

IN THE CIRCUIT COURT OF THE ELEVENTH JUDICIAL CIRCUIT IN AND FOR MIAMI-
DADE COUNTY, FLORIDA

ALLWYN JOURDAN,

Plaintiff,

CASE NO.:

Division: Circuit Civil

vs.

ALLSTATE INSURANCE COMPANY,
a Foreign Illinois Registered Corporation,
CONRADO YERO, INC., a Florida for
Profit Corporation

Defendants.

COMPLAINT

COMES NOW, Plaintiff, ALLWYN JOURDAN (“Jourdan” or “Plaintiff”), by and through his undersigned counsel, sues Defendant, ALLSTATE INSURANCE COMPANY, a Foreign Illinois Registered Corporation (“Allstate” or “Defendant, Allstate” or “Company”) and Conrado Yero, Inc. a State of Florida Corporation (“Yero, Inc. or “Defendant, Yero, Inc.:

 and alleges:

PARTIES VENUE AND JURISDICTION

1. Plaintiff is an individual, over the age of eighteen (18), and at all times material to this action resides in Miami-Dade County, State of Florida.

2. Defendant, ALLSTATE, is a duly organized and registered State of Illinois Corporation, registered to do business in all 50 States of the United States of America and thus is registered to do business in the State of Florida as a foreign corporation with a principal address of 2775 Sanders Road, Northbrook, Illinois 60062, a mailing address of 3075 Sanders Road, H1E, Northbrook, Illinois 60062 and maintains offices for the conduct of its business in the State of Florida and specifically in Miami-Dade County, Florida.

3. Allstate maintains a Registered Agent Name and Address in the State of Florida of: CHIEF FINANCIAL OFFICER as P.O. Box 6200 (32314-6200) and 200 E. Gaines Street, Tallahassee, Florida 32399-0000.

4. Allstate, as a foreign corporation doing business in the State of Florida has offices, agents or other representatives in Miami-Dade County, Florida.

5. The Court also has jurisdiction over Allstate pursuant to Florida Statute §§48.193(1)(a)(1),(4) and (7) and/or by voluntary submission.

6. Defendant, Yero, Inc., is a duly organized and registered State of Florida Corporation registered to do business in the State of Florida, with the Department of State, Division of Corporations. Defendant, Yero, Inc. maintains a principal address of 10030 S.W. 40th Street, #A, Miami, Miami-Dade County, Florida 33165. The Defendant, Yero, Inc. has as its Registered Agent Conrado Yero with a registered agent address of 10030 S.W. 40th Street, #A, Miami, Miami-Dade County, Florida 33165.

7. This is an action for damages which exceeds the minimum jurisdictional limits of the Court, exclusive of interest, costs and attorney's fees.

8. Venue is proper in MIAMI-DADE County because it is the location in which the parties to this action transacted there business dealings with one another and Allstate and Yero, Inc. maintain offices in MIAMI-DADE County for the conduct of their respective businesses in the State of Florida.

STATEMENT OF THE FACTS

9. In or around the mid to late 1990's forward Allstate converted, in the State of Florida, it's employee licensed insurance agent business model and/or business structure of employee agents to that of exclusive agents as independent contractors utilizing what is known as

the R3001 Exclusive Agency Agreement. Since the inception of the Exclusive Agency business plan and model by Allstate there have been several iterations of the R3001 Exclusive Agency Agreement with different designations such as R3001, R3001A, R3001C and R3001S.

10. At all times material hereto the R3001 Exclusive Agency Agreement, and its various iterations, incorporates within its terms a Supplemental Agreement and a Independent Contractors Manual, as were amended from time to time, at the discretion of Allstate and the terms thereof applied to each iteration and/or type of Exclusive Agency Agreement used since the mid to late 1990's forward by Allstate as part of its exclusive agency/independent contractor business plan and model as adopted and changed and readopted over the course of time.

11. Allstate as of the time of the filing of these actions markets its Exclusive Agency Program with slogans such as:

- a. "Good Builds a Life"*¹;
- b. "It's good to be your own boss"*;
- c. "Drive and discipline are good for business"*;
- d. "It's a good balance"*;
- e. "Earn a good living"*;
- f. "Live a good life"*;
- g. "A marketing powerhouse to help grow your business"*;
- h. "A brand that has your back"***²;

¹ (*) Above quotes are subject to the stated limitation of: "Subject to all terms and conditions as outlined in the Allstate R3001 Exclusive Agency Agreement and Exclusive Agency program materials. Allstate agents are not franchisees; rather they are exclusive agent independent contractors and are not employed by Allstate. Allstate is an Equal Opportunity Company. Allstate Insurance Company, Northbrook, IL. In New Jersey, Allstate Insurance Company, Bridgewater, NJ. ©2016 Allstate".

² (***) Above quotes are subject to the stated limitation of: "Subject to the terms of Allstate Agency Agreement".

- i. “Do you have what it takes?”*;
- j. “How much money will I make?”*;
- k. “The sky’s the limit”**;
- m. “Build a legacy”**; and
- n. “As an Agency Owner, you own an economic interest in your business[.] This gives you the freedom to sell to a qualified buyer or Allstate, or pass it on to your children or another family member.”**

All of the foregoing quotes and limitations thereon are attached hereto and made apart hereof and marked as Plaintiff’s Composite Exhibit “A”.

12. Allstate in its Exclusive Agency Independent Contractor’s marketing materials states to prospective new Exclusive Independent Contractor Agents that the process to become an Allstate Exclusive Agent Independent Contractor “takes about three to nine months from initial interest to opening your agency’s doors.” See Plaintiff’s Composite Exhibit “A”.

13. At all times material hereto Plaintiff is an individual registered with and licensed by the Florida Department of Financial Services, State of Florida to sell or offer to sell insurance and insurance related products and financial investment products.

14. In mid to late 2012, Plaintiff became interested in becoming an Allstate Insurance agent and viewed various company marketing materials of Allstate of its Exclusive Agency Program ending with Plaintiff and Defendant entering into an R3001S Exclusive Agency Agreement dated August 1, 2013 and incorporating therein the terms of the Supplement for the R3001 Agreement dated February 1, 2013, the Exclusive Agency Independent Contractor Reference Guide dated February 25, 2013, the Independent Contractor Manual Revision Notice dated October 18, 2012, the Allstate Agency Standards Revision Notice dated October 8, 2012 and

the Schedule of Commissions for the Allstate Financial Services, LLC Registered Representative Agreement (hereinafter referred to as the “Contract” or “R3001 Agreement”). All of the foregoing referenced documents are attached hereto and made apart hereof as Plaintiff’s Composite Exhibit “B”.³

15. Between mid to late 2012 to August 2013, Plaintiff made application to become an Allstate Exclusive Agent, Independent Contract and as required by Allstate expended money upon, without limitation,

- reserve financial bank deposits,
- attended Allstate University in the State of Illinois,
- leased a business premises,
- established a business plan for an insurance agency selling exclusively the Allstate insurance and investment products,
- leases commercial business space, arranges for and expends money to establish utilities services for the leasehold obtained,
- engaged in the expenditure of money to market Allstate insurance and investment products and prepared to and hire employees to handle office and sales operations of an insurance agency.

16. Plaintiff commenced business as an Allstate Exclusive Agent on or about August 1, 2013 as a “Start Up” agent.

³. Plaintiff has included a copy of the Allstate Financial Services, LLC schedule of Commissions as part of the Contract and Plaintiff’s Composite Exhibit “B” as said document relates to the Plaintiff tenure as an Exclusive Agent with Allstate and is a part of the Allstate Exclusive Agency program but as of the time of the filing of this Complaint Plaintiff is without sufficient knowledge to name Allstate Financial Services, LLC as a named defendant herein and reserves to amend to add said company as an additional defendant pending discovery to be conducted over the course of this litigation yielding information warranting the additional party hereto.

17. A “Start Up” agent is an Allstate Exclusive Agent who starts his or her own insurance agency as an exclusive agent selling only Allstate insurance products as an independent contractor without any policies or business earnings, commissions, or payments (hereinafter “Allstate Product”), at the time of commencing operation of an insurance agency and must go out and sell and/or produce Allstate Product new business or recaptured eligible prior Allstate Product pursuant to the terms and conditions of the R3001 Agreement and the Company.

18. Between August 1, 2013 and October 14, 2015, Plaintiff operated an Allstate Exclusive Agency as an independent contractor insurance agency selling Allstate Product, building an economic interest in the Book of Business (hereinafter “Book of Business”, “BOB” or “customers”) in the State of Florida pursuant to the R3001 Agreement.

19. In and between June, 2015 and February, 2016, Mr. Mike Sheely was associated with the Defendant, Allstate as a Field Senior Vice President in the State of Florida.

20. In and between June, 2015 and February, 2016, Mr. Mark Canfield was associated with the Defendant, Allstate as a Territorial Sales Leader in the State of Florida.

21. In and between June, 2015 and February, 2016, Janice Brown-Francois was associated with the Defendant, Allstate as a Field Sales Leader in the State of Florida.

22. In and between June 2015 and February, 2016, Marcelo Beruvides was associated with the Defendant, Allstate as a Filed Sales Leader in the State of Florida.

23. In and between June, 2015 and February, 2016, Lindsay Rivera was part of the Human Resource Officer Department for the Defendant, Allstate in the State of Florida.

24. In and between June, 2015 and February, 2016, Laine Sutkay was part of the in house legal department for the Defendant, Allstate in the State of Florida and/or the State of Illinois.

25. In and between June, 2015 and February, 2016, Helen Sylvester was associated with the Defendant, Allstate as a Territory Sales Leader in the State of Florida.

26. On or about July 29, 2015, Lindsay Rivera contacted the Plaintiff to advise him that Laine Sutkay wanted to meet with Plaintiff at the Allstate office in Doral, Miami-Dade County, Florida on July 30, 2015 and that he was to bring certain files of customers of the BOB generated by his agency with him to the meeting.

27. On or about July 30, 2015, Plaintiff appeared at the Defendant, Allstate's Doral, Miami-Dade County, Florida office for the scheduled meeting with Ms. Sutkay and was surprised that he was not there for a meeting as represented by Ms. Rivera, but for a Spanish Inquisition Socratic styled videotaped investigation conducted by Ms. Sutkay concerning discounts given to certain customers of the BOB. The videotaped inquisition ended with Ms. Sutkay requesting additional customer files, which were provided via electronic mail by Plaintiff to Ms. Sutkay on July 30, 2015.

28. Ms. Sutkay, also on July 30, 2015 independently conducted an inquest using videotape of Plaintiff's employees known as Leesday Sanmartin and Sabrina Contreras about customer files generated by Plaintiff's agency.

29. Prior to the July 30, 2015 videotaped inquisition styled interviews of Ms. Sutkay, Janice Brown for Defendant, Allstate assured Plaintiff that the interviews to be conducted by Ms. Sutkay were routine and the chances of closing Plaintiff's office by the Defendant, Allstate were non-existent in response to Plaintiff's inquiry concerning the same and the past industry known practices of Allstate of shutting agents down and affording little to no time to obtain a buyer for the contractually provided economic interest of the exclusive agent in the BOB.

30. Janice Brown, after the July 30, 2015 videotaped inquisition conducted by Ms. Sutkay for Defendant, Allstate, again represented to Plaintiff and assured Plaintiff that the inquisition conducted with Plaintiff, Leeday Sanmartin and Sabrina Contreras by Ms. Sutkay would not result in the closing of his exclusive agency with Allstate.

31. Based upon the representations and assurances of Ms. Brown to Plaintiff, Plaintiff did not undertake to seek a buyer of his economic interest in his exclusive agency's "Book of Business" in July, August or September 2015.

32. On or about October 14, 2015, Plaintiff was scheduled to meet with Mark Canfield and Janice Brown at the Defendant, Allstate's Regional Office in Doral, Florida.

33. Plaintiff met with Mark Canfield and Janice Brown at the Defendant, Allstate Regional Office in Doral, Miami-Dade County, Florida on October 14, 2015.

34. On October 14, 2015 Plaintiff was handed a letter dated October 14, 2015 and signed by Mr. Canfield notifying Plaintiff of his termination as an Allstate Exclusive Agent, Independent Contractor and termination of the Allstate's R3001S Agreement effective immediately. A copy of the letter of termination is attached hereto and marked Exhibit "C".

35. The October 14, 2015, termination letter, (See Exhibit "C"), notified Plaintiff that his R3001 Agreement was terminated by Allstate for cause. Plaintiff disputed his agency's termination for cause by Allstate, as it was merely a guise to eliminate his agency's right to receive renewal commissions and receive payment for his economic interest in the BOB.

36. On or about October 14, 2015, Defendant, Allstate sent its agents to retrieve all of Allstate property, files, computers and ended Plaintiff's access to the customers in the Book of Business effective date same.

37. The R3001 Agreement entered into by Plaintiff and Defendant provides that Plaintiff, as an Exclusive Agent, Independent Contract, is to have an economic interest in the Book of Business generated by him and his agency as a start-up and provides as to how the value of the termination payment is to be calculated regardless of how the R3001 Agreement is terminated, meaning for cause or without cause should the Exclusive Agent elect to receive a termination payment for such interest rather than sale the economic interest to a third party or another Exclusive Agent, if permitted by Allstate.

38. The R3001 Agreement provides that without regard as to the reason of termination Plaintiff was to have either termination payment or to exercise the right to sell Plaintiff's economic interest in the BOB.

39. Nowhere in the R3001 Agreement are the terms of Florida Statute §626.754 mentioned, referenced or addressed.

40. Nowhere in the R3001 Agreement is Plaintiff or Defendant, Allstate referred to or addressed as a "direct writing insurers" as address in Florida Statute §626.754(2).

41. Nowhere in the R3001 Agreement is Plaintiff or Defendant, Allstate referred to or addressed as "agents and insurers between whom the relationship of employer and employee exists" as address in Florida Statute §626.754(2).

42. Pursuant to the terms of the R3001 Agreement Plaintiff at all times material hereto was an exclusive agent, independent contractor of Allstate.

43. Pursuant to the terms of the R3001 Agreement Plaintiff at all times material hereto was not an agent of a direct writing insurer.

44. Pursuant to the terms of the R3001 Agreement Plaintiff at all time material hereto was not an agent with Defendant, Allstate with whom an employer/employee relationship existed.

45. The language of Florida Statute §626.754(1) at all times material hereto applied to Plaintiff and Defendant, Allstate.

46. Pursuant to the terms of the R3001 Agreement, after October 14, 2015, Defendant, Allstate prevented Plaintiff from being able to contract or service Allstate Product customers to preserve the level of sold products and secure renewals of the Book of Business.

47. Pursuant to the terms of the R3001 Agreement, after October 14, 2015, Defendant, Allstate prevented Plaintiff from being able to contract or service Allstate Product customer to preserve the value and level of his economic interest in the BOB for sale to an approved outside party.

48. Pursuant to the terms of the R3001 Agreement, allstate barred and prohibited Plaintiff from any contact with customer in the BOB on October 14, 2015 and at all times thereafter.

49. The language and specific protections afforded to Plaintiff by Florida Statute §626.754(1) were not acknowledged, provided or followed by the Defendant, Allstate after October 14, 2015.

50. At the time of the October 14, 2015 meeting with Mr. Canfield and Ms. Brown at the Allstate office in Doral, Miami-Dade County, Florida, Plaintiff was informed by Mr. Canfield that Plaintiff was to receive renewal business of the Book of Business for the ensuing 90 days and that Plaintiff was to be afforded 90 days within which to sell his economic interest in the BOB or, if eligible, receive a termination payment at Plaintiff's election.

51. As of the date of the filing of this Complaint Allstate has failed and thus refused to pay to Plaintiff any earned commissions, credited any renewal business to the BOB accruing during the 90 days as he was advised by Allstate's Mark Canfield on October 14, 2015.

52. The R3001 Agreement is silent as to the origin of the 90 day period Plaintiff was afforded by the Defendant, Allstate through its agent Mr. Canfield to sell his economic interest in the BOB.

53. Prior iterations of the R3001 Agreement did contain a 90 day period for the sale of an exclusive agent's interest in the BOB post termination.

54. At the time of the October 14, 2015 meeting with Mr. Canfield and Ms. Brown at the Allstate office in Doral, Florida, Plaintiff asked if he would be permitted by Allstate to sell his economic interest in the Book of Business to another Allstate Exclusive Agent, Independent Contractor and was told by Mr. Canfield for the Defendant, Allstate that Allstate would only consider "outside" buyers and denied Plaintiff's request to sell his economic interest in the Book of Business to another already existing Allstate Exclusive Agent, Independent Contractor. There is no provision in the R3001 Agreement which restricts Plaintiff to only being able to sell his contractually bargained for right to sell his economic interest in the BOB to only "outside" buyers.

55. As of December 31, 2015, Plaintiff's annual generated Product premiums or the Book of Business yielded approximately \$1,907,497.00 dollars in premium payment to Allstate annually.

56. Between August 1, 2013 and December 31, 2015, the Book of Business generated by Plaintiff had an average renewal rate of 93% or better.

57. In Start-Up costs for Allstate Exclusive Agency Plaintiff expended in excess of \$550,000.00.

58. Allstate, in the R3001 Agreement, reserves sole and exclusive discretion to approve or not the sale to a proposed buyer of the economic interest of the Exclusive Agency, Independent Contractor Book of Business should the agent, such as Plaintiff, make the election to sell same.

59. Plaintiff elected to exercise his right to sell his economic interest in the BOB and between October 14, 2015 and January 31, 2016, Plaintiff presented three (3) “outside” buyers to Allstate to purchase his economic interest in the Book of Business. All three (3) of Plaintiff’s buyers were rejected or not approved by Allstate during the 90 day period.

60. The R3001 Agreement is silent as to what is to come of Plaintiff’s economic interest in the Book of Business in the event it is not sold to an Allstate approved “outside” buyer.

61. Allstate took over the servicing of customer and Allstate Products, including but not limited to the renewals thereof of the Book of Business from Plaintiff as of October 14, 2015.

62. Allstate barred and prohibited Plaintiff from any contact with customer in the BOB on October 14, 2015 and at all times thereafter.

63. The R3001 Agreement provides that Allstate has ownership of the Allstate Product and the customer information in a BOB and that the Plaintiff has the right to sell his or her economic interest in a BOB to an Allstate approved buyer of such interest.

64. Ninety (90) days from October 14, 2015 is to January 12, 2016.

65. The October 14, 2015 termination letter provided Plaintiff until February 1, 2016 to complete the sale of his economic interest in the BOB.

66. The terms of the R3001 Agreement entered into by the Plaintiff and Allstate require the Plaintiff to be vested in order to be eligible to receive a termination payment.

67. Plaintiff’s exclusive agency as a start-up was required under the R3001 Agreement to vest for five (5) years before being eligible for Plaintiff to be entitled to elect a termination payment from Allstate upon termination of the R3001 Agreement.

68. Plaintiff’s exclusive agency as of October 14, 2015 was not vested for five (5) years.

69. Pursuant to the terms of the R3001 Agreement, Plaintiff on October 14, 2015 or at any time thereafter was not entitled to elect to receive a termination payment from Allstate. The only way for Plaintiff to be compensated for the business generated by his agency for his agency and Allstate was to sell Plaintiff's economic interest he contractually interest in the BOB to an "outside" buyer.

70. On February 8, 2016, Plaintiff was notified by Helen Sylvester, Territory Sales Leader for Defendant, Allstate that Plaintiff's termination was effective January 31, 2016, that Plaintiff did not present an approved buyer for his economic interest in the BOB during the imposed 90 day period or elect to receive a termination payment same and that no extension to the 90 day period would be given to Plaintiff to find a buyer of his economic interest in the BOB. A copy of Ms. Sylvester's February 8, 2016 email to Plaintiff is attached and marked Exhibit "D".

71. At all times material hereto Conrado, Yero was a State of Florida licensed insurance agent and is an Allstate Exclusive Agent, Independent Contractor.

72. At all times material hereto Conrado Yero is the principal of the Defendant, Yero, Inc.

73. At all times material hereto Defendant, Yero, Inc. is not itself independently licensed to sell or offer for sale insurance or financial investment products, including the Defendant, Allstate's Products by the State of Florida in the State of Florida.

74. On January 25, 2016, Conrado Yero signed a letter as an "Allstate Exclusive Agent" for himself as a licensed agent and for and on behalf of Defendant, Yero, Inc., addressed to Dario Rios directly soliciting Dario Rios away from the BOB generated by Plaintiff of the Defendant, Allstate's Products. A copy of the January 25, 2016 letter is attached and marked Exhibit "E".

75. On January 25, 2016, Dario Rios was a customer of Allstate and a part of the economic interest of the BOB in which Plaintiff was marketing for sale during the period provided by Allstate post October 14, 2015.

76. On January 25, 2016, Defendant, Allstate knew Plaintiff had an economic interest in the BOB and that Dario Rios was a part of the BOB and a part of the Plaintiff's economic interest therein.

77. On January 25, 2016, Defendant, Yero, Inc., knew Plaintiff had an economic interest in the BOB and that Dario Rios was a part of the BOB and a part of the Plaintiff's economic interest therein.

78. On January 25, 2016, Defendant, Allstate knew that Plaintiff was not vested for five (5) years and not entitled to elect to receive a termination payment.

79. On January 25, 2016, Defendant, Allstate knew that it had prohibited Plaintiff from selling his economic interest in the BOB to other existing Allstate exclusive agents.

80. On October 14, 2016, Defendant, Allstate knew that it could take an outside buyer three (3) to nine (9) months to be approved, train, set-up and open an Exclusive Agency, Independent Contractor business selling or offering for sale Allstate Products to consumers.

81. On January 25, 2016, Defendant, Allstate knew that it had the contractual right to approve or disapprove buyers procured by Plaintiff and that it had already disapproved two (2) of Plaintiff's three (3) proposed buyers of his economic interest in the BOB.

82. On or before January 25, 2016, Defendant, Allstate made Conrado Yero for Defendant, Yero, Inc., aware of the customers or some of the customers in the BOB generated by Plaintiff as a start-up exclusive agent, independent contractor.

83. On or before January 25, 2016, Defendant, Allstate disclosed the name, address, policy information of Dario Rios to Conrado Yero and thus the Defendant, Yero, Inc.

84. On January 25, 2016, Conrado Yero and thus Defendant, Yero, Inc., knew it was directly soliciting customers of the BOB in which Plaintiff was trying to sell his economic interest in to outside buyers.

85. At no time material hereto were Conrado Yero or Yero, Inc., an “outside” buyer.

86. At no time material hereto, did Plaintiff ever contact or discuss the sale of his economic interest in the BOB with or to Conrado Yero or the Defendant, Yero, Inc., with the Defendant, Allstate, Conrado Yero and/or the Defendant, Yero, Inc.

87. Conrado Yero and thus Defendant, Yero, Inc., has the same right to sell his/its economic interest in the BOB generated by him/it or receive, if eligible upon vesting, a termination payment should his/its R3001 Agreement be terminated.

88. The value of the BOB for the termination payment is dictated by the terms of the R3001 Agreement, one component of which is the amount of premiums earned and received by Allstate over a specific period of time from the BOB of an exclusive agent.

89. Defendant, Yero, Inc., within the 90 day period Plaintiff was allotted to sell his economic interest in the BOB, directly solicit the customers in the BOB in which Plaintiff had a contractual economic interest pursuant to the terms of the R3001 Agreement.

90. Defendant, Yero, Inc., knew of or was informed by the Defendant, Allstate of the termination of the Plaintiff as an Exclusive Allstate Agent and the termination of the Plaintiff’s R3001 Agreement with the Defendant, Allstate.

91. Defendant, Yero, Inc., directly solicited the customers in the BOB generated by Plaintiff in January 2016 knowing Plaintiff was attempting to sell his economic interest in the BOB.

92. On October 14, 2015, Defendant, Allstate knew that it had contractually prevented the Plaintiff from being able to elect to receive a termination payment as Plaintiff was not vested.

93. On October 14, 2015, Defendant, Allstate knew that it could contractually prevent the Plaintiff from realizing the benefit of his bargain by the sale of his economic interest in the BOB as in the R3001 Agreement it had reserved unto itself the absolute right to approve or disapprove of any buyer of the economic interest of the Plaintiff in the BOB and at no time did Allstate offer to purchase the economic interest as represented in its solicitation materials. See Exhibit "A" and Paragraph 11. n. above.

94. From October 14, 2015 to January 31, 2016, Defendant, Allstate rejected all three buyers Plaintiff presented for approval of Allstate to buy Plaintiff's economic interest in the BOB.

95. All three "outside" buyers of the economic interest of the Plaintiff in the BOB as submitted by Plaintiff for approval within the 90 day allotted period were capable of purchasing Plaintiff's economic interest and had made formal offers to Plaintiff.

96. Defendant, Allstate refused to extend the time for Plaintiff to sell his economic interest after the 90 day allotted period acknowledging in said refusal that it had allowed others extensions of time but for reasons stated in the declination email of Ms. Sylvester for the Defendant, Allstate, Plaintiff was not to be afforded such courtesies as had been afforded to others. See Exhibit D attached hereto.

97. The terms of the R3001 Agreement affording the Defendant, Allstate the absolute right to approve or disapprove of the buyer to be procured by Plaintiff for the purchase of his

economic interest in the BOB and in doing so gave Allstate substantial discretion to promote its own self-interest.

98. The terms of the R3001 Agreement is silent with regard to the methodology or standards to be used by Allstate when exercising its right to approve or disapprove of the buyer to be procured by Plaintiff for the purchase of his economic interest in the BOB during the allotted 90 day time period.

99. The terms of the R3001 Agreement is silent with regard to the methodology or standards to be used by Allstate when exercising its discretion of whether to allow Plaintiff an extension of the 90 day allotted period for the Plaintiff to procure and sell his economic interest in the BOB.

100. Plaintiff, at all times material hereto had a legitimate expectation that Allstate would not take an opportunistic advantage due to the reservation of the absolute right to approve or disapprove buyer(s) of his economic interest in the BOB.

101. Plaintiff, at all times material hereto, had a legitimate expectation that Allstate would not take an opportunistic advantage when exercising its discretion to allow Plaintiff an extension of the 90 day allotted time period for the Plaintiff to sell his economic interest in the BOB.

102. Insurance Industry commentators, watch-dogs, reporters and investment analysis have over the course of the most recent several years or since 2011 repeatedly discussed, disclosed and reported of Defendant, Allstate business practice of terminating smaller start-up Exclusive Allstate Agents and consolidating the Start-up's BOBs with other larger agencies for financial gain and benefit to itself.

103. Defendant, Allstate at all times material hereto, by denying Plaintiff access to the customers in the BOB after October 14, 2015 denied Plaintiff of his rights provided to Plaintiff by Florida Statute §626.754.

104. All conditions precedent to the bringing of this action have been met or waived.

105. Florida Statute §626.754 provides in pertinent part:

Rights of agent following termination of appointment.

(1) Following the termination of his or her agency appointment as to an insurer, the agent may for the period herein provided continue to service, and receive from the insurer commissions or other compensation relative to, policies written by him or her for the insurer during the existence of the appointment. The Agent may countersign all certificates or endorsements necessary to continue such policies to the expiration date thereof, including renewal certificates or endorsements necessary to continue such policies the expiration date thereof, including renewal option periods, and collect and remit premiums due thereon, but shall not otherwise, except with the consent of the insurer, change or modify the policy in any way nor increase the hazards insured against therein.

(2) This section does not apply as to agents of direct writing insurers or to agents and insurers between whom the relationship of employer and employee exists.

COUNT I
BREACH OF CONTRACT

106. Plaintiffs expressly realleges and reincorporates paragraphs 1, 2, 3, 4, 5, 7—69, 75, 77, 78, 79, 80, 81, 83, 84, 86, and 90—105 above as if fully set forth herein.

107. At all times material hereto the R3001 Agreement by and between the Plaintiff and the Defendant, Allstate was a valid contract binding upon the Plaintiff and the Defendant, Allstate.

108. Plaintiff and Defendant, Allstate contracted for the Plaintiff to be able to receive the benefit of an economic interest in the BOB.

109. Plaintiff was permitted by Allstate to market his economic interest in the BOB to “outside” buyers and did market his economic interest to “outside” buyers as permitted by Allstate from October 14, 2015 to January 31, 2016.

110. Plaintiff was prevented by the Defendant, Allstate from marketing and/or selling his economic interest in the BOB after January 31, 2016.

111. Defendant, Allstate breached the R3001 Agreement with Plaintiff by not permitting Plaintiff to market the sale and purchase of the economic interest without interferences of itself and other Allstate agents by direct solicitation of customers in the BOB during the 90 day period, by intentionally denying the purchase of the economic interest to other existing Allstate agents, by promoting its own self financial interest to the detriment of Plaintiff by requiring the buyer of the economic interest be an “outside” buyer, by failing to pay any commissions and accord renewal business to the BOB for the 90 day period as expressed to Plaintiff, at Plaintiff’s October 14, 2015 with Defendant, Allstate’s representatives and/or as provided by State law, and by such other actions which have been stated in other paragraphs of this Complaint as incorporated within the Count as stated in paragraph 105 above.

112. The R3001 Agreement provisions do not modify, contravene or waive the provisions of Florida Statute §625.754.

113. Defendant, Allstate’s breaches of the R3001 Agreement and its failure to follow the provisions of Florida Statute §625.754 constitute material breaches of the R3001 Agreement.

114. Plaintiff has suffered damage as a result of Defendant, Allstate’s material breaches of the R3001 Agreement.

115. Plaintiff has suffered damages as a result of Defendant, Allstate’s material breach of the provision of Florida Statute §625.754.

116. Plaintiff has retained the service of the undersigned attorneys to represent him in connection with this matter and in doing so is obligated to pay a reasonable fee in connection herewith.

117. Plaintiff may be entitled to an award of reasonable attorney's fees and the costs of this action pursuant to applicable provisions of the R3001 Agreement and governing provisions of Florida Law.

118. Plaintiff hereby reserves any and all rights to seek leave to amend this Count to add a claim for punitive damages pursuant to §762.72 Florida Statutes.

WHEREFORE, the Plaintiff, Allwyn Jourdan respectfully demands an award of monetary damages against the Defendant, Allstate, pre and post-judgment interest, attorney's fees and taxable costs incurred in the bringing and maintenance of this action and for such other and further relief this Court may deem just and/or equitable.

COUNT II:
BREACH OF IMPLIED COVENANT OF GOOD FAITH
AND FAIR DEALING

119. Plaintiffs expressly realleges and reincorporates paragraphs 1—5, 7—69, 75, 77, 78, 79, 80, 81, 83, 84, 86, 90—105 above as if fully set forth herein.

120. Plaintiff and Defendant, Allstate entered into a contract referred to herein as R3001 Agreement.

121. Plaintiff did all, or substantially all, of the significant things that the R3001 Agreement required of him to do or was excused by the Defendant, Allstate from having to do those things required of him to market and sell his economic interest in the BOB.

122. Defendant, Allstate's actions and/or omissions unfairly interfered with Plaintiff's receipt of the R3001 Agreement benefits, i.e. the sale of the economic interest in the BOB post termination of the R3001 Agreement by either party thereto with or without cause.

123. Defendant, Allstate's conduct did not comport with Plaintiff's reasonable contractual expectations under the R3001 Agreement as bargained by the parties thereto.

124. Plaintiff has been harmed and damaged by the conduct of the Defendant, Allstate.

125. Plaintiff has retained the service of the undersigned attorneys to represent him in connection with this matter and in doing so is obligated to pay a reasonable fee in connection herewith.

126. Plaintiff may be entitled to an award of reasonable attorney's fees and the costs of this action pursuant to applicable provisions of the R3001 Agreement and governing provisions of Florida Law.

127. Plaintiff hereby reserves any and all rights to seek leave to amend this Count to add a claim for punitive damages pursuant to §762.72 Florida Statutes.

WHEREFORE, the Plaintiff, Allwyn Jourdan respectfully demands an award of monetary damages against the Defendant, Allstate, pre and post-judgment interest, attorney's fees and taxable costs incurred in the bringing and maintenance of this action and for such other and further relief this Court may deem just and/or equitable.

COUNT III:
VIOLATION OF FLORIDA'S DECEPTIVE
AND UNFAIR TRADE PRACTICES ACT

128. Plaintiffs expressly realleges and reincorporates paragraphs 1, 2, 3, 4, 5, 7—69, 75, 77, 78, 79, 80, 81, 83, 84, 86, 90—105 above as if fully set forth herein.

129. At all times material hereto Plaintiff was a “consumer” as defined in Florida Statute, Title XXXIII Regulation of Trade, Commerce, Investments, Solicitations, Chapter 501 Consumer Protection Part II, of the Florida Deceptive and Unfair Trade Practices (Act) (hereinafter “the Act”) (§§ 501.201-501.213, § 501.203(7), as “individual”.

130. At all times material hereto Plaintiff was an “interested party or person” as defined in the Act, § 501.203 (6), as both an interested party and person affected by a violation of the Act.

131. At all times material hereto Allstate engaged in “trade or commerce,” as defined in the Act, § 501.203 (8), by advertising, soliciting, providing, offering, or distributing, whether by sale, rental, or otherwise, of any good or service, or an property, whether tangible or intangible, or any other article, commodity, or thing of value, wherever, situated, including the conduct of any trade or commerce, however denominated.

132. At all times Allstate offered a service in the form of insurance policies for customers procured by Plaintiff as an Exclusive Agent with Allstate and is a part of the Allstate Exclusive Agency program.

133. At all times material hereto Allstate engaged in the aforesaid trade or commerce with a “thing of value” as defined in the Act, § 501.203 (9) to include, without limitation, moneys, certificates, benefits, credentials, economic interest, or professional opportunity further included, without limitation the ability to solicit the general public to purchase the insurance and/or investment products offered by the Defendant and the right to receive remuneration in connection with the named activity on a recurring basis and the opportunity to build a book of business, and sell such interest or receive a termination payment pursuant to the terms of the R3001 Agreement.

134. At all times material Allstate violated the Act § 501.204 (1) and (2) by engaging in unconscionable acts or practices, and/or unfair or deceptive acts or practices in the conduct of any trade or commerce.

135. At all times material Plaintiff was misled as a consumer and he has been aggrieved by Allstate's violations of the Act.

136. At all times material Plaintiff acted reasonably in the circumstances.

137. At all times material the aforementioned and stated conduct, material misrepresentations and material omissions were unconscionable, unfair, deceptive, and likely to cause injury to a reasonable relying consumer.

138. At all times material, the aforesaid and stated conduct, material misrepresentations, and material omissions and nondisclosures were likely to mislead a consumer.

139. As a direct and proximate result of Allstate's violation of the Act, Plaintiff has been damaged.

140. The provisions of Florida Statute §501.212(4)(a) does not apply to this action as the matters addressed herein are not regulated under the laws administered by the Office of Insurance Regulation of the Financial Services Commission of the State of Florida.

141. The Plaintiff has had to retain the undersigned attorneys to represent him in connection with this matter and is responsible and obligated to pay the same a reasonable attorney's fee for the services rendered in connection herewith.

142. Pursuant to Florida Statute § 501.211 because the Plaintiff have suffered losses as a result of Allstate's violation of the Act, he is entitled to recover actual damages, plus attorney's fees and court costs as provided in Florida Statute § 501.2105 from Allstate.

WHEREFORE, the Plaintiff, Allwyn Jourdan respectfully demands an award of monetary damages against the Defendant, Allstate, pre and post-judgment interest, attorney’s fees and taxable costs incurred in the bringing and maintenance of this action and for such other and further relief this Court may deem just and/or equitable.

**COUNT IV: TORTIOUS INTERFERENCE WITH
BUSINESS CONTRACTUAL RELATIONSHIP**

143. Plaintiff expressly realleges and reincorporates paragraphs 1—18, 34, 35, 36, 37, 38, 42, 54, 55, 62, 63, 64, 70, 71, 72, 73, 74, 76, 80, 81, 82, 83, 84, 85, 86, 87, 88, 89 and 103 above, as if more fully set forth herein.

144. Prior to the solicitation of Dario Rios and upon information and belief other customers in the BOB in which Plaintiff had an economic interest, Plaintiff and the Defendant, Allstate had a business relationship existing between them in which Defendant, Yero, Inc. was aware.

145. The business relationship referred to in Paragraph 141., above was an actual identifiable agreement for Plaintiff to be able to market and sell his economic interest in the BOB to an “outside” buyer intact without erosion by solicitation of customer within or identified to the BOB, thus, holding intact the continuity and marketability of the economic interest to potential “outside” buyers at a level of value dictated within the market therefore.

146. Defendant, Yero, Inc.’s principal, Conrado Yero, as an Exclusive Allstate Agent independent contractor himself had at all times material hereto knowledge of Plaintiff’s economic interest itself having the same or substantially similar business relationship with the Defendant, Allstate himself as the Plaintiff.

147. Through its direct solicitation of customer in the BOB of Allstate Products in which comprised Plaintiff's economic interest, Defendant, Yero, Inc. intentionally and unjustifiably interfered with the relationship referred to in Paragraph 141, supra.

148. As a direct result of the interference, there have been breaches of the relationship referred to in Paragraph 141, supra, which include but are not limited to the difficulty of Plaintiff to attract "outside" buyers for the purchase his economic interest in the BOB due to the aggressive and unwarranted solicitation of customers in the BOB during the 90 day period Plaintiff was given by the Defendant, Allstate to sell his economic interest to only an "outside" buyer.

149. Also, but not limited thereto, because Defendant, Yero, Inc. was actively soliciting customer away from the BOB in which Plaintiff had an economic interest, Defendant, Allstate was, upon information and belief disinclined to acquiesce to Plaintiff's request to grant an extension of the 90 day period because Allstate already knew that the Defendant, Yero, Inc. was actively seeking to convert the customers of the BOB built by Plaintiff for the BOB it maintained its own economic interest. Accordingly, Defendant, Yero, Inc.'s actions in this matter had made Plaintiff economic interest difficult to market and sell to an "outside" buyer and also less financially lucrative to Plaintiff.

150. As a proximate result of the conduct of the Defendant, Yero, Inc. as described and set forth herein Plaintiff was damaged in an amount in excess of the jurisdictional limits of this Court believed to exceed \$750,000.00, the exact amount of which will be proven at the time of trial. When Plaintiff has ascertained the full amount of his damages, he will seek leave of Court to amend this Complaint accordingly.

151. Plaintiff has retained the service of the undersigned attorneys to represent him in connection with this matter and in doing so is obligated to pay a reasonable fee in connection herewith.

152. Plaintiff may be entitled to an award of reasonable attorney's fees and the costs of this action pursuant to applicable and governing provisions of Florida Law.

153. Plaintiff hereby reserves any and all rights to seek leave to amend this Count to add a claim for punitive damages pursuant to §762.72 Florida Statutes.

WHEREFORE, Plaintiff respectfully demands judgment for damages against Defendant, Yero, Inc. plus pre and post-judgment interest at the highest legal rate, reasonable attorney's fees, if applicable, and costs, if applicable, together with such other and further relief as this Court may deem just and equitable.

Dated this 9th day of July, 2018.



Tina El Fadel, Esquire
Attorney for Plaintiff
Fl. Bar #: 0091039
K/S, Attorneys at Law
4800 N. Federal Highway
Suite 103-B
Boca Raton, Florida 33431
P: (561) 939-8042
F: (561) 750-5083
eservice@ks-law.com

COMPOSITE EXHIBIT A

THE ROOKIE YEARS (##)ALYSON) THE BASICS (##)DAM) FINDING THE BALANCE (##)CAR) EARNINGS POTENTIAL (##)KENT) MAKING A MARK TOP

GOOD BUILDS A LIFE

BE AN ALLSTATE AGENCY OWNER

See what goes into building a good life, every step of the way.

THE ROOKIE YEARS
ALYSON SABATINI - RECENT GRAD

THE BASICS
DAMION ANGLIN - FORMER MARINE

FINDING THE BALANCE
CARLY HITEMAN - WORKING MOM

EARNINGS POTENTIAL
DAVID GONZALEZ - WISE INVESTOR

MAKING A MARK
KENT SCHWAB - SEASONED PRO

GOOD BUILDS A LIFE

ALYSON SABATINI
VESTAVIA HILLS, AL

Allstate Agency Owner since 2012

“As an owner, you get to grow your agency

◀ HOME

OWNERSHIP OVERVIEW

LOADING.. CONTACT A REINSURER

VIEW OPPORTUNITIES AND APPLY

FAQs



[THE ROOKIE YEARS](#) (#1/DAMION) [THE BASICS](#) (#1/CARLY) [FINDING THE BALANCE](#) (#1/DAVID) [EARNINGS POTENTIAL](#) (#1/KENT) [TOP](#)
 (#1/ALYSON)

the way you want."

It's good to be your own boss



THE ROOKIE YEARS
getting started



A HELPING HAND
education & support

GOOD BUILDS A LIFE

DAMION ANGLIN

SAN DIEGO, CA

Allstate Agency Owner since 2007

"You have to network. You have to get referrals."

Drive & discipline are good for business



THE BASICS
what it takes to succeed



LEADING BY EXAMPLE
teaching & inspiring your staff

GOOD BUILDS A LIFE

◀ HOME

OWNERSHIP OVERVIEW

LOADING CONTACT CENTER

VIEW OPPORTUNITIES AND APPLY

FAQs



THE ROOKIE (##/DAMION) YEARS (##/DAMION) THE BASICS FINDING THE BALANCE (##/CARLY) EARNINGS POTENTIAL (##/DAVID)

CARLY HITEMAN

NAPERVILLE, IL

*Allstate Agency Owner
since 2006*

“This is the best job for a working mom.”

It's a good balance



FINDING THE BALANCE
managing work & family



PASSING THE TORCH
your business to sell or pass on

GOOD BUILDS A LIFE

DAVID GONZALEZ

NORWALK, CT

*Allstate Agency Owner
since 2003*

“As an owner, the possibilities are endless.”

Earn a

◀ HOME

OWNERSHIP OVERVIEW

LOADING... CONTACT A REFINANCER

VIEW OPPORTUNITIES AND APPLY

FAQs



good living

(#1/ALYSON)

THE BASICS

FINDING THE

EARNING

EARNING POTENTIAL

BALANCE

POTENTIAL

building financial security

(#1/CARLY)

(#1/DAVID)



THE PERFECT MATCH
partnering with your spouse

GOOD BUILDS A LIFE

KENT SCHWAB
TOWSON, MD

Allstate Agency Owner
since 1977

“You couldn’t describe a more perfect career.”

Live a good life



MAKING A MARK
building a business & a legacy



GIVING BACK
community involvement

TALK TO A LOCAL RECRUITER TODAY

877-711-1015 (tel:1-1015)

VIEW

LOADING OPPORTUNITIES

◀ HOME

OWNERSHIP OVERVIEW

CONTACT

NEW OPPORTUNITIES

FAQs



THE ROOKIE THE BASICS FINDING THE INTERMEDIATE WORKING A MARK TOY
 YEARS-- (##/DAMION) BALANCE (##/CARLY) (##/DAVID) (##/KENT)

877-711-6610
 1015)

HOW MUCH MONEY
 WILL I MAKE?

A MARKETING
 POWERHOUSE
 TO HELP
 GROW YOUR
 BUSINESS.

DO YOU
 HAVE
 WHAT
 IT
 TAKES?



DOWNLOAD
 & FIND OUT
 (/RES/PDF/ALLSTA)

Subject to all terms and conditions as outlined in the Allstate R3001 Exclusive Agency Agreement and Exclusive Agency program materials. Allstate agents are not franchisees; rather they are exclusive agent independent contractors and are not employed by Allstate. Allstate is an Equal Opportunity Company. Allstate Insurance Company, Northbrook, IL. In New Jersey, Allstate New Jersey Insurance Company, Bridgewater, NJ. © 2016 Allstate Insurance Co.

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OWNERSHIP
 OVERVIEW

CONTACT
 A RECRUITER

VIEW OPPORTUNITIES
 AND APPLY

FAQs

(/res/pdf/allstate-agent-ownership-overview) (https://www.allstate.com/about/name-location.aspx) (http://agentinfo.allstate.com)



DAVID GONZALEZ
Norwalk, CT



CARLY HITTEMAN
Naperville, IL



DAMION ANGLIN
San Diego, CA



ALYSON SABATINI
Vestavia Hills, AL



KENT SCHWAB
Baltimore, MD

See what goes into building a good life, every step of the way.

Summary of the Opportunity

PUT YOUR FUTURE in GOOD HANDS®



Allstate

**A GOOD LIFE STARTS NOW.
BECOME AN ALLSTATE
AGENCY OWNER.**

THE RIGHT CHOICE

Your success as a small business owner starts with choosing the right company to invest your future in. The advantages of picking Allstate really add up.



Always in demand

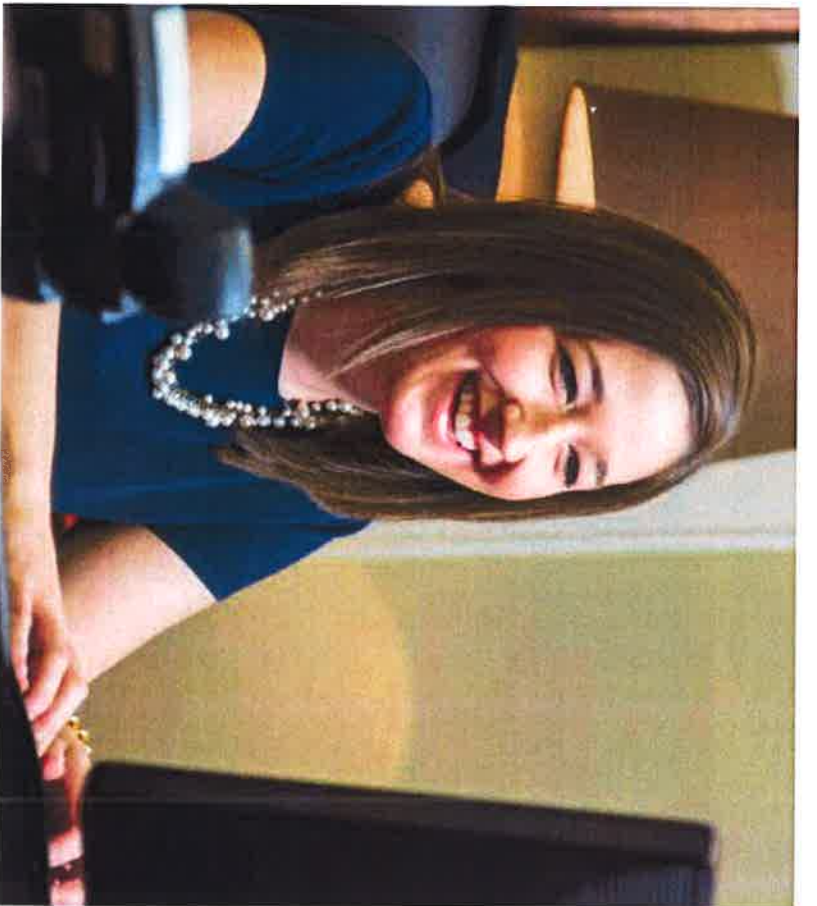
While some businesses are at the mercy of the ups and downs of the market, insurance is something people always need. So even if the economy falters, there will always be demand for the products you sell.

Revenue you can rely on

Each time a customer renews a policy, you receive a commission. That's a constant stream of revenue you can rely on as you grow your business.

No wasted income

Unlike some small business opportunities, you don't have inventory. That means you never need to worry about losing money to storage, spoilage or waste.



**"Your ideas come to life and
you get to grow your agency
the way you want it to grow."**

ALYSON SABATINI
Allstate Agency Owner

PUT YOUR FUTURE IN GOOD HANDS[®]

You want the highest earning potential you can get and the support you need to get there. But you also want a name on the door that you can believe in. That's Allstate.



One of the most recognized brands in America

For over 80 years, Allstate Agency Owners have had a trusted brand and an industry leader behind them every step of the way.

Maximize your earnings potential

One thing we do to give you room to grow is remove the ceiling. With no caps on what you can earn, the sky's the limit for your bottom line.

Great compensation

We give you a highly competitive commission structure, plus the recognition and production incentives to back it up.

Build a legacy

As an Agency Owner, you own an economic interest in your business. This gives you the freedom to sell to a qualified buyer or Allstate, or pass it on to your children or another family member.*

*Subject to terms of Allstate Agency Agreement.

"When I knew it was time to retire and move on, I asked Carly to buy the agency. I knew she would give what it took to be a good agent, and she is. She's done a great job."

PETER GUARDI

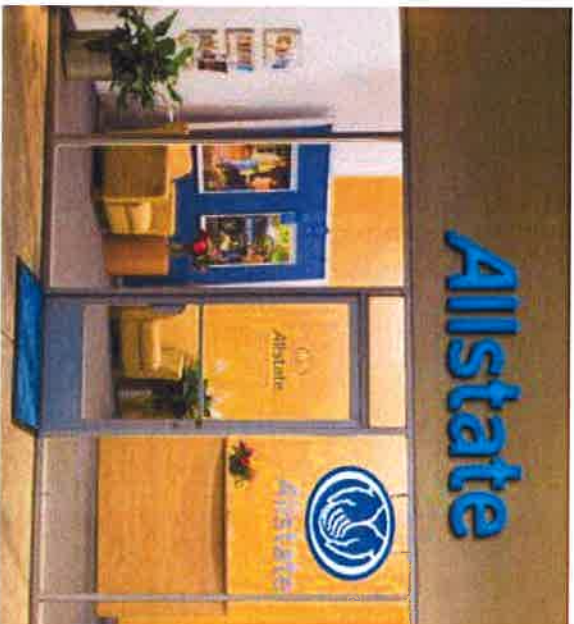
Allstate Agency Owner for 42 years and father of Carly Hiteman, Allstate Agency Owner since 2006





"From the day I opened my doors,
I had the support of a national
brand in my corner. I am very
grateful for that."

DAMION ANGLIN
Allstate Agency Owner



A BRAND THAT HAS YOUR BACK

When you become an Allstate Agency Owner, you're not on your own. From day one, we will help you build the knowledge, skills and tools you need to succeed.

Ongoing training and support

We make sure you and your staff have access to education and support about our products, sales techniques, productivity tips and marketing tools. To us, that's just good business.

Field Sales Leader

You'll receive one-on-one support every step of the way from a local, dedicated Field Sales Leader who can help you build a successful, profitable agency.

Marketing/advertising

As an Agency Owner, you can count on the support of Allstate's multimillion-dollar national advertising campaigns, plus customizable local marketing and advertising materials — brochures, mailers, emails, etc. — along with your own personalized web page and office signage.

Branding your agency

We offer a variety of ways to help brand your office — from signage to furnishings to interior design experience — to enhance the customer experience and present your agency in a professional manner.





"The harder you work, the more
you can make. Hard work will
always be rewarded."

DAVID GONZALEZ
Allstate Agency Owner

THE SKY'S THE LIMIT

If you're looking to really build a future and not thinking short-term, few small business opportunities offer the profit potential of being an Allstate Agency Owner.

Many ways to earn

Allstate's portfolio won't box you in. It gives you the opportunity to sell a wide range of products, from auto to home and business to life. Plus, when you partner with an Allstate Exclusive Financial Specialist (EFS), you can write policies for life, education savings and retirement to receive even more commissions and bonuses. The more you sell, the more you earn.

A-list advantages

- Guaranteed base commission
- Revenue from both new and renewing business
- Start-up and annual bonuses

Hard work pays off

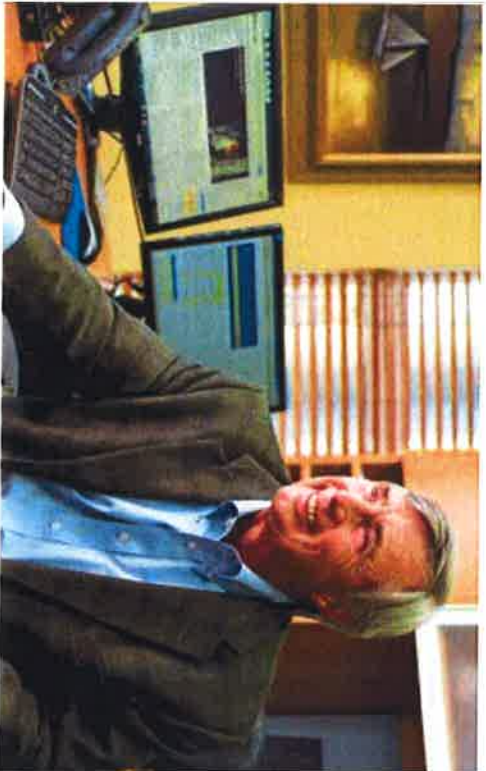
As an Agency Owner, your hard work could qualify you for a variety of rewards and perks.

- Network with fellow Agency Owners at business forums across the country
- Attend once-in-a-lifetime trips and events around the world



GOOD WORK. GOOD LIFE.

This isn't a career for just anyone. Our most successful Allstate Agency Owners build thriving businesses by working hard to develop trusting, personal, long-term relationships.



Allstate Agency Owners are trusted advisors for customers. * After all, customers count on them to protect what is most important in their lives. Agency Owners believe that being there for customers and communities is every bit as important as their bottom line.

Care for your community

Being an Allstate Agency Owner is about more than just selling insurance. It's about helping families protect what matters most. It's about giving back to help better your community. As an Agency Owner, you help customers live a good life every day.

As an Allstate Agency Owner, you have the freedom to build a good life for not only you and your family, but your community as well.

* Customers tell us they want a trusted advisor, someone who knows them, develops a relationship, provides options and who can help them choose products and services that meet their needs.



"I get a lot of satisfaction out of helping people and improving the quality of their lives. It's important to give back to the community from which you've made a living."

KENT SCHWAB
Allstate Agency Owner



GET STARTED NOW!

ALLSTATE AWARDS AND ACCOLADES

CORPORATE

50 Happiest Companies in America
CareerBliss (2014)

Working Mother 100 Best Companies
Working Mother magazine (2013)

Top 100 Military Friendly Employers® List
MilitaryFriendly.com (2013)

Best Places to Work for Recent Grads
ConnectedU (2013)

InformationWeek 250 Most Innovative Users of Business Technology
InformationWeek, ranked #11 (2012)

America's Most Admired Companies
Fortune magazine, ranked #5 in property & casualty industry (2007, 2009)

DIVERSITY

America's Top Corporations for Women's Business Enterprises
Women's Business Enterprise National Council (2014)

Top Company for Executive Women
National Association of Female Executives (2000-2001, 2005-2014)

Best Companies for Multicultural Women
Working Mother magazine (2004-2013)

50 Best Companies for Latinas to Work
LATINA Style magazine, award-winner for fifteenth consecutive year (1998-2012)

List of Best Places for Diverse & Women Managers to Work
Diversity MBA Magazine (2013)

Top 50 Companies for Diversity
DiversityInc magazine, eight-time award winner (2013)

CORPORATE SOCIAL RESPONSIBILITY

Greenest Companies in America
Newsweek magazine (2010, 2011, 2012)

The Civic 50
Ranked thirteenth among S&P 500 companies (2012)

This brochure highlights the R3001 Agency opportunity. Agency owners are independent contractors and are not employees of Allstate. Multiple factors contribute to the success of an Allstate Agency. As such, individual results will vary. All information, including bonus, revenue, compensation and education information is subject to change.

See the R3001 Exclusive Agency Agreement and Exclusive Agency program materials for details. This overview is confidential and proprietary information which is the exclusive property of Allstate Insurance Company and its affiliates and subsidiaries, including Allstate Life Insurance Company (the "Company"), and may not be discussed with third parties, other than outside advisors or as required by law, without having obtained written permission from Allstate Insurance Company. Securities offered through Allstate Financial Services, LLC (USA Securities in LA And PA). Registered Broker-Dealer, Member FINRA, SIPC, Main Office, 2920 South 84th Street, Lincoln, NE 68506, 877-525-5722.

Commission and bonus amounts are subject to change. Allstate is an Equal Opportunity Company. For more information, contact Allstate toll-free at 877-605-9780 or visit allstateagent.com.

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* Excludes Allstate New Jersey

R57593

ALLSTATE BY THE NUMBERS

For Allstate and our Agency Owners, the numbers add up.

83 years of stability and strong financial ratings

- AM Best (A+ Superior)
- Standard & Poors (AA- Very Strong)
- Moody's (Aa3 Excellent)

#92 on the Fortune 500 List

\$30 billion in assets

\$125 billion brand

16 million households

To hear more from real agents, or to get started now, visit: Allstateagent.com



Allstate
You're in good hands

Auto Home Life Retirement

COMPOSITE EXHIBIT B

**SCHEDULE OF COMMISSIONS FOR THE
ALLSTATE FINANCIAL SERVICES, LLC (“AFS”)
REGISTERED REPRESENTATIVE AGREEMENT
(for Exclusive Agents and Exclusive Financial Specialists)**

**Schedule of Commissions for the AFS Registered Representative Agreement
(for Exclusive Agents and Exclusive Financial Specialists)**

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The following material is confidential and proprietary information which is the exclusive property of Allstate Financial Services, LLC and its affiliates, including Allstate Life Insurance Company, Allstate Life Insurance Company of New York ("ALICNY"), and Lincoln Benefit Life Company, and may not be disclosed to third parties, other than outside advisors or as required by law, without first having obtained written permission from Allstate.

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**Schedule of Commissions for the AFS Registered Representative Agreement
(for Exclusive Agents and Exclusive Financial Specialists)**

© 2011 Allstate Insurance Company

Table of Contents

Preface.....	4
References.....	5
General.....	6
Basis of Commission	6
Commission Schedules.....	6
Plus Policies.....	7
Enhanced Commission Scales	7
Production Credit.....	8
Life Persistency Factor	8
Commission and Production Credit Chargebacks	8
Commission on Large Cases.....	9
Prudential Variable Annuities.....	9
Assets Captured Bonus and Life Production Bonus Credits (excludes New York).....	10
Assets Captured Bonus and Life Bonus Credits (New York only)	10
Replacements.....	11
Annuities.....	11
Business Transferred from a Prior Broker-Dealer to AFS, LLC.....	12
Mutual Funds.....	12
Variable Annuities and Variable Universal Life	12
Transfer of Interest.....	12
Exhibits	13

Countrywide (excludes New York EAs)

<u>Exhibit A</u>	Basis of Commission
<u>Exhibit B</u>	EFS Commission Schedule for Solo Business
<u>Exhibit C</u>	EFS Commission Schedule for Shared Business
<u>Exhibit D</u>	EA Commission Schedule for Solo Business
<u>Exhibit E</u>	EA Commission Schedule for Shared Business
<u>Exhibit F</u>	Assets Captured Bonus Credit Rates
<u>Exhibit G</u>	Production Credit Calculation
<u>Exhibit H</u>	EFS Commission Schedule for Discontinued Products
<u>Exhibit I</u>	EA Commission Schedule for Discontinued Products
<u>Exhibit J</u>	EA Commission Schedule for Discontinued Commission Rates
<u>Exhibit K</u>	Fixed Income and Equity Commission Policy

New York EAs only

<u>NY Exhibit A</u>	Basis of Commission
<u>NY Exhibit B</u>	Commission Schedule for Solo Business
<u>NY Exhibit C</u>	EA Commission Schedule for Shared Business
<u>NY Exhibit D</u>	Assets Captured Bonus Credit Rates
<u>NY Exhibit E</u>	Production Credit Calculation
<u>NY Exhibit F</u>	Commission Schedule for Discontinued Products
<u>NY Exhibit G</u>	Commission Schedule for Discontinued Commission Rates
<u>NY Exhibit H</u>	Fixed Income and Equity Commission Policy

**Schedule of Commissions for the AFS Registered Representative Agreement
(for Exclusive Agents and Exclusive Financial Specialists)**

Preface

This Schedule of Commissions provides the commission amounts applicable to registered products written by Exclusive Agents and Exclusive Financial Specialists under the Allstate Financial Services, LLC (“AFS”) Registered Representative Agreement.

The commission rules outlined in the Schedule of Commissions are in addition to the general rules (e.g. chargebacks, term conversions, internal replacements) outlined in the Supplement for the L2000 Agreement (for Exclusive Financial Specialists) and the Supplement for the R3001 Agreement (for Exclusive Agents).

Commission schedules may be changed at any time.

References

- References to the supplements mean the Supplement for the R3001 Agreement (Exclusive Agents) and the Supplement for the L2000 Agreement (Exclusive Financial Specialists).
- References to EFS, as used in this Schedule of Commissions, mean an Exclusive Financial Specialist Independent Contractor who has a current L2000S or L2000C (acting as Key Person) Agreement with Allstate Life Insurance Company and a registered representative agreement with Allstate Financial Services, LLC.
- References to EA, as used in this Schedule of Commissions, mean an Exclusive Agent Independent Contractor who has a current R3001, R3001A (acting as Key Person), R3001S or R3001C (acting as Key Person) Agreement with Allstate Insurance Company and a registered representative agreement with Allstate Financial Services, LLC.
- References to agent, as used in this Schedule of Commissions, mean an EA, an Employee Agent who has a current R830, R1500, or R3000 Agreement with Allstate Insurance Company or Allstate New Jersey Insurance Company and a registered representative agreement with Allstate Financial Services, LLC, and an Allstate Independent Agent who has a current Allstate Independent Agent Agency Agreement with Allstate Insurance Company or Allstate New Jersey Insurance Company, and/or Allstate Life Insurance Company or Allstate Life Insurance Company of New York and a registered representative agreement with Allstate Financial Services, LLC.
- References to FS, as used in this Schedule of Commissions, mean a New York Financial Specialist employee who has a current agreement with Allstate Life Insurance Company of New York and a registered representative agreement with Allstate Financial Services, LLC.
- References to registered representative, as used in this Schedule of Commissions, mean EFSs and agents that are securities licensed and registered with Allstate Financial Services, LLC.
- References to “he,” “him” or “his”, as used in this Schedule of Commissions, are for readability purposes only and are intended to include both males and females.
- References to LBL, as used in this Schedule of Commissions, refer to Lincoln Benefit Life Company.

General

A registered representative is registered with Allstate Financial Services, LLC as an individual and will be paid commission through his social security number (SSN). EAs receive commissions monthly and EFSs receive commissions weekly.

Variable life business issued and credit released under a prior Allstate agreement will continue to receive commissions based on the commission rates in effect under the prior agreement. Additional deposits on existing variable annuity policies and mutual fund accounts will be paid at the current commission rates.

When selling the Prudential Variable Annuity to customers across the New York border, commission and production credit will be based on the schedules in the agent's/specialist's home state. For example, a New York EA selling a VA to a customer in Connecticut will be paid based on the agent's New York commission and enhanced scale schedules. Conversely, an agent/specialist outside of NY selling a VA in New York will be paid based on the agent's/specialist's countrywide commission and enhanced scale schedules.

Basis of Commission

Refer to Exhibit A for the basis of commission (excludes New York EAs) by product and NY Exhibit A for the basis of commission (New York EAs only) by product.

New business commissions are paid as follows:

- Variable Life – when the policy is issued and credit released
- Allstate and LBL Variable Annuities – when the deposit is applied to the policy
- Mutual Funds – when AFS, LLC receives and processes payment from the Fund Companies
- Prudential Variable Annuities – when AFS, LLC receives and processes payment from Prudential

Renewal commissions are paid as additional premiums are applied to the policy.

Special rules apply to a variable universal life policy commissions in excess of \$20,000. Refer to the supplements for further information.

Commission Schedules

Commission Schedules vary depending on how the business is written. Business can be written in one of three ways:

1. **Solo business** – a registered representative writes the business on his own and receives all commissions and production credit. Commission rates for solo business are in Exhibit B (EFS only), Exhibit D (EAs, excluding New York EAs) and NY Exhibit B (New York only EAs).

Schedule of Commissions for the AFS Registered Representative Agreement
(for Exclusive Agents and Exclusive Financial Specialists)

2. **Split business** – an EFS can split business with another EFS; or an EA can split business with another agent. For each variable policy or mutual fund account, the registered representatives choose the split commission ratios of 50/50, 60/40, 70/30, 80/20, 90/10. The split ratio applies to production credit (treated as solo business production), base commissions, renewals, trail commissions, and assets captured bonus. The split ratio selected applies throughout the life of the policy or account. The writing agent receives the policy count, but both agents receive inforce and exposed counts in the Life Persistency Factor (LPF). Commission rates on split business use the same commission schedules as solo business in Exhibit B (EFS only), Exhibit D (EAs, excluding New York EAs) and NY Exhibit B (New York only EAs).
- 3a. **Shared business (excludes New York EAs)** – EFS writes business with a partner agent. 100% production credit is given to both the EFS and the agent. Commission rates on EFS shared business are in Exhibit C and commission rates on EA shared business are in Exhibit E.
- 3b. **Shared business (New York EAs only)** – FS writes business with a partner agent. 100% production credit is given to both the FS and the agent. Commission rates on EA shared business are in NY Exhibit C.

You may also be working with your Registered Sales Producer. In this arrangement, your commissions will be split in accordance with the Annual Election Registered Sales Producer Securities Commissions Pay Out form.

Plus Policies

The following rule applies to EAs only.

Commissions for Plus Policies, excluding VUL excess and renewals, will be paid at 50% of the current commission amounts. Commissions for VUL excess and renewals will be paid at the solo commission amounts.

Refer to the Supplement for the R3001 Agreement for a definition of Plus Policies.

Enhanced Commission Scales

Enhanced commissions can be earned providing the production credit qualification and life persistency (LPF)¹ requirements are met. Production credit and 48-month LPF qualification is determined each calendar quarter ending March 31, June 30, September 30, and December 31. Enhanced commissions are applied to applications written in the subsequent calendar quarter and are paid when the policy is issued and credit released. For variable annuity and mutual fund deposits, the enhanced commission rate is determined based on the effective date of the deposit or in cases where an express commission was advanced on the deposit, the express commission date will be used.

Qualification for enhanced commission scales combines production credit and LPF on registered products outlined in this Schedule of Commissions and non-registered products outlined in the supplements. Full details of the enhanced commission scale eligibility and persistency requirements are located in the supplements.

¹ Variable annuities and mutual funds are excluded from the Life Persistency Factor (LPF).

Production Credit

Production credit is applied as follows:

- Variable Life – when the policy is issued and credit released
- Allstate and LBL Variable Annuities – when the deposit is applied to the policy
- Mutual Funds – when AFS, LLC receives and processes payment from the Fund Companies
- Prudential Variable Annuities – when AFS, LLC receives and processes payment from Prudential

Refer to the table in Exhibit G (excludes New York EAs) and NY Exhibit E (New York EAs only) for the production credit calculation on registered products.

Life Persistency Factor

Variable Universal Life Insurance will be included in the LPF calculation. Refer to the supplements for full details on the LPF calculation. Variable Annuities and Mutual Funds are excluded from the Life Persistency Factor (LPF).

Commission and Production Credit Chargebacks

Chargeback rules that apply for all Allstate and LBL life and annuity products, including variable products, can be found in the supplements.

In addition, full commissions and production credit will be charged back on the following activities:

- Any Gross Dealer Concession (GDC) adjustments due to breakpoint corrections
- Cancelled trades
- Consultant Solutions Variable Annuity Classic, Elite, and Plus withdrawals (free or partial) during the freelook period.

Allstate and LBL variable annuity commissions will be partially charged back on the following activities:

- Any deferred variable annuity that is annuitized within the first two contract years will result in a chargeback equal to the difference in commissions between the annuitized product and the Single Premium Annuity (SPIA), when the commission rate on the annuitized product is higher than the SPIA commission rate.

Prudential variable annuities will be in accordance with their commission schedules and recapture/chargeback rules. See the Prudential website for details.

Commission on Large Cases

Prudential Variable Annuities

Prudential approval is required for all variable annuities that equal or exceed one million dollars. This includes the following:

- Single cases that equal or exceed \$1 million in premium
- Multiple cases on the same owner Tax ID that in aggregate equal or exceed \$1 million in premium
- Additional premiums to a current contract(s) that will exceed result in aggregate premium that equal or exceed \$1 million in aggregate premium

Prudential must approve any initial and additional Purchased Payments of 1 million or more. There are 2 ways this can be accomplished.

1. The producer contacts the Sales Desk and the Sales Desk initiates the process prior to receipt of the application. The Sales Desk needs the pertinent information on the application available for review at the time of the request. (Preferred method.)
2. When the application is received by Prudential, the large case review would be initiated.

Prudential may apply certain limitations and/or restrictions on an annuity as a condition of acceptance, including limiting the liquidity features or the death benefit protection provided under an annuity, limiting the right to make additional Purchase Payments, changing the number of transfers allowable under an annuity or restricting the subaccounts or fixed allocations that are available. Special commission arrangements may also be required including but not limited to certain commission options not available. Other limitations and/or restrictions may apply.

Commissions, production credit, and assets captured bonus on variable annuities that equal or exceed one million dollars may need to be reduced, in an amount determined by the Company in its sole discretion, in certain cases based on review of the following:

- Age, health condition and sex of owner(s) and annuitant
- Expected fund allocation
- Contract type and commission option
- Desired riders

Special commission arrangements may also be required for amounts equal to or over one million dollars that defers payment over a certain number of years (not to exceed seven), as long as the policy remains in force. Base rates and enhanced commission scales will not apply if commissions are reduced.

Assets Captured Bonus and Life Production Bonus Credits (excludes New York)

The following business is eligible for Assets Captured Bonus credits:

- First year excess premiums on variable universal life policies
- Gross dealer concessions on deposits for mutual funds and Prudential variable annuities
- Premiums received on Allstate Life and LBL variable annuity policies
- Renewal excess premiums on variable universal life policies (some exclusions apply, see table in Exhibit F). Policy must have issued and credit released:
 - Under the L2000 Agreement for EFSs
 - On or after July 1, 2000 for EAs

Refer to Exhibit F for the assets captured bonus credit amounts.

The following business is eligible for Life Production Bonus credits:

- First year commissionable premium up to the commission target premium for variable universal life

Rules regarding production credit qualification, calculation, and payment of the assets captured bonus and life production bonus are located in the supplements.

Assets Captured Bonus and Life Bonus Credits (New York only)

The following business is eligible for Assets Captured Bonus credits:

- First year excess premiums on variable universal life policies
- Gross dealer concessions on deposits for mutual funds and Prudential variable annuities
- Premiums received on Allstate Life and LBL variable annuity policies
- Renewal excess premiums on variable universal life policies (some exclusions apply, see table in NY Exhibit D). Policy must have issued and credit released on or after January 1, 2001

Refer to NY Exhibit D for the Assets Captured Bonus credit amounts.

The following business is eligible for Life Bonus credits:

- First-year commissionable premium up to the commission target premium for variable universal life (ie., excludes excess premium)

Rules regarding production credit qualification, calculation, and payment of the assets captured bonus are located in the supplements.

Replacements

Annuities

Replacement rules that apply for all annuity products, including variable products, can be found in the supplements. In addition, the following rules also apply to replacements involving the Prudential variable annuity product portfolio:

Commissions, production credit, and assets captured bonus is paid on internal exchanges/transferred funds, including:

- transfers to and from AFS, LLC
- transfers from a Prudential variable annuity to an Allstate/LBL fixed annuity,
- transfers from an Allstate/LBL fixed annuity to a Prudential variable annuity,
- transfers from an Allstate/LBL variable annuity to a Prudential variable annuity,
- transfers from an Allstate/LBL fixed or variable annuity to a Protective Life fixed annuity, and
- transfers from a Prudential variable annuity to a Protective Life fixed annuity

when ALL of the following criteria are met:

- The withdrawal amount is surrender charge/withdrawal charge free and the surrender charge/withdrawal charge was not waived, including waivers under the free partial withdrawal, death or other policy or rider provisions,
- The transferred deposit is subject to a surrender charge/withdrawal charge in an existing or new contract, and
- The transfer is not a “Like to Like” exchange. “Like to Like” is an exchange/transfer between annuities of the same product name. Also included are exchanges/transfers between:
 - any Consultant Solutions Variable Annuity product
 - SureHorizon Annuity and Surehorizon II Annuity
 - Treasury Linked Annuity II to a Treasury Linked II Annuity
 - Saver’s Index I Annuity and Saver’s Index III Annuity

Any withdrawals made within 18 months prior to the effective date of the new deposit will be considered a transferred amount.

Business Transferred from a Prior Broker-Dealer to AFS, LLC

Mutual Funds

Commissions for trails on mutual funds transferred from a prior broker-dealer where the agent was the representative of record is paid at 80% of the gross dealer concession. Commission for trails on mutual funds transferred from another broker-dealer where the agent was not the representative of record is paid at 55% of the gross dealer concession. No production credit or assets captured bonus will be paid on the transferred funds. Subsequent deposits made to the transferred business will receive production credit and commission at new business rates based on the applicable enhanced commission scale. Subsequent deposits are also eligible for assets captured bonus.

Variable Annuities and Variable Universal Life

Commissions for trails/renewals on variable annuity and variable universal life policies transferred from a prior broker-dealer where the agent was the representative of record is paid at 80% of the gross dealer concession. No production credit or assets captured bonus will be paid on the transferred policies. Subsequent deposits/additional 1st year premiums made to the transferred policies (excluding Lincoln Benefit Life products) will receive 80% of the gross dealer concessions, no production credit, and no assets captured bonus credit, unless otherwise determined by AFS, LLC. Subsequent deposits/additional 1st year premiums on Lincoln Benefit Life variable annuities and variable universal life policies will receive commission based on the applicable enhanced commission scale, production credit, and assets captured bonus credit.

Transfer of Interest

Allstate Financial Services, LLC owns all business written under the AFS, LLC Registered Representative Agreement. When an EA or EFS transfers the economic interest in business written under the R3001 Agreement or L2000 Agreement to an approved buyer, AFS, LLC will designate the buyer as the representative of record for registered products sold by the selling EA or EFS under the Registered Representative Agreement if the transferee holds the required licenses and registration with Allstate Financial Services, LLC.

Refer to the supplements for further details.

ALLSTATE AGENCY STANDARDS REVISION NOTICE

To holders of: Allstate Agency Standards

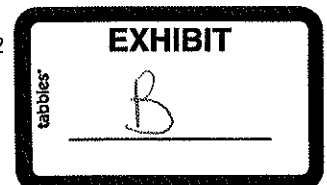
Date: October 8, 2012

No: 17

From: Agency Sales & Protection Finance

This is a complete revision of the Allstate Agency Standards (for Exclusive Agencies and Exclusive Financial Specialists). This version of the Agency Standards replaces the previous version of the Agency Standards, and each page of this Agency Standards has a date of October 8, 2012. If you have a previous version of the Agency Standards, please replace it with this version. The following highlights the changes that have been made to the Agency Standards.

Section	Explanation of Change
Allstate Marketing / Advertising Materials	<ul style="list-style-type: none">Updated to include information regarding the use of trade names, trademarks, service marks, or logos of any companies involved in Affinity relationships with Allstate
Application / Endorsement Completion	<ul style="list-style-type: none">Updated to include information regarding the use of accurate and consistent application of Affinity relationship designations when appropriate, as well as the use of accurate and consistent input of any other requested information



R4633-17



Allstate®

You're in good hands.

ALLSTATE AGENCY STANDARDS

**(Includes Allstate Agency Standards for Exclusive Agencies and Exclusive
Financial Specialists)**

R4633-17

ALLSTATE AGENCY STANDARDS
For agencies doing business exclusively with Allstate

Introduction

This document contains the Allstate Agency Standards and includes operating standards. These Allstate Agency Standards apply to business written by Exclusive Agents and Exclusive Financial Specialists, and any reference to agent, agency or agencies in this document includes both Exclusive Agents and Exclusive Financial Specialists.

In reviewing this material, please note that Allstate is committed to operating its business in an ethical manner. When acting on behalf of Allstate, agencies are also expected to act in an ethical manner. If you encounter any situations that may raise a question or concern regarding ethics, you are encouraged to contact a distribution leader or the Allstate i-Report at 1-800-706-9855.

This electronic document, revised August 1, 2012, replaces all previous electronic and paper versions distributed.

Your agency is responsible for adhering to the standards described in the most current version of this document at all times. The agency principal is responsible for proper oversight of agency staff.

While the company will always try to ensure that its policies and procedures are updated as laws change, it is the responsibility of the agency to be aware of and comply with all applicable laws and regulations.

Allstate reserves the right to update its policies or applicable standards at any time for any reason.

R4633-17

Table of Contents

PART 1: ALLSTATE BUSINESS..... 5

OPERATING STANDARDS..... 6

GENERAL STANDARDS 6

I. CONFIDENTIALITY OF INFORMATION 6

 1. PRIVACY OF INFORMATION OWNED BY ALLSTATE 6

 2. GENERAL REQUIREMENTS 7

 3. WRITTEN INFORMATION SECURITY PROGRAM 7

 4. PRIVACY INCIDENT REPORTING PROCESS 7

 5. AUTHENTICATION OF PERSONAL INFORMATION 8

 6. ACQUISITION AND USE OF PERSONAL INFORMATION 8

 7. STORAGE OF PERSONAL INFORMATION 9

 8. TRANSMISSION OF PERSONAL INFORMATION 10

 9. DISPOSAL OF PERSONAL INFORMATION 11

 10. RECORDING TELEPHONE CONVERSATIONS 12

 11. SCANNING WORKSTATION REQUIREMENTS 12

 12. PASSWORD MANAGEMENT AND ACCESS CONTROL 13

 13. TERMINATION OF EMPLOYMENT CONTRACTS OF AGENCY EMPLOYEES 13

 14. PHYSICAL SECURITY 14

 15. SECURITY REQUIREMENTS FOR VENDORS 14

II. TECHNICAL REQUIREMENTS FOR AGENCY TECHNOLOGY 15

III. ACCESS TO INSURANCE 15

IV. CORPORATE DO NOT CALL AND FAX SOLICITATION POLICIES 15

 1. THE ALLSTATE CORPORATE DO NOT CALL POLICY IS AS FOLLOWS: 16

 2. THE ALLSTATE CORPORATE DO NOT FAX SOLICITATION POLICY IS AS FOLLOWS: 19

V. UNLICENSED AGENCY STAFF 19

 1. AUTHORIZED ACTIVITIES 19

 2. UNAUTHORIZED ACTIVITIES 20

VI. ALLSTATE MARKETING / ADVERTISING MATERIALS 21

 1. WHITE PAGES 21

 2. YELLOW PAGES 21

 3. TOLL-FREE NUMBERS 22

 4. WEB SITES AND WEB PAGES 23

 5. E-MAIL COMMUNICATION TO CONSUMERS 24

 6. SOCIAL MEDIA 26

 7. SOCIAL MEDIA SOLICITATION 26

P&C BUSINESS PROCESSING STANDARDS 27

VII. NOTICE TO PROSPECTS/CUSTOMERS 27

VIII. AGENCY ORDERING OF CONSUMER REPORTS 27

IX. APPLICATION / ENDORSEMENT COMPLETION 31

X. ALTERNATE / IMMEDIATE BIND 33

XI. REMITTANCE 33

XII. AGENCY INVOLVEMENT IN THE CLAIM PROCESS 35

ALLSTATE FINANCIAL BUSINESS PROCESSING STANDARDS 36

XIII. APPLICATION/ENDORSEMENT COMPLETION 36

XIV. SALES ILLUSTRATION 36

XV. NOTICE TO PROSPECTS/CUSTOMERS AND AGENCY ORDERING OF CONSUMER REPORTS (EXCLUSIVE AGENTS ONLY) 37

XVI. AGENCY ORDERING OF PARAMEDICAL SERVICES 38

XVII. REPLACEMENTS 38

XVIII. SIGNATURES 39

XIX. POLICY/CONTRACT DELIVERY & RECEIPTS 39

XX. REMITTANCE 40

R4633-17

- XXI. ANTI-MONEY LAUNDERING (AML) 40
- XXII. SUITABILITY 41
- EXHIBIT A. AGENCY TECHNOLOGY MINIMUM SPECIFICATIONS 42**
- INTRODUCTION 42**
- I. WORKSTATION AND LAPTOP HARDWARE AND SOFTWARE REQUIREMENTS 42
- II. ANTI-VIRUS AND ANTI-SPYWARE 42
- III. PERSONAL FIREWALL SOFTWARE FOR LAPTOPS 43
- IV. SOFTWARE PATCHING 43
- V. NETWORK CONNECTIVITY 43
- VI. USING A FIREWALL TO PROTECT A LOCAL AREA NETWORK (LAN) 43
- VII. WIRELESS NETWORKING 44
- VIII. REMOTE OFFICE CONNECTIVITY 45
- IX. TELEPHONE SYSTEM 46
- EXHIBIT B. AGENCY SOCIAL MEDIA STANDARDS 47**
- I. SCOPE 47
- II. DEFINITIONS 47
- III. SOCIAL MEDIA PARTICIPATION 47
- PART 2: NON-ALLSTATE BUSINESS 51**
- NON-ALLSTATE BUSINESS 52**
- GENERAL STANDARDS 52**
- I. CONFIDENTIALITY OF INFORMATION 52
- 1. PRIVACY OF CUSTOMER INFORMATION 52
- 2. GENERAL REQUIREMENTS 53
- 3. PRIVACY INCIDENT REPORTING PROCESS 53
- 4. PROTECTION OF PERSONAL INFORMATION 53
- II. TECHNICAL REQUIREMENTS FOR AGENCY TECHNOLOGY 54
- III. CORPORATE DO NOT CALL AND FAX SOLICITATION POLICIES 54
- IV. MARKETING / ADVERTISING 54
- 1. WEB SITES AND WEB PAGES 54
- 2. E-MAIL COMMUNICATION TO CONSUMERS 54
- 3. REMITTANCE 55
- V. TELEPHONE SYSTEM 56

R4633-17

PART 1: ALLSTATE BUSINESS

R4633-17

OPERATING STANDARDS

GENERAL STANDARDS

I. CONFIDENTIALITY OF INFORMATION

1. PRIVACY OF INFORMATION OWNED BY ALLSTATE

Agencies are responsible for complying with all applicable laws requiring administrative, technical, and physical safeguards to protect Allstate's Personal Information from misuse or unauthorized disclosure. Allstate agencies must comply with the Graham Leach Bliley Act, federal regulations, state breach laws, and other state laws and regulations that provide for or relate to safeguarding of Personal Information. Agencies may not use customer information to make solicitations unless the agency has a pre-existing business relationship (either agency of record or servicing agent); unless the agency is responding to an inquiry about a product or service by a consumer; or unless the agency is making a solicitation that has been authorized or requested by the consumer.

Personal Information is defined as information collected or retained about an individual¹ to be used for business purposes, where if disclosed, compromised or destroyed in an unauthorized manner would directly or indirectly adversely impact Allstate, its customers or employees. Personal Information includes Personally Identifiable Information ("PII") and Protected Health Information ("PHI") which requires Allstate and agencies to have additional controls in place to protect against unauthorized access and disclosure.

PII is defined as personally identifiable information about an individual, including health and financial information such as, but not limited to Social Security Numbers, driver's license numbers or government-issued ID card numbers, Tax ID numbers, credit card numbers, bank account information, date of birth and payroll information. PII may also include PHI. PHI is defined as Protected Health Information (including the individually identifiable health information of non-U.S. citizens), held or maintained by a covered entity² or its business associates acting for the covered entity that is transmitted or maintained in any form or medium. Examples of PHI include, but are not limited to height, weight, medical conditions, drugs, medical products or equipment used, or physician's name.

A list of Personal Information data elements is available in the PII/PHI Data Elements list. Allstate agencies and their staff are responsible and accountable for protecting any Personal Information in their possession, under their control, and/or when transmitting it to those outside of Allstate.

To effectively market and properly underwrite and rate policies when doing business on behalf of Allstate, Allstate information is collected from a variety of sources, including prospects, existing customers, and third parties. Information collected should only be used for the business purpose for which it is collected. Information from consumer reports must not be used for marketing, although it may be used for underwriting or rating. The use of all Allstate information collected must comply with all applicable laws and Allstate policies, and must not be used for any other purpose or shared with third parties, without the express written consent of Allstate.

¹ An "individual" includes current, former and prospective Allstate customers, claimants, agents, Allstate employees, applicants, vendors, or agency support staff.

² Allstate covered entities are American Heritage Life Insurance Company, and those portions of Lincoln Benefit Life Insurance Company and Allstate Life Insurance Company of New York that underwrite certain health-related policies. An example of health-related information that is not held by a covered entity is information collected pursuant to a property and casualty insurance claim.

R4633-17

2. **GENERAL REQUIREMENTS**

As the first step in safeguarding Personal Information, agencies must develop security policies and procedures and establish limitations to control how the information is collected, accessed, stored and disposed. Additionally these limitations will designate who is authorized to access the information and how records containing Personal Information are to be transmitted and/or transported outside of their business control.

Agency owners are responsible for implementing and evaluating ongoing education and training for their employees, including temporary and contract employees, on the importance of protecting Personal Information and the methods and means by which to do so. In addition to the requirements of this document, agencies must develop, implement and maintain a comprehensive Written Information Security Program (WISP) that ensures the security, confidentiality, and integrity of Personal Information by protecting against potentially harmful threats and hazards, or unauthorized access to, disclosure of, or use of Personal Information that could result in substantial harm or inconvenience to Allstate Insurance Company, its affiliates or any customer. The WISP shall contain administrative, technical, and physical safeguards for Personal Information.

3. **WRITTEN INFORMATION SECURITY PROGRAM**

Agencies must designate an individual (either the agency owner or a support staff person) to manage and maintain a WISP in each physical office location. A sample WISP is available on the Gateway Portal. To evaluate and improve the effectiveness of their WISP, agencies should regularly scrutinize their business processes and systems, including wireless devices, to ensure that unauthorized use or access to Personal Information is prevented. Agency owners will be responsible for determining and imposing disciplinary measures for support staff for violations of the agency's WISP. Agencies should review their safeguarding controls at a minimum of once annually and revise as appropriate to ensure that their safeguarding controls prevent unauthorized access to or use of Personal Information.

