

Allstate Corp.

4Q21 Review: Getting Granular

Disappointing auto results dominated ALL's 4Q print. Included in this note is our review of statutory auto rate filings to supplement ALL's disclosures.

We applaud ALL's increased disclosures and proposed touchpoints with investors and hope to take full advantage. Nevertheless, these efforts do feel a bit foreboding. We anticipate a long road ahead for auto pricing to catch up with loss trend; will look more "U" like for quite some time (could be late 2023). Included is our analysis of statutory auto rate filings to supplement ALL's disclosures. Quick takeaway, headline rate increases (ALL mentioned 2.9% in 4Q) are not meaningful yet. The actual dollar amount at play is small compared to ALL's large premium base.

Multivariate loss trends - much more layered than higher miles driven and CPI inflation. ALL is seeing rising bodily injury/casualty trends, exacerbated by higher medical inflation and attorney representation rates. The complexity of layered loss trends at play makes it more difficult to envision an expedient path back to longer-term profitability levels. There is no snap back.

Investment portfolio actions to shorten asset duration taken in 2021 and more to come in 2022: ALL sold long durated fixed income assets to counterbalance the negative impact on valuation, given higher interest rates resulting in a lower fixed income portfolio yield and investment income in the near term. As such, ALL shortened its asset duration to 4.2 years in 2021 from 5.0 years in 2020. It makes sense, given it sold its life business. We assume the duration of its liabilities is now less than 3 years. ALL's AOCI has dropped to \$655mn at YE21 from \$3.3bn at YE20, accelerated by the recording of the ALIC sale in 1Q21.

Trimming our EPS estimates to \$8.13 for '22 (from \$8.99) and \$11.96 for '23 (from \$12.66) predominantly to reflect underlying auto loss deterioration persisting through 2023, near 75%.

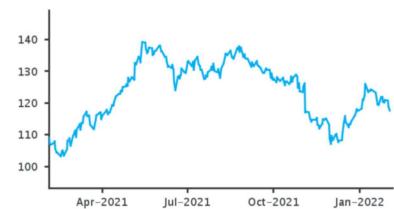
We maintain our EW rating and \$119 PT. Our PT is based on a 50/50 weighted average of ~12x our blended 2022 and 2023 EPS estimates and 1.4x our blended YE22 and YE23 book value per share ex AOCI estimates. We look forward to seeing progress on ALL's transformative growth plan. We would be more constructive on the stock when ALL shows signs of PIF growth while returning to mid 90% auto combined ratio. We think that scenario is more likely when adverse loss cost trends meaningfully abate.

| CORE

| | |
|-----------------------------|--------------|
| ALL | EQUAL WEIGHT |
| | Unchanged |
| U.S. Insurance/Non-Life | POSITIVE |
| | Unchanged |
| Price Target | USD 119.00 |
| | Unchanged |
| Price (03-Feb-22) | USD 121.67 |
| Potential Upside/Downside | -2.2% |
| Market Cap (USD mn) | 34189 |
| Shares Outstanding (mn) | 281.00 |
| Free Float (%) | 97.94 |
| 52 Wk Avg Daily Volume (mn) | 1.9 |
| Dividend Yield (%) | 2.66 |
| Return on Equity TTM (%) | 5.78 |
| Current BVPS (USD) | 82.40 |

Source: Bloomberg

| | |
|-------------------|-------------------|
| Price Performance | Exchange-NYSE |
| 52 Week range | USD 140.00-102.55 |



Source: IDC

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

U.S. Insurance/Non-Life

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Completed: 04-Feb-22, 10:26 GMT Released: 04-Feb-22, 11:00 GMT Restricted - External

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 | 2.56E | 2.19E | 2.97E | N/A | 3.38E | 3.75E | -64% | 54% |
| Q2 | 3.79A | 1.66E | 1.40E | 1.55E | N/A | 2.31E | 2.34E | -63% | 65% |
| Q3 | 0.73A | 1.45E | 1.21E | 2.20E | N/A | 1.99E | 2.78E | 66% | 64% |
| Q4 | 2.75A | 3.34E | 3.39E | 3.43E | N/A | 4.31E | 4.20E | 23% | 27% |
| Year | 13.48A | 8.99E | 8.13E | 10.46E | N/A | 11.96E | 13.06E | -40% | 47% |
| P/E | 9.0 | | 15.0 | | | 10.2 | | | |

