

DEWEY & LeBOEUF

Dewey & LeBoeuf LLP
1301 Avenue of the Americas
New York, NY 10019-6092

T +1 212 259 7312
F +1 212 632 0111
Andrew.Holland@dl.com

August 9, 2011

VIA FEDERAL EXPRESS

Mr. Tim Vande Hey, CFE
Insurance Financial Examiner – Advanced
Mergers, Acquisitions and Licensing Specialist
Bureau of Financial Analysis and Examinations
State of Wisconsin
Office of the Commissioner of Insurance
125 South Webster Street
Madison, WI 53703

Re: Form A Statement (the "Form A") Regarding the Proposed Acquisition of Esurance Insurance Company and Esurance Insurance Company of New Jersey (the "Domestic Insurers") by The Allstate Corporation ("Allcorp") and Allstate Insurance Holdings, LLC (together, the "Applicants")

Dear Mr. Vande Hey:

On behalf of the Applicants, we acknowledge receipt of your letter dated July 15, 2011 regarding the captioned Form A. The Applicants have provided information in response to your letter and have authorized our firm to respond on their behalf. For your convenience, each item from your letter is set forth below in bold typeface followed by the Applicants' response. Terms not defined herein have the meanings set forth in the Form A.

1. Please describe the process, timeframe, and deliberations by Allstate's management and its boards of directors concerning the current plan to acquire the Esurance Wisconsin Insurers.

Over the last four years, Allstate has refocused its efforts around the consumer, recognizing that as customers' needs change, so too must the company's approach to serving them. Allstate recently adopted a customer segmentation strategy to better serve existing customers and meet the needs of a new generation of customers. Accordingly,

Dewey & LeBoeuf LLP is a New York limited liability partnership.

NEW YORK | LONDON | WASHINGTON, DC | ABU DHABI | ALBANY | ALMATY | BEIJING | BOSTON | BRUSSELS
CHICAGO | DOHA | DUBAI | FRANKFURT | HONG KONG | HOUSTON | JOHANNESBURG (PTY) LTD. | LOS ANGELES
MADRID | MILAN | MOSCOW | PARIS | RIYADH AFFILIATED OFFICE | ROME | SAN FRANCISCO | SILICON VALLEY | WARSAW

Mr. Tim Vande Hey, CFE
State of Wisconsin
Office of the Commissioner of Insurance
August 9, 2011
Page 2

Allstate is focusing on individual preferences to deliver tailored value propositions for distinct consumer segments.

Allstate is already a leader in serving customers who want a local personal touch and a high-quality branded experience through its exclusive agents. Through its Encompass brand, which is sold through independent agents, Allstate also reaches customers who want a local personal touch, but value brand choice. However, Allstate had been looking for a way to improve its ability to reach the customer segment that is self-directed, whether they prefer a branded product or brand choice. Allstate management considered both organic and acquisition strategies but believed that an acquisition could accelerate Allstate's access to these consumer segments. The proposed acquisition of Esurance and Answer Financial meets this goal. Esurance will expand Allstate's ability to serve self-directed customers who prefer a branded product, while Answer Financial will strengthen Allstate's offering to individuals who want to be offered a choice between insurance carriers and are brand-neutral.

Allstate initially approached White Mountains, parent company to Esurance and Answer Financial, in September 2010. Following initial discussions, Allstate engaged in due diligence and negotiation of the terms of the proposed transaction, culminating in signing a definitive agreement in May of this year. Allstate's Board of Directors agreed with management's belief that an acquisition could better advance its consumer focused strategy.

Following the acquisition of Esurance and Answer Financial, Allstate will be the only company that serves all consumer segments based on their preference for advice and choice. Allstate expects to work closely with Esurance and Answer Financial management to unlock synergies and improve operational effectiveness.

2. Please provide copies of any fairness opinions with respect to the acquisition (Goldman, Sachs & Company).

Attached hereto as Exhibit 1 is a copy of the fairness opinion provided to Allcorp by Goldman Sachs & Co.

