

ALLSTATE INSURANCE COMPANY

10901 Gold Center Dr. Suite 400
Rancho Cordova, CA 95670
Allstate.com

August 4, 2004

Mr. Craig Dixon

Chief, Consumer Services and Market Conduct Branch

Field Claims Bureau

California Department of Insurance

300 South Spring Street, 11th Floor

Los Angeles, CA 90013

RE: Market Conduct Examination Report of

Allstate Indemnity Company (NAIC #19240)

Allstate Insurance Company (NAIC # 19232)

Dear Mr. Dixon:

We appreciate the opportunity to respond to the Field Claims Examination Report of Allstate Indemnity Company and Allstate Insurance Company for the period of October 1, 2002 through September 30, 2003. Pursuant to California Code of Regulations section 2695.30, an electronic copy of this letter has been previously provided to your office.

Allstate is committed to Fair Claim handling practices and procedures to enhance the consumer experience when a loss occurs. To ensure these results take place, we

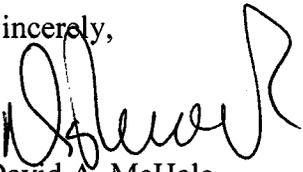
continuously conduct file reviews to monitor compliance to our own "best practices" as well as regulatory requirements.

Many of the alleged violations in the exam relate to individual oversights on the part of our file handlers and our responses contained in the body of the report demonstrate our commitment to managing individual performance. Further, the nature and extent of the alleged violations would support our opinion that the alleged violations were not knowingly committed or in any way indicative of a general business practice.

We are proud of our claim employees who handled almost one-half a million claims during the review period of this examination. We continue to work with our employees to reach inspired levels of performance and ensure consumer satisfaction.

We welcomed the opportunity to work with your staff during the course of the examination and if there is any additional information required, please do not hesitate to contact me.

Sincerely,



David A. McHale
Regional Counsel
Allstate Insurance Company