Consensus numbers are from Bloomberg received on 03-Feb-2022; 13:50 GMT

Source: Barclays Research

| U.S. Insurance/Non-Life | | | | | | POSITIVE | |
|--|--------|--------|--------|-------|---------|--|--|
| Allstate Corp. (ALL) | | | | | | EQUAL WEIGHT | |
| Income statement | 2021A | 2022E | 2023E | 2024E | CAGR | Price (03-Feb-2022) | USD 121.67 |
| Net premiums earned (\$mn) | 42,218 | 44,149 | 45,850 | N/A | N/A | Price Target | USD 119.00 |
| Net investment income (NII) (\$mn) | 3,293 | 2,782 | 2,932 | N/A | N/A | Why EQUAL WEIGHT? | |
| Underwriting income (\$mn) | 1,741 | 140 | 932 | N/A | N/A | ALL's fundamentals are strong and we look forward to seeing progress on its transformative growth plan. However, pricing correction actions may stall ALL's progress in actualizing stronger PIF growth. | |
| Operating income (\$mn) | 4,033 | 2,223 | 3,035 | N/A | N/A | | |
| Net income (\$mn) | 1,485 | 2,223 | 3,035 | N/A | N/A | | |
| Effective tax rate (%) | 20.0 | 21.0 | 21.0 | N/A | N/A | | |
| Combined ratio (%) | 95.7 | 99.7 | 97.8 | N/A | N/A | | |
| Combined ratio (ex cats & py development) (%) ⁽¹⁾ | 86.1 | 91.1 | 89.3 | N/A | N/A | | |
| Per share data (\$) | 2021A | 2022E | 2023E | 2024E | CAGR | Upside case | USD 135.00 |
| EPS (adj) | 13.48 | 8.13 | 11.96 | N/A | N/A | 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. | |
| EPS (reported) | 4.96 | 8.13 | 11.96 | N/A | N/A | | |
| DPS | 3.24 | 3.50 | 3.78 | N/A | N/A | | |
| BVPS | 81.55 | 83.23 | 89.40 | N/A | N/A | | |
| BVPS (ex AOCI) | 78.24 | 80.32 | 86.90 | N/A | N/A | | |
| Balance sheet and capital return (\$mn) | 2021A | 2022E | 2023E | 2024E | CAGR | Downside case | USD 100.00 |
| Total investments | 64,082 | 74,713 | 87,366 | N/A | N/A | 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 \$100 assumes ~12x our '22 EPS estimates | |
| Common shareholders' equity (ex AOCI) | 22,611 | 21,224 | 21,502 | N/A | N/A | | |
| Share buybacks | 3,260 | 2,640 | 1,785 | N/A | N/A | | |
| Dividends paid | 955 | 943 | 944 | N/A | N/A | | |
| Balance sheet and capital return metrics | 2021A | 2022E | 2023E | 2024E | Average | Upside/Downside scenarios | |
| Debt leverage (%) | 23.9 | 24.9 | 22.9 | N/A | 23.9 | | |
| Financial leverage (%) | 30.6 | 31.9 | 30.0 | N/A | 30.8 | | |
| Total capital return as a % of op. earnings | 104.5 | 161.1 | 89.9 | N/A | 118.5 | | |
| Valuation metrics | 2021A | 2022E | 2023E | 2024E | Average | Price History Prior 12 months High | Price Target Next 12 months Upside |
| P/BV (ex AOCI) (x) | 1.56 | 1.51 | 1.40 | N/A | 1.49 | 140.00 | 135.00 |
| P/E (adj) (x) | 9.0 | 15.0 | 10.2 | N/A | 11.4 | Current 121.67 | Target 119.00 |
| Dividend yield (%) | 2.7 | 2.9 | 3.1 | N/A | 2.9 | 102.55 | 100.00 |
| ROE (%) | 16.9 | 10.1 | 14.1 | N/A | 13.7 | Low | Downside |

