-based compensation was $30 million in 2016.

2018 Form 10-K Notes to Consolidated Financial Statements

Note 19 Supplemental Cash Flow Information

Non-cash investing activities include $94 million, $106 million and $326 million related to mergers and exchanges completed with equity securities, fixed income securities and limited partnerships, and modifications of certain mortgage loans and other investments in 2018, 2017 and 2016, respectively. Non-cash financing activities include $32 million, $43 million and $41 million related to the issuance of Allstate common shares for vested equity awards in 2018, 2017 and 2016, respectively. Non-cash financing activities also included $90 million and $34 million related to debt acquired in conjunction with purchases of investments in 2017 and 2016, respectively.

Liabilities for collateral received in conjunction with the Company's securities lending program were $1.44 billion as of December 31, 2018, and $1.12 billion as of both December 31, 2017 and 2016, and are reported in other liabilities and accrued expenses. Obligations to return cash collateral for OTC and cleared derivatives were $21 million, $3 million and $5 million as of December 31, 2018, 2017 and 2016, respectively, and are reported in other liabilities and accrued expenses or other investments.

The accompanying cash flows are included in cash flows from operating activities in the Consolidated Statements of Cash Flows along with the activities resulting from management of the proceeds as follows:

($ in millions)	For the years ended December 31, 2018	2017	2016
Net change in proceeds managed			
Net change in fixed income securities	$234	$259	$(584)
Net change in short-term investments	(568)	(255)	295
Operating cash flow (used) provided	(334)	4	(289)
Net change in cash	—	1	—
Net change in proceeds managed	$(334)	$5	$(289)
Cash flows from operating activities			
Net change in liabilities			
Liabilities for collateral, beginning of year	$(1,124)	$(1,129)	$(840)
Liabilities for collateral, end of year	(1,458)	(1,124)	(1,129)
Operating cash flow provided (used)	$334	$(5)	$289

Note 20 Other Comprehensive Income

Components of other comprehensive income (loss) on a pre-tax and after-tax basis

($ in millions)	For the years ended December 31, 2018			2017			2016		
	Pre-tax	Tax	After-tax	Pre-tax	Tax	After-tax	Pre-tax	Tax	After-tax
Unrealized net holding gains and losses arising during the period, net of related offsets	$(1,142)	$241	$ (901)	$866	$(304)	$ 562	$486	$(170)	$ 316
Less: reclassification adjustment of realized capital gains and losses	(186)	39	(147)	374	(131)	243	(180)	63	(117)
Unrealized net capital gains and losses	(956)	202	(754)	492	(173)	319	666	(233)	433
Unrealized foreign currency translation adjustments	(70)	15	(55)	72	(25)	47	15	(5)	10
Unrecognized pension and other postretirement benefit cost arising during the period	(464)	99	(365)	232	(79)	153	(263)	94	(169)
Less: reclassification adjustment of net periodic cost recognized in operating costs and expenses	(280)	59	(221)	(237)	83	(154)	(100)	35	(65)

Unrecognized pension and other postretirement benefit cost	(184)	40	(144)	469	(162)	307	(163)	59	(104)
Other comprehensive (loss) income	$(1,210)	$257	$ (953)	$1,033	$(360)	$ 673	$518	$(179)	$ 339

Note 21 Quarterly Results (unaudited)

($ in millions, except per share data)	First Quarter		Second Quarter		Third Quarter		Fourth Quarter	
	2018	2017	2018	2017	2018	2017	2018	2017
Revenues	$9,770	$9,644	$10,099	$9,813	$10,465	$9,888	$9,481	$10,062
Net income (loss) applicable to common shareholders	946	666	637	550	833	637	(312)	1,220
Earnings per common share - Basic	2.67	1.82	1.82	1.51	2.41	1.76	(0.91)	3.41
Earnings per common share - Diluted	2.63	1.79	1.80	1.49	2.37	1.74	(0.91)	3.35

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Shareholders of
The Allstate Corporation
Northbrook, Illinois 60062

Opinions on the Financial Statements and Internal Control over Financial Reporting

We have audited the accompanying Consolidated Statements of Financial Position of The Allstate Corporation and subsidiaries (the “Company”) as of December 31, 2018 and 2017, and the related Consolidated Statements of Operations, Comprehensive Income, Shareholders’ Equity, and Cash Flows for each of the three years in the period ended December 31, 2018, and the related notes and the schedules listed in the Index at Item 15 (collectively referred to as the "financial statements"). We also have audited the Company’s internal control over financial reporting as of December 31, 2018, based on criteria established in Internal Control – Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission – (“COSO”).

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2018 and 2017, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2018, in conformity with accounting principles generally accepted in the United States of America. Also, in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2018, based on criteria established in Internal Control - Integrated Framework (2013) issued by the COSO.

Change in Adopted Accounting Principle

As discussed in Note 2 to the financial statements, the Company changed its presentation and method of accounting for the recognition and measurement of financial assets and financial liabilities on January 1, 2018, due to the adoption of FASB Accounting Standards Update No. 2016-01, Financial Instruments - Overall (Subtopic 825-10).

