

Allstate Corp.

3Q Review: Stressing Capital Levels

As ALL is moderating the pace of its buybacks, we continue to get asked if these actions are enough. As such we performed two stress scenarios.

In follow up per our note: [Allstate Corp.: 'Proactive' Capital Management](#) 03 Nov '22, ALL does not measure capital on crude premiums to surplus levels. Likewise, RBC is just a checkpoint. ALL's enterprise capital framework comprises both holding company assets and statutory capital on an economic basis.

Capital Stress Test Conclusions:

- AIC RBC to fall to 236-264% by 4Q23E from 318% in 4Q21.** While ALL does not manage to a certain RBC threshold, we think any level <250% is aggressive.
- Holding Co. Liquidity to remain well above its \$1.3bn annual fixed charges (common & preferred dividends and after-tax debt servicing) at YE23.**

Scenarios:

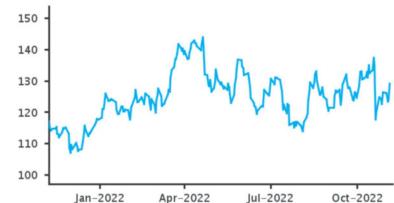
- Scenario 1: Subsidiary dividends equal to quarterly fixed charge servicing of \$325mn, No Statutory Earnings
- Scenario 2: No Subsidiary Dividends, No Statutory Earnings
- Assumptions: AIC received an extraordinary cash dividend of \$1.25bn from ALIC on November 1, 2021 immediately prior to ALIC's sale. Likewise, ALL attributes \$1.7bn of deployable capital post ALIC/ALNY deals reflecting a lower risk profile. We include these sums in our calculation of P&C capital. We assume ALL completes the \$1.2bn remaining on its buyback program from 4Q22E-3Q23E at \$300mn a quarter and pause thereafter. Finally, we assume ALL will not fully utilize its statutory dividend capacity.

| CORE

| | |
|-----------------------------|----------------------------|
| ALL | EQUAL WEIGHT |
| | Unchanged |
| U.S. Insurance/Non-Life | POSITIVE |
| | Unchanged |
| Price Target | USD 128.00 |
| | raised 14% from USD 112.00 |
| Price (07-Nov-22) | USD 128.82 |
| Potential Upside/Downside | -0.6% |
| Market Cap (USD mn) | 34164 |
| Shares Outstanding (mn) | 265.21 |
| Free Float (%) | 98.00 |
| 52 Wk Avg Daily Volume (mn) | 2.1 |
| Dividend Yield (%) | 2.64 |
| Return on Equity TTM (%) | -1.57 |
| Current BVPS (USD) | 58.83 |

Source: Bloomberg

Price Performance Exchange-NYSE
 52 Week range USD 144.46-106.11



Source: IDC
[Link to Barclays Live for interactive charting](#)

[U.S. Insurance/Non-Life](#)

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FIGURE 1. Scenario 1: Subsidiary dividends equal quarterly fixed cost servicing, No Statutory Earnings**Scenario 1: Subsidiary dividends equal quarterly fixed cost servicing, No Statutory Earnings**

| P&C Stautory Capital (\$ In Mil) | 3Q22 TTM | 4Q22E | 1Q23E | 2Q23E | 3Q23E | 4Q23E |
|--|-----------------|--------------|--------------|--------------|--------------|--------------|
| Opening Balance | ~18,900 | 15,330 | 15,005 | 14,680 | 14,355 | 14,030 |
| Statutory loss & unrealized equity losses | (1,100) | - | - | - | - | - |
| Dividends Paid | (5,500) | (325) | (325) | (325) | (325) | (325) |
| ALIC Extraordinary Dividend to AIC | 1,250 | | | | | |
| Newly deployable capital due to lower risk profile | 1,700 | | | | | |
| Ending Balance | 15,330 | 15,005 | 14,680 | 14,355 | 14,030 | 13,705 |
| 4Q21 | 3Q22 TTM | 4Q22E | 1Q23E | 2Q23E | 3Q23E | 4Q23E |
| RBC | 318% | 264% | 259% | 253% | 248% | 236% |
| Holding Co. Assets | | | | | | |
| Opening Balance | | 4,470 | 4,170 | 3,870 | 3,570 | 3,270 |
| Dividend Received | | 325 | 325 | 325 | 325 | 325 |
| Fixed Charges | | (325) | (325) | (325) | (325) | (325) |
| Buybacks | | (300) | (300) | (300) | (300) | |
| Ending Balance | | 4,470 | 4,170 | 3,870 | 3,570 | 3,270 |
| ALL Statutory Capital & Hold Co Assets | 19,800 | 19,175 | 18,550 | 17,925 | 17,300 | 16,975 |
| Undeployed Dividend Capacity* | 1,310 | 985 | 1,176 | 851 | 526 | 201 |