Note: FY End Dec

Source: Company data, Bloomberg, Barclays Research

Miles Driven Still Approaching Pre-Pandemic Levels

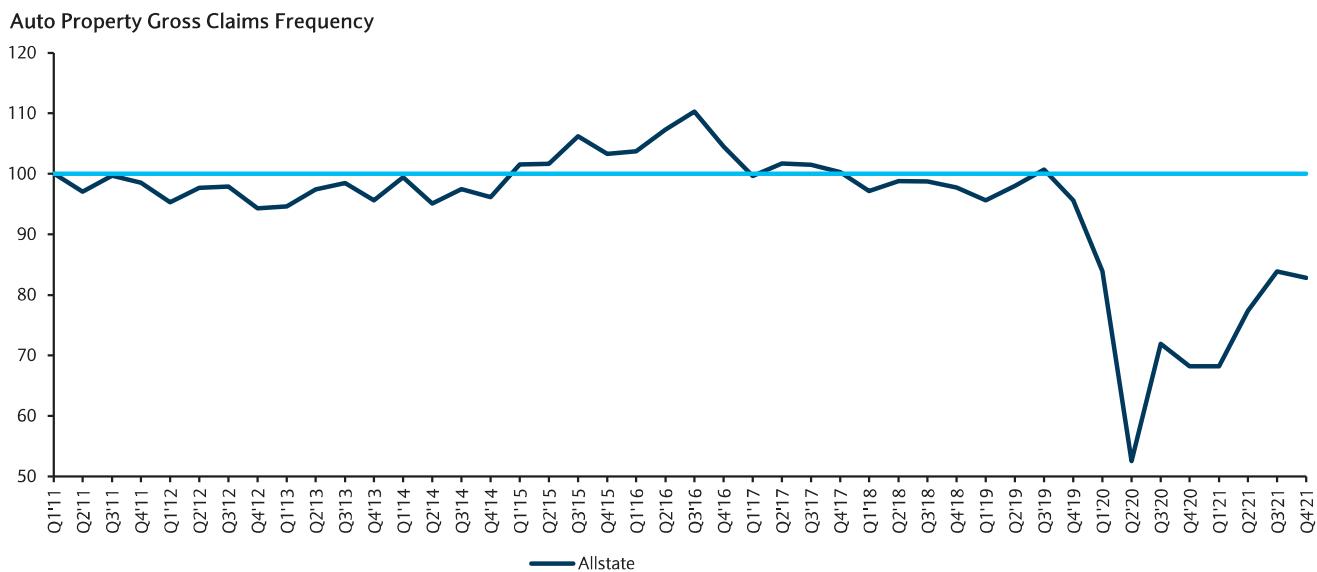
“While claim frequency increased relative to prior year, reflecting a return to more normal driving environment, we continue to see favorability compared to pre-pandemic levels.”

- Glenn Shapiro, ALL

Frequency Benefits Persists

We analyzed Allstate Brand's reported auto gross frequency data (auto physical damage) since 2010 to create a baseline. It appears that frequency has not returned yet to pre-pandemic levels, which means the loss trend may get worse from here. We understand its Allstate brand book has more preferred customers who are still working from home, office policies may change in the future. In contrast its NatGen book's more non-standard auto focus is already seeing its policyholders driving back to pre-pandemic levels, which may be a prelude for what may come.

FIGURE 1. ALL's Auto frequency approaching pre-pandemic levels. Have yet to reach normalized activity.