Basis for Opinions

The Company’s management is responsible for these financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Item 9A. Controls and Procedures. Our responsibility is to express an opinion on these financial statements and an opinion on the Company’s internal control over financial reporting based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (“PCAOB”) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud, and whether effective internal control over financial reporting was maintained in all material respects.

Our audits of the financial statements included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures to respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

Definition and Limitations of Internal Control over Financial Reporting

A company’s internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company’s assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ DELOITTE & TOUCHE LLP

Chicago, Illinois
February 15, 2019

We have served as the Company's auditor since 1992.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

None.

Item 9A. Controls and Procedures

Evaluation of Disclosure Controls and Procedures. We maintain disclosure controls and procedures as defined in Rule 13a-15(e) under the Securities Exchange Act of 1934. Under the supervision and with the participation of our management, including our principal executive officer and principal financial officer, we conducted an evaluation of the effectiveness of our disclosure controls and procedures as of the end of the period covered by this report. Based upon this evaluation, the principal executive officer and the principal financial officer concluded that our disclosure controls and procedures are effective in providing reasonable assurance that material information required to be disclosed in our reports filed with or submitted to the Securities and Exchange Commission under the Securities Exchange Act is recorded, processed, summarized and reported within the time periods specified by the Securities Exchange Act and made known to management, including the principal executive officer and the principal financial officer, as appropriate to allow timely decisions regarding required disclosure.

Management's Report on Internal Control over Financial Reporting. Management is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rule 13a-15(f) under the Securities Exchange Act of 1934.

Under the supervision and with the participation of our management, including our principal executive officer and principal financial officer, we conducted an evaluation of the effectiveness of our internal control over financial reporting as of December 31, 2018 based on the criteria related to internal control over financial reporting described in "Internal Control – Integrated Framework (2013)" issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on our evaluation, management concluded that our internal control over financial reporting was effective as of December 31, 2018.

Deloitte & Touche LLP, the independent registered public accounting firm that audited the consolidated financial statements included in this Form 10-K, has issued their attestation report on the Company's internal control over financial reporting, which is included herein.

Changes in Internal Control over Financial Reporting. During the fiscal quarter ended December 31, 2018, there have been no changes in our internal control over financial reporting that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Item 9B. Other Information

None.

Part III

Item 10. Directors, Executive Officers and Corporate Governance

Information regarding directors of The Allstate Corporation standing for election at the 2019 annual stockholders meeting is incorporated in this Item 10 by reference to the descriptions in the Proxy Statement under the captions "Corporate Governance – Director Nominees."

Information regarding our audit committee and audit committee financial experts is incorporated in this Item 10 by reference to the information under the caption "Corporate Governance – Board Meetings and Committees" in the Proxy Statement.

Information regarding compliance with Section 16(a) of the Securities Exchange Act of 1934 is incorporated in this Item 10 by reference to "Stock Ownership Information – Section 16(a) Beneficial Ownership Reporting Compliance" in the Proxy Statement.

Information regarding executive officers of The Allstate Corporation is incorporated in this Item 10 by reference to Part I, Item 1 of this report under the caption "Executive Officers of the Registrant."

We have adopted a Global Code of Business Conduct that applies to all of our directors and employees, including our principal executive officer, principal financial officer and controller and principal accounting officer. The text of our Global Code of Business Conduct is posted on our website, www.allstateinvestors.com. We intend to satisfy the disclosure requirements, regarding amendments to, and waiver from, the provisions of our Global Code of Business Conduct by posting such information on the same website pursuant to applicable NYSE and SEC rules.

Item 11. Executive Compensation

Information required for Item 11 is incorporated by reference to the sections of the Proxy Statement with the following captions:

- Corporate Governance – Director Compensation
- Executive Compensation

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

Information regarding security ownership of certain beneficial owners and management is incorporated in this Item 12 by reference to the sections of the Proxy Statement with the following captions:

- Equity Incentive Plan – Proposal 3. Approval of the 2019 Equity Incentive Plan
- Stock Ownership Information – Security Ownership of Directors and Executive Officers
- Stock Ownership Information – Security Ownership of Certain Beneficial Owners

Asset managers, such as those that manage mutual funds and exchange traded funds, principally on behalf of third party investors, at times acquire sufficient voting ownership interests in Allstate to require disclosure. State Street Corp. manages an investment portfolio of $2.8 billion on behalf of participants in Allstate's 401(k) Savings Plan and $1.8 billion on behalf of Allstate domestic qualified pension plans. The terms of these arrangements are customary and the aggregate related fees are not material.

Item 13. Certain Relationships and Related Transactions, and Director Independence

Information required for Item 13 is incorporated by reference to the material in the Proxy Statement under the captions "Corporate Governance – Board Independence and Related Person Transactions - Related Person Transactions," "Corporate Governance – Board Independence and Related Person Transactions - Nominee Independence Determinations" and "Other Information - Appendix B – Categorical Standards of Independence."

Item 14. Principal Accounting Fees and Services

Information required for Item 14 is incorporated by reference to the material in the Proxy Statement under the caption "Audit Committee Matters – Proposal 4. Ratification of Deloitte & Touche LLP as the Independent Registered Public Accountant for 2019."

2018 Form 10-K

Part IV

Item 15. (a) (1) Exhibits and Financial Statement Schedules.