4. **PRIVACY INCIDENT REPORTING PROCESS**

Any known or suspected privacy incident involving a breach of security, including but not limited to cases of unauthorized access, unauthorized disclosure, data theft³ or loss,⁴ must be immediately reported via the Allstate Privacy Incident Reporting Process by reporting the incident to the Allstate i-Report at 1-800-706-9855. Agency owners will work in conjunction with Allstate to investigate and remediate the incident.

³ 'Data Theft' is the term used to describe when information is copied or taken from a business or an individual without their prior authorization.

⁴ 'Data Loss' is the term used to describe the disclosure (whether inadvertent or intentional) of information about a business or an individual.

R4633-17

Upon conclusion of the incident, a record of the incident and responsive actions taken in connection with the incident must be documented in a responsive action log and should contain the data listed below. A sample responsive action log can also be found in the WISP.

- Date of Incident
- Description/Summary of Incident
- Resolution

In order to create and implement a privacy incident mitigation strategy, agencies must complete and maintain an inventory of all paper, electronic, and other storage media used for business purposes that is located both internally and externally of their actual physical office location(s).

5. AUTHENTICATION OF PERSONAL INFORMATION

- a) A customer authentication process must be established and implemented before processing any customer request that involves the exchange of Personal Information.
- b) Personal Information must not be shared verbally or in writing with an individual unless the individual's identity has first been authenticated and it is confirmed that the individual is authorized to receive the information.
- c) Except when a new insurance policy is being written for a customer, Personal Information, in its entirety, must not be used for authentication purposes. Truncated Personal Information⁵ may be used as a form of authentication when no other form of authentication is available and has been approved by Allstate. For example, only ask the customer for the last 4 digits of his/her SSN instead of the whole number (9 digits).

6. ACQUISITION AND USE OF PERSONAL INFORMATION

- a) Personal Information must only be acquired, displayed and used for specific lawful business purposes.
- b) To protect prospects and customers' Personal Information and privacy when corresponding electronically, agencies should use the Secure Communication platform found in the Gateway Household View when requesting Personal Information be sent electronically. It is a safe way to communicate with prospects and customers and helps protect their Personal Information.
- c) Agencies must adhere to the "Principle of Least Privilege" which means that authorized users must only be able to see the Personal Information required to perform their job function. Any Personal Information not required to perform a job function must be omitted or truncated.
- d) The amount of Personal Information collected should be limited to that which is reasonably necessary to complete the legitimate business transaction for which it is collected.

⁵ Truncating refers to the removal of characters from a character sequence in order to protect the confidentiality of the original information. As an example of truncating Personal Information, the Social Security Number (SSN) '123456789' could be represented as 'xxxxx6789'.

R4633-17

- e) Personal Information may only be entered in software applications provided by or authorized by Allstate (collectively, "Allstate Software Application").
- f) Any mobile and wireless devices such as Smartphones & PDAs that are used for business purposes must be encrypted and meet the Minimum Specifications for connectivity to the Allstate network.
- g) Agencies using third party agency management systems, in conjunction with Book of Business Download, may not enter any Personal Information of customers or prospects, except for partial birth dates, into the agency management systems. Where agency management systems do allow substitute characters in the birth date field, birthdates should be entered as XX/DD/YYYY (e.g. XX/12/2008).
- h) Personal Information must not be shared with Unauthorized Users⁶.

7. STORAGE OF PERSONAL INFORMATION

- a) Downloading and storing Social Security Numbers, driver's license numbers or government-issued ID card numbers, date of birth, credit/debit card and bank routing information, financial information, medical/health information, or other Restricted information to an Agency owned computer, Personal Digital Assistant (PDA), Smartphone, removable media device or other non-Allstate owned device is prohibited.
- b) Social Security Numbers, driver's license numbers or government-issued ID card numbers, date of birth, credit/debit card and bank routing information, financial or medical/health information, or other Restricted information may not be stored or accessible on any non-Allstate owned mobile computer equipment.
- c) Any paper or electronic data that contain Personal Information may only be retained for the maximum time limit deemed necessary for the business purpose and required by law. Storing Social Security Numbers, driver's license numbers or government-issued ID card numbers, date of birth, credit/debit card and bank routing information, financial information or medical/health information, or other Restricted information to an Agency owned computer, Personal Digit Assistant (PDA), Blackberry or removable media device is prohibited.
- d) Paper documents, files, and records that contain Personal Information must be maintained or stored in a locked container, storage area or facility to avoid access by unauthorized persons. For example, file cabinets and office doors must be locked when not in use. Social Security Numbers, driver's license numbers or government-issued ID card numbers, date of birth, credit/debit card and bank routing information, financial information or medical/health information, or other Restricted information may not be stored on any non-Allstate owned computer equipment.
- e) Personal Information (electronic and paper based) must not be left unsecured⁷ for even a short time, including when leaving a desk or computer workstation.

⁶ Unauthorized Users are defined as anyone who has not been granted approval to access Allstate (customer, prospect, and claimant) information and information systems.

⁷ In this context, Personal Information is considered unsecured if it is in any way accessible by Unauthorized Users.

R4633-17

- f) To ensure that appropriate business and lawful purposes are being pursued during the storage of electronic materials, Allstate may inspect or monitor all computers, removable media, mobile devices and information, whether Allstate-owned or agency-owned, at any time as necessary for the conduct of its business and/or to investigate any alleged misconduct or misuse of the information or systems. Moreover, Allstate's Information Technology Usage policy specifically states that Allstate retains the right to monitor and/or record any electronic media and information and the activity associated with it.
- g) Agencies are required to ensure compliance with special records retention exceptions, including but not limited to, litigation holds and regulatory requirements.

8. TRANSMISSION OF PERSONAL INFORMATION

- a) All business e-mails must be sent from the agency owner's or agency employee's Allstate provided e-mail address. E-mails to customers or prospective customers must not be sent from e-mail accounts not provided by Allstate. Using the Secure Communication platform allows you to send correspondence from an Allstate provided e-mail address and protects any Personal Information included in the message.
- b) Use the Secure Communication platform located in the Gateway Household View when corresponding with customers and prospects and there is a business need to share Personal Information such as Social Security Numbers, driver's license numbers or government-issued ID card numbers, date of birth, credit/debit card and bank routing information, financial information medical/health information, or other Restricted information.
- c) When responding to an e-mail that contains Social Security Numbers, driver's license numbers or government issued ID card numbers, date of birth, credit/debit card or bank routing information, financial information or medical/health information or other Restricted information, all such information must be deleted from the e-mail message before sending a reply.
- d) Never bind coverage or complete an application via e-mail.
- e) Never transmit a completed application electronically outside of the Allstate network to a prospective customer to obtain a signature. The recommended and preferred method of obtaining a customer signature is live, in person. If the customer is not available to sign the application in person, then the signature could be obtained by using a secured fax (via phone line or the approved electronic faxing solution RightFax) or electronic signature via MyAccount on Allstate.com. Applications may also be sent through the US mail.
- f) Faxes received that contain Personal Information must not be left unattended at agency fax machines, imaging/output devices, or multi-functional devices. Examples of imaging/output devices include, but are not limited to, printers. Examples of multi-functional devices include, but are not limited to devices that may combine printing, faxing, and document scanning or copying functionality.
- g) When sending faxes containing Personal Information, the information must not be displayed on documents that are widely seen by others.

R4633-17

- h) Before sending faxes containing Personal Information, the sender should verify that a person is available at the receiving end and any unnecessary Personal Information has been truncated or omitted.
- i) All outgoing documents which contain Personal Information sent via fax must include a cover page which includes the following text:

"The information contained in this transmission is confidential and intended only for the individual or company named on this cover page. If you are not the intended recipient, please note that disclosure, copying, distribution or use of the contents of this transmission is strictly prohibited. If you received this transmission in error, please notify us by telephone at the phone number listed on this cover page."

- j) Personal Information may not be transmitted to external individuals, companies or organizations unless there is an established relationship, a legal or business need to know and the recipient is authorized to receive such information.
- k) When mailing any printed items containing Personal Information via the US Postal Service or other courier services, the printed items must be enclosed in a sealed envelope or container so that the Personal Information is not visible. If a delivery service courier is used, including but not limited to, FedEx, DHL, UPS, etc., the document, package, or shipment must be sent with a signature required (from the recipient).

9. DISPOSAL OF PERSONAL INFORMATION

- a) When disposing of electronic Personal Information, it must be done in a secure manner so that it cannot be retrieved or reconstructed and the confidentiality of the information is safeguarded.
- b) When no longer required for any Allstate business or legal purpose, electronic data storage devices including, but not limited to, CD-ROMs, disks, hard drives of desktops, laptops, printers or other scanning/imaging/output devices must all be either physically destroyed or the data stored on them must be properly deleted so that the data cannot be retrieved or reconstructed according to the processes outlined in the Secure Disposal of Information in the Security Guidelines for Using Agency Technology.
- c) When disposing of paper that contains Personal Information, it must be shredded or destroyed in an approved, secure manner to help protect its confidentiality. Approved methods of secure destruction/disposal include, but are not limited to, document shredding, pulping (reducing paper to liquid slurry), or burning.
- d) When no longer required for any permitted business or legal purpose, copies of faxes containing Personal Information sent or received through electronic fax (e-fax) facilities should be deleted.

R4633-17

10. RECORDING TELEPHONE CONVERSATIONS

- a) Prior to endeavoring to record inbound and/or outbound telephone calls:
 - 1. Consider all applicable state and federal laws. Every state has its own law that addresses the circumstances under which a call may be recorded and those will differ from state to state.
- b) Consult with your legal representative to ensure compliance with all relevant state and federal laws to ensure that you implement a legally compliant process.

11. SCANNING WORKSTATION REQUIREMENTS

- a) Approved options to scan and electronically store images of Allstate documents include:
 - 1. eBridge Solutions, pursuant to the terms and conditions of the Services Agreement between Allstate and eBridge.
 - 2. An encrypted workstation permanently housed in the agency and not connected to the Internet at any time.
- b) Scanned images containing Personal Information must only be stored on a scanning workstation for business and legal purposes.
- c) When no longer required for any business or legal purpose, any scanned images containing Personal Information stored on the scanning workstation must be securely deleted so that it cannot be retrieved or reconstructed. Consult the Security Guidelines for Using Agency Technology for further guidance.
- d) Prior to the removal of a scanning workstation for offsite upgrade, repair or replacement, the following must be performed:
 - 1. Any Personal Information that is stored on a scanning workstation that is required for any business or legal purpose must be backed up first. Backed up means to be able to create a retrievable copy of all appropriate information;
 - and
 - 2. All stored Personal Information that is stored on the scanning workstations must all be either physically destroyed or the data stored on them must be properly deleted so that the data cannot be retrieved or reconstructed according to the processes outlined in the Secure Disposal of Information in the Security Guidelines for Using Agency Technology.
- e) Safeguarding controls must be implemented and enforced to restrict access to any scanning workstation that contains Personal Information to only those people who need it to perform their job function.

R4633-17

1. Any workstation used for scanning purposes should be physically secured per the applicable requirements detailed in the Physical Security section of this document.

12. PASSWORD MANAGEMENT AND ACCESS CONTROL

- a) All authorized users of each individual workstation must have a unique username and password in order to maintain individual accountability on each workstation.
- b) Access to agency workstations must be restricted via the use of strong passwords. Specifically, a strong password must:
 1. Not be related to one's job or personal life
 2. Not contain a word found in the dictionary (including non-English dictionaries)
 3. Contain a minimum of 6 characters
 4. Incorporate 3 of the 4 components below:
 - One or more upper-case letters
 - One or more lower-case letters
 - One or more numbers
 - One or more special characters (such as @, !, #)
- c) The use, re-use and expiry of passwords must comply with the following requirements:
 1. Passwords must be changed every 60 days.
 2. Passwords must not be re-usable until five unique passwords have been used.
 3. Passwords must never be written down.
 4. Passwords must be promptly changed if they are suspected of being disclosed or are known to have been disclosed to unauthorized parties.
 5. Passwords must not be disclosed or shared among any individuals.

13. TERMINATION OF EMPLOYMENT CONTRACTS OF AGENCY EMPLOYEES

- a) The following steps must be taken immediately upon the termination of an employment contract of an agency employee:

R4633-17

1. All user names and passwords must be deactivated to prevent access to any records containing Personal Information.
2. Physical access to any records containing Personal Information must be removed.
3. Access to all agency computer workstations and network facilities must be removed.
4. Access to the Allstate Agency Gateway must be removed.
5. Access to the Allstate Agency's physical office must be removed.

14. PHYSICAL SECURITY

- a) Documents, files, and records that contain Personal Information must be maintained in a locked and secure manner to avoid access by unauthorized persons. For example, file cabinets must be locked when not in use and computers must be password protected with access given only to authorized users.
- b) All computer workstations must be 'locked' when not in use. In this context, a workstation must only be unlocked via a user name and password.
- c) All computers must be physically secured. Laptops must be secured to a desk or docking station with a security cable and lock mechanism. Desktop computers must be locked in or secured to a permanent surface that is difficult to move. Examples of the methods of securing desktop computers include, but are not limited to, lockable containers, security cables and computer holders,
- d) When used outside of an Allstate Agency, laptops and other mobile devices must remain in the personal custody of their assigned user at all times. When not in use, laptops must be physically secured at all times with a security cable and lock mechanism.
- e) All laptops, wireless devices, paper customer files, customer applications or any other paper or electronic records containing Personal Information must never be left in an unlocked or locked vehicle either temporarily or overnight.

15. SECURITY REQUIREMENTS FOR VENDORS

Agency owners, as independent contractors, are solely responsible for any agreement entered into for goods or services on behalf of the agency. Allstate Insurance Company and its affiliates do not review or approve agreements for goods and services on behalf of independent contractors. When entering into an agreement that could potentially involve the use, transmission, or storage of Allstate Personal Information, you are required to ensure that vendors handle this information in accordance with your obligation to comply with the proper handling, protection and security of this information as set forth in the Confidentiality of Information Section of these Agency Standards.

R4633-17

Agencies must verify that any third-party vendor or service provider selected and retained by the agency and with access to Personal Information has the capacity to protect the information and maintain appropriate security measures to protect the information consistent with state and federal regulations. This includes vendors such as cleaning services and temporary employee providers. Before sharing any Personal Information to the vendor, the agency must verify that the vendor has a security program in place which complies with the policies set forth in the previous subsections of "Acquisition and Use of Personal Information," "Storage of Personal Information," "Transmission of Personal Information," and "Disposal of Personal Information." The vendor must be contractually required to comply with these policies and adequately safeguard Personal Information.

II. TECHNICAL REQUIREMENTS FOR AGENCY TECHNOLOGY

To ensure protection of Allstate Personal Information, and optimal Customer Experience levels, all technology supplied by Exclusive Agents and Exclusive Financial Specialists to conduct Allstate business must comply with the requirements set forth in the Agency Technology Minimum Specifications, attached herein as Exhibit A.

III. ACCESS TO INSURANCE

Agencies must use consistent questions and provide consistent information when qualifying prospects/customers for insurance with Allstate without regard to race, color, religion, sex, disability, family status, national origin or other legally protected status of the prospects/customers, and without regard to the racial/ethnic composition of the neighborhood in which they reside. This applies to both prospects and customers who have contacted an agency and those an agency has solicited.

IV. CORPORATE DO NOT CALL AND FAX SOLICITATION POLICIES

When telemarketing for Allstate or any Allstate affiliated brands, agencies must comply with Allstate's Corporate Do Not Call and Fax Solicitation Policies and all applicable state and federal laws and regulations regarding telephone solicitation. Business units and agency principals should ensure that an external telemarketer complies with all components of the Allstate Corporate DNC Policy and applicable state and federal telemarketing laws and regulations.

Agencies must provide, upon request from a prospect/customer, a copy of Allstate's Corporate Do Not Call and Fax Solicitation Policy and must document that it was provided.

Note: Click here to access and print a copy of the Allstate Corporate Do Not Call and Fax Solicitation Policies.

R4633-17

1. THE ALLSTATE CORPORATE DO NOT CALL POLICY IS AS FOLLOWS:

- a) Do not initiate a telephone call to phone numbers on the Allstate Do Not Call list for the purpose of encouraging the purchase of products or services, unless a prospect/customer on the Allstate Do Not Call list has made an inquiry about a product or service as evidenced by an express written invitation or permission to call the person or phone number. The inquiry must be properly documented in the prospect/customer file.

It is permissible to reply to an inquiry by returning a phone call to the prospect/customer within three (3) months of the initial inquiry date. If calling pursuant to an inquiry, documentation for the prospect/customer inquiry should include the phone number to which calls will be placed, the date permission was granted, and if possible, a prospect/customer signature. (**Note:** Individual states may have more restrictive requirements in regard to an inquiry about a product or service.)

An agency needs to utilize the appropriate tools available to determine if a prospect/customer is on the Allstate Do Not Call list. The rules and regulations pertaining to Allstate's Corporate Do Not Call Policy apply to outbound telephone solicitations and do not apply to existing policyholders contacted only for customer service purposes.

- b) When making a telephone solicitation, provide the called party with the name of the individual making the call, the name of the person or business on whose behalf the call is being made, the purpose of the call, the products or services that are the subject of the call, and a telephone number or address at which the person or business may be contacted. The telephone number provided may not be a 900 number or any other number for which charges exceed local or long distance transmission charges.
- c) Do not make telephone solicitations to a residence before 8:00 AM or after 9:00 PM local time of the residence. (**Note:** Individual states may have more restrictive limitations on when solicitation is permissible.)
- d) Discontinue the solicitation if the person being solicited states that he/she is not interested in the solicitation at any time during the telephone call.
- e) When a prospect/customer states that he/she does not wish to receive any future telephone solicitations from Allstate:
1. Acknowledge the person's Do Not Call request and indicate that Allstate will take steps to comply with it.
 2. Tell the person that it may take up to thirty (30) days before the request can be communicated to other Allstate offices and system records are updated. Also, tell the person that if a change in telephone number, address or name should occur, the person should contact Allstate if he/she wants to be put on the Allstate Do Not Call list. Although name and address can be requested, it is not required to be provided by the person. The change may take up to thirty (30) days before it can be communicated to other Allstate offices and system records are updated.
 3. Within one (1) business day from the date of the request, process the Do Not Call request via the approved methods. All information must be accurate and complete.

R4633-17

- f) Ensure all persons engaged in telemarketing activities on behalf of the agency are educated on the Allstate Corporate Do Not Call Policy and procedures and the use of the Allstate Do Not Call list.
- g) Business to business telemarketing for commercial policy prospecting efforts are not subject to Federal Trade Commission (FTC) or Federal Communications Commission (FCC) National Do Not Call Registry rules since these rules are intended for residential consumers. However, all prospect/customer telephone numbers to be called should be scrubbed against the Allstate Do Not Call list and if the number appears on the Allstate Do Not Call list, then no telephone solicitation should be made.
- h) Do not make telephone calls to any:
 - 1. Emergency telephone line, including any 911 line and any emergency line of a hospital, medical physician or service office, health care facility, poison control center, or fire protection, or law enforcement agency; or
 - 2. Telephone line of any guest room or patient room of a hospital, health care facility, elderly home or similar establishment.
- i) Do not make telephone calls using an automatic dialing system or using an artificial or prerecorded voice to any telephone number assigned to a paging service, cellular telephone service, specialized mobile radio service, other radio common carrier service, or any other service for which the called party is charged for the call.
- j) If using an automatic dialing device or artificial or prerecorded message, disconnect the device from the telephone wire within five (5) seconds of the termination of the call by the person being called.
- k) **Prerecorded telephone messages**

All telemarketing prerecorded messages must adhere to the following:

- 1. Prerecorded calls are not permitted to be placed to prospects, at any time, without prior written consent from the person being called.
- 2. No prerecorded solicitation telephone calls to existing customers are permitted without the prior signed, written agreement of the recipient to receive such calls. Note: Exclusively "informational" non-soliciting calls are exempt from this requirement (e.g. claim appointment reminder, claim catastrophe notification).
 - Only Allstate-provided, legally approved non-soliciting call scripts should be used for prerecorded calling programs to ensure compliance.
- 3. Allow the customer's telephone to ring for at least fifteen (15) seconds or four (4) rings before an unanswered call is disconnected.
- 4. Begin the prerecorded message within two (2) seconds of the greeting of the person called.

R4633-17

5. Phone numbers should be scrubbed against the Allstate-specific Do Not Call list prior to placing prerecorded calls to existing customers even though the calls are purely informational. Certain exceptions may apply upon legal approval.
- l) Do not use an automatic dialing system in such a way that two or more telephone lines of a multi-line business are engaged at the same time.
 - m) Do not block Caller ID.
 - n) Any person that engages in telemarketing must transmit Caller ID information, which includes either the Calling Party Number (CPN) or Automatic Number Identification (ANI), and when available by the telephone carrier, the name of the person that engages in telemarketing. The telephone number provided must permit individuals to make a Do Not Call request during regular business hours.
 - o) When making telephone solicitations, agencies must ensure that all calls are not disconnected prior to fifteen (15) seconds or four (4) rings.
 - p) If using an auto dialer or a predictive dialer when making telephone solicitations, no more than three percent (3%) of calls answered by a consumer can be "abandoned", as measured over a 30-day period. A call is abandoned if it is not connected to a live person within two (2) seconds of the called person's completed greeting. Records must be maintained to document compliance.
 1. Whenever a live person is not available to speak with the person answering the call, that person must receive, within two (2) seconds after the called person's completed greeting, a prerecorded identification message that states the name and telephone number of the business, entity or other individual on whose behalf the call was placed and that the call was for "telemarketing purposes only".
 - The telephone number provided may not be a 900 number or any other number for which charges exceed local or long distance transmission charges; and must permit an individual to make a Do Not Call request during regular business hours.
 2. A telephone solicitation is not considered abandoned if it delivers an artificial or prerecorded voice message to a person who has already given permission to receive such a call as discussed above in Section 1, Subsection k.
 - q) **Record Retention Requirements (24 months)**

The FTC and certain other regulatory agencies require that specific business records related to outbound calls be retained for a **minimum of two years**.

R4633-17

2. **THE ALLSTATE CORPORATE DO NOT FAX SOLICITATION POLICY IS AS FOLLOWS:**

Do not send solicitations or advertisements to a residential or business fax machine without prior written consent as evidenced by a signed written statement that includes the facsimile number to which any advertisements may be sent and clearly indicates the recipient's consent to receive such facsimile advertisements from the sender. Any solicitations or advertisements sent to a residential or business fax machine must be clearly marked, in a margin at the top or bottom of each transmitted page of the message or the first page of transmission, with the date and time it is sent and an identification of the business or other entity or individual sending the message and the telephone number of the sending machine or of such business, other entity or individual.

V. **UNLICENSED AGENCY STAFF**

Agencies are responsible for ensuring that all agency staff are in compliance with Allstate's policy and applicable laws relating to unlicensed agency staff activities. For the purpose of application of this company policy, any person who is licensed, but is not approved for binding authority and appointed or affiliated by the company as confirmed by the Allstate Licensing and Appointing Department, is considered unlicensed agency staff.

Allstate's policy regarding unlicensed agency staff:

1. **AUTHORIZED ACTIVITIES**

a) Perform secretarial/receptionist duties such as:

- Answer phones.
- Schedule appointments (provided there are no discussions about insurance coverages, securities products, cost or related issues).
- Maintain files and records.
- Refer prospects or customers to the agent or an authorized sales producer, where appropriate.
- Word processing or data entry.
- Assist with advertising and mailing campaigns.

b) Accept payments on existing policies made in the office when there are no coverage discussions.

Note: Some states do not allow unlicensed agency staff to engage in this activity. Agencies should make sure this activity is permissible in their state(s).

c) Secure expiration dates from prospects (the date their current policy expires and their current carrier, and whether they would be interested in speaking to an agent or an authorized sales producer) and obtain basic qualifying information (e.g. year/make/model of automobile, drivers, driving history, date of birth, vehicle usage, annual mileage, type of residence and dwelling specifics). (P&C Only)

Note: Some states do not allow unlicensed agency staff to engage in this activity. Agencies should make sure this activity is permissible in their state(s).

R4633-17

- d) Take loss information from customers and report this information to the Claims Department through the Promise Line. (P&C only)
- e) Handle changes to existing policies that do not involve any discussion of coverage or require the binding of additional coverages, increasing or decreasing coverages, removal of coverages or the addition of vehicles.
- f) Inform insureds as to coverages indicated in the policy record. (P&C only)
- g) Receive requests for coverage for transmittal to the agent or an authorized sales producer. (P&C only)

2. **UNAUTHORIZED ACTIVITIES**

- a) Solicit for insurance.
- b) Quote premiums.
- c) Discuss or provide advice concerning any aspect of insurance coverages or securities business activities.
- d) Interview customers for the purpose of developing information as part of the completion of an application.
- e) Bind new policies or make changes to existing policies that require the binding of additional coverages, increasing or decreasing coverages, removal of coverages, or the addition of vehicles. (P&C only)
- f) Accept payments on new policies.⁸
- g) Accept payments on existing policies outside of the office.
- h) Receive compensation based on sales, except as permitted by law.
- i) Be involved in any activity or transaction that is not in compliance with Allstate's policy or that is in violation of state licensing or other laws.
- j) Handle securities-related applications or payments.
- k) Provide a Receipt and Temporary Insurance Agreement on new policies or make changes to coverages on existing policies or securities business.

⁸ When no licensed representative is present in the office, payments on new life policies (check or money order only) can be held by an unlicensed agency staff for transfer to the agent or a licensed sales producer as long as the unlicensed agency staff explains to the customer that he or she is not providing a Receipt and Temporary Insurance Agreement and that only a licensed representative can provide a Receipt and Temporary Insurance Agreement.

R4633-17

VI. ALLSTATE MARKETING / ADVERTISING MATERIALS

Agencies must use only Allstate marketing/advertising materials approved by Home Office for use in the state(s) in which the agency is authorized by the company to write business. This includes, but is not limited to, sales brochures, advertisements in telephone directories, newspaper advertisements, radio and television commercials, electronic media displays, and all sales promotional plans and devices.

Allstate and its affiliates own many trade names, trademarks, service marks, and logos ("Allstate Marks"). The Allstate Marks are Allstate-owned assets that may not be used by Agencies without specific authorization from Allstate. Agencies may not use the trade names, trademarks, service marks, or logos of any companies involved in Affinity relationships with Allstate unless expressly authorized to do so.

Additional restrictions include, but are not limited to:

1. WHITE PAGES⁹

Agencies cannot advertise in White Pages with the Allstate name or any Allstate service marks, including the Allstate logo. Agencies are placed under the Allstate caption in White Pages listings and appear in alphabetical order by street name. Agencies must establish two listings:

1. Primary listing as Allstate Insurance Companies in "Caption Format". Requesting "Caption Format" allows the number to be included in the comprehensive Allstate Insurance Company White Pages listing.
2. Additional listing (secondary listing) as the agency name or personal name

The region will determine which directory or directories agencies will be placed in. If an agency chooses to enhance its current White Pages listing with a bold, superbold or feature listing using the agent's name or agency's name, it cannot include the name Allstate or any Allstate service marks, including the Allstate logo.

2. YELLOW PAGES

All Allstate Yellow Pages advertisements using the Allstate logo, name, trademarks, service marks, and specific Allstate products/discounts must be placed through Berry Network, Inc. This includes but is not limited to Display, Trademark, Trade listings and Internet Yellow Pages advertisements. Agencies that place Yellow Pages/Internet Yellow Pages advertisements locally using the Allstate name are considered out of compliance and may be excluded from Allstate funded Yellow Pages advertising.

Display: Only one Allstate display ad is allowed in each directory, presenting the customer with a unified image of Allstate. The region and Berry Network will help determine which directory or directories agencies will be placed in. Pager numbers are not permitted in

⁹ Phone book listings, both Yellow Pages and White Pages, or Websites do not apply to R3000 Employee Agents. Any listing for R3000 Employee Agents is done at Regional discretion.

R4633-17

Allstate Yellow Pages advertising. Fax and vanity numbers are permitted only if accompanied by the local telephone number, space permitting.

Trademark: Only one Trademark ad (in-column) is placed in each directory. Allstate and the regions may choose to place agencies in the Allstate Trademark ad in pre-determined directories. Professional designations, fax, pager numbers and directionals do not appear in the Trademark advertisements. Agencies are not permitted to place a Trademark ad, Trademark listing using the Allstate name, trademark, service marks or mentions of specific Allstate products and services.

Internet Yellow Pages: Allstate may choose to place agencies in the Allstate trademark ad or trade listings for selected sites. Agencies can also place individual listings using the Allstate name only through Berry Network. Agencies are not allowed to place Internet Yellow Pages advertisements/listings locally using the Allstate name.

Agencies (R3001s only) may also place Yellow Pages advertising outside of Allstate's Yellow Pages advertising program solely under their name or agency's name as long as it does not include the name Allstate, any Allstate trademark and service marks (including the Allstate logo), photos including the Allstate name or logo, or make any reference to any products or services specific to Allstate. The Allstate name may not appear as the anchor listing (the in-column listing directing consumers to a non-Allstate display ad).

3. TOLL-FREE NUMBERS

A toll-free number may be used in conjunction with the Allstate name for marketing and customer service purposes in the state(s) in which the agency is authorized by the company to write business.

However, a toll free number that spells out an Allstate trade name or service mark may not be used. Using such a number for marketing outside of your market may limit the agency's ability to provide a proper level of service and could adversely impact the quality of business written by the agency. It also may be more difficult to evaluate risks prior to binding them.

When placing Non-Allstate advertising out of state using a toll free number, it is important to keep in mind that the agency's authority to sell Allstate insurance is limited to the state containing the agency's sales location and other states in which the agency is properly licensed and appointed by the Company. Each agency is responsible for complying with any legal requirements that may apply to this type of advertising.

For use in Yellow Pages it is recommended that the toll free number be used in conjunction with the local number (space permitting).

A toll free number should be established as a "non-listed" number which suppresses it from Directory Assistance, both local and national, while allowing it to be published in the White Pages and Yellow Pages. This is different than a "non-published" number which suppresses it from Directory Assistance, White Pages and Yellow Pages. When establishing a "non-listed" number, you need to provide the telephone company with the valid area codes to be used with the 800 number to limit the number of calls from outside the market. If a list of valid area codes to use in combination with the toll free number is not provided, the local telephone

R4633-17

company can route calls from anywhere in the US to the agency. Lastly, the number should be suppressed from the National 800 Number Directory.

4. **WEB SITES AND WEB PAGES**

In addition to the Allstate Agency Web Sites coordinated by the company, agencies (R3001s only) may also have a Web page(s) as long as the Web page(s) or domain name(s) follows the guidelines and limitations below:

1. Agencies may use the Allstate name to denote agency affiliation.
2. Agencies may not use any Allstate Marks or make any reference to any products or services specific to Allstate.
3. Agencies may not register or use any domain names or Uniform Resource Locators (URLs) that are comprised in whole or in part of Allstate Marks or are confusingly similar to any Allstate Marks. In addition, agencies shall not register or use any domain name or Uniform Resource Locator that tarnishes or otherwise blurs the public's association of any such Allstate Marks.

Agencies that develop a social media custom link (i.e. www.facebook.com/joesmithallstateagency) are able to utilize "Allstate" since the main domain does not contain "Allstate" and the agency name is included in the sub-domain. Therefore, the extension beyond the backslash may include "Allstate," as long as the agency name is also included in the sub-domain, and use of "Allstate" is not defamatory or does not tarnish Allstate's name in any way. Any other Allstate marks, such as "Good Hands" are not approved for usage in social media custom links.

4. For those agents who have a Web site in the agent's name or agency's name, a hyperlink to their Allstate Agency Web Site(s) may appear on this site. In addition, a hyperlink to their Allstate Agency Web Site(s) may also appear in Allstate approved Internet advertising and/or marketing Web sites. When posting a hyperlink to an Allstate Agency Web Site, you must utilize one of the following language options:
 - i. Please visit my site, John Doe Agency, to get more information on the Allstate products and services I can offer
 - ii. Please visit my site, Allstate Agency - John Doe, to get more information on the Allstate products and services I can offer
 - iii. Visit Allstate Agent Jane Doe to get more information on the Allstate products and services I can offer

* Underlined sections indicate the phrase that should be hyperlinked for best search engine optimization.

5. Agencies may not frame their individual Web Site within their Allstate Agency Web Site. Framing occurs when a click on an individual agent's Web Site URL takes the user to the agent's Allstate Agency Web Site, but the URL remains as the individual

R4633-17

agent's Web Site URL. Please note that this is different from a redirect, which is considered compliant. See below for an example of the difference:

Framing:

www.johnsmithagency.com (individual web site) → the user sees the agent's AWS page → URL stays as www.johnsmithagency.com (individual web site)

Redirect:

www.johnsmithagency.com (individual web site) → the user sees the agent's AWS page → URL changes to www.allstateagencies.com/JOHN SMITH (AWS web site)

6. Agencies must comply with the Allstate Agency IT Usage Policy - Agency Technology.
7. Allstate shall decide in its sole discretion whether any domain names or URLs registered to or used by agencies are impermissible based on the above criteria.

Agencies that place advertisements on Internet Search Engines may not bid on keywords that are comprised in whole or in part of any Allstate Marks. Allstate Marks can be used in an advertisement, but it must link back to the Allstate Agency Home Page coordinated by the company.

When posting a hyperlink to an Allstate Agency Web Site the language outlined in item #4 above must be used and is the only instance where any reference to Allstate is allowed. In addition, agencies shall not register or use any domain names or Uniform Resource Locators that are comprised in whole or in part of the trade names, trademarks or service marks of Allstate or its affiliates (or abbreviations thereof); or are confusingly similar to any service marks, trademarks or trade names owned by Allstate or its affiliates.

Allstate shall decide in its sole discretion whether any domain names or Uniform Resource Locators registered to or used by agencies are impermissible based on the above criteria.

Agencies that place advertisements on Internet Search Engines may not bid on keywords that are comprised in whole or in part of the trade names, trademarks or service marks of Allstate or its affiliates (or abbreviations thereof). The Allstate name and service marks can be used in the advertisement, but it must link back to the Allstate Agency Home Page coordinated by the company.

5. E-MAIL COMMUNICATION TO CONSUMERS

Agencies must honor all e-mail opt-out/unsubscribe requests. E-mail sent via the Target and Grow (TaG) platform will include necessary selection criteria to honor e-mail subscriptions retained in Allstate systems.

Agencies may only send commercial e-mail to those consumers who have expressly opted in to receive commercial e-mail from Allstate. Consumers opt-in to receive commercial e-mail from Allstate by subscribing to the "Allstate Updates" e-mail preference. A commercial e-mail is an e-mail in which the primary purpose is the commercial advertisement or promotion of Allstate and/or its products and services.

Agencies may send non-commercial e-mail without an explicit customer opt-in. A non-commercial e-mail is an e-mail in which the primary purpose is not the commercial

R4633-17

advertisement or promotion of Allstate and/or its products or services, such as a transactional message.

A "transactional message" is an e-mail message in which the primary purpose is to facilitate, complete or confirm a transaction that the recipient has previously agreed to enter into with Allstate.

For example, agencies may e-mail consumers that have obtained a quote for an Allstate product and can send subsequent e-mails to these quoting consumers with information and clarification specific to the quote, provided the e-mail excludes Social Security Numbers, driver's license numbers or government-issued ID card numbers, date of birth, credit/debit card and bank routing information, financial information or medical/health information, or other Restricted (e.g. Highly Confidential) information.

E-mails sent to quoting customers with information not specific to a quote are considered commercial e-mail and require a consumer opt-in.

E-mails sent to a list of prospects obtained from an external source provider that does not have an opt-in process specific to Allstate are considered commercial e-mail and require a consumer e-mail opt-in to send Allstate branded e-mail.

Never bind coverage or complete an application via e-mail.

Never transmit a completed application electronically outside of the Allstate network to a prospective customer to obtain a signature. The recommended and preferred method of obtaining a customer signature is live, in person. If the customer is not available to sign the application in person, then the signature could be obtained by using a secured fax (via phone line or the approved electronic faxing solution RightFax) or electronic signature via MyAccount on Allstate.com. Applications may also be sent through the US mail.

All business e-mails must be sent from the agency owner's or agency employee's Company provided e-mail address. E-mails to consumers must not be sent from e-mail accounts not provided by Allstate.

Agencies shall not use any outside e-mail address names that are comprised in whole or in part of: the trade names, trademarks, or service marks of Allstate or its affiliates (or abbreviations thereof); or are confusingly similar to any service marks, trademarks or trade names owned by Allstate or its affiliates.

Allstate shall decide in its sole discretion whether any outside e-mail address registered to or used by agencies are impermissible based on the above criteria.

When responding to a customer inquiry, use the Secure Communication platform located in Gateway Household View to safeguard any customer or prospect Personal Information such as Social Security Numbers, driver's license numbers or government-issued ID card numbers, date of birth, credit/debit card or bank routing information, financial account information or medical/health information, or other Highly Confidential information, outside the Allstate network.

The e-mail reply function includes a copy of the original e-mail message sent to the agency that if not deleted, will re-transmit any Personal Information contained in the original customer e-mail message. When responding to an e-mail that contains Social Security Numbers, driver's license numbers or government-issued ID card numbers, date of birth, credit/debit

R4633-17

card or bank routing information, financial account information or medical/health information, such Personal Information must be deleted from the e-mail message before sending a reply.

6. SOCIAL MEDIA

Social media describes the online technologies that people use to share opinions, insights, experiences, and perspectives. Social media can take many forms, including text, images, audio, and video. Technologies typically used include, but are not limited to, profiles, communities, blogs, message boards, podcasts, wikis, and vlogs.

Agencies must adhere to the Agency Social Media Standards, attached as Exhibit B.

7. SOCIAL MEDIA SOLICITATION

Allstate permits use of social media to discuss general questions and build relationships with prospective or current customers by way of posts; however, the posts MAY NOT reference specific Allstate-branded products or services. Agencies MAY NOT post generic content related to Allstate Financial products or services and MAY NOT solicit such sales.

Agencies must adhere to the Agency Social Media Standards, attached as Exhibit B.

R4633-17

P&C BUSINESS PROCESSING STANDARDS

VII. NOTICE TO PROSPECTS/CUSTOMERS

Agencies must:

1. In all states, in addition to any other notice that may be required, orally inform all prospects/customers whose consumer reports will be ordered before ordering them. "Consumer reports" for these purposes include credit reports, motor vehicle reports, loss information reports and prior insurance reports. If it is not possible to orally inform all individuals in a household for whom consumer reports will be ordered, the agency must orally inform at least one person in the household and identify all persons for whom consumer reports will be ordered.

In addition to orally informing the prospect/customer that the agency intends to order these reports, the agency must also provide the prospect/customer with a copy of the Graham-Leach-Bliley Act/Privacy Act Notice before ordering any consumer reports in the following states: Arizona, California, Connecticut, Georgia, Illinois, Maine, Minnesota, Montana, Nevada, New Jersey, North Carolina, Oregon and Virginia. If this is physically impossible (such as when the transaction is occurring over the phone), the script must be read word-for-word from Alliance/ALSTAR).

Please contact your Sales Support Department (SSD) for other state specific exceptions and requirements.

2. Do not change ("scrub") any of the information that is returned from a consumer report regarding accidents or violations without a personal conversation with the individual whose information is being changed along with obtaining any required documentation (if such is required) prior to scrubbing. If a personal conversation with that individual is not possible, the agency must have a personal conversation with at least one person in the household (along with obtaining any required documentation as indicated above), regarding any changes to this information before the changes are made.
3. Provide the required notice to all prospects/customers rejected based, in whole or in part, on information contained in credit reports, motor vehicle records, loss information reports or prior insurance reports by answering the Alliance/ALSTAR prompted questions accurately.
4. Provide the proper Graham-Leach-Bliley Act (GLB) privacy notice when the customer relationship is established:
 - (a) If the customer relationship is established in person, provide the customer with a copy of the GLB privacy notice.
 - (b) If the customer relationship is established via the telephone, obtain agreement that Allstate will mail the GLB privacy notice with the new business-mailing package.

VIII. AGENCY ORDERING OF CONSUMER REPORTS

The ability to order consumer reports is provided solely for underwriting Allstate business, which includes these purposes: rating, proper slotting of business, and in some states, determination of down payment or deductible amounts. "Consumer reports" for these purposes include credit reports, motor vehicle reports, loss information reports and prior insurance reports.

R4633-17

Agencies must never use consumer reports for prospecting, pre-screening or for purposes other than in connection with a new business transaction initiated by the prospect/customer and consumer reports must never be ordered by an agency without the knowledge of the consumer. If it is not possible to orally inform all individuals in a household for whom consumer reports will be ordered, the agency must orally inform the named insured and identify all persons for whom consumer reports will be ordered.

The agency must obtain and transmit complete and accurate information on every person whose consumer report(s) will be ordered.

Complete and accurate information includes:

- (a) Complete name - Including first name, middle initial and last name. Suffixes such as Sr., Jr., or III should always be included for the named insured, but should never be included for any other insureds. The omission of a suffix is not a sufficient reason to reorder a credit report if a "hit" was received on the initial credit report.
- (b) Complete address - Including the street address and accurate zip code. The address should indicate appropriate designation as street, road, court, etc. (The information transmitted should be at least complete enough to ensure that a document mailed to the address would reach the applicant.) The incorrect spelling of a street name is not sufficient reason to reorder a credit report if the street number is correct and a "hit" was received on the initial credit report.
- (c) Complete prior address(es) - If the applicant has moved within the last two years.
- (d) Date of birth
- (e) Social Security Number - Applicants should be asked to supply their Social Security Number. (While not a required field, this information helps secure the credit report for the appropriate applicant.)

1. New Business

For those lines of insurance that a credit report must be ordered for **new business** the following applies:

The determination of the order of insured persons for whom credit reports should be ordered is as follows.

1. Named Insured.
2. Spouse, if applicable. *

* For auto, motorcycle and motor home policies, a credit report should be ordered on the spouse, only if the spouse is licensed for that class of vehicle.

Notes:

1. Credit reports should only be ordered on individuals under 18 years of age if they are the Named Insured or Spouse.
2. Credit reports will never be ordered on anyone age 14 or under.
3. Credit reports will never be ordered on anyone who is not the Named Insured or Spouse.

R4633-17

4. Additional rules may apply when ordering credit reports. Consult the Credit Ordering Job Aid for additional details.

Agencies must order only one credit report for any individual associated with any particular line of insurance at new business. When ordering credit reports for more than one line of insurance for the same consumer, complete, accurate and consistent information must be transmitted consistently for every transaction.

If the state is a written date state, any policy with a written date prior to the implementation date of a project where a new insurance scoring algorithm is being introduced must be rated using the rules and rates in effect as of the written date of the policy. For example, assume an implementation date of 10/01/2007. The policy written date is 9/1/2007. The policy effective date is 10/15/2007. This policy must be written using the rules and rates in effect as of 9/1/2007.

For written date states where credit reports are ordered prior to the implementation date of the use of a new insurance scoring algorithm:

- If the policy is not bound, rerunning of the credit report(s) should be forced. **Note:** Re-running the report is required, but the system is built such that it determines whether there is an existing credit report ordered within the countrywide 45-day window. If one exists, the system will use it. If the report falls outside of that 45-day window, the report will be reordered.
- If the policy is pend-bound or bound prior to the implementation date, the ordering of credit report(s) should not be forced unless the credit report is greater than 90 days old. Verify that the report is not older than 90 days old. If so, credit report(s) should be forced to issue the policy.
- Once a new algorithm is in place in a written date state, only the associated algorithm information should be displayed.

If the state is an effective date state, any policy written prior to the implementation date of a project where a new insurance scoring algorithm is being introduced with an effective date of/or after the effective date of this project must be rated using the rules and rates in effect as of the effective date of the policy. For example, assume an implementation date of 10/01/2007. The policy written date is 9/1/2007. The policy effective date is 10/15/2007. This policy must be written using the rules and rates in effect as of 10/01/2007.

- For effective date states, if a policy is effective on or after the implementation date of a new insurance scoring algorithm and the credit report has already been ordered utilizing any IS algorithm other than the new one, the rerunning of credit report(s) is required. **Note:** Re-running the credit report is required, but the system is built in such a way that it determines whether there is an existing credit report ordered within the countrywide 45-day window. If one exists, the system will use it. If the report falls outside of that 45-day window, the report will be reordered.

If there was a "hit" and accurate information had been used at new business, the credit report should not be reordered.

R4633-17

Reorders at new business by the agency may be allowed under the following circumstances **with the permission of the consumer**:

- (a) There was a "no hit" when the credit report was ordered and the consumer has disputed the accuracy of the name or address information used on the original credit report order. For example, the last name of the original credit report order was entered as "Green", but the consumer's last name is actually "Greene" or a suffix like Sr. or Jr. was omitted on the named insured.
- (b) There was a "no hit" when the credit report was ordered and the agency notices that the incorrect name or address information on the original credit report order was entered. For example, the current address on the original credit report order was entered as "123 Main Street", but the consumer's current address is actually "456 Main Street".
- (c) If an agency is unable to obtain a Social Security Number prior to ordering a credit report and receives a "no hit" on the credit report, the agency is encouraged to reorder the credit report if the Social Security Number can subsequently be obtained since this increases the chances of receiving a "hit" on the credit report.

Please note that if an agency is unable to obtain a Social Security Number prior to ordering a credit report but receives a "hit" on the credit report, the agency should not reorder the credit report, even if the agency is able to obtain a Social Security Number after the initial credit report order.

2. Renewal Business

The company will order credit reports at renewal when and where required. In states where applicable, this includes processing an endorsement to reorder a credit report at the insured's request.

Agencies must never order a credit report on renewal business. This includes never ordering credit reports on renewal business for the intended purpose of cross-selling, converting or re-tiering.

Requests to order a credit report on an existing customer for the purpose of a new transaction can only occur with the immediate and prior approval of the customer and in accordance with all applicable company policies (including the Agency Operating Standards) and all applicable laws.

If the company ordered a credit report at renewal for the purpose of rating and/or underwriting as part of Strategic Risk Management (SRM), and for some reason, the customer questions that report, the approved method for an agency to initiate a credit reorder request for a renewal customer is the use of a Web Service Request

Reorder requests may be initiated under the following circumstances:

- (a) There was a "hit" when the credit report was ordered and the customer has disputed the accuracy of the original credit report and provides evidence to the agency that as a result of that dispute, the Consumer Reporting Agency has corrected the actual credit report.

R4633-17

There is a difference between a correction and an update, and only a correction justifies a request to reorder.

A correction is defined as information on a credit report that was incorrect at the time the original credit report was ordered. The agency is required to maintain a copy of the letter from the Consumer Reporting Agency that shows the disputed items have been revised. This documentation must be immediately furnished to the company upon request.

- (b) The credit report(s) used to determine the Insurance Score (IS) group was not ordered on the correct operator(s) or occupant(s) on the policy at the time of the renewal, regardless of whether the original reports were "hits" or "no hits."
- (c) If the customer verifies that the information used to order the credit report was incomplete and/or inaccurate at the time of the renewal processing, a credit reorder request may be initiated with the permission of the customer if the original report was a "no hit."

While most requests for reordering credit reports should take place during the current renewal period, the company will consider any valid request, regardless of timeframe. Corrections will be made effective back to the date the credit report that was the subject of the correction was first used for rating purposes.

The FCRA notice that automatically is sent to the customer will advise him/her of the right to question and/or correct the credit report upon which the decision was made.

IX. APPLICATION / ENDORSEMENT COMPLETION

When writing new business or servicing existing business, agencies must:

1. Ensure that only agency owners and licensed agency staff that have been appointed by or affiliated with Allstate, as confirmed by the Allstate Licensing and Appointing Department may sell, solicit or negotiate insurance.
2. Make an offer of coverage where legally mandated.
3. Never bind coverage or complete an application via e-mail.
4. Never transmit a completed application electronically outside of the Allstate network to a prospective customer to obtain a signature. The recommended and preferred method of obtaining a customer signature is live, in person. If the customer is not available to sign the application in person, then the signature could be obtained by using a secured fax (via phone line or the approved electronic faxing solution RightFax) or electronic signature via MyAccount on Allstate.com. Applications may also be sent through the US mail.
5. Accurately and consistently apply the Risk Management Policies (RMPs) for each state, appropriately for each customer, and accurately and consistently apply all appropriate discounts and surcharges.
6. Accurately and consistently apply Affinity relationship designations when appropriate, and accurately and consistently input any other requested information.

R4633-17

7. Obtain and transmit accurate and complete information, which may include, but is not limited to, prior insurance policy information (policy number, years with prior carrier, bodily injury limits), driver's license number, and phone number for all operators. Applicants should be asked to supply their Social Security Number. (While not a required field, this information helps secure an accurate credit report.) Only the agent or an authorized sales producer for the agency can obtain this information. This information must be obtained together with any required documentation, during the underwriting review period. Required documentation for administrative guidelines must be available and furnished to the company upon request, or available on MyAccount, if submitted directly by the customer via Allstate.com.
8. Always order the appropriate consumer reports required for proper rating and underwriting of new business as outlined in the applicable state RMPs.
9. Develop an accurate quote based on all of the available information.
10. Collect the appropriate down payment and remit it to the company. Any payments received or collected by the agency on behalf of Allstate should be made directly to the agent or agency staff. Payments should never be left with third parties. Only the agent or an authorized sales producer can accept payments on new business.
11. Never bind coverage on a new business application prior to the date the application is written by the agency.
12. Make all changes, except those that are future effective, effective on the date the customer notifies the company. In the event of an add/change (replacement) vehicle, the agency can backdate the change back to the date of purchase as long as the customer notifies the agency of an add/change item within the applicable notice period specified in the policy. Allstate will allow a maximum of seven (7) calendar days for the agency to input the changes.

Specific situations have been identified that could fall outside the requirement. The exception categories described in the attached Quick Reference guide have been developed to address these limited situations.

Note: Click here to access the [Endorsement Exception Quick Reference Guide](#).

13. Utilize the Billing Status Change utility only when the company or agency has made an error that resulted in an improper or missing bill. Document appropriate reason for the change.
14. Reverse returned check fees and installment fees only when the company or agency has made an error that resulted in an improper or missing bill.
15. Never utilize the Special Payment Plan simply to take a customer out of cancellation status. It is for special circumstances limited to the following: Catastrophe, Health, Unexpected Income Loss or Military Service. A customer may request to be put on the Special Payment Plan only once during a twelve (12) month period and not at all in the first year.
16. Collect all outstanding balances from previous policies issued by Allstate Insurance Company and/or its affiliated U.S. property and casualty companies (except Deerbrook and Encompass) prior to binding new coverage. *Collection of a prior balance is not required in the state of Michigan. However, consult the applicable RMPs for specific requirements on non-pay situations.*

R4633-17

17. Obtain appropriate documentation **prior to correcting** any returned results from consumer reports. This documentation must be immediately furnished to the company upon request. Document appropriate reason for the change on Alliance/ALSTAR.
18. Have the customer complete all legal trailing documents at the time of binding or through MyAccount on Allstate.com. Submit or retain legal trailing documents as required in each state.
19. Use the Special Business Option to cancel rewrite policies only upon customer request to change the payment due date or change the effective date for financing. Any change to a policy form should adhere to the Regional Risk Management Policy ("RMP") for eligibility for the desired policy form, including obtaining any required documentation. This option should never be initiated by the agency without a conversation with the customer. If a policy is in cancel status, a payment must be taken to bring the policy out of cancel status before it can be rewritten. The billing utility that takes a policy out of cancel status should not be used to reinstate the policy instead of taking a payment.

Note: Any exceptions to the application/endorsement completion requirements previously allowed by the Dealership Program have been eliminated.

X. ALTERNATE / IMMEDIATE BIND

The preferred method for processing Allstate new business is to order the appropriate consumer reports to fully develop the risk prior to binding coverage.

There are special circumstances that may justify an alternate method of binding coverage. The facility to "immediately bind" an application is available when a customer has an immediate need for coverage and there is not sufficient time or information to use the preferred method. This process should only be used for those lines of insurance and in those states that do not have future effective date requirements for binding coverage.

The following requirements apply to Allstate business:

1. All bound applications declined by the customer can be rescinded (canceled flat) only upon the request or consent of the customer and with evidence of existing coverage. Otherwise, the policy should be issued and a subsequent endorsement should be processed to cancel the policy at the insured's request.
2. All down payments received with Alternate/Immediate Bind transactions must be deposited in accordance with remittance requirements.
3. All pended/bound applications must be submitted or rescinded as soon as possible, but no later than seven (7) calendar days from the date the coverage was bound.

XI. REMITTANCE

Agencies must accept payments from any and all company policyholders. This includes all forms of payments authorized by the company.

R4633-17

When collecting information for the purpose of processing a credit card payment for a customer, agencies must comply with all requirements regarding the acquisition, storage and disposal of Personal Information as documented in Agency Standard I. Confidentiality of Information.

All payments collected or received by an agency on behalf of Allstate are the property of the company, must be treated as trust funds, and must be promptly accounted for and transmitted to the company without deduction for any purpose in the manner specified by the company. In accordance with the agency agreement, the agency must maintain accurate records and current remittance reports, which the company may inspect at any time without notice and which shall be submitted to the company in accordance with its rules and procedures.

1. All agencies must:

- (a) Record payment on Alliance/ALSTAR remittance when funds are received and provide a receipt to the customer if requested.
- (b) Closeout the agency Alliance/ALSTAR remittance each business day if the agency has taken a payment or completed an application.
- (c) Never enter funds on Alliance/ALSTAR until they are collected directly from the customer.
- (d) Never accept as payment for Allstate premium a:
 - Cancelled or "VOID" check
 - Third party/endorsed check including payroll check
 - Previously negotiated check
- (e) Never deposit an agency or agent/agency staff check for the payment of a customer's insurance premium.
- (f) Never use an agency or agent/agency staff credit card for the payment of a customer's insurance premium.
- (g) Verify Alliance/ALSTAR remittance equals deposits each day.
- (h) Make bank deposits in a timely manner to ensure each day's remittance is reflected in the bank's transactions by the following day (see Note).

Note: Every bank has a set cut-off time for processing that business day's transactions. The deposit for the previous business day's remittance report must be made prior to that cut off time.

- 2. AGB (Agent Group Banking) agencies must also use customized deposit slips obtained from Accounting Services at Dallas.
- 3. PFA (Premium Fund Account) agencies must also:
 - (a) Reconcile account monthly to:

- 1. Verify deposits and PFA sweeps are equal.

R4633-17

2. Request reimbursement for applicable banking fees, including but not limited to, monthly service charges and transaction fees.
- (b) Send monthly bank statements with Confirmation of Premium Fund Account Reconciliation to the PFA Banking Coordinator by the 7th business day of each month.
 - (c) Process returned checks and associated transaction fees via ALSTAR upon receipt.

XII. AGENCY INVOLVEMENT IN THE CLAIM PROCESS

Vendor Referrals

When interacting with customers with respect to their claim:

- a) Agencies must not offer or recommend a specific claim vendor. This includes, but is not limited to, the following claim vendor programs: auto repair vendors, home repair vendors, glass vendors and rental car vendors.
- b) Agencies should explain the particular claim process or program to the customer and then refer the customer to the Claim Service Center (CSC), Auto Express Center (AE) or Claims Organization. The CSC, AE or Claims employees are the only Allstate representatives that may provide specific vendor information to customers.
- c) All glass only claims are to be referred to Glass Claim Express.

Note: Additional information on the Glass Claim Express initiative can be accessed through the Intranet by viewing the [Glass Claim Express Initiative](#) section on the Agency Claims Resource Guide.

Note: Customers are always free to choose any vendor and are under no obligation to choose a vendor Allstate recommends.

R4633-17

ALLSTATE FINANCIAL BUSINESS PROCESSING STANDARDS

XIII. APPLICATION/ENDORSEMENT COMPLETION

When writing new business or servicing existing business, agencies must:

1. Collect accurate and complete information on all applications and additional endorsement forms, including but not limited to:
 - All required applicant indicative data
 - Medical information
 - Existing and prior insurance policy information for Allstate Life Insurance Company, Allstate Life Insurance Company of New York and Lincoln Benefit Life, as well as all other carriers.
2. Use the appropriate application and endorsement forms for the state where the policy is written.
3. Develop an accurate quote based on all of the available information.
4. Collect the appropriate premium and remit it promptly to the company. Do not accept payment in a currency other than US dollars.
5. Never provide a Receipt and Temporary Insurance Agreement on an application prior to the date the application is written by the agency.
6. Never complete an application via e-mail.
7. Never transmit a completed application electronically outside of the Allstate network to a prospective customer to obtain a signature. The recommended and preferred method of obtaining a customer signature is live, in person. If the customer is not available to sign the application in person, then the signature could be obtained by using a secured fax (via phone line or the approved electronic faxing solution RightFax) or electronic signature via MyAccount on Allstate.com. Applications may also be sent through the US mail.
8. Promptly submit the appropriate application, endorsement(s), and state/legal/administrative trailing documents to the appropriate service center.

XIV. SALES ILLUSTRATION

Only Allstate Financial approved illustration software and/or marketing brochures can be used in connection with any solicitation, advertising, or description of Allstate Financial products. Please be aware that the same rule applies to software, product descriptions and summaries, product comparisons, and agency-developed marketing materials on authorized third party products.

When writing new business or servicing existing business, agencies must adhere to all NAIC, company or state mandated illustration requirements. For states that have adopted the NAIC Life

R4633-17

Insurance Model Regulation, illustrations must be provided on all individual product sales with the exception of variable universal life and annuities. States that have adopted the NAIC Illustration Model can be located on AccessAllstate.com within the Sales Support/Compliance section.

NAIC Illustration Compliance

The goal of NAIC and state illustration regulations is to assure that the customer is fully informed prior to completing an application. For states that have adopted the NAIC Life Insurance Model Regulation, illustrations must be provided on all individual product sales with the exception of whole life, variable universal life and annuities.

- All information on the illustration should be completed and should be consistent with the application.
- All pages of the illustration need to be presented to the customer, signed and dated by both the owner and the agent, and all pages must be sent to the home office with the application.
- The signature date on the disclosure form or the illustration should be no later than the day that the application was signed.
- Signature dates on an illustration submitted as a requirement cannot be prior to the actual print date showing on the illustration.
- The illustration must include the agent's full name as well as the full names of the primary and any additional insureds.
- The illustration must also contain the agent's complete business address. (A PO Box does not meet the NAIC requirements.)
- NAIC guidelines require that when a printed illustration is not provided to the customer at the time of application, an illustration disclosure or computer screen disclosure must be signed and dated by both the writing agent and the owner and submitted to the home office with the application.

An illustration is required when writing an Allstate UL or Whole Life policy that replaces another policy in the states that have not adopted the NAIC model regulation. In New York, a preliminary information document is required for those life insurance policies which are not illustrated products.

XV. NOTICE TO PROSPECTS/CUSTOMERS AND AGENCY ORDERING OF CONSUMER REPORTS (EXCLUSIVE AGENTS ONLY)

Proper notice to customers on consumer reporting is included on the application, which is signed by the customer. If, for any reason, an agency orders a motor vehicle report, it must follow the procedures outlined under the Notice to Prospects/Customers and Agency Ordering of Consumer Reports subsections in the P&C Business Processing Standards section.

R4633-17

XVI. AGENCY ORDERING OF PARAMEDICAL SERVICES

When ordering paramedical services, agencies must utilize the approved provider, ExamOne (website: <http://www.examone.com/>; Phone: 1-877-93-EXAM-1) as designated by the company. Agencies who do not order *directly* from the preferred or approved provider must verify that the local paramedical examiner is properly affiliated with ExamOne, the approved provider. Contact the approved provider that the paramedical examiner bills through (using the toll free number above), and verify that the paramedical examiner and the examiner's office is properly certified and in good standing with the approved provider. Once you have completed this verification process, you can then place orders directly with that certified paramedical office or examiner.

XVII. REPLACEMENTS

Replacements may either be with the same company or another company.

A replacement typically occurs when a new policy or contract is purchased and, in connection with the sale, the customer discontinues making premium payments on the existing policy or contract or an existing policy or contract is:

- Lapsed, forfeited, or surrendered (full or partial), assigned to the replacing insurer, or otherwise terminated;
 - Converted to, reduced, paid-up, continued as extended term, or otherwise reduced in value by the use of non-forfeiture benefits or other policy values;
 - Reissued with any reduction in cash value;
 - Used as a financed purchase: When the purchase of a new list insurance policy involves the use of funds obtained by the withdrawal or surrender of or borrowing some or all of the policy values, including accumulated dividends, of an existing, policy, to pay all or part of any premium or payment due on a policy.
1. For replacements, agencies must:
 - (a) Disclose all pertinent information about new and existing policies and contracts so that the owner can make an intelligent decision among all available products.
 - (b) Complete all applicable state replacement forms and comply with the applicable statutes.
 - (c) Complete the Allstate Financial replacement disclosure information on the new application.
 2. For those states that have adopted the NAIC Model Life and Annuity Replacement regulation, agencies must complete a replacement form with all applications where the customer has insurance in force, even if no replacement will occur. In addition, the NAIC Replacement Model requires the following:
 - (a) A 30-day right to return provision for all replacements.
 - (b) When the customer has existing life insurance policies or annuity contracts, producers are required to read the replacement form to the customer, or the customer must attest in writing on the form that he/she did not want it read aloud.

R4633-17

- (c) Producers are required to sign the replacement form, which acknowledges in writing that only insurer-approved sales materials were used in the sale and further acknowledge that all sales materials used in the sale of the new policy or contract were left with the applicant.
- (d) The applicant must acknowledge that copies of all sales materials were received.
- (e) Both the producer and the applicant must certify, by signing the replacement form, that all responses on the replacement form are accurate.

XVIII. SIGNATURES

1. Signatures of policy-owners, contract owners, insureds and writing agent will be required on the application and any other required document. If a correction or change is needed to an application or any other document, it must be crossed out neatly and be approved by the applicant and owner as evidenced by his/her initials next to the appropriate changes.
2. No agent, sales producer or support staff is allowed to sign on behalf of another agent, sales producer or a customer. The unauthorized signing of a document or falsely or fraudulently making a customer's signature or initials or falsely or fraudulently altering a document is unacceptable. Tracing, or cutting and pasting a customer's signature even if it is done to accommodate a customer, is prohibited.
3. Never ask or allow a customer to sign a blank form, including applications or policy-owner service forms.
4. All signatures should be dated, and forms should not be predated or postdated.

XIX. POLICY/CONTRACT DELIVERY & RECEIPTS

1. Promptly deliver the policy/contract and any state required form to customer/owner no later than 30 days upon receipt of these items from Allstate Financial.
2. Adhere to all delivery instructions, including obtaining customer/owner signatures, collecting initial premium, and verifying any additional information.
3. Ensure that the policy delivery receipt is signed by both the producer and the owner and returned to Allstate Financial no later than 30 days or earlier if required by state (e.g. NJ requires 10 days) from the date the policy/contract was mailed to the agency for states that require policy/contract delivery receipts.

R4633-17

XX. REMITTANCE

1. All payments, which agencies collect or receive on behalf of Allstate, are the property of the company, must be treated as trust funds, and must be promptly accounted for and transmitted to the company without deduction for any purpose in the manner specified by the company.

Certain forms of payment – including cash, money orders, cashier's checks, traveler's checks, and bank checks – can be used in the placement phase of a money laundering scheme. To manage this risk the following requirements have been set on the forms and amounts of payments that will be accepted for customer's premiums. If a customer provides a form of payment that is not permitted, it should be returned immediately.

2. Never accept as payment for Allstate premium a:
 - a. Cancelled or "VOID" check
 - b. Third party/endorsed check including payroll check
 - c. Previously negotiated check
 - d. Payment in a currency other than US dollars
3. Never deposit an agency or agent/agency staff check for the payment of a customer's insurance premium.
4. Never use an agency or agent/support staff credit card for the payment of a customer's insurance premium.
5. Never deposit or commingle customer funds in your agency account.
 - a. Never use an agency check, including Premium Fund Accounts (PFA), to submit a payment of a customer's insurance premium
 - b. Never purchase cashier checks or other bank checks on behalf of a customer for payment of a customer's insurance premium.

XXI. ANTI-MONEY LAUNDERING (AML)

Agents and their agencies have an important role to play in Allstate's anti-money laundering program. As a person who deals directly with customers, agents will often be in a critical position to obtain information on the customer, source of funds and the customer's reasons for purchasing an insurance product.

To comply with the Company's AML program, agencies must:

1. Ensure they are aware of and adhere to Allstate's most current Anti-Money Laundering policies and procedures when writing new business or servicing existing business.

R4633-17

2. Satisfy the Company's Anti-Money Laundering training requirements prior to submitting applications for life and annuity business. Commissions will not be released until all AML training requirements are completed.
3. Immediately bring any concern regarding possible non-compliance, money laundering or suspicious activity to the attention of the Allstate Financial Compliance Department.

Additional information on Allstate Financial's Anti-Money Laundering Program is located on the AF Compliance website or contact the AF Compliance hotline at (866) 635-7100.

XXII. SUITABILITY

Producers are required to make reasonable effort to obtain information containing the consumer's financial situation, tax status and objectives. These details, along with other relevant information, will provide a basis demonstrating that the recommendation is suitable.

Requirements:

1. Obtain information concerning investments and other insurance products held by the consumer.
2. Complete the *Suitability Acknowledgement for Annuity Sales* (FIC85) form in its entirety and signed by both the consumer and producer.
3. Retain all information collected from the consumer and any other information used in making the recommendations for **five years** after the date of the recommendation.
4. Provide copies of additional suitability documentation from your customer files when requested by Allstate Financial. (Allstate Financial will be monitoring all non-registered annuity contracts to ensure ongoing compliance with regulatory requirements.)

R4633-17

EXHIBIT A. AGENCY TECHNOLOGY MINIMUM SPECIFICATIONS

INTRODUCTION

This exhibit ("Exhibit A") sets forth the technology minimum requirements for those Exclusive Agents and Exclusive Financial Specialists using technology supplied by the agency to conduct Allstate business ("Agency Technology"). The requirements for are designed to ensure compatibility with the Allstate Agency Gateway portal and other Allstate applications, along with optimal customer experiences. In addition, these requirements include the security specifications necessary to help protect Allstate Personal Information. Consult the Security Guidelines for Using Agency Technology for more detailed guidance on the implementation of the security requirements.

Allstate has negotiated to provide a preferred vendor (CompuCom) to offer all agency-supplied technology services for an agency. Allstate has provided CompuCom with the minimum requirements for agency technology, and CompuCom will make available Agency Technology packages that meet or exceed the current technology minimum specifications.

Whether or not an Agency Owner chooses to obtain their Agency Technology from CompuCom, the agency must ensure that the minimum technology specifications are met at all times.

The agency's technology support provider should be contacted to ensure that the agency technology meets or exceeds the minimum requirements and whenever additional information is needed regarding encryption of mobile devices.

I. WORKSTATION AND LAPTOP HARDWARE AND SOFTWARE REQUIREMENTS

Allstate provided applications are tested against specific operating systems, internet browsers and other software applications. In order to ensure compatibility as well as optimal security and customer experience levels, each Allstate Agency must be equipped with workstations that are capable of running the operating systems, internet browsers and other software applications set forth on the Gateway Support Tool.

Support for Allstate-provided applications is available through the Allstate Technology Support Center during its regular business hours. Support will be provided for Allstate-facing applications running on workstations or laptops that have a supported operating system, browser and other necessary software application. Support will not be provided for Allstate applications where a supported operating system, browser and/or other specified software is not being run on the agency workstation.

II. ANTI-VIRUS AND ANTI-SPYWARE

Viruses and spyware represent a constant and evolving threat to the confidentiality, integrity, and availability of computers systems and information.

Each Agency workstation, server or laptop must have anti-virus and anti-spyware software installed, enabled, and updated.

R4633-17

III. PERSONAL FIREWALL SOFTWARE FOR LAPTOPS

Agency computers used in the home, remote office locations, and publicly available wireless hotspots may be exposed to a significant probability of attack by unauthorized users.

To help protect Agency computers from attack, the computer must have a personal firewall installed, enabled, and updated that will filter inbound (from the Internet to the laptop) traffic. Personal firewalls that can filter both inbound and outbound traffic (from a laptop to the Internet) should be used to provide an enhanced level of protection.

IV. SOFTWARE PATCHING

Software patching is the process of keeping computers up to date with new vendor supplied updates that are developed after a software product has been initially released.

Attacks on systems that have not been protected with the most current patches have the potential to threaten the confidentiality, integrity and availability of computer systems and information.

All software installed on any agency workstation, server, or laptop must be maintained with the latest vendor supplied updates, patches, and service packs.

Further Information (Workstation and Laptop Software)



Consult the following sections of the [Security Guidelines for Using Agency Technology](#):

- Anti-virus and Malware (including the 'Personal Firewalls' sub-section)
- Software Patching

V. NETWORK CONNECTIVITY

With the exception of any workstation used in the agency for on-site electronic document storage, all agency workstations must have at least small business class broadband Internet connectivity. Depending on the non-Allstate applications used in an agency, agencies may want to consider higher connectivity speeds, especially larger agencies. Satellite and 3G/4G mobile hot spots are not recommended due to more frequent interruptions with Citrix applications.

VI. USING A FIREWALL TO PROTECT A LOCAL AREA NETWORK (LAN)

For agencies that use a Local Area Network (LAN) that is connected to the Internet, a hardware based firewall must be used to help protect it from attack and unauthorized use.

A hardware firewall is a physical appliance that is designed to ensure that only specifically permitted types of network traffic are allowed to enter or leave the agency network. A hardware firewall can be a dedicated appliance; however certain types of router appliances may also incorporate firewall functionality, which are also acceptable for use. Regardless of whether a dedicated or combined appliance is used, a firewall must be turned on and be configured to filter both inbound and outbound traffic.

R4633-17

It is the responsibility of each individual Agency owner to decide which types of network traffic are permitted or denied to enter or leave an Agency network. Permitted types of network traffic may include, but are not limited to, sending and receiving email and accessing web sites. Agencies must also decide on how to configure firewall facilities that may permit or deny access to specific types of websites as well as individually named websites.

Agencies must configure any firewall used on their LAN to permit access to, and usage of the following:

1. The Agency Gateway Portal Website
2. Allstate email facilities via 'Outlook Web Access'.

Follow the appropriate vendor-supplied instructions to configure a firewall.

Further Information (Using a Firewall to Protect a Local Area Network)



Consult the following sections of the Security Guidelines for Using Agency Technology:

- Section 4 –Network Security, specifically the 'Firewalls – An Overview' and 'How to Design and Implement Firewall Rule Sets' sub-sections.

VII. WIRELESS NETWORKING

Where any wireless facilities are installed, the following steps must be taken to help protect the appropriate agency network from unauthorized access and use:

1. Change all the manufacturer default settings for any wireless routers before use. Specific settings to change include the Service Set Identifier (SSID) as well as the username and password.
2. The username and password are required to manage the wireless network. Use a strong password, pursuant to the Allstate Agency Standards, that cannot be easily guessed.
3. The SSID identifies the existence of a specific wireless network – to help protect any such networks, routers must be configured to not broadcast the availability of the SSID to other computers that may not be used by an agency.
4. Configure any routers and associated wireless enabled devices to encrypt all traffic on the wireless network using Wi-Fi Protected Access 2 (WPA2).
5. Consult the vendor supplied instruction manual for specific information regarding how to securely configure a router securely.

Further Information (Wireless Networking)



Consult the following sections of the Security Guidelines for Using Agency Technology:

- Section 4 –Network Security, specifically the 'Secure Configuration of Routers (including Wireless)' sub-section.

R4633-17

VIII. REMOTE OFFICE CONNECTIVITY

Remote Office Connectivity allows people to connect to computers in a specific location such as their workplace from another location including, but not limited to, their homes. Remote Office Connectivity enables people to perform a number of operations including but not limited to, transferring electronic files. In this context, Remote Office Connectivity does not mean the use of wireless devices such as Personal Digital Assistants (PDAs) and Smartphones to send and retrieve email.

Remote Office Connectivity involves the use of special software that can either be a Virtual Private Network (VPN) or dedicated remote control software. Examples of remote control software include, but are not limited to, PC Anywhere or Laplink.

When using Remote Office Connectivity Software, ensure to comply with the following:

1. Only use Remote Office Connectivity Software for a specific business purpose.
2. Restrict the use of Remote Office Connectivity to only those employees who need it to perform their job functions. An example would be restricting access to Remote Office Connectivity software to only those employees who work outside of an agency office.
3. Remote Office Connectivity software should not be installed on any agency-supplied computer that is not used for Remote Office Connectivity purposes.
4. Remote Office Connectivity software must be configured, such that all connections require a username and strong password, pursuant to the Allstate Agency Standards.
5. If VPN technology is used for Remote Office Connectivity purposes, always ensure that Secure Sockets Layer (SSL) or Internet Protocol Security (IP-Sec) technology is used to encrypt all traffic in each Remote Office Connectivity session.
6. Individual user IDs and passwords must be assigned to all users of Remote Office Connectivity software in order to ensure accountability for all operations performed.
7. All users of Remote Office Connectivity should be reminded to change their passwords on a regular basis – 60 days at a maximum.
8. If any Remote Office Connectivity password is suspected or known to be disclosed to any individual who should not have access to it, ensure that the appropriate password is changed immediately.
9. Do not install any Remote Office Connectivity software on any workstation used for scanned electronic document storage purposes.

Further Information (Remote Office Connectivity)



Consult the following sections of the [Security Guidelines for Using Agency Technology](#)

- Using Remote Control and Connectivity Software Securely.

R4633-17

IX. TELEPHONE SYSTEM

All telephone systems used for Allstate Agency business purposes must meet the following minimum requirements:

1. Call forwarding: Phone system or service must forward overnight calls to the Allstate Customer Information Center (CIC). (Not applicable to Exclusive Financial Specialists)
2. Voice Messaging: When used, On-Hold and After Hours/Out of Office Messaging must be compliant with Allstate Financial Requirements.

EXHIBIT B. AGENCY SOCIAL MEDIA STANDARDS

I. SCOPE

These Standards apply to Users who participate in social media related to Allstate. Social media describes the online technologies that people use to share opinions, insights, experiences, and perspectives, including, but not limited to use of Facebook and Twitter. Social media can take many forms, including text, images, audio, and video. Technologies typically used include, but are not limited to, profiles, communities, blogs, message boards, podcasts, wikis, and vlogs.

II. DEFINITIONS

This is a **standards document**, intended for use by the following groups:

- Authors – These are the individuals who create the initial post on a topic for social media.
- Social media – Technologies that are available to Allstate agencies and their staffs on the Internet. Social media technologies may or may not be managed by Allstate.
- Users – Users are defined as Allstate agencies and their staffs who participate in social media. These are the individuals who act as an Author, read and/or provide the content, feedback, observations, or questions in a social medium.

III. SOCIAL MEDIA PARTICIPATION

This section applies to participation in social media related to Allstate or in situations where the User may be viewed as “associated with Allstate.”

Users may be viewed as “associated with Allstate” while participating in social media by:

- Registering for social media with your Allstate e-mail address; or
- Identifying yourself as being affiliated with Allstate; or
- Discussing topics related to Allstate.

Agents may find additional information on participation in social media by visiting the [Social Media landing page on Gateway](#).

- 1.1 In the event any part of these Standards conflict with any state or federal law, the Standards will be applied only to the extent permitted by law. If Users violate these Standards, Allstate may take any steps it deems appropriate, including, but not limited to, severing the business relationship(s) between Allstate and the User.
- 1.2 When participating in social media, the User must show respect for others' privacy.

R4633-17

- 1.3 Users must comply with the Allstate Agency IT Usage Policy - Agency Technology. For example:

The Allstate Agency IT Usage Policy - Agency Technology states: "*The Company specifically prohibits the use of its owned, leased or licensed technology, applications and information for any illegal or inappropriate purpose, whether in the course of business or otherwise. For example, you are prohibited from gaining unauthorized access to, or intentionally damaging, computer systems, networks, or the information contained within them; committing theft, fraud, or other criminal or dishonest acts of any kind; distributing or obtaining illegally copied software, graphics, sounds, text or other material; or sending or posting harassing or threatening messages or pornographic or indecent content. Similarly, you are prohibited from initiating or forwarding harassing, pornographic, offensive or indecent messages, graphics, etc., including messages that are discriminatory or offensive. This includes, but is not limited to, messages that are discriminatory or offensive on the basis of race, color, religion, sex, age, national origin, sexual orientation, gender identity/gender expression, disability, citizenship, or status as a veteran.*"

The Allstate Agency IT Usage Policy - Agency Technology statement details some, but not all, types of content which are prohibited from posts and responses on social media.

- 1.4 As examples, the following must not be included or discussed in social media:

- Defamatory, objectionable, offensive or inflammatory statements, or personal attacks on others, particularly pertaining to race, gender, sexual orientation, age, religion, or creed. Comments may be referred to authorities where appropriate.
- Protected Health Information (PHI) and Personally Identifiable Information (PII), or any information contrary to Allstate's Privacy Policy.
- Allstate trade secrets and confidential information.
- Allstate's confidential financial information, such as revenue projections or projected share price.
- Other companies' intellectual properties, such as logos or trade secrets.
- Any discussions related to the marketing, solicitation or sale of securities or securities-related products.
- Quotes or any discussions related to the purchase of products which include customers' Personally Identifiable Information.

- 1.5 Users must comply with copyright and financial disclosure laws.

R4633-17

- 1.6 Users must follow Allstate's policies and approval processes for communications outside of the company as detailed in the Exclusive Agency Independent Contractor Manual, Outside Communications and the Exclusive Financial Specialist Independent Contractor Manual, Outside Communications.
- 1.7 Users who participate in social media may be viewed as representing Allstate. Statements made by Users outside the Company can have serious legal and business consequences. All communications should appropriately reflect that representation and must comply with the Allstate Agency IT Usage Policy - Agency Technology.

Allstate Agency IT Usage Policy - Agency Technology states:

"Individual access to Company information does not imply or confer authority to act as a spokesperson for the Company concerning such information or to disclose such information to others, either internal or external to the Company. Pursuant to the Company's policies on communications outside the Company, and regardless whether Allstate Assets are used, "Authorized User" must obtain prior written approval from Allstate management before communicating Allstate business practices outside of Allstate."

- 1.8 Users that may be viewed as "associated with Allstate" should disclose their connection to Allstate and use a disclaimer such as "My postings on this site are my own and do not necessarily represent Allstate's positions, strategies, or opinions."
- 1.9 Material posted through social media should not contain viruses, worms or any other computer code that is intended to damage or interfere with any system, data or information.
- 1.10 Users may have only one profile in the Agency's Name on each social network (e.g. Facebook, Twitter, LinkedIn), and they must use company-supplied templates found on the Social Media Landing page of Gateway.
- 1.11 Users that place advertisements with Social Media Networks may not bid on keywords that are comprised in whole or in part of: the trade names, trademarks or service marks of Allstate or its affiliates (or abbreviations thereof). The Allstate name and service marks can be used in the advertisement, but it must link back to the Agent's Profile on the respective social network or to the Allstate Agency Home Page coordinated by the company.
- 1.12 Agencies may use social media to answer general questions and build relationships from consumers in their local market, where they are licensed and appointed. Agencies must not reference specific Allstate-branded products or services. Additionally, Agencies must not post generic content related to Allstate Financial products or services and must not solicit such sales.
- 1.13 Agencies may not send any consumers' personal information or confidential information via social media to consumers or in response to consumers' inquiries. Agencies should supply their phone number or Allstate provided email address so consumers can contact them offline regarding any requests or questions.

R4633-17

- 1.14 Agencies may not use any domain names or Uniform Resource Locators (URLs) that are comprised in whole or in part of Allstate Marks or are confusingly similar to any Allstate Marks. This will vary by social media platform. For example, the URL on Twitter is determined by Twitter handle, i.e., www.twitter.com/agencyhandle. The Facebook custom URL is determined by the page "username" (not to be confused with the title of the page), i.e., www.facebook.com/agencyusername.

Agencies that develop a social media custom link (i.e. www.facebook.com/joesmithallstateagency) are able to utilize "Allstate" since the main domain does not contain "Allstate" and the agency name is included in the sub-domain. Therefore, the extension beyond the backslash may include "Allstate," as long as the agency name is also included in the sub-domain, and the use of "Allstate" is not defamatory or does not tarnish Allstate's name in any way. Any other Allstate marks, such as "Good Hands" are not approved for usage in social media custom links.

PART 2: NON-ALLSTATE BUSINESS

NON-ALLSTATE BUSINESS

GENERAL STANDARDS

Non Allstate business includes any personal, commercial, life, health or financial products sold through expanded market programs. Non Allstate business may also include state specific insurance pools that offer products such as wind coverage.

Agencies writing non Allstate business must be sure to adhere to additional requirements imposed upon them by third parties. Agencies who may have signed agreements or other documentation with non Allstate entities should become familiar with their obligations under those contracts and adhere to the policies and procedures contained within them. In addition, Agencies should familiarize themselves with all expanded markets practices by referencing the Exclusive Agent Reference Guide, Independent Contractor Manual, and the Supplement for the R3001 Agreement.

I. CONFIDENTIALITY OF INFORMATION

1. PRIVACY OF CUSTOMER INFORMATION

Agencies are responsible for complying with all applicable laws requiring administrative, technical, and physical safeguards to protect Personal Information from misuse or unauthorized disclosure. Allstate agencies must comply with the Graham Leach Bliley Act, federal regulations, state breach laws, and other state laws and regulations that provide for or relate to safeguarding of Personal Information. Agencies may not use customer information to make solicitations unless the agency has a pre-existing business relationship (either agency of record or servicing agent); unless the agency is responding to an inquiry about a product or service by a consumer; or unless the agency is making a solicitation that has been authorized or requested by the consumer.

Personal Information is defined as information collected or retained about an individual¹ to be used for business purposes, where if disclosed, compromised or destroyed in an unauthorized manner would directly or indirectly adversely impact your agency, Allstate, its customers or employees. Personal Information includes Personally Identifiable Information ("PII") and Protected Health Information ("PHI") which requires Allstate and agencies to have additional controls in place to protect against unauthorized access and disclosure.

PII is defined as personally identifiable information about an individual, including health and financial information such as, but not limited to Social Security Numbers, driver's license numbers or government-issued ID card numbers, Tax ID numbers, credit card numbers, bank account information, date of birth and payroll information. PII may also include PHI. PHI is defined as Protected Health Information (including the individually identifiable health information of non-U.S. citizens), held or maintained by a covered entity² or its business associates acting for the covered entity that is transmitted or maintained in any form or medium. Examples of PHI include, but are

¹ An "individual" includes current, former and prospective customers, claimants, agents, Allstate employees, applicants, vendors, or agency support staff.

² Allstate covered entities are American Heritage Life Insurance Company, and those portions of Lincoln Benefit Life Insurance Company and Allstate Life Insurance Company of New York that underwrite certain health-related policies. An example of health-related information that is not held by a covered entity is information collected pursuant to a property and casualty insurance claim.

not limited to height, weight, medical conditions, drugs, medical products or equipment used, or physician's name.

A list of Personal Information data elements is available in the PII/PHI Data Elements list. Allstate agencies and their staff are responsible and accountable for protecting any Personal Information in their possession, under their control, and/or when transmitting it to those outside of Allstate.

To effectively market and properly underwrite and rate policies, information is collected from a variety of sources, including prospects, existing customers, and third parties. Information collected should only be used for the business purpose for which it is collected. Information from consumer reports must not be used for marketing, although it may be used for underwriting or rating. The use of all information collected must comply with all applicable laws and policies, and must not be used for any other purpose or improperly shared with third parties. Agencies acting in a brokering capacity must be sure to adhere to additional requirements imposed upon them by third parties.

2. GENERAL REQUIREMENTS

Agencies writing non Allstate business must be sure to adhere to additional requirements imposed upon them by third parties. Agencies who may have signed agreements or other documentation with non Allstate entities should become familiar with their obligations under those contracts and adhere to the policies and procedures contained within them. In addition, Agencies should familiarize themselves with all expanded markets practices by referencing the Exclusive Agent Reference Guide and Exclusive Agent Manual.

As outlined in the General Requirements section of the Allstate Security Standards, agencies must develop, implement and maintain a comprehensive Written Information Security Program (WISP) that ensures the security, confidentiality, and integrity of Personal Information by protecting against potentially harmful threats and hazards, or unauthorized access to, disclosure of, or use of Personal Information that could result in substantial harm or inconvenience to Allstate Insurance Company, its affiliates or any customer. The WISP shall contain administrative, technical, and physical safeguards for Personal Information.

3. PRIVACY INCIDENT REPORTING PROCESS

Agencies writing non Allstate business must be sure to adhere to additional requirements imposed upon them by third parties regarding the reporting of any known or suspected privacy incident involving a breach of security, including but not limited to cases of unauthorized access, unauthorized disclosure, data theft³ or loss.⁴

4. PROTECTION OF PERSONAL INFORMATION

As required in Section 1: Confidentiality of Information, subsections 4 through 14, agencies are responsible for the authentication, acquisition, storage, transmission, disposal, and physical security of personal information. Third parties may also impose additional duties related to the protection of personal information therefore agencies should be aware of any additional obligations as directed by third parties.

³ 'Data Theft' is the term used to describe when information is copied or taken from a business or an individual without their prior authorization.

⁴ 'Data Loss' is the term used to describe the disclosure (whether inadvertent or intentional) of information about a business or an individual.

II. TECHNICAL REQUIREMENTS FOR AGENCY TECHNOLOGY

To ensure protection of Personal Information, and optimal Customer Experience levels, all technology supplied by Exclusive Agents and Exclusive Financial Specialists to conduct business must comply with the requirements set forth in the Agency Technology Minimum Specifications, attached herein as Exhibit A.

III. CORPORATE DO NOT CALL AND FAX SOLICITATION POLICIES

When telemarketing, agencies must comply with Allstate's and/or third parties Corporate Do Not Call and Fax Solicitation Policies and all applicable state and federal laws and regulations regarding telephone solicitation. Business units and agency principals should ensure that an external telemarketer complies with all components of the Allstate Corporate DNC Policy and applicable state and federal telemarketing laws and regulations.

