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October 19, 2010

Ms. Elizabeth M. Murphy
Secretary
Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549-1090

Re: **File No. 4-607: Notice of Solicitation of Public Comment on Consideration of Incorporating IFRS into the Financial Reporting System for U.S. Issuers**

Dear Ms. Murphy,

The Allstate Corporation ("Allstate") is pleased to provide comments on the Securities and Exchange Commission's ("SEC's") Notice of Solicitation of Public Comment on Consideration of Incorporating IFRS into the Financial Reporting System for U.S. Issuers ("Solicitation for Comment") as related to investor's knowledge and preparedness for incorporating IFRS into U.S. financial reporting and how investors educate themselves on changes in accounting standards and the timeliness of such education.

Allstate is a public insurance company listed on both the New York Stock Exchange and the Chicago Stock Exchange as well as a large investor in both the U.S. and foreign debt and equity markets. Our approximate $100 billion investment portfolio contains investments issued by both public and private borrowers. Decisions to invest in certain privates, in the form of debt and equity, and commercial mortgage loans, although not negotiated in the public market, rely on financial information that many times is based on U.S. GAAP measures with adjustments. Because our existing investment portfolio contains instruments issued by both U.S. companies and non-U.S. companies we have some experience using both U.S. GAAP and IFRS based information when making investing decisions.

Allstate supports the FASB and IASB efforts to develop a single set of high quality global accounting standards. As a global investor, we believe a single set of high quality global accounting standards should provide greater ease in making investing decisions. At the same time, we urge the Boards and the SEC to continue to evaluate the costs associated with the adoption of IFRS, including the costs associated with pervasive education requirements for financial statement users and issuers and the investment in technology that will be required to adopt IFRS, and the impacts it could have on global capital markets. We believe an important step of the SEC IFRS Workplan is to evaluate investor's understanding and education regarding IFRS

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before deciding whether IFRS should be incorporated into U.S financial reporting. While there is a natural focus on the readiness of institutional and other sophisticated investors to receive financial information prepared using IFRS we believe there must be a similar focus on the ability of individual investors to understand financial statements prepared using IFRS. Individual investors would be exposed to the impacts of incorporating IFRS into U.S. financial reporting through their investments in individual stocks, mutual funds, profit sharing plans and pension plans. The number of individual investors making investment decisions is very significant and their ability to continue to make informed decisions is critical to maintaining the efficiency of capital markets. We urge the SEC to evaluate whether the proper level of education can be provided to investors, including individual investors, as well as other significant implications of adopting IFRS to ensure a thorough cost/benefit analysis is completed.

As noted in our responses to the Solicitation for Comment in the attached Appendix, a significant component of investment decisions is credit evaluations that involve the use of financial information. In most instances, financial information is obtained from financial statements and adjusted to provide for analysis of various financial measures, including financial ratios, and related trends. As an investor in both U.S. and foreign issuers, we use financial information on both bases of accounting and adjust them to provide for these analyses. As a result, we have some familiarity with differences between IFRS and U.S. GAAP. If the U.S. were to adopt IFRS, supplemental education would be required for certain members of our investment and management team, however, we believe our existing educational practices could be leveraged.

As an investor in global capital markets, we recommend the SEC's timeline for conversion consider the need for both investors and rating agencies to update their quantitative models for IFRS. Historical information, to the extent used in the models, and standard adjustments made to financial statement information, will require modification. This will likely be a significant undertaking. In addition, rating agencies may need to revise their capital adequacy formulas and company management will need to understand these revisions for capital management purposes.

As an investor in securities issued by entities who prepare financial statements in accordance with IFRS we are concerned about the application of principles based guidance in IFRS and the impact on comparability of financial information prepared using IFRS. More specifically, the extent of judgments for two different IFRS preparers may not be clear, thus impacting the ability to compare financial statements of two issuers. If IFRS were adopted in the U.S., we believe disclosures would need to be significantly expanded and standardized to provide useful information surrounding the judgments and decisions of management.

Similar to other financial statement issuers, we are actively involved in monitoring standard-setting activities of both the FASB and IASB and provide comments as necessary. We believe the number of critical FASB and IASB projects currently in process raise concerns about whether it is possible for financial statement preparers and users to provide an appropriate level of attention and due diligence when evaluating the proposals. As a result, we are concerned that the first milestone in the SEC IFRS Workplan (i.e., development and application of IFRS sufficient to support preparation of financial statements that are comprehensive, comparable and auditable) may be jeopardized. Accordingly, we recommend the number of exposure drafts and the timing of their issuance be modified to allow constituents more time to review, evaluate and comment on the proposals.