The following consolidated financial statements, notes thereto and related information of The Allstate Corporation (the "Company") are included in Item 8.

- Consolidated Statements of Operations
- Consolidated Statements of Comprehensive Income
- Consolidated Statements of Financial Position
- Consolidated Statements of Shareholders' Equity
- Consolidated Statements of Cash Flows
- Notes to the Consolidated Financial Statements
- Report of Independent Registered Public Accounting Firm

Item 15. (a) (2)

The following additional financial statement schedules are furnished herewith pursuant to the requirements of Form 10-K.

The Allstate Corporation Page

Schedules required to be filed under the provisions of Regulation S-X Article 7:

All other schedules are omitted because they are not applicable, or not required, or because the required information is included in the Consolidated Financial Statements or in notes thereto.

Item 15. (a) (3)

The following is a list of the exhibits filed as part of this Form 10-K. The exhibit numbers followed by an asterisk (*) indicate exhibits that are management contracts or compensatory plans or arrangements. A dagger (†) indicates an award form first used under The Allstate Corporation 2001 Equity Incentive Plan, which was amended and restated as The Allstate Corporation 2009 Equity Incentive Plan. A plus (+) indicates an award form first used under The Allstate Corporation 2009 Equity Incentive Plan, which was amended and restated as The Allstate Corporation 2013 Equity Incentive Plan.

		Incorporated by Reference				
Exhibit Number	Exhibit Description	Form	File Number	Exhibit	Filing Date	Filed or Furnished Herewith
2.1	Agreement and Plan of Merger, dated as of November 28, 2016, by and among SquareTrade Holding Company, Inc., Allstate Non-Insurance Holdings, Inc., Piazza Merger Sub Inc., Shareholder Representative Services LLC, and the Registrant. (Certain schedules and exhibits to the Agreement and Plan of Merger are omitted pursuant to Item 601(b)(2) of Regulation S-K. The Registrant agrees to furnish to the Securities and Exchange Commission, upon request, a copy of any omitted schedule or exhibit.)	8-K	1-11840	2.1	November 28, 2016	
3.1	Restated Certificate of Incorporation filed with the Secretary of State of Delaware on May 23, 2012	8-K	1-11840	3(i)	May 23, 2012	
3.2		8-K	1-11840	3.1		

	Amended and Restated Bylaws of The Allstate Corporation as amended November 19, 2015				November 19, 2015
3.3	Certificate of Designations with respect to the Preferred Stock, Series A of the Registrant, dated June 10, 2013	8-K	1-11840	3.1	June 12, 2013
3.4	Certificate of Designations with respect to the Preferred Stock, Series C of the Registrant, dated September 26, 2013	8-K	1-11840	3.1	September 30, 2013
3.5	Certificate of Designations with respect to the Preferred Stock, Series D of the Registrant, dated December 13, 2013	8-K	1-11840	3.1	December 16, 2013

Exhibit Number	Exhibit Description	Incorporated by Reference				Filed or Furnished Herewith
		Form	File Number	Exhibit	Filing Date	
3.6	Certificate of Correction of Certificate of Designations with respect to the Preferred Stock, Series A of the Registrant dated February 18, 2014	10-K	1-11840	3.6	February 20, 2014	
3.7	Certificate of Designations with respect to the Preferred Stock, Series E of the Registrant, dated February 27, 2014	8-K	1-11840	3.1	March 3, 2014	
3.8	Certificate of Designations with respect to the Preferred Stock, Series F of the Registrant, dated June 11, 2014	8-K	1-11840	3.1	June 12, 2014	
3.9	Certificate of Designations with respect to the Preferred Stock, Series G of the Registrant, dated March 27, 2018	8-K	1-11840	3.1	March 29, 2018	
4.1	The Allstate Corporation hereby agrees to furnish to the Commission, upon request, the instruments defining the rights of holders of each issue of long-term debt of it and its consolidated subsidiaries					
4.2	Deposit Agreement, dated June 12, 2013, among the Registrant, Wells Fargo Bank, N.A., as depositary, and the holders from time to time of the depositary receipts described therein (Series A)	8-K	1-11840	4.1	June 12, 2013	
4.3	Form of Preferred Stock Certificate, Series A (included as Exhibit A to Exhibit 3.3 above)	8-K	1-11840	4.2	June 12, 2013	
4.4	Form of Depositary Receipt, Series A (included as Exhibit A to Exhibit 4.2 above)	8-K	1-11840	4.3	June 12, 2013	
4.5	Deposit Agreement, dated December 16, 2013, among the Registrant, Wells Fargo Bank, N.A., as depositary, and the holders from time to time of the depositary receipts described therein (Series D)	8-K	1-11840	4.1	December 16, 2013	
4.6	Form of Preferred Stock Certificate, Series D (included as Exhibit A to Exhibit 3.5 above)	8-K	1-11840	4.2	December 16, 2013	
4.7	Form of Depositary Receipt, Series D (included as Exhibit A to Exhibit 4.5 above)	8-K	1-11840	4.3	December 16, 2013	
4.8	Deposit Agreement, dated March 3, 2014, among the Registrant, Wells Fargo Bank, N.A., as depositary, and the holders from time to time of the depositary receipts described therein (Series E)	8-K	1-11840	4.1	March 3, 2014	
4.9	Form of Preferred Stock Certificate, Series E (included as Exhibit A to Exhibit 3.7 above)	8-K	1-11840	4.2	March 3, 2014	
4.10	Form of Depositary Receipt, Series E (included as Exhibit A to Exhibit 4.8 above)	8-K	1-11840	4.3	March 3, 2014	
4.11	Deposit Agreement, dated June 12, 2014, among the Registrant, Wells Fargo Bank, N.A., as depositary, and the holders from time to time of the depositary receipts described therein (Series F)	8-K	1-11840	4.1	June 12, 2014	
4.12	Form of Preferred Stock Certificate, Series F (included as Exhibit A to Exhibit 3.8 above)	8-K	1-11840	4.2	June 12, 2014	
4.13		8-K	1-11840	4.3	June 12, 2014	