IV. MARKETING / ADVERTISING

Agents acting as brokers may not market other companies, carriers, or general agencies. Agencies may, however market the products available to them. Agencies should also be familiar with any contractual obligations they may have with the brokering companies.

1. WEB SITES AND WEB PAGES

Agencies may not use the names or trademarks of other non-Allstate entities or of the specific products that may be available in your market.

2. E-MAIL COMMUNICATION TO CONSUMERS

All business e-mails must be sent from the agency owner's or agency employee's Company provided e-mail address. E-mails to consumers must not be sent from e-mail accounts not provided by Allstate. This includes any emails while acting in a brokering capacity.

Agencies must honor all e-mail opt-out/unsubscribe requests. E-mail sent via the Target and Grow (TaG) platform will include necessary selection criteria to honor e-mail subscriptions retained in Allstate systems.

In addition to Allstate email solicitation practices, agencies must acknowledge any additional requirements placed upon them by the third parties. As stated in the Allstate Section, Agencies may only send commercial e-mail to those consumers who have expressly opted in to receive commercial e-mail from your agency or Allstate. Consumers opt-in to receive commercial e-mail from Allstate by subscribing to the "Allstate Updates" e-mail preference. A commercial e-mail is an e-mail in which the primary purpose is the commercial advertisement or promotion of Allstate and/or its products and services or any other companies you may be representing.

Agencies may send non-commercial e-mail without an explicit customer opt-in. A non-commercial e-mail is an e-mail in which the primary purpose is not the commercial advertisement or promotion of Allstate and/or its products or services, such as a transactional message. A "transactional message" is an e-mail message in which the primary purpose is to facilitate, complete or confirm a transaction that the recipient has previously agreed to enter into with Allstate.

For example, agencies may e-mail consumers that have obtained a quote for a non-Allstate product and can send subsequent e-mails to these quoting consumers with information and clarification specific to the quote, provided the e-mail excludes Social Security Numbers, driver's license numbers or government-issued ID card numbers, date of birth, credit/debit card and bank routing information, financial information or medical/health information, or other Restricted information.

E-mails sent to quoting customers with information not specific to a quote are considered commercial e-mail and require a consumer opt-in. E-mails sent to a list of prospects obtained from an external source provider that does not have an opt-in process specific to Allstate are considered commercial e-mail and require a consumer e-mail opt-in to send Allstate branded e-mail.

Never bind coverage or complete an application via e-mail.

Never transmit a completed application electronically outside of the Allstate network to a prospective customer to obtain a signature. The recommended and preferred method of obtaining a customer signature is live, in person. If the customer is not available to sign the application in person, then the signature could be obtained by using a secured fax (via phone line or the approved electronic faxing solution RightFax) or electronic signature via MyAccount on Allstate.com. Applications may also be sent through the US mail.

When responding to a customer inquiry, use the Secure Communication platform located in Gateway Household View to safeguard any customer or prospect Personal Information such as Social Security Numbers, driver's license numbers or government-issued ID card numbers, date of birth, credit/debit card or bank routing information, financial account information or medical/health information, or other Restricted information, outside the Allstate network.

The e-mail reply function includes a copy of the original e-mail message sent to the agency that if not deleted, will re-transmit any Personal Information contained in the original customer e-mail message. When responding to an e-mail that contains Social Security Numbers, driver's license numbers or government-issued ID card numbers, date of birth, credit/debit card or bank routing information, financial account information or medical/health information, such Personal Information must be deleted from the e-mail message before sending a reply.

3. REMITTANCE

While Agencies must accept payments from any and all Allstate or Company policyholders, there are exceptions with expanded market companies where payments should not be accepted.

V. TELEPHONE SYSTEM

All telephone systems used for Allstate Agency business purposes must meet the following minimum requirements:

1. Call forwarding: Phone system or service must forward overnight calls to the Allstate Customer Information Center (CIC).
2. Voice Messaging: When used, On-Hold and After Hours/Out of Office Messaging must be compliant with Allstate Financial Requirements. No references should be made to non-Allstate companies.

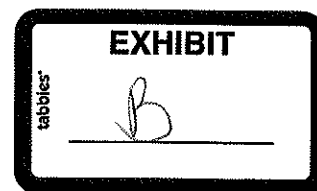
INDEPENDENT CONTRACTOR MANUAL REVISION NOTICE

To holders of: Exclusive Agency Independent Contractor Manual **Date:** October 18, 2012
No: 27

From: Agency Sales & Protection Finance

This is a complete revision of the Exclusive Agency Independent Contractor Manual. This version of the Manual replaces the previous version of the Manual, and each page of this Manual has a date of October 18, 2012. If you have a previous version of the Manual, please replace it with this version. The following highlights some of the changes that have been made to the Manual.

Section	Explanation of Change
Agency Sales between Existing R3001 Agents and Outside Buyers	• Added information about an Allstate Dealer agency in relation to the Agent Selection Questionnaire (ASQ)
Sale Processing	• Modified guidelines in regards to Flood business upon termination of one's R3001 Agreement; added information on not sharing Personally Identifiable Information (PII) with National Flood Insurance Program (NFIP) Direct or another carrier; added requirements under NFIP Direct rules



EXCLUSIVE AGENCY
INDEPENDENT CONTRACTOR MANUAL

(Applies to all states except New Jersey)

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Preface

The following material is confidential and proprietary information which is the exclusive property of Allstate Insurance Company and may not be disclosed to third parties, other than outside advisors or as required by law, without first having obtained written permission from the Company.

The Exclusive Agency Independent Contractor Manual (Manual) is intended to explain and expand upon the provisions of the R3001 Agreement. The Manual is intended to be consistent with the express terms and conditions of the R3001 Agreement. To the extent that there is any conflict between any of the provisions of the Manual and the express written terms of the R3001 Agreement, the R3001 Agreement shall govern. The Company from time to time may amend the Manual, but such amendments shall not alter the independent contractor relationship between Allstate and an R3001 Agent.

References

- References to “he,” “him” or “his” in this manual are for readability purposes only and are intended to include both males and females.
- References to “you,” “your,” or “R3001 Agent(s)” include agents under the R3001 and R3001S Agreements and “Key Persons” under the R3001A and R3001C Agreements, or successor agreements, except as otherwise noted. These references also include the corporation or limited liability company, as appropriate, under the R3001A and R3001C Agreements.
- References to the R3001 Agreement include the R3001, R3001A, R3001S and R3001C Agreements, or successor agreements, except as otherwise noted. The R3001 Agreement and the R3001A Agreement (the former sole proprietor agreement and the former corporation/LLC agreement, respectively) are no longer offered.
- References to the Reference Guide mean the Exclusive Agency Independent Contractor Reference Guide.
- References to the Supplement mean the Supplement for the R3001 Agreement.

Table of Contents

Authority 7
 R3001 Agreement..... 7
 C Version of the R3001 Agreement 7
 Status As an R3001 Agent..... 10
 Brokering..... 10
 Referring Business to Another Company, Agent or Broker..... 10
 Receiving Residuals on Business in Which R3001s Have a Vested Interest..... 11
 Quality Control 11
 Allstate Agency Standards 11
 Customer Service Expectations..... 11
 Customer Service Standards..... 12
 Office Availability..... 13
 Knowledge of Company Products and Services..... 13
 Maintaining a Professional Office Environment..... 13
 Agency Evaluation..... 14
 Use of Agency Name or D/B/A with Allstate Name..... 15
 Licensing/License Renewal 16
 Failure to Maintain Active Insurance Licenses 17
 Series 6 & 63 Licensing..... 18
 Your Sales Location..... 18
 Local Agency Extensions 18
 Satellite Agencies and Enhanced Satellite Agencies..... 19
 Scaled Support for Buyers (SSB) Pilot Program– Discontinued Effective June 30, 2009..... 22
 Change of Sales Location 23
 Sharing Space with Another Business 24
 Conducting Other Businesses 24
 Toll Free Phone Numbers 25
 Agency Staff..... 25
 Licensed Sales Professionals..... 26
 Licensing 26
 Binding Authority Approval..... 26
 Signature Procedures 27
 Brokering..... 27
 Agent Responsibilities..... 27
 Agency Staff Data Tool (ASDT) 28
 Licensed Sales Professionals Who Also Perform Services for Another Business..... 28
 Insurance 28
 Workers’ Compensation/Employers Liability..... 29
 Commercial General Liability 29
 Professional Liability (Errors and Omissions) 30
 Economic Interest in the Book of Business 34
 Assigning Economic Interest to Obtain a Business Loan..... 34
 Transfer of Economic Interest 36
 Termination of R3001 Agreement..... 36
 Agent Initiated Termination 36
 Automatic Termination..... 36

Company Initiated Termination 38
Use of Agency Name after Termination..... 40
Payment after Termination 40
Sale of Agency..... 41
 Agency Sales between Existing R3001 Agents..... 42
 Agency Sales between Existing R3001 Agents and Outside Buyers 43
Retention of Documents 44
Sale Processing 44
Assignment of Commission 46
Termination Payment..... 46
Ethical Standards in the Conduct of Business 47
 Conflict of Interest..... 47
 Integrity 48
 Unacceptable Sales Practices 48
 Sale of Life and Annuity Products 49
 Assisting Customers in Determining Insurance Needs and Financial Objectives 49
Outside Communications..... 49
Communications with Investors and Analysts..... 50
Company Weapons Policy 50
Legal Compliance 50
 Special IRS Reporting Requirements 50
 Agent Insurance License Number on Advertising – California Only 51
 Agent Disclosure Requirements – Minnesota Only 51
 The Violent Crime Control and Law Enforcement Act 52
 Financial Industry Regulatory Authority (“FINRA”) Rule 3070 Reporting Requirements 52
 Health Insurance Portability and Accountability Act of 1996 (“HIPAA”)..... 53

R3001 EXCLUSIVE AGENT INDEPENDENT CONTRACTOR

Authority

R3001 Agreement

As an R3001 Agent, you are an exclusive writer for Allstate, except for certain types of business specified in the R3001 Agreement and the Supplement, e.g. residual market business and expanded market coverage business. In that capacity, you may receive and accept business subject to such restrictions on binding authority as may be established by the Company. The Company owns all business produced by you, except Assigned Risk, JUA, FAIR Plan, Flood, and other business as documented in the Supplement. You will have an **economic interest** in the Allstate customer accounts you develop as an R3000/R3001 Agent, as specified in the Supplement. You are able to realize such interest upon the termination of your R3001 Agreement with the Company, subject to the terms and conditions set forth in the Agreement.

Your authority to represent the Company is subject to the rules and procedures outlined in the R3001 Agreement, the Allstate Agency Standards, the Supplement and this Manual.

You may not execute a transfer of your interest in your R3001 Agreement or any interest in the business under the Agreement without the prior written approval of the Company. This includes, but is not limited to, any sale, assignment, conveyance or the granting of any lien, security interest, pledge, or mortgage. You must notify the Company of any proposed transfer of your interest and obtain prior written approval from the Company. If you are not transferring your entire interest, you must submit an R4584 - Partial Transfer of Interest Approval Request Form (Exhibit A in the Reference Guide).

The Company retains the right in its exclusive judgment to approve or not approve such a transfer.

C Version of the R3001 Agreement

The C version of the R3001 Agreement has been developed as an option for R3001 Agents who form corporations or limited liability companies (LLCs).

Agents who execute the C Agreement must obtain an employer tax identification number from the Internal Revenue Service that must be input into the system of record (SAP). Future commissions will then be paid to the corporation or LLC. If, prior to forming a corporation or LLC, you used a social security number or a different employer tax identification number in the system, then the change in the form of legal entity must be effective the first day of the month and input into SAP the last workday of the prior month.

If the corporation or LLC is dissolved, the C (or A) Agreement automatically terminates. You are required to notify the Company immediately if the corporation or LLC dissolves. If you want to continue an agency relationship with the Company, you must execute a new R3001S or a new R3001C Agreement¹. A change from one agreement to another agreement executed by you because of a change in the form of legal entity will not be considered a transfer of interest, nor trigger a termination payment under the former agreement.

R3001 Agents who execute the C Agreement must obtain an agency license and/or registration for the business entity, if required by law. This agency license and/or registration is in addition to the Key Person's individual license. The agency license and/or registration must be obtained prior to the execution of the C Agreement.

Prior to execution of the C Agreement, the agency (corporation/LLC) must provide to the Company the full names and addresses of all officers, directors and any persons who own an interest in the corporation or LLC by completing an R4583 - Agency Ownership Disclosure Form (Exhibit B in the Reference Guide). Thereafter, the agency must promptly furnish the Company the full names and addresses of any new officers, directors or owners and submit an R4584 - Partial Transfer of Interest Approval Request Form (Exhibit A in the Reference Guide) to request approval. The Company will not enter into the C Agreement if any of the shareholders or members is:

- Another R3001 Agent
- An Exclusive Financial Specialist
- A Company employee
- A person who is acting as an agent or broker for another insurance company, including an Allstate Independent Agent
- A former agent or Exclusive Financial Specialist who was terminated for cause or by notice where he was required to immediately cease representing the Company
- A former Company employee if he was not eligible to purchase an R3001 Agency
- A person whom the Company determines in its sole discretion should not have an ownership interest in an R3001 Agency.

Note: In instances where the shareholder or member is a spouse or other family member of the R3001 Agent, the Company will consider making an exception to the above limitations based on the facts and circumstances presented.

¹ The R3001S Agreement is not available in Montana.

The agency (corporation/LLC) may not execute a transfer of its interest in the C (or A) Agreement without the prior written approval of the Company. This includes, but is not limited to, any sale, merger or assignment, in whole or in part, directly, indirectly, or contingently, of the Agreement or any rights or obligations under it. Neither the agency, nor any shareholders or members of the agency, shall transfer any shares of or interest in the agency, including but not limited to, any sale, assignment, conveyance or the granting of any lien, security interest, pledge, or mortgage thereof, without the prior written approval of the Company. The agency has the obligation to notify the Company of a proposed transfer of any interest in the Agreement or any shares of or interest in the agency by submitting an R4584 - Partial Transfer of Interest Approval Request Form (Exhibit A in the Reference Guide) to request Company approval. The Company retains the right in its exclusive judgment to approve or not approve such a transfer.

The Company will not approve the transfer of any shares or interest in the agency by either the agency or any shareholders or members of the agency to:

- Other R3001 Agents
- Exclusive Financial Specialists
- Company employees
- Any person who is acting as an agent or broker for another insurance company, including an Allstate Independent Agent
- Former agents or Exclusive Financial Specialists who were terminated for cause or by notice where they were required to immediately cease representing the Company
- Former Company employees if they were not eligible to purchase an R3001 Agency
- Any other person whom the Company determines in its sole discretion should not have an ownership interest in an R3001 Agency.

Note: In instances where the proposed transferee is a spouse or other family member of the R3001 Agent, the Company will consider making an exception to the above limitations based on the facts and circumstances presented.

See the Reference Guide for additional information on the C version of the R3001 Agreement.

Status As an R3001 Agent

As an R3001 Agent, you are **not** an employee of the Company. You have full control of your time and the right to decide how your agency will be managed. While you may choose to hire agency staff, including an office manager, our primary relationship is with you, as the agent or Key Person. Our communication, agency evaluation and recognition focus is with you, as the agent or Key Person.

The EA program is not designed for absentee owners who maintain a long distance relationship with the agency and Company management. You must remain **actively involved** in the operation of your agency. The Company entered into an agency relationship with you based on your experience and your ability to provide quality service and sales. If you have formed a corporation or limited liability company (LLC) and are under the C (or A) version of the R3001 Agreement, the Key Person requirement ensures that you will be actively involved in the operation of the business. Our expectation is that you will have regular in-person contact with your agency and that you will live within a reasonable distance to your office to allow for active involvement in the agency. We also expect you to be reasonably available in your market to meet with Company representatives to discuss market objectives, your agency's business results, legal compliance, and to learn of new products, services, policies and procedures.

Brokering

As an R3001 Agent, you may not directly or indirectly solicit, sell or service insurance of any kind for any other company without prior written approval from the Company. However, you may write Assigned Risk, JUA, Facility, FAIR Plan, Flood, California Earthquake Authority, and expanded market coverage business, as authorized by the Company. You are not authorized to charge a fee in addition to the policy premium for writing this business, except as documented in the Supplement. Although you would not be precluded from having a passive financial investment in an independent agency, the R3001 Agreement prohibits an agent from, either directly or indirectly, soliciting, selling, or servicing insurance of any kind for any other agent or broker. Any involvement in an independent agency's business operation would be prohibited as it would constitute indirect soliciting, selling, or servicing insurance and thus violate the R3001 Agreement.

Referring Business to Another Company, Agent or Broker

You may refer business not acceptable to Allstate as a gratuitous service to an insured, or prospect, as long as you have no involvement with the referral business other than to give out names, addresses and phone numbers. However, you are cautioned against consistently referring business to the same agent or broker. The Company only authorizes referrals on an informal basis within the local market. We do not authorize referrals through any type of centralized brokering mechanism not approved by the Company. Please note that the referral of business to an independent agency in which you have either a direct financial interest or an indirect financial interest (e.g., spouse has ownership interest) is not considered gratuitous and is not authorized.

Receiving Residuals on Business in Which R3001s Have a Vested Interest

You may receive residuals on insurance business you wrote through another company before you came to Allstate and in which you have a vested interest. However, you are **not** authorized to have any ongoing involvement with former customers; you may not continue to perform any type of service work. Failure to comply with this policy will jeopardize your agency relationship with the Company.

If you do not become a registered representative² of Allstate Financial Services, LLC³, you will be permitted to retain any FINRA licenses you obtained prior to being appointed by the Company (provided you meet FINRA requirements) solely for the purpose of receiving trailing commissions (residuals) on business you produced for another company prior to your appointment. However, you may not place any further business (variable annuities, variable life, and mutual funds) or perform any service work for customers of the other company.

Quality Control

Allstate Agency Standards

As an R3001 Agent, you are responsible for ensuring that your agency provides services which meet the standards contained in the Allstate Agency Standards at all times. The Allstate Agency Standards includes operating standards under our quality control program. The operating standards help Allstate obtain its business objectives and help ensure compliance with laws and regulations. The Allstate Agency Standards and this Manual are not intended to be inclusive of all important compliance issues.

Customer Service Expectations

The customer service expectations ensure that the identified expectations of our customers are met on an ongoing basis at all Allstate locations. The identified expectations include, but are not limited to:

- Be accessible
- Treat with respect
- Handle requests accurately and in a timely manner
- Offer coverage choices to help meet individual needs

² All appointments after 8/1/2000 must affiliate with Allstate Financial Services, LLC.

³ LSA Securities in the states of PA and LA

Customer Service Standards

Customer satisfaction is a critical Allstate business objective. Customer service standards ensure that the identified expectations of our customers are met on an ongoing basis at all Allstate locations. Key expectations include but are not limited to: Accessibility; Quoting, Applications and Endorsement Processing; Involvement in the Claims Process; Premium Change Notification; and Coverage Reviews. The Agency Loyalty Index (ALI) will be one of the measurement sources for meeting this business objective. Also, from time to time, Allstate may call your agency and record the telephone conversation for purposes of helping your agency analyze the type and quality of service being delivered to Allstate customers.

Agencies are expected to satisfy customers and meet the following customer service standards:

Accessibility

Agencies should keep their sales locations open for business as appropriate in the market to provide a proper level of customer service. This applies to all agency locations including satellite locations.

- Agencies are expected to be open a minimum of forty-four (44) hours per week.
- All agencies must open during the “core” business hours of 9:00 am to 5:00 pm, Monday through Friday.
- Agencies may choose, at their discretion, to be open additional hours to provide a proper level of customer service.
- A person licensed to sell, solicit, and negotiate insurance must be present during all required agency hours. Adequate licensed personnel should be available during business hours to speak with the customer.
- All phones used by an agency to conduct Allstate business must be forwarded to the appropriate 24-hour customer service center outside of an agency’s normal business hours and removed from forwarding by 9:00 am the following business day.

Quoting/ Application/ Endorsement Completion

- Develop an accurate quote based on all of the available information.
- Offer coverage choices to help meet individual customer needs.
- All applicable discounts should be offered at initial point of sale.
- All customers should be serviced without discussion regarding compensation on a specific policy.

Agency Involvement in Claims Process

- Agency should explain the claim process at the point of sale.
- Agency should provide assistance to customers that call the agency to report the first notice of loss.
- Agency should show empathy and concern for the customer at all times during the claim process.
- Agency should follow up with the customer during the claim process and/or after claim settlement.

Premium Change Notification

- Proactively notify customers in the event of a premium change that may significantly impact the customer's subsequent payments. Agency should be able to explain premium changes and answer customer's questions accurately and in a timely manner.

Coverage Reviews

- Agency should have a process for offering annual coverage reviews with customers.

Office Availability

You have complete and sole discretion in determining how to staff your office and the time in which you are physically present, as long as your agency meets our accessibility standards as described in the Customer Service Standards above.

Knowledge of Company Products and Services

We are in a highly regulated industry and have a responsibility to customers to provide them with accurate information about our products and services.

Accordingly, as requested by the Company, you will be required to demonstrate your knowledge of the Company products you are authorized to sell, as well as of federal, state, or local laws, rules, regulations and ordinances affecting your agency operation. If you are unable to demonstrate your knowledge of any product, the Company reserves the right to deny you the authority, or withdraw your existing authority, to sell that product until you demonstrate such knowledge. The same requirement applies to any Licensed Sales Professionals in your agency.

Additionally, you, or an appropriate representative from your agency, will be required to attend certain educational meetings to learn about changes to our products or services, or about legal compliance issues. Examples of required educational meetings would include:

- Meetings to disseminate information on products, policies, procedures, processes, and programs which are necessary to ensure compliance with state and federal laws and regulations, or to avoid legal liability and loss of goodwill in the marketplace.
- Education mandated by the Department of Insurance.

From time to time, the Company may also conduct for your convenience meetings concerning sales techniques or other issues. You are invited, but not required, to attend such meetings.

Maintaining a Professional Office Environment

All agencies must maintain a professional office environment that is suitable for conducting Allstate business.

Agency Evaluation

The Company will evaluate your agency's results through the Expected Results Portlet in My Agency Results (MAR). This portlet is the mechanism we have put into place to provide you with feedback concerning your agency's business results and our overall business relationship. An Acknowledgement Link will accompany the portlet that will allow you to acknowledge your year-end results and add comments if desired. A formal evaluation is done on an annual basis. In addition to the annual formal evaluation, there will be a formal mid-year review. The results review process will take place every six months based on YTD cumulative results. We also expect to have ongoing business discussions with you so you know where your agency stands in meeting our business objectives, and we can offer our assistance to help your agency improve in any area in which we have determined your agency is deficient.

The key areas that are currently considered in evaluating your agency's results include:

- Standard Auto IIF Growth
- Allstate Financial (Production Credit)
- Agency Loyalty Index
- Loss Ratio / Profitability (Established Agencies only)
- Standard Auto Retention (Start-up Agencies only)

The Company may establish business objectives with respect to the above areas that your agency is expected to meet. As an R3001 Agent, you have the right to determine the manner and means by which these business objectives are met. The Company may establish different key areas for evaluating your agency's results in its sole discretion.

Other relevant topics that we may consider in evaluating your agency operation and our business relationship include, but are not limited to:

- Compliance with Company policies and procedures, including the Allstate Agency Standards, and all applicable laws and regulations relating to the conduct of business under the R3001 Agreement
- Adherence to Ethical Standards in the Conduct of Business
- Quality of business
- The type and quality of customer service provided by your agency, including the Customer Service Standards
- Market penetration within your marketing area
- Multi-line sales
- Understanding of our existing products, new products, and industry changes
- Cooperation in adopting marketing approaches consistent with the Company's strategic direction
- Maintaining a professional business location
- Improvement in areas in which the agency's results are deficient

- Compliance with the terms and conditions of the R3001 Agreement
- Any activities that may subject the Company to liability or loss of goodwill, or are otherwise detrimental to the business interests of the Company

As a Company, we are committed to assisting you in being successful and in generating revenue to grow your agency and meet your income goals. We are also committed to meeting Allstate's business objectives. Consequently, if your agency is not meeting one or more of the Company business objectives, you will be expected to address the deficiencies displayed on the Expected Results Portlet. If you request assistance in improving your agency's business results, we will recommend processes our experience has shown to be successful, that you may want to consider implementing in your agency.

As an R3001 Agent, you will be expected to maintain a professional business relationship with the Company, and when requested, to meet with Company representatives at mutually convenient times to discuss various business topics. Also, since you are conducting business with the public under the Allstate name, Company representatives and/or its designees should be permitted access to your agency to review compliance with the R3001 Agreement during agency business hours.

Use of Agency Name or D/B/A with Allstate Name

As an R3001 Agent, you may use your agency name or d/b/a, e.g. John Doe Insurance Agency, Doe Insurance Agency, J. Doe Insurance Agency, Inc., XYZ, Inc., d/b/a John Doe Insurance Agency along with the Allstate name, or any Company service marks on specific items.

The following are examples of items that may contain your agency name or d/b/a along with Allstate's name or Company service marks:

- Business Cards
- Company approved advertising and marketing materials, such as PRIME mailings (when using PRIME mailings you must tell the telephone representative that you are using an agency name when placing your order - 35 characters maximum)
- Declaration Sheets: Name change must be submitted to HR for input into SAP
- Business Correspondence
- Office Decals
- New Signs: A new sign will only be provided for a **new** location upon becoming an R3001 Agent, or if you decide to relocate based on the Company's request, or to personalize a sign if you are a buyer of an existing R3001 Agency. New signs will not be provided if you are relocating at your request. The cost of signs for the purpose of changing your name will be your responsibility.

Permission to use your agency name or d/b/a with the Allstate name, or any of the Company's service marks, is contingent on the following criteria being met:

- The name must not include the Allstate name or any of the Company's service marks or program names or any parts of them, e.g. Doe Allstate Agency, Doe Good Hands Agency, Doe Exclusive Agency, Inc., Allserve Insurance Agency, Allstar Agency.
- The name must be appropriate for the insurance business and Allstate's corporate image.
- The name must not infringe on the proprietary rights of others in the insurance or closely related businesses.
- The name must not mislead customers or potential customers as to the nature of the services provided.
- The name must not create a situation that is detrimental to Allstate's business interests.
- The name must not be the same as that of another agency in the market, except that a Satellite Agency or Enhanced Satellite Agency may use the same name as the original agency.
- The name must not include any professional designations.
- The name must be approved by, and/or registered with, the appropriate state agency(ies), where required by law. Also, any applicable d/b/a requirement must be complied with.

The entity name or d/b/a may not be used with the Allstate name or service marks if, in the Company's sole discretion, the name or d/b/a is inappropriate. In a situation where an entity name is inappropriate to use with the Company's name, you could keep the entity name the same, but would have to adopt an acceptable d/b/a for use with the Allstate name.

Licensing/License Renewal

The initial cost to obtain a license as well as the cost to renew a license, including those for your Licensed Sales Professionals, will be incurred by you and not the Company.⁴

In those situations where the state requires appointments to represent Allstate Insurance Company, and its subsidiaries, the Company will pay the appointment fees for you, your corporation or limited liability company, and your Licensed Sales Professionals.

The Company will pay the fees to cancel your appointment if your agency relationship with the Company terminates. We will also pay the fees to cancel the appointments of your Licensed Sales Professionals. You must notify the Company immediately if a Licensed Sales Professional stops working in your agency or loses his license.

If you participate in any of the Ivantage expanded markets programs, additional licenses or bonds may be required. Some programs may require appointments. Costs associated with these requirements may be your responsibility.

⁴ Except in South Carolina.

Failure to Maintain Active Insurance Licenses

R3001 agents are required to have insurance licenses for property and casualty and for life and health.

If you have been notified by the insurance department that your agent license is no longer active, you must notify the Company immediately. Selling insurance without a license may subject you or the Company, or both, to regulatory action and possible penalties.

The R3001 Agreement automatically terminates upon the loss of any required agent license. Therefore, when the Company is notified that this has occurred, you will be notified that your Agreement has terminated.

If you still want to maintain an agency relationship with the Company, and you meet the necessary state requirements (including continuing education) to reinstate your license within thirty (30) days of notice of the license termination, at the Company's discretion, you may execute a new R3001S⁵ (or C) Agreement when the license is reinstated. You will keep your same agent number. In the meantime (i.e. upon termination of the agreement and prior to reinstatement of the license):

- You will cease any activities that require an agent license, such as soliciting insurance, discussing coverages and limits, completing applications and service request forms to include the binding of coverage, etc.
- You may continue to perform those activities that do not require an agent license.
- You will not receive commissions during this period, except to the extent permitted by state law; however, your production and commission statements will reflect any new and/or renewal business processed and recorded during this period. Regardless of when you sign a new agreement, the Company will **not** go back and give you the commissions on the business processed and recorded during this period. Further, any subsequent charge back activity to any policies recorded during this period will **not** be adjusted to reflect your not being paid on it initially.

It is important to note, however, that if you fail to meet the licensing requirements within thirty (30) days, the termination processing will continue and at that point, you should refer to the Sale of Agency and Termination Payment sections in this Manual for information about the sale of agency and termination payment options that may be available.

Remember, too, that prior to executing the C Agreement, you must obtain the proper agency license, if required by state law, in addition to any individual license. Failure to have an active agency license will also trigger termination of your R3001C (or A) Agreement.

⁵ The R3001S Agreement is not available in Montana.

Series 6 & 63 Licensing

For agents signing an R3001 Agreement 8/1/2000 or after and for R3000 Agents who converted to R3001 status after 05/01/2003, an agent has to obtain and maintain the Series 6 and Series 63 (where required by state law) licenses. Agents who have signed R3001 Agreements effective 6/1/2006 or after and are currently affiliated with Allstate have within 24 months from their R3001 Agreement effective date to obtain their Series 6 and Series 63 (where required by state law) licenses.

If these licenses are not obtained within the allotted timeframe, the agency's R3001 Agreement will be terminated. Also, please see the box below regarding unique situations for Series 6 and Series 63 licensing.

Agents terminated as a result of failure to obtain their Series 6 & 63 licenses will receive the 90-day termination notice pursuant to Section XVII. of the Allstate R3001 Exclusive Agency Agreement and the Company Initiated Termination section of this Manual. This 90-day notice is not intended as an extended opportunity to obtain Series 6 & 63 licenses.

Some regions, due to market conditions or business plans, may require Series 6 & 63 licensure:

- Agents appointed prior to 8/1/2000 and conversions on or prior to 5/1/2003 may be required by the FVP to obtain their 6/63 licenses should they choose to open a Satellite Agency or ESA.
- If agents appointed 8/1/2000 and later or conversions after 5/1/2003 have not yet obtained their 6/63 licenses and want to open a Satellite Agency or ESA, the FVP may require interested agencies to obtain their 6/63 licenses before opening a Satellite Agency or ESA.

Your Sales Location

As an R3001 Agent, your agency location or place of doing business must be in a commercial office. The Company will determine in its sole discretion the number of agencies, Satellite Agencies, Enhanced Satellite Agencies, and local agency extensions in a market based upon the local market conditions.

See the [Reference Guide](#) for information on selecting an office site, relocating your office, negotiating a lease, and setting up your office.

Local Agency Extensions

As an R3001 Agent, you may operate one or more local agency extensions (LAE). These extensions of your agency are intended to provide an alternate means of marketing your agency's services within an existing complementary business establishment in the local marketplace.

The following requirements apply to the operation of an LAE:

- Location:** The location of the LAE is subject to Company approval. The Company reserves the right to withdraw approval of an existing LAE location at its sole discretion.
- Equipment:** All technology hardware costs are your responsibility. In the event that any Allstate confidential and proprietary information is used in the LAE, it must be secured and available only to representatives of your agency.
- Signage:** No outside Allstate street signs are authorized.
- Service Availability:** The hours of operation of the LAE must be posted and your agency identified. The LAE is not required to conform to the business hours designated in the Customer Service Standards; you determine the appropriate level of service for the market the LAE is in. The LAE must be staffed by you or a Licensed Sales Professional during all hours of operation.
- Advertising:** The business in which an LAE is located may notify its customers or include in its advertising that a representative of a local Allstate agency is available on premises to provide a full array of insurance services. However, the business may not use any of our service marks, including the Allstate logo, or make any representations about our products or services. The phone number of the LAE will not be listed as a separate Allstate location in Allstate Yellow Pages advertising, and you may not advertise your LAE on your Allstate agency home page.
- Legal Compliance:** You must comply with any laws and regulations that apply to operating a local agency extension. (For more information refer to Legal Compliance in the Reference Guide.)

Satellite Agencies and Enhanced Satellite Agencies

Beginning in January 2008, Satellite Agencies and Enhanced Satellite Agencies (ESAs) are allowed to cross both state and regional lines from their primary locations. In order to cross regional lines, all regional Field Vice Presidents impacted must provide approval.

In order to operate a Satellite Agency or an ESA, your primary agency must be under the R3001S (or C) Agreement. You must execute a separate R3001S (or C) Agreement for the Satellite Agency or ESA. The ESA must also sign the ESA Letter of Understanding. The primary agency and Satellite Agency (or ESA) must have the same Key Person (you), if you are operating under the R3001C Agreement. You must comply with any laws and regulations that apply to operating a Satellite Agency or an ESA. (For more information refer to Legal Compliance in the Reference Guide.) The Company reserves the right to make changes to, or discontinue, the program, including eligibility requirements, at any time, without prior notice to the agent.

Mergers are not generally approved as they do not support our growth strategy of establishing more points of distribution and may not be in the best interest of the customer. There may be extenuating business circumstances where market conditions warrant a merger, but this will only be with FVP approval.

Please see the Supplement for the R3001 Agreement for the definitions of Satellite Agencies and Enhanced Satellite Agencies.

Eligibility Requirements (as of January 1, 2010)

In order to be considered for a Satellite Agency or Enhanced Satellite Agency (ESA) location, you must meet the then current qualifications established by the Company. The following are the current qualifications that you must meet in order to be considered for eligibility to operate a Satellite Agency or ESA:

- Achieve a prior year-end score of at least 6.0 points on the Agency Performance Profile or have a current year on-pace score of at least 6.0 points on the Agency Performance Profile (current year on-pace score is defined as at least 3 months, not necessarily consecutive, at 6.0 -10.0 points during the preceding 6-month period prior to Satellite Agency or ESA approval)
- Currently be a Premier Service Agency (PSA)
- Demonstrate the agency's ability to provide a proper level of customer service
- Have a professional business relationship with Allstate
- Adhere to Company policies and procedures, including the Allstate Agency Standards and Agency Customer Service Expectations
- Obtain FVP approval

Note: Some regions, due to market conditions or business plans, may require Series 6 & 63 licensure:

- Agents appointed prior to 8/1/2000 and conversions on or prior to 5/1/2003 may be required by the FVP to obtain their 6/63 licenses should they choose to open a Satellite Agency or ESA.
- If agents appointed 8/1/2000 and later or conversions after 5/1/2003 have not yet obtained their 6/63 licenses and want to open a Satellite Agency or ESA, the FVP may require interested agencies to obtain their 6/63 licenses before opening a Satellite Agency or ESA.

If an agent opening a Satellite Agency or ESA does not have 6/63 licenses and is not required to obtain 6/63 licenses by the Company or FVP, then the agent does not need to obtain 6/63 licenses as a result of signing a new R3001S (or C) Agreement for the Satellite Agency or ESA.

Platinum level Agency Performance Profile performance does not require FVP approval to open a Satellite Agency or ESA, **except** that FVP approval is required for the Satellite Agency or ESA location, and FVP approval is required if an agency wishes to open two or more Satellite Agencies or ESAs at the same time. In order to be considered at the Platinum level for eligibility to operate a Satellite Agency or ESA, you must have scores of 7.5 points or better on the Agency Performance Profile from the prior two year ends. In addition, you must demonstrate the agency's ability to provide a proper level of customer service, have a professional business relationship with Allstate, and adhere to Company policies and procedures, including the Allstate Agency Standards and Agency Customer Service Expectations.

Please note that the creation of a Satellite Agency or Enhanced Satellite Agency (ESA) is always subject to final Company approval.

Satellite Agency and Enhanced Satellite Agency (ESA) Locations

A Satellite Agency or Enhanced Satellite Agency (ESA) location should have a different market reach than any of your other agency locations, but you should be actively involved in the operation of each location. Since the Satellite Agency or ESA location should be in a different market than any of your other agency locations, it would not make good business sense to close the Satellite Agency or ESA location and merge the accounts with another of your agency locations (or vice versa, close another of your agency locations and merge the accounts into the Satellite Agency or ESA location).

It is prohibited to issue business through the Satellite Agency or ESA location that originated in any of your other agency locations. Likewise, it is prohibited to issue business through any of your other agency locations that originated in the Satellite Agency or ESA location. Furthermore, policies cannot be transferred between agency locations, unless the customer requests the change.

Validation Requirements - Enhanced Satellite Agency (ESA) only

For Enhanced Satellite Agencies (ESAs) opened in 2008 or later, and for ESAs opened in 2007 who convert to the 2008 ESA program and thus are eligible to participate in the Start-up Agency Tiered Incentive Compensation program, the Company has established validation requirements that must be attained by the ESA. (See the Supplement for the R3001 Agreement for additional information on the validation requirements.) Failure to meet the validation requirements established by the Company will result in termination of the ESA Agreement.

For ESAs opened in 2007 who choose not to convert to the 2008 ESA program and thus are not eligible to receive the Start-up Agency Tiered Incentive Compensation, the following business results must be attained by the ESA:

- ESA must achieve or be on pace to the Bronze level or higher on the Agency Performance Profile at the end of the ESA's 24th, 36th, and 65th months of affiliation
- Each measurement period above represents an individual snapshot of performance. Failure to meet the business objectives established by the Company will result in termination of the ESA Agreement. The ESA will then be required to sell the economic interest in the ESA book of business or elect the TPP for the ESA.

Scaled Support for Buyers (SSB) Pilot Program— Discontinued Effective June 30, 2009⁶

Except as noted below, Established Agencies (see Established Agency definition in the Supplement for the R3001 Agreement) created by purchasing/being assigned the economic interest in more than 750 PP&C policies totaling \$800,001 through \$1,200,000 in 12mm Total Casualty Earned Premium shall participate in the Scaled Support for Buyers (SSB) pilot program. In order for an agency that is also a Satellite Agency to participate in the SSB program, the same qualifications that must be met in order to be considered for eligibility to operate a Satellite Agency (as stated in the Satellite Agencies and Enhanced Satellite Agencies section of this Manual) apply. The creation of a Satellite Agency is always subject to Company approval.

Except as noted below, the SSB pilot program applies to all agencies opened May 1, 2008 through June 1, 2009 who fall within the parameters of the SSB pilot program as described in the first sentence of the preceding paragraph. The Company reserves the right to terminate the program and the addition of new agencies under the program at any time during this period or after. Agencies need to sign the applicable SSB letter of understanding for this program.

Note: The Scaled Support for Buyers Pilot Program is not available for California agencies.

For those agencies opened January 1, 2008 through April 1, 2008 that would have been agencies under the SSB program had the program been in place at that time, these agencies will have the option of converting to the SSB program. They must do so by August 1, 2008 by notifying their region on or before July 15, 2008 via the Scaled Support for Buyers Conversion Letter of Understanding. Agencies under the SSB program will be permitted to open in any geographical area subject to regional approval.

Once the location for the agency under the SSB program has been established:

- o If additional purchases are allowed to merge into the agency, the scaled support/percentage of Start-up Agency Tiered Incentive Compensation (see the Supplement for the R3001 Agreement for information regarding SSB program scaled support) the agency is receiving will cease.
- o If additional assignments are allowed to merge into the agency, the scaled support/percentage of Start-up Agency Tiered Incentive Compensation the agency is receiving will remain the same, even if the assignment and subsequent merger result in an agency that is now over \$1,200,000 in 12mm Total Casualty Earned Premium.

If you have an agency under the SSB program that is also a Satellite Agency, the Satellite Agency location should have a different market reach than any of your other agency locations, but you should be actively involved in the operation of each location. Since the Satellite Agency location should be in a different market than any of your other agency locations, it would not make good business sense to close the Satellite Agency location and merge the accounts with another of your agency locations (or vice versa, close another of your agency locations and merge the accounts in the Satellite Agency location). It is prohibited to issue business through

⁶ The last group of SSB appointments will occur on June 1, 2009. Agencies that are currently participating in the SSB program will remain in the program.

the Satellite Agency location that originated in any of your other agency locations. Likewise, it is prohibited to issue business through any of your other agency locations that originated in the Satellite Agency location. Furthermore, policies cannot be transferred between agency locations, unless the customer requests the change.

In situations where the R3001 Agreement for an agency under the SSB program is terminated, mergers of the agency under the SSB program with another of the agency owner's locations will not be permitted, and the agency owner will need to either sell the economic interest (to an Allstate-approved buyer) of the agency under the SSB program or elect the TPP.

See the Supplement for the R3001 Agreement regarding additional information on the SSB program, including the compensation components agencies under the SSB program are eligible to receive.

Change of Sales Location

As an R3001 Agent, you have the right to change your sales location, subject to Company approval. The following guidelines have been established to determine who should bear the cost of the move:

- **You will bear the cost of the move when:**
 - You initiate the relocation, e.g. better exposure in a new location or better lease price.
- **The Company will bear the cost of the move when:**
 - You decide to move based on the Company's request. (Note: You will not be required to move.)

If the decision to move is a mutual one between you and the Company, then a decision will be made by the Company on the most equitable way to pay the moving cost.

When we refer to "cost," this includes:

- Sign removal at the existing location
- Sign reinstallation at the new office, where possible; if not possible, then the purchase of a new sign
- New office mailing
- Furniture and equipment moving costs
- Telephone removal and installation costs
- Removal and installation of Company owned computer equipment including: data line installation charges; site preparation charges; and Agency Desktop Technology (ADT) workstations, including printers, telephone instruments and AS/400 equipment (if on-site)
- Any other approved expenses related to the move

Sharing Space with Another Business

The Company will not approve an agency, Satellite Agency, Enhanced Satellite Agency, or local agency extension location if you share space with a doctor, lawyer, insurance broker, an agent of another insurance company, a broker or representative of another financial services company offering competing products, or with persons engaged in certain other occupations or businesses as the Company may determine.

In the event that the sharing of space with another business makes good business sense in your judgment, Company approval must be obtained. If the sharing of space with another business is approved, there must be a separate space with a separate sign. Phone numbers, fax numbers, business cards and advertising must also be separate. The public must be able to easily distinguish who provides what service.

Our association with other businesses can positively or negatively impact Allstate's reputation. Therefore, the factors that the Company will consider in evaluating the proposed sales location include, but are not limited to, the following:

- The nature of the other business
- Whether the business has a natural tie-in with insurance
- Any possible conflict of interest that might be created
- The reputation of the other business in the community
- Whether the other business has a professional environment and neat appearance
- The security available for Allstate equipment and information
- Whether there are any obvious customer service problems associated with the other business

Conducting Other Businesses

As an R3001 Agent, you may be involved in other businesses. However, you may not be involved (other than through a passive financial interest) in any insurance or other business in which insurance products or mutual funds are sold. It is the intent of the Company that any other business conducted by you should be clearly separate and distinct from Allstate in the eyes of the customer. The public must not be led to believe that the other business is sponsored by, or is in any way connected to, any of the Allstate companies. You must provide separate signs, telephones (including fax lines), business cards, advertisements, etc., for the other business. If the business is conducted in your agency, Satellite Agency, or Enhanced Satellite Agency location, it must be done in a separate space and the business must be clearly identified by its full corporate name or trade name. Additionally, the business must not be of a type or conducted in a manner that is detrimental to the business interests of the Company, subjects the Company to liability or loss of goodwill, or damages its reputation or image in the community.

Toll Free Phone Numbers

You may use a toll free number in conjunction with the Allstate name or any of our service marks, including logos, for marketing and customer service purposes (except in the Yellow Pages) in the state(s) in which you are licensed and appointed to represent the Company. However, you may not use a toll free number that spells out an Allstate trade name or service mark. Keep in mind, however, that if you have such a number for marketing outside of your market, it may limit your ability to provide a proper level of service and could adversely impact the quality of the business you write since it may be more difficult to evaluate risks prior to binding them.

If you place non-Allstate advertising out of state using a toll free number, it is important to keep in mind that your agency's authority to sell Allstate insurance is limited to the state containing your agency's sales location and other states in which your agency is properly licensed and appointed by the Company. Your agency is responsible for complying with any legal requirements that may apply to this type of advertising.

Agency Staff

As an R3001 Agent, you may choose to employ an unlimited number of agency staff. These individuals are not employees of Allstate. Except for Licensed Sales Professionals (See Licensed Sales Professionals below), your agency staff does not need to be approved by the Company. You are solely responsible for determining all aspects of your agency staff's relationship with you, including wages, hours, and working conditions subject to all contracts, federal, state or local laws, ordinances, rules, and regulations regarding employees. This also includes decisions to hire, transfer, suspend, lay off, promote, discipline, and discharge agency staff. The Company plays no role in those decisions. You are responsible for all salaries and other compensation. Any compensation or benefits package made available to agency staff will be at your sole discretion. In addition, you are responsible for proper withholding and the payment of appropriate federal, state and local income taxes, FICA, and federal and state unemployment taxes. You are accountable for the conduct of your agency staff. You must ensure that all agency staff comply with all laws affecting your agency operation and meet the Company's standards with respect to ethical business practices.

To comply with state licensing and safeguarding laws, you will be required to utilize the Agency Staff Data Tool (ASDT)⁷ to add, terminate, and verify licensed and unlicensed agency staff. Each agency staff member employed by you will be required to sign the Confidentiality and Non-Competition Agreement. Sample copies of the agreements can be found in the Reference Guide (R2459 for the R3001 or R3001S Agreement - Exhibit C, R27394 for the R3001A or R3001C Agreement - Exhibit E, and R27395 for the R3001C Agreement for Montana only - Exhibit G).

⁷ Refer to the Agency Staff Data Tool (ASDT) subsection for more information.

Licensed Sales Professionals

If you use Licensed Sales Professional as part of your agency staff, you must have them approved and where required, appointed by the Company before they can solicit, sell or bind insurance for your agency. Your Licensed Sales Professional may not solicit, bind or service business that is for another insurance agency or company other than Allstate that is not authorized by Allstate. The authority granted by the Company for an agency staff member to act as a Licensed Sales Professional, including the binding of coverage, can be withdrawn or limited by the Company at any time in its sole discretion.

Your Licensed Sales Professional may generate new business both inside and outside of your agency, Satellite Agency, Enhanced Satellite Agency or LAE.

Although you have the discretion to determine how you will use your Licensed Sales Professionals, you must comply with the following requirements and procedures.

Licensing

Licensed Sales Professionals must meet specific licensing requirements to obtain an Allstate appointment. They must hold a valid state insurance license for each line of insurance to be bound. This license must be the same as the license that you hold.

Binding Authority Approval

In order for a Licensed Sales Professional to be approved by the Company for binding authority, he must first provide information concerning his background which will be verified by the Company (the Company will pay the cost of the background check). If an acceptable verification is received, he must then:

- Have and maintain the necessary insurance licenses
- Successfully complete the Allstate educational requirements
- Sign the Confidentiality and Non-Competition Agreement via ASDT (Sample copies located in the Reference Guide: R2459 for the R3001 or R3001S Agreement - Exhibit C, R27394 for the R3001A or R3001C Agreement - Exhibit E, and R27395 for the R3001C Agreement for Montana only - Exhibit G).
- Obtain Company approval

Written approval **must** be received from the Company in order for binding authority to be extended to the Licensed Sales Professional (LSP). After adding the LSP to ASDT as licensed, you will receive an email containing the link to on-line paperwork. This email will be sent from the AAPCDPT mailbox. You and your LSP must complete the on-line paperwork and your LSP must meet the regional binding education requirements. The Company will notify you of your LSP's binding authority approval, once all requirements are met, via the Binding Authority Approval form (Exhibit I in the Reference Guide). Once approved by the Company, the Licensed Sales Professional will have up to the same binding authority as you. You will determine the level of authority based upon your judgment regarding the Licensed Sales Professional's product knowledge, sales skills, people skills and overall expertise in writing good quality business.

All applications bound by the Licensed Sales Professional must be completed and remitted in compliance with established policies and procedures.

Signature Procedures

The Licensed Sales Professional is required to sign each application with his name, date it, and place his producer number on the application, as the writing agent.

Brokering

Your Licensed Sales Professional may solicit and bind Allstate products and services and Assigned Risk and other state insurance plans as well as solicit and service Ivantage expanded markets programs, as authorized by Allstate:

Your Licensed Sales Professional may not solicit, bind or service business that is for another agency or insurance company other than Allstate or that is not authorized by Allstate.

Agent Responsibilities

You are the person ultimately responsible for all sales and service activities of your Licensed Sales Professional since he is acting under your direction or control. His representations will be attributed to you. It is your responsibility to be certain that your Licensed Sales Professional is fully trained and prepared to represent Allstate well as a professional with the highest integrity.

You must ensure that certain responsibilities are met, including:

- Maintaining a valid insurance license. You are responsible for providing to the Company annual proof that the Licensed Sales Professional has a valid license. You must immediately notify the Company if the Licensed Sales Professional ceases to work for you or loses his license so Allstate can withdraw sponsorship of the Licensed Sales Professional's license. You must also use the Agency Staff Data Tool (ASDT)⁸ to verify, add or terminate licensed agency staff.
- Compliance with Company policies and procedures, including the Allstate Agency Standards, and all applicable laws and regulations relating to the conduct of business under the R3001 Agreement
- Providing a proper level of customer service
- Compliance with the standards described under Ethical Standards in the Conduct of Business
- Obtaining accurate and truthful information on all applications
- Meeting all quality verification and administrative requirements
- Providing the education and development necessary to avoid errors and omissions activity. With E&O coverage through CalSurance, your errors and omissions protection is extended to your Licensed Sales Professional for authorized sales and service activities. Any errors and omissions situation resulting from the actions of your Licensed Sales Professional will be treated just as if it resulted from your own sales and service activities.

⁸ Refer to the Agency Staff Data Tool (ASDT) subsection for more information.

As with any member of your agency staff, the Licensed Sales Professional must sign the appropriate Confidentiality and Non-Competition Agreement.

Agency Staff Data Tool (ASDT)

The Agency Staff Data Tool (ASDT) is an online tool for managing agency staff information. It is used to add, terminate, and verify data for licensed and unlicensed agency staff. ASDT streamlines the process for verifying completion of confidentiality/non-compete agreements and provides the enhanced ability to monitor compliance with state licensing/appointment regulations.

The Agency Staff Data Tool is intended to be used for agency staff. ASDT may not be used:

- to create support staff IDs for other Allstate agents or financial specialists working in your office, or
- to create fake IDs (IDs not tied back to a specific agency staff, i.e. Front Desk, Staff, etc.), or
- to create staff IDs for yourself in your own office

Licensed Sales Professionals Who Also Perform Services for Another Business

A Licensed Sales Professional who also performs services for another business (e.g. as a real estate agent or car salesperson) can discuss Allstate products with the customers of the other business outside the agency, Satellite Agency, Enhanced Satellite Agency or LAE location as long as these discussions are during the time that he is acting as your Licensed Sales Professional and not while he is performing services for the other business. The Licensed Sales Professional may, however, tell customers of the other business that he is also your Licensed Sales Professional and when he can be contacted to set up an appointment to discuss Allstate insurance products at the agency, Satellite Agency, Enhanced Satellite Agency, LAE location, or the customer's home or place of business. Under no circumstances should the Licensed Sales Professional, who is also performing services for another business, be discussing Allstate insurance products or completing Allstate applications with customers at the place of business of the other business.

Insurance

As an R3001 Agent, you will be required to provide certain insurance coverages for your agency at your expense. Allstate will need to be named as an additional insured where specified. Any change in coverage or cancellation will require at least thirty (30) days' prior written notice to Allstate. You are required by Allstate to provide proof of insurance to the Company upon request. If the policies do not provide adequate protection, Allstate will advise you of this and will expect compliance with these requirements within fifteen (15) days. If you do not purchase the required insurance, Allstate may obtain the necessary coverage at your expense.

The following coverages are required:

- Workers' Compensation including Employers Liability for any person employed
- Commercial General Liability
- Professional Liability (Errors and Omissions)

Specific limits and carrier information follow.

Workers' Compensation/Employers Liability

In order to protect you, your agency and Allstate from liability, you are required to carry Workers' Compensation insurance regardless of whether it is required by law. However, you, as the agent or Key Person, acting as the employer, do not have to be covered under the policy unless it is legally required under state law. If you are contracting for agency staff through a staffing vendor, the vendor should provide Workers' Compensation/Employers Liability insurance. If the staffing vendor does not provide Workers' Compensation/Employers Liability insurance or you are using a payrolling service, then you will have to provide this coverage. The Workers' Compensation insurance must include Other States insurance, with a waiver of subrogation rights against the Company - Statutory limits, and Employers Liability with a waiver of subrogation rights against the Company:

- \$100,000 bodily injury per accident
- \$100,000 disease per employee
- \$500,000 policy aggregate

Note: Workers' Compensation pays benefits prescribed by statute to a worker who sustains an injury arising out of and in the course of employment. Benefits are governed entirely by applicable statutes. Employers Liability protects employers from suits brought by injured employees or their families that may fall outside the exclusive remedy provided by Workers' Compensation. An example of an Employers Liability suit would be one brought by family members for loss of consortium.

Commercial General Liability

You are required to carry Commercial General Liability coverage covering liability for bodily injury and property damage with Allstate as an additional insured and a severability of interest/cross liability endorsement if Allstate is not the carrier. The required limit is a \$500,000 combined single limit.

This coverage, in most cases, may be purchased through Allstate via a Commercial General Liability or Customizer policy; however, you may also use another carrier's plan. The choice is yours.

Note: R3001 Agents in the same location can be combined on a Customizer policy for coverage on the operations of both their agencies.

Professional Liability (Errors and Omissions)

Allstate Sponsored Group E&O Program

As an R3001 Agent, you are required to maintain an Errors and Omissions (E&O) insurance policy with a minimum per claim and aggregate limit of \$1 million, with legal defense in addition to this limit.

Except for New York R3001 Agents, all R3001 Agents must obtain their E&O insurance through the broker, CalSurance, with coverage currently being provided by a Fireman's Fund Insurance Company. In addition to the minimum per claim and aggregate limit of \$1 million, increased limits are available for \$2 million, \$5 million or \$10 million per claim and aggregate through CalSurance. If you have a Series 7 license, you must also obtain the Securities 7 Coverage Extension for an additional premium.

There is a \$1,000 deductible for each claim per agent for products and/or services of Allstate Insurance Company and/or its subsidiaries and affiliates and a \$5,000 deductible for each claim per agent for Expanded Market products and/or services, which are non-Allstate products and/or services for which you are authorized to sell. These deductibles only apply to Damages (indemnity payments made) for each E&O claim under the group program. There is also a \$15,000 aggregate deductible per insured per policy period.

Effective October 1, 2011

The standard deductible on claims reported during the current policy period will increase if the insured has more than two claims with a Damages payment reported against the prior three policy periods. The following types of claims are not included: claims involving an underlying ISO certified catastrophe loss event, claims or potential claims with no payment, and/or claims with Defense Cost payment only.

The sliding deductible schedule is as follows:

For insureds with three claims reported in the prior three policy periods, the deductible for the next claim reported during the current policy period that does not involve an underlying ISO certified catastrophe loss event will be:

- \$ 2,000 each claim for products and/or services of Allstate Insurance Company and/or its subsidiaries and affiliates
- \$ 6,000 each claim for Expanded Market products and/or services
- \$15,000 aggregate deductible each insured per policy period

For insureds with four claims reported in the prior three policy periods, the deductible for the next claim reported during the current policy period that does not involve an underlying ISO certified catastrophe loss event will be:

- \$ 3,000 each claim for products and/or services of Allstate Insurance Company and/or its subsidiaries and affiliates
- \$ 7,000 each claim for Expanded Market products and/or services
- \$15,000 aggregate deductible each insured per policy period

For insureds with five or more claims reported in the prior three policy periods, the deductible for the next claim reported during the current policy period that does not involve an underlying ISO certified catastrophe loss event will be:

- \$ 4,000 each claim for products and/or services of Allstate Insurance Company and/or its subsidiaries and affiliates
- \$ 8,000 each claim for Expanded Market products and/or services
- \$15,000 aggregate deductible each insured per policy period

The deductible will not exceed \$4,000 each claim for products and/or services of Allstate Insurance Company and/or its subsidiaries and affiliates or \$8,000 each claim for Expanded Market products and/or services, regardless of the number of claims in the prior three policy periods.

The aggregate deductible limit that applies for all claims first made against the Insured and reported to the Company during the policy period will not exceed the amount stated above. The aggregate deductible limit applies separately to each consecutive annual policy period.

The deductible for claims involving an underlying ISO certified catastrophe loss event will be \$1,000 each claim for claims involving products and/or services of Allstate Insurance Company and/or its subsidiaries and affiliates and \$5,000 each claim for claims involving Expanded Market products and/or services

The Allstate Exclusive Agent policy is intended to cover the named insured (you) and all your employees, leased employees and/or temporary employees (unlicensed and licensed) assisting you in your insurance activities while acting within the scope of their duties as employees. The Allstate Exclusive Agent policy also includes coverage for Licensed Sales Professionals (including those with securities licenses) while engaged in rendering professional services on behalf of the named insured. Licensed Sales Professionals are covered within your limits of liability at no additional cost. The coverage is not restricted to a single agency location. You may want to consider purchasing a higher limit if you are operating a Satellite Agency, Enhanced Satellite Agency, or Local Agency Extension.

Coverage must be purchased via the CalSurance website at www.calsurance.com/allstateagent. To log-in, input your 6-digit agent number (e.g. a020205 or 41-20205 should be input as 020205). The application will automatically be pre-filled. To complete online enrollment, select one of three payment methods: full payment by credit card, full payment by ACH (electronic check payment), or payment installments by ACH (first installment at time of enrollment, second installment on 10/1, and final third installment on 11/1). When you complete the online enrollment process through CalSurance, you will be able to print an "Errors and Omissions Insurance Certificate" as proof of E&O coverage immediately.

As an existing R3001 Agent participating in the Allstate Sponsored Group E&O Program through CalSurance, you will receive renewal notification at least 30 days prior to the next renewal. If the premium has not been paid by the day preceding the beginning of the next policy period, CalSurance will contact the Company. The Company will pay the premium for E&O coverage on your behalf (and Series 7, if you are Series 7 licensed) at the same limit of liability elected by you during the previous policy period. The full premium amount, plus a processing fee of 25% of the full premium amount, will then be automatically deducted from your commissions. Any attempt to pay after the expiration of the renewal period will be denied.

New R3001 Agents are required to purchase the necessary E&O coverage prior to appointment. The premium is prorated based on month of appointment and your payment options are limited to full payment by credit card or full payment by ACH (electronic check payment). In the event you do not purchase the necessary coverage within fifteen (15) business days prior to your appointment date, your agency agreement will be terminated.

Allstate will handle errors and omissions claims involving Allstate policies (including facility, flood, and Assigned Risk policies written by Allstate) where you are alleged to have made a mistake, but the risk is one that Allstate would have otherwise written (applies to claims reported on or after January 1, 1999). An example would be where you fail to add rental reimbursement coverage to an Allstate automobile policy as requested by the customer. In this type of claim situation, Allstate will pay the claim once it is determined that an error or omission occurred as long as you had authority to bind the risk. Claims in which it is alleged that you made a mistake resulting in no coverage because the policy type or coverage was not offered by Allstate or you exceeded your binding authority in binding a risk that did not meet Allstate's underwriting criteria or claims in which it is alleged you owed a duty to a customer which you breached (typically relates to inadequate or lack of coverage), will be covered by your errors and omission policy through CalSurance. Claims alleging that you owed a duty to a customer that you breached can often be brought after the end of the agency relationship with Allstate and this is one of the reasons it is important that agents who are no longer active with Allstate purchase the five-year or Unlimited Extended Reporting Period coverage as described on the next page.

The policy provides not only coverage for insurance products, but also for authorized non-insurance products, such as banking activities, on behalf of Allstate Insurance Company and/or its subsidiaries and affiliates. The policy will also cover alleged mistakes involving a policy (or product) other than an Allstate policy, e.g. JUA, Fair Plan, or expanded market coverage business.

Remember that you should immediately report any potential errors and omissions claims to the local Market Claim Manager and Lancer Claims Services (the third party claims administrator). You are expected to cooperate in the investigation of potential agent E&O situations in order for the Company to avoid potential legal liability and loss of goodwill. Failure to cooperate in these situations may jeopardize your agency relationship with the Company.

Upon termination of your R3001 Agreement, your active coverage ceases. An automatic one-year Extended Reporting Period (ERP) beginning on the date of termination is provided to report claims under the CalSurance program, which arise out of an alleged act and/or error or omission that took place prior to the date of your termination (refer to CalSurance website for additional information). If your agreement is terminated and you then request a refund of your unearned E&O premium, your Automatic one-year Extended Reported Period will be shortened to ninety

days from agreement termination. Optional ERPs are available for purchase within 60 days of the date of your agreement termination. Options include a five-year Extended Reporting Period for 200% of the last annual E&O premium or an Unlimited Extended Reporting Period for 500% of the last annual premium. Last annual premium includes any additional coverage options such as the Series 7 and/or EPLI, if applicable.

See Additional Optional Insurance in the Reference Guide for information on other (optional) insurance coverages you may choose to carry.

New York R3001 Agents Who Choose Not to Obtain Insurance through the Allstate Sponsored Group E&O Program

As an R3001 Agent, you are required to maintain an Errors and Omissions (E&O) insurance policy with a minimum per claim and aggregate limit of \$1 million, with legal defense in addition to this limit.

As an R3001 Agent, you will receive renewal notification at least 30 days prior to the next renewal. If you choose not to participate in the Allstate Sponsored Group E&O Program, you still must provide proof of coverage to Allstate from the alternative insurance carrier. Certificates from the alternative insurance carrier must be provided to the HR department by the communicated renewal deadline. If the necessary E&O coverage is not purchased by the communicated renewal deadline, coverage through CalSurance will be purchased on your behalf. The full premium amount, plus a processing fee of 25% of the full premium amount, will then be automatically deducted from your commissions.

It is your responsibility to ensure an E&O policy from the alternative carrier meets the requirements identified below:

- Minimum of \$1M per claim limit with a \$1M aggregate limit. Legal defense cost must be in addition to the limits of liability.
- Allstate Insurance Company and/or its subsidiaries and affiliates must be added as an additional insured for vicarious liability.
- Policy must include coverage for all Allstate and non-Allstate products you are authorized to sell and/or service including, but not limited to, residual markets, flood, bank and securities products.
- Coverage for Series 7 activities must be included if you, the agent, or one of your Licensed Sales Professionals maintains a Series 7 license.
- The policy must include coverage for all agency staff while engaged in the sale and/or servicing of products that you are authorized and approved to sell and/or service by Allstate.
- The retro date must be the effective date of the first date of contract with Allstate or the inception date of the first claims made Agent's E&O policy, which has been maintained in full force without interruption – whichever is earlier.
- The E&O insurer must carry an AM Best Rating A-, XIII or better. The E&O insurer must be an admitted insurance carrier.

Economic Interest in the Book of Business

You have an economic interest in the Allstate customer accounts developed under the R3000 and R3001 Agreements. That economic interest is a specifically defined, limited interest. Subject to the terms and conditions set forth in your R3001 Agreement, this Manual, and the Supplement, your economic interest in the book of business is comprised of only two elements:

- First, the economic interest includes the option, where applicable, of receiving a Termination Payment according to the terms of your R3001 Agreement and/or the Supplement.
- Second, the economic interest includes the ability, subject to approval of the Company and other provisions of your R3001 Agreement, this Manual, and the Supplement, to transfer your interest as provided in the R3001 Agreement.

No other rights are included within the terms “your economic interest” or “economic interest in the book of business”. You do not have any ownership interest in any of the business written under the R3000 and R3001 Agreements or any previous agency agreement between you and the Company. You do not have any right to renewals or renewal commissions of any kind after termination of your R3001 Agreement. The Company retains ownership of each item of business and of the entire book of business, including renewals. You do not have any ownership interest in expirations, renewals, or in any information about the customers to whom you have sold Company business. All such information remains the property of the Company.

Assigning Economic Interest to Obtain a Business Loan

You may collaterally assign your economic interest in the business written under the R3000 and/or R3001 Agreement to obtain a business loan, subject to Company Approval. A transfer of your economic interest includes any assignment in whole or in part of or any lien, mortgage or grant of security interest in any of your rights or obligations under the Agreement.

Any assignment approval request must be sent to Home Office Agency Sales for approval. The request must include the name of the lender (financial institution or seller), a copy of the proposed assignment document and the lender’s acknowledgement of receipt of the Assignment of Termination Payment Notice to Lender (Exhibit J in the Reference Guide).

In order for the Company to approve the assignment of any termination payments which may become payable to you upon termination of your R3001 Agreement, the lender will need to prepare the assignment document describing the interest in the assignment as follows:

“Any termination payments due or that become due under the terms of the Allstate (insert R3001, R3001S, R3001A or R3001C, as appropriate) Exclusive Agency Agreement, subject to all the terms and provisions of said Agreement.”

You also have the option of collaterally assigning to the lender the proceeds from any future sale of your economic interest to a Company-approved buyer. As part of this process the Company, at its sole discretion, may disclose to agencies, lenders, and potential buyers, the fact that you have pledged the proceeds from the sale of your economic interest. The assignment of this interest would strictly be between you and the lender since the money received from the sale would not come from Allstate. From and after any such transfer or sale of your agency's economic interest, you will no longer have any economic interest in or any other rights with respect to any of the business written under the R3000 and/or R3001 Agreement and your economic interest extinguishes and ceases to exist.

To assist you in the process please refer to the Assignment of Termination Payment Process in the Reference Guide (Exhibit J). In addition, the Reference Guide contains an example of an assignment agreement (Exhibit J). It is important to note that the example provided is not an Allstate required form, but merely an example of an agreement that has been approved by the Company and is currently in use by some R3001 Agents. You and the lender may use this as a guide: however, the agreement you make must meet your own individual requirements and should be reviewed by your legal advisor.

If you collaterally or wholly assign your rights to the termination payments in order to secure a loan, please note that upon termination of your agreement, you will be required to provide written proof that the loan has been satisfied in full before the Company will begin making termination payments to you. If the Company has not received written notice that the loan has been satisfied, all termination payments will be made payable to the lender until it is fully satisfied. In addition, if you assign your rights to the termination payments in order to secure a loan, you must disclose any such assignment, in writing, to any buyer of your economic interest in the book of business.

Please note that if you terminate your agreement due to a change in the way your business is legally structured (e.g. sole proprietor to corporation or LLC or corporation or LLC to sole proprietor) you will be required to provide one of the following before signing a new R3001 Agreement:

- Documentation from the lender that the loan has been satisfied or arrangements have been made to satisfy the loan.
- A TP Assignment executed by the new business entity.

If the above-mentioned documents are not provided, the Company will not execute a R3001 Agreement with the new business entity. You will have to continue under the existing R3001 Agreement until the requested information is provided.

The Company will not approve an assignment of your entire agreement as security for a loan. Also, please understand that some lenders (e.g. banks, etc) may not be willing to loan money based on the assignment of your economic interest.

See the **Transfer of Economic Interest** section for information regarding your obligations and responsibilities prior to transferring your economic interest.

Transfer of Economic Interest

Before transferring your economic interest in the business or your interest in this Agreement, you have the obligation and sole responsibility to (i) repay any business loan secured by your rights and economic interest in the business, whether with the proceeds from such transfer or not and (ii) disclose to any transferee or purchaser of the business the existence of such business loan, including any lien, security interest, or other encumbrance related to such loan, and, if applicable, your intention to repay such business loan with the proceeds of such sale or transfer.

Termination of R3001 Agreement

Agent Initiated Termination

You must give Allstate ninety (90) days' notice in order to terminate the R3001 Agreement. You are not required to give ninety (90) days' notice of termination if both Allstate and you **mutually agree** to a shorter time period.

Automatic Termination

Outlined below are the guidelines for the following situations that result in the automatic termination of the R3001 Agreement:

1. Your death or permanent incapacity.
 2. Your loss of any required agent license or agency license.
 3. The dissolution of the agency (A or C Agreement only).
 4. You, as the Key Person, cease to be employed by the agency (A or C Agreement only).
 5. The surrender of, or the election not to renew, the Company's license to sell insurance in all lines in the state in which your sales location is located.
- You, or your legal representative, may elect to transfer your interest in the book of business serviced by your agency to an approved buyer, or elect to receive a termination payment from the Company, (except for a termination pursuant to (5) above), subject to the terms and conditions set forth in the R3001 Agreement.

See the **Transfer of Economic Interest** section for information regarding your obligations and responsibilities prior to transferring your economic interest.

- The Company will service the book of business until the ninety (90) day notice period expires (or the first day of the following calendar month if the termination date of the R3001 Agreement is other than the last day of the month), unless the Company has agreed to allow one or more Licensed Sales Professionals in your agency to service the business. Although the R3001 Agreement has been terminated, your agent number will remain active until the eligible policies have been transferred to an approved buyer with a new agent number, or until the Company receives written instructions from you that the termination payment has been elected. There will be no commissions paid during the service period, other than the final commission check, except as noted below.

- You, or your legal representative, may make a request to allow the agency location to remain open if your R3001 Agreement is automatically terminated for any of the above reasons, except termination pursuant to (5) above. This request will only be approved in situations where closing the office location would cause significant undue hardship to the business.

One or more Licensed Sales Professionals will need to be approved to service the business in your agency during the service period.

If approved, the location will be allowed to remain open from the effective date of termination of the R3001 Agreement and for three full calendar months after the first of the month following the date of the termination (service period). Although the R3001 Agreement has been terminated, your agent number will remain active until the eligible policies have been transferred to an approved buyer with a new agent number, or until the Company receives written instructions from you or your legal representative that the termination payment has been elected. However, please note that your appointments with the Company will be terminated immediately. The following must also be agreed to by you through a Letter of Understanding prior to allowing the agency location to remain open:

1. You will not be permitted to work in the agency location during this service period
2. You will be responsible for all expenses to run the agency, including compensation for the Licensed Sales Professional(s) servicing the business during this period; and
3. No commissions will be paid during this period; except that the Company will pay commissions that would have otherwise been generated by the agency to offset the expenses incurred in continuing to service the business on the Company's behalf during the service period.

EXAMPLE:	Termination due to permanent incapacity:	June 15 (no SAP input)
	Final direct deposit check issued to you:	mid-July
	Business will be processed under your agent number through ("service period"):	September 30
	Agency transfer date requirement (begin processing of business under buying agent's number):	October 1

Company Initiated Termination

The Company may terminate the R3001 Agreement, with or without cause, by giving you ninety (90) days' notice. Alternatively, the Company may terminate the R3001 Agreement for cause, in which case the termination is effective immediately.

Outlined below are the guidelines that apply in situations in which the Company has given ninety (90) days' notice of termination and has requested that you immediately cease representing the Company:

- You may elect to transfer your interest in the book of business serviced by your agency to an approved buyer, or to receive a termination payment from the Company, subject to the terms and conditions set forth in the R3001 Agreement.

See the Transfer of Economic Interest section for information regarding your obligations and responsibilities prior to transferring your economic interest.

Note: When the Company has requested that you immediately cease representing the Company, approval of a buyer will also be conditional on the agreement that you will not have any involvement or ownership interest in the buyer's agency following the sale.

- The Company will service the book of business until the ninety (90) day notice period expires (or the first day of the following calendar month if the termination date of the R3001 Agreement is other than the last day of the month), unless the Company has agreed to allow one or more Licensed Sales Professionals in your agency to service the business. Although the R3001 Agreement has been terminated, your agent number will remain active until the eligible policies have been transferred to an approved buyer with a new agent number, or until the Company receives written instructions from you that the termination payment has been elected. There will be no commissions paid during the service period, other than the final commission check, except as noted below.
- You may make a request to allow the agency location to remain open if your R3001 Agreement is automatically terminated for any of the above reasons, except termination pursuant to (5) above. This request will only be approved in situations where closing the office location would cause significant undue hardship to the business.

One or more Licensed Sales Professionals will need to be approved to service the business in your agency during the service period.

If approved, the location will be allowed to remain open from the effective date of termination of the R3001 Agreement and for three full calendar months after the first of the month following the date of the termination (service period). Although the R3001 Agreement has been terminated, your agent number will remain active until the eligible policies have been transferred to an approved buyer with a new agent number, or until the Company receives written instructions from you or your legal representative that the termination payment has been elected. However, please note that your appointments with the Company will be

terminated immediately. The following must also be agreed to by you through a Letter of Understanding prior to allowing the agency location to remain open:

1. You will not be permitted to work in the agency location during this service period
2. You will be responsible for all expenses to run the agency, including compensation for the Licensed Sales Professional(s) servicing the business during this period; and
3. No commissions will be paid during this period; except that the Company will pay commissions that would have otherwise been generated by the agency to offset the expenses incurred in continuing to service the business on the Company's behalf during the service period.

Outlined below are the guidelines that apply in situations in which the Company has terminated the R3001 Agreement immediately for cause:

- You may elect to transfer your interest in the book of business serviced by your agency to an approved buyer, or elect to receive a termination payment from the Company, subject to the terms and conditions set forth in the R3001 Agreement.

See the Transfer of Economic Interest section for information regarding your obligations and responsibilities prior to transferring your economic interest.

Note: If your agreement is terminated immediately for cause, approval of a buyer will also be conditional on the agreement that you will not have any involvement or ownership interest in the buyer's agency following the sale.

- You will cease representing Allstate immediately. The Company will service the book of business from the effective date of termination and for three full calendar months after the first of the month following the date of the termination, or until you elect to accept the termination payment, or until the date a sale of your interest in the book of business to an approved buyer is effective, whichever is earliest. Although the R3001 Agreement has been terminated, your agent number will remain active until the eligible policies have been transferred to an approved buyer with a new agent number, or until the Company receives written instructions from you that the termination payment has been elected. There will be no commissions paid during the service period, other than the final commission check, except as noted below.
- During the service period, the Company in its sole discretion will determine the manner in which service will be provided. This may include keeping the location open with your approval with one or more Licensed Sales Professionals or closing the location and attaching a telephone intercept.
- You may make a request to allow the agency location to remain open if your R3001 Agreement is automatically terminated for any of the above reasons, except termination pursuant to (5) above. This request will only be approved in situations where closing the office location would cause significant undue hardship to the business.

One or more Licensed Sales Professionals will need to be approved to service the business in your agency during the service period.

If approved, the location will be allowed to remain open from the effective date of termination of the R3001 Agreement and for three full calendar months after the first of the month following the date of the termination (service period). Although the R3001 Agreement has been terminated, your agent number will remain active until the eligible policies have been transferred to an approved buyer with a new agent number, or until the Company receives written instructions from you or your legal representative that the termination payment has been elected. However, please note that your appointments with the Company will be terminated immediately. The following must also be agreed to by you through a Letter of Understanding prior to allowing the agency location to remain open:

1. You will not be permitted to work in the agency location during this service period
2. You will be responsible for all expenses to run the agency, including compensation for the Licensed Sales Professional(s) servicing the business during this period; and
3. No commissions will be paid during this period; except that the Company will pay commissions that would have otherwise been generated by the agency to offset the expenses incurred in continuing to service the business on the Company's behalf during the service period.

Use of Agency Name after Termination

The authority granted to the Company to use your name and/or signature on company documents, including policy documents and customer communications materials, shall continue for up to 120 days after the termination of the Agreement, unless the parties have agreed otherwise in writing. If you become aware that Allstate has used your name or signature after the 120 day post termination period, you agree to notify Allstate regarding the usage and give Allstate up to 60 days after Allstate's receipt of the notice to stop using your name and/or signature. Notice must be provided to:

Allstate Insurance Company
Attn: Centralized Distribution Team
3075 Sanders Road, H2E
Northbrook, IL 60062

Payment after Termination

- You, or your legal representative, will be paid for new and renewal business processed up to the date of termination of the R3001 Agreement, except where prohibited by state law due to loss of any required agent or agency license.
- You, or your legal representative, will receive one more commission check after termination of the R3001 Agreement, for business processed up to the termination date, except as noted above under Automatic Termination.

Note: In a sale situation, the buying agent will **not** receive a commission payment from the Company until the second month after the effective date of his agreement. However, if your agency was incorporated, and the buying agent keeps the same tax ID number, commissions will continue to be paid to the corporation.

- The final commission check, if any, is in addition to the termination payment from the Company that is made in 12-monthly installments if you, or your legal representative, have elected it.

Sale of Agency⁹

Subject to the terms and conditions set forth in the R3001 Agreement, the Supplement, and this Manual, you may transfer your economic interest in the business written under the R3000 and/or R3001 Agreements upon the termination of your agency relationship with Allstate by either:

1. Selling your economic interest in the business to an approved buyer, or
2. Electing the termination payment.

If you entered the EA program as an outside buyer, you have an economic interest in the customer accounts that you acquired from the selling agent which were written under the R3000 and/or R3001 Agreements.¹⁰

As an R3001 Agent, you may sell your economic interest in the book of business serviced by your agency at any time provided the Company approves the buyer. Company shall have the right to approve or disapprove the sale of the economic interest in the book at any time up until the time the transfer of the economic interest has occurred. (See Becoming an R3001 Agent in the Reference Guide, Agency Sales between Existing R3001 Agents in this Manual, and Agency Sales between Existing R3001 Agents and Outside Buyers in this Manual.) You can sell your economic interest in the book of business to a single purchaser or multiple purchasers, as described in Splitting a Book of Business in the Reference Guide. From and after any such transfer or sale of your agency's economic interest, you will no longer have any economic interest in or any other rights with respect to any of the business written under the R3000 and/or R3001 Agreement and your economic interest extinguishes and ceases to exist.

See Sales Processing in this section for information on accounts developed under the R830 or R1500 Agreement which may be included in the sale, subject to the terms and conditions set forth in the R3001 Agreement., after you have completed one full year as an R3001 Agent (or one full calendar month if terminating to go into sales leadership), or upon your death or permanent incapacity.

If you elect to sell your economic interest in the book of business to an outside buyer, the process outlined under Outside Buyer Approval in the Reference Guide should be followed. If your intent is to terminate your relationship with Allstate on the proposed transfer date, regardless of whether a buyer is approved, you must give the Company ninety (90) days' notice of termination as specified in your R3001 Agreement.

⁹ Any reference in this Manual to the sale of an agency or the sale, transfer, or purchase of an agent's book of business means the sale, transfer, or purchase of the economic or other interest in the book of business only. Allstate retains ownership of the book of business.

¹⁰ If you are an outside buyer who is under the R3001S (or C) Agreement, the termination payment on the accounts acquired from the selling R3001 Agent will be calculated under the terms of your agreement.

In sale of agency situations, Allstate is never the buyer or seller. The only times Allstate is involved is to approve the buyer and when you elect to receive the termination payment. If you elect to sell, you do not receive the termination payment from Allstate.

See the **Transfer of Economic Interest** section for information regarding your obligations and responsibilities prior to transferring your economic interest.

Agency Sales between Existing R3001 Agents

A qualified R3001 Agent may be approved as a buyer of your interest in the book of business serviced by your agency. In order to be considered for a book purchase, the agent must meet the then current qualifications established by the Company. For qualifications for **Satellite Agencies and Enhanced Satellite Agencies**, refer to the eligibility requirements in the **Satellite Agencies and Enhanced Satellite Agencies** subsection of this Manual.

Approval of a sale of your interest in the book of business serviced by your agency is dependent on your location being in close proximity to the buying R3001 Agent's location if the books of business will be merged into one of the locations. At this time, an agent will be permitted to purchase and merge with the existing book of business serviced by his agency a maximum of 4,000 policies (not items) through multiple purchases, or one book of any size. The 4,000 policy maximum includes purchases made during the Preparing For The Future program and excludes purchases made prior to the Preparing For The Future program.¹¹ Keep in mind that if you sell your economic interest in the book of business serviced by your agency, the Company, at its sole discretion, may choose to place a new agent in the same market

Note: If your office is an approved border location, the buyer's office must also qualify as an approved border location. Otherwise, the sale will not be approved.

If you converted from the R830 or R1500 Agreement and have less than one year in R3001 status, and you purchase a book of business from an R3001 Agent who also has converted from R830 or R1500 Agent status, and you subsequently decide to sell your interest in the book of business, prior to meeting the one year requirement (which would have enabled you to sell your interest in the entire book, including the portion developed under any of the prior agreements), you will only be eligible to sell your interest in the purchased book and those accounts written as an R3001 Agent.

Special Note: Mergers are not generally approved as they do not support our growth strategy of establishing more points of distribution and may not be in the best interest of the customer. There may be extenuating business circumstances where market conditions warrant a merger, but this will only be with FVP approval.

¹¹ In California, the 4,000 policy maximum includes only purchases made after the Preparing For The Future program.

Agency Sales between Existing R3001 Agents and Outside Buyers

A qualified outside buyer may be approved as a buyer of your interest in the book of business serviced by your agency. In order to be considered for a book purchase, the outside buyer candidate must meet the then current qualifications established by the Company. The following are the current qualifications that a candidate must meet in order to be considered for approval as a buyer:

- Must have demonstrated successful management/leadership experience (prefer prior small business owners or strong financial services sales background).
- Must have a job history and compensation, which reflects an ascending pattern of success.
- Must complete and submit an R4018 - Agency Purchase Approval Request (Exhibit M) to the local sales leader.
- Must complete the Agent Selection Questionnaire (ASQ) and obtain a pass score. (This requirement does not apply if the candidate was formerly in the agent position or in sales, or if the candidate is applying to become an Allstate Dealer agency.)
- Must have results on the background check which are satisfactory to the Company (credit and criminal records).
- Must submit an acceptable updated Business Plan that includes goals for P&C Growth, Allstate Financial, and Profitability.
- Must read the Form U-4, Uniform application for Securities Industry Registration or Transfer, and must read and sign the Letter of Understanding.
- Must obtain the appropriate individual resident (and non-resident, if applicable) licenses and an agency license and/or registration, where required by law, if signing the C version of the R3001 Agreement.
- Must complete the following education **prior** to the execution of the R3001 Agreement¹²:
 - New Agency Owner Education in a local Allstate office
 - National Sales Education Center education
 - Other education as designated by the Company
 - Must meet other criteria as the Company may adopt from time to time.

Please note that the outside buyer is always subject to final Company approval.

See Becoming an R3001 Agent in the Reference Guide for more information on outside buyers becoming R3001 Agents.

¹² Agency owner candidates must have their P&C licenses before beginning education.

Retention of Documents

If you sell your interest in the book of business serviced by your agency, the buying agent will be expected to retain the customer records and required trailing documents.

Sale Processing

The sale of your economic interest in business written under the R3000 and/or R3001 Agreements must be effective on the first calendar day of the month. The following business must also be included in the transfer:

- Your interest in voluntary property and casualty and life business written under any prior Allstate agent agreement or program, but only after:
 - You have completed one full year as an R3001 Agent, or
 - You have completed one full calendar month as an R3001 Agent and are terminating to go into sales leadership, or
 - Your death or permanent incapacity.

Note: You shall be considered permanently incapacitated if the incapacity causes you to be unable to remain actively involved in the insurance business as determined by the Company at its sole discretion. To assist the Company in making this determination, at the Company's request you must submit to an independent medical examination by a doctor of the Company's choosing.

- Certain Ivantage expanded market business that is eligible for sale as documented in the Supplement
- Facility business

The sale will include your economic interest in secured business and business transferred to you as part of any agency sale, including policies assigned to Requested Agents through the customer initiated Agent Change Process. Secured business is defined as business secured by you or through your agency staff's initiative and includes policies identified as resulting from an agent's home page on the internet¹³, Customer Information Center (CIC) policies identified as resulting from an agent forwarded phone¹³, and policies in Agency Direct status.

Allstate Customer Information Center (ACIC) and Internet policies that are identified in Designated Agency status (agent type 22) and Agency Direct status will be transferred to the buying agency at 3.5%. ACIC and Internet policies that are identified in Assigned Agency status (agent type 11) will be transferred at 3.5%, and policies coded 01XXXXX will be transferred at 3.5%, but only where the entire book of business is being transferred. If an agency has not earned the right to sell its interest in the entire book of business, then any policies coded 11XXXXX and 01XXXXX will not be transferred to the buying agency and the accounts will be handled at the Company's sole discretion. Further, in situations where the entire book of

¹³ Beginning October 4, 2004 and subsequent (agent type 41).

business is transferred, Motor Club memberships will be transferred although not technically included in the sale.

If you relocate to another market as an R3001 Agent, the Allstate Financial policies written by you on behalf of yourself and your family members may be excluded from the transfer and retained by you, except if you are relocating to or from the state of New York.

Also, when selling your agency, registered products (e.g. mutual funds, variable annuities, variable life insurance) are controlled and retained by the broker dealer, Allstate Financial Services, LLC¹⁴. (In New York, Jefferson Pilot Financial retains all ownership rights in the variable universal life product.) The broker dealer will determine who will service the accounts in the future. The buyer will have to be approved by the broker dealer in order to retain these accounts. The approval process will include proper licensing, an affiliation with the broker dealer and customer approval.

Note: If the buyer does not obtain a securities license or variable Lincoln Benefit Life agent number within 120 days of the effective date of the sale of agency, the variable policies may be moved into a house account and subject to reassignment to an active agent.

With regard to Ivantage expanded market business, you must notify the appropriate carriers and Ivantage of any business included in the sale.

Note: In most cases, Ivantage expanded market business may not be included in the transfer. Refer to the Supplement. Also, expanded market business cannot be transferred separately or retained by you, unless you have an ownership interest in the business.

