

Allstate Sustainability Report 2019

Public Policy Participation

March 2020



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You're in good hands.



OVERVIEW

Allstate is actively involved in the democratic process at the state and federal levels. By participating in the development of good public policy and offering ideas and resources in this arena, we work to improve the insurance marketplace for our customers, company, consumers, and the communities we serve.

We are proud of our history as an engaged participant in major public policy matters that benefit millions of Americans. To that end, we strive for open and transparent disclosure of our political involvement. This report explains the nature and depth of our participation in these efforts, and outlines the rationale and governance associated with our political activity.

Allstate is committed to participation in the political process in a thoughtful and responsible manner, consistent with Allstate's Global Code of Business Conduct and in compliance with all legal requirements. Outlined here is an overview of our public policy priorities, our governance and Board oversight, a description of the different types of organizations that advance those priorities, and a review of the amount we spend. **Our financial disclosure includes a breakdown of:**



The portion of those expenditures used to **influence legislation or regulatory outcomes**



Those expenditures used to **participate in a political campaign** on behalf of (or in opposition to) a candidate



Those used to **influence the outcome** of an election, legislative matter, or referendum
(non-deductible lobbying & political expenses)

PUBLIC POLICY PRIORITIES & STRATEGY

Public policy issues in Washington, DC, and across each state present a broad range of topics with meaningful importance to Allstate. The company must be well-positioned to have an active voice in the political process.

In 2019, for example, the insurance industry worked to influence thousands of legislative proposals on many different topics. Since 2016, thousands of laws or regulations affecting the company have been enacted across the country. The scope of issues important to Allstate will only expand as we introduce more innovative products and services beyond traditional insurance offerings.

Our public policy strategy focuses on six key areas: fostering market innovation, fighting for consumers, promoting safety and security, ensuring a healthy regulatory system, promoting fiscal responsibility, and advocating for small businesses.

In 2019, Allstate’s top public policy priorities at the state and federal level included the following:

ISSUE	FEDERAL/ STATE	KEY INITIATIVES & FACTORS
No-Fault Auto Insurance Reform	State	Reforming Michigan’s no-fault auto insurance system.
Auto Insurance Rating Factors	Both	Exploring opportunities to leverage innovation and telematics as reliable rating factors.
Driving Safety	Both	SAFE TO DRIVE Act – distracted driving state incentive grant program.
Car Sharing	State	Ensuring favorable peer-to-peer car sharing state legislative and regulatory environments to promote innovation and consumer protection.
Civil Justice Reform	State	Civil justice reform legislation in various states.
Claim Severity & Total Loss	Both	International tariffs forcing increases in auto part costs; original equipment manufacturers’ holds on patents force increased repair costs; enhanced technology continues to drive increased cost in auto repairs.

Allstate participates in the public policy process through contributions to candidates at the state and federal levels, its political action committee, engagement of professionals who advance our interests, and memberships in trade associations, political associations, and various organizations that share information and provide advocacy support. There is no one solution or activity that ensures the success of our corporate strategy.

Our political contributions strategy is guided by the following:



We support candidates for office who believe in a **competitive marketplace** and understand and bring attention to the issues of importance to the insurance industry, Allstate, our customers, and the communities we serve.



We support candidates for office who hold **relevant leadership positions** in Washington, DC, and in key states important to Allstate's business objectives.



We leverage **corporate political contributions** where we are allowed to do so by state law, and leverage contributions through the Allstate Insurance Company Political Action Committee (ALLPAC) for federal candidates and state candidates where corporate contributions are not allowed. ALLPAC is funded exclusively through voluntary personal contributions of eligible employees.

GOVERNANCE & BOARD OVERSIGHT

Allstate maintains a rigorous oversight process for its advocacy efforts. Subject matter experts and government relations professionals in the company are responsible for working with organizations and associations that the company supports.

Proposals related to the company's financial involvement in public policy matters and individual candidate contributions are developed by our government relations staff and approved by senior leaders. All corporate political contributions and expenditures are reviewed for compliance with applicable law and approved by the senior vice president for Government and Industry Relations as well as the General Counsel and Chief Legal Officer of the corporation. The independent nominating and governance committee of The Allstate Corporation Board reviews Allstate's priorities and expenditures semi-annually, including in one joint session with the Board.