	Form of Depositary Receipt, Series F (included as Exhibit A to Exhibit 4.11 above)				
4.14	Deposit Agreement, dated March 29, 2018, among the Registrant, Equiniti Trust Company, as depositary, and the holders from time to time of the depositary receipts described therein (Series G)	8-K	1-11840	4.1	March 29, 2018
4.15	Form of Preferred Stock Certificate, Series G (included as Exhibit A to Exhibit 3.9 above)	8-K	1-11840	4.2	March 29, 2018
4.16	Form of Depositary Receipt, Series G (included as Exhibit A to Exhibit 4.14 above)	8-K	1-11840	4.3	March 29, 2018
10.1	Credit Agreement dated April 27, 2012 among The Allstate Corporation, Allstate Insurance Company and Allstate Life Insurance Company, as Borrowers; the Lenders party thereto, Wells Fargo Bank, National Association, as Syndication Agent; Citibank, N.A. and Bank of America, N.A., as Documentation Agents; and JPMorgan Chase Bank, N.A., as Administrative Agent	10-Q	1-11840	10.6	May 2, 2012
10.2	Amendment No. 1 to Credit Agreement dated as of April 27, 2014	8-K	1-11840	10.1	April 29, 2014

2018 Form 10-K

Exhibit Number	Exhibit Description	Incorporated by Reference Form	File Number	Exhibit	Filing Date	Filed or Furnished Herewith
10.3*	The Allstate Corporation Annual Executive Incentive Plan	Proxy	1-11840	App. B	April 7, 2014	
10.4*	The Allstate Corporation Deferred Compensation Plan, as amended and restated effective January 1, 2019	S-8	1-11840	4	November 20, 2018	
10.5*	The Allstate Corporation 2013 Equity Incentive Plan, as amended and restated effective July 24, 2018	10-Q	1-11840	10.1	October 31, 2018	
10.6*	Form of Performance Stock Award Agreement for awards granted on or after April 13, 2018, under The Allstate Corporation 2013 Equity Incentive Plan	10-Q	1-11840	10.2	May 1, 2018	
10.7*+	Form of Performance Stock Award Agreement for awards granted on or after March 6, 2012 and prior to April 13, 2018 under The Allstate Corporation 2009 Equity Incentive Plan	10-Q	1-11840	10.4	May 2, 2012	
10.8*	Form of Option Award Agreement for awards granted on or after April 13, 2018, under The Allstate Corporation 2013 Equity Incentive Plan	10-Q	1-11840	10.3	May 1, 2018	
10.9*+	Form of Option Award Agreement for awards granted on or after February 21, 2012 and prior to April 13, 2018 under The Allstate Corporation 2009 Equity Incentive Plan	10-Q	1-11840	10.3	May 2, 2012	
10.10*+	Form of Option Award Agreement for awards granted on or after December 30, 2011 and prior to February 21, 2012 under The Allstate Corporation 2009 Equity Incentive Plan	8-K	1-11840	10.2	December 28, 2011	
10.11*+	Form of Option Award Agreement for awards granted on or after February 22, 2011 and prior to December 30, 2011 under The Allstate Corporation 2009 Equity Incentive Plan	10-Q	1-11840	10.3	April 27, 2011	
10.12*+	Form of Option Award Agreement for awards granted on or after May 19, 2009 and prior to February 22, 2011 under The Allstate Corporation 2009 Equity Incentive Plan	8-K/A	1-11840	10.3	May 20, 2009	
10.13*†	Form of Option Award Agreement for awards granted on or after September 13, 2008 and prior to May 19, 2009 under The Allstate Corporation 2001 Equity Incentive Plan	8-K	1-11840	10.3	September 19, 2008	
10.14*+	Form of Restricted Stock Unit Award Agreement for awards granted on or after February 21, 2012 and prior to April 13, 2018 under The Allstate Corporation 2009 Equity Incentive Plan	10-Q	1-11840	10.2	May 2, 2012	
10.15*	Form of Restricted Stock Unit Award Agreement for awards granted on or after April 13, 2018, under The Allstate Corporation 2013 Equity Incentive Plan	10-Q	1-11840	10.4	May 1, 2018	
10.16*	Supplemental Retirement Income Plan, as amended and restated effective October 19, 2018					X
10.17*	The Allstate Corporation Change in Control Severance Plan effective December 30, 2011	8-K	1-11840	10.1	December 28, 2011	
10.18*	The Allstate Corporation Deferred Compensation Plan for Non-Employee Directors, as amended and restated effective September 15, 2008	8-K	1-11840	10.7	September 19, 2008	
10.19*	The Allstate Corporation Equity Incentive Plan for Non-Employee Directors, as amended and restated effective	8-K	1-11840	10.5	September 19, 2008	