Two critical joint projects anticipated to be completed in 2011 are Financial Instruments and Insurance Contracts. We remain concerned that divergence in proposed guidance between the two Boards could undermine the usefulness of the standards.

Allstate remains supportive of a financial instrument classification and measurement model that is a mixed-attribute model utilizing three measurements and classifications (i.e., amortized cost, fair value through other comprehensive income, and fair value through net income). A measurement and classification model that is based on both the business strategy and business model would best convey the economics of the insurance business. Although Financial Instruments is a joint project for the Boards, current IFRS 9 and the recently released exposure draft from the FASB are very divergent. Convergence on this issue for financial services companies is critical.

With regard to Insurance Contracts, we are concerned about many aspects of both the IASB Exposure Draft and the FASB Discussion Paper. We believe the unique attributes of life and non-life insurance contracts (e.g., life insurance contracts are typically long-duration whereas non-life are typically short-duration) require separate measurement, presentation and disclosure models. Moreover, the introduction of a current value-based model calibrated to the maximum amount an insurer would rationally pay to be relieved of its obligation under the insurance contract would not be an improvement to current accounting as it is not reflective of what the insurance company is expected to pay to fulfill its obligations under the contract.

Should final accounting guidance issued by the Boards result in financial statements that do not accurately depict the economics of a company's business strategy and business model, we believe the standard setters and regulators, including the SEC, may need to allow the use of certain non-GAAP measures that provide financial statement users better information to evaluate the results of a business. In addition, should final accounting guidance impact the calculation of financial measures that have a direct link to investor's buy/sell/hold decisions, an expanded use of non-GAAP measurements may need to be allowed in order to facilitate the transition to newly defined measures based on IFRS standards.

Reponses to specific questions set forth in the Solicitation for Comment are provided in the attached Appendix. If the Board desires a further discussion of our views or would like to discuss other implications from the convergence efforts, please contact me at (847) 402-2213.

Sincerely,

Sam Pilch
Controller & Group Vice President
The Allstate Corporation

Appendix

Investors' Current Knowledge of IFRS and Preparedness for Incorporation of IFRS-

Request for Comment:

To what extent and in what ways is the set of accounting standards (such as U.S. GAAP or IFRS) used by a company in its financial reporting significant to an investor's decision to invest in that company?

Response: The set of accounting standards (whether IFRS or U.S. GAAP) is only relevant to the credit evaluation process performed when making a decision to invest in a company. We typically would not make a decision to buy, sell or hold an investment solely based on the accounting standard used in financial reporting from the borrower. Credit evaluations performed on issuers utilize various financial metrics such as financial ratios related to revenue, amount of debt, liquidity and net worth. Many times, the financial data is sourced from financial statements (whether IFRS or U.S. GAAP based) and is adjusted to obtain the information necessary for the credit evaluation to be completed.

In public markets, investment decisions occur at a very rapid pace and, as a result, only those adjustments that have significant impacts on the credit evaluation are generally made. Those adjustments may include adjustment for off-balance sheet obligations, contingencies, leases, pensions, valuation and revenue recognition policies. In the private markets, more time is allotted to negotiating the lending agreements and, as a result, necessary adjustments can be obtained through other means, such as conversations with management and obtaining various analyses and reports directly from management.

If IFRS is adopted in the U.S. for U.S. issuers, we suggest the disclosures be revisited to improve the investment decision making processes. Given the principles based nature of IFRS, it is sometimes difficult for investors to identify the appropriate adjustments that are necessary for IFRS measurements and disclosures to perform the necessary credit evaluations. Although the most significant adjustments are typically readily apparent, certain differences may not be as obvious and as a result we believe more disclosure transparency is needed.

To what extent are investors aware of the potential impact of incorporation of IFRS into the financial reporting system for U.S. issuers that they invest in or follow, compared with current U.S. GAAP? How significant of a change would the use of IFRS as compared to current U.S. GAAP be for investors?