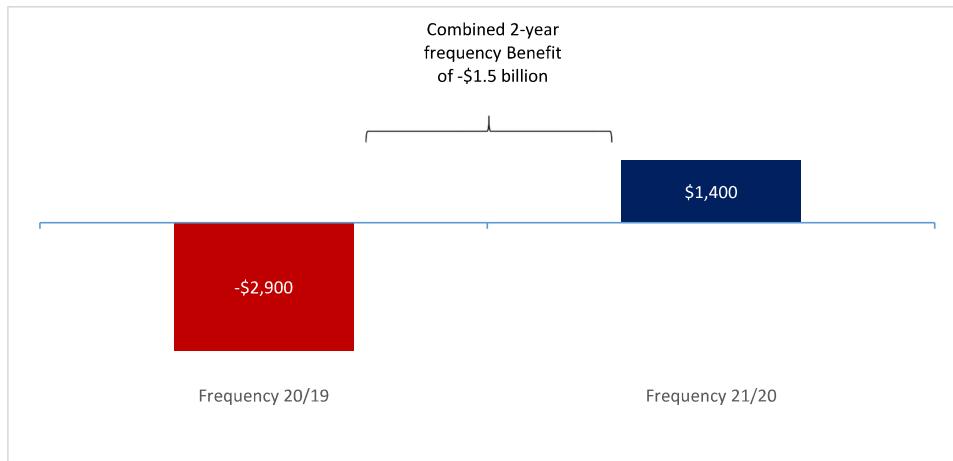
Year 2010 = 100

Source: Barclays Research, Company Reports

Combined 2020/2021 Frequency Benefit

ALL recognized a \$2.9bn benefit from lower miles driven during 2020/2019. In comparison, rising frequency has increased ALL's claims by \$1.4bn in 2021/2020. The company is still benefiting from a frequency tailwind. Blending these figures, optically it appears that once we see normalization of miles driven that may eventually cost ALL \$1.5bn. However that assumption does not take into account pricing actions. Still, directionally it means that loss trends will get worse before they get better. In other words, we are not at the trough.

FIGURE 2. Normalization of miles driven may cost ALL \$1.5bn

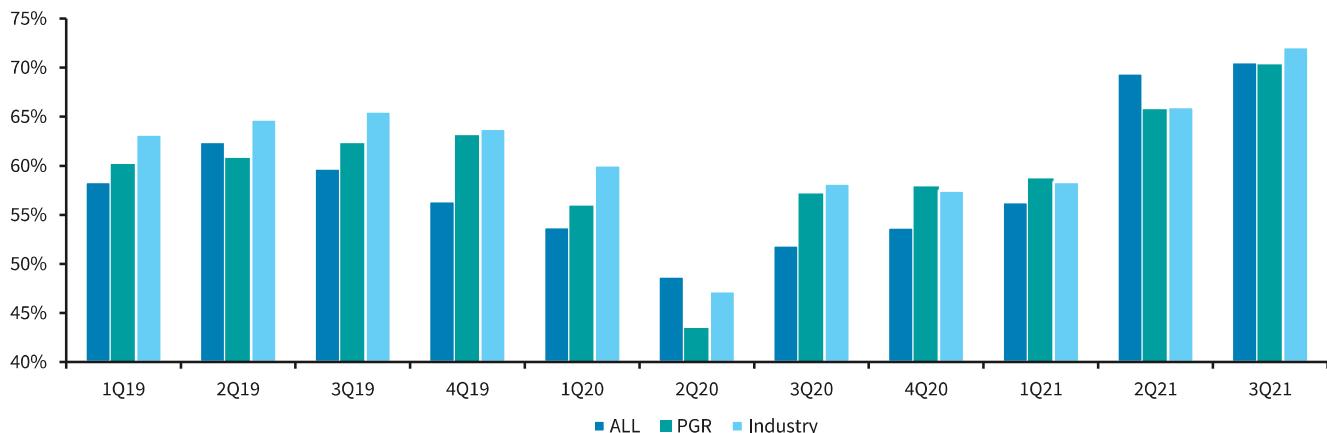


Source: Barclays Research, Company Reports

Comparisons: ALL, PGR & the Industry

Historically, ALL showed a consistent track record of outperforming the industry, as measured by the statutory direct incurred loss ratio. We saw ALL momentarily underperform the industry during 2Q21, on this basis. While ALL no longer underperformed the industry during 3Q21, that does not mean its performance got better; the industry just caught up. On this basis, ALL also noticeably underperformed PGR in 2Q21 and to a lesser degree in 3Q21. (4Q statutory data not yet available).

FIGURE 3. ALL's auto direct incurred loss ratio (statutory) had trended better than the industry until 2Q21