3. Does Allstate expect the Esurance Wisconsin Insurers to expand or contract their current territory of operations?

While the Applicants anticipate that the Domestic Insurers will ultimately seek to expand their current territory of operations following the Proposed Transaction, the Applicants have not at this time developed any such plans or proposals.

4. Are there any types of insurance programs and services Allstate expects the Esurance Wisconsin Insurers to seek to expand, reduce, or terminate, following the proposed acquisition?

While the Applicants anticipate that the Domestic Insurers will ultimately seek to expand their insurance program and service offerings following the Proposed Transaction, the Applicants have not at this time developed any such plans or proposals. The Applicants do not presently anticipate that the Domestic Insurers will reduce or terminate their insurance program and service offerings.

5. Does Allstate have any plans for the Esurance Wisconsin Insurers to purchase or sell any books of business over the twelve months following the proposed acquisition?

The Applicants have no present plans or proposals for the Domestic Insurers to purchase or sell any books of business.

6. Please provide a copy of the most recent holding company registration statement filed with the Illinois Department of Insurance related to Allstate.

Attached hereto as Exhibit 2 is a copy of Allstate Insurance Company's most recent holding company registration statement as filed with the Illinois Department of Insurance (the "Illinois Department").

7. Has Allstate considered any future redomestications of any of the insurers involved in the acquisition? If so, what is the anticipated timeframe for these anticipated redomestications?

The Applicants have no current plans or proposals to redomesticate the Domestic Insurers, nor is the issue currently being considered. The Applicants may consider this issue at some point in the future given the potential for greater efficiencies.

8. Will the existing employees that provide services to the Esurance Wisconsin Insurers be transferred from their present employer to become employees of a different entity within the Allstate holding company system? If so, which one(s)?

The Applicants have no current plans or proposals to transfer the employees that provide services to the Domestic Insurers to a different entity within the Allstate holding company system.

9. Have any side agreements, written plans, or assurances been made concerning staff retention, salaries and benefits, or severance packages for the officers and employees who now provide services to the Esurance Wisconsin Insurers?

In connection with the Proposed Transaction, the executive officers and employees of Esurance Holdings, Inc. ("EHI") and its subsidiaries listed on Exhibit 3 hereto (substantially all of whom are officers and/or directors of the Domestic Insurers) have entered into three year employment agreements to ensure a continuity of management. Such agreements are summarized on Exhibit 3.

There are no additional agreements, written plans, or assurances concerning staff retention, salaries and benefits, or severance packages for the officers and employees who now provide services to the Domestic Insurers, other than certain provisions in the Stock Purchase Agreement relating to generally providing employee compensation and benefits substantially comparable in the aggregate to the compensation and benefits currently provided to employees of the Domestic Insurers, and honoring the Domestic Insurers' obligations under current benefit plans and arrangements.

10. Will the Esurance Wisconsin Insurers be a distinct strategic business unit of the Allstate organization or will these companies be integrated into an existing strategic business unit now in place?

Allstate's personal lines businesses, which currently include the Allstate and Encompass operations, and will include the Esurance operations following the Closing, comprise the Allstate Protection segment. Each of these personal lines businesses has its own dedicated management team, adheres to distinct consumer, product and distribution strategies, and maintains, among other things, separate pricing and marketing operations. The personal lines businesses report to the Allstate Protection leader, currently Tom Wilson, Chairman of the Board, President and Chief Executive Officer of Allcorp. The Allstate Protection leader is responsible for reviewing the financial performance of, and determining resource allocation for, the Allstate Protection personal lines businesses.

11. Will the Esurance Wisconsin Insurers' distribution network be cross-licensed for agency on behalf of any present Allstate insurers? Will the Allstate distribution network be cross-licensed for agency on behalf of the Esurance Wisconsin Insurers?