*Dividend capacity rebases every year, assuming unused allowances do not carryover

Source: Company Filings, Barclays Research

Scenario 2 contemplates no statutory earnings nor any dividends taken from operating subsidiaries.

FIGURE 2. Scenario 2: No Subsidiary Dividends, No Statutory Earnings**Scenario 2: No Subsidiary Dividends, No Statutory Earnings**

| P&C Stautory Capital (\$ In Mil) | 3Q22 TTM | 4Q22E | 1Q23E | 2Q23E | 3Q23E | 4Q23E |
|--|-----------------|--------------|--------------|--------------|--------------|--------------|
| Opening Balance | ~18,900 | 15,330 | 15,330 | 15,330 | 15,330 | 15,330 |
| Capital Generation, ex Corp. | (1,100) | - | - | - | - | - |
| Dividends Paid | (5,500) | | | | | |
| ALIC Extraordinary Dividend to AIC | 1,250 | | | | | |
| Newly deployable capital due to lower risk profile | 1,700 | | | | | |
| Ending Balance | 15,330 | 15,330 | 15,330 | 15,330 | 15,330 | 15,330 |
| 4Q21 | 3Q22 TTM | 4Q22E | 1Q23E | 2Q23E | 3Q23E | 4Q23E |
| RBC | 318% | 264% | 264% | 264% | 264% | 264% |
| Holding Co. Assets | | | | | | |
| Opening Balance | | 4,470 | 3,845 | 3,220 | 2,595 | 1,970 |
| Dividend Received | | - | - | - | - | - |
| Fixed Charges | | (325) | (325) | (325) | (325) | (325) |
| Buybacks | | (300) | (300) | (300) | (300) | |

| | | | | | | |
|---|--------|--------|--------|--------|--------|--------|
| Ending Balance | 4,470 | 3,845 | 3,220 | 2,595 | 1,970 | 1,645 |
| ALL Statutory Capital & Hold Co Assets | 19,800 | 19,175 | 18,550 | 17,925 | 17,300 | 16,975 |
| Undeployed Dividend Capacity* | 1,310 | 1,310 | 1,533 | 1,533 | 1,533 | 1,533 |

*Dividend capacity rebases every year, assuming unused allowances do not carryover

Source: Company Filings, Barclays Research

Limitations:

- We did not raise the denominator in RBC to reflect premium growth given that, on balance, ALL has taken some investment de-risking actions since YE21. Note, ALL does not disclose its RBC for AIC, but it does provide the components of the numerator (\$18.43bn) and denominator (2x \$2.9bn) at YE21.
- Holding Co should generate NII on its assets, we are not modeling.
- Likewise since ALL thinks 30% of its investments are consumed by its economic capital, we should really be applying a 30% haircut to Hold Co assets so it is truly “economic” capital.
- Finally, negative marks on Hold Co assets can add variability to projections.

ALL: Quarterly and Annual EPS (USD)

| FY Dec | 2021 | 2022 | | | 2023 | | | Change y/y | |
|---------------|---------------|-------------|------------|-------------|-------------|------------|-------------|-------------------|-------------|
| | Actual | Old | New | Cons | Old | New | Cons | 2022 | 2023 |
| Q1 | 6.11A | 2.58A | 2.58A | 2.58A | 2.16E | 2.14E | 2.63E | -58% | -17% |
| Q2 | 3.79A | -0.76E | -0.76A | -0.76A | 0.67E | 0.81E | 1.01E | N/A | 207% |
| Q3 | 0.73A | -1.56E | -1.56A | -1.56A | 1.77E | 1.80E | 1.83E | N/A | 215% |
| Q4 | 2.75A | 1.94E | 0.09E | 1.85E | 3.77E | 3.81E | 3.75E | -97% | 4133% |
| Year | 13.48A | 2.23E | 0.44E | 2.30E | 8.33E | 8.54E | 9.58E | -97% | 1841% |
| P/E | 9.6 | N/A | | | 15.1 | | | | |