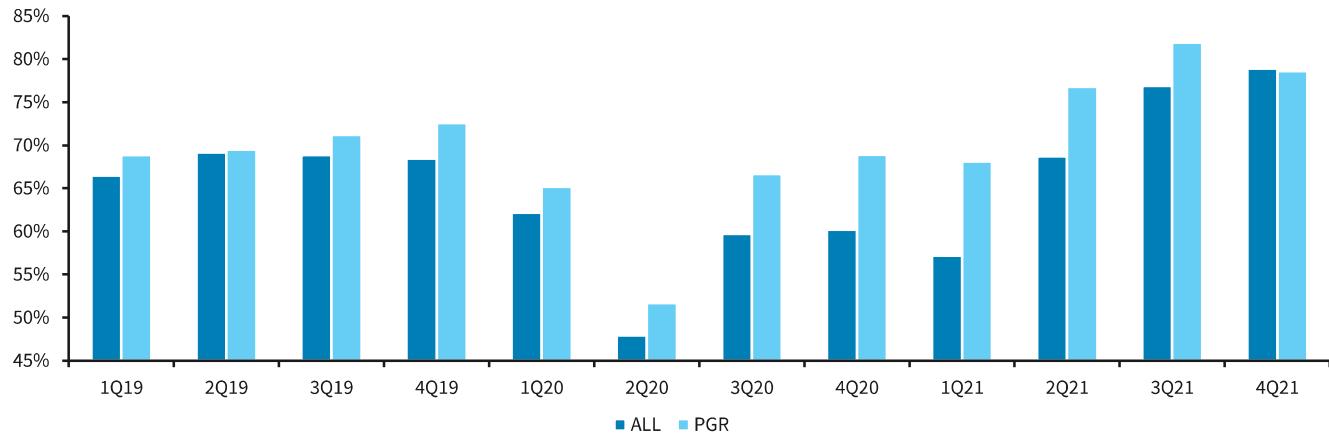


Note: Based on statutory data. Personal Auto only (liability and physical damage).

Source: Barclays Research, Company Data

From a GAAP perspective, the gap between PGR and ALL started to narrow in 2Q21. By 4Q21 ALL no longer outperformed PGR. Keep in mind PGR operates at a lower expense ratio than ALL. Note, we looked at total auto loss ratios, there may be nuances with PYD and cats.

FIGURE 4. GAAP Auto Loss Ratio Comparison: ALL no longer outperforms PGR

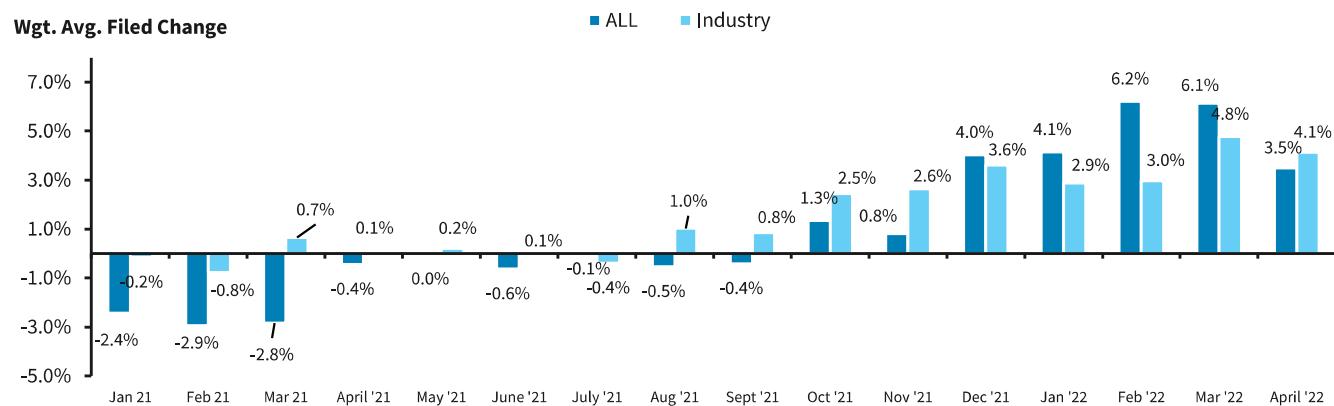


Note: ALL loss ratio based on Property-Liability Auto and PGR based on Personal Lines (Agent and Direct).
Source: Barclays Research, Company Data.

Our Review of Auto Rate Filings: Progress 2021-2022

ALL mentioned it had achieved rate approvals on \$800mn on Allstate brand premiums during 2H21. We have done our own work reviewing auto rate approval filings for ALL (not limited to Allstate brand). Since rate requests are based on future renewal effective dates, we are able to look ahead into the outer months of 2022. Rate approvals for 2022 so far show a weighted average +4.5% approvals on \$5.3bn of subject premiums in 2022, or \$239mn in additional premiums, which in our view does move the needle much. To put that in context, ALL reported ~\$28bn of auto premiums in 2021.

FIGURE 5. ALL received 4.5% weighted average rate approval for 2022 so far



Source: S&P Global Market Intelligence, Barclays Research. Personal auto only.

While we expect rates will take time to get through, ALL was slow to take rate decreases during the pandemic relative to peers, so we would expect less catch up. ALL began taking rate increases during 3Q21 and accelerated those efforts in 4Q21.