The Applicants have no present plans or proposals for either the Domestic Insurers or the present Allstate insurers to distribute products through the others' distribution networks.

12. As you are aware, states of domicile conduct routine financial and market regulation examinations of domestic insurers. Please indicate the anticipated locations of the books and records that are necessary for these periodic examinations. When are the next financial examinations of the Allstate insurers anticipated to occur?

The Applicants currently anticipate that the books and records of the Domestic Insurers will remain in California following the closing of the Proposed Transaction. The next financial examinations for the Allstate insurers will commence in 2012.

13. Please discuss the integration/consolidation expectations of significant information technology platforms currently in place at Allstate and the Esurance Wisconsin Insurers and whether they are considered operationally compatible. Please include discussion related to the physical location of the significant information systems, any planned consolidations after the acquisition or currently in process with regards the insurers subject to the proposed acquisition and the length of time anticipated to integrate the platforms.

The Applicants currently anticipate consolidating the Domestic Insurers' physical data center operations into those of the Allstate group. The Domestic Insurers currently outsource their data center operations to a third party located in San Francisco, California, and also maintain some equipment in their Sioux Falls, South Dakota office. Allstate operates data centers in Rochelle, Illinois and Hudson, Ohio. The transition is expected to occur approximately 12 months after the Closing.

The Applicants are also exploring the possibility of the Domestic Insurers utilizing the Allstate claim processing system following the Closing. If undertaken, such transition would take a number of months to complete.

The Applicants are not currently considering any other significant system integrations or consolidations; however, the Applicants continue to explore other possible synergies.

14. Please provide 3 year pro-forma balance sheets and income statements of the Esurance Wisconsin Insurers after the proposed acquisition.

Mr. Tim Vande Hey, CFE
State of Wisconsin
Office of the Commissioner of Insurance
August 9, 2011
Page 6

Attached hereto as Exhibit 4 are 3 year pro-forma balance sheets and income statements for each of the Domestic Insurers.

15. In view of the plans to commute all the Esurance Wisconsin Insurers' existing reinsurance agreements and replace them with 100% quota share reinsurance agreements with Allstate affiliates, please describe Allstate's views of adequate capitalization and target gross/direct leverage ratios for subsidiary insurers that cede on a 100% quota share basis. Please compare the anticipated capitalization and leverage ratios for the Esurance Wisconsin Insurers to current Allstate insurers with similar 100% quota share relationships.

The Applicants' approach to capitalizing subsidiary insurers that have 100% quota share reinsurance arrangements with Allstate Insurance Company or Allstate Insurance Company of New Jersey is to hold capital in those affiliates that supports maintaining an A+ rating from A.M. Best, generally equating to a Best Capital Adequacy Ratio (BCAR) of at least 140 (or other regulatory minimum if higher). The target 8 to 1 direct written premium to surplus ratio proposed for the Domestic Insurers would result in capital levels for those companies that exceed (on a relative basis) other 100% reinsured affiliates of Allstate Insurance Company or Allstate Insurance Company of New Jersey.

16. Please identify to the extent possible how any Wisconsin-specific tax revenues might be impacted as a result of the proposed change of control and Allstate's future plans for the Esurance Wisconsin Insurers. This response should include discussion of the Annual Examination Assessment that Wisconsin domestic insurers are charged for the regulatory oversight conducted by this Office, which is based on the annual net premium earned of the domestic insurer. Please propose potential remedies that Allstate considers appropriate for the very substantial reduction in the Annual Examination Assessments from the Esurance Wisconsin Insurers that would occur under the proposed 100% quota share arrangements.

Allstate anticipates that the proposed change of control will result in faster growth in customers and direct written premiums than is otherwise forecast under the Domestic Insurers' current business plan, resulting in increased Wisconsin premium taxes. Also, as discussed in item 17, Allstate anticipates that the Domestic Insurers' Madison claims office could increase headcount to a greater extent than is presently forecast by the Domestic Insurers depending on business growth. Such increased headcount would lead to increased payroll taxes and increased employee tax withholding.