It is your responsibility to establish a value and negotiate the sale price for your economic interest in any of the business included in the transfer. If you sell your interest in the entire book of business serviced by your agency to an approved buyer and the buyer subsequently wants to sell the business, the buyer may sell the entire economic interest in the book without any waiting period. It is important to note that Allstate retains ownership of business coded to you, except where noted in the Supplement, and that business developed under any prior Allstate agent agreement, except the R3000 Agreement, will **always be excluded** from the calculation of the termination payment.

Additionally, if you elect to sell your Assigned Risk, JUA, FAIR Plan, or Flood business, you must notify the proper processing areas, servicing carriers, etc., of the sale and the new agent number. With respect to Flood business, upon termination of your R3001 Agreement: 1) you can sell your Flood book to another Allstate agent; or 2) if you maintain an insurance license and sign up through NFIP Direct, you may seek to rewrite the Flood customers directly with the NFIP and offer an NFIP serviced policy prior to renewal; or 3) if you become appointed with another insurance carrier, you may seek to write the Flood customers with a policy serviced by a different carrier prior to renewal.

You should not share Personally Identifiable Information (PII) with NFIP Direct or another carrier, without first obtaining the customer's consent. Please note that Allstate is required under

¹⁴ LSA Securities in the states of PA and LA

the NFIP rules to offer the customer an Allstate serviced NFIP policy at renewal unless the customer cancels prior to the mailing of the renewal offer.

Assignment of Commission

An R3001 may choose to take part in the assignment of commission process for the purposes of obtaining a loan to purchase an existing agency or for business expansion. The process allows the agent to assign a portion of his commission to a lender (selling agent and/or financial institution). Since there are a number of ways to finance a loan, the agent and lender need to agree on the best method for both of them. The assignment of commission method might not be appropriate for all situations. However, if agent and lender choose to use the assignment of commission method, the following must be completed and acknowledged.

Exhibit K in the EA Reference Guide contains the assignment of commission documents (Assignment of Commissions Notice, Commission Payment Agreement) that need to be completed in order to initiate the assignment of commission process.

In addition, if you assign your rights to your Termination Payment or commissions, you must disclose any such assignment to any buyer of your economic interest in the book of business.

See the Transfer of Economic Interest section for information regarding your obligations and responsibilities prior to transferring your economic interest.

Termination Payment

If you decline or are unable to sell your economic interest in the book of business serviced by your agency (e.g. the Company does not approve the buyer that you present, or you are unable to find a buyer), you may elect to receive the termination payment, subject to the terms and conditions of the R3001 Agreement. The termination payment will not apply if you sell your economic interest in the book of business. It also does not apply if the termination is a result of the Company surrendering or electing not to renew its license to sell insurance in a state in which you are appointed by the Company or the discontinuance of the sale of insurance in the state.

If you elect the termination payment, the payment calculated and made by Allstate will only apply to business written by you, or any predecessor(s) under the R3000 and R3001 Agreements. Business developed under any other Allstate agent agreement, i.e. R830 or R1500 Agent Agreement, will be excluded from the termination payment.

If you become an R3001 Agent by purchasing an R3001 agency, the termination payment on eligible transferred accounts will be calculated based on the terms of your R3001S (or C) Agreement. Similarly, if you converted from the R3001 or R3001A Agreement to the R3001S (or C) Agreement, the termination payment on accounts developed under the R3001 or R3001A Agreement will be calculated based on the terms of your R3001S (or C) Agreement.

Refer to the Supplement for information on how the termination payment is calculated, the method of payment, the termination payment report available to selling agents, and the termination payment impact on the buying agent.

Ethical Standards in the Conduct of Business

Allstate has identified and adopted certain ethical standards that govern how it chooses to conduct business.

All agency activities must be consistent with Allstate's ethical standards. Activities inconsistent with the standards may jeopardize your agency relationship with the Company.

The following describes the ethical standards. Although not all-inclusive, these standards are guides of conduct that you should follow as a representative of the Company. The standards also apply to any member of your agency.

Conflict of Interest

Sometimes people get themselves into situations that make it difficult for them to distinguish to whom they should be loyal. These situations constitute conflicts of interest. Allstate's position is that you, as a Company representative, should not take part in any activities that might prove to place you or your agency in a conflict of interest with respect to the duties you owe to Allstate.

Gifts or Benefits When you're dealing with our policyholders, claimants, or another company, you may not accept any gift, unusual hospitality, or money in exchange for or in appreciation of your services. Be careful not to put yourself in the position of owing anyone favors because you accepted a gift or a sum of money.

Referring People to Attorneys in Claim Situations When you're dealing with our policyholders or claimants, you may not volunteer, advise, suggest, or in answer to a customer's request or that of any other person involved in a claim or loss, recommend an attorney or suggest contacting an attorney.

Other Business Interests Although as an independent contractor you can conduct other businesses, you may not have other duties or interests that would conflict with your duties under your R3001 Agreement.

Providing Services Ancillary to the Life Application/Underwriting Process Agents and Licensed Sales Professionals are prohibited from providing services ancillary to the Life application/underwriting process, including, but not limited to paramedical services, handling of specimens, providing of medical records to underwriting, etc.; provided, however, this prohibition shall not include the collection of oral fluid specimens.

Political Activity Allstate encourages representatives of the Company to become involved in community activities, including political activities. You should notify the Company if you are elected or appointed to political office. This will help to avoid problems that could arise from Company investment activity in the political entity in which you are involved.

Integrity

As a Company representative, you are expected to act honestly and fairly in all of the Company's business relationships. You are expected to comply with Company policies and procedures, including the Allstate Agency Standards, and all applicable laws and regulations relating to the conduct of business under the R3001 Agreement.

Second, you may never falsify any state insurance department or Company documents, including applications, and you may never forge signatures.

Last, misappropriation of funds and cooperating with others to defraud, or any other illegal or criminal acts will not be tolerated.

Unacceptable Sales Practices

There are certain sales practices that are unacceptable for representatives of the Company including, but not limited to, the following:

Encouraging Customers to Change Agents You should act as a professional in your dealings with your fellow agents by not soliciting customers to change agents. We all recognize that there are legitimate cases in which a policyholder makes a request to be transferred to another agent. For example, there are times when some agents and policyholders just can't get along. We have a process in place to handle those situations. However, even though you may need to provide customer service to customers who have another agent, including taking their payments, you should not be encouraging them to seek a transfer to you or any other agent.

Unauthorized Brokering You may not represent or solicit business for any other company, agent or broker, except as permitted by the Company.

Improper Referrals You may not accept business which has been referred from an agent, broker, insurance producer, risk manager or any other person if the business will be controlled/serviced by such person.

Rebating You may not pay, allow or give, directly or indirectly, any rebate, discount, reduction of the premium, or any other thing of value to a customer as an inducement to purchase insurance or after it has been purchased, except where permitted by law and authorized by the Company.

Replacing Existing Life Insurance to the Disadvantage of the Policyholder Replacing existing life insurance may not be in the policyholder's best interest. You may not replace existing life insurance knowing the policyholder would have been better off retaining his existing policy or contract.

Deceptive or Misleading Representations About Competitors State regulations prohibit verbal or written representations about our competitors that are untrue, deceptive or misleading. These practices violate our Fair Competition Policy and can result in stiff penalties from the regulators, as well as potential legal action by a competitor for unfair competition. All statements on the financial condition, legal status, product performance, or other characteristics of our competition must be factual. Disparaging comments regarding a competitor is a sensitive issue, particularly in potential replacement situations, and are prohibited.

Misclassifying and Misrating You may not knowingly misrate or misclassify in order to provide a more attractive premium to make a sale.

In conclusion, here are two important points to remember:

- If you ever have any questions or doubts about a situation, you should check with the Company.
- Allstate may prosecute any criminal acts against the Company.

Sale of Life and Annuity Products

Assisting Customers in Determining Insurance Needs and Financial Objectives

You assist customers in meeting their current and future financial objectives, which may include retirement and college savings. The ability to present products that are appropriate for their consideration in meeting these needs depends on the financial and needs analysis performed with the customer. It is important to learn all the essential facts concerning the customers' personal financial circumstances, including but not limited to, existing life and annuity coverage, current income, tax status, net worth, and the ability to afford the life, long term care, and annuity products that you are presenting to them for consideration. Do not under any circumstances present a product to a customer that is not suitable or does not meet their financial objectives.

Outside Communications

The Company maintains a policy that generally requires **prior approval** of outside communications that have an impact on or involve the Company. This policy reflects the fact that the Company includes subsidiaries of a publicly traded company subject to the rules of the Securities and Exchange Commission, that it operates a highly visible insurance business subject to regulation by the insurance department of every state in which it does business, and that it invests a significant amount of resources to create and maintain the customer goodwill that is so important to the success of its business. Statements made by agents regarding the Company can have serious legal and business implications that may adversely affect the Company's ability to do business, its reputation, and its profitability. Therefore, no agent has the right to make outside communications on behalf of the Company without prior Company approval. Outside communications include, but are not limited to, publications (including internet publications), speeches, media interviews, discussions, or testimony.

In order to obtain prior approval for an outside communication, an agent must contact the Field Corporate Relations Manager (FCRM) for the Region in which the agency is located.

Note: Communication with legislators or regulators also needs approval of the General Counsel of Allstate Insurance Company. Also, please see **Communications with Investors and Analysts**, below.

The procedures for prior approval balance the Company's business needs and agents' individual rights by providing appropriate guidance when agents anticipate making outside communications which may affect the Company. In the event that the prior approval requirements in this policy, or any other facet of the policy conflicts with any state or federal law, the policy will be applied only to the extent permitted by law.

Requests for assistance regarding the interpretation or application of this policy should be sent to the FCRM.

Communications with Investors and Analysts

Agents should not discuss the Company, or its parent, with investors and securities market professionals and should refer inquires from investors and securities market professionals to Investor Relations at (800) 416-8803. Securities market professionals include buy-side and sell-side financial analysts, brokers, dealers, investment advisors, investment managers, and representatives of mutual funds, investment companies, and pensions funds.

Company Weapons Policy

In keeping with Allstate's intent to provide a safe and secure work environment for its customers and other third parties, no firearms, weapons, or devices intended to be used as instruments of violence are permitted: 1) in an agency, Satellite Agency, Enhanced Satellite Agency or LAE location 2) on any Company premises, 3) or while on any Company business. Violation of this policy will jeopardize your agency relationship with the Company.

Legal Compliance

Special IRS Reporting Requirements

The Internal Revenue Service requires Allstate to report cash payments received in a single transaction or in related transactions (two or more transactions with one person within a 24 hour period) that exceed \$10,000.

For this purpose cash includes:

1. Coins and currency of the U.S. or any other country, and
2. Certain cashier's checks, bank drafts, traveler's checks, and money orders that have a face amount of \$10,000 or less and that are received in a transaction in which you know the payer is trying to avoid the reporting of the transaction. (An example of this would be where a customer provides payment for an insurance service or product with a \$9,000 cashier's check and \$2,000 in cash.)

If you receive cash (as defined above) in excess of \$10,000 in any single or related transactions you must complete IRS Form 8300 - Report of Cash Payments Over \$10,000 Received in a Trade or Business (Exhibit L in the Reference Guide). This form must then be filed within 15 days of the transaction with the:

Internal Revenue Service
Detroit Computing Center
P.O. Box 32621
Detroit, Michigan 48232

A copy of IRS Form 8300 should also be sent to Allstate's Corporate Tax Department (G2B), Northbrook, Illinois. Questions regarding this form should also be directed to the Tax Department.

You must keep a copy of each IRS Form 8300 for 5 years from the date you file it. If you collect multiple cash payments (refer to definition above) from multiple customers totaling \$10,000 on

any given day, you should keep your remittance report for that day for 5 years, in the event of an IRS inquiry.

Agent Insurance License Number on Advertising – California Only

California law requires that you place your insurance license number on certain advertisements in type the same size as any indicated telephone number, address, or fax number also listed on the advertisement. Affixing the license number by use of stickers or ink stamps is acceptable, as is printing, handwriting, or typing the license number on the advertisement.

The license number must be displayed in the manner explained above on the following:

- Business cards (also applies to Licensed Sales Professionals)
- Yellow Pages display ads
- Written proposals for insurance products (including any computer generated quotes)
- Print advertisements distributed exclusively in each state
- Internet sites

Note: Advertisements and brochures that are for countrywide use are excluded from the requirements of the law. However, you should affix or stamp your insurance license number on such advertisements and brochures when possible.

If you reside and are licensed in another state, but also have a non-resident California license, you must follow the requirements of the law when advertising in the state. Violations of the law are punishable by fines, depending on the number of offenses committed.

Agent Disclosure Requirements – Minnesota Only

Minnesota law requires that at the time of making the initial personal contact with a potential buyer, you must clearly and expressly disclose in writing:

- The name of the person making the contact;
- The name of the agent, agency or insurer that the person represents; and
- The fact that the agent, agency or insurer is in the business of selling insurance.

These disclosures are not required if: 1) the prospect personally knows you, the name of your agency, if any, and the fact that you are an insurance agent; 2) the prospect initiates the contact; or 3) the initial contact takes place in your office. Additionally, if the initial personal contact is made by telephone, the disclosures required above need not be made in writing. The law affects all persons who write any insurance business in the state of Minnesota (resident or nonresident). You can meet these disclosure requirements by presenting your business card to the potential buyer upon initial personal contact.

The above disclosure requirements also apply to your Licensed Sales Professionals.

The Violent Crime Control and Law Enforcement Act

The Violent Crime Control and Law Enforcement Act is a federal insurance fraud law. This law makes it unlawful:

- For any individual who has ever been convicted of certain felonies to engage in the business of insurance without the written consent of the appropriate State Insurance Department(s);
- For an individual to permit another individual who has been convicted of certain felonies to engage in the business of insurance; and
- For an insurer to permit an individual who has been convicted of certain felonies to engage in the business of insurance.

You have a continuing obligation to immediately notify the local sales leader or the Human Resource Department upon becoming aware of anyone, including your agency staff, who has ever been convicted of a felony and represents Allstate. From time to time, you will be notified of your responsibility to inform the Company of felony convictions via the local sales leader or the Human Resource Department. If you are convicted of a felony between notification dates, you must inform Allstate promptly, but no later than 10 calendar days after the conviction.

Failure to comply with this law is a serious legal concern. The penalties are severe and may include fines and/or prison time. These penalties can apply to:

- The individual who has been convicted of a felony;
- Anyone who allows an individual who has been convicted of a felony to participate in the business of insurance; and
- The Company if it permits an individual convicted of a felony to engage in the business of insurance.

Further, conduct which does not comport with this law may result in termination of your agency relationship with the Company.

Financial Industry Regulatory Authority (“FINRA”) Rule 3070 Reporting Requirements

FINRA Rule 3070 requires Allstate Financial Services, LLC¹⁵ to report certain matters concerning Allstate agents, Licensed Sales Professionals, field sales leadership, and home office employees registered with Allstate Financial Services. Notification must be filed in the following cases:

- Any written complaint alleging theft, misappropriation of funds, or forgery (regardless of the product).
- Any finding by a governmental agency that the registered representative has violated any rule or standard of conduct of any governmental agency.

¹⁵ LSA Securitit in the states of PA and LA

- Any action brought by a regulatory body naming the registered representative as a defendant alleging violation of any insurance regulation.
- Any disciplinary action brought against a registered representative by any insurance regulatory body.
- Any indictment or conviction of a registered representative or plea of guilty or no-contest by a registered representative to any criminal offense (other than a traffic violation).

The notification to the FINRA must be filed within 10 business days of receipt of the complaint or information regarding a regulatory action or criminal proceeding that meets the above criteria for reporting. If your agency receives a written complaint or information regarding a regulatory action or criminal proceeding that meets the above criteria for reporting:

- Send an e-mail to the regional customer retention manager in the Agency Support Department. You do not need to determine whether the individual is a registered representative.
- The e-mail subject line should be "FINRA 3070 Notification."
- Include the name of the individual who is the subject of the complaint, regulatory action or criminal proceeding, and your agency name and phone number.
- Fax a copy of the complaint or other document(s) to the regional customer retention manager.

Health Insurance Portability and Accountability Act of 1996 ("HIPAA")

This section is applicable to those agencies who are appointed with or service policies or products issued by Lincoln Benefit Life Company ("LBL"), American Heritage Life Insurance Company ("AHL"), or Allstate Life Insurance Company of New York ("ALNY").

The Department of Health and Human Services ("HHS") has adopted regulations with respect to the privacy and security of health information under the Health Insurance Portability and Accountability Act of 1996 ("HIPAA"). Because your agency is an independent contractor that may create or receive "Protected Health Information" (defined below) from, or on behalf of, Lincoln Benefit Life Company ("LBL"), American Heritage Life Insurance Company ("AHL"), or Allstate Life Insurance Company of New York ("ALNY") your agency agreement with the Company is required to contain certain provisions in order to comply with those regulations. Therefore, effective April 14, 2003, the Privacy Rule provisions identified below are added to this Manual and effective April 20, 2005, this Manual is amended to incorporate Security Rule requirements. Effective February 17, 2010, the HIPAA HITECH Sections of the American Recovery and Reinvestment Act (ARRA) are added to this Manual. The Privacy Rule, the Security Rule, and the Breach Notification provisions apply when your agency is writing or servicing policies with long-term care, mini-medical, cancer, accident, hospital indemnity, heart/stroke, or dental policies on behalf of LBL, AHL, or ALNY.

- For the purposes of this section of the Manual, the following definitions will apply, unless subsequent amendments to the Privacy or Security Rules are made by the Department of Health and Human Services, in which case such definitions, as amended, will apply:
 - *Individual*. “Individual” means the person who is the subject of protected health information, or that person’s personal representative in his or her fiduciary capacity.
 - *Individually Identifiable Health Information* shall mean information that is a subset of health information, including demographic information collected from an individual, and (i) is created or received by a health care provider, health plan, health care clearinghouse (as those terms are defined in the Privacy Rule), or employer; and (ii) relates to the past, present, or future physical or mental health or condition of an individual; the provision of health care to an individual; or the past, present or future payment for the provision of health care to an individual; and (a) identifies the individual, or (b) with respect to which there is a reasonable basis to believe the information can be used to identify the individual.
 - *Privacy Rule*. “Privacy Rule” shall mean the Standards for Privacy of Individually Identifiable Health Information at 45 CFR Part 160 and Part 164, Subparts A and E, as in effect or as amended.
 - *Protected Health Information*. “Protected Health Information” shall mean Individually Identifiable Health Information transmitted or maintained in any form or medium that your agency creates or receives from or on behalf of LBL or AHL in the course of fulfilling its duties under the R3001 Agreement. “Protected Health Information” shall not include (i) education records covered by the Family Educational Rights and Privacy Act, as amended, 20 U.S.C. §1232g, and (ii) records described in 20 U.S.C. §1232g(a)(4)(B)(iv).
 - *Required By Law*. “Required By Law” means a mandate contained in law that compels a covered entity to make a use or disclosure of protected health information and that is enforceable in a court of law.
 - *Secretary*. “Secretary” means the Secretary of the Department of Health and Human Services or his designee.
 - *Security Incident*. “Security Incident” shall mean the attempted or successful unauthorized access, use, disclosure, modification, or destruction of information or interference with system operations in an information system such as hardware, software, information, data, applications, communications, networks, and people.
 - *Security Rule*. “Security Rule” shall mean the Health Insurance Reform: Security Standards for the protection of Electronic PHI at 45 C.F.R. Part 160 and Part 164, Subpart C, as in effect or as amended.

- The following legal compliance standards must be met by your agency:
 - The policies and procedures of LBL, AHL, and ALNY with respect to Protected Health Information must be complied with at all times when writing business covered by this section of the Manual.
 - Use or disclosure of Protected Health Information other than as permitted or required by this section of the Manual, or as Required By Law, is not permitted.
 - Appropriate safeguards, including safeguards for the protection of Electronic Protected Health Information, as provided in the Security Rule (45 C.F.R. Parts 160 and 164) to prevent use or disclosure of Protected Health Information, other than as provided for in this section of the Manual, must be developed and used by your agency.
 - To the extent practicable, any harmful effect that is known to your agency of a use or disclosure of Protected Health Information by your agency in violation of the requirements of this section of the Manual, must be mitigated.
 - Any use or disclosure of Protected Health Information not authorized or provided for by this section of the Manual and any Security Incident of which your agency becomes aware must be reported to LBL, AHL, or ALNY, as relevant, within five (5) days of becoming aware of such use, disclosure, or Security Incident.
 - Any person or entity to whom your agency provides Protected Health Information received from LBL, AHL, ALNY, or the Individual, or created or received by your agency on behalf of LBL, AHL, or ALNY must agree to the same restrictions and conditions that apply through this section of the Manual to your agency with respect to such information.
 - Internal practices, books, and records, including policies and procedures and Protected Health Information, relating to the use and disclosure of Protected Health Information received from, or created or received by your agency on behalf of LBL, AHL, or ALNY must be made available to LBL, AHL, ALNY, or to the Secretary, within ten (10) days of such request, or as designated by the Secretary, for purposes of the Secretary determining compliance by LBL, AHL, or ALNY with the Privacy Rule.
 - Disclosures of Protected Health Information and information related to such disclosures must be documented as would be required for LBL, AHL, or ALNY to respond to a request by an Individual for an accounting of disclosures of Protected Health Information in accordance with 45 C.F.R. Section 164.528 of the Privacy Rule.
 - Information collected in accordance with this section of the Manual must be provided to LBL, AHL, ALNY, or an Individual, within ten (10) days of a request for such information.

- Within thirty (30) days of a request from an Individual, LBL, AHL, or ALNY, your agency must either: 1) provide an Individual an accounting of disclosures of Protected Health Information in accordance with 45 C.F.R. Section 164.528 of the Privacy Rule; or 2) provide LBL, AHL, or ALNY such information that it would need in order to respond to such a request by an Individual for an accounting of disclosures of Protected Health Information.
- Ensure appropriate correction or amendment of your agency's records in accordance with 45 C.F.R. Section 164.526 of the Privacy Rule, within thirty (30) days of notice from the Individual, LBL, AHL, or ALNY that such records are inaccurate.
- LBL, AHL, or ALNY, as relevant, must be notified within five (5) business days of your agency's receipt of any request, subpoena, or judicial or administrative order to disclose Protected Health Information. To the extent that LBL, AHL, or ALNY decides to assume responsibility for challenging the validity of such request, subpoena or order, your agency must cooperate fully with LBL, AHL, or ALNY in such challenge.
- If a customer terminates his or her relationship with your agency, or the customer's policy is not renewed or is canceled, your agency must return to LBL, AHL, or ALNY, as relevant, or destroy, all Protected Health Information received from LBL, AHL, or ALNY, or created or received by your agency from the customer. This provision shall apply to Protected Health Information that is in the possession of employees, subcontractors, agents or associates of your agency. Your agency shall retain no copies of the Protected Health Information.
- Except as otherwise provided in this paragraph, upon termination of the R3001 Agreement, for any reason, your agency shall return or destroy all Protected Health Information received from LBL, AHL, or ALNY, or created or received by your agency on behalf of LBL, AHL, or ALNY. This provision shall apply to Protected Health Information that is in the possession of employees, subcontractors, agents or associates of your agency. Your agency shall retain no copies of the Protected Health Information.
- Your agency is permitted to use or disclose Protected Health Information as follows:
 - Except as otherwise limited in this section of the Manual, your agency may use Protected Health Information for the proper management and administration of your agency or to carry out the legal responsibilities of your agency.

- Except as otherwise limited in this section of the Manual, your agency may disclose Protected Health Information for the proper management and administration of your agency, provided that disclosures are Required By Law, or your agency obtains reasonable assurances from the person to whom the information is disclosed that it will remain confidential and used or further disclosed only as Required By Law or for the purpose for which it was disclosed to the person, and the person notifies your agency of any instances of which it is aware in which the confidentiality of the information has been breached.
- Your agency may use Protected Health Information to report violations of law to LBL, AHL, or ALNY, as relevant, and to appropriate Federal and State authorities, where consistent with the Privacy Rule.
- To the extent that your agency's use or disclosure of Protected Health Information may be affected, LBL, AHL, or ALNY, as relevant, shall notify your agency of:
 - Any limitation(s) in its notice of privacy practices of LBL, AHL, or ALNY;
 - Any changes in, or revocation of, permission by an Individual to use or disclose his or her Protected Health Information;
 - Any restriction to the use or disclosure of Protected Health Information that LBL, AHL, or ALNY has agreed to.
- Any ambiguity in this section of the Manual shall be resolved to permit LBL, AHL, or ALNY to comply with the Privacy or Security Rule.



Supplement for the R3001 Agreement

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SUPPLEMENT FOR THE R3001 AGREEMENT
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SUPPLEMENT FOR THE RSM01 AGREEMENT

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Table of Contents

CHAPTER 1 : R3001 AGENTS 23

Section 1 : R3001 Agents..... 25

1.0 Preface 25

Section 2 : Subsidiaries, Affiliates, Company Business..... 27

1.0 Definitions 27

2.0 Parties to the R3001 Agreement 34

3.0 Company Business..... 35

Section 3 : Compensation..... 37

1.0 Basis of Commission 37

1.1 General 37

1.2 New Business Production 37

1.3 Renewal Production 37

1.3.1 Service Fees and Relationship Fees 38

1.3.2 Countersigning Fees..... 38

2.0 Bonuses and Programs..... 38

2.1 Month of Affiliation..... 38

2.2 Variable Compensation..... 39

2.2.1 Agency Success Factors..... 39

2.2.2 Customer Experience 40

2.2.3 Payment..... 41

2.3 Customer Focused Policy Assignment (CFPA) 41

2.4 Customer Focused Policy Loan (CFPL) 42

2.5 Customer Focused Acquisition – Discontinued Effective April 30, 2011 42

2.6 Start-up Agency Tiered Incentive Compensation Program 43

2.6.1 Tiers 43

2.6.2 Start-up Agency Validation Requirements 44

2.6.3 Agency Development Bonus I 45

2.6.3.1 General..... 45

2.6.3.2 Calculation 46

2.6.3.2.1 Agency Development Bonus Tables I 46

2.6.4 Agency Development Bonus II 47

2.6.4.1 General..... 47

2.6.4.2 Calculation 48

2.6.4.2.1 Agency Development Bonus II Tables 48

2.6.5 Agency Establishment Bonus 53

2.7 New Outside Buyer Incentive Test Program 53

2.8 Scaled Support for Buyers Pilot Program – Discontinued Effective June 30, 2009 54

2.9 Agency Bonus (2012 Program) 56

2.9.1 General..... 56

2.9.2 Key Terms..... 56

2.9.3 Bonus Components 58

TABLE OF CONTENTS

REVISION DATE: February 1, 2013

2.9.4	Unique Market Conditions.....	60
2.9.5	Established Agency.....	60
2.9.5.1	Established Agency Qualifiers.....	60
2.9.6	Start-up Agency.....	61
2.9.6.1	Start-up Agency Qualifiers.....	61
2.9.6.2	Agency Length of Affiliation Considerations.....	61
2.9.7	Satellite Agencies that Cross State and Regional Lines and Established Agencies with Start-up Satellites.....	61
2.9.8	37th Month of Affiliation.....	62
2.9.9	Becoming an Established Agency before the 37th Full Calendar Month of Affiliation.....	62
2.9.10	Transfer of Interest.....	63
2.9.11	Interpolation.....	63
2.9.12	Calculation.....	65
2.9.13	Payment.....	65
2.10	Agency Bonus (2013 Program – Excludes California Established Agencies).....	66
2.10.1	General.....	66
2.10.2	Key Terms.....	66
2.10.3	Bonus Components.....	68
2.10.4	Unique Market Conditions.....	70
2.10.5	Established Agency.....	70
2.10.5.1	Established Agency Qualifiers.....	70
2.10.6	Start-up Agency.....	71
2.10.6.1	Start-up Agency Qualifiers.....	71
2.10.6.2	Agency Length of Affiliation Considerations.....	71
2.10.7	Satellite Agencies that Cross State and Regional Lines and Established Agencies with Start-up Satellites.....	71
2.10.8	37th Month of Affiliation.....	72
2.10.9	Becoming an Established Agency before the 37th Full Calendar Month of Affiliation.....	72
2.10.10	Transfer of Interest.....	73
2.10.11	Interpolation.....	73
2.10.12	Calculation.....	75
2.10.13	Payment.....	75
2.11	Agency Bonus (2013 Program – California Established Agencies only).....	76
2.11.1	General.....	76
2.11.2	Key Terms.....	76
2.11.3	Bonus Components.....	77
2.11.3.1	Determining Bonus Percent.....	79
2.11.4	Unique Market Conditions.....	80
2.11.5	Established Agency.....	80
2.11.5.1	Established Agency Qualifiers.....	80
2.11.6	Satellite Agencies that Cross State and Regional Lines and Established Agencies with Start-up Satellites.....	81
2.11.7	37th Month of Affiliation.....	81

TABLE OF CONTENTS

REVISION DATE: February 1, 2013

2.11.8	Becoming an Established Agency before the 37th Full Calendar Month of Affiliation.....	81
2.11.9	Transfer of Interest.....	82
2.11.10	Calculation.....	82
2.11.11	Payment.....	83
2.12	Agency Development Bonus.....	83
2.12.1	General.....	83
2.12.2	Calculation.....	84
2.12.2.1	Agency Development Bonus Tables.....	85
2.13	Incentive Agency Development Bonus.....	86
2.13.1	General.....	86
2.13.2	Incentive Agency Development Bonus (excludes New York).....	87
2.13.2.1	Incentive Agency Development Bonus Table (excludes New York).....	88
2.13.3	Incentive Agency Development Bonus – New York (NY).....	89
2.13.3.1	Incentive Agency Development Bonus Table— New York.....	90
2.14	Agency Establishment Bonus.....	91
2.15	Conversion Bonus.....	91
2.15.1	General.....	91
2.15.2	Calculation.....	91
3.0	Payment of MVRs Over the Threshold Determined by Region.....	91
4.0	Payment of Monthly Maintenance Fees for Agents Participating in Allstate at Work.....	91
5.0	Recovery of Unearned Commission.....	92
Section 4 :	Transfer of Interest.....	93
1.0	Approval of a Transfer of Interest.....	93
2.0	Business Included in Transfer of Entire Interest.....	93
3.0	Commission Amounts Applicable to Transferred Business.....	93
3.1	Requested Agency Policies.....	93
4.0	Allstate Flood Insurance, Assigned Risk, Underwriting Association.....	94
Section 5 :	Final Commission Computation.....	95
1.0	Computation of Commission.....	95
2.0	Recovery of Unearned Commission.....	95
Section 6 :	Termination Payment.....	97
1.0	R3001 and R3001A Agreement Specifications.....	97
1.1	Eligible Business.....	97
1.1.1	Auto, Personal Property, Commercial.....	97
1.1.2	Allstate Financial.....	97
1.2	Excluded Business.....	97
1.3	Termination Payment Calculation.....	98
2.0	R3001S and R3001C Agreement Specifications.....	101
2.1	Vesting.....	101
Section 7 :	Conversion Allowance.....	103
1.0	General.....	103

TABLE OF CONTENTS

REVISION DATE: February 1, 2013

2.0	Calculation	103
3.0	Conversion Factors	105
Section 8 : Operating Procedures for Agency Technology		
1.0	General	107
2.0	Agency Technology Specifications	107
3.0	Asset Protection	107
4.0	Use	108
5.0	Security	108
6.0	Maintenance/Limitation of Liability	108
7.0	Modifications	109
8.0	Notice of Loss	109
9.0	Return of Customer Information and Software	109
CHAPTER 2 : SCHEDULE OF COMMISSIONS		
Section 1 : Introduction		
1.0	General	113
2.0	Applying Commission Amounts to Converting Agents' Business	113
Section 1a : Auto		
1.0	General	115
1.1	Plus Policies	115
1.2	Customer Contact Center (CCC)/Internet Policies	115
2.0	Established Agencies	116
3.0	Start-up Agencies	116
4.0	Tables	116
4.1	Voluntary Auto Table 1	117
4.2	Voluntary Auto Table 2	118
4.3	Policies Bound through an Agent's Home Page on the Internet or Bound by the Customer Contact Center (CCC)/Internet as Resulting from an Agent Forwarded Phone	119
4.4	Residual Market	119
4.4.1	Reinsurance Facility (Business Bound by R3001 Agents)	119
4.4.2	Underwriting Association	120
5.0	California Low Cost Auto Policy	120
5.1	General	120
5.2	Eligibility	120
5.3	Commissions	120
6.0	Allstate Parts and Labor Plus	120
Section 1b : Personal Property		
1.0	General	121
1.1	Plus Policies	121
1.2	Customer Contact Center (CCC)/Internet Policies	121
2.0	Established Agencies	122
3.0	Start-up Agencies	122
4.0	Tables	122
4.1	Personal Property Table 1	123

SUPPLEMENT FOR THE R3001 AGREEMENT

TABLE OF CONTENTS

REVISION DATE: February 1, 2013

4.2	Personal Property Table 2.....	123
4.2.1	Policies Bound through an Agent's Home Page on the Internet or Bound by the Customer Contact Center (CCC)/Internet as Resulting from an Agent Forwarded Phone.....	124
5.0	Allstate Flood Insurance.....	124
6.0	California Earthquake Authority.....	124
Section 1c: Commercial		125
1.0	General.....	125
2.0	Established Agencies.....	125
3.0	Start-up Agencies.....	125
4.0	Tables.....	126
4.1	Voluntary Commercial Table 1 effective on or after 1/1/2013 (Rates in effect Prior to and After New Product Implementation).....	126
4.2	Voluntary Commercial Table 2 effective on or after 1/1/2013 (Rates in effect Prior to and After New Product Implementation).....	126
4.3	126	126
4.4	Voluntary Commercial Table 3 effective prior to 1/1/2013 (Rates in Effect Prior to New Product Implementation).....	127
4.5	Voluntary Commercial Table 4 effective on or after 1/1/2013 (Rates in Effect After New Product Implementation).....	127
4.6	Residual Market.....	128
4.6.1	Reinsurance Facility.....	128
4.6.2	Underwriting Association.....	128
Section 1d: Allstate Financial		129
1.0	Products.....	129
1.1	Allstate Financial Products (Excludes New York).....	129
1.2	Allstate Life Insurance Company of New York Products.....	129
2.0	Basis of Commissions.....	129
3.0	Commissions on Allstate Branded Universal Life Business.....	130
4.0	Commissions on Annuitization.....	131
5.0	Commissions Based on Deposit Age.....	131
6.0	Commission Schedules.....	131
6.1	General.....	131
6.2	Enhanced Commission Scale Eligibility.....	132
6.2.1	General.....	132
6.2.2	Persistence.....	133
6.2.3	Proprietary Policies Sold (PPS).....	134
6.2.4	Enhanced Commission Scales Qualification (excludes New York).....	135
6.2.5	Enhanced Commission Scales Qualification (New York only).....	136
6.3	Production Credit Calculation.....	136
6.4	Lesser of Commission Target and Planned Annual Premium.....	137
6.5	Advanced Commissions and Production Credit on App On-Line Submitted Life New Business.....	138
6.6	Advanced Commissions and Production Credit on Annuities.....	138
6.7	Plus Policies (excluding New York).....	139
6.8	Plus Policies (New York Only).....	139

TABLE OF CONTENTS

REVISION DATE: February 1, 2013

7.0	Large Commission Payments	139
8.0	Chargebacks	140
8.1	Commission	140
8.2	Production Credit	143
9.0	Commission on Large Cases	144
9.1	Life	144
9.2	Annuities	144
10.0	Agents with Less than Twelve Months of Affiliation (excludes New York)	145
10.1	Enhanced Commission Scale Qualification (Requirements for Appointments Dates 4/1/2012 and Later) (Excludes New York)	146
10.2	Enhanced Commission Scale Qualification (Requirements for Appointment Dates between 4/1/2011 and 3/31/2012) (excludes New York)	148
11.0	Agents with Less than Twelve Months of Affiliation (New York only)	150
11.1	Enhanced Commission Scale Qualification (Requirements for Appointment Dates 4/1/2012 and Later) (New York Only)	150
11.2	Enhanced Commission Scale Qualification (Requirements for Appointment Dates until 3/31/2012) (New York Only)	151
12.0	Commission Payments on Policies with the Full Surrender Charge Adjustment Rider (excludes New York)	152
13.0	Window Period Renewals	153
13.1	T-Link and Tactician Plus (5&6 Year Guarantee Periods)	153
13.2	Choice Rate (New York only)	153
Section 1e: Motor Club		
1.0	Motor Club Commissions	155
1.1	Current Commission Schedule for Business Effective and Processed On or After January 1, 2005	155
1.2	Commission Schedule for Business Effective and Processed Prior to January 1, 2005	155
Section If: Emerging Businesses Pilot (applies to Texas, Florida, Pennsylvania and Colorado)		
1.0	Emerging Businesses Commissions	157
CHAPTER 3: COMMISSION INTEREST		
Section 1: Introduction		
1.0	General	161
2.0	Added Coverages Commission Handling	162
2.1	General	162
2.2	Added Coverages	162
3.0	Spin off or Split off	163
4.0	Policies Replaced in Another Company	163
5.0	Plus Policies	163
6.0	Market Assistance Plan (MAP)	163
6.1	General	163
6.2	Allstate/Agent Relationship	163
6.3	Commission	164
6.4	Appointments/Brokering	164

TABLE OF CONTENTS

REVISION DATE: February 1, 2013

Section 2 : Auto..... 165

1.0 General..... 165

2.0 Special Commission Rules 165

2.1 Added Coverage..... 165

 2.1.1 List of Added Coverages 166

 2.1.2 No Fault Added Coverage Determinations 166

2.2 Agent Type and Agent Number on a Cancel-Rewrite Due to an Effective Date Change on the Policy 166

2.3 Agent Type on a Policy Replaced in Accordance with the Company's Mechanized Customer Move Process on ALSTAR Involving Out-of-State Moves (i.e., Statistical State Changed) 167

2.4 Agent Type and Agent Number on Reinstatements Other than Reinstatements of Suspended Coverages 167

2.5 Reinstatement of Suspended Coverages 167

 2.5.1 Reinstatement by an Agent Other than Agent of Record 167

 2.5.2 Reinstatement by the Agent of Record 168

2.6 Commission Applicable to Policies Bound by Different Access Points 168

2.7 Voluntary Auto Policy Issued to Former Assigned Risk, Underwriting Association or Facility Plan Insured 168

 2.7.1 Assigned Risk – Voluntary Take-Out 168

 2.7.2 Assigned Risk – Involuntary Take-Out 169

 2.7.3 Underwriting Association 169

 2.7.4 Reinsurance Facility 169

2.8 Fleet Conversions..... 169

2.9 Commercially Rated Automobile – Replacement Policy 169

2.10 Allstate County Mutual Insurance Company – Membership Fees 170

2.11 New Business Policy Fee – Allstate Indemnity Company 170

3.0 Residual Market..... 170

 3.1 Assigned Risk 170

 3.2 Underwriting Association Business 171

 3.2.1 Representation of Policy 171

 3.3 Reinsurance Facility Plans 171

Section 3 : Personal Property 173

1.0 General..... 173

2.0 Residual Market..... 173

 2.1 FAIR plans 173

 2.2 Allstate Flood Insurance (AFI) 173

 2.3 California Earthquake Authority (CEA) 174

 2.3.1 Representation of Policy 174

 2.3.2 Ownership of California Earthquake Authority Business 174

3.0 Mine Subsidence Coverage 174

 3.1 General..... 174

 3.2 Commissions 174

 3.3 Statements 175

4.0 Citizens Property Insurance Corporation..... 175

SUPPLEMENT FOR THE R3001 AGREEMENT

TABLE OF CONTENTS

REVISION DATE: February 1, 2013

5.0	Castle Key.....	175
5.1	General.....	175
Section 3a : Homeowners..... 177		
1.0	Added Coverages.....	177
1.1	Countywide.....	177
1.2	Specific States.....	178
2.0	Agent Type and Agent Number on a Cancel-Rewrite Due to an Effective Date Change on the Policy or Change in Policy Form.....	179
2.1	Agent Type on a Policy Replaced in Accordance with the Company's Mechanized Customer Move Process on ALSTAR.....	179
2.2	Agent Type and Agent Number on Reinstatements.....	179
2.3	Commission Applicable to Policies Bound by Different Access Points.....	180
3.0	Homeowners or Deluxe Country Replacement Policies.....	180
3.1	Commission.....	180
3.2	Commission Deduction As Regards Canceled Policy Coverages.....	180
4.0	Condominium Owners Policy Replaces A Renters Policy.....	181
5.0	Section I Homeowners Coverages for a Secondary Residence.....	181
6.0	Extended Coverage on Jewelry, Watches & Furs (JWF) Coverage.....	182
6.1	JWF Written in a New Homeowners or Renters Policy at Issuance.....	182
6.2	JWF Added - No Previous Similar Coverage.....	182
6.3	JWF Added- Existing Similar Coverage.....	182
6.4	JWF Coverage Written in Homeowners Policy Which Replaces A Renter/Condo Policy.....	182
7.0	Scheduled Personal Property (SPP) Coverage.....	183
8.0	Conversion of Fire, Theft and/or CPL to a Homeowners or Deluxe Country Policy.....	183
8.1	Homeowners or Deluxe Country Policy Written by the Agent.....	183
8.2	Commission Deduction.....	184
Section 3b : Mobilehome..... 185		
1.0	Added Coverages.....	185
2.0	Extended Coverage on Jewelry, Watches and Furs (JWF) Coverage.....	186
3.0	Scheduled Personal Property Coverage Endorsed to an Existing Mobilehome Policy.....	186
4.0	Allstate County Mutual Mobilehome Policies (Texas).....	186
4.1	General.....	186
4.2	Commission Rules.....	186
Section 3c : Boatowners – Recreational Package Policy..... 187		
1.0	Line Group Designation.....	187
2.0	Commission for Items Written in a Separate Policy.....	187
3.0	Added Coverages.....	187
3.1	Boatowners Policy.....	187
3.2	Recreational Package Policy.....	188
Section 3d : Residential Fire (Including CPL Added Coverages)..... 189		
1.0	Added Coverages.....	189
1.1	Residential Fire.....	189
1.2	Comprehensive Personal Liability (CPL).....	189
2.0	Dwelling and/or Contents Added to a Scheduled Fire Policy.....	190

TABLE OF CONTENTS

REVISION DATE: February 1, 2013

Section 3e : Landlords Package Policy	191
1.0 Added Coverages	191
2.0 Conversion of Residential Fire to a Landlords Package Policy	191
2.1 Commission Interest	191
2.2 Commission Deduction As Regards Converted Residential Fire Policy	191
3.0 Conversion of Customizer or BPP to a Landlords Package Policy	192
4.0 Conversion of Businessowners Policy or Commercial Package Policy to a Landlords Package Policy	192
Section 3f : Workers' Compensation – Residence Employees	193
1.0 Added Coverages	193
2.0 Commission Interest	193
Section 3g : Personal Umbrella Policy	195
1.0 Added Coverages	195
Section 4 : Allstate Financial	197
1.0 General	197
2.0 Special Situations	197
3.0 Agent Split Commission Agreement	198
3.1 General	198
3.2 Commission Determinations	198
3.3 Termination of Either Agent's Agency Agreement	198
4.0 Assigned Life Business	198
5.0 Exclusive Financial Specialist Shared Business	199
5.1 Life Specialist Shared Business Issued Prior to January 1, 2001 (New York Only)	199
5.2 Termination of Exclusive Financial Specialist's Agreement	199
6.0 Company Fees Charged to the Agent	199
6.1 Fee for Undelivered Policies	199
6.2 Fee for Non-funded Policies Issued but not Placed (excludes New York)	200
Section 4a : Allstate Financial – Policy Replacements	201
1.0 General	201
2.0 Commission Interest	201
2.1 Life Business	201
2.2 Annuities	203
2.3 Annuity Transfers As a Result of Exercising the Saver's Index Annuity Bailout Option	203
2.4 Widow Period Internal Transfers	205
2.4.1 T-Link and Tactician Plus (5, 6, & 7 Year Guarantee Periods)	205
2.4.2 Tactician Plus (8 & 9 Year Guarantee Periods)	206
2.4.3 Choice Rate (New York only)	206
Section 4b : Allstate Financial – Term Conversions	207
1.0 General	207
2.0 Commission Interest	207
Section 4c : Allstate Financial – Whole Life Policy Issued Through Exercising FPP Option	211
1.0 General	211

TABLE OF CONTENTS

REVISION DATE: February 1, 2013

2.0	Commission Interest.....	211
2.1	New Policy.....	211
	Section 4d : Allstate Financial – Add-Ons and Increases	213
1.0	General.....	213
2.0	Add-Ons to Life Policies.....	213
3.0	Universal Life Increases.....	214
4.0	Universal Term Increases.....	215
	Section 4e : Allstate Financial – Allstate Financial Services, LLC	217
1.0	General.....	217
2.0	Commission.....	217
3.0	Ownership of AFS, LLC Business.....	217
	Section 4f : Allstate Financial – American Heritage Life Insurance Company (excludes New York).....	219
1.0	General.....	219
2.0	Authority.....	219
3.0	Commissions (excludes GoodforLife).....	219
3.1	Commission Amount.....	219
3.2	Commission Advances.....	220
3.3	Commission Splits.....	221
3.4	Commission Statement.....	221
3.5	Limitations.....	221
4.0	Termination.....	222
5.0	Indebtedness.....	222
6.0	Advertising.....	222
7.0	Modifications.....	223
8.0	Complaints.....	223
	Section 4g : Allstate Financial - Assets Captured Bonus and Life Production Bonus (excludes New York).....	225
1.0	General.....	225
2.0	Assets Captured Bonus.....	225
2.1	Assets Captured Bonus Credits.....	225
3.0	Life Production Bonus.....	226
3.1	Life Production Bonus Credits.....	227
4.0	Bonus Calculation and Payment.....	227
4.1	Sample Assets Captured Bonus/Life Production Bonus Calculation.....	228
4.2	Termination of Appointment.....	229
	Section 4h : Allstate Financial - Assets Captured Bonus and Life Bonus (New York only).....	231
1.0	General.....	231
2.0	Assets Captured Bonus.....	231
2.1	Assets Captured Bonus Credits.....	231
3.0	Life Bonus.....	232
3.1	Life Bonus Credits.....	233
4.0	Bonus Calculation and Payment.....	233
4.1	Sample Assets Captured Bonus Calculation.....	234
4.2	Sample Life Bonus Calculation.....	235

TABLE OF CONTENTS

REVISION DATE: February 1, 2013

5.0	Termination of Appointment	235
Section 4i: Allstate Financial – Allstate Life Insurance Company of New York		
	Workplace Business	237
1.0	General	237
2.0	Commissions	237
2.1	Commission Amount	237
2.2	Commission Advances	238
2.3	Commission Splits	238
2.4	Commission Statement	239
2.5	Limitations	239
3.0	Indebtedness	239
4.0	Modifications	240
Section 5: Commercial		
1.0	General	241
1.1	Agent Commission Rules	241
2.0	Business Insurance Center (BIC)	241
2.1	Business Serviced by the Business Insurance Center (BIC)	243
Section 5a: Customizer		
1.0	General	245
2.0	Added Coverages	245
3.0	Commission Interest	245
3.1	New Customizer Policy – No Conversion	245
3.2	Conversion to Customizer Policy of Existing Commercial Policy in Its First Policy Year	246
3.2.1	New Policy Commission Interest	246
3.2.2	Renewal Policy Commission Interest	246
3.3	Business Package Policy Converted to Customizer Policy	246
3.4	Other Conversions to a Customizer Policy	247
3.5	Commission Deduction	247
Section 5b: Business Package Policy (BPP)		
1.0	General	249
2.0	Commission Interest	249
2.1	New BPP Issued to Applicant Not Already Commercially Insured	249
2.2	“New Kind” of Insurance Added to Existing Business Package Policy	249
2.3	New “Added Coverages” Added to Existing Business Package Policy	250
2.4	Conversion of Existing Commercial Policy to BPP	251
2.4.1	Conversion BPP Contains New Kind(s) of Insurance	251
2.4.2	Conversion BPP Contains New Coverages	252
2.4.3	Commission Deduction for Canceled Policy	252
Section 5c: Businessowners Policy (BOP)		
1.0	General	253
2.0	Commission Interest	253
2.1	New Businessowners Policy – No Conversion	253
2.2	Conversion to Businessowners Policy of Existing Commercial Policy in Its First Policy Year	253

TABLE OF CONTENTS

REVISION DATE: February 1, 2013

2.2.1	New Policy Commission Interest.....	253
2.2.2	Renewal Policy Commission Interest.....	253
2.3	Business Package Policy, Customizer Policy, or Commercial Package Policy Converted to a Businessowners Policy.....	253
2.4	Other Conversions to a Businessowners Policy.....	254
3.0	Added Coverages.....	254
Section 5d : Commercial Package Policy (CPP)..... 255		
1.0	General.....	255
2.0	Commission Interest.....	255
2.1	New Commercial Package Policy – No Conversion.....	255
2.2	New CPP Issued to Applicant Not Already Commercially Insured.....	255
2.3	Conversion of Existing Commercial Policy to CPP.....	255
2.3.1	Renewal Policy Commission Interest.....	256
2.4	Business Package Policy, Customizer Policy, or Businessowners Policy Converted to Commercial Package Policy.....	256
2.5	Other Conversions to a Commercial Package Policy.....	256
3.0	Added Coverages.....	256
Section 5e : Commercial Casualty..... 257		
1.0	General.....	257
2.0	Commercial Auto.....	257
2.1	General.....	257
2.2	Fleet Policy Replaced in Another Company.....	257
2.3	Auto Policy Renewed as a Fleet Policy.....	258
3.0	Commercial Policy Is Unrepresented.....	258
4.0	Commercial Casualty Policy Issued from Residual Market "Take Out".....	258
4.1	Assigned Risk.....	258
4.2	Underwriting Association Business.....	258
4.3	Reinsurance Facility.....	258
CHAPTER 4 : UNREPRESENTED POLICIES AND CUSTOMER CONTACT CENTER (CCO)/INTERNET POLICIES..... 259		
Section 1 : Capturing..... 261		
1.0	General.....	261
2.0	Major Lines/Major Coverages.....	261
3.0	Capturing by Other Means.....	262
4.0	Capturing Procedure.....	262
5.0	Capturing Requirements.....	263
Section 2 : Special Capturing Rules..... 265		
1.0	Auto.....	265
1.1	Replacement Policy Issued by Another Allstate Company.....	265
1.2	Voluntary Auto Policy Issued after "Take Out".....	265
1.2.1	Assigned Risk, Underwriting Association.....	265
1.2.2	Reinsurance Facility.....	265
2.0	Homeowners.....	266
2.1	Homeowners Policy Replaces Another Property Lines Policy.....	266

TABLE OF CONTENTS

REVISION DATE: February 1, 2013

2.2	Conversion of Fire Coverage to a Homeowners Policy.....	266
3.0	Allstate Financial – Life Insurance.....	266
3.1	New Rider Added to an In-Force Life Policy.....	266
3.2	Conversion of Veteran’s Group Life Insurance.....	267
3.2.1	Conversion Application Used.....	267
3.2.2	Regular Application Used.....	267
3.3	Life Policy Issued – Insured Exercises FPP Option.....	267
3.4	Reinstatement.....	267
3.5	Flexible Premium Annuity Products.....	268
3.5.1	Unrepresented Policy.....	268
3.5.2	Major Lines/Major Coverages.....	268
Section 3 : Assigned Commission Interest..... 269		
1.0	Agent Request Program.....	269
1.1	General.....	269
1.2	Eligibility for Policy Assignment.....	269
2.0	Handling Policy Transfer Ins.....	270
3.0	Company Assigned Policies as Agent of Record.....	270
3.1	Assignment of Plus Policies.....	270
3.2	Assignment of California Earthquake Authority (CEA) Business.....	270
3.3	Assignment of Unrepresented Life Policy at New Business Issue.....	271
3.4	Assignment of Commercial Business.....	271
Section 4 : Service Fees and Relationship Fees..... 273		
1.0	General.....	273
2.0	Shared/Individual Service Fees.....	273
3.0	Relationship Fees.....	274
Section 5 : Customer Contact Center (CCC)/Internet Bound Policies..... 275		
1.0	General.....	275
2.0	Assigned Agency.....	275
3.0	Designated Agency.....	275
4.0	Direct Transition.....	276
5.0	Agency Direct.....	276
6.0	Capturing of CCC/Internet Bound Business in Assigned Agency Status.....	276
7.0	Capturing of Unrepresented Agency Bound Policies by Adding a Major Coverage to an Assigned Agency Policy.....	276
8.0	Cancellation of Duplicate Policies Involving the CCC/Internet and Agencies.....	276
9.0	CCC/Internet House Accounts.....	277
10.0	Allstate Direct.....	277
10.1	Commissions and Production Credit.....	278
CHAPTER 5 : EXPANDED MARKET PROGRAMS..... 279		
Section 1 : Yantage Select Agency, Inc..... 281		
1.0	General.....	281
2.0	Overview.....	281

TABLE OF CONTENTS

REVISION DATE: February 1, 2013

3.0	Eligibility	282
4.0	Commission	282
Section 2 : Expanded Market Programs 283		
1.0	Access General Agency, Inc.	283
1.1	General	283
1.2	Commission	283
1.3	Ownership of Access General Agency, Inc. Business	283
1.4	Termination	283
2.0	American Modern Insurance Group	283
2.1	General	283
2.2	Commission	284
2.3	Ownership of American Modern Insurance Group Insurance Business	284
2.4	Termination	284
3.0	Appalachian Underwriters, Inc. (Geo Vera Specialty Insurance Company)	284
3.1	General	284
3.2	Commission	284
3.3	Ownership of Appalachian Underwriters, Inc. (Geo Vera Specialty Insurance Company) Business	285
3.4	Termination	285
4.0	Bratshfield Associates, Inc.	285
4.1	General	285
4.2	Commission	285
4.3	Ownership of Bratshfield Associates, Inc. Business	286
4.4	Termination	286
5.0	Cabrillo Coastal General Insurance Agency, Inc.	286
5.1	General	286
5.2	Commission	286
5.3	Ownership of Cabrillo Coastal General Insurance Agency, Inc. Business	286
5.4	Termination	287
6.0	Chubb Group of Insurance Companies	287
6.1	General	287
6.2	Commission	287
6.3	Ownership of Chubb Group of Insurance Companies Business	287
6.4	Termination	287
7.0	Coastal Risk Underwriters/Insight (Occidental Fire and Casualty)	288
7.1	General	288
7.2	Commission	288
7.3	Ownership of Coastal Risk Underwriters Business	288
7.4	Termination	288
8.0	Couch Braunsdorf Insurance Group	289
8.1	General	289
8.2	Commission	289
8.3	Ownership of Couch Braunsdorf Insurance Group Business	289
8.4	Termination	289
9.0	Fiernan's Fund Insurance Company	289
9.1	General	289

-TABLE OF CONTENTS

REVISION DATE: February 1, 2013

9.2	Commission	290
9.3	Ownership of Fireman's Fund Insurance Company Business	290
9.4	Termination	290
10.0	FirstComp Workers' Compensation	291
10.1	General	291
10.2	Commission	291
10.3	Ownership of FirstComp Business	291
10.4	Termination	292
11.0	Florida Peninsula Managers (Florida Peninsula Insurance Company)	292
11.1	General	292
11.2	Commission	292
11.3	Ownership of Florida Peninsula Managers (Florida Peninsula Insurance Company) Business	292
11.4	Termination	292
12.0	Foremost Insurance Company	292
12.1	General	292
12.2	Commission	293
12.3	Ownership of Foremost Insurance Business	293
12.4	Termination	293
13.0	G.A. Mayon and Company (Mayon) Formerly Performance Trust Insurance Group	293
13.1	General	293
13.2	Commission	293
13.3	Ownership of G.A. Mayon and Company Business	293
13.4	Termination	294
14.0	GeoVera Insurance Company	294
14.1	General	294
14.2	Commission	294
14.3	Ownership of GeoVera Insurance Company Business	294
14.4	Termination	294
15.0	Griffin Underwriting Services	295
15.1	General	295
15.2	Commission	295
15.3	Ownership of Griffin Underwriting Services Business	295
15.4	Termination	295
16.0	Hagerty Insurance	295
16.1	General	295
16.2	Commission	295
16.3	Ownership of Hagerty Business	296
16.4	Termination	296
17.0	Homeowners Choice Property and Casualty (Policies assumed from Home Wise Management Company)	296
17.1	General	296
17.2	Commission	296
17.3	Ownership of HomeWise Insurance Group Business	296
17.4	Termination	296
18.0	ICAT Managers, LLC	297

SUPPLEMENT FOR THE R3001 AGREEMENT

Table of Contents
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TABLE OF CONTENTS

REVISION DATE: February 1, 2013

18.1	General	297
18.2	Commission	297
18.3	Ownership of ICAT Managers, LLC Business	297
18.4	Termination	297
19.0	Jewelry Insurance Brokerage of North America, Inc. (JIBNA) (State National)	297
19.1	General	297
19.2	Commission	297
19.3	Ownership of JIBNA Insurance Business	297
19.4	Termination	297
20.0	The Kimbrell Company	298
20.1	General	298
20.2	Eligibility	298
20.3	Commission	298
20.4	Ownership of Kimbrell Business	299
20.5	Termination	299
21.0	MAPPRE (Mexico Tourist Auto Insurance)	299
21.1	General	299
21.2	Commission	299
21.3	Ownership of Mexico Tourist Auto Insurance Business	299
21.4	Termination	299
22.0	McGraw Insurance Services (Pacific Specialty)	300
22.1	General	300
22.2	Commission	300
22.3	Ownership of McGraw Business	300
22.4	Termination	300
23.0	NWC Insurance Services (NWC) through RIC Insurance General Agency	300
23.1	General	300
23.2	Commission	300
23.3	Ownership of NWC Business	301
23.4	Termination	301
24.0	Northeast Agencies Inc.	301
24.1	General	301
24.2	Commission	301
24.3	Ownership of Northeast Agencies Business	302
24.4	Termination	303
25.0	Rain and Hall, LLC	303
25.1	General	303
25.2	Commission	303
25.3	Ownership of Rain and Hall, LLC Business	303
25.4	Termination	303
26.0	St. James Insurance Group, Inc.	303
26.1	General	303
26.2	Commission	303
26.3	Ownership of St. James Insurance Group, Inc. Business	304
26.4	Termination	304
27.0	Security First Managers, LLC	304

SUPPLEMENT FOR THE R3001 AGREEMENT

TABLE OF CONTENTS

REVISION DATE: February 1, 2013

27.1	General.....	304
27.2	Commission.....	304
27.3	Ownership of Security First Managers, LLC Business.....	304
27.4	Termination.....	304
28.0	Service First Insurance Group and Cypress Property & Casualty Insurance Company.....	304
28.1	General.....	304
28.2	Commission.....	305
28.3	Ownership of Service First Insurance Group and Cypress Property & Casualty Insurance Company Business.....	305
28.4	Termination.....	305
29.0	Sterling and Sterling, Inc. (Fidelity and Deposit Co. of Maryland (Zurich) and Tl-State Consumer Insurance).....	305
29.1	General.....	305
29.2	Commission.....	305
29.3	Ownership of Sterling and Sterling, Inc. Business.....	306
29.4	Termination.....	306
30.0	Tower Hill Signature Insurance Company (Tower Hill) formerly Royal Palm Insurance Company.....	306
30.1	General.....	306
30.2	Commission.....	306
30.3	Ownership of Tower Hill Signature Insurance Company Business.....	306
30.4	Termination.....	306
31.0	United Property and Casualty Insurance Company.....	306
31.1	General.....	306
31.2	Commission.....	307
31.3	Ownership of United Insurance Business.....	307
31.4	Termination.....	307
32.0	Universal Group.....	307
32.1	General.....	307
32.2	Commission.....	307
32.3	Ownership of Universal Group Business.....	308
32.4	Termination.....	308
33.0	Wellington Risk Insurance Agency (formerly known as Frontier General).....	308
33.1	General.....	308
33.2	Commission.....	308
33.3	Ownership of Wellington Risk Insurance Agency Business.....	308
33.4	Termination.....	308
34.0	Zephyr Insurance Company, Inc.....	309
34.1	General.....	309
34.2	Commission.....	309
34.3	Ownership of Zephyr Insurance Company, Inc. Business.....	309
34.4	Termination.....	309
Section 3 : Allstate Administered Expanded Market Programs..... 311		
1.0	Global Marine Insurance Agency, Inc.....	311

SUPPLEMENT FOR THE R3001 AGREEMENT

1.1	General.....	311
1.2	Commission.....	311
1.3	Ownership of Global Marine Insurance Agency, Inc. Business.....	311
1.4	Termination.....	311
2.0	Kimirell Company Inc.	311
2.1	General.....	311
2.2	Eligibility.....	311
2.3	Commission.....	312
2.4	Ownership of Kimirell Business.....	312
2.5	Termination.....	312
3.0	Tian Insurance Company.....	312
3.1	General.....	312
3.2	Eligibility.....	312
3.3	Commission.....	313
3.4	Ownership of Tian Business.....	313
3.5	Termination.....	313
Section 4 : Allstate Financial - Expanded Market Programs..... 315		
1.0	Overview.....	315
2.0	Eligibility.....	315
3.0	Bollinger, Inc. (New York Only).....	316
3.1	General.....	316
3.2	Commission.....	316
3.3	Ownership of Bollinger Business.....	316
3.4	Termination.....	316
4.0	CBIZ Special Risk Insurance Services, Inc. (Impaired Life Business).....	316
4.1	General.....	316
4.2	Commission/Production Credit/LPF.....	316
4.3	Ownership of CBIZ Business.....	317
4.4	Termination.....	317
5.0	The Crump Group Inc. (formerly known as BISYS Insurance Services) - Long Term Care and Disability Income.....	317
5.1	General.....	317
5.2	Commissions/Production Credit/LPF.....	317
5.3	Ownership of CRUMP Business.....	318
5.4	Termination.....	318
6.0	HealthPlan Services, Inc. (HPS) (excludes New York).....	318
6.1	General.....	318
6.2	Commission.....	318
6.3	Ownership of HealthPlan Services Business.....	318
6.4	Termination.....	318
7.0	Lincoln Financial (formerly known as Jefferson Pilot Financial) (New York Only).....	319
7.1	General.....	319
7.2	Product Support.....	319
7.3	Commission.....	319
7.4	Ownership of Lincoln Financial/Jefferson Pilot Financial Business.....	319
8.0	Protective Life Insurance Company.....	320

TABLE OF CONTENTS

REVISION DATE: February 1, 2013

8.1	General	320
8.2	Commissions	320
8.3	Ownership of Protective Insurance Business	320
8.4	Termination	320
9.0	Wellpoint – Anthem Blue Cross of California (California Only)	321
9.1	General	321
9.2	Commission	321
9.3	Ownership of Wellpoint Business	321
9.4	Termination	321
Section 5 : Commercial		323
1.0	General	323
1.1	Eligibility	323
1.2	Commissions	323
1.3	Ownership of Expanded Market Commercial Business	324

Allstate Financial Exhibits

<u>Exhibit A</u>	Allstate Financial - Basis of Commission (excludes New York)
<u>Exhibit B</u>	Allstate Financial - Basis of Commission (New York other than Workplace)
<u>Exhibit C</u>	Allstate Financial - Production Credit (excludes New York)
<u>Exhibit D</u>	Allstate Financial - Production Credit (New York only)
<u>Exhibit E</u>	Allstate Financial - Commission Schedule for Solo Business (excludes New York)
<u>Exhibit F</u>	Allstate Financial - Commission Schedule for Shared Business (excludes New York)
<u>Exhibit G</u>	Allstate Financial - Commission Schedule for Solo Business (New York only)
<u>Exhibit H</u>	Allstate Financial - Commission Schedule for Shared Business (New York only)
<u>Exhibit I</u>	Allstate Financial - Commission Schedules for Discontinued Products (excludes New York)
<u>Exhibit J</u>	Allstate Financial – Commission Schedules for Discontinued Commission Rates (excludes New York)
<u>Exhibit K</u>	Allstate Financial - Commission Schedules for Discontinued Products (New York only)
<u>Exhibit L</u>	Allstate Financial – Commission Schedules for Discontinued Commission Rates (New York only)
<u>Exhibit M</u>	Allstate Financial - Commission Schedule for Business Issued Prior to July 1, 2000 (Country-wide) and January 1, 2001 (New York)
<u>Exhibit N</u>	Allstate Financial - American Heritage Life Insurance Company Commission Schedule (excludes New York)
<u>Exhibit O</u>	Allstate Financial - Assets Captured Bonus Credit Rates (excludes New York)
<u>Exhibit P</u>	Allstate Financial - Assets Captured Bonus Credit Rates (New York only)
<u>Exhibit Q</u>	Allstate Financial - Allstate Life Insurance Company of New York Workplace Division Commission Schedules

TABLE OF CONTENTS

REVISION DATE: February 1, 2013

CHAPTER 1: R3001 Agents

REVISION DATE: February 1, 2013

Chapter 1: R3001 Agents

CHAPTER 1: R3001 Agents

REVISION DATE: February 1, 2013

Page 24

SUPPLEMENT FOR THE R3001 AGREEMENT

R3001 Agents
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Section 1: R3001 Agents

1.0 Preface

The Supplement for the R3001 Agreement is intended to explain and expand upon the provisions of the R3001 Agreement, which directly refer to the Supplement. The Supplement, the Exclusive Agency Independent Contractor Manual, and the Allstate Agency Standards manual, as they may be amended from time to time, are incorporated as part of the Agreement between the R3001 Agent and the Company. The sections referencing the Supplement include the following:

- **Authority** - The R3001 Agent's role is to sell, solicit, and service insurance and "Company Business" - referred to in Chapter 1, Section 2, subsection 3.0 – as an independent contractor on behalf of Allstate Insurance Company and its subsidiaries and affiliates referred to in Chapter 1, Section 2, subsection 2.0.
- **Commissions** - Chapter 1, Section 3 of the Supplement details how new and renewal commission will be recorded and paid to R3001 Agents. Recovery of unearned commission is also discussed in this section of the Supplement. The final pay computation for terminated R3001 Agents is found in Chapter 1, Section 5. Calculations to determine conversion allowances for certain new R3001 Agents are set forth in Chapter 1, Section 7. Chapter 2 of the Supplement sets forth the commission amounts applicable to R3001 Agents. Chapter 3 contains the rules governing special situations relating to commission interest. Chapter 4 describes the rules applicable to unrepresented business and policies bound by the Customer Contact Center (CCC)/Internet.
- **Transfer of Interest** - The transfer of interest provision of the R3001 Agreement is explained in Chapter 1, Section 4 of the Supplement. A transfer of interest requires written consent by the Company in its sole discretion.
- **Termination Payment** - R3001 Agents may be authorized a special payment subject to certain conditions once they terminate their agreement. Chapter 1, Section 6 of the Supplement describes the basis for this payment.
- **Computer Systems** - The Company is reliant upon computer technology to process Company Business. The Company's standard operating procedures provide efficient, accurate and uniform methods for processing such business.

The individual referred to as "you" in the R3001 Agreement, the R3001S Agreement or the R3001 Transitional Service Agreement, and the entity referred to as the "Agency" in the R3001A Agreement or R3001C Agreement will be referred to in the Supplement as the "R3001 Agent." Any references to the R3001 Agreement in the Supplement shall include the R3001 Agreement, the R3001S Agreement, the R3001 Transitional Service Agreement, the R3001A Agreement and the R3001C Agreement, except as otherwise noted. Any reference to agent in the Supplement shall include, but not be limited to, R3001 Agents.

CHAPTER 1: R3001 Agents

REVISION DATE: February 1, 2013

Page 26

SUPPLEMENT FOR THE R3001 AGREEMENT

R3001 Agents
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Section 2: Subsidiaries, Affiliates, Company Business

1.0 Definitions

The following definitions of terms used in this Supplement apply:

“Allstate Financial”, as used in this Supplement, includes products from the following companies:

- Allstate Life Insurance Company
- Allstate Life Insurance Company of New York
- Lincoln Benefit Life Company
- Allstate Financial Services, LLC¹
- American Heritage Life Insurance Company
- Jefferson Pilot Financial

“line”, as used in this Supplement, will be defined as follows:

- “individual line” shall mean a particular kind of insurance or coverage such as Renters, Special Auto, Recreational Package Policy, etc.
 - “line group”² shall mean the grouping of individual lines for commission purposes such as Auto, Homeowners, Allstate Financial, Commercial Casualty, etc.
 - “like lines” shall include, with respect to the Homeowners line group, Homeowners, Renters, Condominium and Deluxe County Homeowners and, with respect to the Auto line group, Allstate Indemnity, Allstate New Jersey, Allstate County Mutual, and Allstate Property and Casualty. Special Auto policies with an effective prior to April 1, 2008 are also considered a like line with respect to the Auto line group.
 - “line category” shall mean the combining of line groups for reporting or other special purposes. Auto, Commercial, Allstate Financial, and Personal Property are the most common categories.
- “new policy” will respect to an agency bound policy, except as noted in Chapter 3, means a policy bound:
- for an applicant who was not previously an Allstate policyholder relative to the same line of insurance; or

¹ Allstate Financial Services, LLC is referred to as USA Securities in the states of PA and LA
² In certain circumstances a line group will be comprised of only one individual line.

CHAPTER 1: R3401 Agents

REVISION DATE: February 1, 2013

- as respects all lines of insurance, except for Allstate Financial lines, to a former Allstate policyholder whose policy of the same line of insurance lapsed, expired, or was terminated 120 days³ or more prior to the effective date of the newly issued policy; or
- as respects Allstate Financial lines of insurance, (a) to an Allstate insured (or former Allstate insured) whose Allstate Financial lines of insurance policy terminated more than 6 months before or 12 months after the effective date of the newly issued insurance, or (b) to provide additional Allstate Financial products or insurance for an existing Allstate Financial insured.

"new policy" with respect to a Customer Contact Center (CCC) or Internet bound policy, except as noted in Chapter 3, means a policy bound:

- for an applicant who was not previously an Allstate policyholder relative to the same line of insurance; or
- as respects all lines of insurance, except for Allstate Financial lines, to a former Allstate policyholder whose policy in the same line of insurance lapsed, expired, or was terminated 120 days³ or more prior to the effective date of the newly issued policy.

"renewal policy" means the renewal or extension of a new policy beyond its initial term. However, when a new policy is issued for a period longer than 12 months, each period of 12 months beyond the first anniversary shall be considered as being under a renewal policy.

"net written premium" means:

- as respects all lines of insurance, except for Allstate Financial lines, the gross amounts recorded with respect to secured business and policies bound by the Customer Contact Center (CCC) or the Internet, not including installment payment fees, late payment fees, policy fees, add/change car fees, or any other fees; and
- as respects Allstate Financial lines of insurance, the policy premium recorded with respect to secured business, including premiums which by the terms of the policy, are waived on account of disability or death, or paid under an automatic premium loan provision; less premium refunds or credits (including any estimated refunds or credits, or estimated dividends on participating policies) and amounts recorded as uncollected.

"earned premium" means the amount of net premium written on secured business and policies bound by the Customer Contact Center (CCC) or the Internet that becomes earned as the policy period develops and as the insurance protection is provided.

"recorded" means written, issued and reflected on the agent's monthly production statement.

"commission interest" as used with respect to an agency bound policy or coverage to an agency bound policy, means that the premium for such policy or coverage is identified in the agent's account as though for secured business or a Plus Policy. Additionally, an agent will have a commission interest in policies in Designated Agency status.

³ 60 days, if the former Agent of Record's agreement so specifies.

CHAPTER I : R3001 Agents

REVISION DATE: February 1, 2013

“secured business” as used with respect to a new policy or major coverage, means written on an application secured by the agent through the agent’s initiative and personal solicitation and, with respect to a renewal policy, means written as a first or subsequent renewal of such new policy or such major coverage. Business secured through the efforts of the agent’s support staff, policies bound by the Customer Contact Center (CCC) identified as resulting from an agent forwarded phone beginning October 4, 2004 and subsequent (agent type 41), policies bound through the agent’s home page on the Internet beginning October 4, 2004 and subsequent (agent type 41), policies in Direct Transition status, and policies in Agency Direct status will also be considered secured business.

“Plus Policy” means a policy captured or assigned as agent of record at the Plus Policy commission amount and a policy available to be captured or assigned as agent of record at the Plus Policy commission amounts. The Plus Policy commission amount is in effect for five (5) full annual renewal periods after capture or assignment. Upon completion of five (5) full annual renewal periods after capture or assignment, the policy will no longer be considered a Plus Policy and will be treated as secured business.

“unrepresented policy” means an agency bound Allstate policy the premium for which is free of any Allstate agent’s commission interest and the former agent that previously had a commission interest is showing as terminated on the policy processing systems (e.g. BOAT deck).

Note: The Company policy processing systems may not reflect the former agent as being terminated for up to 210 days.

“unrepresented Plus Policy” means an agency bound Allstate policy the premium for which is free of any Allstate agent’s commission interest and the former agent that previously had a commission interest is showing as terminated on the policy processing systems (e.g. BOAT deck) and the Company has electronically flagged or identified as a Plus Policy.

Note: The Company policy processing systems may not reflect the former agent as being terminated for up to 210 days.

“capture of unrepresented policies” means that an agent has become eligible to become the Agent of Record on a policy which is unrepresented (i.e. no Agent of Record). (Those lines excluded from “unrepresented policies” for purposes of capturing are listed in Chapter 4 of this Supplement.)

“capture of unrepresented Plus Policy” means that an agent has become eligible to become the Agent of Record on a Plus Policy which is unrepresented (i.e. no Agent of Record). Commission on captured Plus Policies is paid at the Plus Policy commission amount for five (5) full annual renewal periods after capture. (Those lines excluded from “unrepresented policies” for purposes of capturing are listed in Chapter 4 of this Supplement.)

“capture of policies in Assigned Agency status” means that an agent has become eligible to become the Designated Agency on a policy, which is in Assigned Agency status as described in Chapter 4 in this Supplement.

SUPPLEMENT FOR THE R3001 AGREEMENT

Subsidiaries, Affiliates, Company Business

Page 29

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CHAPTER 1: R3001 Agents

REVISION DATE: February 1, 2013

“Agent of Record” means an agent who:

- has secured the first bound new policy within a particular line of insurance and the policy is considered secured business; or
- captures commission interest in unrepresented policies or unrepresented Plus Policies according to the “Unrepresented Policies” provision of Chapter 4 of this Supplement, or
- is assigned commission interest in an unrepresented policy or unrepresented Plus Policy under the provisions of a Company-approved program.

“policies in account” is that Allstate business for which the R3001 Agent is the Agent of Record as well as certain other business the agent is authorized to sell including certain accommodation business. “Policies in account” does not include the following business:

- Allstate Flood Insurance
- Underwriting Association
- Assigned Risk
- FAIR Plan
- Expanded Market Coverage
- Lincoln Benefit Financial Services
- Allstate Parts and Labor Plus
- CCC/Internet business that is in Assigned Agency or Designated Agency status
- California Low Cost Auto Business

For purposes of Transfer of Interest (Chapter 1, Section 4) and Termination Payment (Chapter 1, Section 6), the following business will also not be considered as “policies in account”:

- Business not receiving renewal commission
- Business on which the agent receives a service fee, relationship fee or countersigning fee
- Business in lines which the Company no longer sells in the state(s) in which the agent is appointed to represent the Company
- Accommodation business

For purposes of Transfer of Interest (Chapter 1, Section 4) only, the following business will also not be considered as “policies in account”:

- Voluntary property and casualty and Allstate Financial lines of business written under any prior Allstate agent agreement, other than the R3000 Agreement, unless the R3001 Agent has completed one full year in EA independent contractor status or the R3001 Agent has died or become permanently incapacitated. An R3001 Agent shall be considered permanently incapacitated if the incapacity causes him to be unable to remain actively involved in the insurance business as determined by the Company at its sole discretion.

SUPPLEMENT FOR THE R3001 AGREEMENT

Page 30
Subsidiaries, Affiliates, Company Business
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• Note: Policies that are identified in Assigned Agency status (agent type 11), Designated Agency status (agent type 22), and policies coded 01XXXXXX will be transferred to the buying agency at 3.5%.⁴

Policies written through the Advantage Select Agency will be assigned at the discretion of the Advantage Select Agency to the buying agency in sale of agency situations. The policies will be assigned to the buying agency at the current applicable commission amount.

For purpose of Termination Payment (Chapter 1, Section 6) only, if applicable, the following business will also not be considered as "policies in account":

- Business written by the agent under any prior Allstate employee agent agreement (R830/R1500), other than the R3000 Agreement,
- Business the agent purchases from any other Allstate agent which was written under any agreement other than the R3000 or R3001 Agreement.
- Business written under any prior Allstate employee agent agreement (R830/R1500) other than the R3000 Agreement, for an insured that is subsequently replaced in an affiliated company with no lapse in coverage at the time of replacement
- American Heritage Life Insurance Company business
- Allstate Financial Fixed annuity products, variable products, and mutual fund business
- Workplace business of Allstate Life Insurance Company of New York
- Reinsurance Facility business
- California Earthquake Authority (CEA)
- Plus Policies

The Company may remove any policy from an R3001 Agent's account at the request of a policyholder. Policies removed from an R3001 Agent's account at the request of a policyholder will not be replaced.

"service fee" as used with respect to any unrepresented policy that has been assigned to the agent or the agent's sales location, if applicable, means the amount payable to the agent for servicing a policy based on the premium for such policy. Such business is not considered secured business and is eligible for capture by any agent.

"relationship fee" as used with respect to any unrepresented policy that has been assigned to the agent who has completed a Customer Policy Review on that policy, means the amount payable to the agent for servicing the policy based on the premium for such policy. Such business is not considered secured business and is eligible for capture by any agent.

⁴ Policies in Assigned Agency status (agent type 11) will begin renewing at 3.5% based on effective and process dates on or after October 1, 2004. Any policies in Assigned Agency status transferred prior to that time will be transferred at 2% until they renew.

CHAPTER 1: R3001 Agents

REVISION DATE: February 1, 2013

"anniversary date" with respect to a policy or coverage means the date immediately following the end of a period of one or more complete years from the initial effective date of such policy or coverage.

"off-anniversary date" with respect to a six-month policy or coverage means the date immediately following the end of a period of six complete months after the initial effective date or anniversary date of such policy or coverage.

"bound" means that a new policy or coverage on an existing policy has been put into effect for the named insured.

"multi-access points" means the access points where new policies and added coverage endorsements may be bound - an agency, the Customer Contact Center (CCC) and the Internet.

"Direct Transition" is a policy bound effective February 1, 2013 and subsequent, by the Customer Contact Center (CCC) resulting from a direct call to the CCC or the Internet (Allstate.com) and assigned to an agent.

"Agency Direct" is a policy bound prior to February 1, 2013, by the Customer Contact Center (CCC) resulting from a direct call to the CCC and assigned to an agent as a result of a customer request at policy issuance or when an agency is currently represented in the household.

"Assigned Agency" (agent type 11) is the agency assigned to a policy bound either by the Customer Contact Center (CCC) prior to September 14, 2009 or the Internet and the policy is eligible for capture by any agent as described in Chapter 4 of this Supplement.

"Designated Agency" (agent type 22) is the agency that captures a policy in Assigned Agency status by writing a major line to policies bound by the Customer Contact Center (CCC) or the Internet as described in Chapter 4 of this Supplement. A policy in Assigned Agency status may also be captured by other means as described in Chapter 4 of this Supplement.

"Established Agency" is an agency with more than 36 full calendar months of affiliation OR:

- o Prior to May 1, 2008, an agency with 36 months or less of affiliation that purchased the economic interest in and/or was assigned via the HRSC/SWDC process a combined total of more than 750 PP&C policies
- o On or after May 1, 2008, an agency with 36 months or less of affiliation that purchases the economic interest in and/or is assigned via the HRSC/SWDC process:
 - a combined total of more than 750 PP&C policies with a combined total of more than \$800,000 in 12mm Total Casualty Earned Premium⁵
- o On or after January 1, 2013, an agency that completes more than 36 full calendar months of affiliation by the end of the calendar year

⁵ The combined total policies and the combined total premium includes policies bound by the Customer Contact Center (CCC) identified as resulting from an agent forwarded phone or the agent's home page on the Internet beginning October 4, 2004 and subsequent (agent type 41), policies in Agency Direct status, and policies in Direct Transition status and apply to multiple purchases and assignments on May 1, 2008 and later. If there are both purchases and assignments, then policies and premium from both are included in the combined totals.

SUPPLEMENT FOR THE R3001 AGREEMENT

CHAPTER I: R3001 Agents

REVISION DATE: February 1, 2013

“Start-up Agency” is an agency with 36 months or less of affiliation that:

- o Prior to May 1, 2008, purchased the economic interest in and/or was assigned via the *HRSC/SWDC* process a combined total of 750 PP&C policies or less
- o On or after May 1, 2008, purchases the economic interest in and/or is assigned via the *HRSC/SWDC* process:
 - a combined total of 750 PP&C policies or less with a combined total of \$800,000 or less in 12mm Total Casualty Earned Premium⁶, or
 - a combined total of 750 PP&C policies or less with a combined total of more than \$800,000 in 12mm Total Casualty Earned Premium⁶, or
 - a combined total of more than 750 PP&C policies with a combined total of \$800,000 or less in 12mm Total Casualty Earned Premium⁶

“sale or purchase” means the sale or purchase of the economic or other interest in a book of business. Allstate retains ownership of the book of business.

“Enhanced Satellite Agency” (ESA) is a separate agency location appointed on or after August 1, 2007 that:

- o Prior to May 1, 2008, was created by opening an additional agency location from scratch, or by purchasing the economic interest in and/or being assigned via the *HRSC/SWDC* process a combined total of 750 PP&C policies or less
- o On or after May 1, 2008, was created by opening an additional agency location from scratch or by purchasing the economic interest in and/or being assigned via the *HRSC/SWDC* process:
 - a combined total of 750 PP&C policies or less with a combined total of \$800,000 or less in 12mm Total Casualty Earned Premium, or
 - a combined total of 750 PP&C policies or less with a combined total of more than \$800,000 in 12mm Total Casualty Earned Premium, or
 - a combined total of more than 750 PP&C policies with a combined total of \$800,000 or less in 12mm Total Casualty Earned Premium

The month of affiliation for the ESA is based on the effective date of the ESA agency agreement (see Chapter 1, Section 3, Subsection 2.1 of this Supplement). The ESA is treated separately for all bonuses and measurements, including the Agency Performance Profile.⁷ Please see the EA Independent Contractor Manual for eligibility requirements for opening an ESA. An ESA Letter of Understanding must be signed by the ESA for the separate agency location to be considered an ESA.

⁶ The combined total policies and the combined total premium includes policies bound by the Customer Contact Center (CCC) identified as resulting from an agent forwarded phone or the agent's home page on the Internet beginning October 4, 2004 and subsequent agent type 411 policies in Agency Direct status and policies in Direct Transition status and apply to multiple purchases and assignments on May 1, 2008 and later. If there are both purchases and assignments, then policies and premium from both are included in the combined total.

⁷ The primary agency and FSA will be combined for AF enhanced commission scale and Assets Captured Bonus qualification purposes only.

CHAPTER 1: R3001 Agents

REVISION DATE: February 1, 2013

“Satellite Agency” (Satellite) is a separate agency location created prior to August 1, 2007, or a separate agency location created on or after August 1, 2007 that:

- o Prior to May 1, 2008, was created by purchasing the economic interest in and/or being assigned via the HRSC/SWDC process a combined total of more than 750 PP&C policies
- o On or after May 1, 2008 was created by purchasing the economic interest in and/or being assigned via the HRSC/SWDC process a combined total of more than 750 PP&C policies with a combined total of more than \$800,000 in 12mm Total Casualty Earned Premium

2.0 Parties to the R3001 Agreement

The R3001 Agreement is an agreement between the Allstate Insurance Company and the agent. In addition, the following subsidiaries and affiliates are also parties to the agreement:

- Allstate Indemnity Company
- Allstate Property and Casualty Insurance Company
- Allstate Life Insurance Company (all agents except New York)
- Allstate Life Insurance Company of New York (New York agents only)
- Allstate County Mutual Insurance Company (Texas)
- Allstate Texas Lloyd's, Inc. (Texas)
- Allstate Fire and Casualty Insurance Company
- Allstate Motor Club, Inc.
- Lincoln Benefit Life Insurance Company
- Castle Key Insurance Company
- Castle Key Indemnity Company
- American Heritage Life Insurance Company
- Ivantage Select Agency, Inc.

3.0 Company Business

In addition to the various insurance lines the agent is permitted to solicit, sell and service while representing the Allstate Insurance Company, the agent is also permitted to sell other products specified by the Company and referred to in the R3001 Agreement as "Company Business". Company Business will include all business written by R3001 Agents through the following companies:

Allstate Indemnity Company

An alternate company to Allstate Insurance Company into which the Risk Management department may place business.

Allstate Property and Casualty Insurance Company

An alternate company to Allstate Insurance Company into which the Risk Management department may place business.

Allstate Life Insurance Company

Life business written by all agents, except those in New York, will be underwritten by this company.

Allstate Life Insurance Company of New York

Life and Workplace business written by New York agents will be underwritten by this company.

Allstate County Mutual Insurance Company

Standard automobile business coded to Texas may be underwritten by this company. Allstate County Mutual may also underwrite other personal lines and commercial business.

Allstate Texas Lloyd's, Inc.

An alternate company to Allstate Insurance Company and Allstate Indemnity Company into which the Risk Management department may place property lines and commercial lines business.

Allstate Fire and Casualty Insurance Company

An alternate company to Allstate Insurance Company, Allstate Indemnity Company and Allstate Property and Casualty Company into which the Risk Management department may place auto lines of business.

Allstate Motor Club, Inc.

Agents soliciting and selling Allstate Motor Club memberships represent Allstate Motor Club, Inc.

Lincoln Benefit Life Insurance Company

An alternate company to Allstate Life Insurance Company into which Lincoln Benefit Life Insurance Company appointed agents can submit specified life and annuity business.