	September 15, 2008				
10.20*	The Allstate Corporation 2006 Equity Compensation Plan for Non-Employee Directors, as amended and restated effective September 15, 2008	8-K	1-11840	10.6	September 19, 2008
10.21*	The Allstate Corporation 2017 Equity Compensation Plan for Non-Employee Directors	Proxy	1-11840	App. D	April 12, 2017
10.22*	Form of Option Award Agreement under The Allstate Corporation 2006 Equity Compensation Plan for Non-Employee Directors	8-K	1-11840	10.3	May 19, 2006
10.23*	Form of amended and restated Restricted Stock Unit Award Agreement with regards to awards outstanding on September 15, 2008 under The Allstate Corporation 2006 Equity Compensation Plan for Non-Employee Directors	8-K	1-11840	10.8	September 19, 2008

		Incorporated by Reference				
Exhibit Number	Exhibit Description	Form	File Number	Exhibit	Filing Date	Filed or Furnished Herewith
10.24*	Form of Restricted Stock Unit Award Agreement for awards granted on or after September 15, 2008, and prior to June 1, 2016, under The Allstate Corporation 2006 Equity Compensation Plan for Non-Employee Directors	8-K	1-11840	10.9	September 19, 2008	
10.25*	Form of Restricted Stock Unit Award Agreement for awards granted on or after June 1, 2016, and prior to June 1, 2017, under The Allstate Corporation 2006 Equity Compensation Plan for Non-Employee Directors	10-Q	1-11840	10.2	August 3, 2016	
10.26*	Form of Restricted Stock Unit Award Agreement for awards granted on or after June 1, 2017, under The Allstate Corporation 2017 Equity Compensation Plan for Non-Employee Directors	10-Q	1-11840	10.2	August 1, 2017	
10.27*	Form of Indemnification Agreement between the Registrant and Director	10-Q	1-11840	10.2	August 1, 2007	
10.28*	Resolutions regarding Non-Employee Director Compensation adopted November 18, 2016	10-K	1-11840	10.24	February 17, 2017	
10.29*	Resolutions regarding Non-Employee Director Compensation adopted November 16, 2018					X
10.30	Amended and Restated Reinsurance Agreement, dated April 1, 2014, between Allstate Life Insurance Company and Lincoln Benefit Life Company	8-K	1-11840	10.1	April 7, 2014	
10.31*	Offer Letter dated September 30, 2016, to John E. Dugenske	10-Q	1-11840	10.1	May 1, 2018	
21	Subsidiaries of The Allstate Corporation					X
23	Consent of Independent Registered Public Accounting Firm					X
31(i)	Rule 13a-14(a) Certification of Principal Executive Officer					X
31(i)	Rule 13a-14(a) Certification of Principal Financial Officer					X
32	Section 1350 Certifications					X
101.INS	XBRL Instance Document					X
101.SCH	XBRL Taxonomy Extension Schema					X
101.CAL	XBRL Taxonomy Extension Calculation Linkbase					X
101.DEF	XBRL Taxonomy Extension Definition Linkbase					X
101.LAB	XBRL Taxonomy Extension Label Linkbase					X
101.PRE	XBRL Taxonomy Extension Presentation Linkbase					X

Item 15. (b)

The exhibits are listed in Item 15. (a)(3) above.

Item 15. (c)

The financial statement schedules are listed in Item 15. (a)(2) above.

Item 16.

None.

Signatures

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

The Allstate Corporation
(Registrant)

/s/ Eric K. Ferren
By: Eric K. Ferren
Senior Vice President, Controller, and Chief Accounting Officer
February 15, 2019

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Signature	Title	Date
/s/ Thomas J. Wilson Thomas J. Wilson	Chairman of the Board, President, Chief Executive Officer and a Director (Principal Executive Officer)	February 15, 2019
/s/ Mario Rizzo Mario Rizzo	Executive Vice President and Chief Financial Officer (Principal Financial Officer)	February 15, 2019
/s/ Eric K. Ferren Eric K. Ferren	Senior Vice President, Controller, and Chief Accounting Officer (Principal Accounting Officer)	February 15, 2019
/s/ Kermit R. Crawford Kermit R. Crawford	Director	February 15, 2019
/s/ Michael L. Eskew Michael L. Eskew	Director	February 15, 2019
/s/ Margaret M. Keane Margaret M. Keane	Director	February 15, 2019
/s/ Siddharth N. Mehta Siddharth N. Mehta	Director	February 15, 2019
/s/ Jacques P. Perold Jacques P. Perold	Director	February 15, 2019
/s/ Andrea Redmond Andrea Redmond	Director	February 15, 2019
/s/ Gregg M. Sherrill Gregg M. Sherrill	Director	February 15, 2019
/s/ Judith A. Sprieser Judith A. Sprieser	Lead Director	February 15, 2019