Consensus numbers are from Bloomberg received on 07-Nov-2022; 13:50 GMT

Source: Barclays Research

| U.S. Insurance/Non-Life | | | | | | POSITIVE | |
|---|--------|---------|--------|--------|---------|---|--------------|
| Allstate Corp. (ALL) | | | | | | | EQUAL WEIGHT |
| Income statement (\$mn) | 2021A | 2022E | 2023E | 2024E | CAGR | Price (07-Nov-2022) | USD 128.82 |
| Net premiums earned | 42,218 | 45,971 | 49,686 | 52,890 | 7.8% | Price Target | USD 128.00 |
| Net investment income (NII) | 3,293 | 2,522 | 2,581 | 2,655 | -6.9% | Why EQUAL WEIGHT? | |
| Underwriting income | 1,665 | -2,575 | 70 | 1,540 | -2.6% | ALL's fundamentals are strong and we look forward to seeing progress on its transformative growth plan. | |
| Operating income | 4,033 | 122 | 2,264 | 3,501 | -4.6% | However, pricing correction actions may stall ALL's progress in actualizing stronger PIF growth. | |
| Net income | 1,485 | -1,166 | 1,973 | 3,275 | 30.2% | | |
| Effective tax rate (%) | 20.0 | 26.1 | 21.0 | 21.0 | 1.7% | | |
| Combined ratio (%) | 95.9 | 105.9 | 99.9 | 96.9 | 0.4% | | |
| Combined ratio (ex cats & py development) (%) | 86.4 | 94.9 | 90.6 | 87.9 | 0.6% | | |
| Per share data (\$) | 2021A | 2022E | 2023E | 2024E | CAGR | Upside case USD 137.00 | |
| EPS (adj) | 13.48 | 0.44 | 8.54 | 13.50 | 0.1% | Loss cost trends abate, returning to 2019 baseline levels. Successful execution of Allstate's transformational growth plans via efficiency gains that is translated to strong PIF growth, particularly in auto. Our upside case of \$137 assumes ~2.0x our '23 BVPS ex AOCI estimate. | |
| EPS (reported) | 4.96 | -4.23 | 7.44 | 12.63 | 36.5% | | |
| DPS | 3.24 | 3.40 | 3.57 | 3.75 | 5.0% | | |
| BVPS | 80.39 | 56.07 | 58.12 | 65.46 | -6.6% | | |
| BVPS (ex AOCI) | 78.24 | 66.63 | 69.28 | 76.65 | -0.7% | | |
| Balance sheet and capital return (\$mn) | 2021A | 2022E | 2023E | 2024E | CAGR | Downside case USD 108.00 | |
| Total investments | 64,701 | 63,394 | 69,631 | 71,476 | 3.4% | Steeper acceleration of loss cost trends, particularly on the severity side. Prolonged period of achieving approvals from regulators with respect to requested rate increases. Our downside case of \$108 assumes ~13x our '23 EPS estimates | |
| Common shareholders' equity (ex AOCI) | 22,611 | 18,043 | 18,180 | 19,694 | -4.5% | | |
| Share buybacks | 3,260 | 2,442 | 900 | 800 | -37.4% | | |
| Dividends paid | 955 | 925 | 936 | 961 | 0.2% | | |
| Balance sheet and capital return metrics | 2021A | 2022E | 2023E | 2024E | Average | | |
| Debt leverage (%) | 23.9 | 31.5 | 29.2 | 27.5 | 28.0 | | |
| Financial leverage (%) | 30.6 | 40.3 | 38.3 | 36.1 | 36.3 | | |
| Total capital return as a % of op. earnings | 104.5 | 2,750.2 | 81.1 | 50.3 | 746.5 | | |
| Valuation metrics | 2021A | 2022E | 2023E | 2024E | Average | Upside/Downside scenarios | |
| P/BV (ex AOCI) (x) | 1.65 | 1.93 | 1.86 | 1.68 | 1.78 | Price History Prior 12 months High | 144.46 |
| P/E (adj) (x) | 9.6 | N/A | 15.1 | 9.5 | 11.4 | Price Target Next 12 months Upside | 137.00 |
| Dividend yield (%) | 2.5 | 2.6 | 2.8 | 2.9 | 2.7 | | |
| ROE (%) | 16.9 | 0.6 | 12.5 | 18.5 | 12.1 | | |