CHAPTER 1: R3001 Agents

REVISION DATE: February 1, 2013

Castle Key Insurance Company
Personal Property business written by Florida licensed agents may be placed in this company.

Castle Key Indemnity Company
An alternate company to Castle Key Insurance Company in which the Risk Management department may place Florida personal property business.

Allstate New Jersey Insurance Company
Allstate New Jersey Property and Casualty business written by New Jersey licensed agents will be underwritten by this company.

Allstate Financial Services, LLC¹
An alternate company to Allstate Life Insurance Company into which FINRA licensed agents who have signed the Registered Representatives Agreement can submit specified variable life, variable annuity and mutual fund business.

American Heritage Life Insurance Company
A company into which American Heritage Life Insurance Company appointed agents can submit individual life and health insurance business.

Ivantage Select Agency
Eligible agents may refer certain personal lines business not currently underwritten by Allstate or not acceptable to Allstate based on its current underwriting or administrative guidelines to the Ivantage Select Agency to secure insurance coverage for these risks.

¹ Allstate Financial Services, LLC is referred to as LSA Securities in the states of PA and LA.

Section 3: Compensation

1.0 Basis of Commission

1.1 General

R3001 Agents are independent contractors.

Commission for performing duties for the Company will be paid in accordance with the procedures set forth in the R3001 Agreement and this Supplement in Chapters 2 and 3, except as noted below. Any money owed to the Company or any indebtedness incurred by the agency for which the Company pays may be deducted from agency compensation at the Company's discretion.

Allstate agents are not authorized to charge customers any fees or accept any compensation beyond that provided for in the agent's agency agreement, except as authorized by the Company and permitted by law.

1.2 New Business Production

R3001 Agents receive the new business component of their commission for a particular month based on the prior month's recorded net written new premium. Included in this component is new business coded to R3001 Agents as "Assigned Agency", "Designated Agency", "Direct Transition" and "Agency Direct" on Customer Contact Center (CCC)/Internet bound policies and any applicable new net written premium on "Plus Policies". Commissions on CCC/Internet bound policies will appear separately on the agent's monthly production and commission statements, unless identified as resulting from an agent forwarded phone or the agent's home page beginning October 4, 2004 and subsequent (agent type 41).

1.3 Renewal Production

Renewal business will be recorded in an R3001 Agent's account as the policies are taken (renewed). Commission for renewal business will be based on net written renewal premium recorded in the agent's account in the prior month. Included in this component is renewal business coded to R3001 Agents as "Assigned Agency", "Designated Agency", "Direct Transition" and "Agency Direct" on Customer Contact Center (CCC)/Internet bound policies and any applicable new net written premium on "Plus Policies". Commissions on CCC/Internet bound policies will appear separately on the agent's monthly production and commission statements, unless identified as resulting from an agent forwarded phone or the agent's home page beginning October 4, 2004 and subsequent (agent type 41).

1.3.1 Service Fees and Relationship Fees

Service fees and relationship fees will be included with renewal commission in the calculation of monthly commission.

1.3.2 Counterinsuring Fees

Fees for counterinsuring (in states where required) will be calculated in accordance with state laws and regulations. Any resulting fee will be included with renewal commission in the calculation of monthly commission.

2.0 Bonuses and Programs

All references to purchases of economic interest in more than 750 PP&C policies or assignments of more than 750 PP&C Plus Policies excludes Allstate Motor Club, Allstate Parts & Labor, Flood, Assigned Risk, and JUA, and CCC and Internet business as noted, and business written by the Advantage Select Agency.

2.1 Month of Affiliation

Month of affiliation is used in the calculation of eligibility for various bonus programs. The month of affiliation is determined using only full calendar months. If the R3001 agent converted from the R830, R1500, or R3000 agreement the consecutive full calendar months spent under those agreements will also be used to determine the number of months of affiliation. If an R3001 Agent opens a Satellite Agency on 1/1/2008 or later or an Enhanced Satellite Agency (ESA), the Satellite Agency and/or ESA will have an affiliation date separate from the R3001 Agent's primary location. The first month of affiliation for the Satellite or ESA will be based on the effective date of the Satellite Agency or ESA agency agreement.

Example 1: Became agent on 10/01/2000, started under the R3001

- The number of months of affiliation in the first year (2000) = 3 (Oct, Nov, Dec)
 - The number of months of affiliation in the second year (2001) = 12 (Jan - Dec)
 - The number of months of affiliation in the third year (2002) = 12 (Jan - Dec)
 - The number of months of affiliation in the fourth year (2003) = 12 (Jan - Dec)
- The agent started affiliation month 37 on October 1, 2003.

Example 2: Became agent on 10/15/2000, started under the R3000**

- The number of months of affiliation in the first year (2000) = 2 (Nov, Dec)
 - The number of months of affiliation in the second year (2001) = 12 (Jan - Dec)
 - The number of months of affiliation in the third year (2002) = 12 (Jan - Dec)
 - The number of months of affiliation in the fourth year (2003) = 12 (Jan - Dec)
- **agents who became agents on any day other than the first

The agent started affiliation month 19 on May 1, 2002 and started affiliation month 37 on November 1, 2003.

Example 3: Became agent on 09/01/2005, started under the R3001; opened an ESA on 8/1/2007

Agent's primary location:

The number of months of affiliation in the first year (2005) = 4 (Sep, Oct, Nov, Dec)

The number of months of affiliation in the second year (2006) = 12 (Jan - Dec)

The number of months of affiliation in the third year (2007) = 12 (Jan - Dec)

The number of months of affiliation in the fourth year (2008) = 12 (Jan - Dec)

The agent starts affiliation month 37 on September 1, 2008.

Agent's Enhanced Satellite Agency:

The number of months of affiliation in the first year (2007) = 5 (Aug, Sep, Oct, Nov, Dec)

The number of months of affiliation in the second year (2008) = 12 (Jan - Dec)

The number of months of affiliation in the third year (2009) = 12 (Jan - Dec)

The number of months of affiliation in the fourth year (2010) = 12 (Jan - Dec)

The Enhanced Satellite Agency starts affiliation month 37 on August 1, 2010.

2.2 Variable Compensation

Effective January 1, 2013, Established Agencies are eligible to earn variable compensation. Start-up agencies who become an Established Agency by completing 36 full months of affiliation are eligible to earn variable compensation starting January 1 of the calendar year they reach Established Agency status. Start-up Agencies who become an Established Agency by purchasing the economic interest in and/or being assigned via the Plus Policy program a combined total of more than 750 PR&C policies with a combined total of more than \$800,000 in 12mm Total Casualty Earned Premium are eligible to begin earning variable compensation in the month following the purchase and/or assignment.

Variable compensation consists of two components, Agency Success Factors and Customer Experience, and provides an opportunity to earn up to an additional 2% in compensation.

2.2.1 Agency Success Factors

The Agency Success Factors component consists of three (3) qualifiers. All qualifiers must be met to earn a 1% payout.

1. Local Presence Assessment

Achieve a Local Presence Assessment (LPA) outcome of "Average" or better, based on your latest LPA outcome for each location.

2. Allstate Financial Proprietary Policies Sold (PPS)¹

Meet the required minimum for Allstate Financial PPS:

- 12 PPS for agencies with less than 3,000 PTF, as of the year-end prior to the measurement period²
 - 18 PPS for agencies with greater than or equal to 3,000 PTF, as of the year-end prior to the measurement period²
- Allstate Financial PPS is measured monthly and is based on the prior 12 months (12mm).

Once an agency achieves its first PPS qualification of 12 or 18, it will be given a one-month grace period twice in a calendar year if its PPS 12mm falls below the required level. The grace period option is applicable for the 2013 and 2014 calendar years based on one-time initial qualification.

Outside buyers new to Allstate will have a grace period for their first 3 months of affiliation for their PPS qualifier to allow them to meet their minimum requirement for their size.

3. Minimum Staffing Equivalent to one full time LSP

Maintain a minimum count of one full-time equivalent Licensed Sales Professional (LSP) per Established Agency location/agent number. Agency owners and exclusive financial specialists (EFSs) are not included in the minimum staffing count.

Counts for LSPs who work for multiple agencies/locations will be divided among all agent numbers.

Minimum staffing is measured monthly based on the prior month.

Once an agency achieves its staffing qualification, it will be given a three month grace period twice in a calendar year if the staffing falls below the required level. The grace period option is applicable for the 2013 and 2014 calendar years based on one-time initial qualification.

2.2.2 Customer Experience

Agencies that meet all Agency Success Factors qualifiers will be eligible to earn an additional payout of up to 1% for the Customer Experience component. Customer Experience will be measured by the Agency Experience Score (AES), which is measured by the results of the Allstate Customer Experience Survey (ACES). Customer Experience is based on a 12 month moving average, beginning with the June 2012 AES results.

¹ Refer to Chapter 2, Section 1d, Subsection 6.2.3 for information regarding Proprietary Policies Sold (PPS).

² For example, for the measurement period of 2/2012 through 1/2013, the PPS requirement will be based on PTF size as of 12/2011.

Agency owners must receive a minimum of forty (40) completed Allstate Customer Experience Surveys over a 12 month period, on a 12 month moving basis, to qualify for the Customer Experience component. Agency owners with multiple locations, must achieve 40 completed Allstate Customer Experience Surveys in at least one location. If multiple locations have 40 or more surveys, a weighted AEBs will be calculated based on PIF.

2.2.3 Payment

Variable compensation is measured on a monthly basis, and if all qualifiers are met, the additional variable compensation percentage will be included in the following month's commission payment.

2.3 Customer Focused Policy Assignment (CFPA)

The Customer Focused Policy Assignment (CFPA) program is effective May 1, 2011 for policy/book assignments that meet a minimum threshold of 800 policies with a maximum assignment of 1,800 policies. Agencies larger than 2,000 PIF must be assigned total policies of at least 40% of the current PIF size, but not more than the 1,800 policy maximum. Participating agencies need to sign the applicable letter of understanding for this program.

Rules for Customer Focused Policy Assignment (CFPA) policies are the same as the rules for Plus Policies, with the following exceptions and/or benefits:

- At the end of 36 months (3 years), agent has the opportunity to earn full commissions on assigned accounts as long as the combined book retention is 2.0 retention points higher than relevant regional comparison or 0.5 retention points higher than the original book retention (prior to assignment), whichever measure is greater at the end of 36 months and the agent is eligible for TPP on the qualifying assigned policies³
- At the end of 60 months (5 years), agent has the opportunity for a one-time payment equal to 30% of the prior 12mm PP&C new and renewal commissions as long as the combined PIF total is 15% greater than the combined beginning PIF and the combined agency is profitable and maintains retention above the market/state average
- If the agent does not achieve targets and does not receive incentive payouts, the agent is eligible for TPP on the CFPA policies after five (5) full annual renewals and will earn the full commission on the assigned policies

Participation in the program is voluntary and is not transferable.

³ Refer to Chapter 1, Section 6 for information regarding policies eligible for the Termination Payment.

2.4 Customer Focused Policy Loan (CFPL)

The Customer Focused Policy Loan (CFPL) program is effective June 1, 2011 for book purchases and mergers where qualifying agency owners elect to finance the purchase through a financial/lending institution.

At the end of 24, 36, and 48 months post-purchase⁴, agency has the opportunity to earn a retention bonus of 0.5% on the purchased book PP&C earned premium as long as the combined book retention is 2.0 retention points higher than relevant regional comparison or 0.5 retention points higher than original book retention (prior to merger), whichever retention ratio is greater at the end of 24, 36, and 48 months.

At the end of 60 months (5 years), agent has the opportunity for a one-time payment equal to 40% of the prior 12mm PP&C new and renewal commissions as long as the total combined books have grown by at least 15% and the combined agency is profitable and maintains retention above the market/state average.

Participation in the program is voluntary and is not transferable.

2.5 Customer Focused Acquisition – Discontinued Effective April 30, 2011

The Customer Focused Acquisition (CFA) program allows for the purchase and consolidation of small books of business by small and medium size agencies.

Purchased Book of Business Size

Small books of business are defined as being 750 or less PP&C policies or, if greater than 750 PP&C policies, less than \$800,000 in 12MM Total Casualty Earned Premium. Book of business size is determined by the PP&C PIF and 12MM Total Casualty Earned Premium from the most recent CSRP prior to the purchase.⁵

Buyer Agency Size

The buyer's agency size is based on policies (not items). Policies include auto (standard and non-standard), property, commercial, flood, and policies in Agency Direct status. Excluded are Allstate Financial products (protection, accumulation, securities and expanded market products), motor club, policies in Assigned Agency and Designated Agency status and service fee policies (agent type 01). Agency size is determined by the RFG Total PIF count from the most recent CSRP prior to the purchase.⁵

⁴ Maximum of two (2) purchases/mergers allowed and consolidated under one loan within a maximum 6 month period. The 24th month is determined based on the effective date of the later purchase/merger.

⁵ If the sale/purchase date is October 2009, the most recent CSRP prior to the purchase is the August 2009 CSRP.

CHAPTER 1: R3001 Agents

REVISION DATE: February 1, 2013

Small – 1,000 policies or less
Medium – 1,001 policies to 3,500 policies

Effective January 1, 2010, a minimum requirement of current agency owners for book purchase approval will be Premier Service Agency (PSA) achievement. In addition to currently being a PSA, the purchasing agency must achieve a prior year-end score of at least 6.0 points on the Agency Performance Profile or have a current year on-pace score of at least 6.0 points on the Agency Performance Profile (current year on-pace score is defined as at least 3 months, not necessarily consecutive, at 6.0 - 10.0 points during the preceding 6-month period prior to approval). If the buyer is currently receiving the Agency Development Bonus (ADB), this bonus will continue to be paid for the duration of the defined eligibility period based on the agent's original date of affiliation.

The Company reserves the right to make changes to, or discontinue, the CFA program at any time, without prior notice to the agent.

2.6 Start-up Agency Tiered Incentive Compensation Program

Except as noted below, this program is available to Start-up Agencies and Enhanced Satellite Agencies (ESAs) with affiliation dates of 01/01/2008 and later. Except as noted below, Start-up Agencies with affiliation dates of 04/01/2008 and later and ESAs with affiliation dates of 01/01/2008 and later must participate in this program.

Note: The Start-up Agency Tiered Incentive Compensation program (including Agency Development Bonus I, Agency Development Bonus II, Agency Establishment Bonus) is not available to California agencies with affiliation dates of 9/01/08 through 4/1/2010. For independent agencies that become R3001 Exclusive Agencies with affiliation dates of 9/01/08 and later, the Start-up Agency Tiered Incentive Compensation program is not available.

An agency will be considered participating in the Start-up Agency Tiered Incentive Compensation program even if a bonus under the Start-up Agency Tiered Incentive Compensation program is not received every month.

2.6.1 Tiers

Start-up Agencies and Enhanced Satellite Agencies (ESAs) who are participating in the Start-up Agency Tiered Incentive Compensation program are eligible to receive incentive compensation/bonuses based on a tiering structure. Monthly performance tiers for Start-up Agencies, ESAs, and SSR agencies are determined by the agency's actual results in relation to P&C new item goals established by baseline cash flow for the agency's assigned cash flow market. Periodically these monthly item goals will be adjusted up or down to reflect changes in local market conditions. Please contact the local field sales leader for the current monthly P&C item goals.

An agency's actual P&C performance is measured monthly by the total item counts for the following three categories on the agency's List 60: Total Personal Property, Total Commercial, and Total Auto. The actual item counts are compared to the agency's baseline cash flow item goals. Based on the actual item counts in relation to the agent's baseline cash flow item goals, the tiers are as follows:

- o Tier 1: actual P&C performance/items are at least 225% of the baseline cash flow item goals
- o Tier 2: actual P&C performance/items are 150% to 224% of the baseline cash flow item goals
- o Tier 3: actual P&C performance/items are 90% to 149% of the baseline cash flow item goals
- o Tier 4: actual P&C performance/items are <90% of the baseline cash flow item goals

Please note that the percentages of the baseline cash flow are truncated, not rounded; interpolation does not apply. For example, if 224.9% of the baseline cash flow item goal is achieved, then the P&C performance will be considered to be 224%, not 225%.

2.6.2 Start-up Agency Validation Requirements

Validation requirements exist for Start-up Agencies and Enhanced Satellite Agencies (ESAs) who are participating in the Start-up Agency Tiered Incentive Compensation program. These validation requirements can be found in the agent's EA Performance Tier report. Agencies must meet each validation requirement in order to continue their affiliation with Allstate. If a validation requirement is not met, notice of termination of the R3001 Agreement will be given to the agency. The 90-day termination notice is not intended as an extended opportunity to obtain the established validation requirement.

The first validation requirement occurs at month 6 of agency affiliation. There is a production requirement for Property & Casualty and a production requirement for Allstate Financial. The production requirements are as follows:

- o P&C requirement is at least 90% of the agency's baseline cash flow, or Tier 3 level credit
- o The Allstate Financial requirement is \$5,000 or more in Allstate Financial production

The second validation requirement occurs at month 12 of agency affiliation. This production requirement includes a requirement for Property & Casualty but not for Allstate Financial. The production requirement for the 12-month validation period is as follows:

- o P&C requirement is at least 90% of the agency's baseline cash flow, or Tier 3 level

For both the 6-month and 12-month validation requirement periods, the agent's actual production is based on the agent's cumulative production (i.e., actual P&C performance, or item count, for Total Personal Property, Total Commercial, and Total Auto on the agent's List 60) for months 1-6 and for months 1-12 of affiliation relative to the agent's baseline cash flow for months 1-6 and for months 1-12, respectively. As mentioned above, the P&C performance requirement is 90% of the agency's baseline cash flow, or Tier 3 level.

CHAPTER I: R3001 Agents

REVISION DATE: February 1, 2013

2.6.3 Agency Development Bonus I

2.6.3.1 General

R3001 Agencies (including Enhanced Satellite Agencies) who are participating in the Start-up Agency Tiered Incentive Compensation program are eligible to receive the Agency Development Bonus I (ADB I) from the 2nd month of affiliation through the 49th month of affiliation. R3000 Agents who become R3001 Agents prior to the end of their 18th month of affiliation, will have Agency Development Bonus I calculated the same as if they had completed 18 months under the R3000 Agreement. Agents who have become R3001 Agents prior to May 1, 2008, by purchasing the economic interest in and/or being assigned as the agent of record more than 750 PP&C policies are not eligible for Agency Development Bonus I. Agents who have become R3001 Agents, on May 1, 2008 and later, by purchasing the economic interest in and/or being assigned as the agent of record more than 750 PP&C policies with a combined total of more than \$800,000 in 12mm Total Casualty Earned Premium are not eligible for Agency Development Bonus I.

If an agency that is eligible to receive ADB I purchases the economic interest in a book(s) of business of more than 750 PP&C policies with a combined total of more than \$800,000 in 12mm Total Casualty Earned Premium and/or is assigned as the agent of record more than 750 PP&C policies with a combined total of more than \$800,000 in 12mm Total Casualty Earned Premium⁵, and those policies are used to set up a Satellite Agency, the agency already eligible to receive ADB I will continue to be eligible to receive ADB I, but the Satellite Agency would not be eligible to receive ADB I payments.

If an agency that is eligible to receive the ADB I establishes an Enhanced Satellite Agency (ESA), ADB I payments will continue at the agency establishing the ESA, and the ESA will have its own ADB I payment schedule as outlined in sections 2.6.3.2 and 2.6.3.2.1 of this Supplement. The ADB I payment schedule of the ESA will be based on the months of affiliation of the ESA. (See section 2.1 of this Supplement regarding how months of affiliation for ESAs work.)

⁵ Excludes Plus Policies assigned via the unrepresented accounts distribution or similar program.

CHAPTER 1: R3001 Agents

REVISION DATE: February 1, 2013

2.6.3.2 Calculation

The monthly ADB I amount is dependent on the premium (new net written property and casualty premium and, for six month auto policies only, first renewal auto premium) issued each month by the agent as well as the bonus percentage applied to the net written premium. (The bonus percentage is determined by both the performance tier and production month.) The bonus percentage will not be applied to the following business⁷: policies in Assigned Agency or Designated Agency status; Allstate Financial business; Commercial insurance written under any prior agreements; Allstate Motor Club, Allstate Parts and Labor Plus, business written by the Advantage Select Agency; Flood, residual market accommodation business, or to any service fees, relationship fees and countersigning fees. The tables below list the production months and the bonus percentages applied to the property and casualty new net written premium and first renewal automobile net written premium.

2.6.3.2.1 Agency Development Bonus Tables I

Production Month	Tier 1	Tier 2	Tier 3	Tier 4	Production Month	Tier 1	Tier 2	Tier 3	Tier 4
	>=225% of baseline CF	150% to 224% of baseline CF	90% to 149% of baseline CF	<90% of baseline CF		>=225% of baseline CF	150% to 224% of baseline CF	90% to 149% of baseline CF	<90% of baseline CF
1	33.000%	30.000%	27.000%	0.000%	25	16.500%	14.850%	13.200%	0.000%
2	33.000%	30.000%	27.000%	0.000%	26	15.750%	14.175%	12.500%	0.000%
3	33.000%	30.000%	27.000%	0.000%	27	15.000%	13.500%	12.000%	0.000%
4	32.250%	29.025%	25.800%	0.000%	28	14.250%	12.825%	11.400%	0.000%
5	31.500%	28.350%	25.200%	0.000%	29	13.500%	12.150%	10.800%	0.000%
6	30.750%	27.675%	24.600%	0.000%	30	12.750%	11.475%	10.200%	0.000%
7	30.000%	27.000%	24.000%	0.000%	31	12.000%	10.800%	9.600%	0.000%
8	29.250%	26.325%	23.400%	0.000%	32	11.250%	10.125%	9.000%	0.000%
9	28.500%	25.650%	22.800%	0.000%	33	10.500%	9.450%	8.400%	0.000%
10	27.750%	24.975%	22.200%	0.000%	34	9.750%	8.775%	7.800%	0.000%
11	27.000%	24.300%	21.600%	0.000%	35	9.000%	8.100%	7.200%	0.000%
12	26.250%	23.625%	21.000%	0.000%	36	8.250%	7.425%	6.600%	0.000%
13	25.500%	22.950%	20.400%	0.000%	37	7.500%	6.750%	6.000%	0.000%
14	24.750%	22.275%	19.800%	0.000%	38	6.750%	6.075%	5.400%	0.000%
15	24.000%	21.600%	19.200%	0.000%	39	6.000%	5.400%	4.800%	0.000%
16	23.250%	20.925%	18.600%	0.000%	40	5.250%	4.725%	4.200%	0.000%
17	22.500%	20.250%	18.000%	0.000%	41	4.500%	4.050%	3.600%	0.000%
18	21.750%	19.575%	17.400%	0.000%	42	3.750%	3.375%	3.000%	0.000%
19	21.000%	18.900%	16.800%	0.000%	43	3.000%	2.700%	2.400%	0.000%
20	20.250%	18.225%	16.200%	0.000%	44	2.250%	2.025%	1.800%	0.000%
21	19.500%	17.550%	15.600%	0.000%	45	1.500%	1.350%	1.200%	0.000%
22	18.750%	16.875%	15.000%	0.000%	46	1.000%	0.900%	0.800%	0.000%
23	18.000%	16.200%	14.400%	0.000%	47	1.000%	0.900%	0.800%	0.000%
24	17.250%	15.525%	13.800%	0.000%	48	1.000%	0.900%	0.800%	0.000%

⁷ The bonus percentage will be applied to policies in Agency Direct and Direct Transition status.

Based on the tier in the production month, the applicable bonus rate in the table above will be applied to the agency's current month's new net written property and casualty premium (and, for six-month auto policies, first renewal auto premium) for that month and ADB I will then be paid out in the following month.

ADB I is eligible to be received/paid in affiliation months 2-37. ADB I will also be paid in months 38-49 of affiliation for any month that Tier 1 status is achieved in production months 37-48. For any month that Tier 2 status is achieved in production months 37-42, ADB I will be paid in months 38-43 of affiliation.

2.6.4 Agency Development Bonus II

2.6.4.1 General

R3001 Agencies (including Enhanced Satellite Agencies) that are participating in the Start-up Agency Tiered Incentive Compensation Program are eligible to receive the Agency Development Bonus II (ADB II) on a monthly basis from the 4th month of affiliation through the 51st month of affiliation (based on production from months 2 through 49).

Agents in the R3000 Employee Agent Program who convert to the R3001 Agency Program prior to the end of their 18th month of affiliation will have ADB II calculated the same as if they had completed 18 months under the R3000 Agreement. Agents who became R3001 Agents prior to May 1, 2008 by purchasing the economic interest in and/or being assigned as the agent of record of more than 750 PP&C policies are not eligible for ADB II. Agents who became R3001 Agents on May 1, 2008 and later by purchasing the economic interest in and/or being assigned as the agent of record of more than 750 PP&C policies with a combined total of more than \$800,000 in 12mm Total Casualty Earned Premium are not eligible for ADB II.

If an agency already eligible to receive ADB II purchases the economic interest in a book(s) of business of more than 750 PP&C policies with a combined total of more than \$800,000 in 12mm Total Casualty Earned Premium and/or is assigned as the agent of record of more than 750 PP&C policies with a combined total of more than \$800,000 in 12mm Total Casualty Earned Premium, and uses those policies to set up a Satellite Agency, the Primary Agency will continue to be eligible to receive ADB II. However, the Satellite Agency would not be eligible to receive ADB II.

If an agency already eligible to receive ADB II establishes an Enhanced Satellite Agency (ESA), the agency establishing the ESA will continue to receive ADB II and the ESA will receive its own ADB II, as outlined in sections 2.3.4.2 and 2.3.4.2 of this Supplement. The ADB II payment schedule of the ESA will be based on the months of affiliation of the ESA (refer to section 2.1 for information on months of affiliation).

CHAPTER 1: R3001 Agents

REVISION DATE: February 1, 2013

2.6.4.2 Calculation

The monthly ADB II amount is calculated by multiplying the applicable dollar amount by the P&C Policy in Force (PIF) Used for Bonus figure calculated monthly.

The dollar amount is dependent upon the production month and performance tier achieved. The performance tier is determined monthly by comparing actual results to the P&C item goals established by the baseline cash flow model. The tables below list the production months and the dollar amounts applied to the PIF Used for Bonus figure.

2.6.4.2.1 Agency Development Bonus II Tables

Production Month	Agency Development Bonus II Tables				Production Month	Agency Development Bonus II Tables			
	Tier 1 >=225% of baseline CF	Tier 2 150% to 224% of baseline CF	Tier 3 90% to 149% of baseline CF	Tier 4 <90% of baseline CF		Tier 1 >=225% of baseline CF	Tier 2 150% to 224% of baseline CF	Tier 3 90% to 149% of baseline CF	Tier 4 <90% of baseline CF
2	\$50.00	\$45.00	\$40.00	\$0.00	26	\$40.00	\$36.00	\$32.00	\$0.00
3	\$50.00	\$45.00	\$40.00	\$0.00	27	\$40.00	\$36.00	\$32.00	\$0.00
4	\$50.00	\$45.00	\$40.00	\$0.00	28	\$40.00	\$36.00	\$32.00	\$0.00
5	\$50.00	\$45.00	\$40.00	\$0.00	29	\$40.00	\$36.00	\$32.00	\$0.00
6	\$50.00	\$45.00	\$40.00	\$0.00	30	\$40.00	\$36.00	\$32.00	\$0.00
7	\$50.00	\$45.00	\$40.00	\$0.00	31	\$40.00	\$36.00	\$32.00	\$0.00
8	\$50.00	\$45.00	\$40.00	\$0.00	32	\$40.00	\$36.00	\$32.00	\$0.00
9	\$50.00	\$45.00	\$40.00	\$0.00	33	\$40.00	\$36.00	\$32.00	\$0.00
10	\$50.00	\$45.00	\$40.00	\$0.00	34	\$40.00	\$36.00	\$32.00	\$0.00
11	\$50.00	\$45.00	\$40.00	\$0.00	35	\$40.00	\$36.00	\$32.00	\$0.00
12	\$50.00	\$45.00	\$40.00	\$0.00	36	\$40.00	\$36.00	\$32.00	\$0.00
13	\$50.00	\$45.00	\$40.00	\$0.00	37	\$40.00	\$36.00	\$32.00	\$0.00
14	\$45.00	\$40.50	\$36.00	\$0.00	38	\$35.00	\$31.50	\$0.00	\$0.00
15	\$45.00	\$40.50	\$36.00	\$0.00	39	\$35.00	\$31.50	\$0.00	\$0.00
16	\$45.00	\$40.50	\$36.00	\$0.00	40	\$35.00	\$31.50	\$0.00	\$0.00
17	\$45.00	\$40.50	\$36.00	\$0.00	41	\$35.00	\$31.50	\$0.00	\$0.00
18	\$45.00	\$40.50	\$36.00	\$0.00	42	\$35.00	\$31.50	\$0.00	\$0.00
19	\$45.00	\$40.50	\$36.00	\$0.00	43	\$35.00	\$31.50	\$0.00	\$0.00
20	\$45.00	\$40.50	\$36.00	\$0.00	44	\$35.00	\$0.00	\$0.00	\$0.00
21	\$45.00	\$40.50	\$36.00	\$0.00	45	\$35.00	\$0.00	\$0.00	\$0.00
22	\$45.00	\$40.50	\$36.00	\$0.00	46	\$35.00	\$0.00	\$0.00	\$0.00
23	\$45.00	\$40.50	\$36.00	\$0.00	47	\$35.00	\$0.00	\$0.00	\$0.00
24	\$45.00	\$40.50	\$36.00	\$0.00	48	\$35.00	\$0.00	\$0.00	\$0.00
25	\$45.00	\$40.50	\$36.00	\$0.00	49	\$35.00	\$0.00	\$0.00	\$0.00

CHAPTER 1: R3001 Agents

REVISION DATE: February 1, 2013

The PIF Used for Bonus figure is calculated by comparing Total PIF Growth (current year-to-date PIF growth compared to prior month year-to-date PIF growth) to Highest PIF Growth. Highest PIF Growth represents the highest cumulative Total PIF Growth attained from the start of the current year through the prior month. Highest PIF Growth resets to 0 each January. In addition, any changes in the prior year-end P&C PIF count are taken into account when calculating the Total PIF Growth used to calculate the bonus. The source document is the "Total" line of the Resources for Growth section of the Combined CSRP. This includes Casualty policies plus Flood policies. Both the beginning and ending balances will be adjusted for any purchased and/or assigned P&C policies.

Based on the tier in the production month, the applicable dollar rate in the table above will be applied to the agency's current month's PIF Used for Bonus. In a scratch and outside buyer purchase situation, ADB II will not be calculated for production in the first month. The Total PIF Growth achieved in the first month of production will be the Highest PIF Growth figure used in the ADB II calculation for production in the second month. The ADB II payment for the second month of production will then be paid out two months later. Subsequent ADB II payments will then be paid on a two month lag. For example, the ADB II payment for production month 2 will be paid in affiliation month 4. The ADB II payment for production month 3 will be paid in affiliation month 5.

In a purchase situation where the buying Agent is already eligible and receiving ADB II, the buying Agent's ADB II calculation in the month of purchase will reflect the buying Agent's own production for that month. In the month following the sale, the ADB II calculation will reflect the combined production (as can be seen on the Combined page of the CSRP). Please note that if any purchased policies renew in the month of purchase, the buying Agent's ADB II calculation will reflect those purchased policies in the month of purchase.

ADB II is eligible to be received/paid in affiliation months 4-39. ADB II will also be paid in months 40-51 of affiliation for any month that Tier 1 status is achieved in production months 38-49. For any month that Tier 2 status is achieved in production months 38-43, ADB II will be paid in months 40-45 of affiliation.

Example 1: This example represents an agency opened from scratch in August.

Month ADB II Paid	August	September	October	November	December	January	February	March
Production Month	10	12	9	10	10	14	14	16
Current PIF	0	0	0	0	0	0	0	14
Prior Year-End PIF	0	12	9	10	10	14	14	2
Total PIF Growth	0	10	12	12	12	12	0	0
Highest PIF Growth	0	2	-3	-2	2	2	2	2
PIF Used for Bonus								

SUPPLEMENT FOR THE R3001 AGREEMENT

CHAPTER 1: R3001 Agents

REVISION DATE: February 1, 2013

Current PIF:

Represents the number of policies in force at the date of the Exclusive Agent Commission Statement (ACG-05)

Prior Year-end PIF:

Represents the number of policies in force as of 12/31 of the prior year, and this number is adjusted for assigned PIF during the year

Total PIF Growth:

Current PIF minus Prior Year-end PIF

Highest PIF Growth:

Represents the highest cumulative Total PIF Growth attained from the start of the current year through the prior month

PIF Used for Bonus:

Represents the monthly PIF growth used for the ADB II calculation

In the example above, Prior Year-End PIF changes to 14 beginning in January due to the Current PIF of 14 at year-end. Highest PIF Growth resets to 0 in January.

Example 2: This example represents an agency opened in January via the purchase of 500 policies.

	SELLER	BUYER	April	May	June	July	August
Month ADB II Paid	December	January	February	March	April	May	June
Production Month	500	550	575	600	575	600	650
Current PIF	250	500	500	500	500	500	500
Prior Year-end PIF	250	50	75	100	75	100	150
Total PIF Growth	0	0	50	75	100	100	100
Highest PIF Growth	0	0	25	25	-25	0	50
PIF Used for Bonus							

Current PIF: Represents the number of policies in force at the date of the Exclusive Agent Commissions Statement (ACG-05)

Prior Year-end PIF: Represents the number of policies in force as of 12/31 of the prior year, and this number is adjusted for assigned PIF during the year

Total PIF Growth: Current PIF minus Prior Year-End PIF

Highest PIF Growth: Represents the highest cumulative Total PIF Growth attained from the start of the current year through the prior month

PIF Used for Bonus: Represents the monthly PIF growth used for the ADB II calculation

In the example above, the agency purchased 500 policies and also grew by 50 policies, which totals a January Current PIF figure of 550.

CHAPTER 1: R3001 Agents

REVISION DATE: February 1, 2013

Example 3: This example represents an existing agency that purchased a book of 100 policies in June. The book has positive growth.

	BUYER	BUYER	SELLER	BUYER	BUYER	BUYER
Month ADB II Paid	July	August	N/A	September	October	BUYER November
Production Month	May	June	June	July	August	September
Current PIF	14	16	100	118	111	120
Prior Year-end PIF	0	0	80	80	80	80
Total PIF Growth	14	16	20	38	31	40
Highest PIF Growth	12	14	0	36	38	38
PIF Used for Bonus	2	2	0	2	-7	2

Current PIF: Represents the number of policies in force at the date of the Exclusive Agent Commission Statement (AC6-05)

Prior Year-end PIF: Represents the number of policies in force as of 12/31 of the prior year, and this number is adjusted for assigned PIF during the year

Total PIF Growth: Current PIF minus Prior Year-End PIF
Highest PIF Growth: Represents the highest cumulative Total PIF Growth attained from the start of the current year through the prior month. In a merge situation, the Highest PIF Growth in the month after the sale is calculated by adding the buying Agent's Total PIF Growth in the month of the sale to the selling Agent's Total PIF Growth in month prior to sale. In this example, the Highest PIF Growth for ADB II calculated in the month after the sale (July) is 16 + 20 = 36.

PIF Used for Bonus: Represents the monthly PIF growth used for the ADB II calculation

The buying Agent had Total PIF Growth of 16 in the month of the sale (June), based on their own production. ADB II was calculated for June production, to be paid out in August, using the buying Agent's production excluding the 100 purchased policies. In the month after the sale (July), the ADB II calculation reflects the purchase of 100 policies. This agent also grew by 2 policies, so Current Year PIF is 118 (buying Agent's Current PIF of 16 in June + 100 purchased + buying Agent's policy growth of 2 policies in July). This will be paid out in September.

CHAPTER 1: R3001 Agents

REVISION DATE: February 1, 2013

Example 4: This example represents an existing agency that purchased a book of 80 policies in June. The book has negative growth.

	BUYER	BUYER	SELLER	BUYER	BUYER	BUYER
Month ADB II Paid	July	August	June	September	October	November
Production Month	May	June	June	July	August	September
Current PIF	14	16	80	100	111	120
Prior Year-end PIF	0	0	100	100	100	100
Total PIF Growth	14	16	-20	0	11	20
Highest PIF Growth	12	14	0	-4	0	11
PIF Used for Bonus	2	2	0	4	11	9

Current PIF:

Represents the number of policies in force at the date of the Exclusive Agent Commission Statement (AC6-05)

Prior Year-end PIF:

Represents the number of policies in force as of 12/31 of the prior year, and this number is adjusted for assigned PIF during the year

Total PIF Growth:

Current PIF minus Prior Year-End PIF

Represents the highest cumulative Total PIF Growth attained from the start of the current year through the prior month. In a merge situation, the Highest PIF Growth in the month after the sale is calculated by adding the buying Agent's Total PIF Growth in the month of the sale to the selling Agent's Total PIF Growth in month prior to sale. In this example, the Highest PIF Growth for ADB II calculated in the month after the sale (July) is $16 + -20 = -4$.

PIF Used for Bonus:

Represents the monthly PIF growth used for the ADB II calculation

The buying Agent had Total PIF Growth of 16 in the month of the sale (June), based on their own production. ADB II was calculated for June production, to be paid out in August, using the buying Agent's production excluding the 80 purchased policies. In the month after the sale (July), the ADB II calculation reflects the purchase of 80 policies. This agent also grew by 4 policies, so Current Year PIF is 100 (buying Agent's Current PIF of 16 in June + 80 purchased + buying Agent's policy growth of 4 policies in July). This will be paid out in September.

Regardless of the performance tier achieved, an agency will not earn ADB II for any month that PIF Used for Bonus is negative. ADB II cannot be earned again until the PIF Used for Bonus is positive again (i.e., when the P&C PIF growth makes up for the P&C PIF previously lost). There is no chargeback for the P&C PIF previously lost.

SUPPLEMENT FOR THE R3001 AGREEMENT

Page 52

Compensation

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2.6.5 Agency Establishment Bonus

For newly appointed R3001 Agencies⁸ (including Enhanced Satellite Agencies) who are participating in the Start-up Agency Tiered Incentive Compensation program, an Agency Establishment Bonus will be paid in month 4 of agency affiliation. The bonus payout is based on the agency's performance tier (i.e., Tier 1, 2, 3, or 4).

The performance tier for determining the bonus is not based solely on the agency's tier in month 3. Rather, it is based on the agency's cumulative production (i.e., actual P&C performance, or item count, for Total Personal Property, Total Commercial, and Total Auto on the agency's List 60) for months 1-3 of affiliation relative to the agency's baseline cash flow and EA Performance Tier report for months 1-3. The performance tiers and corresponding bonus amounts are as follows:

- o Tier 1: \$10,000 Agency Establishment Bonus
- o Tier 2: \$7,500 Agency Establishment Bonus
- o Tier 3: \$5,000 Agency Establishment Bonus
- o Tier 4: \$0 Agency Establishment Bonus

2.7 New Outside Buyer Incentive Test Program

Established Agencies created by purchasing the economic interest in more than 750 P&C policies with a combined total of \$800,001 up to \$1.5 million in 12mm Total Casualty Earned Premium shall participate in the New Outside Buyer Incentive test program. Start-up agencies with affiliation dates of January 1, 2013 or later who purchase a book of business within their first 12 months of affiliation that puts them over 750 P&C policies with a combined total of \$800,001 up to \$1.5 million in 12mm Total Casualty Earned Premium shall participate in the New Outside Buyer Incentive test program beginning in the month following the purchase.

The New Outside Buyer Incentive test program applies to all agencies opened January 1, 2013 and subsequent who fall within the parameters of the New Outside Buyer Incentive test program as described in the preceding paragraph. The Company reserves the right to terminate the program and the addition of new agencies under the program at any time at its sole discretion. If the program is discontinued, agencies who are currently participating in the program would remain in the program.

Agencies under the New Outside Buyer Incentive test program will receive all of the benefits currently provided to Established Agencies, including Variable Compensation, Agency Bonus, Executive Advantage, Awards and Recognition, and Co-op. In addition, agencies under the New Outside Buyer Incentive test program will receive components of the Start-up Agency Tiered Incentive Compensation test program⁹ as described in the table below. All agencies under the New Outside Buyer Incentive test program will also be eligible to receive 100% of the Education Bonus and Branded Retail Environment Welcome Suite Plus Package non-cash award.

⁸ Excludes Satellite Agencies.

⁹ The following components of the Start-up Agency Tiered Incentive Compensation program will be paid at 80%: Agency Development Bonus I, Agency Development Bonus II, and Agency Establishment Bonus. Refer to section 2.6 for additional information regarding the Start-up Agency Tiered Incentive Compensation program.

Agencies under the New Outside Buyer Incentive test program will receive a percentage of the Start-up Agency Tiered Incentive Compensation as follows:

12mm Total Casualty Earned Premium	Percentage of Start-up Agency Tiered Incentive Compensation
\$800,001 - \$1,500,000	80%

The 12mm Total Casualty Earned Premium purchased to create the agency under the New Outside Buyer Incentive test program is determined by the following: the 12mm Total Casualty Earned Premium on the selling agency owner's latest combined business CSRP that is available prior to the purchasing agency's first month of affiliation. For example, a purchasing agency with an affiliation date of 1/1/2013 would use the selling agency owner's CSRP as of 11/30/2012.

Once the location for the agency under the New Outside Buyer Incentive test program has been established:

- o If assignment and/or additional purchases are allowed to merge into the agency, the percentage of Start-up Agency Tiered Incentive Compensation the agency is receiving will cease.
- o If the establishment of a satellite agency is allowed, the percentage of Start-up Agency Tiered Incentive Compensation the agency is receiving will cease.

2.8 Scaled Support for Buyers Pilot Program – Discontinued Effective June 30, 2009¹⁰

Except as noted below, Established Agencies created by purchasing/being assigned the economic interest in more than 750 PP&C policies totaling \$800,001 through \$1.2 million in 12mm Total Casualty Earned Premium shall participate in the Scaled Support for Buyers (SSB) Pilot Program. In order for an agency that is also a Satellite Agency to participate in the SSB program, the same qualifications that must be met in order to be considered for eligibility to operate a Satellite Agency (as stated in the EA Independent Contractor Manual) apply.

Except as noted below, the SSB pilot program applies to all agencies opened May 1, 2008 through June 1, 2009 who fall within the parameters of the SSB pilot program as described in the first sentence of the preceding paragraph. The Company reserves the right to terminate the program and the addition of new agencies under the program at any time during this period or after. Agencies need to sign the applicable SSB letter of understanding for this program.

Note: The Scaled Support for Buyers Pilot Program is not available for California agencies or for independent agencies that become R3001 Exclusive Agencies.

¹⁰ The last group of SSB appointments will occur on June 1, 2009. Agencies that are currently participating in the SSB program will remain in the program.

For those agencies opened January 1, 2008 through April 1, 2008 that would have been agencies under the SSB program had the program been in place at that time, these agencies will have the option of converting to the SSB program. They must do so by August 1, 2008 by notifying their region on or before July 15, 2008 via the Scaled Support for Buyers Conversion Letter of Understanding.

Agencies under the SSB program will receive all of the benefits currently provided to Established Agencies, including the Agency Bonus, Executive Advantage, Awards and Recognition, and Co-op. In addition, agencies under the SSB program will receive components of the Start-up Agency Tiered Incentive Compensation program (as described in this Supplement in section 2.6 and its corresponding sub-sections) at a scaled support level based on the 12mm Total Casualty Earned Premium purchased to establish the agency. All agencies under the SSB program, including those that are Satellite Agencies, will also be eligible to receive 100% of the Education Bonus and Branded Retail Environment Welcome Suite Plus Package non-cash award.

Although agencies under the SSB program are considered Established Agencies, they will need to meet the same validation requirements that Start-up Agencies need to meet, as explained in this Supplement in subsection 2.6.2 Start-up Agency Validation Requirements.

Based on the 12mm Total Casualty Earned Premium purchased to create the agency under the SSB program, the agency will receive a percentage of the Start-up Agency Tiered Incentive Compensation as follows:

12mm Total Casualty Earned Premium	Scaled Support/Percentage of Start-up Agency Tiered Incentive Compensation
\$800,001 - \$900,000	80%
\$900,001 - \$1,000,000	60%
\$1,000,001 - \$1,100,000	40%
\$1,100,001 - \$1,200,000	20%

The 12mm Total Casualty Earned Premium purchased to create the agency under the SSB program is determined by the following: the 12mm Total Casualty Earned Premium on the selling agency owner's latest combined business CSRP that is available prior to the purchasing agency's first month of affiliation. For example, a purchasing agency with an affiliation date of 5/1/08 would use the selling agency owner's CSRP as of 3/31/08. Once the agency under the SSB program is opened, the scaled support percentage, as shown in the table above, will be looked in. In other words, the agency will receive the same scaled support percentage each month.

- Once the location for the agency under the SSB program has been established:
- o If additional purchases are allowed to merge into the agency, the scaled support/percentage of Start-up Agency Tiered Incentive Compensation the agency is receiving will cease.
 - o If additional assignments are allowed to merge into the agency, the scaled support/percentage of Start-up Agency Tiered Incentive Compensation the agency is receiving will remain the same, even if the assignment and subsequent merger result in an agency that is now over \$1,200,000.

SUPPLEMENT FOR THE R3001 AGREEMENT

2.9 Agency Bonus (2012 Program)

2.9.1 General

Established Agencies and Start-up Agencies, who are participating in the Start-up Agency Tiered Incentive Compensation program, are eligible to participate in the Agency Bonus. Refer to subsection 2.9.7 for information regarding satellite agencies.

The Agency Bonus is composed of two components: Household Bundling and Portfolio Growth. This bonus is paid annually. Bonus periods are based on the current calendar year and run from January through December.

Where applicable, when determining percent earned in each bonus component normal rounding rules apply. Actual agency results are compared to the range of goals. Percent of written premium is based on where actual results fall within range.

Results will be measured using the combined page of the year-end Customer Satisfaction Retention and Profitability report (CSRFP) to account for outside buyers, mergers, assignments and established Satellite Agencies (within the same state). A separate CSRFP will be available for start-up Satellite Agency locations and established Satellite Agencies located in a different state.

The goals and corresponding percent of written premium for the Agency bonus components referred to in subsection 2.9.3 include individual Household Bundling goals, individual Portfolio Growth goals, and various qualifier goals (collectively referred to as "goals"). Goals utilized for individual agencies will vary¹¹. Applicable goals may be accessed through the following link: Agent Level Goals.

Agency understands and agrees that the goals, points, and the target Loss Ratio will be reviewed each year. If new goals and/or target Loss Ratio are established, the Company will endeavor to communicate the new goals prior to January 31st of the current bonus year. However, from time to time communication of new goals and/or target Loss Ratio may not be communicated by this date due to Home Office or Regional considerations.

2.9.2 Key Terms

The following is a list of key terms that apply to the Agency Bonus:

- **Zeroed Out Lines** – a line that has zero Portfolio Growth points assigned or items in force that have been excluded due to structural market conditions such as the inability to write any new business or area where non-renewals are taking place.
- **Recognition Loss Ratio** – the better of the 12 mm or the 24 mm Total Casualty adjusted, capped, paid loss ratio [excludes flood, motor club, policies in Assigned Agency or Designated Agency status, and service fee policies (agency type 01). Policies in Direct Transition and Agency Direct status are included.]

¹¹ Refer to subsection 2.9.4 for information regarding goals for agencies with unique market conditions.

CHAPTER 1: R3001 Agents

REVISION DATE: February 1, 2013

- **Good Hands Certification** – is an education platform consisting of required and elective curriculum for agency owners and Licensed Sales Professionals.
- **Percentage multiline** – count of multiline (auto, property, and Allstate Financial) households, divided by the total households in an agency's Allstate book of business as defined on the CSR.P.
- **P&C Written Premium** – new and renewal net written premium for auto (standard and non-standard), property, commercial and flood.
- **Allstate Financial production credit** –includes all new business issued production credit.¹² It includes solo and shared business (must be securities licensed at the time the policy is written to receive production credit for registered products). Lines include Allstate and Allstate Workplace Division products, Mutual Funds, LBL products, and certain expanded market products. Refer to Allstate Financial Exhibits.
- **Allstate Financial proprietary products (excluding New York)**

Life, Annuities and Allstate Benefits Worksite underwritten by Allstate Life Insurance Company/Lincoln Benefit Life Insurance Company/American Heritage Life

Product Groups (used for Portfolio Growth policies in force)	Current Products (used for Allstate Financial proprietary policy count)
Term Life Insurance	Basic Term and TrueTerm
Universal Life Insurance	Ultra Plus, Ultra Index, Legacy Secure II, Legacy Secure SL and Legacy Choice II
Variable Universal Life Insurance	TotalAccumulator VUL
Whole Life	Whole Life II
GoodFortLife	GoodFortLife
Fixed Annuity	ChoiceRate Annuity and Income Ready Savers Index Annuity III, Savers Index Annuity Premiere, and RightFit
Index Annuity	Allstate Benefits Worksite (one count per case)

Note: Allstate Benefits Individual Policies are not included in either the policies in force or policy count measurements. Allstate Benefits Worksite Cases are only included in policy count measurement.

¹² An agency must be securities licensed at the time the policy is written in order to receive credit for any shared securities business written in partnership with an EIS/FS.

• **Allstate Financial proprietary products (New York only)**

<i>Life, Annuities, and Allstate Benefits Worksite underwritten by Allstate Life Insurance Company of New York</i>	
Product Groups (used for Portfolio Growth policies in force)	Current Products (used for Allstate Financial proprietary policy count)
Term Life Insurance	→ Basic Term and TrueTerm
Universal Life Insurance	→ Ultra Plus, Ultra Index, Legacy Secure II, Legacy Secure SL and Legacy Choice II
Variable Universal Life Insurance	→ TotalAccumulator VUL
Whole Life	→ Whole Life II
GoodFortLife	→ GoodFortLife
Fixed Annuity	→ ChoiceRate Annuity and Income Ready
<p>Note: Allstate Benefits Individual Policies are not included in either the policies in force or policy count measurements. Allstate Benefits Worksite Cases are only included in policy count measurement.</p>	

2.9.3 Bonus Components

Household Bundling

Household Bundling is measured as the percent multiline households from the year-end Customer Satisfaction Retention and Profitability report (CSRFP). It is evaluated as an absolute measure, not an improvement measure. The Household Bundling multiline percentage is determined by subtracting the (% 1 line) shown on the CSRFP from one hundred (100 - % 1 line). Agency Bonus percent of written premium for Household Bundling component is determined by matching an agency's percent of multiline households to their individual goals. Individual agency goals will remain static throughout the bonus year unless there is a change in the agency's economic interest in its book of business or agency status. Interpolation will be applied to the Household Bundling component. Refer to subsection 2.9.11 for information regarding interpolation.

Portfolio Growth

Portfolio Growth is defined as a net growth in total casualty items and Allstate Financial proprietary policies over prior year-end results from the current year-end CSRFP and AF Integration Hub, measured by a "portfolio score". Five size categories will apply in 2012 using total Property & Casualty Policies in Force (PIF) (excludes flood) as follows:

- Foundational: 1,499 policies or less
- Growing to Scale: 1,500 policies to 2,999 policies
- Scale: 3,000 policies to 5,999 policies
- Maximizing Scale: 6,000 policies to 8,999 policies
- Max Scale: 9,000 policies or more

SUPPLEMENT FOR THE R3001 AGREEMENT

CHAPTER 1: R3001 Agents

REVISION DATE: February 1, 2013

Agency size is based on policies (not items) and is used to determine Portfolio Growth goals. Policies include auto (standard and non-standard), property, commercial, and policies in Direct Transition and Agency Direct status. Excluded are Allstate Financial products (protection, accumulation, securities and expanded market products), motor club, policies in Assigned Agency or Designated Agency status and service fee policies (agent type 01).

Portfolio score is applied to current calendar year and prior year-end items in force shown on the CSRP. Various portfolio scores apply to items in force for different product lines:

Points	Product
1	Motor Club
5	P&C lines other than the 10 point lines listed below AF Allstate Basic Term Standard/Commercial Auto
10	Homeowners, Commercial Property Allstate Financial proprietary (Such as: Term Life, Fixed Annuity, and GoodforLife)
15	All other Allstate Financial proprietary (excludes: Allstate Benefits)

Portfolio Growth Example:

	Prior Year End			Current Year End		
	Item #	Points	Total	Item #	Points	Total
Standard Auto	750	10	7,500	850	10	8,500
Commercial Auto	50	10	500	60	10	600
Homeowners	520	10	5,200	480	10	4,800
Special Product Lines	40	5	200	50	5	250
Commercial Property	10	10	100	15	10	150
AF - 5 points	25	5	125	35	5	175
AF - 10 points	50	10	500	60	10	600
AF - 15 points	50	15	750	60	15	900
Total IIF	1,495		14,875	1,610		15,975

Net Score Impact: 15,975 - 14,875 = 1,100

Agency Bonus percent of written premium for Portfolio Growth component is determined by matching an agency's net growth in total Portfolio Growth points over prior year-end to their individual goal. Goals for start-up agencies are based on percent variance to the cash flow market goal and months of affiliation. Individual agency goals will remain static throughout the year unless there is a change in the agency's economic interest in its book of business or agency status. Interpolation will be applied to the Portfolio Growth component. Refer to subsection 2.9.11 for information regarding interpolation.

SUPPLEMENT FOR THE R3001 AGREEMENT

Page 59

2.9.4 Unique Market Conditions

In certain areas where unique market conditions exist, certain lines of insurance, as determined by the Company in its sole discretion, may be excluded from various measurement categories. In addition, the Company may establish modified goals during the calendar year to support agencies in areas where unique market conditions exist.

2.9.5 Established Agency

In 2012, Established Agencies have the opportunity to earn up to 4% of written premium. For the Agency Bonus: up to 1% in the Household Bundling component and up to 3% in the Portfolio Growth component.

2.9.5.1 Established Agency Qualifiers

To earn the Agency Bonus, established agencies need to meet all of the following qualifiers:

- Complete Good Hands Certification: 75% certification for agencies with 4 or more Licensed Sales Professionals and 100% certification for agencies with less than 4 Licensed Sales Professionals (Source: Agency Staff Data Tool and woople)
- Meet better of 12mm or 24mm recognition loss ratio of 62% (Source: CSRP)
- Issue 10 Allstate Financial production credit per every 1 policies in force (Source: Total year to date production credit and policies in force on CSRP).
 - For agencies at or below 1,000 Total Property & Casualty policies in force, 10,000 production credit qualifier goal applies. The qualifying goal increases 10 production credits for every 1 property and casualty policy in force up to a maximum of 75,000 or 100,000 based on regional discretion.
 - For regions that have chosen a 75,000 production credit maximum, agencies at or above 7,500 Total Property & Casualty policies in force have a 75,000 production credit qualifier goal
 - If 48 Allstate Financial proprietary policies are sold during program year (e.g. January 1st – December 31st) maximum qualifier goal is reduced to 50,000 production credit
 - For regions that have chosen a 100,000 production credit maximum, agencies at or above 10,000 Total Property & Casualty policies in force have a 100,000 production credit minimum
 - If 65 Allstate Financial proprietary policies are sold during program year maximum qualifier goal is reduced to 75,000 production credit

If any of the above qualifiers are not met, the agency does not earn any Agency Bonus. There are no additional bonus dollars earned for surpassing qualifier goals. In addition to the above qualifiers minimum Portfolio Growth threshold has to be met in order to qualify for any bonus for Household Bundling component.

- **Qualifier for Household Bundling only:** Portfolio Growth minimum of -5%, -7%, -9% (depends on grid assignment).

If the above qualifier is not met, the agency does not earn any Agency Bonus for the Household Bundling component of the Agency Bonus. There are no additional bonus dollars earned for surpassing qualifier goal.

2.9.6 Start-up Agency

In 2012, Start-up Agencies have the opportunity to earn up to 4% of written premium. For the Agency Bonus: up to 2% in the Household Bundling component and up to 2% in the Portfolio Growth component.

2.9.6.1 Start-up Agency Qualifiers

To earn the Agency Bonus, start-up agencies need to meet the following qualifiers:

- Complete Good Hands Certification: 75% certification for agencies with 4 or more Licensed Sales Professionals and 100% certification for agencies with less than 4 Licensed Sales Professionals (Source: Agency Staff Data Tool and woople)
- Issue a minimum of 10,000 in Allstate Financial production credit

If any qualifier is not met, the agency does not earn any Agency Bonus. There are no additional bonus dollars earned for surpassing qualifier goals. In addition to above qualifiers minimum Portfolio Growth threshold has to be met in order to qualify for any bonus for Household Bundling component.

- **Qualifier For Household Bundling only:** Portfolio Growth minimum of 0.0%

If above qualifier is not met, the agency does not earn any Agency Bonus associated with Household Bundling. There are no additional bonus dollars earned for surpassing qualifier goals.

2.9.6.2 Agency Length of Affiliation Considerations

Agency affiliation month is used to determine Portfolio Growth variance to the cash flow market goal. Months of affiliation growth goals are set at yearly intervals.

2.9.7 Satellite Agencies that Cross State and Regional Lines and Established Agencies with Start-up Satellites

In 2012 Agency Bonus measurements and results for all Established Satellites located in the same state as the primary agency (including stand-alone agencies and Enhanced Satellite Agencies) will be combined with their primary agency. For Agency Bonus Start-up Satellites are measured separately. For Established Satellites that cross state lines, bonus measurements and results are combined for any locations that are within the same state and still have active agreements at the end of the bonus year.



Example:
Primary location – Wisconsin
Established Satellite location #1 – Illinois
Established Satellite location #2 – Illinois

Bonus measurements and results will be combined for Satellite locations 1 and 2, but will be separate for the primary location.

2.9.8 37th Month of Affiliation

When a Start-up Agency (including an Enhanced Satellite Agency), completes 36 full months of affiliation during the program year, the Agency Bonus is measured based on Established Agency performance goals.

2.9.9 Becoming an Established Agency before the 37th Full Calendar Month of Affiliation

Purchase

If the agency purchases the economic interest in over 750 PP&C policies with a combined total of more than \$800,000 in 12mm Total Casualty Earned Premium the agency will be classified as an Established Agency. However, if the purchased or assigned policies are used to create a standalone Satellite Agency, the agency establishing the Satellite Agency will not be classified as an Established Agency, but will instead continue to be classified as a Start-up Agency.

In full book purchase situations, all Agency Bonus measurement results that were earned by the seller during the bonus year in which the purchase is effective will be transferred to the buyer. In split sale/purchase situations, the buying agency will only receive Agency Bonus measurement results on transferred P&C policies; however, selling agency's Allstate Financial production credit on transferred Allstate Financial policies and new life policies written by the selling agency will not be transferred to the buyer. Purchases (full and split) are always effective on the first day of a month; therefore, purchases that are effective January 1st will not have any of the selling agency's Agency Bonus results transferred to the buyer. Payment of the Agency Bonus will not be prorated.

Assignment

If the agency becomes an Established Agency by being assigned, via the HRSC/SWDC process, over 750 PP&C policies with a combined total of more than \$800,000 in 12mm Total Casualty Earned Premium (via the HRSC/SWDC process), the assigned policies (plus Policies) that have renewed will be included in the Agency Bonus measurements for current and prior year except for any Allstate Financial production credit recorded before the assignment.

CHAPTER 1: R3001 Agents

REVISION DATE: February 1, 2013

2.9.10 Transfer of Interest

All Agency Bonus measurement results that were earned by the seller during the bonus year in which the purchase is effective will be transferred to the buyer¹³ in the following situations:

- When an agency who is currently eligible for the Agency Bonus purchases the economic interest in a book of business, or
- When an outside buyer purchases the economic interest in a book of business (full books only) and becomes an Established Agency, or
- When an outside buyer purchases the economic interest in a book of business (full books only) and becomes a Start-up Agency participating in the Start-up Agency Tiered Incentive Compensation Program

In split sale/purchase situations, the buying agency will only receive Agency Bonus measurements on transferred P&C policies; however, selling agency's Allstate Financial production credit on transferred Allstate Financial policies and new life policies written by the selling agency will not be transferred to the buyer. Purchases (full and split) are always effective on the first day of a month; therefore, purchases that are effective January 1st will not have any of the selling agency's Agency Bonus results transferred to the buyer. Payment of the Agency Bonus will not be prorated.

2.9.11 Interpolation

Interpolation is utilized for Household Bundling and Portfolio Growth components.

Interpolation calculation:

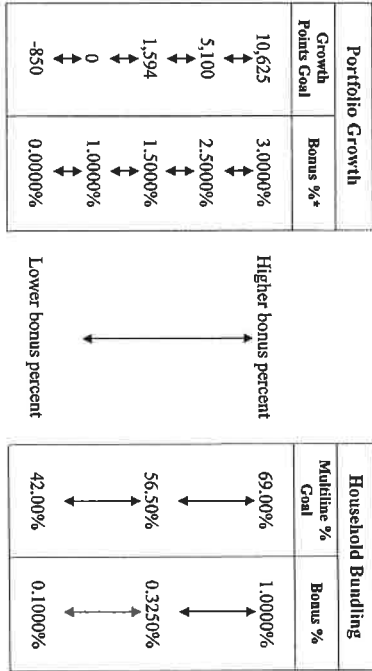
$$\text{Lower bonus percent} + \left\{ \frac{\text{Higher bonus percent} - \text{lower bonus percent}}{\text{Goal for the higher bonus percent} - \text{goal for the lower bonus percent}} \right\} \times \left\{ \text{Actual agency results} - \text{goal for the lower bonus percent} \right\}$$

¹³ Agency must be securities licensed at the time of purchase or change in Key Person to receive production credit for registered products.

CHAPTER 1: R3001 Agents

REVISION DATE: February 1, 2013

Interpolation example:



Actual Portfolio Growth point variance to prior Year-end: 2,193
 Actual Household Bundling multiline percent: 55.43%

Portfolio Growth bonus percent calculation:

$$1.5000\% + \left\{ \frac{2.5000\% - 1.5000\%}{5,100 - 1,594} \right\} \times [2,193 - 1,594] = 1.6708348\%$$

Applying normal rounding rules, Portfolio Growth bonus percent equals 1.6708%.

Household Bundling bonus percent calculation:

$$0.1000\% + \left\{ \frac{0.3250\% - 0.1000\%}{56.50\% - 42.00\%} \right\} \times [55.43\% - 42.00\%] = 0.3083965\%$$

Applying normal rounding rules, Household Bundling bonus percent equals 0.3084%.

2.9.12 Calculation

Qualification and calculation of the Agency Bonus is determined at the end of each calendar year for eligible R3001 Agencies who, at that time, have an R3001 Agreement in effect.

No Agency Bonus will be calculated for agencies with a loss ratio over the target loss ratio, incomplete Good Hands Certification, and/or if the Allstate Financial production credit qualifier goal is not met. In addition, for the Household Bundling component, agencies will need to meet a Portfolio Growth minimum to achieve this portion of the bonus.

The auto (standard and non-standard), property, commercial and flood written premium from the combined page of the agency's CSRP will be used in the calculation of the Agency Bonus. Grids will be used to determine the actual percent earned. The percentages earned in each component are applied to agency's written premium. Resulting bonus amounts for each component are added together to calculate total Agency Bonus amount. The following will be excluded from the written premium portion of the calculation: Motor Club, CA Earthquake, HA Hurricane Relief, Facility, Facility Property (mine subsidence), JUA, and Service Fee (3.5%).

The following formula will be used to calculate the Agency Bonus:

$$\left[\begin{array}{l} \text{Total \% from} \\ \text{Household Bundling Grid} \end{array} \right] \times \left[\begin{array}{l} \text{Agency's total P\&C} \\ \text{written premium} \end{array} \right] \\ \text{PLUS} \\ \left[\begin{array}{l} \text{Total \% from} \\ \text{Portfolio Growth Grid} \end{array} \right] \times \left[\begin{array}{l} \text{Agency's total P\&C} \\ \text{written premium} \end{array} \right]$$

Example:

- Agency earns 1.5% in Portfolio Growth and 0.5% in Household Bundling
- Agency's P&C written premium is \$2,000,000

The Agency Bonus calculation is: $1.5\% \times \$2,000,000 = \$30,000$
 $0.5\% \times \$2,000,000 = \$10,000$
 $\$30,000 + \$10,000 = \$40,000$ Agency Bonus

2.9.13 Payment

The Agency Bonus is intended to be paid in March of the year following the bonus period end. Agencies who qualify for a bonus at the end of the bonus period will receive a bonus payment, even if the agency's R3001 Agreement terminates prior to the payment of the bonus. In order to be eligible to receive a bonus payment, the R3001 Agreement must be in effect or active on December 31st of the current bonus year.

2.10 Agency Bonus (2013 Program – Excludes California Established Agencies¹⁴)

2.10.1 General

Established Agencies and Start-up Agencies, who are participating in the Start-up Agency Tiered Incentive Compensation program, are eligible to participate in the Agency Bonus. Refer to subsection 2.10.7 for information regarding satellite agencies.

The countrywide Agency Bonus (excluding California Established Agencies) is composed of two components: Household Bundling and Portfolio Growth. This bonus is paid annually. Bonus periods are based on the current calendar year and run from January through December.

Where applicable, when determining percent earned in each bonus component normal rounding rules apply. Actual agency results are compared to the range of goals. Percent of written premium is based on where actual results fall within range.

Results will be measured using the combined page of the year-end Customer Satisfaction Retention and Profitability report (CSRPT) to account for outside buyers, mergers, assignments and established Satellite Agencies (within the same state). A separate CSRPT will be available for start-up Satellite Agency locations and established Satellite Agencies located in a different state.

The goals and corresponding percent of written premium for the Agency bonus components referred to in subsection 2.10.3 include individual Household Bundling goals, individual Portfolio Growth goals, and various qualifier goals (collectively referred to as "goals"). Goals utilized for individual agencies will vary¹⁵. Applicable goals may be accessed through the following link: [Agent Level Goals](#).

Agency understands and agrees that the goals, points, and the target Loss Ratio will be reviewed each year. If new goals and/or target Loss Ratio are established, the Company will endeavor to communicate the new goals prior to January 31st of the current bonus year. However, from time to time communication of new goals and/or target Loss Ratio may not be communicated by this date due to Home Office or Regional considerations.

2.10.2 Key Terms

The following is a list of key terms that apply to the Agency Bonus:

- **Zeroed Out Lines** – a line that has zero Portfolio Growth points assigned or items in force that have been excluded due to structural market conditions such as the inability to write any new business or area were non-renewals are taking place.

¹⁴ Refer to subsection 2.10 for Agency Bonus information for California Established Agencies.

¹⁵ Refer to subsection 2.10.4 for information regarding goals for agencies with unique market conditions.

- **Recognition Loss Ratio** – the better of the 12 mm or the 24 mm Total Casualty adjusted, capped, paid loss ratio (excludes flood, motor club, policies in Assigned Agency or Designated Agency status, and service fee policies (agency type 01). Policies in Direct Transition and Agency Direct status are included)
- **Good Hands Certification** – is an education platform consisting of required and elective curriculum for agency owners and Licensed Sales Professionals.
- **Percentage multiline** – count of multiline (auto, property, and Allstate Financial) households, divided by the total households in an agency's Allstate book of business as defined on the CSRP.
- **P&C Written Premium** – new and renewal net written premium for auto (standard and non-standard), property, commercial and flood.
- **Allstate Financial production credit** – includes all new business issued production credit.¹⁶ It includes solo and shared business (must be securities licensed at the time the policy is written to receive production credit for registered products). Lines include Allstate and Allstate Workplace Division products, Mutual Funds, LBL products, and certain expanded market products. Refer to Allstate Financial Exhibits.
- **Allstate Financial proprietary products (excluding New York)**

<i>Life, Annuities and Allstate Benefits Worksite underwritten by Allstate Life Insurance Company/ Lincoln Benefit Life Insurance Company/American Heritage Life</i>	
Product Groups (used for Portfolio Growth policies in force)	Current Products (used for Allstate Financial proprietary policy count)
Term Life Insurance	Basic Term and TrueTerm
Universal Life Insurance	Ultra Plus, Ultra Index, Legacy Secure II, Legacy Secure SL and Legacy Choice II
Variable Universal Life Insurance	Total Accumulator VUL
Whole Life	Whole Life II
GoodFortLife	GoodFortLife
Fixed Annuity	ChoiceRate Annuity and Income Ready
Index Annuity	Savers Index Annuity III, Savers Index Annuity Premiere, and RightFit
	Allstate Benefits Worksite (one count per case)

Note: Allstate Benefits Individual Policies are not included in either the policies in force or policy count measurements. Allstate Benefits Worksite Cases are only included in policy count measurement.

¹⁶ An agency must be securities licensed at the time the policy is written in order to receive credit for any shared securities business written in partnership with an EFS/FS.

• Allstate Financial proprietary products (New York only)

<i>Life, Annuities, and Allstate Benefits Worksite underwritten by Allstate Life Insurance Company of New York</i>	
Product Groups (used for Portfolio Growth policies in force)	Current Products (used for Allstate Financial proprietary policy count)
Term Life Insurance	Basic Term and TrueTerm
Universal Life Insurance	Ultra Plus, Ultra Index, Legacy Secure II, Legacy Secure SL and Legacy Choice II
Variable Universal Life Insurance	TotalAccumulator VUL
Whole Life	Whole Life II
GoodFortLife	GoodFortLife
Fixed Annuity	ChoiceRate Annuity and Income Ready
Allstate Benefits Worksite (one count per case)	

Note: Allstate Benefits Individual Policies are not included in either the policies in force or policy count measurements. Allstate Benefits Worksite Cases are only included in policy count measurement.

2.10.3 Bonus Components

Household Bundling

Household Bundling is measured as the percent multiline households from the year-end Customer Satisfaction Retention and Profitability report (CSRPT). It is evaluated as an absolute measure, not an improvement measure. The Household Bundling multiline percentage is determined by subtracting the (% 1 line) shown on the CSRPT from one hundred (100 - % 1 line). Agency Bonus percent of written premium for Household Bundling component is determined by matching an agency's percent of multiline households to their individual goals. Individual agency goals will remain static throughout the bonus year unless there is a change in the agency's economic interest in its book of business or agency status. Interpolation will be applied to the Household Bundling component. Refer to subsection 2.10.11 for information regarding interpolation.

Portfolio Growth

Portfolio Growth is defined as a net growth in total casualty items and Allstate Financial proprietary policies over prior year-end results from the current year-end CSRPT and AF Integration Hub measured by a "portfolio score". Five size categories will apply in 2013 using total Property & Casualty Policies in Force (PIF) (excludes flood) as follows:

- Foundational: 1,499 policies or less
- Growing to Scale: 1,500 policies to 2,999 policies
- Scale: 3,000 policies to 5,999 policies
- Maximizing Scale: 6,000 policies to 8,999 policies
- Max Scale: 9,000 policies or more

CHAPTER 1: R3001 Agents

REVISION DATE: February 1, 2013

Agency size is based on policies (not items) and is used to determine Portfolio Growth goals. Policies include auto (standard and non-standard), property, commercial, and policies in Direct Transition and Agency Direct status. Excluded are Allstate Financial products (protection, accumulation, securities and expanded market products), motor club, policies in Assigned Agency or Designated Agency status and service fee policies (agent type 01).

Portfolio score is applied to current calendar year and prior year-end items in force shown on the CSRP. Various portfolio scores apply to items in force for different product lines:

Points	Product
1	Motor Club
5	P&C lines other than the 10 point lines listed below AF Allstate Basic Term
10	Standard/Commercial Auto Homeowners, Commercial Property Allstate Financial proprietary (Such as: Term Life, Fixed Annuity, and GoodForLife)
15	All other Allstate Financial proprietary (excludes: Allstate Benefits)

Portfolio Growth Example:

	Prior Year End		Current Year End	
	Item #	Points	Item #	Points
Standard Auto	750	10	7,500	850
Commercial Auto	50	10	500	60
Homeowners	520	10	5,200	480
Special Product Lines	40	5	200	50
Commercial Property	10	10	100	15
AF - 5 points	25	5	125	35
AF - 10 points	50	10	500	60
AF - 15 points	50	15	750	60
Total IIF	1,495		14,875	1,610

Net Score Impact: 15,975 - 14,875 = 1,100

Agency Bonus percent of written premium for Portfolio Growth component is determined by matching an agency's net growth in total Portfolio Growth points over prior year-end to their individual goal. Goals for start-up agencies are based on percent variance to the cash flow market goal and months of affiliation. Individual agency goals will remain static throughout the year unless there is a change in the agency's economic interest in its book of business or agency status. Interpolation will be applied to the Portfolio Growth component. Refer to subsection 2.10.11 for information regarding interpolation.

SUPPLEMENT FOR THE R3001 AGREEMENT

Compensation
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Page 69

2.10.4 Unique Market Conditions

In certain areas where unique market conditions exist, certain lines of insurance, as determined by the Company in its sole discretion, may be excluded from various measurement categories. In addition, the Company may establish modified goals during the calendar year to support agencies in areas where unique market conditions exist.

2.10.5 Established Agency

In 2013, Established Agencies have the opportunity to earn up to 4% of written premium. The Agency Bonus will be based on up to 1% of written premium for the Household Bundling component and up to 3% of written premium for the Portfolio Growth component.

2.10.5.1 Established Agency Qualifiers

To earn the Agency Bonus, established agencies need to meet all of the following qualifiers:

- Meet the better of 12mm or 24mm Total Casualty recognition loss ratio of 62% or the better of 12mm or 24mm Total Casualty excluding Line 70 Homeowners recognition loss ratio of 62% (Source: CSRP)
- Issue 10 Allstate Financial production credit per every 1 policies in force (Source: Total year to date production credit and policies in force on CSRP).
 - For agencies at or below 1,000 Total Property & Casualty policies in force, 10,000 production credit qualifier goal applies. The qualifying goal increases 10 maximum of 75,000 or 100,000 based on regional discretion.
 - For regions that have chosen a 75,000 production credit maximum, agencies at or above 7,500 Total Property & Casualty policies in force have a 75,000 production credit qualifier goal
 - If 40 Allstate Financial proprietary policies are sold during program year (e.g. January 1st – December 31st) maximum qualifier goal is reduced to 50,000 production credit
 - For regions that have chosen a 100,000 production credit maximum, agencies at or above 10,000 Total Property & Casualty policies in force have a 100,000 production credit minimum
 - If 50 Allstate Financial proprietary policies are sold during program year maximum qualifier goal is reduced to 75,000 production credit

If any of the above qualifiers are not met, the agency does not earn any Agency Bonus. There are no additional bonus dollars earned for surpassing qualifier goals. In addition to the above qualifiers minimum Portfolio Growth threshold has to be met in order to qualify for any bonus for Household Bundling component.

- **Qualifier for Household Bundling only:** Portfolio Growth minimum of -5%, -7%, -9% (depends on grid assignment).

CHAPTER 1: R3001 Agents

REVISION DATE: February 1, 2013

If the above qualifier is not met, the agency does not earn any Agency Bonus for the Household Bundling component of the Agency Bonus. There are no additional bonus dollars earned for surpassing qualifier goal.

2.10.6 Start-up Agency

In 2013, Start-up Agencies have the opportunity to earn up to 4% of written premium. The Agency Bonus will be based on the better of up to 2% of written premium for the Portfolio Growth component and up to 2% of written premium for the Household Bundling component or up to 3% of written premium for the Portfolio Growth component and up to 1% of written premium for the Household Bundling component.

2.10.6.1 Start-up Agency Qualifiers

To earn the Agency Bonus, start-up agencies need to meet the following qualifier:

- Issue a minimum of 10,000 in Allstate Financial production credit

If the above qualifier is not met, the agency does not earn any Agency Bonus. There are no additional bonus dollars earned for surpassing a qualifier goal. In addition to the above qualifier, a minimum Portfolio Growth threshold has to be met in order to qualify for any bonus for the Household Bundling component.

- **Qualifier For Household Bundling only:** Portfolio Growth minimum of 0.0%

If the above qualifier is not met, the agency does not earn any Agency Bonus associated with Household Bundling. There are no additional bonus dollars earned for surpassing qualifier goals.

2.10.6.2 Agency Length of Affiliation Considerations

Agency affiliation month is used to determine Portfolio Growth variance to the cash flow market goal. Months of affiliation growth goals are set at yearly intervals.

2.10.7 Satellite Agencies that Cross State and Regional Lines and Established Agencies with Start-up Satellites

In 2013 Agency Bonus measurements and results for all Established Satellites located in the same state as the primary agency (including stand-alone agencies and Enhanced Satellite Agencies) will be combined with their primary agency. For Agency Bonus Start-up Satellites are measured separately. For Established Satellites that cross state lines, bonus measurements and results are combined for any locations that are within the same state and still have active agreements at the end of the bonus year.

Example:
Primary location – Wisconsin
Established Satellite location #1 – Illinois
Established Satellite location #2 – Illinois

Bonus measurements and results will be combined for Satellite locations 1 and 2, but will be separate for the primary location.

2.10.8 37th Month of Affiliation

When a Start-up Agency (including an Enhanced Satellite Agency), completes 36 full months of affiliation during the program year, the Agency Bonus is measured based on Established Agency performance goals.

2.10.9 Becoming an Established Agency before the 37th Full Calendar Month of Affiliation

Purchase

If the agency purchases the economic interest in over 750 PP&C policies with a combined total of more than \$800,000 in 12mm Total Casualty Earned Premium the agency will be classified as an Established Agency. However, if the purchased or assigned policies are used to create a standalone Satellite Agency, the agency establishing the Satellite Agency will not be classified as an Established Agency, but will instead continue to be classified as a Start-up Agency.

In full book purchase situations, all Agency Bonus measurement results that were earned by the seller during the bonus year in which the purchase is effective will be transferred to the buyer. In split sale/purchase situations, the buying agency will only receive Agency Bonus measurement results on transferred P&C policies; however, selling agency's Allstate Financial production credit on transferred Allstate Financial policies and new life policies written by the selling agency will not be transferred to the buyer. Purchases (full and split) are always effective on the first day of a month; therefore, purchases that are effective January 1st will not have any of the selling agency's Agency Bonus results transferred to the buyer. Payment of the Agency Bonus will not be prorated.

Assignment

If the agency becomes an Established Agency by being assigned, via the HRSC/SWDC process, over 750 PP&C policies with a combined total of more than \$800,000 in 12mm Total Casualty Earned Premium (via the HRSC/SWDC process), the assigned policies (Plus Policies) that have renewed will be included in the Agency Bonus measurements for current and prior year except for any Allstate Financial production credit recorded before the assignment.

2.10.10 Transfer of Interest

All Agency Bonus measurement results that were earned by the seller during the bonus year in which the purchase is effective will be transferred to the buyer¹ in the following situations:

- When an agency who is currently eligible for the Agency Bonus purchases the economic interest in a book of business, or
- When an outside buyer purchases the economic interest in a book of business (full books only) and becomes an Established Agency, or
- When an outside buyer purchases the economic interest in a book of business (full books only) and becomes a Start-up Agency participating in the Start-up Agency Tiered Incentive Compensation Program

In split sale/purchase situations, the buying agency will only receive Agency Bonus measurements on transferred P&C policies; however, selling agency's Allstate Financial production credit on transferred Allstate Financial policies and new life policies written by the selling agency will not be transferred to the buyer. Purchases (full and split) are always effective on the first day of a month; therefore, purchases that are effective January 1st will not have any of the selling agency's Agency Bonus results transferred to the buyer. Payment of the Agency Bonus will not be prorated.

2.10.11 Interpolation

Interpolation is utilized for Household Bundling and Portfolio Growth components.

Interpolation calculation:

$$\left[\begin{array}{l} \text{Lower} \\ \text{bonus} \\ \text{percent} \end{array} \right] + \left[\begin{array}{l} \text{Higher bonus percent} - \text{lower bonus percent} \\ \text{Goal for the higher bonus percent} - \text{goal for} \\ \text{the lower bonus percent} \end{array} \right] \times \left[\begin{array}{l} \text{Actual agency results} - \\ \text{goal for the lower} \\ \text{bonus percent} \end{array} \right]$$

¹ Agency must be securities licensed at the time of purchase or change in Key Person to receive production credit for registered products.

Interpolation example:

Portfolio Growth		Household Bundling	
Growth Points Goal	Bonus % ^a	Multiline % Goal	Bonus %
10,625	3.0000%	69.00%	1.0000%
↕	↕	↕	↕
5,100	2.5000%	↕	↕
↕	↕	↕	↕
1,594	1.5000%	56.50%	0.3250%
↕	↕	↕	↕
0	1.0000%	↕	↕
↕	↕	↕	↕
-850	0.0000%	42.00%	0.1000%

Higher bonus percent Lower bonus percent

Actual Portfolio Growth point variance to prior year-end: 2,193
 Actual Household Bundling multiline percent: 55.43%

Portfolio Growth bonus percent calculation:

$$1.5000\% + \left[\frac{2.5000\% - 1.5000\%}{5,100 - 1,594} \right] \times [2,193 - 1,594] = 1.6708348\%$$

Applying normal rounding rules, Portfolio Growth bonus percent equals 1.6708%.

Household Bundling bonus percent calculation:

$$0.1000\% + \left[\frac{0.3250\% - 0.1000\%}{56.50\% - 42.00\%} \right] \times [55.43\% - 42.00\%] = 0.3083965\%$$

Applying normal rounding rules, Household Bundling bonus percent equals 0.3084%.

CHAPTER 1: R3001 Agents

REVISION DATE: February 1, 2013

2.10.12 Calculation

Qualification and calculation of the Agency Bonus is determined at the end of each calendar year for eligible R3001 Agencies who, at that time, have an R3001 Agreement in effect.

No Agency Bonus will be calculated for agencies with a loss ratio over the target loss ratio, incomplete Good Hands Certification, and/or if the Allstate Financial production credit qualifier goal is not met. In addition, for the Household Bundling component, agencies will need to meet a Portfolio Growth minimum to achieve this portion of the bonus.

The auto (standard and non-standard), property, commercial and flood written premium from the combined page of the agency's CSRPs will be used in the calculation of the Agency Bonus. Grids will be used to determine the actual percent earned. The percentages earned in each component are applied to agency's written premium. Resulting bonus amounts for each component are added together to calculate total Agency Bonus amount. The following will be excluded from the written premium portion of the calculation: Motor Club, CA Earthquake, HA Hurricane Relief Facility, Facility Property (mine subsidence), JUA, and Service Fee (3.5%).

The following formula will be used to calculate the Agency Bonus:

$$\begin{array}{r}
 \left[\begin{array}{l} \text{Total \% from} \\ \text{Household Bundling Grid} \end{array} \right] \times \left[\begin{array}{l} \text{Agency's total P\&C} \\ \text{written premium} \end{array} \right] \\
 \text{PLUS} \\
 \left[\begin{array}{l} \text{Total \% from} \\ \text{Portfolio Growth Grid} \end{array} \right] \times \left[\begin{array}{l} \text{Agency's total P\&C} \\ \text{written premium} \end{array} \right]
 \end{array}$$

Example:

- Agency earns 1.5% in Portfolio Growth and 0.5% in Household Bundling
- Agency's P&C written premium is \$2,000,000

The Agency Bonus calculation is: $1.5\% \times \$2,000,000 = \$30,000$
 $0.5\% \times \$2,000,000 = \$10,000$
 $\$30,000 + \$10,000 = \$40,000$ Agency Bonus

2.10.13 Payment

The Agency Bonus is intended to be paid in March of the year following the bonus period end. Agencies who qualify for a bonus at the end of the bonus period will receive a bonus payment, even if the agency's R3001 Agreement terminates prior to the payment of the bonus. In order to be eligible to receive a bonus payment, the R3001 Agreement must be in effect or active on December 31st of the current bonus year.

2.11 Agency Bonus (2013 Program – California Established Agencies only)

2.11.1 General

California Established Agencies, who are participating in the Start-up Agency Tiered Incentive Compensation program, are eligible to participate in the Agency Bonus. Refer to subsection 2.11.6 for information regarding satellite agencies.

The Agency Bonus for California Established Agencies is composed of two components: Portfolio Growth and Recognition Loss Ratio (excluding Line 70 Homeowners). This bonus is paid annually. Bonus periods are based on the current calendar year and run from January through December.

Where applicable, when determining percent earned for the combined components, normal rounding rules apply. Actual agency results are compared to the range of goals. Percent of written premium is based on where actual results fall within range.

Results will be measured using the combined page of the year-end Customer Satisfaction Retention and Profitability report (CSRPT) to account for outside buyers, mergers, assignments and established Satellite Agencies (within the same state). A separate CSRPT will be available for start-up Satellite Agency locations and established Satellite Agencies located in a different state.

The goals and corresponding percent of written premium for the Agency Bonus components referred to in subsection 2.11.3 include Recognition Loss Ratio (excluding line 70 Homeowners) goals, individual Portfolio Growth goals, and a qualifier goal (collectively referred to as "goals"). Goals utilized for individual agencies will vary¹⁹. Applicable goals may be accessed through the following link: [Agent Level Goals](#).

Agency understands and agrees that the goals, points, and the target Loss Ratio will be reviewed each year. If new goals and/or target Loss Ratio are established, the Company will endeavor to communicate the new goals prior to January 31st of the current bonus year. However, from time to time communication of new goals and/or target Loss Ratio may not be communicated by this date due to Home Office or Regional considerations.

2.11.2 Key Terms

The following is a list of key terms that apply to the Agency Bonus:

- **Zeroed Out Lines** – a line that has zero Portfolio Growth points assigned or items in force that have been excluded due to structural market conditions such as the inability to write any new business or area were non-renewals are taking place.