Response: As is mentioned in our introductory comments, Allstate, is a large investor in the global capital markets and is well aware of the work being done by the Boards and the SEC to potentially incorporate IFRS into U.S. financial reporting. In addition, we have already undergone a certain amount of IFRS education to facilitate our global investing. While that is the case, we continue to have concerns related to comparability of financial statements prepared under current IFRS. We believe the markets for privately placed securities allow more time for investment decisions, and more credit discussions occur with the management of private companies to better understand the information provided for credit evaluations. However, when public market investment decisions are made, the rapid pace of decisions does not allow for significant incremental analysis. To help facilitate this decision making process, we urge the Boards to evaluate this aspect of IFRS reporting and supplement it with additional standard disclosures related to management's judgments to increase transparency.

To what extent and in what ways would any of the current differences between U.S. GAAP and IFRS affect an investor's use of information reported in the financial statements? How would completion of the convergence projects being jointly undertaken by the FASB and the IASB affect an investor's use of those financial statements?

Response: Current U.S. investors are very familiar with U.S. GAAP. The rules based guidance in U.S. GAAP provides a high degree of consistency and comparability between preparers.

As the FASB and IASB jointly work on convergence projects, many of them being substantial to financial reporting in the U.S., we believe this work will have a positive impact on IFRS readiness in the U.S. and a positive impact on the usefulness of IFRS financial statements to U.S. investors inasmuch as the discussions will increase awareness of how accounting guidance is being developed and will help U.S. investors better understand the information provided in IFRS reports.

How much time do investors currently devote to understanding or maintaining an understanding of accounting standards? To what extent would the time increase or decrease if IFRS were incorporated into the financial reporting system for US. Issuers?

Response: As an insurance company, Allstate has many activities designed to keep abreast of accounting standard developments. These include internal communications and education from our accounting technical areas, participation in various trade associations that discuss impacts to financial statements as a result of accounting changes, being members of a public company that prepares audited financial statements, as well as direct discussions with issuers who we are considering investing in and discussions with analysts and the investment banking community. The education process is on-going and we cannot measure the current time commitment. However, it is expected that, should the U.S. incorporate IFRS into financial reporting, the educational process would be streamlined in that the need to be educated on both IFRS and GAAP would no longer be necessary. That said, if IFRS were adopted in the U.S., given the number of issuers impacted, more education will be required for investment professionals, and rating agencies. This must be considered in the SEC timeline.

Should the U.S. decide to incorporate IFRS into U.S. financial reporting, Allstate is supportive of concurrent adoption for all issuers of financial statements. We believe it would further complicate credit evaluations and buy/sell/hold decisions for some issuer financial statements to be IFRS based and some to be U.S. GAAP based. In addition, we believe the education process could be streamlined if all issuers were on the same basis. Finally, with regard to staggering the adoption of certain accounting provisions upon IFRS adoption, we are supportive of concurrent full adoption provided IFRS accounting provisions are "frozen" (i.e., will not change) once the announcement is made and companies have 2-3 years to implement IFRS. We believe the 2-3 year period would allow companies to modify processes and allow investors time to be more educated on IFRS accounting and reporting. Notwithstanding the preceding, the primary issue with IFRS is not the implementation period but rather the quality of the standards compared to existing U.S. GAAP. Accordingly, it is critical that the previously mentioned Insurance Contracts and Financial Instruments proposals are "fixed" prior to their issuance inasmuch as they would not represent an improvement to current U.S. GAAP in their current form; and could be very damaging to the U.S. property-casualty insurance industry.

If IFRS were to be incorporated into the financial reporting system for U.S. issuers, to what extent would an investor (or an investor's organization) have adequate resources to develop an understanding of IFRS, such as knowledgeable professionals, training, materials, and access to standards?

Response: See responses for prior questions.

To what extent and in what ways do investors think incorporation of IFRS would affect comparability among different issuers' financial statements? Which standards or treatments in IFRS that are elective are most important? To what extent do reporting format and disclosures affect any lack of comparability?

Response: We are concerned about the comparability of financial statements prepared under IFRS as the principles-based nature of IFRS allows a higher degree (compared to U.S. GAAP) of management judgment that naturally results in a lower degree of consistency among IFRS reporters. Additionally, we do not consider existing IFRS disclosures to be sufficiently robust to supplement the information provided in the basic financial statements. We urge the Boards to address the disclosure requirements to provide robust and standardized disclosures to accompany IFRS financial statements.

To what extent and in what ways would an investor's investment decision-making processes change if a U.S. issuer's financial statements were prepared using IFRS? Would investors need additional or different information to perform their analysis and, if so, what?

Response: See previous responses.