Note: FY End Dec

Source: Company data, Bloomberg, Barclays Research



3Q22 Highlights

With bodily injury on the rise, auto is looking more like a medium tail line. While we think ALL is taking the right course of underwriting actions, but do not preclude some adverse PYD in the near term.

Differing bodily injury views (ALL BI +12% y/y vs. PGR +7% y/y in its pre-pandemic range of 6-8%). According to ALL, paid severity for major injury claims in litigation are 3.9x > the average. After the pandemic PGR saw more soft tissue attorney representations.

ALL pre-announced several key underwriting performance measures ([see Allstate Corp.: Model Update: Unfavorable PYD, Consecutive and More Extreme 20 Oct 22](#)).

ALL is ramping up its efforts to reduce personal lines insurance where margins are unacceptable. ALL is exiting commercial and shared economy insurance markets that comprise 55% of commercial premiums. With less scale, we would like to better understand ALL's long-term commitment.

Auto Loss trends:

- Severity for collision and bodily injury +17% and +12%, respectively, y/y. In comparison, PGR's severity trends run lower at collision and bodily injury coverage increases of 13% and 12%, respectively, y/y. ALL took up its view of loss trend this quarter, to recap in 2Q it viewed collision, and bodily injury up 16% and 9%.
- Severity for property damage of 17% y/y trails PGR's sentiment of 24% y/y. ALL is seeing higher third party carrier subrogation demands by \$ paid, that does not appear to be subsiding. In fact, **physical damage costs**, informed by used car values, **remain above earned pricing**. Last quarter ALL characterized property damage severity at a relatively lower benchmark at +12%.
- Frequency: Property damage gross claim frequency +3.5% y/y, vs. +7.1% y/y reported in 2Q22.

Pricing

ALL is pushing for larger rate increases in the balance of the year and through 2023 to combat future loss cost increases, critical for the company to achieve mid 90s combined ratio target.

PIF Growth

- ALL auto brand PIF remained flattish
- NatGen auto PIF +15%, consistent with its plans to grow non-standard auto.

Key Results

ALL's 3Q22 operating EPS of (\$1.56) was in line with our (\$1.56) estimate and better than the (\$1.59) consensus street estimate. Buybacks of \$665mn were higher than our estimate of \$625mn.

3Q22 Variance

FIGURE 3. 3Q22 Variance

| Summary (In \$mn, except per share) | 3Q22A | 2Q22 | Q/Q % Change | 3Q21 | Y/Y % Change | Barclays Est. | % Var. |
|---|----------|----------|-----------------|----------|-----------------|---------------|---------|
| Consolidated revenues | \$13,208 | \$12,220 | 8.1% | \$12,480 | 5.8% | \$13,399 | -1.4% |
| Net Investment Income | \$690 | \$562 | 22.8% | \$764 | -9.7% | \$690 | 0.1% |
| Net income applicable to common | (694) | (1,042) | -33.4% | 508 | 236.6% | (720) | -3.6% |
| Net income applicable to common per dil common share | (\$2.58) | (\$3.76) | -31.4% | \$1.71 | 251.3% | (\$2.62) | -1.5% |
| Adjusted net income | (420) | (209) | 101.0% | 217 | -293.5% | (425) | -1.2% |
| Adjusted net income per diluted common share | (\$1.56) | (\$0.76) | 104.4% | \$0.73 | -314.2% | (\$1.56) | -0.3% |
| Book value per common share | \$58.35 | \$66.15 | -11.8% | \$84.62 | -31.0% | \$61.53 | -5.2% |
| Weighted avg common shares - diluted | 268.7 | 277.0 | -3.0% | 297.9 | -9.8% | 275.0 | -2.3% |
| Share repurchases | \$665 | \$683 | -2.6% | \$1,230 | -45.9% | \$625 | 6.4% |
| P-L Combined Ratio | | | | | | | |
| Recorded | 111.6% | 107.9% | 365 bps | 105.3% | 634 bps | 111.6% | (1 bps) |
| Underlying | 96.4% | 93.5% | 292 bps | 90.4% | 604 bps | 96.4% | (1 bps) |
| P-L insurance premiums earned | \$11,157 | \$10,874 | 2.6% | \$10,159 | 9.8% | \$11,143 | 0.1% |
| Cat losses | 763 | 1,108 | -31.1% | 1,269 | -39.9% | 763 | 0.0% |