Direct corporate political contributions are made as permitted under state and local laws to help elect candidates whose views and positions are consistent with Allstate's advocacy priorities. Contributions are not based on the personal views of any individual member of management or the Board. **In 2019, Allstate did not make any independent expenditures in connection with any campaigns or ballot initiatives.**

Since 2018, Allstate's chief risk officer has conducted an annual risk and return assessment of Allstate's political activities to ensure appropriate oversight and management of Allstate's political activities. In the annual review for 2019, he concluded that the risk of not participating in the political process was greater than the risk of participating and could result in unfavorable policies and legislation adverse to business outcomes, which would negatively impact Allstate's strategic position and business model. The chief risk officer concluded that Allstate's control framework appropriately manages the risks in Allstate's political activities and that sufficient governance and oversight processes exist to ensure activities are aligned with Allstate's risk and return principles.

CHIEF RISK OFFICER'S ASSESSMENT

The chief risk officer's assessment of Allstate's 2019 political activities concluded the following:

- + **Allstate's decisions on how to engage in the political process appropriately balance risk and return:** Allstate's first risk and return principle, Maintain Strong Foundation, includes ensuring the political and regulatory environment supports the operating model. Engaging in political activity helps the company adhere to this principle. While engaging in political activity exposes Allstate to legal and reputational risks, controls are in place to manage these risks and consider the return implications of engaging in political activity.
- + **Allstate's control framework appropriately manages the risks and sufficient governance and oversight exists to ensure activities are aligned with Allstate's risk and return principles:** The control framework includes robust governance and processes that are designed to identify, monitor, and evaluate the risks resulting from Allstate's political activities.
 - *Senior leaders meet quarterly to designate priorities and receive updates on public policy initiatives and focus areas.*
 - *The legal department ensures that corporate political expenditures are compliant with state regulations, and leadership reviews activity to confirm regulations are followed and corruption or conflicts of interest do not influence Allstate's actions.*
 - *Strategies related to the company's involvement in public policy and candidate contributions are reviewed by senior leadership and reports are presented to the nominating and governance committee semi-annually (including in one joint session with the Board).*
 - *The Allstate Global Code of Business Conduct contains the values and principles of The Allstate Corporation and subsidiaries. Employees are required to affirm understanding and compliance with the Code, including political activities and officers are required to identify political activity semi-annually. Employees in high-risk areas of political corruption receive specialized training.*
 - *The human resources and legal departments establish policies and oversee political activities in the workplace to confirm they are aligned with Allstate's principles for responsible corporate political engagement; policies include notification if seeking public office.*
 - *The public policy program is disclosed to shareholders annually in the Allstate Sustainability Report.*
- + **Failure to engage in the political process could result in unfavorable policies, legislation or adverse business outcomes, negatively impacting Allstate's strategic position:** Political activity is aligned to major issues that address important business initiatives and advance strategic objectives. The risk of not engaging to influence these issues is more significant than the risks presented by engaging.