/s/ Perry M. Traquina Perry M. Traquina	Director	February 15, 2019

The Allstate Corporation and Subsidiaries
Schedule I — Summary of Investments Other than Investments in Related Parties

	As of December 31, 2018		
($ in millions)	Cost/amortized cost	Fair value (if applicable)	Amount shown in the Balance Sheet
Type of investment			
Fixed maturities:			
Bonds:			
United States government, government agencies and authorities	$5,386	$ 5,517	$5,517
States, municipalities and political subdivisions	8,963	9,169	9,169
Foreign governments	739	747	747
Public utilities	5,410	5,514	5,514
All other corporate bonds	35,126	34,622	34,622
Asset-backed securities	1,049	1,045	1,045
Residential mortgage-backed securities	377	464	464
Commercial mortgage-backed securities	63	70	70
Redeemable preferred stocks	21	22	22
Total fixed maturities	57,134	$ 57,170	57,170
Equity securities:			
Common stocks:			
Public utilities	78	93	93
Banks, trusts and insurance companies	452	525	525
Industrial, miscellaneous and all other	3,737	4,159	4,159
Nonredeemable preferred stocks	222	259	259
Total equity securities	4,489	$ 5,036	5,036
Mortgage loans on real estate	4,670	4,703	4,670
Real estate (none acquired in satisfaction of debt)	624		624
Policy loans	891		891
Derivative instruments	117	117	117
Limited partnership interests	7,505		7,505
Other long-term investments	2,220		2,220
Short-term investments	3,027	3,027	3,027
Total investments	$80,677		$81,260

2018 Form 10-K

The Allstate Corporation and Subsidiaries
Schedule II — Condensed Financial Information of Registrant Statement of Operations

($ in millions)	Year Ended December 31, 2018	2017	2016
Revenues			
Investment income, less investment expense	$25	$10	$11
Realized capital gains and losses	(10)	(2)	2
Other income	3	36	55
	18	44	68
Expenses			
Interest expense	337	334	295
Pension and other postretirement benefit expense	238	119	10
Other operating expenses	50	50	28
	625	503	333
Loss from operations before income tax benefit and equity in net income of subsidiaries	(607)	(459)	(265)
Income tax benefit	(115)	(92)	(115)
Loss before equity in net income of subsidiaries	(492)	(367)	(150)
Equity in net income of subsidiaries	2,744	3,556	2,027
Net income	2,252	3,189	1,877
Preferred stock dividends	148	116	116
Net income applicable to common shareholders	2,104	3,073	1,761
Other comprehensive income (loss), after-tax			
Changes in:			
Unrealized net capital gains and losses	(754)	319	433
Unrealized foreign currency translation adjustments	(55)	47	10
Unrecognized pension and other postretirement benefit cost	(144)	307	(104)
Other comprehensive (loss) income, after-tax	(953)	673	339
Comprehensive income	$1,299	$3,862	$2,216

See accompanying notes to condensed financial information and notes to consolidated financial statements.

The Allstate Corporation and Subsidiaries
Schedule II (Continued) — Condensed Financial Information of Registrant Statement of Financial Position

($ in millions, except par value data)	December 31, 2018	2017
Assets		
Investments in subsidiaries	$29,301	$29,126
Fixed income securities, at fair value (amortized cost $355 and $361)	356	362
Short-term investments, at fair value (amortized cost $285 and $171)	285	171
Receivable from subsidiaries	426	427
Deferred income taxes	225	124
Other assets	92	150
Total assets	$30,685	$30,360
Liabilities		
Long-term debt	$6,451	$6,350
Pension and other postretirement benefit obligations	1,050	675
Deferred compensation	281	297
Payable to subsidiaries	3	—
Notes due to subsidiaries	1,250	250
Dividends payable to shareholders	198	167
Other liabilities	140	70
Total liabilities	9,373	7,809
Shareholders' equity		
Preferred stock and additional capital paid-in, $1 par value, 25 million shares authorized, 79.8 thousand and 72.2 thousand shares issued and outstanding, $1,995 and $1,805 aggregate liquidation preference	1,930	1,746
Common stock, $.01 par value, 2.0 billion shares authorized and 900 million issued, 332 million and 355 million shares outstanding	9	9
Additional capital paid-in	3,310	3,313
Retained income	45,708	43,162
Deferred ESOP expense	(3)	(3)
Treasury stock, at cost (568 million and 545 million shares)	(28,085)	(25,982)
Accumulated other comprehensive income:		
Unrealized net capital gains and losses	(2)	1,662
Unrealized foreign currency translation adjustments	(64)	(9)
Unrecognized pension and other postretirement benefit cost	(1,491)	(1,347)
Total accumulated other comprehensive (loss) income	(1,557)	306
Total shareholders' equity	21,312	22,551
Total liabilities and shareholders' equity	$30,685	$30,360

See accompanying notes to condensed financial information and notes to consolidated financial statements.