Source: Barclays Research, Company Reports

FIGURE 4. 3Q22 Variance Con't

| Segment Details (In \$mn, except per share) | Q/Q | | | Y/Y | | Barclays Est. | |
|--|---------------|---------------|----------------|---------------|----------------|---------------|----------------|
| | 3Q22A | 2Q22 | % Change | 3Q21 | % Change | 3Q22E | % Var. |
| Property-Liability Results | | | | | | | |
| Premiums written | \$12,037 | \$11,509 | 4.6% | \$10,966 | 9.8% | \$12,016 | 0.2% |
| Underwriting income | (1,292) | (864) | 49.5% | (534) | 141.9% | (1,293) | -0.1% |
| Recorded Combined Ratio | 111.6% | 107.9% | 365 bps | 105.3% | 634 bps | 111.6% | (1 bps) |
| Auto | 117.4% | 107.9% | 950 bps | 102.3% | 1510 bps | 117.4% | 0 bps |
| Home | 91.2% | 106.9% | (1570 bps) | 111.0% | (1980 bps) | 91.2% | (0 bps) |
| Underlying Combined Ratio | 96.4% | 93.5% | 292 bps | 90.4% | 604 bps | 96.4% | (1 bps) |
| Auto | 104.0% | 102.1% | 190 bps | 97.6% | 640 bps | 104.0% | (0 bps) |
| Home | 74.6% | 70.3% | 430 bps | 71.6% | 300 bps | 74.6% | 0 bps |
| Allstate Health and Benefits | | | | | | | |
| Premiums and contract charges | \$463 | \$466 | -0.6% | \$460 | 0.7% | \$476 | -2.8% |
| Adjusted Net Income (Loss) | 54 | 56 | -3.6% | 33 | 63.6% | \$48 | 11.8% |
| Allstate Protection Services | | | | | | | |
| Revenues | 640 | 629 | 1.7% | 597 | 7.2% | \$678 | -5.6% |
| Adjusted Net Income (Loss) | 55 | 65 | -15.4% | 67 | -17.9% | \$55 | -0.1% |

Source: Barclays Research, Company Reports

Valuation

Our Equal Weight rating and \$128 PT (from \$112) reflect a 50/50 weighting of ~12x P/E multiple on our blended EPS (\$8.54 '23E and \$13.50 '24E) and 1.7x on our blended BVPS ex AOCI (\$69.3 '22E and \$76.6 '23E). Prior methodology was based on a 50/50 weighted average of ~13x our 2023E EPS and 1.7x our YE23E book value per share ex AOCI.

Model Summary

FIGURE 5. Model Summary

| <i>(\$ In Mil, except per share)</i> | 2020 | 2021 | 2022E | 2023E | 2024E |
|--|-----------------|-----------------|-----------------|-----------------|-----------------|
| P&C insurance premiums | \$37,073 | \$42,218 | \$45,971 | \$49,686 | \$52,890 |
| A&H premiums and contract charges | \$1,094 | \$1,821 | \$1,873 | \$2,450 | \$2,536 |
| Other revenue | \$1,065 | \$2,172 | \$2,259 | \$2,376 | \$2,464 |
| Net investment income | \$1,590 | \$3,293 | \$2,522 | \$2,581 | \$2,655 |
| Realized capital gains (losses) | \$1,087 | \$1,084 | (\$1,167) | \$0 | \$0 |
| Total revenues | \$41,909 | \$50,588 | \$51,458 | \$57,093 | \$60,544 |
| | | | | | |
| P&C insurance claims and expenses | 22,001 | 29,318 | 36,301 | 36,832 | 37,779 |
| Shelter in Place payback expense | 948 | 29 | - | - | - |
| A&H policy benefits | 516 | 1,015 | 1,072 | 1,397 | 1,446 |
| Interest credited to contractholder funds | 33 | 34 | - | - | - |
| Operating costs/expenses & amortization of DAC | 10,971 | 13,512 | 14,766 | 15,628 | 16,511 |
| Pension and other post retirement remeasurement (gains) losses | (51) | (644) | 91 | - | - |
| Restructuring and related charges | 253 | 170 | 27 | - | - |
| Amortization of purchased intangibles | 118 | 376 | 349 | 291 | 226 |
| Interest expense | 318 | 330 | 332 | 309 | 300 |
| Total costs and expenses | 35,107 | 44,140 | 52,937 | 54,458 | 56,262 |
| | | | | | |
| Consolidated Adjusted net income | 4,510 | 4,033 | 122 | 2,264 | 3,501 |
| Effective tax rate | 20.2% | 20.0% | 26.1% | 21.0% | 21.0% |
| Per share earnings data | | | | | |
| Adjusted net income per diluted common share | \$14.29 | \$13.48 | \$0.44 | \$8.54 | \$13.50 |