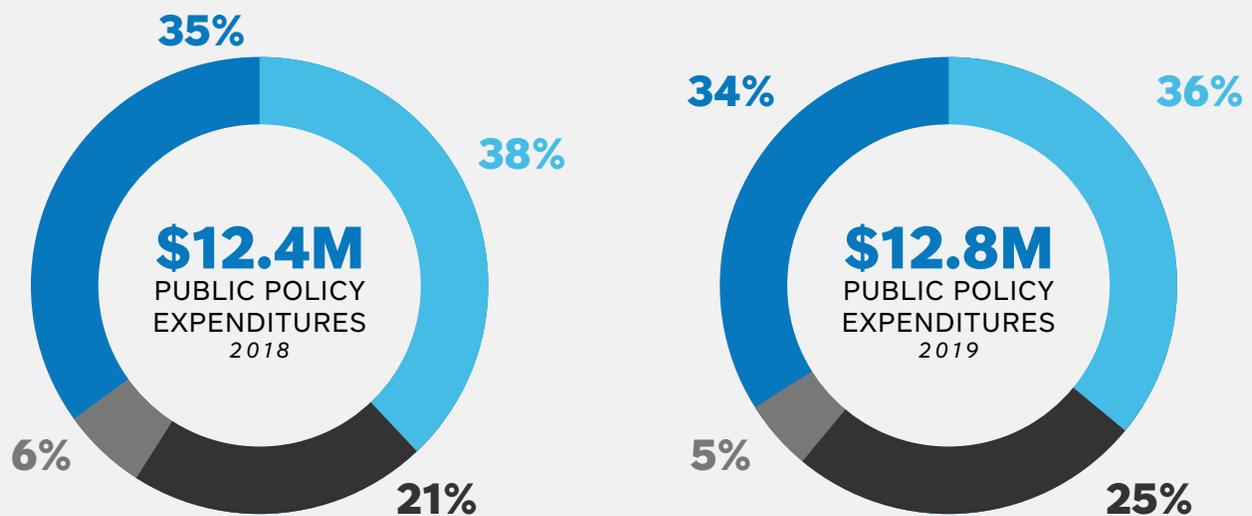
SUMMARY OF EXPENDITURES

In addition to contributing to candidates for public office and engaging professionals to lobby lawmakers, Allstate supports state and national trade associations, social welfare groups, and other non-profit groups to advance issues that are critical to our corporate strategic priorities.

Organizations may use a portion of membership dues or contributions for non-deductible purposes such as lobbying or other political purposes. We may not agree with every position taken by a specific organization, candidate, or committee. This report reflects both the deductible and non-deductible amounts of funds provided to such organizations.

In 2019, the company's aggregate expenditures in the public policy area were approximately \$12.8 million, which represents a fraction of a percent of overall revenues for Allstate. This number is an increase over the 2018 overall expenditure, which was \$12.4 million. Of the total amount of \$12.8 million in 2019, approximately \$4.3 million, or 34% of total expenditures, were non-deductible.

■ Trade Associations ■ Advocacy Professionals ■ Corporate Political Contributions ■ Social Welfare Groups



* Allstate made the decision, that beginning in 2019, previously-reported contributions to research organizations would be excluded from this report, as these contributions are not expressly used for public policy advocacy.

\$3.4M

**PROVIDED TO
NATIONAL TRADE
ASSOCIATIONS**

(+ \$0.5M FROM 2018)

\$1.4M

**PROVIDED TO
STATE TRADE
ASSOCIATIONS**

(- \$0.45M FROM 2018)

NATIONAL & STATE TRADE ASSOCIATIONS

Allstate contributes to groups that advocate meaningful change for insurance consumers, nationally and in individual states. Some of these groups may lobby in support of a position or make their own contributions to political campaigns that are separate and apart from our corporate priorities. The Government and Industry Relations team regularly reviews the performance and effectiveness of trade organizations and associations to determine if our continued level of involvement is appropriate.

In 2019, Allstate provided approximately \$3.4 million to national trade associations (compared to \$2.9 million in 2018) with approximately \$654,000 (19%) attributed to non-deductible expenses. Allstate provided approximately \$1.4 million to state trade associations, (compared to \$1.85 million in 2018) with approximately \$304,000 (22%) being non-deductible.

As part of our focus on a thriving and innovative insurance market, Allstate believes it is imperative to modernize and improve the regulatory system for insurance companies and consumers. The company therefore supports organizations working for reforms that will help ensure a healthy regulatory system with more uniformity and consistency.

Allstate also supports reforms to our civil justice system to keep pace with changes in technology and address lawsuit abuse. This advocacy includes changes to dealing with electronic discovery, third party-financed litigation, and state-specific challenges. In addition, Allstate advocates for sound theories of civil recovery and supports a fair court system.

\$4.3M

**PROVIDED TO
SOCIAL WELFARE
ORGANIZATIONS**

(NO CHANGE FROM 2018)

SOCIAL WELFARE ORGANIZATIONS

Allstate partners with non-profit organizations throughout the country to exchange information, conduct research, and promote various public policy positions. For example, Allstate supports the Advocates for Highway and Auto Safety, a champion in the effort to save the lives of drivers and passengers. In 2019, Allstate provided about \$4.3 million (compared to \$4.3 million in 2018) to social welfare organizations (501(c)(4)), with \$168,000 (4%) being non-deductible.