4Q21 Highlights

Auto Frequency and Severity up: Within Allstate brand, property damage gross claim frequency spiked y/y to 21.5% in 4Q21 vs. 16.6% in 3Q21. Likewise, property damage gross claim severity climbed y/y to 18.2% in 4Q21 vs. 15.1% in 3Q21.

Auto underlying loss ratio up to 75.5% in 4Q21 vs. 72.9% in 3Q21. We had estimated 74.9% auto underlying loss ratio for 4Q21.

Underwriting details: ALL delivered a 4Q Property-Liability underlying combined ratio of 91.3% (vs. our estimate of 90.4%), a deterioration from 90.4% in 3Q21. ALL's underlying loss ratio of 67% (vs. our estimate of 66.4%) increased relative to 3Q21 of 66.1%. ALL's 4Q underlying expense ratio of 24.3% was steady q/q.

Reserve strengthening: Mostly seen in auto insurance casualty coverages and shared economy business within commercial lines. ALL's reported 104.3% auto combined ratio was impacted by 2.1 pts of adverse non-catastrophe prior year reserve reestimates and an additional 1.6 pts for reserve strengthening for the first three quarters of 2021.

Allstate Brand Auto PIF growth. Allstate Brand Auto PIF growth increased modestly at 0.7% y/y after increasing modestly y/y in 3Q21, decreasing y/y in 2Q21 and roughly flat y/y in 1Q21.

Repurchase Program progress: ALL repurchased ~\$900mn in 4Q (vs. our estimate of \$695mn). ALL expects to complete the \$5bn buyback program by 1Q23, \$3.3bn authorization remains outstanding.

4Q Variance

FIGURE 6. 4Q21 Variance

| Summary (In \$mn, except per share) | Q/Q | | | Y/Y | | Barclays Est. | |
|--|----------|----------|-----------|----------|----------|---------------|---------|
| | 4Q21A | 3Q21 | % Change | 4Q20 | % Change | 4Q21 | % Var. |
| Consolidated revenues | \$13,011 | \$12,480 | 4.3% | \$10,962 | 18.7% | \$11,856 | 9.7% |
| Net Investment Income | \$847 | \$764 | 10.9% | \$660 | 28.3% | \$614 | 37.8% |
| Net income applicable to common | \$790 | 508 | 55.5% | \$2,598 | -69.6% | \$768 | 2.9% |
| Net income applicable to common per dil common share | \$2.73 | \$1.71 | 60.1% | \$8.45 | -67.7% | \$2.64 | 3.5% |
| Adjusted net income | \$796 | 217 | 266.8% | \$1,592 | -50.0% | \$768 | 3.7% |
| Adjusted net income per diluted common share | \$2.75 | \$0.73 | 277.5% | \$5.18 | -46.9% | \$2.64 | 4.2% |
| Book value per common share | \$81.52 | \$84.62 | -3.7% | \$91.50 | -10.9% | \$85.55 | -4.7% |
| Weighted avg common shares - diluted | 289.0 | 297.9 | -3.0% | 307.6 | -6.0% | 290.9 | -0.6% |
| Share repurchases | \$870 | \$1,230 | -29.3% | - | NM | \$695 | 25.3% |
| P-L Combined Ratio | | | | | | | |
| Recorded | 98.9% | 105.3% | (636 bps) | 84.0% | 1492 bps | 95.8% | 314 bps |
| Underlying | 91.3% | 90.4% | 94 bps | 79.1% | 1222 bps | 90.4% | 95 bps |
| P-L insurance premiums earned | \$10,390 | \$10,159 | 2.3% | \$8,884 | 17.0% | \$9,759 | 6.5% |
| Cat losses | \$528 | 1,269 | -58.4% | 424 | 24.5% | 528 | 0.0% |