Share information

| | | | | | |
|------------------------------------|-------|-------|-------|-------|-------|
| Average diluted shares outstanding | 315.5 | 299.2 | 275.3 | 265.1 | 259.3 |
|------------------------------------|-------|-------|-------|-------|-------|

Source: Barclays Research, Company Reports

FIGURE 6. Model Summary Con't

| (\$ In Mil, except per share) | 2020 | 2021 | 2022E | 2023E | 2024E |
|--|--------------|--------------|---------------|--------------|--------------|
| Net premiums written (y/y % growth) | 0.9% | 15.7% | 9.8% | 6.8% | 5.8% |
| Net premiums earned (y/y% change) | 2.8% | 13.9% | 8.9% | 8.1% | 6.4% |
| <u>Underwriting ratios</u> | | | | | |
| Claims and claims expense ratio | 60.8% | 71.4% | 81.5% | 76.9% | 74.3% |
| Expense ratio | 26.8% | 24.5% | 24.4% | 22.9% | 22.6% |
| Combined ratio | 87.6% | 95.9% | 105.9% | 99.9% | 96.9% |
| Underlying loss ratio | 52.7% | 62.5% | 71.0% | 68.1% | 65.7% |
| Pre-tax cat. losses | 2,811 | 3,339 | 3,033 | 3,964 | 4,165 |
| Catastrophe points | 7.9% | 8.3% | 6.9% | 8.4% | 8.3% |
| Pre-tax prior year development | 60 | 267 | 1,543 | 212 | 140 |
| Underlying combined ratio | 79.4% | 86.4% | 94.9% | 90.6% | 87.9% |
| <u>Shareholders' equity and returns</u> | | | | | |
| Ending Common Shareholders' equity | 28,247 | 23,209 | 15,116 | 15,253 | 16,767 |
| Fully diluted book value per share | \$90.5 | \$80.4 | \$56.1 | \$58.1 | \$65.5 |
| Adjusted net income return on equity | 19.2% | 16.9% | 0.6% | 12.5% | 18.5% |
| <u>Capital deployment</u> | | | | | |
| Assumed Repurchase Price Per Share | \$98 | \$124 | \$124 | \$126 | \$128 |
| # of shares repurchased (in mn) | 17.4 | 26.3 | 19.7 | 7.2 | 6.3 |
| Shares Repurchases | 1,700 | 3,260 | 2,442 | 900 | 800 |
| Dividends per share | \$2.16 | \$3.24 | \$3.40 | \$3.57 | \$3.75 |
| Total \$ Amount of Dividends | \$673 | \$955 | \$925 | \$936 | \$961 |
| Total capital return | \$2,373 | \$4,215 | \$3,367 | \$1,836 | \$1,761 |
| Total capital return, % op. earnings | 53% | 105% | 2750% | 81% | 50% |
| <u>Investment income</u> | | | | | |
| Net investment income | \$2,322 | \$3,293 | \$2,504 | \$2,509 | \$2,583 |
| Total Investments | \$94,237 | \$64,701 | \$63,394 | \$69,631 | \$71,476 |