17. Please discuss the short-term and long-term physical presence that Allstate anticipates having in the State of Wisconsin as a result of the proposed

Mr. Tim Vande Hey, CFE
State of Wisconsin
Office of the Commissioner of Insurance
August 9, 2011
Page 7

acquisition of the Esurance Wisconsin Insurers. This response should include current regional and/or service centers located in the State of Wisconsin, the employee count of these locations and anticipated changes to these locations or staffing levels.

The Domestic Insurers currently employ approximately 20 people in their Madison claims office and have forecasted an increase in headcount to support an anticipated increase in business. As a result of the proposed acquisition, Allstate anticipates that headcount could incrementally increase depending on business growth.

18. Please describe material pending litigation in which the parties to the proposed acquisition are involved. Has Allstate retained independent counsel that is actively representing them concerning these matters? We are not requesting release of attorney-client privileged information or communications, if any, only a description of pending litigation and whether there is active representation by independent counsel on these matters.

Attached hereto as Exhibit 5 is the "Legal Proceedings" section from Allcorp's 2010 10-K filing and March 31 and June 30, 2011 10-Q filings. Outside legal counsel has been retained by Allcorp or its affiliates for all matters described therein.

19. Please provide correspondence, if any, with the Illinois Insurance Department regarding the proposed acquisition.

By letter dated June 21, 2011, a Form D filing was submitted to the Illinois Department seeking non-disapproval for the Esurance Insurers to enter into 100% quota share reinsurance agreements with Allstate Insurance Company and Allstate Insurance Company of New Jersey upon the closing of the Proposed Transaction. By letters dated July 11, 2011, which are attached hereto as Exhibit 6, the Illinois Department accepted and placed the Form D filings on file.

A second Form D will be submitted shortly to the Illinois Department seeking approval for Allcorp and Allstate Insurance Company ("AIC") to enter into a supplement to the existing Amended and Restated Service and Expense Agreement among AIC, Allcorp, and certain of their affiliates, effective as of January 1, 2004, as amended, with Esurance Property and Casualty Insurance Company, a California domestic insurance company and an affiliate of the Domestic Insurers ("ESPC"). The purpose of the supplement is to confirm for the California Insurance Department that, following the Proposed Transaction, ESPC will operate in a manner consistent with the "super group"

Mr. Tim Vande Hey, CFE
State of Wisconsin
Office of the Commissioner of Insurance
August 9, 2011
Page 8

exemption provisions of Section 1861.16(c) of the California Insurance Code. The Domestic Insurers will not be party to this agreement.

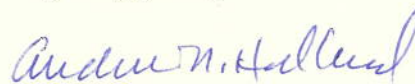
* * *

The various documents attached hereto that have been labeled "Confidential" (the "Confidential Information") contain certain proprietary trade secrets with respect to the business of the Applicants, the Domestic Insurers and certain third parties. We hereby request that the Confidential Information be afforded confidential treatment and excepted from disclosure pursuant Sections 601.465 of the Wisconsin Statutes. The Commissioner is granted broad discretion to keep information provided confidential under Wisc. Stat. § 601.465 and Wisconsin Insurance Department Regulation 40.05. Specifically, the Commissioner "may refuse to disclose and may prevent any other person from disclosing . . . (1) Testimony, reports, records and information that are obtained, produced or created in the course of an inquiry under s. 601.42." See Wisc. Stat. § 601.465.

In the event that the Department receives a request for or a subpoena requiring production of the enclosed Confidential Information, we respectfully request that the Department immediately advise us of such request or subpoena in order that we may take the appropriate action to protect such documents.

If you require any additional information, please do not hesitate to contact me.

Very truly yours,



Andrew R. Holland

Enclosures

cc: Mary J. McGinn, Esq., The Allstate Corporation