2018 Form 10-K

The Allstate Corporation and Subsidiaries
Schedule II (Continued) — Condensed Financial Information of Registrant Statement of Cash Flows

($ in millions)	Years Ended December 31,		
	2018	2017	2016
Cash flows from operating activities			
Net income	$2,252	$3,189	$1,877
Adjustments to reconcile net income to net cash provided by operating activities:			
Equity in net income of subsidiaries	(2,744)	(3,556)	(2,027)
Dividends received from subsidiaries	2,059	1,671	1,874
Realized capital gains and losses	10	2	(2)
Changes in:			
Pension and other postretirement benefits	238	119	10
Income taxes	(7)	35	13
Operating assets and liabilities	160	56	43
Net cash provided by operating activities	1,968	1,516	1,788
Cash flows from investing activities			
Proceeds from sales of investments	1,370	880	389
Proceeds from sales of investments to subsidiaries	390	—	—
Investment purchases	(1,037)	(748)	(243)
Investment collections	108	13	60
Capital contribution or return of capital from subsidiaries	(975)	42	(1,500)
Transfers to subsidiaries through intercompany loan agreement	—	—	(30)
Change in short-term investments, net	(115)	48	58
Net cash (used in) provided by investing activities	(259)	235	(1,266)
Cash flows from financing activities			
Proceeds from borrowings from subsidiaries	1,250	300	—
Repayment of notes due to subsidiaries	(250)	(50)	—
Proceeds from issuance of long-term debt	498	—	1,236
Redemption of preferred stock	(385)	—	—
Redemption and repayment of long-term debt	(400)	—	(17)
Proceeds from issuance of preferred stock	557	—	—
Dividends paid on common stock	(614)	(525)	(486)
Dividends paid on preferred stock	(134)	(116)	(116)
Treasury stock purchases	(2,303)	(1,495)	(1,337)
Shares reissued under equity incentive plans, net	73	135	164
Excess tax benefits on share-based payment arrangements	—	—	32
Other	(1)	(2)	—
Net cash used in financing activities	(1,709)	(1,753)	(524)
Net decrease in cash	—	(2)	(2)
Cash at beginning of year	—	2	4
Cash at end of year	$—	$—	$2

See accompanying notes to condensed financial information and notes to consolidated financial statements.

The Allstate Corporation and Subsidiaries
Schedule II (Continued) — Condensed Financial Information of Registrant
Notes to Condensed Financial Information

1. General

The financial statements of the Registrant should be read in conjunction with the consolidated financial statements and notes thereto included in Item 8. The long-term debt presented in Note 12 “Capital Structure” are direct obligations of the Registrant. A majority of the pension and other postretirement benefits plans presented in Note 17 “Benefit Plans” are direct obligations of the Registrant.

Participating subsidiaries fund the pension plans contributions under a master services cost sharing agreement. In addition, as a result of joint and several pension liability rules under the Internal Revenue Code and the Employee Retirement Income Security Act of 1974, as amended, many liabilities that arise in connection with pension plans are joint and several across all members of a controlled group of entities.

2. Notes due to subsidiaries

On October 11, 2018 and December 18, 2018 the Registrant issued $250 million and $1.00 billion notes, with a rate of 2.49% and 3.03% due on April 11, 2019 and June 18, 2019 respectively, both to its wholly owned subsidiary Kennett Capital Inc. The proceeds of these issuances were used for cash management purposes.

On December 11, 2017, the Registrant issued $125 million and $175 million notes, each with a rate of 1.59% and due on June 11, 2018, to its wholly owned subsidiaries Kennett Capital Inc. and Allstate Non-Insurance Holdings Inc (“ANIHI”), respectively. The proceeds of these issuances were used for cash management purposes. On December 20, 2017, the Registrant repaid $50 million to ANIHI. On April 17, 2018, the Registrant repaid $125 million and $125 million to Kennett Capital Inc. and ANIHI, respectively.

3. Supplemental Disclosures of Cash Flow Information

The Registrant paid $330 million, $331 million and $287 million of interest on debt in 2018, 2017 and 2016, respectively.

2018 Form 10-K

The Allstate Corporation and Subsidiaries
Schedule III — Supplementary Insurance Information