Source: Barclays Research, Company Reports

FIGURE 7. 4Q21 Variance Con't

| Segment Details (In \$mn, except per share) | Q/Q | | ## | Y/Y | | ## | Barclays Est. | |
|--|--------------|---------------|------------------|-----------------|--------------|-----------------|----------------------|----------------|
| | 4Q21A | 3Q21 | | % Change | ## | 4Q20 | % Change | ## |
| <u>Property-Liability Results</u> | | | | | | | | |
| Premiums written | \$10,301 | \$10,966 | -6.1% | | \$8,592 | 19.9% | \$9,433 | 9.2% |
| Underwriting income | \$113 | (534) | 121.2% | | 1,423 | -92.1% | 414 | -72.7% |
| Recorded Combined Ratio | 98.9% | 105.3% | (636 bps) | | 84.0% | 1492 bps | 95.8% | 314 bps |
| Auto | 104.3% | 102.3% | 200 bps | | 85.5% | 1877 bps | 100.5% | 382 bps |
| Home | 87.1% | 111.0% | (2390 bps) | | 78.5% | 858 bps | 82.7% | 437 bps |
| Underlying Combined Ratio | 91.3% | 90.4% | 94 bps | | 79.1% | 1222 bps | 90.4% | 95 bps |
| Auto | 100.2% | 97.6% | 260 bps | | 84.9% | 1532 bps | 99.3% | 95 bps |
| Home | 69.6% | 71.6% | (200 bps) | | 61.5% | 814 bps | 66.5% | 310 bps |
| <u>Allstate Health and Benefits</u> | | | | | | | | |
| Premiums and contract charges | \$459 | \$460 | -0.2% | | \$262 | 75.2% | \$464 | -1.0% |
| Adjusted Net Income (Loss) | \$48 | \$33 | 45.5% | | \$35 | 37.1% | 37 | 29.2% |
| <u>Allstate Protection Services</u> | | | | | | | | |
| Revenues | \$606 | \$597 | 1.5% | | \$518 | 17.0% | 618 | -2.0% |
| Adjusted Net Income (Loss) | \$29 | \$45 | -35.6% | | \$38 | -23.7% | 52 | -43.8% |

Source: Barclays Research, Company Reports

Model Summary

FIGURE 8. Model Summary
(\$ In Mil, except per share)

| | 2020 | 2021 | 2022E | 2023E |
|--|----------------|----------------|---------------|----------------|
| P&C insurance premiums | \$37,073 | \$42,218 | \$44,149 | \$45,850 |
| A&H premiums and contract charges | \$1,094 | \$1,821 | \$1,896 | \$1,962 |
| Other revenue | \$1,065 | \$2,172 | \$2,298 | \$2,384 |
| Net investment income | \$1,590 | \$3,293 | \$2,782 | \$2,932 |
| Realized capital gains (losses) | 1,087 | 1,084 | - | - |
| Total revenues | 41,909 | 50,588 | 51,125 | 53,129 |
| P&C insurance claims and expenses | 22,001 | 29,318 | 31,988 | 32,670 |
| Shelter in Place payback expense | 948 | 29 | - | - |
| A&H policy benefits | 516 | 1,015 | 1,071 | 1,020 |
| Interest credited to contractholder funds | 33 | 34 | 38 | 39 |
| Operating costs/expenses & amortization of DAC | 10,971 | 13,512 | 14,338 | 14,705 |
| Pension and other post retirement remeasurement (gains) losses | (51) | (644) | - | - |
| Restructuring and related charges | 253 | 170 | - | - |
| Amortization of purchased intangibles | 118 | 376 | 400 | 400 |
| Interest expense | 318 | 330 | 339 | 316 |
| Total costs and expenses | 35,107 | 44,140 | 48,173 | 49,151 |
| Consolidated Adjusted net income | 4,510 | 4,033 | 2,223 | 3,035 |
| Effective tax rate | 20.2% | 20.0% | 21.0% | 21.0% |
| Per share earnings data | | | | |
| Adjusted net income per diluted common share | \$14.29 | \$13.48 | \$8.13 | \$11.96 |
| Share information | | | | |
| Average diluted shares outstanding | 315.5 | 299.2 | 273.4 | 253.8 |