Throughout our history, we have endeavored to make roads safer. We were pioneers in the advocacy of mandatory seat belts and airbags in cars. Today, many of our employees and agencies devote significant time every day to promoting safer driving, working closely with local community groups, parents, teen drivers, schools, and national organizations. Allstate provides significant human and financial resources to organizations that save lives, prevent injuries, and reduce losses caused by crashes on the nation's highways.

\$621K

APPROX. TOTAL OF CORPORATE FUNDS CONTRIBUTED TO STATE CANDIDATES

(-\$119K FROM 2018)

350+

CANDIDATES RECEIVED CORPORATE POLITICAL CONTRIBUTIONS

CORPORATE POLITICAL CONTRIBUTIONS

Where allowed by state law, Allstate contributed \$620,855 in corporate funds in 2019 to state candidates for public office, political parties, political committees, and other entities organized and operating under 26 U.S.C. Section 527. In 2018, this figure was \$740,300. Federal law prohibits corporate contributions to federal candidates and committees.

In 2019, Allstate made corporate political contributions to more than 350 state political candidates and committees across the country. The vast majority of these contributions were smaller contributions to individual campaigns. The list outlined below represents the major state and national committees and campaigns that received at least \$10,000. Below the \$10,000 threshold, the next highest individual contribution to a political committee in 2019 was \$7,000.

Political Committees & Campaigns Receiving at Least \$10,000

POLITICAL/PARTY COMMITTEE	NATIONAL/ STATE	AMOUNT
Democratic Governors Association	National	\$75,000
Republican Governors Association	National	\$75,000
Personal Insurance Federation of Florida	Florida	\$15,000
Independent Voter Project	California	\$13,000
Democratic Legislative Campaign Committee	National	\$12,000
NY Democratic Senate Campaign Committee	New York	\$11,000
Andrew Cuomo for New York	New York	\$10,000

Corporate contributions are publicly disclosed as required by applicable laws, which require candidate campaign committees, political committees and ballot committees to report the contributions they receive.

In 2019, Allstate made corporate contributions to individual candidates and committees in 18 states. A detailed list of Allstate's specific contributions in 2019 can be found [here](#).

653

ALLPAC MEMBERS

\$424K

APPROX. TOTAL CONTRIBUTION TO ALLPAC BY ITS MEMBERS

\$487K

APPROX. TOTAL OF ALLPAC FUNDS CONTRIBUTED TO STATE & FEDERAL CANDIDATES

(+\$136K FROM 2018)

ALLPAC

An important part in advocating for sound public policy is the Allstate Insurance Company Political Action Committee (ALLPAC). ALLPAC is a voluntary, bipartisan political action committee comprised of members from an eligible class of employees. ALLPAC contributions to candidates are governed by a Board of Directors composed of company employees. ALLPAC contributes to political candidates who generally support our positions on public policy issues affecting our business and our customers.

Allstate and ALLPAC consider many factors before contributing to a candidate's campaign:

- + The candidate's understanding and support of the issues;
- + The presence of employees, agency owners, facilities, or resources in the candidate's district or state;
- + Leadership, relevant committee assignments, and seniority; and
- + Likelihood of a candidate's election success.

No one factor is controlling, and Allstate, its management and ALLPAC may not agree with all of a candidate's positions.

In 2019, ALLPAC had 653 members, making voluntary individual contributions to the PAC totaling \$423,565. The average individual employee contribution to ALLPAC was approximately \$648 per participant.

ALLPAC contributions to candidates are governed by a board of directors composed of company employees. During 2019, ALLPAC contributed a total of \$487,450 to state and federal candidates for public office as well as political committees. In 2018, this figure was \$351,375.

ALLPAC is required to publicly disclose receipts and contributions to the Federal Election Commission and in certain states. Specific information regarding ALLPAC contributions in 2019 can be found [here](#).