($ in millions)	As of December 31,			For the years ended December 31,					
Segment	Deferred policy acquisition costs	Reserves for claims and claims expense, contract benefits and contractholder funds	Unearned premiums	Premium revenue and contract charges	Net investment income [1]	Claims and claims expense, contract benefits and interest credited to contractholders	Amortization of deferred policy acquisition costs	Other operating costs and expenses	Premiums written (excluding life)
2018									
Property-Liability									
Allstate Protection	$1,618	$ 25,495	$ 11,953	$32,950		$ 22,408	$ 4,475	$4,618	$ 33,555
Discontinued Lines and Coverages	—	1,864	—	—		87	—	3	—
Total Property-Liability	1,618	27,359	11,953	32,950	$ 1,464	22,495	4,475	4,621	33,555
Service Businesses [2]	1,290	64	2,546	1,220	27	351	463	609	1,431
Allstate Life	1,300	10,333	3	1,315	505	1,094	132	372	—
Allstate Benefits	549	1,905	8	1,135	77	630	145	285	980
Allstate Annuities	27	18,341	—	15	1,096	903	7	32	—
Corporate and Other	—	—	—	—	71	—	—	585	—
Intersegment Eliminations [2]	—	—	—	(122)	—	(7)	—	(115)	—
Total	$4,784	$ 58,002	$ 14,510	$36,513	$ 3,240	$ 25,466	$ 5,222	$6,389	$ 35,966
2017									
Property-Liability									
Allstate Protection	$1,510	$ 24,336	$ 11,409	$31,433		$ 21,470	$ 4,205	$4,350	$ 31,648
Discontinued Lines and Coverages	—	1,893	—	—		96	—	3	—
Total Property-Liability	1,510	26,229	11,409	31,433	$ 1,478	21,566	4,205	4,353	31,648
Service Businesses [2]	954	96	2,052	977	16	369	296	572	1,094
Allstate Life	1,152	10,244	4	1,280	489	1,047	134	354	—
Allstate Benefits	541	1,869	8	1,084	72	599	142	269	919
Allstate Annuities	34	19,870	—	14	1,305	967	7	35	—
Corporate and Other	—	—	—	—	41	—	—	631	—
Intersegment Eliminations [2]	—	—	—	(110)	—	(6)	—	(104)	—
Total	$4,191	$ 58,308	$ 13,473	$34,678	$ 3,401	$ 24,542	$ 4,784	$6,110	$ 33,661
2016									
Property-Liability									
Allstate Protection	$1,432	$ 23,263	$ 11,160	$30,727		$ 21,863	$ 4,053	$4,172	$ 30,888
Discontinued Lines and Coverages	—	1,953	—	—		105	—	2	3
Total Property-Liability	1,432	25,216	11,160	30,727	$ 1,253	21,968	4,053	4,174	30,891
Service Businesses [2]	756	34	1,411	685	13	258	214	287	709
Allstate Life	1,200	10,042	4	1,250	482	1,027	131	339	—
Allstate Benefits	526	1,821	8	1,011	71	545	145	240	855

Allstate Annuities	40	20,636	—	14	1,181	1,011	7	32	—
Corporate and Other	—	—	—	—	42	—	—	324	—
Intersegment Eliminations (2)	—	—	—	(105)	—	(5)	—	(100)	—
Total	$3,954	$ 57,749	$ 12,583	$33,582	$ 3,042	$ 24,804	$ 4,550	$5,296	$ 32,455

(1) A single investment portfolio supports both Allstate Protection and Discontinued Lines and Coverages segments.

(2) Includes intersegment premiums and service fees and the related incurred losses and expenses that are eliminated in the consolidated financial statements.

The Allstate Corporation and Subsidiaries
Schedule IV — Reinsurance

($ in millions)	Gross amount	Ceded to other companies [1]	Assumed from other companies	Net amount	Percentage of amount assumed to net	
Year ended December 31, 2018						
Life insurance in force	$207,434	$ 81,186	$ 243,161	$369,409	65.8	%
Premiums and contract charges:						
Life insurance	$994	$ 266	$ 754	$1,482	50.9	%
Accident and health insurance	1,007	24	—	983	—	%
Property and casualty insurance	34,977	1,016	87	34,048	0.3	%
Total premiums and contract charges	$36,978	$ 1,306	$ 841	$36,513	2.3	%
Year ended December 31, 2017						
Life insurance in force	$188,186	$ 86,642	$ 259,671	$361,215	71.9	%
Premiums and contract charges:						
Life insurance	$936	$ 276	$ 787	$1,447	54.4	%
Accident and health insurance	958	27	—	931	—	%
Property and casualty insurance	33,221	971	50	32,300	0.2	%
Total premiums and contract charges	$35,115	$ 1,274	$ 837	$34,678	2.4	%
Year ended December 31, 2016						
Life insurance in force	$167,355	$ 90,011	$ 275,008	$352,352	78.0	%
Premiums and contract charges:						
Life insurance	$877	$ 279	$ 818	$1,416	57.8	%
Accident and health insurance	889	30	—	859	—	%
Property and casualty insurance	32,249	987	45	31,307	0.1	%
Total premiums and contract charges	$34,015	$ 1,296	$ 863	$33,582	2.6	%

[1] No reinsurance or coinsurance income was netted against premium ceded in 2018, 2017 or 2016.

The Allstate Corporation and Subsidiaries
Schedule V — Valuation Allowances and Qualifying Accounts
($ in millions)

Description	Balance as of beginning of period	Additions Charged to costs and expenses	Other additions	Deductions	Balance as of end of period
Year ended December 31, 2018					
Allowance for reinsurance recoverables	$ 70	$ (5)	$ —	$ —	$ 65
Allowance for premium installment receivable	77	118	—	118	77
Allowance for deferred tax assets	—	—	—	—	—
Allowance for estimated losses on mortgage loans	3	—	—	—	3
Year ended December 31, 2017					
Allowance for reinsurance recoverables	$ 84	$ (10)	$ —	$ 4	$ 70
Allowance for premium installment receivable	84	109	—	116	77
Allowance for deferred tax assets	—	—	—	—	—
Allowance for estimated losses on mortgage loans	3	1	—	1	3
Year ended December 31, 2016					
Allowance for reinsurance recoverables	$ 80	$ 5	$ —	$ 1	$ 84
Allowance for premium installment receivable	90	107	—	113	84
Allowance for deferred tax assets	—	—	—	—	—
Allowance for estimated losses on mortgage loans	3	—	—	—	3