

The Allstate Corporation's Fourth Quarter 2023 Earnings Presentation reveals a robust financial performance, with a net income of \$1.5 billion, driven by improved auto insurance profitability, favorable weather conditions that reduced catastrophe losses, and strong investment income. The company reported total revenues of \$14.8 billion for the quarter, marking an 8.7% increase from the previous year, and property-liability insurance premiums rose by 10.7% to \$12.6 billion. Notably, there was an improvement in underwriting income and a decrease in the combined ratio, indicating enhanced profitability and lower catastrophe losses. Allstate's strategy to improve auto insurance profits includes implementing rate increases, reducing expenses, enforcing stricter underwriting practices, and enhancing claims processes. Significant rate hikes were enacted in 2022 and 2023 to counter rising loss costs, particularly in underperforming states, although these measures led to a decline in policies in force, offset by increased productivity per agent. In homeowners insurance, the company experienced a 13.3% growth in written premiums for the fourth quarter, attributed to higher average premiums and a slight rise in policies in force, despite facing elevated catastrophe losses throughout the year.

Allstate's Transformative Growth initiative aims to establish a low-cost digital insurer, enhancing customer value through redesigned product offerings and improved distribution channels. The company is focused on reducing its cost structure and boosting agent productivity while expanding online sales capabilities. To enhance its independent agent business, Allstate is introducing new standard auto and homeowners insurance products and leveraging technology to improve customer experience and reduce costs through enhanced self-service capabilities integrated with third-party services via the Allstate mobile app. The transformation strategy consists of five phases: conceptual design, enhancement of the existing model, building a new model, scaling the new model, and retiring legacy technology.

Financially, Allstate's expense reduction strategy is integral to its transformative growth, targeting improvements in the claims expense ratio and underwriting expense ratio. The company reported a

reduction in expenses due to higher earned premium growth relative to fixed costs and lower employee-related costs, aiming for approximately six points of improvement from 2018 to 2024. The Protection Services segment has also shown significant revenue growth due to expanded products and international growth, although adjusted net income for this segment was affected by increased state income taxes and deferred tax liabilities. In the Health and Benefits sector, adjusted net income increased, driven by growth in Individual Health, while Group Health results were mixed. Allstate maintains a strong financial condition, with a statutory surplus and holding company assets totaling \$18.0 billion, reflecting a \$1.6 billion increase from the previous quarter, and a solid capital position with cash returned to common shareholders.

The document also includes forward-looking statements that highlight potential risks and uncertainties affecting the company's operations, such as unexpected increases in claims, competition, regulatory changes, and macroeconomic conditions. These statements are made under the safe-harbor provisions of the Private Securities Litigation Reform Act of 1995, indicating that actual results may differ from projections due to various factors.