¹⁹ Refer to subsection 2.11.4 for information regarding goals for agencies with unique market conditions

- **Recognition Loss Ratio** – the better of the 12 mm or the 24 mm Total Casualty adjusted, capped, paid loss ratio [excludes flood, motor club, policies in Assigned Agency or Designated Agency status, and service fee policies (agency type 01). Policies in Direct Transition and Agency Direct status are included.]
- **P&C Written Premium** – new and renewal net written premium for auto (standard and non-standard), property, commercial and flood.
- **Allstate Financial production credit** – includes all new business issued production credit.¹⁹ It includes solo and shared business (must be securities licensed at the time the policy is written to receive production credit for registered products); Lines include Allstate and Allstate Workplace Division products, Mutual Funds, LBL products, and certain expanded market products. Refer to Allstate Financial Exhibits.
- **Allstate Financial proprietary products**

Life, Annuities and Allstate Benefits Worksite underwritten by Allstate Life Insurance Company/Lincoln Benefit Life Insurance Company/American Heritage Life

Product Groups (used for Portfolio Growth policies in force)	Current Products (used for Allstate Financial proprietary policy count)
Term Life Insurance	Basic Term and TrueTerm
Universal Life Insurance	Ultra Plus, Ultra Index, Legacy Secure II, Legacy Secure SL and Legacy Choice II
Variable Universal Life Insurance	TotalAccumulator VUL
Whole Life	Whole Life II
GoodForLife	GoodForLife
Fixed Annuity	ChoiceRate Annuity and Income Ready
Index Annuity	Savers Index Annuity III, Savers Index Annuity Premiere, and RightFit
	Allstate Benefits Worksite (one count per case)

Note: Allstate Benefits Individual Policies are not included in either the policies in force or policy count measurements. Allstate Benefits Worksite Cases are only included in policy count measurement.

2.11.3 Bonus Components

Recognition Loss Ratio

Recognition Loss Ratio is the better of the 12mm or the 24mm Total Casualty adjusted, capped, paid loss ratio [excludes flood, motor club, policies in Assigned Agency or Designated Agency status, and service fee policies (agency type 01). Policies in Agency Direct status are included.] For Agency Bonus purposes, line 70 Homeowners will be excluded from the Recognition Loss Ratio.

¹⁹ An agency must be securities licensed at the time the policy is written in order to receive credit for any shared securities business written in partnership with an ERSFS.

Portfolio Growth

Portfolio Growth is defined as a net growth in total casualty items and Allstate Financial proprietary policies over prior year-end results from the current year-end CSRP and AF Integration Hub, measured by a "portfolio score". Five size categories will apply in 2013 using total Property & Casualty Policies in Force (PIF) (excludes flood) as follows:

- Foundational: 1,499 policies or less
- Growing to Scale: 1,500 policies to 2,999 policies
- Scale: 3,000 policies to 5,999 policies
- Maximizing Scale: 6,000 policies to 8,999 policies
- Max Scale: 9,000 policies or more

Agency size is based on policies (not items) and is used to determine Portfolio Growth goals. Policies include auto (standard and non-standard), property, commercial, and policies in Direct Transition and Agency Direct status. Excluded are Allstate Financial products (protection, accumulation, securities and expanded market products), motor club, policies in Assigned Agency or Designated Agency status and service fee policies (agent type 01).

Portfolio score is applied to current calendar year and prior year-end items in force shown on the CSRP. Various portfolio scores apply to items in force for different product lines:

Points	Product
1	Motor Club
5	P&C lines other than the 10 point lines listed below AF Allstate Basic Term
10	Standard Auto Homeowners
15	Commercial Auto Commercial Property Allstate Financial proprietary (Such as: Term Life, Fixed Annuity, and GoodForLife)
20	All other Allstate Financial proprietary (excludes: Allstate Benefits)

Portfolio Growth Example:

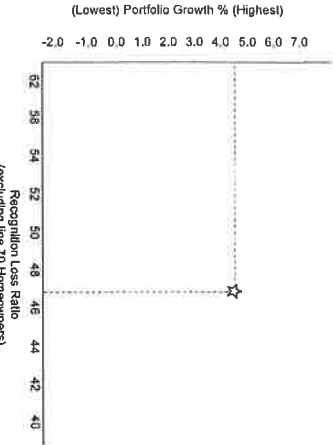
	Prior Year End		Current Year End	
	IF #	Total	IF #	Total
Standard Auto	750	10	7,500	830
Commercial Auto	50	15	750	60
Homeowners	520	10	5,200	480
Special Product				
Lines	40	5	200	50
Commercial Property	10	15	150	15
AF - 5 points	25	5	125	35
AF - 15 points	50	15	750	60
AF - 20 points	50	20	1000	60
Total IF#	1,495	15,675	1,610	16,950

Net Score Impact: 16,950 - 15,675 = 1,275

2.11.3.1 Determining Bonus Percent

Agency Bonus percent of written premium is determined by plotting the percent of portfolio growth and the recognition loss ratio on the grid to determine a combined bonus percent.

SAMPLE GRID
(for illustrative purposes only)



Individual agency goals will remain static throughout the year unless there is a change in the agency's economic interest in its book of business or agency status. Interpolation will be applied to the Portfolio Growth component. Refer to subsection 2.9.11 for information regarding interpolation.

2.11.4 Unique Market Conditions

In certain areas where unique market conditions exist, certain lines of insurance, as determined by the Company in its sole discretion, may be excluded from various measurement categories. In addition, the Company may establish modified goals during the calendar year to support agencies in areas where unique market conditions exist.

2.11.5 Established Agency

In 2013, California Established Agencies have the opportunity to earn up to 4% of written premium.

2.11.5.1 Established Agency Qualifiers

To earn the Agency Bonus, established agencies need to meet all of the following qualifiers:

- Issue 10 Allstate Financial production credit per every 1 policies in force (Source: Total year to date production credit and policies in force on CSRP).
 - For agencies at or below 1,000 Total Property & Casualty policies in force, 10,000 production credit qualifier goal applies. The qualifying goal increases 10 production credits for every 1 property and casualty policy in force up to a maximum of 75,000 or 100,000 based on regional discretion.
 - For regions that have chosen a 75,000 production credit maximum, agencies at or above 7,500 Total Property & Casualty policies in force have a 75,000 production credit qualifier goal
 - If 40 Allstate Financial proprietary policies are sold during program year (e.g. January 1st – December 31st) maximum qualifier goal is reduced to 50,000 production credit
 - For regions that have chosen a 100,000 production credit maximum, agencies at or above 10,000 Total Property & Casualty policies in force have a 100,000 production credit minimum
 - If 50 Allstate Financial proprietary policies are sold during program year maximum qualifier goal is reduced to 75,000 production credit

If the above qualifier is not met, the agency does not earn any Agency Bonus. There are no additional bonus dollars earned for surpassing a qualifier goal.

2.11.6 Satellite Agencies that Cross State and Regional Lines and Established Agencies with Start-up Satellites

In 2013 Agency Bonus measurements and results for all Established Satellites located in the same state as the primary agency (including stand-alone agencies and Enhanced Satellite Agencies) will be combined with their primary agency. For Agency Bonus Start-up Satellites are measured separately. For Established Satellites that cross state lines, bonus measurements and results are combined for any locations that are within the same state and still have active agreements at the end of the bonus year.

Example:

Primary location – California

Established Satellite location #1 – Arizona

Established Satellite location #2 – Arizona

Bonus measurements and results will be combined for Satellite locations 1 and 2, but will be separate for the primary location.

2.11.7 37th Month of Affiliation

When a Start-up Agency (including an Enhanced Satellite Agency), completes 36 full months of affiliation during the program year, the Agency Bonus is measured based on Established Agency performance goals.

2.11.8 Becoming an Established Agency before the 37th Full Calendar Month of Affiliation

Purchase

If the agency purchases the economic interest in over 750 PP&C policies with a combined total of more than \$800,000 in 12mm Total Casualty Earned Premium the agency will be classified as an Established Agency. However, if the purchased or assigned policies are used to create a stand-alone Satellite Agency, the agency establishing the Satellite Agency will not be classified as an Established Agency, but will instead continue to be classified as a Start-up Agency.

In full book purchase situations, all Agency Bonus measurement results that were earned by the seller during the bonus year in which the purchase is effective will be transferred to the buyer. In split sale/purchase situations, the buying agency will only receive Agency Bonus measurement results on transferred P&C policies; however, selling agency's Allstate Financial production credit on transferred Allstate Financial policies and new life policies written by the selling agency will not be transferred to the buyer. Purchases (full and split) are always effective on the first day of a month; therefore, purchases that are effective January 1st will not have any of the selling agency's Agency Bonus results transferred to the buyer. Payment of the Agency Bonus will not be prorated.

Assignment

If the agency becomes an Established Agency by being assigned, via the HRSC/SWDC process, over 750 P&C policies with a combined total of more than \$800,000 in 12mm Total Casualty Earned Premium (via the HRSC/SWDC process), the assigned policies (Plus Policies) that have renewed will be included in the Agency Bonus measurements for current and prior year except for any Allstate Financial production credit recorded before the assignment.

2.11.9 Transfer of Interest

All Agency Bonus measurement results that were earned by the seller during the bonus year in which the purchase is effective will be transferred to the buyer²⁰ in the following situations:

- When an agency who is currently eligible for the Agency Bonus purchases the economic interest in a book of business, or
- When an outside buyer purchases the economic interest in a book of business (full books only) and becomes an Established Agency, or
- When an outside buyer purchases the economic interest in a book of business (full books only) and becomes a Start-up Agency participating in the Start-up Agency Tiered Incentive Compensation Program

In split sale/purchase situations, the buying agency will only receive Agency Bonus measurements on transferred P&C policies; however, selling agency's Allstate Financial production credit on transferred Allstate Financial policies and new life policies written by the selling agency will not be transferred to the buyer. Purchases (full and split) are always effective on the first day of a month; therefore, purchases that are effective January 1st will not have any of the selling agency's Agency Bonus results transferred to the buyer. Payment of the Agency Bonus will not be prorated.

2.11.10 Calculation

Qualification and calculation of the Agency Bonus is determined at the end of each calendar year for eligible R3001 Agencies who, at that time, have an R3001 Agreement in effect.

No Agency Bonus will be calculated for agencies with a loss ratio over 62% and/or if the Allstate Financial production credit qualifier goal is not met.

The auto (standard and non-standard), property, commercial and flood written premium from the combined page of the agency's CSRP will be used in the calculation of the Agency Bonus. A grid will be used to determine the actual percent earned. The percentage earned is applied to agency's written premium to calculate total Agency Bonus amount. The following will be excluded from the written premium portion of the calculation: Motor Club, CA Earthquake, HA Hurricane Relief, Facility, Facility Property (mine subsidence), JUA, and Service Fee (3.5%).

²⁰ An Agency must be securities licensed at the time of purchase or change in Key Person to receive production credit for registered products.



The following formula will be used to calculate the Agency Bonus:

$$\left[\begin{array}{cc} \text{Total \% from} & \text{Agency's total P\&C} \\ \text{Grid} & \text{written premium} \end{array} \right] \times$$

- Agency earns 1.5%
- Agency's P&C written premium is \$2,000,000

The Agency Bonus calculation is: $1.5\% \times \$2,000,000 = \$30,000$ Agency Bonus

2.11.11 Payment

The Agency Bonus is intended to be paid in March of the year following the bonus period end. Agencies who qualify for a bonus at the end of the bonus period will receive a bonus payment, even if the agency's R3001 Agreement terminates prior to the payment of the bonus. In order to be eligible to receive a bonus payment, the R3001 Agreement must be in effect or active on December 31st of the current bonus year.

2.12 Agency Development Bonus

2.12.1 General

R3001 Agents (including Enhanced Satellite Agencies), who are not participating in the Start-up Agency Tiered Incentive Compensation program, are eligible for an Agency Development Bonus (ADB) from the 2nd month of affiliation through the 65th month of affiliation. R3000 Agents who became R3001 Agents prior to the end of their 18th month of affiliation, will have the Agency Development Bonus calculated the same as if they had completed 18 months under the R3000 Agreement. Agents who have become R3001 Agents, prior to May 1, 2008, by purchasing the economic interest in more than 750 PP&C policies and/or have been assigned more than 750 PP&C Plus Policies (via the HRSC/SWDC process) as the agent of record, and former R830 and R1500 Agents who have become R3001 Agents, are not eligible for the Agency Development Bonus.

If an agent who is receiving the ADB purchases the economic interest in a book(s) of business of more than 750 PP&C policies with a combined total of more than \$800,000 in 12mm Total Casualty Earned Premium and/or is assigned more than 750 PP&C Plus Policies with a combined total of more than \$800,000 in 12mm Total Casualty Earned Premium as the agent of record, all future ADB payments will be eliminated.²¹ The 750 PP&C policy maximum and the \$800,000 premium maximum also apply to multiple purchases or Plus Policy assignments that occur over a period of time. If there are both purchases and Plus Policy assignments, then

²¹ The final ADB payment will be made in the month that the purchase and/or assignment is effective and will be based on the premium issued in the month prior to the purchase and/or assignment.



policies and premium from both are included determining eligibility.²² When an agency is receiving the ADB and establishes a Satellite Agency effective 01/01/2008 and after, ADB payments will continue at the agency establishing the Satellite Agency. For an agency receiving the ADB that established a Satellite Agency prior to 01/01/2008, all future ADB payments would have been eliminated at both locations. (The final ADB payment would have been made in the month that the Satellite Agency was established and would have been based on the premium issued in the month prior to the establishment.)

If an agency that is receiving the ADB establishes an Enhanced Satellite Agency (ESA) as of 01/01/2008 and later, ADB payments will continue at the agency establishing the ESA, and the ESA will participate in the Start-up Agency Tiered Incentive Compensation program. The incentive compensation payment schedule of the ESA will be based on the months of affiliation of the ESA. (See section 2.1 of this Supplement regarding how months of affiliation for ESAs work.)

An ESA established prior to 01/01/2008 that does not participate in Start-up Agency Tiered Incentive Compensation program

If an agency receiving the ADB established an ESA, ADB payments will continue at the primary agency, and the ESA will have its own ADB payment schedule as outlined in sections 2.12.2 and 2.12.2.1 of this Supplement. The ADB payment schedule of the ESA is based on the months of affiliation of the ESA. (See section 2.1 of this Supplement regarding how months of affiliation for ESAs work.)

2.12.2 Calculation

The monthly ADB amount is dependent on the premium (new net written property and casualty premium and, for six month auto policies only, first renewal auto premium) issued each month by the agent as well as the bonus percentage applied to the net written premium. The bonus percentage will not be applied to the following business²³: policies in Assigned Agency or Designated Agency status, Allstate Financial business, Commercial insurance written under any prior agreements, Allstate Motor Club, Allstate Parts and Labor Plus, business written by the Advantage Select Agency, Flood, residual market, accommodation business, or to any service fees, relationship fees and countersigning fees. The tables below list the commission months and the bonus percentages applied to the property and casualty new net written premium and first renewal automobile net written premium.

²² Excludes Plus Policies assigned via the unrepresented accounts distribution or similar program.
²³ The bonus percentage will be applied to policies in Agency Direct and Direct Transition status.

2.12.2.1 Agency Development Bonus Tables

Net written premium amount ²⁴	Month of Affiliation												
	2	3	4	5	6	7	8	9	10	11	12	13	
\$0-\$6,000	43%	45%	45%	35%	35%	35%	25%	25%	20%	20%	20%	20%	
Over \$6,000	25%	25%	25%	25%	25%	25%	15%	15%	15%	15%	15%	15%	

Beginning with the 14th month of affiliation, the bonus percentage will be applied to all eligible new net written premium as set forth below²⁴.

Month of Affiliation	Bonus %	Month of Affiliation	Bonus %
14	15%	40	6.50%
15	15%	41	6.25%
16	15%	42	6.00%
17	14%	43	5.75%
18	13%	44	5.50%
19	12%	45	5.25%
20	11.50%	46	5.00%
21	11.25%	47	4.75%
22	11.00%	48	4.50%
23	10.75%	49	4.25%
24	10.50%	50	4.00%
25	10.25%	51	3.75%
26	10.00%	52	3.50%
27	9.75%	53	3.25%
28	9.50%	54	3.00%
29	9.25%	55	2.75%
30	9.00%	56	2.50%
31	8.75%	57	2.25%
32	8.50%	58	2.00%
33	8.25%	59	1.75%
34	8.00%	60	1.50%
35	7.75%	61	1.25%
36	7.50%	62	1.00%
37	7.25%	63	0.75%
38	7.00%	64	0.50%
39	6.75%	65	0.25%
		66	0

²⁴ New net written property and casualty premium and first renewal automobile net written premium from the month prior to the month of affiliation. Refer to subsection 2.12.2 for further information.

SUPPLEMENT FOR THE R3001 AGREEMENT

2.13 Incentive Agency Development Bonus

2.13.1 General

R3001 Agents (including Enhanced Satellite Agencies) who are not participating in the Start-up Agency Tiered Incentive Compensation program, are eligible to participate in the Incentive Agency Development Bonus (IADB) on a monthly basis from the 8th month of affiliation through the 36th month of affiliation or from the 2nd month of affiliation through the 36th month of affiliation if the agent is a former R3000 Agent. Agents who are eligible for the Agency Bonus are not eligible for the Incentive Agency Development Bonus. This includes, but is not limited to, agents who have become R3001 Agents prior to May 1, 2008, by purchasing the economic interest in more than 750 PP&C policies and/or have been assigned more than 750 PP&C Plus Policies (via the HRSC/SWDC process) as the agent of record and former R830 and R1500 Agents who have become R3001 Agents.

If an agent purchases the economic interest in a book(s) of business of more than 750 PP&C policies with a combined total of more than \$800,000 in 12mm Total Casualty Earned Premium (merger) and/or has been assigned more than 750 PP&C Plus Policies with a combined total of more than \$800,000 in 12mm Total Casualty Earned Premium as the agent of record, the agent will no longer be eligible to participate in the Incentive Agency Development Bonus.²⁵ The 750 PP&C policy maximum and the \$800,000 premium maximum also apply to multiple purchases or Plus Policy assignments that occur over a period of time. If there are both purchases and Plus Policy assignments, then policies and premium from both are included in determining eligibility.²⁶ When an agency is receiving the IADB and establishes a Satellite Agency effective 01/01/2008 and after, IADB payments will continue at the agency establishing the Satellite Agency. For an agency receiving the IADB that established a Satellite Agency prior to 01/01/2008, all future IADB payments would have been eliminated at both locations. (The final IADB payment would have been made in the month that the Satellite Agency was established and would have been based on the premium issued in the month prior to the establishment.)

If an agency that is receiving the IADB establishes an Enhanced Satellite Agency (ESA) as of 01/01/2008 and later, IADB payments will continue at the agency establishing the ESA, and the ESA will participate in the Start-up Agency Tiered Incentive Compensation program. The incentive compensation payment schedule of the ESA will be based on the months of affiliation of the ESA. (See section 2.1 of this Supplement regarding how months of affiliation for ESAs work.)

²⁵ The final Incentive ADB payment will be made in the month that the purchase and/or assignment is effective and will be based on the premium issued in the month prior to the purchase and/or assignment, as long as the agent has met the incentive ADB qualification requirements.

²⁶ Excludes Plus Policies assigned via the unrepresented accounts distribution or similar program.

An ESA established prior to 01/01/2008 that does not participate in Start-up Agency Tiered Incentive Compensation Program

If an agency receiving the IADB established an ESA, IADB payments will continue at the primary agency, and the ESA will have its own IADB payment schedule as outlined in sections 2.13.2 and 2.13.2.1 of this Supplement (sections 2.13.3 and 2.13.3.1 for NY ESAs). The IADB payment schedule of the ESA is based on the months of affiliation of the ESA. (See section 2.1 of this Supplement regarding how months of affiliation for ESAs work.)

2.13.2 Incentive Agency Development Bonus* (excludes New York)

Qualification for the Incentive Agency Development Bonus is based on the total prior 12 months of Allstate Financial (AF) production credit earned²⁷. An agent must have a minimum prior 12 month production credit total of \$10,000 and at least a 70% Life Persistency Factor (LPF)²⁸. For example, the prior 12 months of AF production credit for an agent in the 15th month of affiliation is based on production credit earned for policies that were issued and credit released in months three (3) through fourteen (14). For agents with 12 months or less of affiliation, production credit is annualized and the LPF requirement does not apply.

Bonus payout rates are segmented by 12mm AF production credit and length of affiliation. The applicable bonus payout rate is applied to the agent's new net written property and casualty premium and, for six month auto policies only, first renewal auto premium recorded in the month prior to the month of affiliation in which the agent qualified for the bonus. The bonus payout rate is determined by the month of affiliation. The bonus payout rate will not apply to the following business²⁹: policies in Assigned Agency or Designated Agency status, Allstate Financial business, Commercial insurance written under any prior agreements, Allstate Motor Club, Allstate Parts and Labor Plus, business written by the Ivanage Select Agency, Flood, residual market, and accommodation business, or to any service fees, relationship fees and countersigning fees.

²⁷ Exclusive Agents appointed under the Emerging Markets Program are not eligible for the Incentive Agency Development Bonus. Instead, these agents are eligible to qualify for an Emerging Markets Incentive Agency Development Bonus. Please see the Emerging Markets Exclusive Agency Guide for additional information.

²⁸ Allstate Financial production credit can be solo and/or shared through a partnership with an Exclusive Financial Specialist (Note: Agent must be securities licensed to receive production credit for registered products). Results will be measured using the appropriate CSR report including the CSR report "as of" the month prior to the affiliation month.

²⁹ Results will be measured using the CSR report "as of" the month prior to the affiliation month. Generally, this will be the CSR report produced in the month of affiliation.

³⁰ The bonus percentage will be applied to policies in Agency Direct and Direct Transition status.

SUPPLEMENT FOR THE R3001 AGREEMENT

2.13.2.1 Incentive Agency Development Bonus Table (excludes New York)

AF Production Credit Levels	12mm Bonus Payout Rates											
	% of Total New Written Premium											
75,000 +	9.5	8.5	8.0	7.5	7.0	6.5	6.0	5.5	5.0	4.5	4.0	0.0
65,000 – 74,999	9.0	8.0	7.5	7.0	6.5	6.0	5.5	5.0	4.5	4.0	0.0	0.0
55,000 – 64,999	8.5	7.5	7.0	6.5	6.0	5.5	5.0	4.5	4.0	0.0	0.0	0.0
45,000 – 54,999	8.0	7.0	6.5	6.0	5.5	5.0	4.5	4.0	0.0	0.0	0.0	0.0
35,000 – 44,999	7.5	6.5	6.0	5.5	5.0	4.5	4.0	0.0	0.0	0.0	0.0	0.0
25,000 – 34,999	7.0	6.0	5.5	5.0	4.5	4.0	0.0	0.0	0.0	0.0	0.0	0.0
15,000 – 24,999	6.5	5.5	5.0	4.5	4.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
10,000 – 14,999	5.5	4.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Example 1:

Measurements	Month of Affiliation
Prior 10 months AF production credit total	11
Annualized production total	\$24,000 (months 1-10)
LPF	\$28,800
	N/A (agent has less than 12 months affiliation)

Agent qualifies for a bonus amount of 7.0%, which is applied to new net written property and casualty premium and, for six month auto policies only, first renewal auto premium recorded in the agent's 10th month of affiliation. The bonus is paid in the agent's 11th month of affiliation.

Example 2:

Measurements	Month of Affiliation
Prior 12 months AF production credit total	19
LPF	\$70,000 (months 7-18)
	80%

Agent qualifies for a bonus amount of 7.5%, which is applied to new net written property and casualty premium and, for six month auto policies only, first renewal auto premium recorded in the agent's 18th month of affiliation. The bonus is paid in the agent's 19th month of affiliation.

2.13.3 Incentive Agency Development Bonus – New York (NY)

Qualification for the Incentive Agency Development Bonus – NY is based on the applications per agency (APA)³¹ determined monthly on a 12mm basis. For example, the prior 12 months of applications issued for an agent in the 1st month of affiliation is based on applications that were issued in months three (3) through fourteen (14) and the APA is calculated by taking the total number of applications issued for that period and dividing by twelve (12). For agents with less than 12 months of affiliation, APA is determined by taking the agent's total number of applications issued, prior to the month of qualification, and dividing by the number of full calendar months of affiliation. For example, the total number of applications issued for an agent in the 8th month of affiliation is based on applications that were issued in months one (1) through seven (7) and the APA is calculated by taking the total number applications issued for that period and dividing by seven (7). To qualify for this bonus, an agent must achieve the minimum specified APA level³².

Bonus payout rates are segmented by applications per agency (APA) and length of affiliation. The applicable bonus payout rate is applied to the agent's new net written property and casualty premium and, for six month auto policies only, first renewal auto premium recorded in the month prior to the month of affiliation in which the agent qualified for the bonus. The bonus payout rate is determined by the month of affiliation. The bonus payout rate will not be applied to the following business³³: policies in Assigned Agency or Designated Agency status, Allstate Financial business, Commercial insurance written under any prior agreements, Allstate Motor Club, Allstate Parts and Labor Plus, business written by the Advantage Select Agency, Flood, residual market, and accommodation business, or to any service fees, relationship fees and countersigning fees.

³¹ The APA qualifier will be based on either Standard Auto APA or Property APA, as communicated by the region. Results will be measured using the month end List 60.

³² APA levels will be determined on a cash flow market basis. The cash flow market APA levels used to calculate the bonus will be based on the cash flow market an agency is located in on the first day of the month in which the bonus is calculated.

³³ The bonus percentage will be applied to policies in Agency Direct and Direct Transition status.

SUPPLEMENT FOR THE R3001 AGREEMENT

2.13.3.1 Incentive Agency Development Bonus Table– New York

	Bonus Payout Rates				
	% of Total New Written Premium				
APA ³⁴	9.5	8.5	8.0	7.5	7.0
	9.0	8.0	7.5	7.0	6.5
	8.5	7.5	7.0	6.5	6.0
TBD ³⁵	8.0	7.0	6.5	6.0	5.5
	7.5	6.5	6.0	5.5	5.0
	7.0	6.0	5.5	5.0	4.5
	6.5	5.5	5.0	4.5	4.0
	5.5	4.5	0.0	0.0	0.0
	2-12	13-18	19-24	25-30	31-36
	Month of Affiliation				

2.14 Agency Establishment Bonus

For newly appointed R3001 Agents³⁶ (including Enhanced Satellite Agencies), excluding those who are participating in the Start-up Agency Tiered Incentive Compensation program, purchase the economic interest in a book of business of more than 750 PP&C policies with a combined total of more than \$800,000 in 12mm Total Casualty Earned Premium, have been assigned more than 750 PP&C Plus Policies with a combined total of more than \$800,000 in 12mm Total Casualty Earned Premium (via the HRSC/SWDC process) as the agent of record, or converted from the R3000 program, an Agency Establishment Bonus of \$7,500 will be paid in the first month of affiliation.

If there are both purchases and Plus Policy assignments, then policies from both are included in determining eligibility.³⁷

³⁴ The APA qualifier will be based on either Standard Auto APA or Property APA, as communicated by the region. Results will be measured using the month end List 60.

³⁵ APA levels will be determined on a cash flow market basis. The cash flow market APA levels used to calculate the bonus will be based on the cash flow market an agency is located in on the first day of the month in which the bonus is calculated.

³⁶ Excludes Satellite Agencies.

³⁷ Excludes Plus Policies assigned via the unrepresented accounts distribution or similar program.

2.15 Conversion Bonus

2.15.1 General

An R3001 Agent who converts from the R3000 Agreement, excluding agents who purchase and/or are assigned the economic interest in a book(s) of business of more than 750 PP&C policies with a combined total of more than \$800,000 in 12mm Total Casualty Earned Premium, will receive a Conversion Bonus as determined by the Company.

2.15.2 Calculation

The Conversion Bonus will be calculated by multiplying the R3000 weekly base salary, as shown in the cash flow model, by 18. The R3000 weekly base salary amount excludes overtime, which is computed at one-half the hourly rate of pay.

The Conversion Bonus shall be payable in the first month in which the R3001 Agreement is in effect. It will be paid as a gross amount, not net after taxes. If there is an ALSTAR³⁸ deduction for additional leased equipment or deductions for personal life insurance for the first month, they will be taken from the Conversion Bonus.

3.0 Payment of MVRs Over the Threshold Determined by Region

The agent who exceeds the threshold determined by the region for ordering MVRs may be restricted from ordering MVRs before submitting applications until results improve. As an alternative, an agent may choose to pay for the MVRs over a level established by the Company via a deduction from monies owed the agent for that month. If the amount cannot be recovered that month, then the amount due will be recovered from monies owed in subsequent months, until the full amount is recovered.

4.0 Payment of Monthly Maintenance Fees for Agents Participating in Allstate at Work

R3001 Agents who participate in the Allstate at Work program will have a monthly maintenance fee in the amount of \$32 deducted from monies owed to the agent for that month based on the number of payroll interfaces for each active account in the program. If the amount cannot be recovered that month, then the amount due will be recovered from monies owed in subsequent months, until the full amount is recovered.

³⁸ References to ALSTAR mean either the ALSTAR computer system or Agency Desktop system.

5.0 Recovery of Unearned Commission

If the net of all transactions processed in a month is negative, the negative amount will be considered to be unearned.

When commission is calculated in each subsequent month, total commissions, awards, and bonuses, will be reduced until the full unearned commission amount is recovered. Allstate may reduce the amount we pay you by any amount you owe us, or any of our affiliate(s), regardless of the contract under which you are indebted to us.

Section 4: Transfer of Interest

1.0 Approval of a Transfer of Interest

A transfer of interest in the R3001 Agreement requires prior written consent of the Company. Such consent may be given in the Company's sole discretion and the Company's decision as to whether or not to render such consent will be final.

2.0 Business Included in Transfer of Entire Interest

Upon approval of an R3001 Agent's request for a transfer of the agent's entire interest in the R3001 Agreement, the Company will transfer the policies in the terminating/selling agent's account - excluding any business retained by the Company specifically identified in Chapter 1, Section 2, Subsection 1.0 Definitions¹ - to the account of the transferee.

Note: Policies that are identified in Assigned Agency status (agent type 11), Designated Agency status (agent type 22), and policies coded 01XXXXX will be transferred to the buying agency at 3.5%.²

Policies written through the Ivantage Select Agency will be assigned at the discretion of the Ivantage Select Agency to the buying agency in sale of agency situations. The policies will be assigned to the buying agency at the current applicable commission amount.

3.0 Commission Amounts Applicable to Transferred Business

The same commission rules and amounts applicable, except as noted in this Supplement, to a transferring agent at the time of the transfer will apply to the transferee when a transfer of interest has been approved. This includes both positive and negative premium transactions on policies that were active or terminated at the time of the transfer.

3.1 Requested Agency Policies

Policies that have a requested agency will be transferred to the buying agent in an agency sale situation. These policies are ones where a customer has requested another agent, however, the selling agent was still receiving commissions on the policy.

¹ The exclusion does not apply where a new agreement is executed by the same person to replace an existing R3001 Agreement in order to change to another form of legal entity, e.g. sole proprietorship to corporation or vice versa.

² Policies in Assigned Agency status (agent type 11) will begin renewing at 3.5% based on effective and process dates on or after October 1, 2004. Any policies in Assigned Agency status transferred prior to that time will be transferred at 2% until they renew.

4.0 Allstate Flood Insurance, Assigned Risk, Underwriting Association

Sale of the referenced business, which is at the sole discretion of the agent, is not considered a transfer of interest under the R3001 Agreement.

Section 5: Final Commission Computation

1.0 Computation of Commission

Calculations to determine final commission (not to be confused with the Termination Payment as referenced in Section 6) will be made on commissions recorded in the R3001 Agent's account through the last day the R3001 Agreement is in effect.

Commissions recorded will be based on all new business, renewal business, service fee, relationship fee and countersigning fee amounts issued and recorded on the R3001 Agent's Commission Statement as of the last day the R3001 Agreement is in effect.

The agent will not receive these commissions, if prohibited by state law, due to loss of any required agent license.

2.0 Recovery of Unearned Commission

Recovery of any and all unearned commission shall take place at the time of final commission calculations. Final commission, including Agency Development Bonus, Incentive Agency Development Bonus and business written by the Ivantage Select Agency, will be reduced by the amount of any unearned commission.

If final commission is reduced to a zero amount after deducting unearned commission amounts and any unearned commission amount still remains, this amount becomes due and payable to the Company which reserves the right to collect such amount. The Company may exercise this right by withholding any remaining unearned commission from the Termination Payment described in Section 6 or by receiving payments for such unearned commission directly from the agent.

Section 6: Termination Payment

1.0 R3001 and R3001A Agreement Specifications

The R3001 and R3001A Agreements describe the Termination Payment options available to agents¹. This section elaborates on these provisions.

1.1 Eligible Business

Production compensation for the month in which the R3001 Agent terminates will be included in the Termination Payment **only** if the R3001 Agent's agreement is terminated on the last calendar day of the month. Otherwise, the prior 12 full calendar months' production compensation will be used.

1.1.1 Auto, Personal Property, Commercial

This portion of the payment is based on the earned premiums for the 12 full calendar months preceding the effective date of termination of the agreement on property and casualty secured business in the agent's account.

1.1.2 Allstate Financial

This portion of the payment is based on the 12 full calendar months' new net written premium plus the renewal commissions for the same period on eligible products. Shared business is excluded.

1.2 Excluded Business

The following business is excluded from the Termination Payment calculation:

- Business written by the agent under any prior Allstate employee agent agreement (R830/R1500), other than the R3000 Agreement,
- Business the agent purchases from any other Allstate agent which was written under any agreement other than the R3000 or R3001 Agreement,
- Business written under any prior Allstate employee agent agreement (R830/R1500), other than the R3000 Agreement, for an insured that is subsequently replaced in an affiliated company with no lapse in coverage at the time of replacement,
- Business not receiving renewal commission,
- Plus Policies,
- American Heritage Life Insurance Company business (except for GoodForLife business which is included),

¹ Execution of a new agency agreement by the same person due to a change to another form of legal entity, e.g., sole proprietorship to corporation or vice versa, will not entitle the R3001 Agent to a Termination Payment.

- Allstate Financial fixed annuity products, variable products, and mutual fund business,
- Workplace business of Allstate Life Insurance Company of New York,
- Allstate Flood Insurance,
- Allstate Parts and Labor Plus,
- Assigned Risk,
- Reinsurance Facility business,
- Business on which the agent receives a service fee, relationship fee or countersigning fee,
- Business bound by the Customer Contact Center (CCC) or the Internet and assigned to an agent in Assigned Agency or Designated Agency status²,
- Business in lines which the Company no longer sells in the state(s) in which the agent is appointed to represent the Company,
- Non-Allstate business the agent is permitted to write (such as Underwriting Association, accommodation business, FAIR Plan, Expanded Market Coverage, and California Earthquake Authority).
- Business written by the Ivantage Select Agency

1.3 Termination Payment Calculation

The termination payment will be determined in accordance with the following steps:

STEP	DESCRIPTION	PROCEDURE
1	Determine Buyout Earned Premium by Line	Identify eligible buyout earned premium (new net written premium for Allstate Financial products) by individual line of insurance
2	Determine renewal commissions and variable compensation rate (if applicable)	Identify eligible commission rate % Identify eligible variable rate % (if applicable)
3	Determine Multipliers	Auto / Property / Commercial: Most recent renewal commission rate plus variable compensation rate (if applicable) for particular line times 1.5 Allstate Financial New: .075 (5% x 1.5 = 7.5%) Allstate Financial Renewals: 1.5
4	Apply Multipliers	Calculations made for the following categories ³ : Auto / Property / Commercial / Allstate Financial
5	Determine Total	Combine amounts for all categories.

² Policies in Agency Direct status and Direct Transition status will be included in the Termination Payment calculation.

³ Lines within a category subject to the same rate (multiplier) may be combined for calculation purposes.

EXAMPLE – Established Agencies

<u>Category</u>	<u>Calculation</u>	<u>Payment</u>
Auto (10,16)	<i>Premium eligible for variable compensation⁴</i>	\$500,000
	<i>Multiplier:</i>	
	Current Renewal % plus current Variable Compensation Rate (.09 + .02 = .11)	x .11
	Times 1.5	<u>x 1.5</u>
	<i>Category Total</i>	\$82,500
Property	<i>Premium eligible for variable compensation⁴</i>	\$350,000
	<i>Multiplier:</i>	
	Current Renewal % plus current Variable Compensation Rate (.09 + .02 = .11)	x .11
	Times 1.5	<u>x 1.5</u>
	<i>Category Total</i>	\$57,750
Commercial	<i>Premium eligible for variable compensation⁴</i>	\$65,000
	<i>Multiplier:</i>	
	Current Renewal % plus current Variable Compensation Rate (.09 + .02 = .11)	x .11
	Times 1.5	<u>x 1.5</u>
	<i>Category Total</i>	\$10,725
Allstate Financial	<i>New Net Written Premium</i>	\$25,000
	<i>Multiplier (5% x 1.5)</i>	<u>x .075</u>
	<i>Allstate Financial New</i>	\$1,875
	<i>Renewal Commission</i>	\$2,500
	<i>Multiplier</i>	<u>x 1.5</u>
	<i>Allstate Financial Renewal</i>	<u>\$3,750</u>
	Total Termination Payment Amount	\$156,600

⁴ Refer to Chapter 1, Section 3, Subsection 2.2 for information regarding Variable Compensation.

EXAMPLE - Start-up Agencies

<u>Category</u>	<u>Calculation</u>	<u>Payment</u>	
Auto (10,16)	<i>Premium</i>	\$500,000	
	<i>Multiplier:</i>		
	Current Renewal %	x .10	
	Times 1.5	<u>x 1.5</u>	
	<i>Category Total</i>	\$75,000	
Property	<i>Premium</i>	\$350,000	
	<i>Multiplier:</i>		
	Current Renewal %	x .10	
	Times 1.5	<u>x 1.5</u>	
	<i>Category Total</i>	\$52,500	
Commercial	<i>Premium</i>	\$65,000	
	<i>Multiplier:</i>		
	Current Renewal %	x .10	
	Times 1.5	<u>x 1.5</u>	
	<i>Category Total</i>	\$9,750	
Allstate Financial	<i>New Net Written Premium</i>	\$25,000	
	<i>Multiplier (5% x 1.5)</i>	<u>x .075</u>	
	<i>Allstate Financial New</i>		\$1,875
	<i>Renewal Commission</i>	\$2,500	
	<i>Multiplier</i>	<u>x 1.5</u>	
	<i>Allstate Financial Renewal</i>		<u>\$3,750</u>
	Total Termination Payment Amount		\$142,875

2.0 R3001S and R3001C Agreement Specifications

Currently, the Termination Payment option available to agents under the R3001S and R3001C Agreements is the same as the Termination Payment option available to agents under the R3001 and R3001A Agreements, subject to the terms and conditions described in subsections 1.1, 1.2 and 1.3 of this section.

If an R3001 Agent under the R3001S or R3001C Agreement purchases the economic interest in another R3001 Agency, the Termination Payment on eligible accounts acquired from the selling R3001 Agent will be calculated based on the terms of the R3001S or R3001C Agreement. Similarly, if an agent converted from the R3001 or R3001A Agreement to the R3001S or R3001C Agreement, the Termination Payment on accounts developed under the R3001 or R3001A Agreement will be calculated based on the terms of the R3001S or R3001C Agreement.

If an agent who is currently on the R3001 or R3001A Agreement purchases the economic interest in a book of business of an agent who is on the R3001S or R3001C Agreement, the Termination Payment provision in the purchasing agent's agreement will apply.

The payment of the Termination Payment will be made in 24 monthly installments, subject to appropriate adjustments, beginning no later than the end of the month after the month in which all property, confidential information, and trade secrets belonging to the Company have been returned or made available for return to the Company. Payments are subject to compliance with the terms of the confidentiality and non-competition provisions of the R3001 Agreement, which survive termination of the agreement. Any unremitted payments received by the agency on behalf of the Company and any debts incurred by the agency for which the Company pays may be deducted from the agency's Termination payment at the Company's discretion.

2.1 Vesting

Start-up agents, with affiliation dates of January 1, 2012 and subsequent, will be required to vest for five years before being eligible to receive a termination payment on all secured new business. Vesting will not be required for purchased policies and Plus Policies will continue to vest under the Plus Policy program.

If a Start-Up agency becomes an Established Agency by purchasing the economic interest in and/or being assigned via the Plus Policy program a combined total of more than 750 PP&C policies with a combined total of more than \$800,000 in 12mm Total Casualty Earned Premium, vesting will no longer be required and any new business written will immediately become vested.

Example:

New Agency TPP Vesting Program

	Initial Agency Type	Start-Up Scratch	Start-Up Outside Buyer	Established Outside Buyer
Vesting Requirement	Secured New Business	• 5 Years Affiliation	• 5 Years Affiliation	• Immediate
	Seeded Policies	• Plus Policy Program	• Plus Policy Program	• Plus Policy Program
	Purchased Policies	• N/A	• Immediate ¹	• Immediate

¹TPP eligible amount on purchased policies will be based on the lower of: snapshot of the Outside Buyer's month 2 TPP or total TPP book value at the time the Outside Buyer terminates. Subject to change as determined by the Company in its sole discretion

Section 7: Conversion Allowance¹

1.0 General

The R3001 Agent who converts from an R830 or R1500 Agreement will receive a Conversion Allowance as determined by the Company. Approved buyers who become R3001 Agents by purchasing an agency will not receive a Conversion Allowance.

2.0 Calculation

The Conversion Allowance will be calculated based on the average of the agent's last three months' authorized compensation prior to conversion times a factor (see subsection 3.0), when applicable. For purposes of the Conversion Allowance, business coded to the CCC/Internet will have a factor of 1.0. The Conversion Allowance shall be payable in the first month in which the R3001 Agreement is in effect.

The components of Conversion Allowance are:

- New business (includes first renewal auto)
- Renewal business
- Adjustment to minimum (R830, R1500, if applicable)
- Production Allowance
- Service Fees
- Relationship Fees
- Facility business
- Countersigning fees
- Business bound by the CCC/Internet
- Authorized compensation excludes:
 - Allstate Flood Insurance
 - Assigned Risk
 - Lump sum payments for bonuses, if any, paid by the Company
 - Non-Allstate business the agent is permitted to write, such as Underwriting Association, accommodation business, FAIR Plan, Expanded Market Coverage, California Earthquake Authority.

¹ See Section 3, Subsection 2.15 for Conversion Bonus applicable to R3000 Agents who convert to R3001 status.

The following example illustrates the various components and the method of calculating the Conversion Allowance.

EXAMPLE:

Agent converts to R3001 status on July 1. The calculation will include compensation from the prior 3 months as is indicated in the chart below. This mathematical computation should be completed by line of insurance as follows:

1. April(1) + May(2) + June(3) = **Subtotal**
2. Subtotal divided by 3 = **Average**
3. Average x Applicable Factor by line of insurance = **Component Totals**
4. The **sum** of the various **component totals** will equal the **Conversion Allowance**. (Apply these steps to the example in the following chart.)

R3001

Production Month	March	April	May		July
Compensation Month	April	May	June		

Conversion Allowance calculation example:

Conversion Component	Mo. 1	Mo. 2	Mo. 3	Subtotal	Avg.	Factor	Total
<i>New Business/1st Renewal Auto</i>							
PP&C/First Renewal Auto	\$1050	\$1125	\$1095	\$3270	\$1090	3.68	\$4011
Allstate Financial	700	650	795	2145	715	1.29	922
Commercial Insurance	550	300	425	1275	425	3.46	1471
Other	200	175	210	585	195	1.0	195
<i>Renewal</i>							
PP&C	250	300	350	900	300	1.60	480
Allstate Financial	100	125	150	375	125	1.29	161
Commercial Insurance	80	50	110	240	80	1.0	80
Other	125	150	120	395	132	1.0	132
Adjustment to Minimum	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Production Allowance	115	120	75	310	103	1.0	103
Service Fees	60	45	50	155	52	1.0	52
Relationship Fees	0	0	0	0	0	1.0	0
Facility Business	0	0	0	0	0	1.0	0
Countersigning Fees	0	0	0	0	0	1.0	0
CCC & Internet Bound Business	100	100	100	300	100	1.0	100
Conversion Allowance							\$7707

Note: Conversion factors are designed to approximate the R3001 new and renewal commission amounts and help offset future charge back activity to policies processed at 0% in the month prior to conversion.

3.0 Conversion Factors

The following conversion factors will be applied when calculating the Conversion Allowance:

	PP & C ²		Allstate Financial	Commercial		Other ³
	New	Renewal	New & Renewal	New	Renewal	New & Renewal
R830						
<i>Option A</i>	1.00	2.22	1.29	1.00	1.72	1.00
<i>Option B</i>	1.00	1.82	1.29	1.00	1.41	1.00
<i>Option C</i>	1.00	1.54	1.29	1.04	1.19	1.00
R1500						
<i>Option A</i>	2.16	1.67	1.29	2.16	1.67	1.00
<i>Option B</i>	1.85	1.43	1.29	1.85	1.43	1.00
<i>Option C</i>	1.62	1.25	1.29	1.62	1.25	1.00

The Conversion Allowance will be paid as a gross amount, not net after taxes, in month one as an R3001 Agent. If there is an ALSTAR⁴ deduction for additional leased equipment, or deductions for personal life insurance for the first month, they will be taken from the Conversion Allowance.

² Voluntary business only, excluding business bound by the Customer Contact Center (CCC) or the Internet.

³ Includes Facility business, including business bound by the CCC/Internet.

⁴ References to ALSTAR mean either the ALSTAR computer system or the Agency Desktop system.

Section 8: Operating Procedures for Agency Technology

1.0 General

This section applies to agencies using technology supplied by the agency to conduct Allstate Business.

As used in this section, Agency Technology includes any technology utilized by agencies to transmit and process insurance and Company business. With Agency Technology, agencies will be required to supply and maintain at their own expense, the necessary desktop/notebook workstation equipment, desktop/notebook workstation software, broadband internet connectivity and networking, and telephone systems.

Allstate will make its Gateway Portal available over the internet in order for agencies using Agency Technology to conduct business with the Company. Allstate applications, including but not limited to, Alliance, Agency IMPACT System, and ALSTAR, will be available on this Gateway Portal. Agents must use only Company approved software to provide a quote and/or illustration of any product.

2.0 Agency Technology Specifications

To ensure compatibility with the Gateway Portal, along with optimal customer experiences, all Agency Technology must meet or exceed the technology specifications shown in Agency Standards - Exhibit A. These technology specifications include the security specifications necessary to help protect Allstate information.

3.0 Asset Protection

Allstate has many resources. As a Company representative, you are being trusted with access to some of those assets, and are expected to protect and preserve them for Company use. All information transmitted, received and contained in the Gateway Portal or through any Allstate provided software remains the property and asset of the Company. Disclosing, altering, or destroying any Allstate information without the Company's approval is prohibited.

4.0 Use

The agent will use the Gateway Portal, and any company provided software in accordance with the terms and conditions outlined in this section of the Supplement, and will comply with all applicable laws and regulations as well as company procedures as outlined in the Allstate Agency IT Usage Policy - Agency Choice Technology, the “Company Property, Confidentiality” section of the R3001 Exclusive Agency Agreement, and the “Confidentiality of Information” section of the R3001 Agency Standards. The agent assumes full responsibility for the use of the Gateway Portal, and any company provided software or equipment by the agent’s employees or other persons working on the agent’s behalf.

5.0 Security

The agent is responsible for securing and safeguarding any confidential and proprietary information which is accessible through the use of the Gateway Portal and/or any company provided software. Allstate reserves the right to deny access to the Gateway Portal and the Allstate network for failure to comply with Allstate’s security requirements. Security requirements are contained in the Allstate Agency Standards.

To ensure that the Company’s confidential and proprietary information is being secured and safeguarded consistent with the “Confidentiality of Information” section of the Allstate Agency Standards, Allstate may at its discretion, inspect your agency’s security and safeguarding practices. This inspection may be done any time during normal agency hours without notice by the Company or its designated inspectors and you shall have the duty to cooperate fully with the party(ies) making such inspection. The inspection may include Allstate Confidential Information stored in any manner, including your agency computer systems. The inspection may be conducted through any appropriate means, such as a remote connection to your computers.

6.0 Maintenance/Limitation of Liability

Agencies are responsible for procuring the necessary maintenance and repair services for all agency-owned desktop/notebook workstation equipment, desktop/notebook workstation software, internet connectivity and networking, telephone systems, and any related peripheral equipment.

Allstate will maintain the Gateway Portal, and make updates as necessary. Allstate’s obligations in connection with Gateway Portal are limited to providing maintenance and making updates as necessary. This obligation is in lieu of all other warranties, expressed or implied, and is further in lieu of any other obligation or liability to pay damages whether direct, indirect, special or consequential, arising out of, or in connection with, the use of the Gateway Portal and/or any company provided software.

Allstate will not be responsible for any delay, failure in performance, or interruption of service resulting directly or indirectly from acts of God, civil disturbance, war, accident, strikes, fire, or other catastrophes, shortage of parts, materials, labor, power, transportation or other events beyond Allstate's reasonable control.

7.0 Modifications

The agent may not modify, alter, disclose or distribute software provided by the Company, or the information contained therein. Any software provided must be used in compliance with its license agreement, and in accordance with the purpose for which it was provided. Software provided by Allstate will specify the number of computers on which it can be installed. You may not copy software provided by Allstate unless the software is legally permitted to be copied or shared without violation of copyright or trade mark laws. Allstate retains the right to protect the Gateway Portal and any software it may provide in any way deemed necessary.

8.0 Notice of Loss

The agent is responsible for notifying Allstate through the Privacy Incident Reporting Process by reporting the incident to the Allstate Alert Us Line at 1-800-427-9389 when any computer equipment used in the course of conducting Allstate agency business is lost or stolen as that computer equipment may contain customer information. At the end of that equipment's useful life, all customer information must be securely removed as specified in the "Confidentiality of Information" section of Agency Standards.

9.0 Return of Customer Information and Software

Upon termination for any reason of your agency relationship with Allstate, you must return all customer information to the Company, along with any software provided by the Company.

Once a copy of the Allstate customer information stored on your agency PCs has been provided to Allstate, all customer information must be securely removed from your PCs as specified in the "Confidentiality of Information" section of Agency Standards.

Chapter 2: Schedule of Commissions

CHAPTER 2: Schedule of Commissions

REVISION DATE: February 1, 2013

Section 1: Introduction

1.0 General

This chapter contains the current commission amounts applicable to products sold by the R3001 Agent. Rules for special commission situations are contained in Chapter 3.

2.0 Applying Commission Amounts to Converting Agents' Business

Once the agent has converted to the R3001 Agreement, the next renewal of each property and casualty policy in his or her account will be recorded at the applicable renewal amount contained in this chapter. Prior to each renewal, any policy activity (endorsement, chargeback) will be recorded at the applicable amount from the agent's former agreement.

Commissions for Allstate Financial business issued prior to the agent's conversion will be in accordance with the agent's former agreement, except as follows:

- For agents that converted prior to July 1, 1994, all UL policies written prior to July 1, 1994 that are in their sixth or subsequent policy year will be paid at the current Policy Value rate¹ (Chapter 2, Section 1d). This is in lieu of renewal commission on UL excess premium.
- Flexi policies sold at a level 3% compensation amount will be paid at a 3.5% commission amount on additional contributions after conversion.

Commissions on any unrepresented policies assigned to R3000 Agents for seeding purposes which have not been captured during the first two annual renewal periods after assignment, but on which the R3001 Agent becomes the Agent of Record, will be adjusted (reduced) for the next two annual renewals to 3.5%.

Finally, after conversion there will be no further renewal commissions for Motor Club business sold prior to conversion.

¹ Not applicable to New York R3001 Agents.

Section 1a: Auto

1.0 General

Those lines in the Auto line group and included in like lines for purposes of agent commission are listed in Chapter 3, Section 2.

In cases where a countersigning agent in a non-resident state is to receive a fee for countersigning a policy, this fee will reduce the commission of the Writing Agent. Any such reduction will be reflected on the Writing Agent's production statement.

1.1 Plus Policies

Commission amounts on Plus Policies, including added coverage, will be 6% on the applicable net written premium for Standard Private Passenger auto policies and 4% on the applicable net written premium for Non-Standard Private Passenger auto policies. Commercially Rated, Non-Fleet Plus Policies will be paid at the rates listed in subsection 4.1.

1.2 Customer Contact Center (CCC)/Internet Policies¹

Policies bound by the Customer Contact Center (CCC)/Internet and assigned to R3001 Agents in Direct Transition status will receive zero percent (0%) new business and full renewal commissions.

New, first renewal and subsequent renewal commissions on policies bound by the CCC/Internet and assigned to R3001 Agents in Assigned Agency or Agency Direct status will be 3.5%² on the net written premium.

Commissions on Added Coverages to policies bound by the CCC/Internet and in Assigned Agency or Agency Direct status will be 3.5%³ on the net written premium for the Added Coverage on a pro-rated basis until the next renewal. If the Added Coverage to the policy in Assigned Agency status is a Major Coverage and such coverage was added (bound) by an agency, the agency adding the coverage will receive 3.5% on the net written premium for the Added (Major) Coverage on a pro-rated basis until the next renewal and the agency will capture the policy at 3.5% at the next renewal as described in Chapter 4 of this Supplement.

New, first renewal and subsequent renewal commissions on policies bound by the CCC (prior to September 14, 2009)/Internet that are captured as described in Chapter 4 of this Supplement and are in Designated Agency status will be 3.5% on the net written premium.

¹ Unless identified as resulting from an agent forwarded phone or the agent's home page on the Internet beginning October 4, 2004 and subsequent – agent type 41.

² Commissions on policies renewing with an effective and process date prior to October 1, 2004 will be 2% on the net written premium.

³ Commissions on policies renewing with an effective and process date prior to October 1, 2004 will be 2% on the net written premium for the Added Coverage on a pro-rated basis until the next renewal.

Added Coverage to policies bound by the CCC/Internet and in Designated Agency status will be 3.5% on the net written premium for the Added Coverage on a pro-rated basis until the next renewal. At the next renewal, the Designated Agency will receive 3.5% on the entire premium.

2.0 Established Agencies

Voluntary Auto Table 1 (subsection 4.1) is applicable to business that is effective and processed on or after January 1, 2013 for Established Agencies. Policy activity on business that is effective or processed prior to January 1, 2013 will be recorded at the applicable amount from the Voluntary Auto Table 2 schedule in Subsection 4.2.

3.0 Start-up Agencies

Voluntary Auto Table 2 (subsection 4.2) is applicable to Start-up Agencies.

For Start-up Agencies who become an Established Agency by achieving 37 full months of affiliation in the calendar year, the Voluntary Auto Table 1 is applicable to business that is effective and processed on or after January 1 of that calendar year. Business that is effective or processed prior to January 1 of the calendar year Established Agency status is attained will be paid at these rates upon the next renewal of each auto policy in the agent's account. Prior to each renewal, any policy activity will be recorded at the applicable amount from the Voluntary Auto Table 2 schedule in Section 4.2. Chargebacks will be recorded at the initial rate paid. For example, in situations where an agency writes a policy as a Start-up Agency and the policy subsequently charges back when the agency is an Established Agency, the chargeback will be at the initial rate paid when the agency was a Start-up.

For Start-up Agencies who become an Established Agency by purchasing the economic interest in over 750 PP&C policies with a combined total of more than \$800,000 in 12mm Total Casualty Earned Premium, the Voluntary Auto Table 1 is applicable to business that is effective and processed on or after the month following the purchase. Business that is effective or processed during and prior to the month of purchase, will be paid at these rates upon the next renewal of each auto policy in the agent's account. Prior to each renewal, any policy activity will be recorded at the applicable amount from the Voluntary Auto Table 2 schedule in Section 4.2. Chargebacks will be recorded at the initial rate paid. For example, in situations where an agency writes a policy as a Start-up Agency and the policy subsequently charges back when the agency is an Established Agency, the chargeback will be at the initial rate paid when the agency was a Start-up.

4.0 Tables

The following tables contain the current commission amounts for R3001 Agents applicable to auto policies, except policies bound by the Customer Contact Center (CCC)/Internet, unless identified as resulting from an agent forwarded phone or the agent's home page on the Internet beginning October 4, 2004 and subsequent (agent type 41) and Plus Policies. Refer to subsections 2.0 and 3.0 to determine which table is applicable.

4.1 Voluntary Auto⁴ Table 1

Policies paid based on the commission amounts in the following table are eligible for variable compensation. Refer to Chapter 1, Section 3, Subsection 2.2 for information regarding variable compensation.

Line	Commission Amounts			
	New ⁵ %	First Renewal ⁶ %	Subs. Renewal %	Added Coverage %
STANDARD				
Private Passenger				
Allstate Insurance	9	9	9	9
Allstate Indemnity – TX	9	9	9	9
Allstate Indemnity – CA ⁷ , MD ⁸ , MN ⁹ & NC ¹⁰	9	9	9	9
Allstate County Mutual - TX	9	9	9	9
Allstate Fire and Casualty Insurance Company - TX	9	9	9	9
Allstate Property and Casualty	9	9	9	9
NON-STANDARD				
Allstate Indemnity - <i>excluding</i> TX	7	7	7	7
Allstate Indemnity – CA ¹¹ , MD ¹² , MN ¹³ & NC ¹⁴	7	7	7	7
Allstate County Mutual – TX	7	7	7	7
Commercially Rated, Non-Fleet				
All Allstate Companies <i>except</i> Allstate New Jersey	9	NA	9	9
Allstate New Jersey	6.5	NA	6.5	6.5

⁴ Commission amounts for products sold under the Emerging Business Pilot are located in Section 1f.

⁵ Refer to subsection 4.3 for information regarding policies bound through an agent’s home page on the Internet or bound by the CCC as resulting from an agent forwarded phone.

⁶ First renewal is applicable to six month auto policies only.

⁷ Allstate Indemnity policies effective 6/1/93 and subsequent and Allstate Insurance Company policies effective 1/1/92 through 5/31/93 which were rolled over to Allstate Indemnity after 8/1/93.

⁸ Allstate Indemnity policies effective 12/7/2004 and subsequent

⁹ Allstate Indemnity policies effective 10/17/2005 and subsequent

¹⁰ Allstate Indemnity policies written in Standard Tiers as part of SRM 2 effective 9/17/01

¹¹ Allstate Indemnity policies effective prior to 6/1/93 only

¹² Allstate Indemnity policies effective prior to 12/7/2004

¹³ Allstate Indemnity policies effective prior to 10/17/2005

¹⁴ Allstate Indemnity policies written in Non-standard Tiers as part of SRM 2 effective 9/17/01

4.2 Voluntary Auto¹⁵ Table 2

Line	Commission Amounts			
	New ¹⁶ %	First Renewal ¹⁷ %	Subs. Renewal %	Added Coverage %
STANDARD				
Private Passenger				
Allstate Insurance	10	10	10	10
Allstate Indemnity – TX	10	10	10	10
Allstate Indemnity – CA ¹⁸ , MD ¹⁹ , MN ²⁰ & NC ²¹	10	10	10	10
Allstate County Mutual - TX	10	10	10	10
Allstate Fire and Casualty Insurance Company - TX	10	10	10	10
Allstate Property and Casualty	10	10	10	10
NON-STANDARD				
Allstate Indemnity - <i>excluding</i> TX	8	8	8	8
Allstate Indemnity – CA ²² , MD ²³ , MN ²⁴ & NC ²⁵	8	8	8	8
Allstate County Mutual – TX	8	8	8	8
Commercially Rated, Non-Fleet				
All Allstate Companies <i>except</i> Allstate New Jersey	10	NA	10	10
Allstate New Jersey	6.5	NA	6.5	6.5

¹⁵ Commission amounts for products sold under the Emerging Business Pilot are located in Section 1f.

¹⁶ Refer to subsection 4.3 for information regarding policies bound through an agent’s home page on the Internet or bound by the CCC as resulting from an agent forwarded phone.

¹⁷ First renewal is applicable to six month auto policies only.

¹⁸ Allstate Indemnity policies effective 6/1/93 and subsequent **and** Allstate Insurance Company policies effective 1/1/92 through 5/31/93 which were rolled over to Allstate Indemnity after 8/1/93.

¹⁹ Allstate Indemnity policies effective 12/7/2004 and subsequent

²⁰ Allstate Indemnity policies effective 10/17/2005 and subsequent

²¹ Allstate Indemnity policies written in Standard Tiers as part of SRM 2 effective 9/17/01

²² Allstate Indemnity policies effective prior to 6/1/93 only

²³ Allstate Indemnity policies effective prior to 12/7/2004

²⁴ Allstate Indemnity policies effective prior to 10/17/2005

²⁵ Allstate Indemnity policies written in Non-standard Tiers as part of SRM 2 effective 9/17/01

4.3 Policies Bound through an Agent’s Home Page on the Internet or Bound by the Customer Contact Center (CCC)/Internet as Resulting from an Agent Forwarded Phone

Personal auto business bound through an agent’s home page on the Internet will receive:

- 0% new business (effective October 4, 2004 through December 31, 2008)
- Full new business (effective January 1, 2009 and subsequent)
- Full renewal (effective October 4, 2004 and subsequent)

Personal auto business bound in the CCC/Internet that has been identified as resulting from an agent forwarded phone will receive:

- 0% new business (effective October 4, 2004 and subsequent)
- Full renewal (effective October 4, 2004 and subsequent)

If the software used to determine whether the call is from an agent forwarded phone or a direct call to the CCC is not operating, then business bound by the CCC on a new to Allstate customer who does not request an agent will be coded to the CCC house account number, and any existing customers and new Allstate customers that request an agent will be assigned to the agent as an agent type 41.

4.4 Residual Market

Allstate agents are not authorized to charge any fees or accept any compensation beyond that provided for in the agent's agency agreement, or the commission as set forth by the particular state residual market plan except they may charge any fee which is specifically authorized by the particular state Assigned Risk plan rules. The commission and any specifically authorized fee for Assigned Risk plan business is intended to cover the agent's total involvement in the act of providing insurance.

4.4.1 Reinsurance Facility (Business Bound by R3001 Agents)

State	Commission Amounts		
	New %	First Renewal ²⁶ %	Subsequent Renewal %
North Carolina	10	10	10
New Hampshire ²⁷	10	10	6.5

²⁶ First renewal is applicable to six month auto policies only.

²⁷ The New Hampshire Driving Record Surcharge will be excluded from Facility premium for purposes of agent commission. The agent will receive a flat payment of \$5.00 for each driving record point up to a maximum of \$25.00 (5 points).

4.4.2 Underwriting Association

State	Commission Amounts
Michigan (AIPF)	10%
Hawaii (JUP) New Business Renewals	8% capped at \$75 per item 5% capped at \$35 per item

5.0 California Low Cost Auto Policy

5.1 General

This policy has been legally mandated as a pilot project effective June 1, 2000 through January 1, 2004 in San Francisco and Los Angeles as a product to assist low-income families purchasing liability-only auto insurance.

The Atlantic Shared Markets Service Center will handle the processing of the policy.

5.2 Eligibility

The State of California has mandated that agents in California sell this policy.

5.3 Commissions

The current commission for California Low Cost Auto insurance is 12% of the premium received, which shall be a \$35 minimum of a newly issued policy. The remainder will be earned on a pro rata basis after the first \$35 would have been earned pro rata.

6.0 Allstate Parts and Labor Plus²⁸

	Commission Amount
Agent Produced Business	18%

²⁸ The Allstate Parts and Labor Plus program has been discontinued effective January 31, 2005.

Section 1b: Personal Property

1.0 General

In cases where a countersigning agent in a non-resident state is to receive a fee for countersigning a policy, this fee will reduce the commission of the Writing Agent. Any such reduction will be reflected on the Writing Agent's production statement.

1.1 Plus Policies

Commission amounts on Plus Policies, including added coverage, will be 6% on the applicable net written premium.

1.2 Customer Contact Center (CCC)/Internet Policies¹

Policies bound by the Customer Contact Center (CCC)/Internet and assigned to R3001 Agents in Direct Transition status will receive zero percent (0%) new business and full renewal commissions.

New and renewal commissions on policies bound by the CCC/Internet and assigned to R3001 Agents in Assigned Agency or Agency Direct status will be 3.5%² on the net written premium.

Commissions on Added Coverages to policies bound by the CCC/Internet and in Assigned Agency or Agency Direct status will be 3.5%³ on the net written premium for the Added Coverage on a pro-rated basis until the next renewal. If the Added Coverage to the policy in Assigned Agency status is a Major Coverage and such coverage was added (bound) by an agency, the agency adding the coverage will receive 3.5% on the net written premium for the Added (Major) Coverage on a pro-rated basis until the next renewal and the agency will capture the policy at 3.5% at the next renewal as described in Chapter 4 of this Supplement.

New and renewal commissions on policies bound by the CCC (prior to September 14, 2009)/Internet that are captured as described in Chapter 4 of this Supplement and are in Designated Agency status will be 3.5% on the net written premium.

Added Coverage to policies bound by the CCC/Internet and in Designated Agency status will be 3.5% on the net written premium for the Added Coverage on a pro-rated basis until the next renewal. At the next renewal, the Designated Agency will receive 3.5% on the entire premium.

¹ Unless identified as resulting from an agent forwarded phone or the agent's home page on the Internet beginning October 4, 2004 and subsequent – agent type 41.

² Commissions on policies renewing with an effective and process date prior to October 1, 2004 will be 2% on the net written premium.

³ Commissions on policies renewing with an effective and process date prior to October 1, 2004 will be 2% on the net written premium for the Added Coverage on a pro-rated basis until the next renewal.

2.0 Established Agencies

Personal Property Table 1 (subsection 4.1) is applicable to business that is effective and processed on or after January 1, 2013 for Established Agencies. Policy activity on business that is effective or processed prior to January 1, 2013 will be recorded at the applicable amount from the Personal Property Table 2 (subsection 4.2).

3.0 Start-up Agencies

Personal Property Table 2 (subsection 3.2) is applicable to Start-up Agencies.

For Start-up Agencies who become an Established Agency by achieving 37 full months of affiliation in the calendar year, the Personal Property Table 1 is applicable to business that is effective and processed on or after January 1 of that calendar year. Business that is effective or processed prior to January 1 of the calendar year Established Agency status is attained will be paid at these rates upon the next renewal of each property policy in the agent's account. Prior to each renewal, any policy activity will be recorded at the applicable amount from the Personal Property Table 2 schedule in Section 4.2. Chargebacks will be recorded at the initial rate paid. For example, in situations where an agency writes a policy as a Start-up Agency and the policy subsequently charges back when the agency is an Established Agency, the chargeback will be at the initial rate paid when the agency was a Start-up.

For Start-up Agencies who become an Established Agency by purchasing the economic interest in over 750 PP&C policies with a combined total of more than \$800,000 in 12mm Total Casualty Earned Premium, the Personal Property Table 1 is applicable to business that is effective and processed on or after the month following the purchase. Business that is effective or processed during and prior to the month of purchase, will be paid at these rates upon the next renewal of each property policy in the agent's account. Prior to each renewal, any policy activity will be recorded at the applicable amount from the Personal Property Table 2 schedule in Section 4.2. Chargebacks will be recorded at the initial rate paid. For example, in situations where an agency writes a policy as a Start-up Agency and the policy subsequently charges back when the agency is an Established Agency, the chargeback will be at the initial rate paid when the agency was a Start-up.

4.0 Tables

The following table contains the current commission amounts for R3001 Agents applicable to the various lines in the Personal Property category, except policies bound by the Customer Contact Center (CCC)/Internet, unless identified as resulting from an agent forwarded phone or the agent's home page on the Internet beginning October 4, 2004 and subsequent (agent type 41) and Plus Policies. Refer to subsections 2.0 and 3.0 to determine which table is applicable.

4.1 Personal Property Table 1

Policies paid based on the commission amounts in the following table are eligible for variable compensation. Refer to Chapter 1, Section 3, Subsection 2.2 for information regarding variable compensation.

Line of Insurance	Commission Amounts		
	New ⁴ %	Add Coverage %	Renewal %
Personal Property Homeowners (including Condominium and Renters ⁷) Mobilehome Boatowners ⁵ (including Recreational Package Policy) Residential Fire (including CPL) Landlords Package Policy Personal Umbrella Policy	9	9	9
Workers' Comp Residence Employees	9	9	4

4.2 Personal Property Table 2

Line of Insurance	Commission Amounts		
	New ⁶ %	Add Coverage %	Renewal %
Personal Property Homeowners (including Condominium and Renters ⁷) Mobilehome Boatowners ⁷ (including Recreational Package Policy) Residential Fire (including CPL) Landlords Package Policy Personal Umbrella Policy	10 ⁸	10 ⁸	10
Workers' Comp Residence Employees First \$500 Over \$500	10 7.5	10 7.5	5 5

⁴ Refer to subsection 4.3 for information regarding policies bound through an agent's home page on the Internet or bound by the CCC as resulting from an agent forwarded phone.

⁵ Commission rates for products sold under the Emerging Business Pilot are located in Section 1f

⁶ Refer to subsection 4.2.1 for information regarding policies bound through an agent's home page on the Internet or bound by the CCC as resulting from an agent forwarded phone.

⁷ Commission rates for products sold under the Emerging Business Pilot are located in Section 1f

⁸ This amount applies to premium issued from January 2003 and subsequent on policies with effective dates of January 1, 2003 and subsequent.

4.2.1 Policies Bound through an Agent's Home Page on the Internet or Bound by the Customer Contact Center (CCC)/Internet as Resulting from an Agent Forwarded Phone

Personal auto business bound through an agent's home page on the Internet will receive:

- 0% new business (effective October 4, 2004 through December 31, 2008)
- Full new business (effective January 1, 2009 and subsequent)
- Full renewal (effective October 4, 2004 and subsequent)

Personal auto business bound in the CCC/Internet that has been identified as resulting from an agent forwarded phone will receive:

- 0% new business (effective October 4, 2004 and subsequent)
- Full renewal (effective October 4, 2004 and subsequent)

If the software used to determine whether the call is from an agent forwarded phone or a direct call to the CCC is not operating, then business bound by the CCC on a new to Allstate customer who does not request an agent will be coded to the CCC house account number, and any existing customers and new Allstate customers that request an agent will be assigned to the agent as an agent type 41.

5.0 Allstate Flood Insurance

R3001 Agents are permitted to sell flood insurance through Allstate under Allstate's agreement to write through the NFIP Write Your Own Flood Program.⁹ The current commission amount on agency written business is 17% new and 14% renewal.

The flood insurance commission schedule has been enhanced on agency written business to 18% new business and 16% renewal for agents achieving \$300,000¹⁰ or more in total flood insurance written premium as of December of each year. This enhancement is applicable to agents regardless of which commission schedule, Allstate or NFIP, has been selected.

6.0 California Earthquake Authority

Allstate agents are permitted to sell California Earthquake Authority business through a state regulated program for customers with companion personal property policies. The current commission amount on agency bound business is 10% on both new business and renewal.

⁹ Flood insurance cannot be written directly through the National Flood Insurance Program (NFIP).

¹⁰ Total new and renewal written premium based on prior year end results as reported to Allstate by an authorized third-party supplier. Results will be re-evaluated each year end.

Section 1c: Commercial

1.0 General

Commission for Commercial policies issued as the result of a lead forwarded to the Business Insurance Center (BIC) will result in a reduced commission to the agent. The reduced commission is described in Chapter 3, Section 5.0, Subsection 2.0.

2.0 Established Agencies

Voluntary Commercial Table 1 (subsection 4.1) is applicable to business that is effective and processed on or after January 1, 2013 for Established Agencies. Policy activity on business that is effective or processed prior to January 1, 2013 will be recorded at the applicable amount from Voluntary Commercial Table 3 (subsection 4.3 – Prior to New Product Implementation) or Voluntary Commercial Table 4 (subsection 4.4 – After New Product Implementation).

3.0 Start-up Agencies

Voluntary Commercial Table 2 (subsection 4.2) is applicable to Start-up Agencies.

For Start-up Agencies who become an Established Agency by achieving 37 full months of affiliation in the calendar year, the Voluntary Commercial Table 1 is applicable to business that is effective and processed on or after January 1 of that calendar year. Business that is effective or processed prior to January 1 of the calendar year Established Agency status is attained, will be paid at these rates upon the next renewal of each commercial policy in the agent's account. Prior to each renewal, any policy activity will be recorded at the applicable amount from Voluntary Commercial Table 3 (subsection 4.3 – Prior to New Product Implementation) or Voluntary Commercial Table 4 (subsection 4.4 – After New Product Implementation). Chargebacks will be recorded at the initial rate paid. For example, in situations where an agency writes a policy as a Start-up Agency and the policy subsequently charges back when the agency is an Established Agency, the chargeback will be at the initial rate paid when the agency was a Start-up.

For Start-up Agencies who become an Established Agency by purchasing the economic interest in over 750 PP&C policies with a combined total of more than \$800,000 in 12mm Total Casualty Earned Premium, the Personal Property Table 1 is applicable to business that is effective and processed on or after the month following the purchase. Business that is effective or processed during and prior to the month of purchase, will be paid at these rates upon the next renewal of each property and casualty policy in the agent's account. Prior to each renewal, any policy activity will be recorded at the applicable amount from Voluntary Commercial Table 3 (subsection 4.3 – Prior to New Product Implementation) or Voluntary Commercial Table 4 (subsection 4.4 – After New Product Implementation). Chargebacks will be recorded at the initial rate paid. For example, in situations where an agency writes a policy as a Start-up Agency and the policy subsequently charges back when the agency is an Established Agency, the chargeback will be at the initial rate paid when the agency was a Start-up.

4.0 Tables

The following tables contain the current commission amounts for R3001 Agents applicable to Commercial insurance written in Allstate Insurance Company, Allstate Indemnity Company, Allstate Texas Lloyds Inc., Allstate County Mutual Insurance Company and Allstate New Jersey Insurance Company. Refer to subsections 2.0 and 3.0 to determine which table is applicable. Refer to Chapter 3, Section 5.0, Subsection 2.0, for information regarding commissions on policies issued as a result of leads forwarded to the Business Insurance Center (BIC).

4.1 Voluntary Commercial Table 1 effective on or after 1/1/2013 (Rates in effect Prior to and After New Product Implementation)

Policies paid based on the commission amounts in the following table are eligible for variable compensation. Refer to Chapter 1, Section 3, Subsection 2.2 for information regarding variable compensation.

Line	Commission Amounts	
	New %	Renewal %
All Allstate Companies excluding Allstate New Jersey All Commercial Lines	9	9
Allstate New Jersey All Commercial Lines	6.5	6.5

4.2 Voluntary Commercial Table 2 effective on or after 1/1/2013 (Rates in effect Prior to and After New Product Implementation)

Line	Commission Amounts	
	New %	Renewal %
All Allstate Companies excluding Allstate New Jersey All Commercial Lines	10	10
Allstate New Jersey All Commercial Lines	6.5	6.5

4.3

**4.4 Voluntary Commercial Table 3 effective prior to 1/1/2013
(Rates in Effect Prior to New Product Implementation)**

Line	Commission Amounts	
	New %	Renewal %
All Allstate Companies excluding Allstate New Jersey Commercial Casualty - Auto	10	10
All Allstate Companies excluding Allstate New Jersey Commercial Casualty - All Other ¹ Commercial Fire Business Package Policy Texas Commercial Package Policy Customizer First \$2,500 Over \$2,500	20 12	10 10
Allstate New Jersey All Commercial Lines	6.5	6.5

**4.5 Voluntary Commercial Table 4 effective on or after 1/1/2013
(Rates in Effect After New Product Implementation)**

Line	Commission Amounts	
	New %	Renewal %
All Allstate Companies excluding Allstate New Jersey Commercial Casualty - Fleet	10	10
All Allstate Companies excluding Allstate New Jersey Commercial Casualty - All Other ¹ Businessowners Policy Commercial Package Policy Texas Commercial Package Policy	20	10
Allstate New Jersey All Commercial Lines	6.5	6.5

¹ Except non-fleet. See Chapter 2, Section 1a for non-fleet.

4.6 Residual Market

4.6.1 Reinsurance Facility

State	Commission Amounts	
	New %	Renewal %
North Carolina	10	10

4.6.2 Underwriting Association

State	Commission Amounts	
	New %	Renewal %
Hawaii	8	5

Section 1d: Allstate Financial

The information and rules in this section apply to all R3001 Agents except where otherwise indicated. Any reference to Exclusive Financial Specialists includes New York Financial Specialists unless otherwise indicated.

1.0 Products

1.1 Allstate Financial Products (Excludes New York)

All business issued and placed prior to July 1, 2000 will be paid under the commission schedules that were in effect as of June 30, 2000, even if the business is subsequently changed. Additional deposits on existing annuity policies will be paid at the current commission schedules except for annuities issued prior to July 1, 1999. Annuities issued prior to July 1, 1999 will be paid based on the commission schedules in effect at that time. Lincoln Benefit Life policies issued and placed prior to July 1, 2000, will continue to be paid as earned. If the policy was initially recorded prior to an agent's conversion to the R3001 Agreement, the commission amounts applicable will be in accordance with the schedule under the agent's former agreement as it existed at the time of policy issuance, except as noted in Chapter 2, Section 1.

Charge backs will be treated in the same manner that commissions were applied.

1.2 Allstate Life Insurance Company of New York Products

All business written and issued prior to January 1, 2001 will be paid under the commission schedules that were in effect as of December 31, 2000, even if the business is subsequently changed. Additional deposits on existing annuity policies will be paid at the current commission schedules except for annuities issued prior to July 1, 1999. Annuities issued prior to July 1, 1999 will be paid based on the commission schedules in effect at that time. If the policy was initially recorded prior to an agent's conversion to the R3001 Agreement, the commission amounts applicable will be in accordance with the schedule under the agent's former agreement as it existed at the time of policy issuance, except as noted in Chapter 2, Section 1.

Charge backs will be treated in the same manner that commissions were applied.

2.0 Basis of Commissions

Refer to Exhibit A for the countrywide (excluding New York) basis of commissions by product and Exhibit B for the New York basis of commissions by product.

New business commissions are paid as follows:

- Life
 - On applications eligible for advanced commissions – after submission and receipt/processing of payment¹
 - On all other applications – when the policy is issued and credit released
- Annuities
 - On deposits eligible for advanced commissions – when the application and/or transfer request is received and processed¹
 - On all other deposits – when the deposit is applied to the contract
- Excess Universal Life premiums – when additional premium is applied to the policy

Renewal commissions are paid as follows:

- Universal Life – as premium is applied to the policy
- Fixed Premium Life – later of the policy anniversary or the first payment for the policy year
- GoodForLife – the first payment for the policy anniversary period
- Excess Universal Life premiums – when additional premium is applied to the policy
- Window Period Renewals - 16 calendar days² after the close of the Window Period

Renewal commissions for fixed Life (non UL) policies are paid when the renewal payment is applied and when the policy has reached its anniversary (both conditions must be met).

3.0 Commissions on Allstate Branded Universal Life Business

R3001 Agents earn new business commissions at the time the policy is written and issued based on the minimum annual premium. Excess commissions will be paid on additional contributions, above the first year minimum annual premium, within the first policy year. In the second and subsequent policy years, the agent will receive renewal commissions on any and all subsequent payments (scheduled or unscheduled) made by the customer at the time the payment is applied to the policy. Renewal commissions will not be paid on Universal Life business when cash values are applied to fund deductions (i.e. paying the cost of insurance, and other expense). Only new contributions to the policy fund will receive renewal commissions.

¹ Refer to subsection 6.5 for further information.

² If the 16th calendar day falls on a holiday or weekend, the window period renewal will be posted on the following business day.

4.0 Commissions on Annuitization

Effective May 23, 2011, EFSs will receive production credit and commissions on annuitization of certain Allstate Life Insurance Company (ALIC) and Lincoln Benefit Life (LBL) deferred annuities.

Eligible policies must:

- Be in force for at least five years prior to annuitization
- Have payout plans that include a life contingency or have guaranteed payments for 10 years or longer.
- Excludes the ALIC FLEXI 82, the ALIC FLEXI 83, the ALIC FLEXI 86, and all variable annuities.

Compensation for flexible premium products will be paid on the annuitized value less premium deposits made within the last five years.

5.0 Commissions Based on Deposit Age

On certain products, commissions are differentiated on deposit age. The deposit age is based on the attained age of the owner when the commission on the deposit is paid. For policies with multiple owners, deposit age is based on the oldest owner. For policies with non-natural owners, deposit age is based on the oldest annuitant's age.

6.0 Commission Schedules

- Refer to Exhibit E and Exhibit F for the countrywide (excluding New York) commission schedules
- Refer to Exhibit G and Exhibit H for the New York commission schedules
- Refer to Exhibit I for the countrywide commission schedules for discontinued products (excluding New York) and Exhibit K for the New York commission schedules for discontinued products
- Refer to Exhibit M for the commission schedule for business issued prior to July 1, 2000 (countrywide) and January 1, 2001 (New York)

6.1 General

Allstate Financial products may be sold through one, or a combination, of three ways:

- R3001 Agents can write the business **solo**. They retain all applicable production credits and commissions.
- R3001 Agents can **share** business with an Exclusive Financial Specialist (EFS). 100% production credit is given to both the agent and the EFS.

- R3001 Agents can **split** business with another properly licensed and appointed **agent**. The agents choose the split commission ratios of 50/50, 60/40, 70/30, 80/20, 90/10 on a policy by policy basis. The split ratio applies to production credit (treated as solo business production), base commission, enhanced commission, renewals, and Assets Captured Bonus. The split ratio selected applies throughout the life of the policy. The writing agent receives the policy count, but both agents receive inforce and exposed counts in the LPF calculation.

6.2 Enhanced Commission Scale Eligibility

6.2.1 General

An R3001 agent (including an Enhanced Satellite Agency) is eligible to earn enhanced commissions providing the production qualification and life persistency (LPF) requirements are met.

Satellite Agencies Created Prior to January 1, 2008

Satellite locations and primary locations are combined for production qualification and life persistency requirements, as long as the Satellite location and primary location are within the same state and still have active agreements at the end of the qualification period. For those Satellite Agencies and primary agency locations crossing state lines, measurements and results are separate.

Satellite Agencies Created January 1, 2008 and Later

Satellite locations and primary locations are combined for production qualification and life persistency requirements, even if they cross state and/or regional lines, as long as the Satellite Agency location and primary location still have active agreements at the end of the qualification period.

Enhanced Satellite Agencies (ESAs)

ESA locations and primary locations are combined for production qualification and life persistency requirements as long as the ESA location and primary location still have active agreements at the end of the qualification period.

The production and 48-month LPF qualification is determined each calendar quarter ending March 31, June 30, September 30, and December 31. The production qualification is based on the prior twelve months (12MM) net new issued production credit.

Enhanced commissions are applied to applications written in the subsequent calendar quarter and are paid when the policy is issued. For annuity deposits, the enhanced commission amount is determined based on the effective date of the deposit or in cases where an express commission was advanced on the deposit, the expressed commission date will be used. Commission charge backs will be recovered at the enhanced commission amount used to calculate the commission.

Each year results will be reviewed and new qualification scales may be established. If a decision is made to establish new qualification scales, it will be communicated during the third quarter of the year and will be effective the first quarter of the following year.

6.2.2 Persistency

The Life Persistency Factor (LPF) is determined by dividing the total inforce life insurance policies issued and placed during the previous 48-month period by the total life insurance policies issued for the same period. An exposed and inforce count is included in the LPF calculation if there is an addition or increase in coverage on a policy if the policy was originally issued and placed during the 48-month persistency period and the agent has not already received an exposed and inforce count for the policy. The following products are excluded from persistency:

- Fixed annuities
- Allstate Basic Term policies
- Allstate Benefits (American Heritage) life policies (including GoodForLife)
- Impaired life issued through CBIZ
- Long Term Care and Disability Income policies issued through Crump Group Inc. (formerly known as BISYS)

The following summary of the more common policy transactions shows how such transactions impact the inforce and exposed policy count totals. Remember, only policy transactions processed within 48 months from the date the policy was issued and credit released will impact the persistency ratio.

- + indicates a positive count
- indicates a negative count
- N/A indicates no changes to the exposed policy count

<i>Transaction</i>	<i>Inforce</i>	<i>Exposed</i>
New Business	+	+
Term Conversion		
New Policy	+	+
Converted Term Policy	-	-
Termination	-	N/A
Reinstatement	+	N/A
Free-Look	-	-
Replacements		
New Policy	+	+
Terminated Policy	-	-
UL Increase (if no prior LPF count)	+	+
Death Claim	-	-
Non-Forfeiture Option (NFO)	-	N/A

Example:

<u>Policy#</u>	<u>Transaction</u>	<u>Inforce Count</u>	<u>Exposed Count</u>
773221978	New Business	1	1
774227843	Term Conversion	1	1
774238844	Converted Policy	0	0
772599973	Free Look	0	0
776211147	New Business	1	1
777644900	Replaced Policy	0	0
779234334	Lapse	0	1
779779211	Reinstatement	1	1
Total		4	5

48-month LPF* calculation total inforce (4) / total exposed (5) = 80%

*Assumes all policy transactions are within a 48-month period.

Note: Unless otherwise specified in the rules for the qualifying requirement, LPF will be calculated to the nearest whole percent. For example, 69.50% will round up to 70% while 69.49% will round down to 69%.

6.2.3 Proprietary Policies Sold (PPS)

Proprietary Policies Sold (PPS) includes Allstate Financial manufactured Life & Annuity policies, including Allstate Benefits worksite cases.

PPS counts will not be given for policies written by or through other carriers not outlined above, such as Allstate Benefits individual policies, annuity policies sold through Prudential, annuity policies sold through Protective Life, long term care or disability policies sold through Crump or its respective carriers, life policies sold through CBIZ or its respective carriers, mutual funds or other security products.

Proprietary Policies Sold (PPS) will be measured on a 12 month-mover for enhanced scales and a count will be given when a new policy is advanced. If a policy is not advanced, credit will be given when the policy issues/credit releases. If an advanced policy is not issued or if an issued policy is free-looked and a PPS count has already been given, a negative PPS count will apply on the effective date of the non-issued or free-looked transaction.