Source: Barclays Research, Company Reports

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Allstate Corp. (ALL, 07-Nov-2022, USD 128.82), Equal Weight/Positive, CD/CE/E/J/K/L/M/N

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U.S. Insurance/Non-Life

| | | |
|--------------------------------|---|-------------------------------------|
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| Chubb Limited (CB) | James River Group Holdings (JVRV) | Lemonade Inc (LMND) |
| Palomar Holdings, Inc. (PLMR) | Progressive Corp. (PGR) | Root Inc. (ROOT) |
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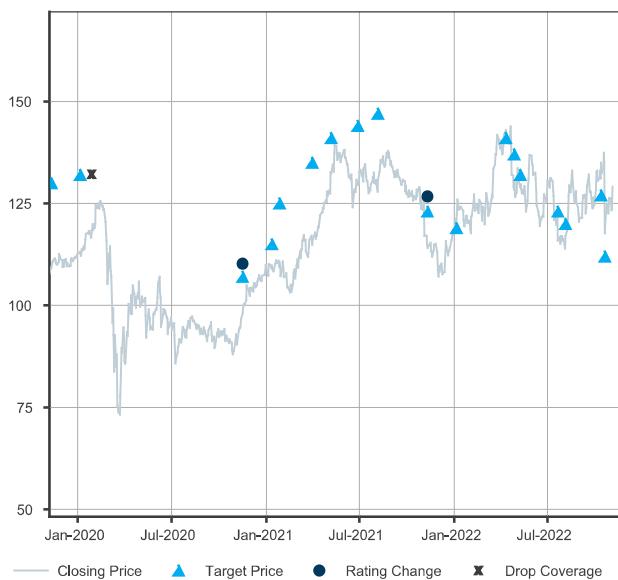
Stock Rating: **EQUAL WEIGHT**

Industry View: **POSITIVE**

USD 128.82 (07-Nov-2022)

Rating and Price Target Chart - USD (as of 07-Nov-2022)

Currency=USD



Source: IDC, Barclays Research

[Link to Barclays Live for interactive charting](#)

| Publication Date | Closing Price* | Rating | Adjusted Price Target |
|------------------|----------------|------------------|-----------------------|
| 20-Oct-2022 | 135.15 | | 112.00 |
| 13-Oct-2022 | 131.13 | | 127.00 |
| 05-Aug-2022 | 113.92 | | 120.00 |
| 21-Jul-2022 | 122.34 | | 123.00 |
| 09-May-2022 | 130.56 | | 132.00 |
| 27-Apr-2022 | 128.98 | | 137.00 |
| 11-Apr-2022 | 141.93 | | 141.00 |
| 05-Jan-2022 | 121.13 | | 119.00 |
| 10-Nov-2021 | 114.11 | Equal Weight | 123.00 |
| 06-Aug-2021 | 130.82 | | 147.00 |
| 28-Jun-2021 | 129.75 | | 144.00 |
| 07-May-2021 | 132.26 | | 141.00 |
| 31-Mar-2021 | 114.90 | | 135.00 |
| 27-Jan-2021 | 110.51 | | 125.00 |
| 12-Jan-2021 | 109.78 | | 115.00 |
| 16-Nov-2020 | 98.06 | Overweight | 107.00 |
| 22-Jan-2020 | 117.65 | Coverage Dropped | |
| 06-Jan-2020 | 112.83 | | 132.00 |
| 11-Nov-2019 | 108.19 | | 130.00 |

On 07-Nov-2019, prior to any intra-day change that may have been published, the rating for this security was Overweight, and the adjusted price target was 125.00.

Source: Bloomberg, Barclays Research

*This is the closing price referenced in the publication, which may not be the last available closing price at the time of publication.

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Valuation Methodology: Our \$128 price target is based on a 50/50 weighted average of our blended ~12x our 2023 & 2024 EPS and 1.7x our YE23& 2024 book value per share ex AOCI.

Risks which May Impede the Achievement of the Barclays Research Valuation and Price Target: Steeper acceleration of loss cost trends, particularly on the severity side, which would pressure the company's margins. A prolonged period of low interest rates will likely pressure net investment income. Allstate has substantial exposure to natural catastrophe losses, stemming from its large homeowners insurance business. Despite the acquisition being relatively small, integration of National General could be challenging and lead to execution risk in combining business units under one operational model.

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