To what extent and in what ways would an investor's investment decision-making processes change if U.S. issuers were given a choice to elect to prepare their financial statements using either U.S. GAAP or IFRS? Would an investor have greater or lesser confidence in a company's financial reporting if a U.S. issuer were to elect to prepare its financial statements in accordance with IFRS rather than U.S. GAAP?

Response: We would not have greater or lesser confidence if a U.S. issuer were to elect to prepare financial statements in accordance with IFRS rather than U.S. GAAP. Also refer to previous comments about the challenges of two sets of accounting standards and comments surrounding the lack of comparability of IFRS financial statements.

To what extent would use of IFRS by a U. S. issuer influence an investor to invest in that issuer? Not to invest? To hold? To sell?

Response: It would not have an impact on investment decisions.

Do the answers to the questions above change depending on the nature of the investor (for example, if the investor is a retail investor, mutual-fund investor, institutional investor, or asset or portfolio manager) or the class of investments (debt, equity or convertible securities)?

Response: No.

<u>Investor's Education Processes on Changes in Accounting Standards and Timeliness of Such Education-Request for Comment</u>

In what ways do investors educate themselves about accounting standards and changes to accounting standards? For example, do investors review accounting standard setters' project activities and related board materials? Observe meetings? Review meeting summaries? Review other observers' commentaries?

Response: See prior responses.

At what point do investors educate themselves about standard-setting activities? Is it during the standard-setting process? Is it after completion of the standard-setting process? Would the timing of investors' education processes change if accounting standards for U.S. issuers were primarily developed by an organization other than the FASB?

Response: See previous responses; our investment managers are educated about accounting standards during the standard development phase. They also participate in the comment letter process, through our technical accounting area as well as through trade associations. This affords them the opportunity to consider possible future accounting changes in their investment management decisions. We do not believe the education process will change if standards were developed by an organization other than the FASB, as long as the due process of soliciting comments from constituents continues.

To what extent and in what ways do investors participate in the standard-setting process when the FASB and IASB set standards? Do they monitor standard-setting deliberations? Do they prepare response letters to requests for comment? Do they participate in the standard setters' working groups and roundtables?

Response: See previous responses. Investment professionals at Allstate rely to a great extent on the company's technical accounting professionals to keep them abreast of upcoming changes in standards. At the same time, other avenues previously mentioned (e.g., trade associations) are also a source of information of potential future changes. The investment professionals also rely on the company's technical accounting professionals to respond through comments letters and roundtables wherein the perspectives of both issuers and investors is provided.

To what extent does the timing of an investor's education about a possible outcome of the accounting standard-setting process affect investment decisions? Do investors consider possible changes in accounting standards when analyzing an issuer's reported financial information, even before any such change in accounting is required to be adopted?

Response: Yes, upcoming changes in accounting standards are a consideration. In certain circumstances, for example when applying equity method of accounting, the accounting principles used at the investee will have a direct impact on amounts recorded in Allstate's financial results. As a result, this is a consideration when making investment decisions.

In addition, should an expected accounting change have an adverse impact on Allstate's financial statements, given the types of instruments we invest in, we will consider this as we decide whether or not to purchase additional holdings of a similar nature. Because we educate our investment department well enough in advance about potential changes in accounting standards, we believe this process is effective as currently designed in our company.

Are there ways to improve the representation and communication of investors' perspectives in connection with accounting standard setting?

Response: We believe the avenues currently available are adequate. Investors, similar to issuers, have the opportunity to provide feedback through comment letters, outreach from the Boards and Roundtables.

To what extent do investors believe more education or communication about accounting standards or accounting standard-setting is needed? If more education or communication is needed, how should the education or communication be delivered? By whom?

Response: We are comfortable that our current education process will adequately prepare our remaining investment professionals for IFRS conversion. We believe this process should continue to be company driven.

Extent of, Logistics for, and Estimated Time Necessary to Undertake any Necessary Changes-Request for Comment

How much time, if any, do investors need to improve their understanding of IFRS and related education processes so they have a sufficient understanding of IFRS prior to any incorporation?

Response: We believe if the SEC decides and communicates their IFRS adoption decision in 2011 and all major convergence projects are completed in 2011, investors will have adequate time to educate themselves on IFRS by the adoption date, assuming it would not be earlier than January 1, 2015.

What mechanisms would aid investors in improving their understanding of IFRS? Who should provide those mechanisms?

Response: Allstate would take the necessary measures to educate our investment group and also help educate and prepare those analysts (and rating agencies) that monitor and follow Allstate. We do not believe other parties need to be involved in the education process.