\$3.2M

**EXPENDITURE
ON EXTERNAL
PROFESSIONAL
ADVOCATES**

(+\$0.6M FROM 2018)

ADVOCACY PROFESSIONALS

Allstate engages advocacy professionals (lobbying firms, registered lobbyists, and public affairs firms) to help promote public policy positions that affect our stakeholders and our ability to efficiently and effectively operate and compete in the marketplace. Allstate's government relations team works with these advocacy professionals, along with the trade associations and other organizations described above, to help ensure that policymakers understand the company's position on legislative and regulatory matters. Those matters cover a wide range of issues, including personal safety and security, property protection, civil justice reform, fraud prevention, and regulatory modernization.

In 2019, Allstate expended approximately \$3.2 million on external professionals to advocate on behalf of the insurance industry, the company, our agency owners, customers and the public. In 2018, this figure was \$2.6 million.

GRASSROOTS LOBBYING

Allstate leverages an intranet-based system, called Advocate for Good, as a means to engage interested agency owners and employees through grassroots activism on important public policy initiatives. Through the company's grassroots platform, Allstate agency owners and employees can communicate directly with elected federal and state officials on public policy matters that are important to Allstate and our customers. Participation in Advocate for Good activism and relationship identification is completely voluntary.

ORGANIZATIONS RECEIVING AT LEAST \$50,000

The below list of trade associations and social welfare organizations received a financial contribution of at least \$50,000 in 2019.

The aggregate amount contributed to these 17 organizations is \$7.7 million, with \$966,466 (13%) attributable to non-deductible lobbying expenses. This number is a subset of the overall amount contributed to trade associations and social welfare organizations, which was \$9.1 million, with \$821,461 (9%) attributable to non-deductible lobbying expenses.

ORGANIZATION	TYPE
Advocates for Highway and Auto Safety	Social Welfare
American Council of Life Insurers	National Trade
Association of National Advertisers	National Trade
Bank Policy Institute	National Trade
Certified Automotive Parts Association	National Trade
Civil Justice Reform Group	National Trade
Illinois Insurance Association	State Trade
Insurance Alliance of Michigan	State Trade
Insurance Council of New Jersey	State Trade

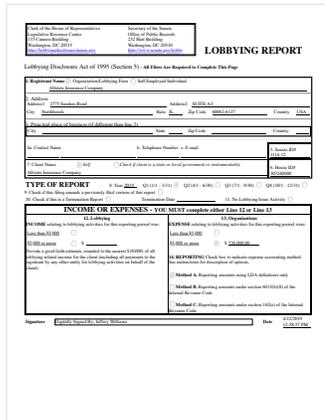
ORGANIZATION	TYPE
Insurance Federation of Pennsylvania	State Trade
LL Global Inc.	National Trade
National Insurance Crime Bureau	Social Welfare
New York Insurance Association	State Trade
Personal Insurance Federation of California	State Trade
Personal Insurance Federation of Florida	State Trade
Property Loss Research Bureau	National Trade
US Chamber of Commerce/ Institute for Legal Reform	National Trade

LOBBYING DISCLOSURE

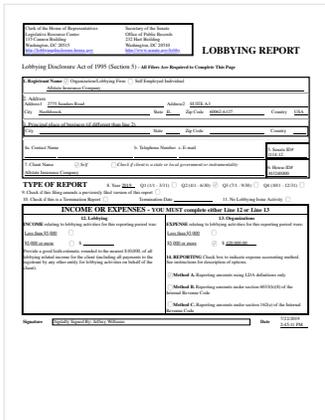
In compliance with federal law, Allstate files quarterly lobbying reports for all federal lobbying activities. Nearly all states require lobbyists, and those who hire lobbyists, to submit periodic disclosure reports, but the requirements and access to disclosure reports vary by state.

Federal lobby disclosure reports can be found at:

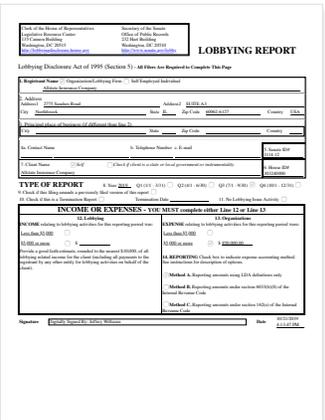
Q1



Q2



Q3



Q4