Example:

New Business Examples	Submit Date	Advance Date	Issued Date	Non-issued/Free-look Date	PPS Month Credited	PPS 12MM (Jan 2012 thru Dec 2012)
App-on-line	11/18/2011	11/20/2011	1/7/2012		+1 in Nov 2011	No credit*
Paper App	12/2/2011		1/20/2012		+1 in Jan 2012	+1
App-on-line	12/7/2011	12/10/2011		NI 1/28/2012	+1 in Dec 2011 -1 in Jan 2012	-1
App-on-line	1/14/2012	1/17/2012	3/19/2012		+1 in Jan 2012	+1
Paper App	2/11/2012		3/13/2012	FL 3/31/2012	+1 in Mar 2012 -1 in Mar 2012	0**
Paper App	5/11/2012		6/13/2012		+1 in Jun 2012	+1
App-on-line	11/7/2012	11/10/2012	1/15/2013		+1 in Nov 2012	+1
Paper App	12/17/2012		2/3/2013		+1 in Feb 2013	No credit

NI = Non Issued Policy FL = Free Looked Policy

*The policy generated credit before the measurement period for the 12 month mover, therefore it will not count in the 12 month mover when it issues

** The policy generates positive and negative credit in the measurement period for the 12 month mover, therefore the net credit is zero for the this policy

6.2.4 Enhanced Commission Scales Qualification (excludes New York)

The Enhanced Commissions Scales are based on production credit qualification and LPF:

**12MM Production Credit & Proprietary Policies Sold Requirement
Solo Scale Requirement**

Enhanced Commission Scales	Qualification Period Ending:				
	03/31/2011 - 3/31/2012	6/30/2012 & 9/30/2012		12/31/2012 & Later	
	Production Credit	Production Credit	Proprietary Policies	Production Credit	Proprietary Policies
Base	Under \$30,000	Under \$30,000	<8	Under \$30,000	<10
1	\$30,000 - \$44,999	\$30,000 - \$44,999	8	\$30,000 - \$44,999	10
2	\$45,000 - \$59,999	\$45,000 - \$59,999	8	\$45,000 - \$59,999	10
3	\$60,000 - \$79,999	\$60,000 - \$83,749	23	\$60,000 - \$84,999	30
4	\$80,000 - \$89,999	\$83,750 - \$93,749	30	\$85,000 - \$94,999	40
5	\$90,000 & Over	\$93,750 & Over	38	\$95,000 & Over	50

LPF Requirement = 75%**

**12MM Production Credit & Proprietary Policies Sold Requirement
Shared Scale Requirement**

Enhanced Commission Scales	Qualification Period Ending:				
	03/31/2011 - 3/31/2012	6/30/2012 & 9/30/2012		12/31/2012 & Later	
	Production Credit	Production Credit	Proprietary Policies*	Production Credit	Proprietary Policies*
Base	Under \$35,000	Under \$35,000	<8	Under \$35,000	<10
1	\$35,000 - \$49,999	\$35,000 - \$49,999	8	\$35,000 - \$49,999	10
2	\$50,000 - \$69,999	\$50,000 - \$69,999	8	\$50,000 - \$69,999	10
3	\$70,000 - \$84,999	\$70,000 - \$88,749	23	\$70,000 - \$89,999	30
4	\$85,000 - \$99,999	\$88,750 - \$103,749	30	\$90,000 - \$104,999	40
5	\$100,000 & Over	\$103,750 & Over	38	\$105,000 & Over	50

LPF Requirement = 75%**

*If the proprietary policies sold requirement is not met, enhanced commission scales will be reduced one level from the level for which the agent qualified based on production credit alone. For example, if an agent issued \$100,000 in life production and has sold 28 proprietary policies as of the 06/30/2012 qualification period, commission rates will be paid at Scale 3, not Scale 4. Refer to subsection 6.2.3 for further information regarding Proprietary Policies Sold (PPS).

**If the 48-month LPF is between 70%-74%, the Enhanced Commission Scale will drop one level. For example, if an agent issued \$110,000 in solo life production (as of the 9/30/2012 qualification period) and the 48-month LPF is 72%, commission rates will be paid at Scale 4, not Scale 5. If the 48-month LPF is below 70%, an agent will not qualify for the enhanced commission scales and will be paid at first-year base commission rates.

6.2.5 Enhanced Commission Scales Qualification (New York only)

The Enhanced Commissions Scales are based on production credit qualification and LPF:

12MM Production Credit & Proprietary Policies Sold Requirement Solo Scale Requirement

Enhanced Commission Scales	Qualification Period Ending:				
	3/31/2012	6/30/2012 & 9/30/2012		12/31/2012 & Later	
	Production Credit	Production Credit	Proprietary Policies*	Production credit	Proprietary Policies*
Base	Under \$25,000	Under \$25,000	<9	Under \$25,000	<12
A	\$25,000 - \$49,999	\$25,000 - \$49,999	9	\$25,000 - \$49,999	12
B	\$50,000 & Over	\$50,000 & Over	19	\$50,000 & Over	25

LPF Requirement = 75%**

12MM Production Credit & Proprietary Policies Sold Requirement Shared Scale Requirement

Enhanced Commission Scales	Qualification Period Ending:				
	3/31/2012	6/30/2012 & 9/30/2012		12/31/2012 & Later	
	Production Credit	Production Credit	Proprietary Policies*	Production credit	Proprietary Policies*
Base	Under \$30,000	Under \$30,000	<9	Under \$30,000	<12
A	\$30,000 - \$59,999	\$30,000 - \$59,999	9	\$30,000 - \$59,999	12
B	\$60,000 & Over	\$60,000 & Over	19	\$60,000 & Over	25

LPF Requirement = 75%**

*If the proprietary policies sold requirement is not met, enhanced commission scales will be reduced one level from the level for which the agent qualified based on production credit alone. For example, if an agent issued \$100,000 in life production and has sold 28 proprietary policies as of the 06/30/2012 qualification period, commission rates will be paid at Scale 3, not Scale 4. Refer to subsection 6.2.3 for further information regarding Proprietary Policies Sold (PPS).

**If the 48-month LPF is between 70%-74%, the Enhanced Commission Scale will drop one level. For example, if an agent issued \$60,000 in solo life production and the 48-month LPF is 72%, commission amounts will be paid at Scale A, not Scale B. If the 48-month LPF is below 70%, the agent will not qualify for the enhanced commission scales and will be paid at first-year base commission amounts.

6.3 Production Credit Calculation

Refer to Exhibit C for the countrywide (excluding New York) production credit calculation by product and refer to Exhibit D for the New York production credit calculation by product.

6.4 Lesser of Commission Target and Planned Annual Premium

The following rules apply to products that are paid based on the lesser of the commission target and the planned annual premium and adjusted based on the actual premium paid within the first policy year. Refer to Exhibit A, Exhibit B, Exhibit C, and Exhibit D for a list of the impacted products.

At issue, production credit and commissions will be advanced based on the lesser of the commission target and the planned annual premium. Production credit and commissions will be adjusted based on the actual premium applied to the policy within the first policy year. New business production credit and commission will be paid up to the commission target and excess will be given on the premium paid over the commission target. Excess is always paid as premiums are received. Production credit and commissions will be charged back if the actual premium paid by the policyholder is less than the commission target and the planned annual premium.

Planned Annual Premium represents the payments that will be applied to the policy in the first policy year. It includes any upfront payments plus anticipated subsequent payments in the first year. Upfront payments include down payment and premium credits. Anticipated subsequent payments will be based on the modal premium.

Example 1:	Commission Target	\$5,000
	Modal Premium	\$ 200/month
	Total premium received prior to issue	\$ 500
	Remaining modes to be billed in the first year	11

Production credit and commission will be advanced based on the planned annual premium of \$2,700 [$500 + (\$200 \times 11)$].

If the total premium paid by the policyholder in the first year is \$5200, additional production credit and commissions will be paid on \$2300 in premium (\$5000 commission target - \$2700 already paid). Excess will be paid on \$200 in premium (premium paid in over the commission target).

Example 2:	Commission Target	\$5,000
	Modal Premium	\$ 500/month
	Total premium received prior to issue	\$ 500
	Remaining modes to be billed in the first year	11

Since the planned annual premium $\{[500 + (\$500 \times 11)] = \$6000\}$ is greater than the commission target, production credit and commission will be advanced on the commission target of \$5000.

If the total premium paid by the policyholder in the first year is \$4800, commissions will be charged back on the premium of \$200 that was not paid in by the policyholder.

6.5 Advanced Commissions and Production Credit on App On-Line Submitted Life New Business

Funded life insurance business, i.e., Cash with App (CWA), submitted via App On-Line in good order will receive advanced commission and production credit.

In order to receive advanced commissions and production credit, all good order requirements must be met. These requirements include, but are not limited to:

- The policy must be submitted via App On-Line
- No producer licensing errors are present
- The first modal premium payment must be received and processed in the Service Center. Please note that additional delays in processing will occur on weekends and bank holidays.

*Note: this list is meant to serve as a guideline and is not all inclusive.

Advanced commission and production credit will be calculated based on the annual premium at the time of submission, excluding any table ratings.

Upon issue, any needed adjustments due to changes in premium, rate class, agents of record or other policy changes will result in a reconciliation of the amount of the original advance. Commission payment and production credit will then be recalculated and paid/credited based on the issued amount.

All other activities such as LPF (issued/exposed) and Assets Captured Bonus (ACB) credits will be given at policy issue and credit release.

The Company reserves the right to discontinue commission advances for an individual producer, without prior notice.

6.6 Advanced Commissions and Production Credit on Annuities

For 1035 Exchanges, qualified and nonqualified transfers, and direct rollovers on fixed and equity indexed annuities that are submitted in good order, commission and production credit will be advanced when the application and/or transfer request is received. See Exhibit A (countrywide excluding New York) or Exhibit B (New York only) for a list of the impacted products.

In order to receive advanced commissions and production credit, all good order requirements must be met. These requirements include, but are not limited to:

- Submission of the correct product application, supplementary forms, (e.g. 1035 Exchange/Transfer/Rollover forms) and required state replacement forms
- Including all product disclosure, disclaimer and all required dates and signatures
- Expected premium must meet the minimum requirements for the product
- Product is suitable for the customer
- No producer licensing errors present

*Note: this list is meant to serve as a guideline and is not all inclusive.

Commissions and production credit will be advanced based on the anticipated amount shown on the application. The commissions and production credit will be adjusted based on the actual dollar amount received and if the transfers are not received within 90 days the advanced commissions and production credit will be charged back in full.

Commission rates for Tactician Plus will be paid based on the lowest guarantee period of those selected. Once funded a chargeback in the amount of the original advanced commission and production credit will be processed and a readjustment for the correct amount, determined by the actual guarantee periods selected will be made. If an application is received without a guarantee period allocation, advanced commissions and production credit will be based on the six year rate. Once funded, a chargeback in the amount of the original advanced commission and production credit will be processed and a readjustment for the correct amount, based on the rates subsequently determined at issue, will be made.

6.7 Plus Policies (excluding New York)

Commissions for Plus Policies, excluding American Heritage Life products and UL excess and renewals, will be paid at 50% of the current commission amounts. Commissions for American Heritage Life products and UL excess and renewals will be paid at the personally secured commission amounts.

6.8 Plus Policies (New York Only)

Commissions for Plus Policies, excluding UL excess and renewals, will be paid at 50% of the current commission amounts. Commissions for UL excess and renewals will be paid at the personally secured commission amounts.

7.0 Large Commission Payments

The following rule applies to agents with less than three years of affiliation.

Policy commissions in excess of \$20,000 will be paid out in three equal installments. This applies to annual in advance life new business commissions on new or term conversion policies, add-ons, and increases. The agent must be affiliated with the Company at the time of payment in order to receive commissions. Single policy commissions exceeding \$20,000 will be recorded as follows:

<u>Commission Amount</u>	<u>Date Recorded</u>
\$20,000	Issued and Placed Date
1/3 of amount over \$20,000	Policy Date plus 3 months
1/3 of amount over \$20,000	Policy Date plus 6 months
1/3 of amount over \$20,000	Policy Date plus 9 months

Example:

Policy Date:	7/15/2005
Issued & Placed Date:	8/12/2005
UL Minimum Premium:	\$40,000
Base Commission:	\$40,000 x 65% = \$26,000

Commissions will be recorded as follows:

<u>Date</u>	<u>Amount</u>
08/12/2005	\$20,000
10/15/2005	\$2,000
01/15/2006	\$2,000
04/15/2006	\$2,000

8.0 Chargebacks

8.1 Commission

Full commissions will be charged back on the following activities:

- Free look
- Deposit reversal
- Rescinded policy (e.g. contested Death Claim)³
- Universal Life increase reversal
- Lapse or surrender of the Echelon I UL during the first policy year. Chargeback is reduced to 50% in year two.
- Lapse or surrender of GenBuilder policies during the first policy year. In addition, for the NY GenBuilder, a lapse or surrender in months 13-18 will incur a 75% chargeback. Chargebacks will not apply to partial withdrawals made as a result of a Nursing Home Waiver or Accelerated Death Benefit withdrawal request or free withdrawal amounts.
- Annuity terminations or annuity withdrawals within the first year after deposit. This also includes terminations or withdrawals within 12 months of a window period renewal for a Tactician Plus, Treasury Linked, or Choice Rate annuity. Chargeback is limited to the deposit amount net of any previous withdrawals. Scheduled annuitizations are excluded. Also excluded is the free withdrawal portion of a SureHorizon FPDA withdrawal. These rules will also apply in the first year after re-deposits made into the Saver's Index Annuity I, the Revised Saver's Index Annuity I, and the Elite Index Annuity during each seven year renewal period.

³ There is no chargeback on a Death Claim, however, if the Death Claim is not paid and the policy is rescinded, full commissions will be charged back.

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- Annuity terminations or annuity withdrawals within the first two years after deposit on Saver's Index Annuity Plus and Saver's Index Annuity III contracts that contain a Return of Purchase Payment Rider or Return of Premium Rider (ROP). Will apply to new business effective January 1, 2010 and after. First year rules still apply on contracts that do not contain either rider.
 - Universal Life withdrawals within one year of an excess payment. Any outstanding loans will be considered a withdrawal when the policy terminates.
 - Decrease of insurance amount or termination within the first three years after an add-on or increase written 1/1/02 or later. Chargeback is reduced to 50% in year three.⁴
 - Controlled business⁵ that terminates or has a decrease of insurance amount within three years of issue date of new business or policy increase written 1/1/02 or later.⁴
 - Advanced commission on App-On Line submitted life new business will be charged back if the policy is changed to Non-Issued or Not-Issued status

Advanced annuity commission will be charged back in the following situations:

- If a policy terminates before all outstanding funds have been received
- If the amount received from the forfeiting carrier or investment vehicle is different than the anticipated dollar amount on the application, a chargeback in the full amount of the advanced commission will be processed and a readjustment for the correct amount will take place.
- If after 90 days from the applications date, the funds from the forfeiting company or investment vehicle are not received
- On Tactician Plus policies in which funds can be allocated to multiple guarantee periods, once funded, a chargeback in the amount of the original advanced commission will be processed and a readjustment will be made for the correct amount determined by the actual guarantee periods selected.

Pro-rata annual in advance commission will be charged back on the following activities:

- Terminations
- Conversion to Non-Forfeiture Option
- Deletions within the first 12 months
- Non-Universal life deletions after the first 12 months

For universal life, the chargeback will be the difference between the commissions advanced and the commissions based on the actual premium paid into the policy, when the commissions advanced are higher than the commissions on the actual premium paid. For other fixed premium life and long term care, commissions will be prorated based on the period between the policy anniversary and the termination or deletion effective date.

⁴ In certain cases where the policy increase and/or add-on was properly funded and the customer subsequently encounters an unexpected financial hardship, a request to reverse the charge back may be submitted by senior field leaders to Financial Services Distribution Support senior leadership for consideration.

⁵ Controlled business is defined as business written on self, spouse, child, member of household, father, or mother. Business written on another Allstate producer (including sales producer) or their spouse, child, father, mother, or member of their household is also considered controlled business.

Example (fixed premium life policy):

A whole life policy sold in January generates a \$2,000.00 commission payment. The policy lapses in October. The policy has been in force 9 months, so 3 months, or 1/4 of the commissions paid to the agent was unearned. On the commission statement for October production, \$500.00 ($\$2,000.00 \times 1/4$) will be charged back against the agent's monthly commissions. Any deficiency will be carried forward to the next commission period.

Annual in advance commissions will be adjusted using the old and new commission basis on the following activities:

- Reissues/Corrections
- Replacements
- Policy changes – pro-rata based on the effective date
- Conversions of term policies prior to the 5th policy anniversary

Annuity commissions will be partially charged back on the following activities:

- Deposits made 13-18 months prior to a Treasury Linked Annuity termination will result in a 50% chargeback
- Any deferred annuity that is annuitized within the first contract year will result in a chargeback equal to the difference in commissions between the annuitized product and the Single Premium Immediate Annuity (SPIA), when the commission rate on the product is higher than the SPIA commission rate.
- Withdrawals within 7-12 months of a deposit into the Revised Saver's Index Annuity I will result in a 50% chargeback
- Annuitization in months 13-24 of an ALNY Preferred Performance or ALNY Performance Plus annuity, will result in a chargeback of 1.00% of premium paid less any withdrawals in excess of the free amount (for deposit ages 0-80 only).

Any commission charge backs will be netted against current and future commission earnings.

If the net of all transactions processed in a month is negative, the negative amount will be considered unearned commission. When commission is calculated in each subsequent month, total regular commission will be reduced until the full unearned commission amount is recovered.

8.2 Production Credit

Full production credit will be charged back on the following activities:

- Free look
- Deposit reversal
- Rescinded policy (e.g. contested Death Claim)⁶
- UL increase reversal
- Lapse or surrender of the Echelon I UL during the first policy year. Chargeback is reduced to 50% in year two.
- Lapse or surrender of GenBuilder policies during the first policy year. In addition, for the NY GenBuilder, a lapse or surrender in months 13-18 will incur a 75% chargeback. Chargebacks will not apply to partial withdrawals made as a result of a Nursing Home Waiver or Accelerated Death Benefit withdrawal request or free withdrawal amounts.
- Annuity terminations or annuity withdrawals within the first year after deposit. This also includes terminations or withdrawals within 12 months of a window period renewal for a Tactician Plus, Treasury Linked, or Choice Rate annuity. Chargeback is limited to the deposit amount net of any previous withdrawals. Scheduled annuitizations are excluded.
- Annuity terminations or annuity withdrawals within the first two years after deposit on Saver's Index Annuity Plus and Saver's Index Annuity III contracts that contain a Return of Purchase Payment Rider or Return of Premium Rider (ROP). Will apply to new business effective January 1, 2010 and after. First year rules still apply on contracts that do not contain either rider.
- Universal Life withdrawals within one year of an excess payment. Any outstanding loans will be considered a withdrawal when the policy terminates.
- Decrease of insurance amount or termination within the first three years after an add-on or increase written 1/1/02 or later. Chargeback is reduced to 50% in year three.⁷
- Controlled business⁸ that terminates or has a decrease of insurance amount within three years of issue date of new business or policy increase written 1/1/02 or later.⁷
- Advanced production credit on App-On Line submitted life new business will be charged back if the policy is changed to Non-Issued or Not-Issued status

⁶ There is no chargeback on a Death Claim, however, if the Death Claim is not paid and the policy is rescinded, full production credit will be charged back.

⁷ In certain cases where the policy increase and/or add-on was properly funded and the customer subsequently encounters an unexpected financial hardship, a request to reverse the charge back may be submitted by senior field leaders to Financial Services Distribution Support senior leadership for consideration.

⁸ Controlled business is defined as business written on self, spouse, child, member of household, father, or mother. Business written on another Allstate producer (including sales producer) or their spouse, child, father, mother, or member of their household is also considered controlled business.

Advanced annuity production credit will be charged back in the following situations:

- If a policy terminates before all outstanding funds have been received
- If the amount received from the forfeiting carrier or investment vehicle is different than the anticipated dollar amount on the application, a chargeback in the full amount of the advanced production credit will be processed and a readjustment for the correct amount will take place.
- If after 90 days from the applications date, the funds from the forfeiting company or investment vehicle are not received

Pro-rata annual in advance production credit will be charged back on the following activities:

- Terminations in the first policy year
- Conversion to Non-Forfeiture Option in the first policy year

Annuity production credit will be partially charged back on the following activities:

- Deposits made 13-18 months prior to a Treasury Linked Annuity termination will result in a 50% chargeback
- Any deferred annuity that is annuitized within the first contract year will result in a chargeback equal to the difference in production credit between the annuitized product and the Single Premium Immediate Annuity (SPIA), when the production credit on the product is higher than the SPIA production credit.

9.0 Commission on Large Cases

9.1 Life

Commissions, production credit, and assets captured bonus may be reduced or capped on new life business in excess of five million dollars in coverage on the insured (includes existing insurance). Reductions are typically based on higher than expected reinsurance costs or special reinsurance arrangements.

9.2 Annuities

Home Office approval is required for all annuities over one million dollars. This includes the following:

- Single cases that exceed \$1 million in premium;
- Multiple cases on the same owner that in aggregate exceed \$1 million in premium; and
- Additions to current contracts that will exceed \$1 million in aggregate premium.

Commissions, production credit, and assets captured bonus on fixed annuities equal to or over two million dollars will be reduced, in an amount determined by the Company in its sole discretion, to reflect the investment and persistency risk related to the illustrated crediting rate.

Commissions, production credit, and assets captured bonus on other annuities over two million dollars may need to be reduced, in an amount determined by the Company in its sole discretion, in certain cases based on review of the following:

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- Age, health condition and sex of owner(s) and annuitant
 - Expected fund allocation
 - Contract type and commission option
 - Desired riders

Special commission arrangements may also be required for amounts equal to or over two million dollars that defers payment over a certain number of years (not to exceed seven), as long as the policy remains in force. Base rates and enhanced commission scales will not apply if commissions are reduced.

10.0 Agents with Less than Twelve Months of Affiliation (excludes New York)

Newly appointed R3001 Agents will have commissions calculated at the Enhanced Commission Scale 1 amounts (applied to both the shared or solo commission schedules) through the first full six months following the appointment month. The life persistency requirement (LPF) will not apply during this period. The production issued as of the last calendar quarter end will determine the Enhanced Commission Scale and commission amount to be applied to business written in months seven and eight if the six month period falls prior to the end of a calendar quarter.

R3001 agents will have the opportunity to earn higher Enhanced Commission Scale amounts during their first twelve months if they produce at the cumulative production levels shown in the tables below. R3001 agents that converted from R3000 status with less than 12 months of affiliation will need to meet the full 12 month production credit requirement to qualify at Scales 1 through 5.

An outside buyer's Enhanced Commission Scale will be set at the seller's Enhanced Commission Scale level for the first full six months following the outside buyer's appointment month, if the seller's level is higher than Scale 1. The seller's scale will be based on the last calendar quarter prior to the sale date.

10.1 Enhanced Commission Scale Qualification (Requirements for Appointments Dates 4/1/2012 and Later) (Excludes New York)

Cumulative Quarterly Issued Production Credit Requirement Allstate Agent Solo – New Appointments

Elapsed Months at Quarter End	Scale 1 Requirement		Scale 2 Requirement		Scale 3 Requirement		Scale 4 Requirement		Scale 5 Requirement	
	Production Credit	Proprietary Policies Sold*	Production Credit	Proprietary Policies Sold*	Production Credit	Proprietary Policies Sold*	Production Credit	Proprietary Policies Sold*	Production Credit	Proprietary Policies Sold*
0	Not Applicable		1,000	1	1,500	1	2,500	2	3,000	2
1			2,000	1	3,000	2	5,000	3	6,000	4
2			4,000	2	5,000	3	8,000	5	11,000	7
3			6,000	2	8,000	5	12,000	7	16,000	10
4	4,000	0	8,000	3	11,000	7	17,000	10	23,000	13
5	5,000	0	10,000	3	14,000	9	23,000	13	30,000	17
6	7,000	0	12,000	4	17,000	11	29,000	16	37,000	21
7	9,000	2	14,000	4	21,000	13	35,000	19	44,000	25
8	11,000	3	17,000	5	25,000	15	42,000	22	52,000	29
9	13,000	4	20,000	6	30,000	18	49,000	25	60,000	33
10	16,000	5	25,000	7	36,000	21	57,000	28	68,000	37
11	20,000	6	30,000	8	43,000	24	66,000	32	76,000	41
12	24,000	8	37,000	9	51,000	27	75,000	36	85,000	45
13+	30,000	10	45,000	10	60,000	30	85,000	40	95,000	50

Cumulative Quarterly Issued Production Credit Requirement Allstate Agent Shared – New Appointments

Elapsed Months at Quarter End	Scale 1 Requirement		Scale 2 Requirement		Scale 3 Requirement		Scale 4 Requirement		Scale 5 Requirement	
	Production Credit	Proprietary Policies Sold*	Production Credit	Proprietary Policies Sold*	Production Credit	Proprietary Policies Sold*	Production Credit	Proprietary Policies Sold*	Production Credit	Proprietary Policies Sold*
0	Not Applicable		1,500	1	2,000	1	3,500	2	4,000	2
1			3,000	1	4,000	2	6,000	3	7,000	4
2			5,000	2	6,000	3	9,000	5	12,000	7
3			7,000	2	9,000	5	13,000	7	18,000	10
4	5,000	0	9,000	3	12,000	7	18,000	10	25,000	13
5	6,000	0	11,000	3	15,000	9	24,000	13	33,000	17
6	8,000	0	13,000	4	19,000	11	31,000	16	41,000	21
7	10,000	2	16,000	4	24,000	13	38,000	19	49,000	25
8	13,000	3	20,000	5	30,000	15	46,000	22	57,000	29
9	16,000	4	24,000	6	36,000	18	54,000	25	66,000	33
10	19,000	5	29,000	7	43,000	21	62,000	28	75,000	37
11	23,000	6	35,000	8	51,000	24	71,000	32	84,000	41
12	28,000	8	42,000	9	60,000	27	80,000	36	94,000	45
13+	35,000	10	50,000	10	70,000	30	90,000	40	105,000	50

CHAPTER 2: Schedule of Commissions

REVISION DATE: February 1, 2013

Note: If the six-month scale 1 minimum guarantee ends in the middle of a calendar quarter, the scale for the remaining month(s) in the quarter will be based on the prior calendar quarter end using the shaded requirements in the schedule.

*If an agent does not meet the proprietary policies sold requirement, their enhanced commission scale will be reduced one level from the level for which they qualified based on production credit alone.

Example:

A new agent appointed on April 1, 2012 issues the following production credit and would be paid as follows:

<u>Period Ending</u>	<u>Elapsed Months at Quarter End</u>	<u>Cumulative Issued Production Credit</u>	<u>Proprietary Policies Sold</u>	<u>Enhanced Commission Scale (EA SOLO)</u>	<u>Months Applied</u>
April - June	0	N/A	N/A	Scale 1	Apr, May, Jun
June 30, 2012	2	4,200	2	Scale 2	Jul, Aug, Sep
Sep 30, 2012	5	8,500	3	Scale 1	Oct
				BASE	Nov, Dec
December 31, 2012	8	30,000	18	Scale 3	Jan, Feb, Mar
March 31, 2013	11	50,000	22	Scale 2	Apr, May, Jun
June 30, 2013	12 month mover	87,000	45	Scale 4	Jul, Aug, Sep

1. Business written from April 1, 2012 to June 30, 2012 will be paid at Scale 1, which is the guaranteed minimum in the first six months.
2. The EA will earn Scale 2 on business written in the next quarter (July, August, and September) based on production results and proprietary policies sold through June 30, 2012.
3. As of September 30, 2012, the EA qualified for BASE for business written in the next quarter. Since business written in October is still within the first six months, the EA will earn Scale 1 in October and BASE on business written in November and December.
4. Business written from January 2013 to March 2013, will earn Scale 3 based on cumulative production results and proprietary policies sold through December 31, 2012.
5. Business written from April 2013 to June 2013 will earn Scale 2. Although the cumulative production results through March 31, 2013 qualified for Scale 3, the proprietary policies sold only qualified for scale 2.
6. As of June 30, 2013, the production credit qualifier and proprietary policies sold will be based on a 12 month mover (July 1, 2012 through June 30, 2013) and will earn Scale 4 for business written in the next quarter (July, Aug, and Sep)

10.2 Enhanced Commission Scale Qualification (Requirements for Appointment Dates between 4/1/2011 and 3/31/2012) (excludes New York)

Cumulative Quarterly Issued Production Credit Requirement Allstate Agent Solo – New Appointments

Elapsed Months at the Calendar Quarter End	Solo Production Credit					
	Base (\$)	Solo Scale 1 Requirement (\$)	Solo Scale 2 Requirement (\$)	Solo Scale 3 Requirement (\$)	Solo Scale 4 Requirement (\$)	Solo Scale 5 Requirement (\$)
0	Under 600	600 – 899	900 – 1,199	1,200 – 1,599	1,600 – 1,799	1800 & Over
1	Under 1,200	1,200 – 1,799	1,800 – 2,399	2,400 – 3,199	3,200 – 4,499	4,500 & Over
2	Under 2,000	2,000 – 3,999	4,000 – 4,999	5,000 – 5,999	6,000 – 8,999	9,000 & Over
3	Under 4,000	4,000 – 5,999	6,000 – 7,999	8,000 – 9,999	10,000 – 13,999	14,000 & Over
4	Under 4,000	4,000 – 6,999	7,000 – 9,999	10,000 – 14,999	15,000 – 20,999	21,000 & Over
5	Under 5,000	5,000 – 8,999	9,000 – 11,999	12,000 – 20,999	21,000 – 27,999	28,000 & Over
6	Under 7,000	7,000 – 10,999	11,000 – 14,999	15,000 – 25,999	26,000 – 34,999	35,000 & Over
7	Under 9,000	9,000 – 13,999	14,000 – 18,999	19,000 – 31,999	32,000 – 41,999	42,000 & Over
8	Under 11,000	11,000 – 16,999	17,000 – 22,999	23,000 – 37,999	38,000 – 49,999	50,000 & Over
9	Under 13,000	13,000 – 19,999	20,000 – 27,999	28,000 – 44,999	45,000 – 57,999	58,000 & Over
10	Under 16,000	16,000 – 24,999	25,000 – 33,999	34,000 – 51,999	52,000 – 65,999	66,000 & Over
11	Under 20,000	20,000 – 29,999	30,000 – 40,999	41,000 – 59,999	60,000 – 73,999	74,000 & Over
12	Under 24,000	24,000 – 36,999	37,000 – 49,999	50,000 – 69,999	70,000 – 81,999	82,000 & Over
13+	Under 30,000	30,000 – 44,999	45,000 – 59,999	60,000 – 79,999	80,000 – 89,999	90,000 & Over

Cumulative Quarterly Issued Production Credit Requirement Allstate Agent Shared – New Appointments

Elapsed Months at the Calendar Quarter End	Shared and Solo Production Credit					
	Base (\$)	Shared Scale 1 Requirement (\$)	Shared Scale 2 Requirement (\$)	Shared Scale 3 Requirement (\$)	Shared Scale 4 Requirement (\$)	Shared Scale 5 Requirement (\$)
0	Under 700	700 – 999	1,000 – 1,399	1,400 – 1,699	1,700 – 1,999	2,000 & Over
1	Under 1,400	1,400 – 1,999	2,000 – 2,799	2,800 – 3,399	3,400 – 4,999	5,000 & Over
2	Under 3,000	3,000 – 3,999	4,000 – 5,999	6,000 – 6,999	7,000 – 9,999	10,000 & Over
3	Under 5,000	5,000 – 6,999	7,000 – 8,999	9,000 – 10,999	11,000 – 15,999	16,000 & Over
4	Under 5,000	5,000 – 7,999	8,000 – 10,999	11,000 – 15,999	16,000 – 22,999	23,000 & Over
5	Under 6,000	6,000 – 9,999	10,000 – 13,999	14,000 – 21,999	22,000 – 30,999	31,000 & Over
6	Under 8,000	8,000 – 11,999	12,000 – 17,999	18,000 – 27,999	28,000 – 38,999	39,000 & Over
7	Under 10,000	10,000 – 14,999	15,000 – 21,999	22,000 – 33,999	34,000 – 46,999	47,000 & Over
8	Under 13,000	13,000 – 18,999	19,000 – 26,999	27,000 – 39,999	40,000 – 54,999	55,000 & Over
9	Under 15,000	15,000 – 22,999	23,000 – 31,999	32,000 – 47,999	48,000 – 63,999	64,000 & Over
10	Under 19,000	19,000 – 27,999	28,000 – 38,999	39,000 – 54,999	55,000 – 72,999	73,000 & Over
11	Under 23,000	23,000 – 33,999	34,000 – 47,999	48,000 – 63,999	64,000 – 81,999	82,000 & Over
12	Under 28,000	28,000 – 40,999	41,000 – 57,999	58,000 – 73,999	74,000 – 90,999	91,000 & Over
13+	Under 35,000	35,000 – 49,999	50,000 – 69,999	70,000 – 84,999	85,000 – 99,999	100,000 & Over

SUPPLEMENT FOR THE R3001 AGREEMENT

CHAPTER 2: Schedule of Commissions

REVISION DATE: February 1, 2013

Example:

A new agent appointed on April 1, 2011 issues the following production credit and would be paid as follows:

<u>Period Ending</u>	<u>Elapsed Months at Quarter End</u>	<u>Cumulative Issued Production Credit</u>	<u>Enhanced Commission Scale (EA SOLO)</u>	<u>Months Applied</u>
April - June	0	N/A	Scale 1	Apr, May, Jun
June 30, 2011	2	4,200	Scale 2	Jul, Aug, Sep
Sep 30, 2011	5	4,800	Scale 1	Oct
			BASE	Nov, Dec
December 31, 2011	8	25,000	Scale 3	Jan, Feb, Mar
March 31, 2011	11	50,000	Scale 3	Apr, May, Jun
June 30, 2011	12 month mover	82,000	Scale 4	Jul, Aug, Sep

1. Business written from April 1, 2011 to June 30, 2011 will be paid at Scale 1, which is the guaranteed minimum in the first six months.
2. The EA will earn Scale 2 on business written in the next quarter (July, August, and September) based on production results through June 30, 2011.
3. As of September 30, 2011, the EA qualified for BASE for business written in the next quarter. Since business written in October is still within the first six months, the EA will earn Scale 1 in October and BASE on business written in November and December.
4. Business written from January 2011 to March 2011, will earn Scale 3 based on cumulative production results through December 31, 2011.
5. Business written from April 2011 to June 2011 will earn Scale 3 based on cumulative production results through March 31, 2011.
6. As of June 30, 2011, the production credit qualifier will be based on a 12 month mover (July 1, 2011 through June 30, 2011) and will earn Scale 4 for business written in the next quarter (July, Aug, and Sep)

11.0 Agents with Less than Twelve Months of Affiliation (New York only)

Newly appointed R3001 Agents will have commissions calculated at the Enhanced Commission Scale A amounts (applied to both the shared or solo commission schedules) through the first full twelve months following the appointment month. The life persistency requirement (LPF) will not apply during this period. The production issued as of the last calendar quarter end will determine the Enhanced Commission Scale and commission amount to be applied to business written in months thirteen or fourteen if the twelve month period falls prior to the end of a calendar quarter.

R3001 agents will have the opportunity to earn higher Enhanced Commission Scale amounts during their first twelve months if they produce at the cumulative production levels shown in the table in subsection 11.1. R3001 agents that converted from R3000 status with less than 12 months of affiliation will need to meet the full 12 month production credit requirement to qualify at Scale A or Scale B.

An outside buyer's Enhanced Commission Scale will be set at the seller's Enhanced Commission Scale level for the first full six months following the outside buyer's appointment month, if the seller's level is higher than Scale A. The seller's scale will be based on the last calendar quarter prior to the sale date.

11.1 Enhanced Commission Scale Qualification (Requirements for Appointment Dates 4/1/2012 and Later) (New York Only)

Elapsed Months at the Calendar Quarter End	Solo Scale B Requirement		Shared Scale B Requirement	
	Production Credit	Proprietary Policies Sold*	Production Credit	Proprietary Policies Sold*
0	3,334	1	4,000	1
1	4,167	2	5,000	2
2	8,333	4	10,000	4
3	12,500	6	15,000	6
4	16,667	8	20,000	8
5	20,833	10	25,000	10
6	25,000	12	30,000	12
7	29,167	14	35,000	14
8	33,333	16	40,000	16
9	37,500	18	45,000	18
10	41,667	20	50,000	20
11	45,833	22	55,000	22
12	50,000	25	60,000	25

*If an agent does not meet the proprietary policies sold requirement, their enhanced commission scale will be reduced one level from the level for which they qualified based on production credit alone.

Example: A new R3001 agent appointed on April 1, 2012 issues the following solo production credit and would be paid as follows:

<u>Period Ending</u>	<u>Elapsed Months</u>	<u>Cumulative Issued Production Credit</u>	<u>Proprietary Policies Sold</u>	<u>Enhanced Commission Scale</u>	<u>Months Applied (to solo business)</u>
April – June	N/A	N/A	N/A	A	Apr, May, Jun
June 30, 2012	2	9,000	4	B	Jul, Aug, Sep
September 30, 2012	5	20,000	9	A	Oct, Nov, Dec
December 31, 2012	8	35,000	18	B	Jan, Feb, Mar
March 31, 2013	11	46,000	20	A	Apr, May, Jun
June 30, 2013	12 month mover	55,000	28	B	Jul, Aug, Sep

1. Business written from April 1, 2012 to June 30, 2012 will be paid at Scale A, which is the guaranteed minimum in the first twelve months.
2. The EA will earn Scale B on business written in the next quarter (July, August, and September) based on production results and proprietary policies sold through June 30, 2012.
3. Business written from October 2012 to December 2012, will earn Scale A based on cumulative production results and proprietary policies sold through September 30, 2012.
4. Business written from January 2013 to March 2013, will earn Scale B based on cumulative production results and proprietary policies sold through December 31, 2012.
5. Business written from April 2013 to June 2013 will earn Scale A. Although the cumulative production results through March 31, 2013 qualified for Scale B, the proprietary policies sold only qualified for scale A.
6. As of June 30, 2013, the production credit qualifier and proprietary policies sold will be based on a 12 month mover (July 1, 2012 through June 30, 2013) and will earn Scale B for business written in the next quarter (July, Aug, and Sep)

11.2 Enhanced Commission Scale Qualification (Requirements for Appointment Dates until 3/31/2012) (New York Only)

Full Number of Months at the Calendar Quarter End	Solo Production Credit	Shared and Solo Production Credit
	Solo Scale B Requirement	Shared Scale B Requirement
0	3,334 & Over	4,000 & Over
1	4,167 & Over	5,000 & Over
2	8,333 & Over	10,000 & Over
3	12,500 & Over	15,000 & Over
4	16,667 & Over	20,000 & Over
5	20,833 & Over	25,000 & Over
6	25,000 & Over	30,000 & Over
7	29,167 & Over	35,000 & Over
8	33,333 & Over	40,000 & Over
9	37,500 & Over	45,000 & Over
10	41,667 & Over	50,000 & Over
11	45,833 & Over	55,000 & Over
12	50,000 & Over	60,000 & Over

Example: A new R3001 agent appointed on April 1, 2008 issues the following solo production credit and would be paid as follows:

<u>Period Ending</u>	<u>Full Number of Months</u>	<u>Cumulative Issued Production Credit</u>	<u>Enhanced Commission Scale</u>	<u>Months Applied (to solo business)</u>
April – June	N/A	N/A	A	Apr, May, Jun
June 30, 2008	2	9,000	B	Jul, Aug, Sep
September 30, 2008	5	20,000	A	Oct, Nov, Dec
December 31, 2008	8	35,000	B	Jan, Feb, Mar
March 31, 2009	11	46,000	B	Apr, May, Jun
June 30, 2009	12 month mover	55,000	B	Jul, Aug, Sep

1. Business written from April 1, 2008 to June 30, 2008 will be paid at Scale A, which is the guaranteed minimum in the first twelve months.
2. The EA will earn Scale B on business written in the next quarter (July, August, and September) based on production results through June 30, 2008.
3. Business written from October 2008 to December 2008, will earn Scale A based on cumulative production results through September 30, 2008.
4. Business written from January 2009 to March 2009, will earn Scale B based on cumulative production results through December 31, 2008.
5. Business written from April 2009 to June 2009 will earn Scale B based on cumulative production results through March 31, 2009.
6. As of June 30, 2009, the production credit qualifier will be based on a 12 month mover (July 1, 2008 through June 30, 2009) and will earn Scale B for business written in the next quarter (July, Aug, and Sep)

12.0 Commission Payments on Policies with the Full Surrender Charge Adjustment Rider (excludes New York)

If this rider is added, first year commissions (target and excess) will be calculated as specified in Exhibit A, but will be spread evenly over 5 years (first year commission will be divided by 5 and paid over the first 5 years as long as the policy is still in force). Payments for years two (2) through five (5) will be advanced at the beginning of each policy year.

- Example: policy issues in May 2003, 2nd payment is advanced in May 2004, 3rd payment is advanced in May 2005, etc.

If a policy with this rider terminates in years one (1) through five (5), prorata annual in advance commissions will be charged back for the policy year in which the termination occurred.

- Example: If the policy terminates in year three (3) (after the commissions for year three (3) have been paid), the chargeback will be for the number of months the policy is not in force for year three (3). Commissions for years four (4) and five (5) will not be paid out.

13.0 Window Period Renewals⁹

13.1 T-Link and Tactician Plus (5&6 Year Guarantee Periods)

Fixed Element

For window period renewals, the following rules will apply:

Writing Agent	Partnering Agent (if applicable)
50% of solo commission rates on renewals ¹⁰	No commission
50% of new Production Credit rates on renewals	50% of new Production Credit rates on renewals
No Assets Captured Bonus	No Assets Captured Bonus

13.2 Choice Rate (New York only)

For window period renewals occurring in contract years 2-4, the following rules will apply:

Writing Agent	Partnering Agent (if applicable)
50% of solo commission rates on renewals	No commission
50% of new Production Credit rates on renewals	50% of new Production Credit rates on renewals
No Assets Captured Bonus/Life Bonus	No Assets Captured Bonus/Life Bonus

For window period renewals occurring in contract years 5+, no commission, production credit, or assets captured bonus/life bonus will be paid.

Examples

- Original Policy: Choice Rate 3-year guarantee period
 - The window opens in contract year 3, therefore commission and production credit will be paid based on the chart above for renewal into any new Choice Rate guarantee period policy
 - Contract year is determined based on the issue date of the original policy. For example, if the original 3-year guarantee period policy renews into another 3-year guarantee period policy, the window period opens at the end of the 3-year guarantee period which would be contract year 6. In this case, no commission or production credit will be paid on renewal into any new Choice Rate guarantee period, since the policy is outside the contract year requirement.

⁹ Window Period Renewal refers to money that enters into the window and remains within the same T-Link or Tactician Plus contract upon the closing of the window.

¹⁰ For Allstate Treasury Linked Annuity, a renewal commission will be paid no sooner than 16 days after the close of the Window Period at a rate of 50% of the current new business commission. Commission is paid on the Sub Account Value as of the beginning of the Window Period, less any withdrawals during the Window Period.

- Original Policy: Choice Rate 5-year guarantee period
 - The window opens in contract year 5, therefore no commission or production credit will be paid on renewal into any new Choice Rate guarantee period policy
- Original Policy: Choice Rate 7-year guarantee period
 - The window opens in contract year 7, therefore no commission or production credit will be paid on renewal into any new Choice Rate guarantee period policy

General Guidelines

- New business applications must be received by the Service Center during the window period. Those applications received outside of the window period will not be eligible and exceptions will not be granted
- Commission reductions at older attained ages during the window will be consistent with new business
- Commission scales apply on renewals during the window

Section 1e: Motor Club

1.0 Motor Club Commissions

1.1 Current Commission Schedule for Business Effective and Processed On or After January 1, 2005¹

The following table contains the current commission amounts, for R3001 Agents, applicable to Motor Club business (effective and processed on or after January 1, 2005¹), except policies bound by the Customer Contact Center (CCC)/Internet.

Membership Type	Commission Amounts	
	New %	Renewal %
Roadside Advantage	20	10
RV Roadhelp	20	10
Deluxe	20	10
Commercial	20	10

1.2 Commission Schedule for Business Effective and Processed Prior to January 1, 2005²

The following table contains the commission amounts, for R3001 Agents, applicable to Motor Club business (effective and processed prior to January 1, 2005²), except policies bound by the Customer Contact Center (CCC)/Internet.

Membership Type	Percent Of New Membership Charge
Roadside Advantage	45
RV Roadhelp	45
Deluxe	45
Commercial	45

No commission will be paid on renewals

¹ In Minnesota, these commission amounts will go into effect on business effective and processed on or after April 1, 2005.

² In Minnesota, these commission amounts are applicable on business effective and processed prior to April 1, 2005.

Section 1f: Emerging Businesses Pilot (applies to Texas, Florida, Pennsylvania and Colorado)

1.0 Emerging Businesses Commissions

The following table contains the commission amounts, for R3001 Agents, applicable to Emerging Businesses with an effective date from 02/01/2008 through 12/31/2008.

State	Lines of Insurance	Commission Amounts		
		New ¹ %	Add Coverage %	Renewal %
Florida	Company 65 – Line 16	30	30	6
Texas	Company 65 – Line 16	20	20	8
Texas	Company 65 – Line 90	20	20	8
Pennsylvania	Company 65 – Line 71	30	30	2
Colorado	Company 60 – Line 71	25	25	4

Emerging Businesses Commission Notes:

- The Add Coverage commission amounts outlined in the table above apply to added coverage activity on policies written under the Emerging Businesses Pilot only. Added coverage activity on policies with an effective date prior to 02/01/2008, will be paid at the rates outlined in Sections 1a and 1b.
- The Renewal commission amounts outlined in the table above apply only to policies written effective 2/1/2008 through 12/31/2008. Policies issued during the pilot will continue to receive the renewal commission amounts outlined above for the life of the policy.
- Agents will receive the new business commission amounts outlined above on endorsements processed on existing policies only if the policy has renewed after 2/1/2008.

¹ Agents will receive 0% new business on renters business bound in the CCC/Internet that has been identified as resulting from an agent forwarded phone or the agent's home page on the Internet beginning October 4, 2004 and subsequent. . If the software used to determine whether the call is from an agent forwarded phone or a direct call to the CCC is not operating, then business bound by the CCC on a new to Allstate customer who does not request an agent will be coded to the CCC house account number, and any existing customers and new Allstate customers that request an agent will be assigned to the agent as an agent type 41.

CHAPTER 3: Commission Interest

REVISION DATE: February 1, 2013

Chapter 3: Commission Interest

CHAPTER 3: Commission Interest

REVISION DATE: February 1, 2013

Section 1: Introduction

1.0 General

This chapter sets forth the rules governing special situations and other determinations relative to commission interest with respect to an agency bound policy, e.g., conflicting commission interest involving more than one agent, substitution or conversion of policies or lines, etc. Definitions of "line group" and "like lines" appear in Chapter 1, Section 2 of this Supplement.

As respects the premium for any coverage, it is the Company's intent that, unless otherwise specified in this chapter, only one agent shall receive commission with regard to the period covered by such premium.

Except as otherwise provided in this Supplement, Allstate will own all business produced under the terms of the R3001 Agreement. The agent's commission interest will continue while the agent's R3001 Agreement remains active, the business continues in force, and the Company has not removed the policy from the R3001 Agent's account at the request of a policyholder. Business shall be regarded as continuing in force while it continues effective:

- in the state(s) for which the agent is licensed and approved (not applicable to Allstate Financial lines of business), and
- for the insured named in the policy or resident spouse, except that

commission interest in a line group or like lines is not affected by an agent's conversion to the R3001 Agreement. An R3001 Agent assigned to service an unrepresented policy on a service fee or relationship fee basis will not have a commission interest in that policy. Additionally, an R3001 Agent will not have a commission interest in policies bound by the Customer Contact Center (CCC) in Assigned Agency status.

With respect to binding a new policy, the commission amount paid to an agency on that policy will be determined by the commission schedule and rules applicable to the access point and the agent type that bound the new policy, except as noted in Chapter 1 and 3 in the Supplement.

With respect to adding coverage to an existing policy other than an unrepresented policy, the commission amount paid to an agency on that endorsement will be determined by the commission schedule and rules described in Chapters 2 and 3 in the Supplement.

When it is determined that duplicate coverage exists for the same named insured, the last policy bound will be the policy cancelled.

2.0 Added Coverages Commission Handling

2.1 General

Added Coverage¹ may be written in an endorsement to an existing policy or as a separate policy. As a general rule, the Added Coverage will be written in an endorsement. A separate policy may be written for the same insured when it is in accordance with Company practice.

When the Added Coverage is written:

1. in an **endorsement** to an existing policy, the period for which commissions will be received is from the effective date of the endorsement to the next anniversary (or off-anniversary, if applicable) of the policy to which the coverage is added; or
2. in a **separate policy**, the period during which new policy commission will be received is the first 12 months of the newly issued policy.

Only those policy changes identified as Added Coverages by line of insurance are to be treated as such for purposes of commission. If a policy change is not so identified, any premium increase or decrease resulting from the change will be recorded in the account of the Agent of Record, Designated Agency or Assigned Agency (if any) at the new or renewal commission amount then applicable to the policy being changed.

2.2 Added Coverages

When the coverage is added to an Auto or Personal Property policy, the agent writing the Added Coverage will receive new policy commission prorated for the remainder of the term. When added to the second term of a six month auto policy, the First Renewal commission amount applies. The Writing Agent (if other than the Agent of Record, Designated Agency or Assigned Agency) relinquishes commission on the Added Coverage for subsequent periods.

The Agent of Record, Designated Agency or Assigned Agency on the policy on which the Added Coverage is written (if other than the agent writing the Added Coverage) relinquishes commission on the Added Coverage for the period for which the Writing Agent receives commission.

¹ Excludes Commercial.

3.0 Spin off or Split off

In instances where an existing insured person must obtain a new policy such as marital “split off” or young driver “spin off,” the person obtaining the new policy is a new named insured. The agent type on the new policy will be determined by the access point² that bound the new policy. The agent will receive new and renewal commissions on the new policy. There may be cases when the new policy is initially issued for a policy term of less than six or twelve months. In such cases, the new business commission amount for the new policy will be based on the net written premium for the shorter time period.

4.0 Policies Replaced in Another Company

If a policy written in Allstate Insurance Company, Allstate Indemnity Company, Allstate County Mutual Insurance Company, Allstate Fire and Casualty Insurance Company, Allstate Property and Casualty, Castle Key, Castle Key Indemnity or Allstate New Jersey is replaced in the same company or one of the other companies by a policy for the same named insured, commission thereon shall be calculated at the renewal amount applicable to the replacement (new) policy based on the agent type on the replaced (old) policy, except as noted in this chapter.

5.0 Plus Policies

If a Plus Policy or an unrepresented Plus Policy is canceled-rewritten, or is replaced in another company, or is reinstated (and the policy was out of force for less than 120 days), then the newly written or reinstated policy will remain a Plus Policy. Any completed portion of the five annual renewal periods, in which the Plus Policy commission amounts are in effect, will apply to the newly written or reinstated policy.

6.0 Market Assistance Plan (MAP)

6.1 General

A Market Assistance Plan (MAP) is a voluntary association of insurance companies created by a state’s insurance department to provide a source for customers to obtain coverage for various lines of business or classes of business they are otherwise unable to purchase.

6.2 Allstate/Agent Relationship

The R3001 Agent is authorized under the provisions of this Supplement to write applications for insurance under a Market Assistance Plan.

² If the access point is the CCC, then the origin of the call, i.e. direct to the CCC or agent forwarded phone, will determine the agent type.

6.3 Commission

MAP commission is calculated in accordance with the Market Assistance Plan of the particular state. In some states, the MAP does not require the voluntary carrier to pay commission to the writing agent. However, if the carrier chooses to compensate the writing agent and if the writing agent is an Allstate agent, the Company will allow the agent to receive the commission if the carrier is admitted in the state. Agents cannot represent or receive commission on business written by excess and surplus carriers, except as authorized by the Company.

MAP business written by R3001 Agents and insured by Allstate will be included in the agent's total authorized gross commission. Any MAP commission overpayments resulting from premium reductions or cancellations will be deducted from the total authorized gross commission for the month.

6.4 Appointments/Brokering

Some states require that the agent be appointed by the voluntary carrier who is issuing the business. In these situations, an Allstate agent can be appointed by the other carrier for MAP placed business only. However, if the agent uses such appointments to place business other than through the MAP, it will result in the Company withdrawing its permission to allow the agent to receive commission on such business and it may jeopardize the agent's agency relationship with the Company.

Section 2: Auto

1.0 General

The Auto line group is comprised of coverage for Private Passenger vehicles which are voluntarily acceptable by the Risk Management department or which are ceded to a Reinsurance Facility (in applicable states). This includes coverages written as Special Auto, Allstate Indemnity, Allstate New Jersey, Allstate County Mutual (TX), Allstate Fire and Casualty (TX), and Allstate Property and Casualty. In addition, coverages written as Allstate Indemnity, Allstate New Jersey, Allstate County Mutual (TX), Allstate Fire and Casualty (TX), and Allstate Property and Casualty are defined as like lines.¹ Like lines includes the statistical lines of 10 and 19.²

Agents are also permitted to sell other business insuring automobiles, subject to the Company's rules and procedures (e.g., Assigned Risk, etc.). Such transactions are not subject to the Auto commission rules.

2.0 Special Commission Rules

2.1 Added Coverage

The R3001 Agent writing an Added Coverage to a six month or annual Auto policy receives commission in such coverage, but prorated to the next renewal date of the policy. The Agent of Record, Designated Agency or Assigned Agency if other than the Writing Agent, relinquishes commission on the premium for the Added Coverage to such renewal date.

On six month policies, the Agent of Record, Designated Agency or Assigned Agency (unless the policy has been captured by another agency) will receive commission on the net written premium for such coverage for the ensuing six months at the applicable Added Coverage amount for that term.

On annual policies, the Agent of Record, Designated Agency or Assigned Agency (unless the policy has been captured by another agency) will receive renewal commission on the net written premium for such coverage at the next policy renewal

When coverage for an Additional Automobile is sold, coverage for the auto already insured must remain in effect for at least 120 days after the additional auto becomes covered, or the premium will be regarded as premium for insuring a replacement auto. When coverage for an Additional Automobile is sold, coverage for the auto previously insured must have been canceled more than 120 days prior to the additional auto becoming covered, or the premium will be regarded as premium for insuring a replacement auto, unless there was a replacement auto in the last 120 days.

¹ Special Auto coverages written with an effective date prior to April 1, 2008 are considered a like line.

² Business written under line 16 prior to April 1, 2008, is considered a like line.

2.1.1 List of Added Coverages

- Coverage For An Additional Automobile
- Bodily Injury and Property Damage Liability
- Collision
- Drive Other Cars
- House-Car Trailer
- Uninsured Motorist
- Uninsured Motorist/Bodily Injury (Rhode Island)
- Uninsured Motorist/Property Damage (Rhode Island and Ohio)
- Underinsured Motorist
- Medical Payments (in Kansas only when VA1 not contained in policy)
- Death Indemnity
- Disability Income
- Towing
- Comprehensive
- Vendor's Single Interest (California)
- Extraordinary Medical Benefits (Pennsylvania)
- Rental Reimbursement
- Lease Loan Gap (Ohio and Maryland)

2.1.2 No Fault Added Coverage Determinations

Because of differences in the handling of Auto coverage in No Fault states, which coverages are "Added Coverages" and which are not will be determined on a state-by-state basis. These determinations are shown in exhibit 1 at the end of this section (3-2).

2.2 Agent Type and Agent Number on a Cancel-Rewrite Due to an Effective Date Change on the Policy

If a policy is cancelled and rewritten for the same named insured in the same line of insurance, due to an effective date change on the policy, the agent type and agent number on the rewritten (new) policy will be the same as the agent type and agent number on the cancelled (old) policy, unless the agent is not licensed and appointed in that state. If the agent is not licensed and appointed in that state, then the agent type on the rewritten policy will be the agent type of the access point that bound the new policy.³

³ If the access point is the CCC then the origin of the call, i.e. direct to the CCC or agent forwarded phone, will determine the agent type.

This rule also applies to Plus Policies and unrepresented Plus Policies. The newly written policy will remain a Plus Policy, however, any completed portion of the five annual renewal periods, in which the Plus Policy commission amounts are in effect, will apply to the newly written policy.

2.3 Agent Type on a Policy Replaced in Accordance with the Company's Mechanized Customer Move Process on ALSTAR Involving Out-of-State Moves (i.e., Statistical State Changed)

If a policy is replaced in accordance with the Company's mechanized Customer Move Process on ALSTAR with a policy for the same named insured, the agent type on the replacement (new) policy will be the same as the agent type on the replaced (old) policy, provided the agent is licensed and appointed in that state. If the agent is not licensed and appointed in that state, then the agent type on the rewritten policy will be the agent type of the access point that bound the new policy.⁴

This rule also applies to Plus Policies and unrepresented Plus Policies. The newly written policy will remain a Plus Policy, however, any completed portion of the five annual renewal periods, in which the Plus Policy commission amounts are in effect, will apply to the newly written policy.

2.4 Agent Type and Agent Number on Reinstatements Other than Reinstatements of Suspended Coverages

If a policy is reinstated for the same named insured in the same line of insurance, the agent type and agent number on the reinstated policy will be the same as the agent type and agent number on the original policy provided the policy was not out of force for a period of 120 days or more.

This rule also applies to Plus Policies and unrepresented Plus Policies. The newly written policy will remain a Plus Policy, however, any completed portion of the five annual renewal periods, in which the Plus Policy commission amounts are in effect, will apply to the newly written policy.

2.5 Reinstatement of Suspended Coverages

2.5.1 Reinstatement by an Agent Other than Agent of Record

An agent other than the Agent of Record may not receive commission for the reinstatement of a suspended coverage unless the agent originally added the suspended coverage and the reinstatement occurs in the same policy term in which the coverage was added. New business commission is then prorated for the period for which the coverage was in force.

⁴ If the access point is the CCC then the origin of the call, i.e. direct to the CCC or agent forwarded phone, will determine the agent type.

2.5.2 Reinstatement by the Agent of Record

A suspended coverage reinstated by the Agent of Record during the policy's first term or the coverage's initial term, as applicable, will have commission calculated on a prorata basis for the period for which the coverage was in force. If the reinstated coverage was written in the same term, the Writing Agent will receive the prorated commission - not necessarily the Agent of Record.

For coverage reinstated after being suspended in a prior policy term, the Agent of Record will receive commission in all cases. In a six month auto policy state, if the reinstatement occurs during the second term of the policy or the second term of an Added Coverage, the first renewal amount will apply. Otherwise, the coverage will be reinstated at the renewal commission amount.

2.6 Commission Applicable to Policies Bound by Different Access Points

If a policy in the same statistical line of insurance (e.g. 10 to 10) in the same state is written for the same named insured by another access point and there is an existing active policy or a terminated policy that was out of force for a period of less than 120 days for the same named insured in the same statistical line of insurance, the agent type on the new policy will be the same as the agent type already established for that same statistical line of insurance. If the existing policy (active or out of force for less than 120 days) is a Plus Policy or unrepresented Plus Policy, then the new policy will be a Plus Policy.

If a new policy in the same state is written for the same named insured by another access point, but in a different statistical line of insurance (e.g. 10 to 19), the agent type on the new policy will be the same as the agent type of the access point that bound the new policy.⁵ If the existing policy is a Plus Policy or an unrepresented Plus Policy, the new policy in a different statistical line will not be a Plus Policy. This rule does not apply to the mechanized Affiliate Company Transfer (ACT) process or any other Company initiated transfer process.

2.7 Voluntary Auto Policy Issued to Former Assigned Risk, Underwriting Association or Facility Plan Insured

2.7.1 Assigned Risk – Voluntary Take-Out

An Allstate agent who is the Agent of Record on an Assigned Risk policy (on which Allstate is the insurer) which is voluntarily taken out of the plan and written as a regular Allstate policy, will receive commission on the net written premium for the initial term of the policy, as though for a new policy, and in the ensuing six months of a six month auto policy, as though for a first renewal policy.

⁵ If the access point is the CCC then the origin of the call, i.e. direct to the CCC or agent forwarded phone, will determine the agent type.

2.7.2 Assigned Risk – Involuntary Take-Out

The law in some states requires that regular insurance be offered to Assigned Risk insureds who are accident and conviction free for a specified period.

Transactions for regular insurance issued as a result of a mandatory take out offer may appear, at the Company's discretion, in the R3001 Writing Agent's account at the current renewal amount.

2.7.3 Underwriting Association

An Allstate agent who is the Agent of Record on an Underwriting Association policy which is voluntarily taken out of the plan and written as a regular Allstate policy will receive commission on the net written premium for the initial term of the policy, as though for a new policy, and in the ensuing six months of a six month auto policy, as though for a first renewal policy.

2.7.4 Reinsurance Facility

The agent writing an Auto line policy initially ceded at new business issue to the Reinsurance Facility or the Agent of Record on an active Auto policy which was in "ceded" status as of December 2, 1985, will receive New Business commission once that policy is "taken out" of the Facility.

Subsequent movement of the policy to or from the Reinsurance Facility in either of the above cases will always be at renewal commission.

2.8 Fleet Conversions

(See Chapter 3, Section 5c applicable to Commercial Casualty business.)

2.9 Commercially Rated Automobile – Replacement Policy

If a Commercially rated Non-Fleet Auto policy (on which commission is calculated according to Chapter 2, Section 1a) is replaced with a non-fleet policy in the Allstate Insurance Company, Allstate Indemnity Company, Allstate County Mutual Insurance Company, Allstate Fire and Casualty Insurance Company or Allstate New Jersey Insurance Company with no lapse of coverage at the time of replacement, the agent who held renewal policy commission interest in the replaced policy should receive renewal policy commission interest in the replacement policy beginning at its effective date.

2.10 Allstate County Mutual Insurance Company – Membership Fees

For purposes of agent commission, membership fees for Allstate County Mutual business will be included with the new net written premium for this business.

2.11 New Business Policy Fee – Allstate Indemnity Company

For purposes of agent commission, the New Business Policy Fee applicable to Allstate Indemnity Company auto business will be included with the new net written premium for this business.

3.0 Residual Market

Involuntary auto insurance may be written under an Assigned Risk or Automobile Insurance Plan, through an Underwriting Association or Plan, or with a Reinsurance Facility, whichever is available in the particular state, subject to the Company's rules and procedures. The Allstate Agent is authorized, under the provisions of this manual to write applications for insurance under these plans.

“Plan Business” shall mean policies and coverages placed through or reinsured with a plan, association or organization established to afford coverage for risks not generally acceptable for insurance.

Commission on Plan Business will be included with the commission otherwise payable under the agent's R3001 Agreement in accordance with the provisions which follow.

3.1 Assigned Risk

Assigned Risk commission is paid in accordance with the amounts listed in Chapter 2 of this manual. The Net Commission System will calculate and pay agents for Assigned Risk business twice a month based on the balance in their Assigned Risk account. A statement of all transactions for the month will be issued to each agent.

Each month any Assigned Risk overpayments (resulting from premium reductions or cancellations) will be netted against commission amounts.

All Assigned Risk policies will remain on an annual term, even though voluntary business may be written for a six month term.

3.2 Underwriting Association Business

In several states Automobile residual market business is insured through an Underwriting Association. In Hawaii the association is called the Joint Underwriting Plan (JUP) and in Michigan the Automobile Insurance Placement Facility (AIPF). This section pertains to Underwriting Association business in these states except where noted below.

The Underwriting Association in each applicable state will dictate (with proper state approval) whether each Auto policy term will be for six or 12 months.

Allstate is not the insurer for Underwriting Association business: It acts instead as a “servicing carrier.”

Commission on Underwriting Association business written through Allstate will be recorded on the agent’s Monthly Producer Commission Statement.

3.2.1 Representation of Policy

Only one agent (Agent of Record) may represent an Underwriting Association policy. This will be the Writing Agent as long as the agent remains licensed.

No new policies or renewal policies will be recorded in the Underwriting Association account of a former Allstate Agent whose Underwriting Association business is being discontinued by Allstate; unless Allstate has been selected by the agent (Designated Agent) to be the servicing carrier.

If the agent wants to retain Underwriting Association policies, the agent will have to secure another sponsor for a license (thereby meeting the Underwriting Association requirement).

The agent will then rewrite the Underwriting Association business through the new sponsor only after the Underwriting Association policies serviced by Allstate are non-renewed.

3.3 Reinsurance Facility Plans

Reinsurance facilities are effective in New Hampshire and North Carolina.

Facility commission will be recorded on the agent’s monthly statements in the same manner as voluntary auto business, but will be identified on the Agent Monthly Production Statement under a separate heading. In cases of ceding existing policies to the Facility, the agent representing the policy prior to its having been ceded will represent the Facility policy. If an R3001 Agent’s agreement terminates, Facility policies will become unrepresented in the same way as all other policies.

Commission for premium unearned due to cancellation of a policy or coverage will be deducted from the commission to be paid for the month in which the cancellation is processed. Voluntary policies ceded at renewal will be recorded at the applicable renewal commission amount.

EXHIBIT 1
 No Fault Coverages
 (Y = Added Coverage N = Replacement)

State	VA	VB	BT, BV, DA	VA7, VA8, VA9, CC				VC, VM, VW	
				No VA1 or CC	VA1 or CC	No VA1	VA1	No CC, CM, CW, VA	CC, CM, CW, VA
AR								Y	N
CO	N	Y							
CT	N	Y							
DE	N								
FL	N								
GA	N	N							
HI	N	Y							
KS	N					Y	N		
KY	N ⁶			Y	N				
MD	Y								
MI	N		N						
MN	N								
NJ	N	Y							
NY	N	Y							
ND	N	Y							
OR	N								
SC	Y ⁷								
TX	Y ³							Y	N
UT	N								
VA	N							Y	N
WA	Y ³								

⁶ Applies to VA1 only.

⁷ Added Coverage only if not replacement for Medical Payments.

Section 3: Personal Property

1.0 General

The line groups which comprise the Personal Property category are listed below. Special commission rules applicable to these line groups are contained in the indicated sections.

Section 3a	Homeowners (like lines including Homeowners, Renters, Condominium and Deluxe Country)
Section 3b	Mobilehome
Section 3c	Boatowners - Recreational Package Policy
Section 3d	Residential Fire
Section 3e	Landlords Package Policy
Section 3f	Workers' Compensation - Residence Employees
Section 3g	Personal Umbrella Policy

Each of the line groups and like lines stated above is a separate line of insurance for commission purposes. Special commission rules applicable to conversions within the Personal Property category are contained in this chapter.

2.0 Residual Market

2.1 FAIR plans

FAIR Plans (Fair Access to Insurance Requirements) provide property insurance to those who are unable to secure it through the voluntary market. Insurance companies share these risks proportionately based upon their market share.

2.2 Allstate Flood Insurance (AFI)

Allstate Flood Insurance covers losses from flooding and is written in cooperation with the National Flood Insurance Program (NFIP).¹ The commission amounts applicable to agency written Allstate Flood Insurance are contained in Chapter 2, section 1b, subsection 5.0.

A terminated R3001 Agent will be paid for Allstate Flood Insurance business in process at the time of termination of the agent's R3001 Agreement. Unless sold, the agent maintains a commission interest in agency bound Flood policies produced until the first policy renewal after the agent's termination date. Accordingly, all subsequent endorsement and cancellation transactions occurring after the termination date, but before the next policy renewal, will also be recorded in the terminated agent's account.

¹ Flood insurance cannot be written directly with the NFIP, it must be written through Allstate.

2.3 California Earthquake Authority (CEA)

Allstate agents are permitted to sell California Earthquake Authority business through a state regulated program for customers with companion Allstate policies in the homeowners, mobilehome, residential fire and landlords package lines. The Allstate companion policy and the CEA policy must have the same expiration date.

Allstate is not the insurer for California Earthquake Authority business; it acts instead as a “servicing carrier”.

2.3.1 Representation of Policy

Only one agent may represent a CEA policy. This agent will be the same as the Agent of Record on the companion personal property policy.

2.3.2 Ownership of California Earthquake Authority Business

Allstate owns, but is not the underwriter of, California Earthquake Authority business. If a customer requests service by another agent, both the CEA and companion policy will go through the normal change of agent process.

3.0 Mine Subsidence Coverage

3.1 General

Mine Subsidence coverage is available in the following states and lines:

Line	IL	IN	WV	KY	OH
Mobilehome	Yes	No	Yes	No	Yes
Residential Fire	Yes	Yes	Yes	Yes	Yes
Homeowners (Allstate and Allstate Indemnity)	Yes	Yes	Yes	Yes	Yes
Landlords Package	Yes	Yes	Yes	Yes	Yes
Condominium	Yes	Yes	No	No	Yes

Mine Subsidence coverage insures losses related to collapse due to mining operations. Mine Subsidence is written in accordance with state-administered plans and will therefore be treated as “Plan Business” for commission purposes.

3.2 Commissions

The current commission amounts for agency bound business applicable to Mine Subsidence coverage are:

New Business	15%
Renewal	6.5%

3.3 Statements

Mine Subsidence coverage transactions will be recorded on the R3001 Agent’s monthly production statements similar to other property coverages, but under separate headings.

4.0 Citizens Property Insurance Corporation

In July 2002, the Florida Residential Property and Casualty Joint Underwriting Association and the Florida Windstorm Underwriting Association were combined to create Citizens Property Insurance Corporation (Citizens). Allstate agents in Florida may submit property residual market applications to Citizens through a service company and may submit wind only applications directly to Citizens.

5.0 Castle Key

5.1 General

All Florida Personal Property business will be written in Castle Key Insurance Company or Castle Key Indemnity Company.

Property Line	Castle Key Insurance	Castle Key Indemnity
Homeowners	Yes	Yes
Renters	Yes	Yes
Condominium	Yes	No
Deluxe Country	Yes	No
Residential Fire	Yes	No
Landlords Package	Yes	No
Mobilehome	Yes	No
Boatowners	Yes	No
Scheduled Personal Property	Yes	No

Section 3a: Homeowners

The following lines are all in the Homeowners line group for purposes of commission and are defined as like lines:

Line	Allstate Insurance Castle Key	Allstate Indemnity Allstate Texas Lloyds' Castle Key Indemnity
Homeowners	Yes	Yes
Renters	Yes	Yes
Condominium Owners	Yes	Yes ¹
Deluxe Country Homeowners	Yes	Not Sold

1.0 Added Coverages

1.1 Countrywide

- Scheduled Personal Property
- Coverage for an Additional Class of Scheduled Personal Property
- Earthquake Coverage
- Increase in Limits (Amount) of Any Section I Coverage - Excluding Any Automatic Increases and Increase of Contents Coverage Limit to Replacement Cost
- Fire Department Charges
- Loss Assessments
- Increased Coverage for Theft of Silverware
- Extended Coverage on Jewelry, Watches and Furs Coverage
- Incidental Office
- Increased Limits on Money
- Business Pursuits
- Additional Residence - Premises Rented to Others
- Increased Limits on Securities
- Additional Dwelling Occupied by Named Insured
- Other Structures Protection (Deluxe Country)
- Livestock Protection (Deluxe Country)
- Additional Coverage on Livestock (Deluxe Country)
- Increased Coverage on Other Structures
- Electronic Data Processing Equipment

¹ Condominium is available through Allstate Indemnity in California only.

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- Building Codes
 - Increased Coverage on Business Property
 - Coverage on Farm Tractors (Deluxe Country)
 - Coverage on Building Improvements
 - Incidental Office, Private School or Studio
 - Lock Replacement
 - Satellite Dish Antennas
 - Cellular Communication Systems
 - Golf Cart
 - Extended Coverage Cameras
 - Extended Coverage Musical Instruments
 - Extended Coverage Sports Equipment

1.2 Specific States

- Attorney's Fees Coverage (Alaska)
- Windstorm and Hail Loss Assumption Coverage (Florida)
- Watercraft Liability and Medical Payments Coverage (Louisiana, New York, North Carolina, Texas, Virginia)
- Sewer Back Up Coverage (Maryland, Virginia)
- O.L. & T Coverage (Missouri)
- Credit Card and Depositors Forgery Coverage (North Carolina, Texas)
- Extended Theft (North Carolina, Texas)
- Additional Residence Employee Liability (Texas)
- Residence Glass Coverage (Texas)
- Additional Insured Occupant - Non-Relative Coverage (Texas)
- Workers' Compensation Coverage WC (California, New Hampshire)
- Contingent Workers' Compensation - Coverage WC (Indiana)
- Mine Subsidence (See Chapter 3, Section 3, Subsection 3.0)
- Additional Insured (North Carolina)
- Office, Professional, Private School or Studio (North Carolina)
- Increase in Coverage Resulting from Value Quote (California)

2.0 Agent Type and Agent Number on a Cancel-Rewrite Due to an Effective Date Change on the Policy or Change in Policy Form

If a policy is cancelled and rewritten for the same named insured in the same line of insurance due to an effective date change on the policy or a change in the policy form for the same property, the agent type and agent number on the rewritten (new) policy will be the same as the agent type and agent number on the cancelled (old) policy, unless the agent is not licensed and appointed in that state. If the agent is not licensed and appointed in that state, then the agent type on the rewritten policy will be the agent type of the access point that bound the policy.²

This rule also applies to Plus Policies and unrepresented Plus Policies. The newly written policy will remain a Plus Policy, however, any completed portion of the five annual renewal periods, in which the Plus Policy commission amounts are in effect, will apply to the newly written policy.

2.1 Agent Type on a Policy Replaced in Accordance with the Company's Mechanized Customer Move Process on ALSTAR

If a policy is replaced in accordance with the Company's mechanized Customer Move Process on ALSTAR with a policy for the same named insured, the agent type on the replacement (new) policy will be the same as the agent type on the replaced (old) policy, unless the agent is not licensed and appointed in that state. If the agent is not licensed and appointed in that state, then the agent type on the rewritten policy will be the agent type of the access point that bound the new policy.²

This rule also applies to Plus Policies and unrepresented Plus Policies. The newly written policy will remain a Plus Policy, however, any completed portion of the five annual renewal periods, in which the Plus Policy commission amounts are in effect, will apply to the newly written policy.

2.2 Agent Type and Agent Number on Reinstatements

If a policy is reinstated for the same named insured in the same line of insurance, the agent type and agent number on the reinstated policy will be the same as the agent type and agent number on the original policy provided the policy was not out of force for a period of 120 days or more.

This rule also applies to Plus Policies and unrepresented Plus Policies. The newly written policy will remain a Plus Policy, however, any completed portion of the five annual renewal periods, in which the Plus Policy commission amounts are in effect, will apply to the newly written policy.

² If the access point is the CCC then the origin of the call, i.e. direct to the CCC or agent forwarded phone, will determine the agent type.

2.3 Commission Applicable to Policies Bound by Different Access Points

If a new policy in the same state is written for the same named insured by another access point, the agent type on the new policy will be the same as the agent type of the access point that bound the new policy.³ If the existing policy is a Plus Policy or an unrepresented Plus Policy, the new policy will not be a Plus Policy. This rule does not apply to any mechanized or any other Company initiated transfer process.

3.0 Homeowners or Deluxe Country Replacement Policies

3.1 Commission

The R3001 Agent writing a Homeowners or Deluxe Country policy which replaces a Renters policy, Condominium Owners policy, or another Homeowners or Deluxe Country policy on different property will receive new policy commission for the first 12 months in accordance with the rule stated in section 3a, subsection 2.0 of this Chapter.

The agent who would have received renewal policy commission on the replaced policy will receive renewal policy commission on the newly issued Homeowners policy for all periods subsequent to its first anniversary date.

If the replaced policy was unrepresented, in addition to receiving new commission, the Writing Agent will receive renewal commission on the newly issued Homeowners or Deluxe Country policy for all periods subsequent to its first anniversary date.

3.2 Commission Deduction As Regards Canceled Policy Coverages

Any recorded but unearned premium applicable to each coverage written in the canceled policy will be recorded in the account of the agent who received commission on the particular coverage at the applicable new or renewal amount.

If the canceled policy was unrepresented, any unearned premium will not be recorded in any agent's account.

³ If the access point is the CCC then the origin of the call, i.e. direct to the CCC or agent forwarded phone, will determine the agent type.

4.0 Condominium Owners Policy Replaces A Renters Policy

The R3001 Agent writing a Condominium Owners policy which replaces a Renters policy will receive new policy commission on the newly issued policy for the first 12 months in accordance with the rule stated in Section 3a, Subsection 2.0 of this Chapter.

The agent who would have received renewal policy commission on the replaced policy will receive renewal policy commission on the newly issued Condominium Owners policy for all renewal periods subsequent to its first anniversary date.

If the replaced policy was unrepresented, in addition to receiving new commission, the Writing Agent will receive renewal policy commission on the newly issued Condominium Owners policy for all renewal periods subsequent to its first anniversary date.

Any recorded but unearned premium applicable to each coverage written in a Renters policy (canceled as a result of having been replaced by a Condominium Owners policy) will be recorded as a commission deduction in the account of the agent who would have received commission on the particular coverage at the applicable new or renewal amount.

If no agent would have received commission on the canceled coverage, any unearned premium will not be recorded in any agent's account.

If the replaced policy was a Plus Policy or an unrepresented Plus Policy, the newly written policy will remain a Plus Policy, however, any completed portion of the five annual renewal periods, in which the Plus Policy commission amounts are in effect, will apply to the newly written policy.

5.0 Section I Homeowners Coverages for a Secondary Residence

The R3001 Agent who writes Section I coverage in a separate policy for a Secondary Residence (seasonal dwelling) located in the same state as the primary residence will receive new policy commission for the new coverage for the first 12 months. The Agent of Record on the Homeowners line group will receive renewal policy commission on the newly written policy for all periods subsequent to its first anniversary date.

The agent who writes Section I coverage in a separate policy on a Secondary Residence (seasonal dwelling) located in a state other than the state of the insured's primary residence will receive commission in such policy as though for a new policy provided the agent who writes the application is licensed in the state where the secondary residence is located.

6.0 Extended Coverage on Jewelry, Watches & Furs (JWF) Coverage

6.1 JWF Written in a New Homeowners or Renters Policy at Issuance

Commission on JWF coverage written in a new Homeowners or Renters policy at issuance will be the same commission as applies to the policy.

6.2 JWF Added – No Previous Similar Coverage

JWF coverage endorsed to an existing Homeowners or Renters policy which contains no JWF coverage or SPP coverage on any items of jewelry and/or furs will be treated as an Added Coverage for commission purposes.

6.3 JWF Added- Existing Similar Coverage

JWF coverage endorsed to an existing Homeowners or Renters policy which contains SPP coverage on items of jewelry and/or furs will be considered replacement coverage.

The Agent of Record on the replaced SPP coverage will receive commission on the newly-written JWF coverage at the same commission amount applicable to the replaced SPP coverage at the time of replacement.

Any recorded but unearned premium applicable to the SPP coverage canceled when a replacement coverage is written, will be recorded in the account of the agent who would have received commission on the particular canceled coverage at the applicable new or renewal commission amount.

If the canceled SPP coverage was unrepresented, any unearned premium will not be recorded in any agent's account.

6.4 JWF Coverage Written in Homeowners Policy Which Replaces A Renter/Condo Policy

The R3001 Agent writing JWF coverage in a Homeowners policy which replaces a Renters/Condo policy will receive commission on the JWF coverage in accordance with the rules under 2.1.

7.0 Scheduled Personal Property (SPP) Coverage

If SPP Coverage is written on items of jewelry and/or furs to replace existing JWF coverage, the newly written SPP coverage will be considered a replacement coverage.

The Agent of Record will receive commission on the newly written SPP coverage in accordance with the commission held by the agent in the replaced JWF coverage.

SPP coverage on an additional class of personal property (other than Jewelry or Furs) endorsed to a Homeowners or Renters policy which contains JWF coverage will be treated as an Added Coverage for commission purposes.

Any recorded but unearned premium applicable to the JWF coverage, canceled when a replacement coverage is written, will be recorded in the account of the agent who received commission on the particular canceled coverage at the applicable new or renewal commission amount.

If the canceled JWF coverage was unrepresented, any unearned premium will not be recorded in any agent's account.

8.0 Conversion of Fire, Theft and/or CPL to a Homeowners or Deluxe Country Policy

8.1 Homeowners or Deluxe Country Policy Written by the Agent

The R3001 Agent writing a Homeowners or Deluxe Country policy that converts existing Fire, CPL and/or Theft coverage(s) will receive new policy commission for the Homeowners or Deluxe Country policy for the first 12 months.

The Agent of Record on the Fire line will receive renewal policy commission on the Homeowners or Deluxe Country policy at its first anniversary date.

If such Fire line has no other agent receiving commission, the Writing Agent will receive renewal policy commission on the Homeowners or Deluxe Country policy at its first anniversary date even though the converted CPL and/or Theft coverages were represented by another agent.

8.2 Commission Deduction

Any recorded but unearned premium applicable to a converted Fire coverage will be recorded in the account of the agent who would have received commission on such canceled coverage at the applicable new or renewal commission amount.

If the canceled Fire Coverage was unrepresented, any unearned premium will not be recorded in any agent's account. Any recorded but unearned premium applicable to any canceled CPL or Theft coverage will not be recorded in any agent's account.

Section 3b: Mobilehome

1.0 Added Coverages

- Mobile Home
- Increased Personal Effects
- Scheduled Personal Property
- Coverage for an Additional Class of Scheduled Personal Property
- Vendor's Single Interest
- Trip Collision
- Business Pursuits
- Additional Premises Coverage
- Extended Coverage on Jewelry, Watches and Furs
- Additional Dwelling Rented to Others
- Fire Department Charges
- Increased Coverage on Radio or TV Antennas or Towers Improvements Coverage
- Earthquake and Flood (Alaska)
- Earthquake (North Carolina)
- Extended Theft (North Carolina, Kansas)
- Credit Card and Depositors Forgery (North Carolina)
- Office, Professional, Private School or Studio Occupancy Coverage (North Carolina)
- Increase in Coverage a Limit Stated Value Policies (FL, NE, MT, NH, SC, NC)
- Increase in Limits (Amount) of Any Section 1 Coverage - excluding any Automatic Increases
- Additional Residence Premises - Rented to Others (North Carolina)
- Workers' Compensation - Coverage WC (California, New Hampshire)
- Additional Class of Residence Employees (California, New Hampshire)
- Mine Subsidence (See Chapter 3, Section 3, Subsection 3.0)
- Other Structures (North Carolina)
- Lienholders Single Interest (North Carolina)
- Increases to Mobilehome Value (Texas)
- Increases to Contents Limit (Texas)
- Increases to Adjacent Structures (Texas)

2.0 Extended Coverage on Jewelry, Watches and Furs (JWF) Coverage

Jewelry, Watches and Furs coverage endorsed to an existing Mobilehome policy will be treated in the same manner as when endorsed to an existing Homeowners policy. Refer to Chapter 3, Section 3a, subsection 6.0.

3.0 Scheduled Personal Property Coverage Endorsed to an Existing Mobilehome Policy

Scheduled Personal Property coverage endorsed to an existing Mobilehome policy will be treated in the same manner as when endorsed to an existing Homeowners policy. Refer to Chapter 3, Section 3a, subsection 7.0.

4.0 Allstate County Mutual Mobilehome Policies (Texas)

4.1 General

Mobilehome coverage in Texas may be supplemented by Allstate Theft and CPL coverage. The following rules apply to these coverages.

4.2 Commission Rules

Theft and Liability insurance sold to customers already insured under an Allstate County Mutual Physical Damage policy will be treated in the same manner as "Added Coverages" for commission purposes. Added Coverages written by Allstate include:

- Business Pursuits
- Loss Assessment Liability
- Additional Residences Rented to Others
- Additional Insured/Residences Premises

Mobilehome "Added Coverages" written by Allstate County Mutual are shown in subsection 1.0.

Section 3c: Boatowners – Recreational Package Policy

1.0 Line Group Designation

For commission interest purposes, the Boatowners policy and the Recreational Package Policy will be treated as a single line group.

2.0 Commission for Items Written in a Separate Policy

The Agent of Record in the Boatowners/RPP line group will be the agent who first writes the Recreational Package Policy or Boatowners policy for the named insured.

The R3001 Agent who writes either a new Recreational Package Policy or new Boatowners policy, when the other policy is already in effect, will receive New Business commission for the first policy year of the new policy.

If the policy in effect is unrepresented and no other agent has qualified to capture it, the agent writing the new Recreational Package Policy or Boatowners policy will capture commission interest in the unrepresented policy when it next renews. When the policy in effect is represented or another agent has qualified to capture it and the new (second) policy renews, the Agent of Record on the original policy in the line will receive renewal commission for all subsequent periods on both policies.

Policies issued by the Company to existing Recreational Package Policy customers as a result of the introduction of the Boatowners policy which replaced coverage for their boats provided in their Recreational Package Policy are excluded from this rule.

3.0 Added Coverages

3.1 Boatowners Policy

- Watercraft Liability
- Watercraft Medical Payments
- Your Property (Coverage TT)
- Additional Boat
- Addition of New Associated Property (Motor, Trailer, or Increased Boat Equipment under Coverage TT)
- Personal Effects
- Emergency Service
- Foreign Coverage (California)

3.2 Recreational Package Policy

- Bodily Injury and Property Damage Liability
- All Risk of Direct Physical Loss or Damage
- Additional Boat¹
- Additional Recreational Vehicle¹
- Medical Payments
- Addition of New Associated Property (boat motor, trailer or equipment and accessories added under All Risk of Direct Physical Loss or Damage Coverage)
- Machinery Damage Coverage (on inboard boats)
- Coverage on Sails (excluding Spinnakers), Spars and Rigging While Racing
- Uninsured Motorists
- Foreign Coverage (California)

¹ The boat or recreational vehicle (of like kind) already insured must remain insured for at least 120 days; otherwise, the premium shall be regarded as premium for insuring a replacement boat or recreational vehicle (not for an Added Coverage).