Source: Barclays Research, Company Reports

FIGURE 9. Model Summary Con't

| <i>(\$ In Mil, except per share)</i> | 2020 | 2021 | 2022E | 2023E |
|--|--------------|--------------|--------------|--------------|
| Net premiums written (y/y % growth) | 0.9% | 15.7% | 3.5% | 3.2% |
| Net premiums earned (y/y% change) | 2.8% | 13.9% | 4.6% | 3.9% |
| <u>Underwriting ratios</u> | | | | |
| Claims and claims expense ratio | 60.8% | 71.4% | 75.1% | 74.2% |
| Expense ratio | 26.8% | 24.3% | 24.6% | 23.7% |
| Combined ratio | | | | |
| Underlying loss ratio | 52.7% | 62.4% | 66.5% | 65.6% |
| Pre-tax cat. losses | 2,811 | 3,339 | 3,478 | 3,585 |
| Catastrophe points | 7.9% | 8.3% | 8.3% | 8.3% |
| Pre-tax prior year development | 60 | 300 | 123 | 127 |
| Underlying combined ratio | 79.4% | 86.1% | 91.1% | 89.3% |
| <u>Shareholders' equity and returns</u> | | | | |
| Ending Common Shareholders' equity | 28,247 | 23,209 | 21,822 | 22,100 |
| Fully diluted book value per share | \$90.5 | \$81.6 | \$83.2 | \$89.4 |
| Adjusted net income return on equity | 19.2% | 16.9% | 10.1% | 14.1% |
| <u>Capital deployment</u> | | | | |
| Assumed Repurchase Price Per Share | \$98 | \$124 | \$118 | \$119 |
| # of shares repurchased (in mn) | 17.4 | 26.3 | 22.4 | 15.0 |
| Shares Repurchases | 1,700 | 3,260 | 2,640 | 1,785 |
| Dividends per share | \$2.16 | \$3.24 | \$3.50 | \$3.78 |
| Total \$ Amount of Dividends | \$673 | \$955 | \$943 | \$944 |
| Total capital return | \$2,373 | \$4,215 | \$3,583 | \$2,729 |
| Total capital return, % op. earnings | 53% | 105% | 161% | 90% |
| <u>Investment income</u> | | | | |
| Net investment income | \$2,322 | \$3,293 | \$2,769 | \$2,919 |
| Total Investments | \$94,237 | \$64,082 | \$74,713 | \$87,366 |

Source: Barclays Research, Company Reports

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Allstate Corp. (ALL, 03-Feb-2022, USD 121.67), Equal Weight/Positive, CD/CE/J/K/M/N

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In addition to the stock rating, we provide industry views which rate the outlook for the industry coverage universe as Positive, Neutral or Negative (see definitions below). A rating system using terms such as buy, hold and sell is not the equivalent of our rating system. Investors should carefully read the entire research report including the definitions of all ratings and not infer its contents from ratings alone.

Stock Rating

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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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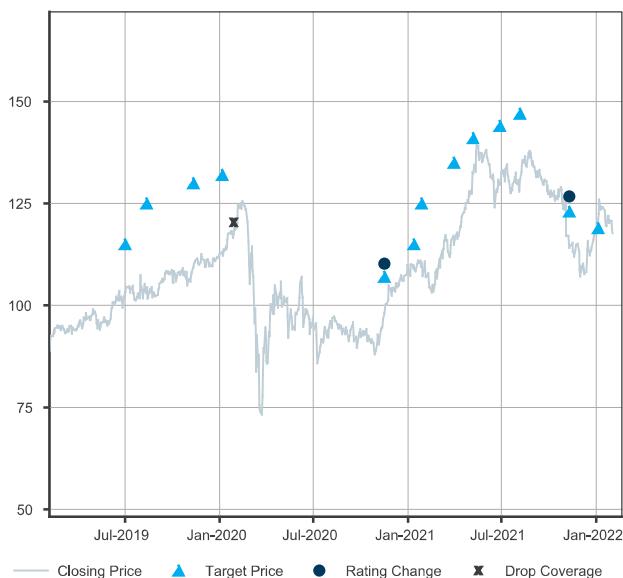
Stock Rating: **EQUAL WEIGHT**

Industry View: **POSITIVE**

USD 121.67 (03-Feb-2022)

Rating and Price Target Chart - USD (as of 03-Feb-2022)

Currency=USD



Source: IDC, Barclays Research

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

| Publication Date | Closing Price* | Rating | Adjusted Price Target |
|------------------|----------------|------------------|-----------------------|
| 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 |
| 12-Aug-2019 | 102.85 | | 125.00 |
| 01-Jul-2019 | 103.15 | | 115.00 |

On 04-Feb-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 110.00.

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 Equal Weight rating and \$119 price target are based on a 50/50 weighted average of ~12x our blended 2022 and 2023 EPS estimates of \$8.13 and \$11.96 and 1.4x our blended YE22 and YE23 book value per share ex AOCI estimates of \$80.3 and \$86.9.

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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