Section 3d: Residential Fire (Including CPL Added Coverages)

1.0 Added Coverages

1.1 Residential Fire

- Fire and Lightning Coverage on Dwelling (including Additional Dwelling) Contents (including Additional Contents)
- Earthquake Coverage
- Extended Coverage
- Additional Extended Coverage
- Broad Form Coverage
- Special Form Coverage
- Mine Subsidence (See Chapter 3, Section 3, Subsection 3.0)
- Increase in Amounts (Limits) of Coverage on Any Item - Excluding Any Automatic Increases
- Addition of Item:
 - Additional Living Expense
 - Rent or Rental Value
 - Trees, Plants, Shrubs
 - Fire Department Service Charge
 - TV Coverage
 - Other Miscellaneous Items

1.2 Comprehensive Personal Liability (CPL)

- Additional Residence Premises Maintained by an Insured
- Custom Farming
- Office, Professional, Private School or Studio Occupancy of an Insured's Residence by an Insured
- Additional Insureds - Non-Relative - Personal Liability
- Rental Property
- Watercraft
- Business Pursuits - Excluding Business of Which the Insured Is Either Sole or Part Owner
- Additional Class of Residence Employees (CA, NH)

2.0 Dwelling and/or Contents Added to a Scheduled Fire Policy

When a dwelling and/or its contents is added to a Scheduled Fire policy and neither the dwelling nor its contents were insured for basic Fire coverage within the last 120 days, the Writing Agent will receive commission at the applicable Added Coverage amount in the coverage on the added dwelling and/or its contents for the first 12 months.

The Agent of Record on the Residential Fire line will receive renewal commission on the newly written coverage as of the next Schedule Fire policy anniversary date following the effective date of the coverage.

Section 3e: Landlords Package Policy

1.0 Added Coverages

- Earth Movement
- Increased Limits on Other Structures
- Demolition
- Mine Subsidence (See Chapter 3, Section 3, Subsection 3.0)
- Increases in Limits (Amounts) of any Section I Coverage (excluding any automatic increases)

2.0 Conversion of Residential Fire to a Landlords Package Policy

When a Landlords Package policy is written for a named insured who has a Residential Fire policy in force, the Company will cancel the Residential Fire policy.

2.1 Commission Interest

The R3001 Agent writing a Landlords Package policy that converts an existing Residential Fire policy will receive new policy commission interest in the Landlords Package policy for the first 12 months.

Provided there is not an Agent of Record already established in the Landlords Package Policy line:

- The Agent of Record on the Residential Fire policy will receive renewal policy commission interest in the Landlords Package policy at its first anniversary date, or
- If such Residential Fire policy is free of any other agent's commission interest, the Writing Agency will receive renewal policy commission interest in the Landlords Package policy at its first anniversary date.

2.2 Commission Deduction As Regards Converted Residential Fire Policy

Any recorded but unearned premium applicable to a converted Residential Fire policy will be recorded in the account of the agent who held commission interest in such canceled coverage at the applicable new or renewal commission percentage.

If the canceled Residential Fire policy was unrepresented, any unearned premium will not be recorded in any agent's account.

3.0 Conversion of Customizer or BPP to a Landlords Package Policy

A Landlords Package policy which replaces an existing Customizer policy or Business Package policy will not be considered a new policy.

The Agent of Record on the replaced Customizer policy or Business Package policy will receive renewal commission in the replacement policy calculated at the renewal commission percentage.

4.0 Conversion of Businessowners Policy¹ or Commercial Package Policy¹ to a Landlords Package Policy

A Landlords Package policy which replaces an existing Businessowners policy or commercial Package policy will not be considered a new policy.

The Agent of Record on the replaced Businessowners policy or Commercial Package policy will receive renewal commission in the replacement policy calculated at the renewal commission percentage.

¹ Available upon new product implementation beginning in late 2011. The actual new product implementation date will vary by state.

Section 3f: Workers' Compensation – Residence Employees

1.0 Added Coverages

- Additional Class of Residence Employees

2.0 Commission Interest

The Writing Agent will receive both new policy and renewal policy commission interest in the new Workers' Compensation - Residence Employees policy if not converted from a regular Workers' Compensation policy. Otherwise, the Agent of Record on the regular Workers' Compensation policy will receive renewal policy commission interest in the Workers' Compensation - Residence Employees line.

Section 3g: Personal Umbrella Policy

1.0 Added Coverages

- Aircraft
- Recreational Vehicle
- Watercraft
- Each Additional Residence
- Uninsured Motorist (Florida, Louisiana, Tennessee)

CHAPTER 3: Commission Interest

REVISION DATE: February 1, 2013

Section 4: Allstate Financial

The information and rules in this section applies to all R3001 Agents except where otherwise indicated. Any reference to Exclusive Financial Specialists includes New York Financial Specialists unless otherwise indicated.

1.0 General

Commission interest in an Allstate Financial policy shall belong exclusively to the agent who first writes that policy (writing agent only). Such commission interest in an Allstate Financial policy shall continue as long as the policy continues in force and the agent's agency agreement remains in effect. Allstate retains the right to change the commission interest at the request of a customer or if servicing issues arise and another agent is assigned to assist the customer. An agent's licensed support staff may only write Allstate Financial business in the R3001 agent's primary license state.

2.0 Special Situations

The following sections contain special commission rules applicable to Allstate Financial products.

Section 4a	Allstate Financial – Policy Replacements
Section 4b	Allstate Financial – Term Conversions and Term to Permanent Replacements
Section 4c	Allstate Financial – Whole Life Policy Issued Through Exercising FPP Option
Section 4d	Allstate Financial – Add-Ons and Increases
Section 4e	Allstate Financial - Allstate Financial Services, LLC
Section 4f	Allstate Financial - American Heritage Life Insurance Company (excludes New York)
Section 4g	Allstate Financial - Assets Captured Bonus and Life Production Bonus (excludes New York)
Section 4h	Allstate Financial – Assets Captured Bonus and Life Bonus (New York only)
Section 4i	Allstate Financial - Allstate Life Insurance Company of New York Workplace Business

3.0 Agent Split Commission Agreement

3.1 General

Agents may enter into a split commission agreement with another agent. Split commission arrangements may be selected in the following ratios: 50/50, 60/40, 70/30, 80/20, 90/10. A different split commission arrangement can be used for each new business or term conversion policy. The split commission arrangement is identified on each application. If this information is not specified on the application, a 50/50 split will be defaulted.

The commissionable premium and production credit will be split based on the ratio selected. Both agents will receive life persistency (LPF) credit; however, the policy count will be given only to the Writing Agent. The agent with the highest percent split will be considered the Writing Agent. On a 50/50 split policy, the agent who appears first on the application will be considered the Writing Agent. Production credit on split commission arrangements are classified as personally produced (solo) business. Enhanced Commission Scales are based on the individual agent's production levels.

The Writing Agent and the Participating Agent must represent the same Allstate life insurance company and be properly licensed in the state to which the policy is coded. Accordingly, a New York agent and a non-New York agent may not agree to split commission with each other on an Allstate Financial policy.

3.2 Commission Determinations

New premium for policy additions or increases occurring after initial policy issuance will not be split even if the basic policy was a split commission policy. The special commission rules contained in Chapter 3, Section 4d will continue to apply.

3.3 Termination of Either Agent's Agency Agreement

Should either agent's agency agreement terminate prior to policy issuance, except as otherwise provided in this Supplement, the remaining agent will receive the full commission for the policy. If one of the parties terminates after policy issuance, cancellations or renewals will be divided according to the agreed upon basis for dividing premium, but the appropriate portion will be recorded as unrepresented when the terminated agent condition exists.

4.0 Assigned Life Business

An R3001 Agent may assign Life business to another agent with company approval. Any commission payable with respect to the assigned Life policy will be at the appropriate renewal amount based on policy year as per the R3001 Agent's commission schedule.

5.0 Exclusive Financial Specialist Shared Business

An R3001 Agent may produce business through an arrangement with an Exclusive Financial Specialist (EFS). This business arrangement is classified as shared business. The agent receives 100% issued production credit on all issued business written with an EFS. Issued production credit applies to the agent's Enhanced Commission Scales for shared business (see chapter 2) and counts 100% towards recognition, promotions, year long awards, Assets Captured Bonus qualification and agency results measurements.

5.1 Life Specialist Shared Business Issued Prior to January 1, 2001 (New York Only)

Agents are paid 16% commission¹ based on new business issued premium for life business and 8% commission on variable Universal Life business, produced in partnership with a New York life specialist. No shared commissions are paid on Universal Life excess, renewals, annuities or mutual funds.

5.2 Termination of Exclusive Financial Specialist's Agreement

Should the Exclusive Financial Specialist's agency relationship with Allstate terminate, the participating agent may capture the policies written by the EFS, where the agent is the participating agent, that become unrepresented. The agent cannot selectively accept policies. The agent must accept all the policies on which he/she is the participating agent. If, during the period between Exclusive Financial Specialist termination and assignment of the policies, an R3001 Agent writes premium additions or renewals, the agent will receive the related production credit and no commissions (as if an active Exclusive Financial Specialist was assigned to the policy).

6.0 Company Fees Charged to the Agent

6.1 Fee for Undelivered Policies

Certain states require that the Company secure and retain a copy of the customer signed policy delivery receipt. When writing business in one of these states, customer signed receipts must be returned and received by the respective Service Center within 45 days of the date the policy was mailed to the agency for delivery. After 45 days, the Company will send a certified copy of the policy and its delivery requirements to the customer. The Company cost associated with policy reissue and certified mailing will be assessed to the writing agent in the form of a commission deduction. The fee charge will be \$65.00.

¹ On group conversion regular new business commission will be paid.

6.2 Fee for Non-funded Policies Issued but not Placed (excludes New York)

The life insurance application initial funding policy requires one modal premium with application submission unless the application meets the exclusion criteria outlined below. A fee of \$50.00 will be assessed to agencies on non-funded but issued life applications that are not accepted by the customer. This fee will be assessed to the writing agent in the form of a compensation deduction.

Exclusion Criteria

This fee will not be assessed and initial funding is not required if:

1. The sale involves replacement of existing life coverage (either an internal or external replacement).
2. An application specifically requests that we draft the initial premium, and a voided check and signed authorization is submitted.

These exceptions allow the submission of a non-funded application, however, we encourage the collection of a down payment whenever possible so the customer has the protection outlined in the Temporary Insurance Agreement and we stand a better chance of placing the business.

Funding must not be submitted with any application if:

1. An application is for a face amount greater than \$1,000,000.
2. A trial application is required based on the customer's history.

Section 4a: Allstate Financial – Policy Replacements

1.0 General

A policy replacement may be warranted if it provides increased coverage or other features needed by the customer at a more economical cost. However, a policy replacement may not be in the customer's best interest due to such facts as: surrender charges, expense loads, health of the insured or the restarting of the incontestability period.

The following rules may be changed from time to time. Circumstances that may cause them to be changed include, but are not limited to, the following: (a) changes which may benefit the policyholder (as determined by the Company); and (b) introduction of new products.

There are no exceptions to the Replacement Rules.

2.0 Commission Interest

2.1 Life Business

Any life policy that replaces one or more existing life policies, written with the Allstate Life Insurance Company, and its affiliates and subsidiaries, including Allstate Financial Services, LLC (AFS, LLC) will be considered a replacement and will be subject to all appropriate replacement rules.

Replacements Receiving Full New Business Commissions

Full new business will be paid in the following cases. Term to term replacements or term to permanent replacements identified below in which the customer enters into a new policy with an application date within 180 days of the end of the level premium period of the original policy, or anytime thereafter. Note: the original level term policy must not be lapsed or terminated. This applies to the replacement of the following level term policies:

Countrywide (excluding New York)

- Lincoln Benefit Life Level Best Term
- Lincoln Benefit Life and Allstate Life Insurance Company Level Best Gold
- Lincoln Benefit Life and Allstate Life Insurance Company Level Best Platinum
- Lincoln Benefit Life GT Gold
- Lincoln Benefit Life GT Platinum
- Lincoln Benefit Life TrueTerm

New York only

- Allstate Life Insurance Company of New York Level Best Gold
- Allstate Life Insurance Company of New York Level Best Platinum
- Allstate Life Insurance Company of New York GT Gold
- Allstate Life Insurance Company of New York GT Platinum
- Allstate Life Insurance Company of New York TrueTerm

This will also apply to five year renewable term policies that have reached the end of their last eligible renewal period (i.e., the contract reaches maturity and can longer be renewed).

Replacements Receiving Net New Commissions

Renewable Term Replacement Rules

Commission on renewable term policies that are replaced is based on the difference between the new policy's first year annual premium and the initial premium paid during the first year of the replaced renewable term policy. This applies to the following renewable term policies:

- Protector Plus
- Maximum Term
- 5 Year Term
- Annual Term

Below is an example of how the net new premium is calculated for renewable term replacements:

Customer's ALIC Protector Plus premium for the first 5 years is \$200. For policy years 6-10, the premium is \$300. During the eighth policy year, the customer suitably replaces the Protector Plus policy with a new policy. The first year annual premium for the new product is \$1000. The net new premium calculation will be based on the initial premium of the replaced policy, \$200 in this example, and producer commission and production credit will be based on \$800 of net new premium ($\$1000 - \$200 = \800).

Except for the cases identified above and the rules for term to perm replacements and term conversions, which can be found in Chapter 3.0, section 4b of this supplement, all other replacements will be paid as follows:

- Any excess premium applied above the required annual premium will receive commissions at the current excess rate.
- If the existing policy has lapsed or terminated¹ within 6 months **before the application date** or 12 months **after the credit release date** of a new business policy, commission and production credit will be given on the difference between the new policy commission basis and the old policy's current commission basis. If the old policy is terminated¹ within the first policy year, any unearned premium will be subtracted from the old policy's current commission basis when calculating commissions. If the new policy commission basis is less than or equal to the old policy's current commission basis, no commission and production credit will be given on the new business policy.
- If the new policy is replacing more than one existing policy on the same insured and the existing policies meet the above criteria, the current commission basis from all old policies will be used for the calculation.
- New business commission rates will be used to calculate commissions.
- If the replaced policy is less than 49 months old, the exposed and in force counts for the terminated policy will be deleted for persistency calculations. The new business policy will receive exposed and inforce counts with the new policy effective dates.

¹ Policies converted to a Non-Forfeiture Option are treated as terminated policies.

2.2 Annuities

Commissions, production credit, and assets captured bonus is paid on internal exchanges/transferred funds, including:

- transfers to and from AFS, LLC,
- transfers from a Prudential variable annuity to an Allstate/LBL fixed annuity,
- transfers from an Allstate/LBL fixed annuity to a Prudential variable annuity,
- transfers from an Allstate/LBL variable annuity to a Prudential variable annuity,
- transfers from an Allstate/LBL fixed or variable annuity to a Protective Life fixed annuity, and
- transfers from a Prudential variable annuity to a Protective Life fixed annuity,

when ALL of the following criteria are met:

- The withdrawal amount is surrender charge/withdrawal charge free and the surrender charge/withdrawal charge was not waived, including waivers due contract or rider provisions (other than death or widow withdrawal waiver),
- The withdrawal was not a free partial withdrawal or a withdrawal using the Lifetime Income Benefit Rider,
- The withdrawal was not in the free window period of the T-Link or Tactician Plus contract (see subsection 2.3)
- The transferred deposit is subject to a surrender charge/withdrawal charge in an existing or new contract or the transferred deposit is into the IncomeReady SPIA, and
- The transfer is not a “Like to Like” exchange. “Like to Like” is an exchange/transfer between annuities of the same product name. Also included are exchanges/transfers between:
 - Any Consultant Solutions Variable Annuity product
 - SureHorizon Annuity and SureHorizon II Annuity
 - Treasury Linked II Annuity to a Treasury Linked Annuity
 - Saver’s Index I annuity and Saver’s Index III Annuity

Any withdrawals made within 18 months prior to the effective date of the new deposit will be considered a transferred amount.

2.3 Annuity Transfers As a Result of Exercising the Saver’s Index Annuity Bailout Option

Annuity transfers as a result of exercising the bailout option of a Saver’s Index Annuity I (SIA I) or Saver’s Index Annuity III (SIA III) annuity are compensable.

For annuity transfers to a new Allstate/LBL (excluding the Saver’s Index Annuity III), Protective, and /or Prudential annuity or an addition into an existing Protective ProSaver Secure or Prudential Variable Annuity, the following rules apply:

SIA Contract Anniversary Year*	% of commission paid / production credit applied
1-4	25%
5-7	50%
8+	75%

*For the SIA I, contract anniversary will be measured from the last window period if the contract has been previously renewed.

Transfers into existing contracts that are no longer offered as new business (such as SureHorizon Annuity) are not eligible for compensation.

For example, for transfers as a result of exercising an SIA I bailout option at its 3rd contract anniversary and transferring to a new Allstate/LBL (excluding the Saver's Index Annuity III), Protective, and /or Prudential annuity or an addition into an existing Protective ProSaver Secure or Prudential Variable Annuity, the following rules apply:, the following rules apply:

Writing Agent	Partnering Agent (if applicable)
25% of solo commission rates on internal transfers	No commission
25% of new Production Credit rates on internal transfers	25% of new Production Credit rates on internal transfers
No Assets Captured Bonus	No Assets Captured Bonus

Other General Guidelines

- New business applications must be received by the Service Center during the 45-day window period. Applications received outside of the 45-day window period will not be eligible
- Compensation is paid to the writing agent only using solo commission rates
- Enhanced commission scales will apply
- Production credit is given to both the writing and partnering agents on EFS/EA shared business
- No Assets Captured Bonus credits will be given, however, the production credit will count towards bonus qualification
- Contract anniversary determines level of commission paid. For example, if the bailout option is triggered on the fourth contract anniversary, even though the commissionable exchange would occur in the fifth contract year, the commission paid is 25% of the new business rates

2.4 Window Period Internal Transfers²

2.4.1 T-Link and Tactician Plus (5, 6, & 7 Year Guarantee Periods)

Fixed Element

For window period internal transfers to new Allstate/LBL (excluding the ChoiceRate annuity), Protective, or Prudential variable annuities³, the following rules apply:

Writing Agent	Partnering Agent (if applicable)
50% of solo commission rates on internal transfers	No commission
50% of new Production Credit rates on internal transfers	50% of new Production Credit rates on internal transfers
No Assets Captured Bonus	No Assets Captured Bonus

For window period internal transfers to a new ChoiceRate annuity, the following rules apply:

Writing Agent	Partnering Agent (if applicable)
100% of solo commission rates on internal transfers	No commission
100% of new Production Credit rates on internal transfers	100% of new Production Credit rates on internal transfers
No Assets Captured Bonus	No Assets Captured Bonus

Other General Guidelines

- Enhanced commission scales apply
- New business applications must be received by the Service Center during the window period. Those applications received outside of the window period will not be eligible.

² Window Period Internal Transfer refers to money that enters the window and is transferred withdrawal charge free to another annuity product offered through Allstate Life Insurance Company or Lincoln Benefit Life.

³ Excludes "Like to Like" exchanges. "Like to Like" is an exchange/transfer between annuities of the same product name.

2.4.2 Tactician Plus (8 & 9 Year Guarantee Periods)

For window period internal transfers to new Allstate/LBL, Protective (excluding the ChoiceRate annuity), and/or Prudential variable annuities⁴, the following rules apply:

Writing Agent	Partnering Agent (if applicable)
75% of solo commission rates on internal transfers	No commission
75% of new Production Credit rates on internal transfers	75% of new Production Credit rates on internal transfers
No Assets Captured Bonus	No Assets Captured Bonus

For window period internal transfers to a new ChoiceRate annuity, the following rules apply:

Writing Agent	Partnering Agent (if applicable)
100% of solo commission rates on internal transfers	No commission
100% of new Production Credit rates on internal transfers	100% of new Production Credit rates on internal transfers
No Assets Captured Bonus	No Assets Captured Bonus

Other General Guidelines

- Enhanced commission scales apply
- New business applications must be received by the Service Center during the window period. Those applications received outside of the window will not be eligible.

2.4.3 Choice Rate (New York only)

For window period internal transfers to new Allstate/LBL, Protective, and/or Prudential variable annuities, the following rules apply:

Writing Agent	Partnering Agent (if applicable)
50% new solo commission rates during contract years 2-6 on internal transfers	No commission
100% new solo commission rates during contract years 7+ on internal transfers	No commission
50% of new production credit rates during contract years 2-6 on internal transfers	50% of new production credit rates during contract years 2-6 on internal transfers
100% of new production credit rates during contract years 7+	100% of new production credit rates during contract years 7+
No Assets Captured Bonus	No Assets Captured Bonus

Other General Guidelines

- Choice Rate to New Choice Rate in window period will not be compensated (if compliant). This includes Choice Rate to Choice Rate NY and Choice Rate NY to Choice Rate.

⁴ Excludes "Like to Like" exchanges. "Like to Like" is an exchange/transfer between annuities of the same product name.

Section 4b: Allstate Financial – Term Conversions

1.0 General

A term conversion is a change from term insurance to permanent insurance in accordance with a term conversion privilege of the term policy or term rider.

Term to Permanent exchanges, which are not conversions will be treated as replacements.¹

2.0 Commission Interest

Effective April 14, 2012, the following rules are applicable to conversions from the Allstate Basic Term and the TrueTerm09:

Policy Year	Commission Rule
1-2 (months 1-24)	Net new premium
3-10 (months 25-120)	Full new business premium

* Term policies that are on waiver of premium and are converted to permanent policies do not generate new business production credit or commission.

Effective April 14, 2012, the following rules are applicable to conversions from term business written prior to the TrueTerm09 (both on LBL and Allstate paper):

Policy Year	Commission Rule
1-2 (months 1-24)	Net new premium
3-10 (months 25-120) for customers age 60 and younger	Full new business premium increased by 25% (i.e. 1.25 times the regular amount)
11+ (months 121+) or for customers age 61 and older	Full new business premium decreased by 25% (i.e. 0.75 times the regular amount)

*Term policies that are on waiver of premium and are converted to permanent policies do not generate new business production credit or commission.

Full New Business Premium

Commissions will be based on the new policy's commission basis (less any term conversion premium credits applied to the new policy premium).

¹ Refer to Section 4a for further information regarding policy replacements.

Net New Premium

Commissions will be paid on the difference between the new policy commission basis² (less any term conversion premium credits applied to the new policy premium) and the old policy/rider’s current premium. For example, if the first year premium collected on the new policy is less than the commissionable target premium, commissions will be paid on the difference between the premium collected on the new policy and the old term policy’s current premium.

- If the original term policy/rider is terminated within the first policy year, any unearned premium will be subtracted from the old policy commission basis when calculating commissions and production credit.
- If the new policy commission basis is less than or equal to the old policy commission basis, no commission and production credit will be given on the new business policy.
- If the new policy is replacing multiple existing policies/riders on the same insured, the commission basis from all old policies/riders that terminated before their 5th policy year will be used to reduce the new policy commission basis.

Any commission chargebacks on the term policy will follow normal termination processing. If the term policy was issued and placed within the last 48 months, LPF exposed and inforce counts will be reversed.

Once the term conversion takes place, a new policy date is assigned. For purposes of applying commission percentages, the renewal occurring on the next anniversary date following the policy date will be considered the first renewal and all subsequent renewals will be determined accordingly.

Term Conversion Plus

Term conversion rules outlined above will apply to the convertible face amount. Any increase in coverage above the convertible face amount will be paid as normal compensation as outlined in Chapter 2, Section 1d (Allstate Financial).

Effective prior to April 14, 2012, commissions are based on the following rules:

Policy Year	Commission Rule
1-2 (months 1-24)	Net new premium
3-4 (months 25-48)	Full new business premium (when fully funded)
	Net new premium (when not fully funded)
5 and above	Full new business premium

* Term policies that are on waiver of premium and are converted to permanent policies do not generate new business production credit or commission.

² Refer to Exhibit A (excludes New York) and Exhibit B (New York only) for a list of commission basis by product.

Fully funded

The new policy will be fully funded if the first year cash collected (excluding term conversion credit) equals or exceeds the commissionable target premium (for any Lincoln Benefit life policy) or minimum annual premium (for any Allstate policy). If the new policy includes non-commissionable items, the cash collected to pay for non-commissionable items are excluded from the calculation. For example, if the commission target is \$2,000 and the non-commissionable PISR safety net premium is \$300, first year cash collected must be \$2,300 to receive full new business credit.

Section 4c: Allstate Financial – Whole Life Policy Issued Through Exercising FPP Option

1.0 General

Future Purchase Privilege (FPP) is a benefit that was offered on certain permanent products until approximately 1985. This benefit, purchased at an additional premium, allows the insured to purchase additional Whole Life Insurance at specified times in the insured's life. The additional coverage can be purchased on the policy anniversary nearest the insured's 25th, 28th, 31st, 34th, 37th and 40th birthdays.

The agent submits a new business application for the amount of insurance desired. They can purchase less than they are entitled, but not more than \$1,000 coverage for each "unit" of FPP.

A Whole Life policy issued as a result of the insured having exercised the Future Purchase Privilege of an existing permanent policy is a new policy by definition in this Supplement, except where it falls within the definition of a replacement policy, and will not be considered an increase. See Section 4a for information regarding replacements.

2.0 Commission Interest

2.1 New Policy

An FPP credit, a percentage of the premiums paid for the FPP option since the last option date (policy date on the 1st option), is used to pay the down payment on the new policy. An exception to this is when the insured selects the annual pay plan. The annual premium collected would be minus the FPP credit amount.

The writing agent will receive new policy commission based on the full annual premium for the new policy, without regard to the FPP credits allowed to the insured on the first annual premium. The agent also receives renewal commissions on the policy.

If the new policy should lapse or terminate before its first anniversary, the writing agent will be charge-backed commissions based on a pro-ration of the full annual premium, not the prorated annual premium less the FPP credit.

Section 4d: Allstate Financial – Add-Ons and Increases

1.0 General

Special commission rules apply when additional riders and/or benefits are added to an existing policy or when coverage is increased.

2.0 Add-Ons to Life Policies

An addition (add-on) is the process by which coverage, riders, or benefits are added to an existing permanent Life policy. Policy additions require underwriting and are effective on the month-a-versary following the date of the application. These changes are typically limited/excluded during the first policy year.

When a rider and/or benefit are added to an existing policy, the agent writing the add-on will receive new business commission interest in the rider and/or benefit for the first 12 months, except on GoodForLife policies. No commission interest will be given for add-ons on GoodForLife policies. The original Agent of Record on the policy will receive renewal commission interest in any add-on of a rider and/or benefit.

“Rider” includes, but is not limited to, the following:

- Children's Level Term Rider
- Children's Protection Rider
- Additional Insured Rider

“Benefit” includes, but is not limited to, the following:

- Waiver of Premium
- Accidental Death Benefits
- Waiver of Charges (Universal Life)
- Accelerated Death Benefit

The following rule applies to products that pay new business commission based on the minimum annual premium or annual premium. Commission is based on the new business commission basis of the rider/benefit multiplied by the new business commission rate applicable to the policy. Refer to the commission schedules in Exhibit E and Exhibit F (excludes New York) for a list of commission rates by product. For New York, refer to the commission schedules in Exhibit G and Exhibit H. Production credit will be calculated using the same MAP or Annual Premium.

The following rule applies to products that pay new business commission based on the commission target premium. Commission is based on the difference between the new commission target premium and the old commission target premium multiplied by the new business commission rate applicable to the policy.

Refer to the commission schedules in Exhibit E and Exhibit F (excludes New York) for a list of commission rates by product. For New York, refer to the commission schedules in Exhibit G and Exhibit H.

3.0 Universal Life Increases

An increase is the process by which the specified amount of an existing coverage, rider or benefit is increased. Policy increases require underwriting and are effective the month-a-versary following the date of application.

When an increase is processed on an existing policy, the agent writing the increase will receive new business commission interest for the increased amount for the first 12 months, except on Echelon I UL and GoodForLife policies. No commission interest will be given on increases on Echelon I UL and GoodForLife policies. The original Agent of Record on the policy will receive renewal commission interest in any increased amount.

Any increase in coverage on a Universal Life policy or rider that pays new business commissions based on the minimum annual premium must be accompanied by a new illustration and signed by the policy owner.

The following rule applies to products that pay new business commission based on the minimum annual premium. Commission is based on a table of Minimum Annual Premiums (MAP) for UL increases, using the attained age as of last anniversary, for the increased specified amount, multiplied by the new business commission rate. Refer to the commission schedules in Exhibit E and Exhibit F (excludes New York) for a list of commission rates by product. For New York, refer to the commission schedules in Exhibit G and Exhibit H. Production credit will be calculated using the same MAP.

Commission on any contributions in excess of the minimum annual premium will be paid to the original Agent of Record on the policy.

The following rule applies to products that pay new business commission based on the commission target premium. Commission is based on the difference between the new commission target premium and the old commission target premium multiplied by the new business commission rate applicable to the policy.

Refer to the commission schedules in Exhibit E and Exhibit F (excludes New York) for a list of commission rates by product. For New York, refer to the commission schedules in Exhibit G and Exhibit H.

4.0 Universal Term Increases

Increases to Universal Term policies, which are called “scheduled changes”, are compensated at the base commission rate for the increase in premium.

Section 4e: Allstate Financial – Allstate Financial Services, LLC¹

1.0 General

Allstate has granted permission to R3001 Agents who have a current FINRA license to sell certain variable products through AFS, LLC. To participate in the program, R3001 Agents must sign the Registered Representative Agreement with AFS, LLC and must otherwise comply with AFS, LLC requirements necessary to maintain an active appointment. The R3001 Agent is responsible for all expenses associated with maintaining a FINRA license.

2.0 Commission

Commission for AFS, LLC business will be paid through AFS, LLC. Commission will not be paid if the agent's agency agreement with Allstate or AFS, LLC terminates.

3.0 Ownership of AFS, LLC Business

AFS, LLC retains all ownership rights in AFS, LLC variable annuity products written by R3001 Agents. An R3001 Agent's permission to submit applications for AFS, LLC continues only while:

- the agent's agency agreement with Allstate remains in effect,
- the agent has a Registered Representative Agreement in effect with AFS, LLC
- the agent's FINRA license remains in effect, and
- the agent complies with all AFS, LLC requirements.

¹ Allstate Financial Services, LLC is referred to as LSA Securities in the states of PA and LA.

Section 4f: Allstate Financial – American Heritage Life Insurance Company (excludes New York)

1.0 General

Allstate has granted permission to certain R3001 Agents to sell insurance products underwritten by American Heritage Life Insurance Company. To participate in the program, the agent must first complete an application for appointment with AHL, and be accepted for appointment by AHL in the states in which the agent will represent AHL.

2.0 Authority

The R3001 Agent is authorized to solicit, procure and transmit to AHL applications for insurance and annuities issued by AHL.

The agent is not authorized on behalf of AHL to incur any liability; make, waive, alter, endorse or discharge contracts or any term thereof; bind AHL on any application for, or policy of, insurance; endorse checks payable to AHL; deliver any policy except as directed by AHL; extend the time for any payment of premiums or waive forfeitures; name special rates; guarantee dividends or interest rates, or make any estimates thereof; or bind AHL in any way.

Unless specifically authorized in writing by AHL, the agent shall not collect any monies due, or to become due, to AHL except for the collection of the initial premium on policies personally secured by the agent.

3.0 Commissions (excludes GoodForLife)¹

3.1 Commission Amount

The agent will be paid commissions on premiums paid to AHL on insurance policies (including annuity contracts) issued pursuant to applications procured by the agent. Commissions are earned only as premiums are received by AHL at its home office and applied toward payment of current premium, and shall constitute payment in full to the agent for any and all services rendered to AHL. All commissions shall be paid from AHL's home office in Jacksonville, Florida, or other AHL office as designated by AHL.

¹ Commission information for GoodForLife products is located in Chapter 2, Section 1d.

Agents appointed with AHL prior to January 1, 2003 will be paid commissions at Level 7 on the AHL K-Contract Series commission schedule. Agents appointed with AHL on or after January 1, 2003 will be paid commissions at Level 7 on the E-Contract Series commission schedule. If the agent splits a policy with another properly licensed and appointed EFS or agent, the commission amount due each EFS/EA will be based on their own assigned commission schedule. For example, if an agent appointed with AHL on September 1, 2002 splits a policy with an EFS appointed with AHL on February 1, 2003, the agent will be paid commissions based on the K-Contract Series commission schedule and the EFS will be paid commissions based on the E-Contract Series commission schedule. Refer to subsection 3.3 for more information regarding commission splits.

Refer to Exhibit N for the current AHL commission schedules.

3.2 Commission Advances

For all AHL individual life and health insurance products, AHL will advance to the agent a percentage, as set forth below, of the annualized first year commissions payable to the agent on net Cash With Application (CWA) insurance premium submitted by the agent. Net CWA is gross written annualized first year premium, other than C.O.D. cases, less first year lapses, cancellations, and withdrawals, as determined by AHL according to its practices and procedures in effect at the time of commission computation.

<u>Type of Insurance Premium</u>	<u>Percentage Advance</u>
Paid through workplace marketing:	50%
Paid by the policyholder on bankdraft, or quarterly, semi-annual or annual payments:	100%

No commission advances will be paid for AHL group insurance products, to include Group Voluntary Life, Group Voluntary Disability, and Mini medical.

The maximum advance on any one policy issued is \$700.00.

AHL may, in its sole discretion, limit or discontinue commission advances to any agent.

All advances are loans to the agent, for which the agent is personally indebted to AHL to repay. All commissions accruing to the agent's credit will be applied by AHL, on an as earned basis, to the repayment of any advance paid to the agent. If the agent's authority to represent AHL is terminated, for whatever reason, before all of the advances have been repaid to AHL, the agent shall, within thirty (30) days of such termination, repay to AHL such advances.

3.3 Commission Splits

The agent may work out an agreement with another properly licensed and appointed AHL EFS or agent to split credit for commissionable premium on new AHL business. For Workplace business, the premium split between the writing agent and the partnering agent will be based on 30% of the total commissionable premium (70% of the commission premium goes to the Enrolling Firm).

Example:

Total commissionable premium	\$2,000
EA / EA split	60% / 40%
Commissionable premium to be split between the agents	\$ 600 (\$2,000 x 30%)
Commissionable premium due the writing agent	\$ 360 (\$600 x 60%)
Commissionable premium due the participating agent	\$ 240 (\$600 x 40%)

Should either agent's appointment with AHL terminate, either before or after policy issue, the termination will have no effect on the remaining agent's credit for the agreed upon portion of the premium.

3.4 Commission Statement

AHL will provide the agent written statements reflecting the commissions due the agent. The agent shall review all such statements and shall provide AHL written notice, within a reasonable time, of any commission claimed by the agent but not paid. Under no circumstances shall notice be given more than one year from the date the claimed commission was due. Failure to provide such notice within the prescribed time bars any claim for such commission.

3.5 Limitations

The agent shall not be entitled to commissions on any policy unless AHL determines that the agent personally secured, or was the efficient procuring cause of, the policy. In all cases where a claim to commissions is disputed or questioned, the decision of AHL shall be binding and conclusive.

If any policy procured by the agent shall lapse, AHL's liability to the agent for further commissions thereon shall cease, unless the policy is reinstated and the agent is determined by AHL to have personally secured, or be the efficient procuring cause of, the reinstatement.

If a new policy is issued and a previously existing policy on the same insured, which provided similar benefits and was underwritten by Allstate or any of its subsidiaries, is terminated or lapses before or after the issue of the new policy, the commissions payable on the new policy shall be determined by the practices and procedures of AHL in effect at the time of such new issue.

No commissions shall be payable on temporary extra premiums added to policies. No commissions shall be due on any premium that has been refunded or waived by AHL for any reason. The agent shall, immediately upon demand, repay any commissions received with respect to that premium.

If commissions due the agent upon any normal payment date total less than \$100.00, AHL may, in its discretion, delay payment until the first normal payment date after which the amount due equals \$100.00. The agent shall forfeit any commissions otherwise due or to become due whenever the total of such commissions is less than \$300.00 during any calendar year.

The agent shall have no claim for compensation for having introduced or brought to the attention of AHL any business opportunity, except under a written agreement with AHL to pay such compensation, signed on behalf of AHL by a vice-president or higher officer of AHL.

4.0 Termination

The agent's appointment with, and authority to represent, AHL shall terminate under any of the following:

- Immediately, at the sole discretion of Allstate, AHL, or the agent.
- Automatically, upon termination of the agent's R3001 Agreement.
- Automatically, upon the agent's invoking any form of federal bankruptcy jurisdiction or state jurisdiction for receivership, liquidation, or conservatorship.

5.0 Indebtedness

AHL and its affiliates that are parties to the R3001 agreement may offset against any claim by the agent for commissions any debt to AHL then due or that may thereafter become due from the agent, whether arising hereunder or otherwise, and such debt shall be a first lien on any such compensation. AHL shall have the right to determine to which indebtedness any payment made by the agent, whether offset or otherwise, shall be applied. The agent shall pay all costs and expenses, including collection fees and/or reasonable attorney's fees, which are incurred by AHL in the collection of indebtedness hereunder.

6.0 Advertising

Only AHL shall act on behalf of the Company regarding signs and advertising copy, as described in the Advertising section of the R3001 Agreement, containing any reference to AHL.

7.0 Modifications

AHL reserves the right to modify this section of the Supplement by field bulletin, letter, or other appropriate official written communication, and such modification shall be effective as of the date stated in the communication. The agent's continuing the relationship with AHL after transmission by AHL of such official written communication conclusively constitutes assent to the modification.

The agent shall comply with all published bulletins, field letters, or any other written communications from AHL now in force and such as may be hereafter adopted.

8.0 Complaints

The agent shall document and promptly report to AHL all customer and regulatory complaints involving the agent's conduct as a representative of AHL, and/or the conduct of AHL or any of its representatives regarding applications, policies, or claims. The agent will fully cooperate with AHL in the investigation and resolution of such complaints.

Section 4g: Allstate Financial - Assets Captured Bonus and Life Production Bonus (excludes New York)

1.0 General

The Assets Captured Bonus and the Life Production Bonus are calculated annually at the end of each calendar year and paid out in January.

2.0 Assets Captured Bonus

In order to qualify for Assets Captured Bonus credits in 2012, you must issue production credit of \$190,000 on annuities, mutual funds, single premium life, and first year excess life premium and have a minimum of 60 proprietary policies sold by the end of the calendar year. Both solo and shared production credit are included in the production qualification requirement. The production and proprietary policies sold qualifications are not pro-rated for newly appointed R3001 agents.

Production credit for primary locations, Satellite locations, and Enhanced Satellite Agency (ESA) locations are combined for production credit qualification, as long as active agreements are in place for the primary location, Satellite location, and the ESA location at the end of the bonus period.

2.1 Assets Captured Bonus Credits

The following agency produced (solo business not split or shared) business is eligible for bonus credits:

- First year and renewal excess premiums on Elite Index Universal Life policies written and issued on or after July 1, 2000
- First year excess premiums on all other Universal Life policies written and issued on or after July 1, 2000
- Premiums received on or after July 1, 2000 for annuity policies (some exclusions apply, see tables in Exhibit O) issued on or after 7/1/1999, excluding transferred amounts identified in Section 4a, Subsection 2.2.
- Premiums received on the Tactician Plus Annuity for policies issued and placed on or after 1/1/2001

For policies split with another agent, a portion of the bonus credits based on the split percentage that was selected on the application is eligible. Policies shared with an Exclusive Financial Specialist or Financial Specialist do not receive bonus credits.

The bonus credit amounts are outlined in the Assets Captured Bonus Schedules detailed in Exhibit Q. Credits vary based on product, deposit/issue ages, options and deposit duration. Bonus credit chargebacks will be calculated using existing commission chargeback rules. Credit will be included in calendar year totals based on the activity process date. If a deposit is processed in one calendar year and reversed in the next calendar year, the negative credit will be included in the next calendar year.

3.0 Life Production Bonus

Qualification for the Life Production Bonus credits is based on current year net production credit from the following:

- First-year annual premiums for term and whole life
- First-year commissionable premium up to the commission target premium for universal life, variable universal life, and GoodForLife / GoodForLife Protector (i.e., excludes first year excess premium)
- Non-proprietary life sales will be included based on their production credit rules
- Any chargebacks will be included in the year that the chargeback is processed including a chargeback on a policy where the production credit was given in the prior year. For example, on a policy that receives production credit in 2008 and then receives a chargeback in 2009, the chargeback will be included as a negative in 2009 qualification
- Any Single Premium Life product will be excluded

In order to qualify for the Life Production Bonus credits in 2012, you must achieve \$105,000 in eligible qualifying life production credit by the end of the calendar year and have a 48-month life persistency factor (LPF) of 83% or higher at year-end. Both solo and shared production credit are included in the production qualification requirement. The production qualification is not pro-rated for newly appointed R3001 agents.

Production credit for primary locations, Satellite locations, and Enhanced Satellite Agency (ESA) locations are combined for production credit qualification, as long as active agreements are in place for the primary location, Satellite location, and the ESA location at the end of the bonus period.

3.1 Life Production Bonus Credits

The following grid details bonus credits at year-end LPF levels:

Year-End LPF	Bonus Credits
83% - 89%	6% of eligible qualifying production credit
90% - 94%	8% of eligible qualifying production credit
95% +	10% of eligible qualifying production credit

For policies split with another agent, a portion of the bonus credits based on the split percentage that was selected on the application is eligible. Policies shared with an Exclusive Financial Specialist or Financial Specialist do not receive bonus credits.

Bonus credit chargebacks will be calculated using existing production credit chargeback rules. Chargebacks will be included in calendar year totals based on the activity process date. If a policy that qualified for a Life Bonus Credit in one calendar year is reversed or has a partial chargeback in the next calendar year, the negative credit (based on the rate originally applied) will be included in the next calendar year.

4.0 Bonus Calculation and Payment

The bonus credits from the Assets Captured Bonus and the Life Production Bonus will be allocated to the bonus pool for each calendar year that the production level qualification was met. In January of the following year, 25% of the accumulated credits are paid out in an annual bonus. The bonus will be paid each year there is a credit balance even if an agent does not qualify for additional bonus credits in that calendar year. Any negative bonus credits resulting from charge backs will reduce the bonus pool, provided credits were originally applied.

Agents who qualify for a bonus at the end of the bonus period will receive a bonus payment, even if the agent's R3001 Agreement terminates prior to the payment of the bonus.

All aspects of the Assets Captured Bonus and Life Production Bonus available to agents under the R3001 Agreement are subject to change from time to time as determined by the Company in its sole discretion—including elimination of the Assets Captured Bonus and Life Production Bonus.

4.1 Sample Assets Captured Bonus/Life Production Bonus Calculation

Example (based on an agent appointed in 2010):

Year 1

<u>2010</u> Year-end Issued Production Credit for Assets Captured Bonus	\$245,000	Qualifies for bonus credits based on <u>2010</u> requirement of \$210,000	
<u>2010</u> Year-end Issued New Business Production Credit for Life Production Bonus (LPF 95%)	\$260,000	Qualifies for bonus credits based on <u>2010</u> requirement of \$90,000	
<u>Calendar Year 1 Production</u>	<u>Premium/Deposits</u>	<u>Bonus Credits</u>	
<u>2010</u> Annuity Premium	\$3,000,000	\$60,000	(\$3,000,000 x 2%)
<u>2010</u> Mutual Fund Deposits**	\$1,500,000	\$7,500	(\$1,500,000 x .5%)*
<u>2010</u> VUL Excess Premium	\$100,000	\$2,000	(\$100,000 x 2%)
<u>2010</u> qualifying production credit (95% LPF)	\$260,000	<u>\$26,000</u>	(\$260,000 x 10%)
Total Bonus Credits Year 1		\$95,500	
January Bonus Payout Year 1		\$23,875	(\$95,500 x 25%)
Bonus Credit Balance Year 1		\$71,625	(\$95,500 - \$23,875)

Year 2

2011 Year-end Issued Production Credit for Assets Captured Bonus	\$180,000	Does not qualify for bonus credits based on 2011 requirement of \$190,000	
2011 Year-end Issued New Business Production Credit for Life Production Bonus (LPF 93%)	\$200,000	Qualifies for bonus credits based on 2011 requirement of \$95,000	
<u>Calendar Year 2 Production</u>	<u>Premium/Deposits</u>	<u>Bonus Credits</u>	
2011 Annuity Premium	\$1,500,000	\$0	Did not qualify
2011 Mutual Fund Deposits**	\$1,400,000	\$0	Did not qualify
2011 VUL Excess Premium	\$100,000	\$0	Did not qualify
2011 qualifying production credit (93% LPF)	\$200,000	<u>\$16,000</u>	(\$200,000 x 8%)
Total Bonus Credits Year 2		\$16,000	
Bonus Credit Balance (Year 1 Balance plus Year 2 Credits)		\$87,625	(\$71,625 + \$16,000)
January Bonus Payout Year 2		\$21,906	(\$87,625 x 25%)
Bonus Credit Balance Year 2		\$65,719	(\$87,625 - \$21,906)

The bonus credit balance will accumulate each year. As the bonus credits accumulate over time, the annual bonus paid out will increase with the growth of the credit base

* Mutual Fund credits are 10% of Gross Dealer Concessions (GDC). Assuming (A) shares sold at 5% GDC, then the bonus credit applied to mutual fund deposits is $10\% \times 5\% = 0.5\%$ (.005).

** Mutual Funds are governed by the AFS, LLC Registered Representative Agreement and are included for example purposes only.

4.2 Termination of Appointment

If the R3001 Agreement is terminated prior to having five years' eligible participation in the bonus plan, any accumulated bonus credits will be forfeited. After five years of eligible participation in the bonus plan, agents receive "tenure interest" in an additional 25% payout (prior year bonus payment less any of the current year chargebacks of bonus paid in prior years) at the time an agent initiates termination of the agreement or upon permanent incapacity of an agent. After ten years of eligible participation in the bonus plan, agents receive "tenure interest" in an additional 50% payout (2 times prior year bonus payment less any chargebacks) and after fifteen years of eligible participation in the bonus plan, they will receive an additional 75% payout (3 times prior year bonus payment less any chargebacks). In the event the termination is due to death, an agent with at least five years of eligible participation in the bonus plan will receive an additional 75% payout (3 times prior year bonus payment less any chargebacks).

The "tenure interest" is paid out only upon termination of the R3001 Agreement due to death, an agent initiated termination, or permanent incapacity. These bonus credits will not be paid out if the R3001 Agreement is terminated by the Company, including failure to meet business objectives established by the Company.

The definition of "eligible participation" in the bonus plan is defined as the later of January 1, 2001 for EAs who sign the R3001 Agreement by January 1, 2001 or the effective date of the R3001 Agreement, whichever is later.

Example: EA voluntarily terminates the R3001 Agreement June 30, 2010

R3001 Agreement Contract date:	May 1, 2001
Five-year eligible tenure date:	May 1, 2006
Ten-year eligible tenure date	May 1, 2011
Fifteen-year eligible tenure date	May 1, 2016
Tenure Interest level reached for Assets Captured Bonus and the Life Production Bonus	May 1, 2006 (5 years - additional 25%)
Bonus Credits accumulated as of December 31, 2009	\$250,000
January 2010 Bonus payout	\$62,500 (25% of accumulated bonus)
"Tenure interest" bonus payment upon termination	\$62,500 (additional 25% payout)

Section 4h: Allstate Financial - Assets Captured Bonus and Life Bonus (New York only)

1.0 General

The Assets Captured Bonus and the Life Bonus are calculated annually at the end of each calendar year and paid out in January.

2.0 Assets Captured Bonus

In order to qualify for Assets Captured Bonus credits in 2011, you must issue \$90,000 in production on annuities, mutual funds, single premium life, and first year excess life premium and have a minimum of 75 proprietary policies sold by the end of the 2012 calendar year. Both solo and shared production credit are included in the production qualification requirement. The production and proprietary policies sold qualifications are not pro-rated for newly appointed R3001 agents.

Production credit for primary locations, Satellite locations, and Enhanced Satellite Agency (ESA) locations are combined for production credit qualification, as long as active agreements are in place for the primary location, Satellite location, and the ESA location at the end of the bonus period.

2.1 Assets Captured Bonus Credits

The following agency produced (solo business not split or shared) business is eligible for bonus credits:

- First year excess premiums on Universal Life policies issued and placed January 1, 2001 and later
- Premiums received on or after January 1, 2001 on annuity policies (some exclusions apply, see tables in [Exhibit P](#)) issued and placed on or after 7/1/1999, excluding transferred amounts identified in Section 4a, Subsection 2.2.

For policies split with another agent, a portion of the bonus credits based on the split percentage that was selected on the application is eligible. Policies shared with a Financial Specialist do not receive bonus credits.

The bonus credit amounts are outlined in the Assets Captured Bonus Schedules detailed in Exhibit P. Credits vary based on product, deposit/issue ages, options and deposit duration. Bonus credit chargebacks will be calculated using existing commission chargeback rules. Credit will be included in calendar year totals based on the activity process date. If a deposit is processed in one calendar year and reversed in the next calendar year, the negative credit will be included in the next calendar year.

3.0 Life Bonus

Qualification for the Life Bonus credits is based on current year net production credit from the following:

- First-year annual premiums for term and whole life
- First-year commissionable premium up to the commission target premium for universal life and variable universal life (ie., excludes excess premium and GenBuilder SPL)
- Non-proprietary life sales will be included based on their production credit rules
- Any chargebacks will be included in the year that the chargeback is processed including a chargeback on a policy where the production credit was given in the prior year. For example on a policy that receives production credit in 2008 and then receives a chargeback in 2009, the chargeback will be included as a negative in 2009 qualification
- Any Single Premium Life product will be excluded

In order to qualify for the Life Bonus credits in 2012, the following requirements for eligible qualifying life production credit apply:

- In 2012, agents must achieve \$95,000 in eligible qualifying life production credit by the end of the 2012 calendar year and have a minimum 48-month life persistency factor (LPF) of 83% or higher at year-end.

Both solo and shared production credit are included in the production qualification requirement. The production qualification is not pro-rated for newly appointed R3001 agents.

Production credit for primary locations, Satellite locations, and Enhanced Satellite Agency (ESA) locations are combined for production credit qualification, as long as active agreements are in place for the primary location, Satellite location, and the ESA location at the end of the bonus period.

3.1 Life Bonus Credits

Bonus credits are based on the amount of eligible second year renewal premium generated from qualifying life policies. The following grid details bonus credits at year-end LPF levels:

Year-End LPF	Bonus Credits (excluding VUL)
83% - 89%	6% of second year renewal target premium
90% - 94%	7.5% of second year renewal target premium
95%+	9% of second year renewal target premium

For policies split with another agent, a portion of the bonus credits based on the split percentage that was selected on the application is eligible. Policies shared with a Financial Specialist do not receive bonus credits.

Bonus credits rates are determined at the time of qualification and applied when second year renewal premium is received (See subsection 4.2).

Bonus credit chargebacks will be calculated using existing commission chargeback rules. Chargebacks will be included in calendar year totals based on the activity process date.

4.0 Bonus Calculation and Payment

The bonus credits from the Assets Captured Bonus and the Life Bonus will be allocated to the bonus pool for each calendar year that the production level qualification was met. In January of the following year, 25% of the accumulated credits are paid out in an annual bonus. The bonus will be paid each year there is a credit balance even if an agent does not qualify for additional bonus credits in that calendar year. Any negative bonus credits resulting from charge backs will reduce the bonus pool, provided credits were originally applied.

Agents who qualify for a bonus at the end of the bonus period will receive a bonus payment, even if the agent's R3001 Agreement terminates prior to the payment of the bonus.

All aspects of the Assets Captured Bonus and Life Bonus available to agents under the R3001 Agreement are subject to change from time to time as determined by the Company in its sole discretion—including elimination of the Assets Captured Bonus and Life Bonus.

4.1 Sample Assets Captured Bonus Calculation

Example (based on an agent appointed in 2010):

Year 1

2010 Year-end Issued Production Credit for Assets Captured Bonus \$200,000 Qualifies for bonus credits based on 2010 requirement of \$110,000

<u>Calendar Year 1 Production</u>	<u>Premium/Deposits</u>	<u>Bonus Credits</u>	
<u>2010</u> Annuity Premium	\$1,000,000	\$20,000	(\$1,000,000 x 2%)
<u>2010</u> Mutual Fund Deposits**	\$1,500,000	\$ 7,500	(\$1,500,000 x .5%)*
<u>2010</u> VUL Excess Premium	\$100,000	\$ 4,000	(\$200,000 x 2%)
Total Bonus Credits Year 1		\$31,500	
January Bonus Payout Year 1		\$ 7,875	(\$31,500 x 25%)
Bonus Credit Balance Year 1		\$23,625	(\$31,500 - \$7,875)

The bonus credit balance will accumulate each year. As the bonus credits accumulate over time, the annual bonus paid out will increase with the growth of the credit base

* Mutual Fund credits are 10% of Gross Dealer Concessions (GDC). Assuming (A) shares sold at 5% GDC, then the bonus credit applied to mutual fund deposits is 10% x 5% = 0.5% (.005).

** Mutual Funds are governed by the AFS, LLC Registered Representative Agreement and are included for example purposes only.

4.2 Sample Life Bonus Calculation

Bonus credits are based on the amount of eligible second year renewal premium generated from qualifying life policies. Second year renewal premium will generate bonus credits even if an agent does not qualify for additional bonus credits on new business in that calendar year. The following provides an example of 2009 qualifying business and when second year renewal premium generates NY Life Bonus credits.

NY Life Bonus	2009	2010	2011
NY Life Bonus Eligible Requirement	\$75,000		
Actual Eligible Life Production Credit	\$120,000		
Actual LPF	90%		
Bonus Credit %	7.5%		
NY Life Bonus Pool Beginning Balance	\$0	\$0	\$3,750
Projected Bonus Pool Credits*	<u>\$0</u>	<u>\$5,000</u>	<u>\$3,550</u>
Projected NY Life Bonus Pool Balance	\$0	\$5,000	\$7,300
Annual NY Life Bonus Payout @ 25%	<u>\$0</u>	<u>\$1,250</u>	<u>\$1,825</u>
Carryforward NY life Bonus Pool Balance	\$0	\$3,750	\$5,475

* Second year renewal premium is credited in the year received (e.g. for a qualifying policy issued in July 2009, second year renewals received from July 2010-Dec 2010 will credit at the end of 2010; second year renewals received from Jan 2011-Jun 2011 will credit at the end of 2011).

5.0 Termination of Appointment

If the R3001 Agreement is terminated prior to having five years' eligible participation in the bonus plan, any accumulated bonus credits will be forfeited. After five years of eligible participation in the bonus plan, agents receive "tenure interest" in an additional 25% payout (prior year bonus payment less any of the current year chargebacks of bonus paid in prior years) at the time an agent initiates termination of the agreement or upon permanent incapacity of an agent. After ten years of eligible participation in the bonus plan, agents receive "tenure interest" in an additional 50% payout (2 times prior year bonus payment less any chargebacks) and after fifteen years of eligible participation in the bonus plan, they will receive an additional 75% payout (3 times prior year bonus payment less any chargebacks). In the event the termination is due to death, an agent with at least five years of eligible participation in the bonus plan will receive an additional 75% payout (3 times prior year bonus payment less any chargebacks).

The "tenure interest" is paid out only upon termination of the R3001 Agreement due to death, an agent initiated termination, or permanent incapacity. These bonus credits will not be paid out if the R3001 Agreement is terminated by the Company, including failure to meet business objectives established by the Company.

The definition of "eligible participation" in the bonus plan is defined as the later of January 1, 2001 for EAs who sign the R3001 Agreement by January 1, 2001 or the effective date of the R3001 Agreement, whichever is later.

Example: EA voluntarily terminates the R3001 Agreement June 30, 2010

R3001 Agreement Contract date:	May 1, 2001
Five-year eligible tenure date:	May 1, 2006
Ten-year eligible tenure date	May 1, 2011
Fifteen-year eligible tenure date	May 1, 2016

Tenure Interest level reached for Assets Captured Bonus and the Life Production Bonus	May 1, 2006 (5 years - additional 25%)
Bonus Credits accumulated as of December 31, 2009	\$250,000
January 2010 Bonus payout	\$62,500 (25% of accumulated bonus)
"Tenure interest" bonus payment upon termination	\$62,500 (additional 25% payout)

Section 4i: Allstate Financial – Allstate Life Insurance Company of New York Workplace Business

1.0 General

Workplace business includes insurance products underwritten by Allstate Life Insurance Company of New York (“ALNY”) designed for sale at the policyholder’s worksite with premiums paid by payroll deduction and administered by American Heritage Service Company (“AHSC”) located in Jacksonville, Florida. Because of the unique characteristics of these products, this Section addresses special rules applicable to these products.

2.0 Commissions

2.1 Commission Amount

The agent will be paid compensation on premiums paid on workplace insurance policies issued pursuant to applications procured by the agent. Compensation is earned only as premiums are received by ALNY at the offices of AHSC and applied toward payment of current premium. The payment of compensation is governed solely by the terms and conditions of the written agreement between Allstate and the producers.

The current compensation schedule is located in Exhibit Q. This schedule is subject to change without notice.

*The premium on Workplace insurance policies is split 30% for the agent and 70% to the Benefit Specialist.

An example of how compensation will be calculated is as follows:

An agent issues a policy and generates \$1,000 in premium on the case. The compensation on this policy is \$165.00 to the agent.

$$\$1,000 \times 30\% = \$300 \times 55.0\% = \$165 \text{ to the agent}$$

Note: Workplace Business is excluded from enhanced compensation scales.

2.2 Commission Advances

The agent may be advanced a percentage, as set forth below, of the annualized first year commissions payable to the agent on net Cash With Application (CWA) insurance premium submitted by the agent. Net CWA is gross written annualized first year premium, other than C.O.D. cases, less first year lapses, cancellations, and withdrawals, as determined by AHSC according to its practices and procedures in effect at the time of commission computation.

<u>Type of Insurance Premium</u>	<u>Percentage Advance</u>
Workplace business:	50%

The maximum advance on any one policy issued is \$700.00.

All advances are loans to the agent, for which the agent is indebted to ALNY to repay. All commissions accruing to the agent's credit will be applied, on an as earned basis, to the repayment of any advance paid to the agent. If the agent's authority to represent ALNY is terminated, for whatever reason, before all of the advances have been repaid, the agent shall, within thirty (30) days of such termination, repay such advances.

2.3 Commission Splits

The agent may work out an agreement with another properly licensed and appointed FS or agent to split credit for commissionable premium on new workplace business. For workplace business, the premium split between the writing agent and the partnering agent will be based on 30% of the total commissionable premium (70% of the commission premium goes to the Enrolling Firm).

Example:

Total commissionable premium	\$2,000
EA / EA split	60% / 40%
Commissionable premium to be split between the agents	\$ 600 (\$2,000 x 30%)
Commissionable premium due the writing agent	\$ 360 (\$600 x 60%)
Commissionable premium due the participating agent	\$ 240 (\$600 x 40%)

Should the FS's or either agent's appointment with ALNY terminate, either before or after policy issue, the termination will have no effect on the remaining agent's credit for the agreed upon portion of the premium.

2.4 Commission Statement

The agent will be provided written or electronic statements reflecting the commissions due the agent. The agent shall review all such statements and shall provide ALNY written notice, within a reasonable time, of any commission claimed by the agent but not paid. Under no circumstances shall notice be given more than one year from the date the claimed commission was due. Failure to provide such notice within the prescribed time bars any claim from such commission.

2.5 Limitations

If any policy procured by the agent shall lapse, ALNY's liability to the agent for further commissions thereon shall cease, unless the policy is reinstated and the agent is determined by ALNY to have personally secured, or be the efficient procuring cause of, the reinstatement.

If a new policy is issued and a previously existing policy on the same insured, which provided similar benefits was underwritten by Allstate or any of its subsidiaries, is terminated or lapses before or after the issue of the new policy, the commissions payable on the new policy shall be determined by the practices and procedures of ALNY in effect at the time of such new issue.

No commissions shall be payable on temporary extra premiums added to policies. No commissions shall be due on any premium that has been refunded or waived by ALNY for any reason. The agent shall, immediately upon demand, repay any commissions received with respect to that premium.

If commissions due the agent upon any normal payment date total less than \$100.00, ALNY may, in its discretion, delay payment until the first normal payment date after which the amount due equals \$100.00.

The agent shall have no claim for compensation for having introduced or brought to the attention of ALNY any business opportunity, except under a written agreement with ALNY to pay such compensation, signed on behalf of ALNY by a vice-president or higher officer of ALNY.

3.0 Indebtedness

ALNY and its affiliates that are parties to the R3001 Agreement may offset against any claim by the agent for commissions any debt to ALNY then due or that may thereafter become due from the agent, whether arising hereunder or otherwise, and such debt shall be a first lien on any such compensation. ALNY shall have the right to determine to which indebtedness any payment made by the agent, whether offset or otherwise, shall be applied. The agent shall pay all costs and expenses, including collection fees and/or reasonable attorneys fees, which are incurred by ALNY in the collection of indebtedness hereunder.

4.0 Modifications

This Section may be modified by field bulletin, letter, or other appropriate official written communication to the agent, and such modification shall be effective as of the date stated in the communication.

Section 5: Commercial

1.0 General

Allstate currently offers the following Commercial insurance:

- Customizer
- Business Package Policy
- Texas Commercial Package Policy
- Businessowners Policy¹
- Commercial Package Policy¹
- Commercial Casualty (Fleet, Inland Marine, etc.)

Each of these will be considered a separate line for commission purposes.

1.1 Agent Commission Rules

The following sections contain agent commission rules applicable to Commercial products.

Section 5a	Customizer
Section 5b	Business Package Policy
Section 5c	Businessowners Policy
Section 5d	Commercial Package Policy
Section 5e	Commercial Casualty

2.0 Business Insurance Center (BIC)

R3001 agents have the option to send Commercial business leads to the Business Insurance Center (BIC).

Effective January 1, 2010, commission for Commercial policies issued as the result of a lead forwarded to the Business Insurance Center (BIC) will be split between the agent and the BIC, including business written through Commercial Expanded Market Program. The split will be made as per the BIC Commission Scale. Once a lead is forwarded to the BIC and a sale is made, all future servicing for that policy will be done by the BIC.² The agent will be listed as the Agent of Record (AOR) for the policy.

¹ Available upon new product implementation beginning in late 2011. The actual new product implementation date will vary by state.

² The commission split between the agent and the BIC will apply for the life of the policy and includes new business, renewals and any added coverage. The BIC Commission Scale does not apply to business written through the Commercial Expanded Market Program.

EFFECTIVE PRIOR TO 1/1/2013

POLICIES SOLD AND SERVICED THROUGH THE BIC

BIC Sales and Service Commission Scales	Premium level of policy when issued at New Business	Agent's share of Annual Commission for the life of the Policy (Split Percentage)	
		Commercial Auto Fleet and Non-Fleet	Commercial Non- Auto
Base	Under \$5,000	50	50
1	\$5,000 - \$7,499	55	55
2	\$7,500 - \$14,999	65	65
3	\$15,000 - \$24,999	75	75
4	\$25,000 - \$49,999	80	80
5	\$50,000 & Over	85	85

Example 1: Commercial Auto policy sold through the BIC for \$6,500 premium. Calculation for agent portion of the commission split is $\$6,500 \times (10\% \times .55) = \357.50

Example 2: Commercial Customizer Policy sold through the BIC for \$5,500 premium. Calculation for agent portion of the commission split is $\$2,500 \times (20\% \times .55) + \$3,000 \times (12\% \times .55) = \473.00

EFFECTIVE ON OR AFTER 1/1/2013

POLICIES SOLD AND SERVICED THROUGH THE BIC

Agent's share of Annual Commission for the life of the Policy (Split Percentage)	
Commercial Auto Fleet and Non-Fleet	Commercial Non- Auto
50	50

Example 1: Commercial policy sold through the BIC for \$6,500 premium. Calculation for an established agent's portion of the commission is $\$6,500 \times (9\% \times .50) = \292.50

Example 2: Commercial policy sold through the BIC for \$5,500 premium. Calculation for a start-up agent's portion of the commission is $\$5,500 \times (10\% \times .50) = \275.00

2.1 Business Serviced by the Business Insurance Center (BIC)

R3001 agents have the option to assign some or all of their existing Commercial policies to the Business Insurance Center (BIC) for service support. There will be a 2% servicing fee on policies serviced by the BIC.

Example: Commercial Auto policy serviced through the BIC resulting in a \$3,000 premium.

Commission on the policy is \$270 ($\$3,000 \times 9\%$).

BIC will receive 2% ($\$3000 \times 2\% = \60), as the Servicing Fee.

Agent will receive the remaining 8% of the commission ($\$3000 \times 8\% = \240)

All future servicing for the policy will be done by the BIC. The agent will be listed as the Agent of Record (AOR).

CHAPTER 3: Commission Interest

REVISION DATE: February 1, 2013

Section 5a: Customizer

1.0 General

It is the Company's intent that, in Customizer policy states, all new Commercial insurance for small businesses that qualify will be written in the Customizer policy.

2.0 Added Coverages

- Burglary and Robbery (Named Peril Only)
- Loss of Income/Rents
- Earthquake
- Heating and Air Conditioning
- Replacement Cost Safeguard
- Exterior Signs
- Exterior Glass
- Employee Dishonesty
- Non-Owned Auto
- Hired Auto
- Water Damage
- Spoilage
- Garage Keepers Legal Liability
- Board of Managers Liability
- Additional Insured
- Vendors Liability
- Increased Limits for Liability
- Increased Limits for Fire Legal Liability
- Coverage for Additional Location
- Increase in Property Limits (excluding Automatic Increase in Insurance endorsements)

3.0 Commission Interest

3.1 New Customizer Policy – No Conversion

The Writing Agent will receive both new policy and renewal policy commission interest in the new Customizer policy.

3.2 Conversion to Customizer Policy of Existing Commercial Policy in Its First Policy Year

3.2.1 New Policy Commission Interest

The Writing Agent will receive new policy commission for the first 12 months net written premium for the Customizer policy.

3.2.2 Renewal Policy Commission Interest

If only one Commercial Policy is converted to the Customizer, the agent who held commission interest in the converted Commercial policy will receive renewal policy commission interest in the Customizer policy.

If the converted Commercial policy was unrepresented, the Writing Agent will receive renewal policy commission interest in the Customizer policy.

If both a Commercial Fire and a General Liability policy are converted to a Customizer policy, the following rules will apply:

- If the same agent had commission interest in both of the replaced policies, or if the agent had commission interest in one and no agent had commission interest in the other, such agent will receive renewal policy commission interest in the Customizer policy.
- If different agents had commission interest in the replaced policies and one of such agents wrote the Customizer policy, the Writing Agent will receive renewal policy commission interest in the Customizer policy.
- If different agents had commission interest in the replaced policies and a third agent wrote the Customizer policy, the Writing Agent will receive renewal policy commission interest in the Customizer policy.
- If no agent had commission interest in either of the replaced policies, the Writing Agent will receive renewal policy commission interest in the Customizer policy.

3.3 Business Package Policy Converted to Customizer Policy

A Customizer policy which replaces an existing Business Package Policy in its second or subsequent policy year will not be considered a new policy. The agent who held renewal commission interest in the replaced policy will receive renewal policy commission interest in the replacement policy calculated at the renewal commission amount shown in Chapter 2.

3.4 Other Conversions to a Customizer Policy

A Customizer policy which replaces existing Commercial Fire and General Liability policies will not be considered a new policy. The agent will receive renewal commission interest on the replaced policy calculated at the renewal commission amount shown in Chapter 2.

Renewal commission interest in the replacement policy will be determined by the following rules:

- If the same agent had commission interest in both of the replaced policies, or if the agent had commission interest in one and no agent had commission interest in the other, such agent will receive renewal policy commission interest in the Customizer policy.
- If different agents had commission interest in the replaced policies and one of such agents wrote the Customizer policy, the Writing Agent will receive renewal policy commission interest in the Customizer policy.
- If different agents had commission interest in the replaced policies and a third agent wrote the Customizer policy, the Writing Agent will receive renewal policy commission interest in the Customizer policy.
- If no agent had commission interest in either of the replaced policies, the Writing Agent will receive renewal policy commission interest in the Customizer policy.

3.5 Commission Deduction

Any unearned premium applicable to Commercial policies which are canceled as a result of conversion to a Customizer policy will be recorded in the account of the agent who then held commission interest in the particular coverage at the applicable commission amount.

Section 5b: Business Package Policy (BPP)

1.0 General

The Business Package Policy provides a means of packaging two or more lines of insurance.

Only one agent may hold commission interest in a Business Package Policy. In unusual situations where two or more Business Package Policies are issued to a particular named insured, only one agent may hold commission interest therein.

2.0 Commission Interest

2.1 New BPP Issued to Applicant Not Already Commercially Insured

The R3001 Agent who writes a Business Package Policy issued to an applicant who was not insured (within the previous 120 days) with respect to any Commercial line of insurance (excludes automobile non-fleets) will receive commission interest in the new policy.

New policy commission interest will be received in the first 12 months net written premium for the new policy. Renewal policy commission interest will be received in the net written premium for subsequent periods.

2.2 “New Kind” of Insurance Added to Existing Business Package Policy

Any one of the following kinds of insurance added to an existing Business Package Policy will be considered the addition of a “New Kind” for purposes of agent commission, provided such kind is not a replacement of a similar kind of insurance in existence any time during the 120 days preceding the effective date of the New Kind.

- Inland Marine
- Crime
- Boiler and Machinery
- Business Income
- Glass
- General Liability Coverages

The R3001 Agent who adds a New Kind of insurance to an existing Business Package Policy will receive new policy commission for the first 12 months net written premium for such New Kind of insurance.

On annual policies, the R3001 Agent will receive the new policy commission in two parts. First, new policy commission will be prorated to the next renewal of the existing policy. Then at the next renewal of the policy, the R3001 Agent will receive new policy commission for the remainder of the first 12 month period.

The agent who holds commission interest in the Business Package Policy will receive renewal policy commission interest in the net written premium for the New Kind of insurance for periods subsequent to the first anniversary of the New Kind of insurance.

If the New Kind of insurance is written in the Property, Business Income, General Liability or Special Coverages sections of the Business Package Policy, the net written premium for the New Kind will be added to net written premium to determine the applicable new policy commission amount(s).

The R3001 Agent who holds commission interest in the Business Package Policy (if other than the agent who adds the New Kind of insurance) will relinquish commission interest in the first 12 months net written premium for the New Kind of insurance.

However, this requirement should be necessary only in those unusual situations where the agent who holds commission interest in the Business Package Policy is not available to service the policyholder.

2.3 New “Added Coverages” Added to Existing Business Package Policy

Description	Added Coverages
Property	Coverage for Additional Location; Increase in Limits ¹
Business Income	Coverage for Additional Location; Increase in Limits
General Liability	Increase in Limits of Liability; Bodily Injury Liability; Property Damage Liability; Medical Payments; Personal Injury; Board of Managers Liability

The R3001 Agent who writes a new Added Coverage to a Business Package Policy will receive commission therefore prorated to the next anniversary of the existing policy.

The agent who holds commission interest in the Business Package Policy will receive renewal policy commission interest in the Added Coverage net written premium for periods subsequent to the next policy anniversary following the Added Coverage effective date.

¹ Excludes Automatic Increase in Insurance Endorsement.

The commission amounts applicable to the Business Package Policy are contained in Chapter 2, Section 1c. The particular commission amount(s) applicable to the Added Coverage net written premium prorated to the next anniversary of the existing policy will be determined by adding such net written premium to the other net written premium for the particular line of insurance for the particular policy year.

The agent who holds commission interest in the Business Package Policy (if other than the agent who writes the new Added Coverage) will relinquish commission interest in the net written premium for the Added Coverage, prorated to the next anniversary of the existing policy.

However, this requirement should be necessary only in those unusual situations where the agent who holds commission interest in the Business Package Policy is not available to service the policyholder.

2.4 Conversion of Existing Commercial Policy to BPP

The R3001 Agent who writes the Business Package Policy, to which existing Commercial policies are converted, will receive commission interest in the newly written Business Package Policy. Commission interest in the newly written Business Package Policy will be as though for a renewal policy.

Note: The application for the newly written Business Package Policy must be complete in every respect and signed by the applicant.

2.4.1 Conversion BPP Contains New Kind(s) of Insurance

If any one of the kinds of insurance listed in subsection 2.2 is written in a Business Package Policy and is not a replacement of a similar kind of insurance in existence any time during the 120 day period preceding the date of conversion, such kind of insurance will be considered a New Kind for commission purposes.

The R3001 Agent who writes the Business Package Policy will receive new policy commission for the first 12 months net written premium for any New Kind of insurance written therein.

If the New Kind of insurance is written in the Property, Business Income, General Liability or Special Coverages sections of the Business Package Policy, the net written premium for the New Kind will be added to the other combined net written premium to determine the applicable new policy commission amount(s).

2.4.2 Conversion BPP Contains New Coverages

The R3001 Agent who writes the Business Package Policy will receive commission in the first 12 months net written premium for New Coverages written therein.

New Coverages are those coverages listed in subsection 2.3 for the Business Package Policy, but which did not exist in the converted policy within the 120 day period preceding the conversion date.

The new policy commission amount(s) applicable to the Added Coverages net written premium for the first 12 months will be determined by adding such net written premium to the other net written premium for the particular section or combination of sections of insurance for the particular policy year.

2.4.3 Commission Deduction for Canceled Policy

Any recorded but unearned premium applicable to a canceled policy which is converted to the Business Package Policy will be recorded in the account of the agent who held commission interest in such premium at renewal commission amount(s), even though new policy commission interest may then be held in the canceled policy.

Section 5c: Businessowners Policy (BOP)¹

1.0 General

It is the Company's intent that, all new Commercial insurance for small businesses that qualify will be written in the Businessowners Policy.

Only one agent may hold commission interest in a Businessowners Policy. In unusual situations where two or more Businessowners Policies are issued to a particular named insured, only one agent may hold commission interest therein.

2.0 Commission Interest

2.1 New Businessowners Policy – No Conversion

The Writing Agent will receive new policy commission interest in the first year and renewal policy commission interest in the subsequent policy periods for the new Businessowners policy.

2.2 Conversion to Businessowners Policy of Existing Commercial Policy in Its First Policy Year

2.2.1 New Policy Commission Interest

The Writing Agent will receive new policy commission for the first 12 months net written premium for the Businessowners policy.

2.2.2 Renewal Policy Commission Interest

When a Commercial Policy is converted to the Businessowners Policy, the agent who held commission interest in the converted Commercial policy will receive renewal policy commission interest in the Businessowners Policy.

2.3 Business Package Policy, Customizer Policy, or Commercial Package Policy Converted to a Businessowners Policy

A Businessowners Policy which replaces an existing Business Package Policy, Customizer Policy, or Commercial Package Policy in its second or subsequent policy year will not be considered a new policy. The agent who held renewal commission interest in the replaced policy

¹ Available upon new product implementation beginning in late 2011. The actual new product implementation date will vary by state.

will receive renewal policy commission interest in the replacement policy calculated at the renewal commission amount shown in Chapter 2.

2.4 Other Conversions to a Businessowners Policy

A Businessowners Policy which replaces an existing Commercial Fire and General Liability policy will not be considered a new policy. The agent will receive renewal commission interest on the replaced policy calculated at the renewal commission amount shown in Chapter 2.

3.0 Added Coverages

The Commission interest for added coverages, locations and/or buildings will be calculated using the commission amount for the policy period in which the coverage is added.

Section 5d: Commercial Package Policy (CPP)¹

1.0 General

The Commercial Package Policy provides a means of packaging two or more lines of insurance.

Only one agent may hold commission interest in a Commercial Package Policy. In unusual situations where two or more Commercial Package Policies are issued to a particular named insured, only one agent may hold commission interest therein.

2.0 Commission Interest

2.1 New Commercial Package Policy – No Conversion

The Writing Agent will receive new policy commission interest in the first year and renewal policy commission interest in the subsequent policy periods for the new Commercial Package policy.

2.2 New CPP Issued to Applicant Not Already Commercially Insured

The R3001 Agent who writes a new Commercial Package policy issued to an applicant who was not insured (within the previous 120 days) with respect to any Commercial line of insurance (excludes automobile non-fleets) will receive commission interest in the new policy.

New policy commission interest will be received in the first 12 months net written premium for the new policy. Renewal policy commission interest will be received in the net written premium for subsequent periods.

The commission amounts applicable to the Commercial Package Policy are contained in Chapter 2, Section 1c.

2.3 Conversion of Existing Commercial Policy to CPP

The R3001 Agent who writes the Commercial Package Policy, to which existing Commercial policies are converted, will receive commission interest in the newly written Commercial Policy. Commission interest in the newly written Commercial Package Policy will be as though for a renewal policy.

¹ Available upon new product implementation beginning in late 2011. The actual new product implementation date will vary by state.

Note: The application for the newly written Commercial Package Policy must be complete in every respect and signed by the applicant.

2.3.1 Renewal Policy Commission Interest

When a Commercial Policy is converted to the Commercial Package Policy, the agent who held commission interest in the converted Commercial policy will receive renewal policy commission interest in the Commercial Package Policy.

2.4 Business Package Policy, Customizer Policy, or Businessowners Policy Converted to Commercial Package Policy

A Commercial Package Policy which replaces an existing Business Package Policy, Customizer Policy, or Businessowners Policy in its second or subsequent policy year will not be considered a new policy. The agent who held renewal commission interest in the replaced policy will receive renewal policy commission interest in the replacement policy calculated at the renewal commission amount shown in Chapter 2.

2.5 Other Conversions to a Commercial Package Policy

A Commercial Package Policy containing Commercial Fire and General Liability policies will not be considered a new policy. The agent will receive renewal commission interest on the replaced policy calculated at the renewal commission amount shown in Chapter 2.

3.0 Added Coverages

The Commission interest for added coverages, locations and/or buildings will be calculated using the commission amount for the policy period in which the coverage is added.

Section 5e: Commercial Casualty

1.0 General

For commission interest purposes, Commercial Casualty includes the following kinds of insurance:

- Inland Marine¹
- Commercial Auto (Fleet)
- Commercial Fire
- Crime
- Boiler and Machinery
- Business Income
- General Liability Coverages
- Business Umbrella - Excess Liability

2.0 Commercial Auto

2.1 General

The commission amounts applicable to Commercial Auto contained in this Supplement (Chapter 2, Section 1c) will apply to coverages written in either Allstate Insurance Company or Allstate Indemnity Company.

2.2 Fleet Policy Replaced in Another Company

If a Fleet policy written for an insured in either Allstate Insurance Company, Allstate Indemnity Company, Allstate County Mutual Insurance Company or Allstate New Jersey Insurance Company is replaced with a fleet policy in one of the other companies by a policy for the same named insured (with no lapse of coverage at the time of replacement), the agent who held renewal policy commission interest in the replaced policy will receive renewal policy commission interest in the replacement policy beginning at its effective date.

¹ Difference In Conditions (DIC) coverage is to be statistically recorded as part of Inland Marine (a kind of Commercial Casualty insurance) but subject to the commission amounts applicable to the Commercial Fire Line.

2.3 Auto Policy Renewed as a Fleet Policy

When, as of an expiration date of an Auto policy, five or more vehicles are then covered by the Automobile line and therefore qualify for Fleet coverage, the Auto policy will be renewed. The coverage for the five or more vehicles will be considered as a Fleet Commercial Casualty line policy with no lapse of coverage.

3.0 Commercial Policy Is Unrepresented

If the Commercial Casualty policy is unrepresented as of the expiration date, no agent will receive renewal commission interest in the replacement Auto policy, as a result of the conversion.

4.0 Commercial Casualty Policy Issued from Residual Market “Take Out”

4.1 Assigned Risk

An R3001 Agent who is the Agent of Record on an Assigned Risk policy (on which Allstate is the insurer) which is voluntarily taken out of the plan and written as a regular Allstate policy will receive new policy commission for the first 12 months net written premium for the newly written policy.

If the Agent of Record on the Assigned Risk policy (on which Allstate is the insurer) was not an Allstate agent, the agent writing the application for regular insurance will receive new policy commission the first 12 months net written premium for the newly-written policy.

4.2 Underwriting Association Business

An R3001 Agent who is the Agent of Record on an Underwriting Association policy which is voluntarily taken out of the plan and written as a regular Allstate policy will receive new policy commission for the first 12 months net written premium for the newly-written policy.

4.3 Reinsurance Facility

An R3001 Agent who holds commission interest in a policy for which coverages had been ceded to a Reinsurance Facility will receive new policy commission for the first 12 months net written premium for those coverages when they are taken out (unceded) of the Plan to be treated as regular coverages.

**CHAPTER 4: Unrepresented Policies and
Customer Contact Center (CCC)/Internet Policies**

REVISION DATE: February 1, 2013

Chapter 4: Unrepresented Policies and Customer Contact Center (CCC)/Internet Policies

**CHAPTER 4: Unrepresented Policies and
Customer Contact Center (CCC)/Internet Policies**

REVISION DATE: February 1, 2013

Section 1: Capturing

1.0 General

R3001 Agents may capture unrepresented policies (including policies on which a service fee or relationship fee is being paid) and policies bound by the Customer Contact Center (CCC)/Internet as discussed in Section 5 of this Chapter.

2.0 Major Lines/Major Coverages

The following are considered Major Lines that can be cross-sold to capture an unrepresented policy.

- Auto (Line 10)
- Indemnity Auto (Line 19)
- Motorcycle/ORV (Line 16)
- Homeowners (Line 70)
- Renters (Line 71)
- Condo (Line 78)
- Boat (Line 90)
- PUP (Line 88)
- Mobilehome (Line 32)
- Allstate Financial Products

For each of the Major Lines, the Related Insureds are defined as the Named Insured and Resident Spouse. For Life insurance an Additional Insured Rider may apply to an individual other than the spouse.

The following lines are not to be treated as Major Lines. Also, commission interest in policies in these lines may not be captured.

- Comprehensive Personal Liability (Line 59)
- Landlords (Line 72)¹
- Theft
- Single Premium Products, mutual funds
- Assigned Risk
- Underwriting Association

Commission interest in unrepresented Commercial lines may not be captured through the writing of a Major Line or Major Coverage.

¹ Unrepresented non-Major Lines can be captured by cross-selling a Major Line.

Allstate Financial Products can also be captured by writing a Major Coverage. Major Coverages for Allstate Financial Products include Children's Level Term Rider, Additional Insured Rider, and Increase of Specified Amount (Universal Life²).

3.0 Capturing by Other Means

In addition to being able to capture commission interest in unrepresented policies by writing Major Lines, the R3001 Agent may also capture commission interest in unrepresented policies:

- by writing a new Business Package Policy, Texas Commercial Package Policy, Commercial Auto or Customizer - provided the agent receives renewal commission interest in the policy,
- where the agent is assigned to a customer's policy (or policies) in relationship fee status and an exclusive financial specialist or a financial specialist, working with the agent, writes that customer a Allstate Financial policy which is effective September 1, 1993 or subsequent,
- when a California Earthquake Authority policy is written and the companion policy is unrepresented, or
- where an exclusive financial specialist or a financial specialist working with the agent writes an Allstate Financial policy.

4.0 Capturing Procedure

Whenever the R3001 Agent writes a secured new policy in a Major Line and the policy is considered secured business, that agent will receive commission interest in each existing agency bound unrepresented policy belonging to related insureds in that line or in any other line which is free of any other Allstate agent's compensation/commission interest, if and when such unrepresented policy renews. In the case of a six month auto policy, the renewal could be either an Anniversary Renewal or Off-Anniversary renewal. The commission amount to be applied will be the New Business amount for the first term and the First Renewal amount thereafter if captured at the First Renewal or the Subsequent Renewal amount for all periods if captured after the first renewal.

However, an exception is made for first-year six month auto policies issued from Direct Response Marketing applications. This business may only be captured at the first anniversary renewal or any subsequent renewal.

Whenever an active Allstate agent has commission interest in a like line, that agent is the only agent who may capture commission interest in any other unrepresented policies for the related insureds in that like line (except in the case of Life insurance).

² Universal Life increases due to the Increasing Insurance Rider will not be treated as Major Coverages.

Any commission payable with respect to an unrepresented Allstate Financial Life insurance product will be at the appropriate renewal amount based on policy year as per the capturing agent's commission schedule.

5.0 Capturing Requirements

The R3001 Agent will receive commission interest only if:

- At least the minimum down payment (as required by written Company rules) is paid for the secured business;
- The policy is accepted by our Risk Management Department and continues to be acceptable for a period of at least 120 days; and
- The agent has described all other existing Allstate policies on the application for the policy.



Section 2: Special Capturing Rules

1.0 Auto

1.1 Replacement Policy Issued by Another Allstate Company

Whenever an Allstate Indemnity policy replaces or is replaced by an Allstate Insurance Company or Allstate County Mutual policy, the R3001 Agent writing the replacement policy captures commission interest in unrepresented policies if:

1. the Auto like line is free of any other agent's compensation/commission interest, **and**
2. the replacement policy is issued to the same insured, with no lapse of coverage at the time of replacement, **and**
3. the applicable conditions of the capturing requirements in Chapter 4, Section 1 of this Supplement are satisfied.

1.2 Voluntary Auto Policy Issued after "Take Out"

1.2.1 Assigned Risk, Underwriting Association

The R3001 Agent who is the Agent of Record on a policy that is **voluntarily** "taken out" of Assigned Risk or an Underwriting Association will capture commission interest in unrepresented policies belonging to that named insured in the same manner as though the agent had written a new voluntary Auto policy.

If the Agent of Record on the Assigned Risk policy (on which Allstate is the insurer) was not an Allstate agent, the R3001 Agent writing the application for voluntary insurance will capture commission interest in unrepresented policies.

On an **involuntary** take out, commission interest in unrepresented policies will be captured by the Allstate agent whose name and number appear on the application for regular Allstate insurance.

1.2.2 Reinsurance Facility

The Allstate Agent of Record on coverages which are taken out of the Facility will not capture commission interest in any unrepresented policies.

2.0 Homeowners

2.1 Homeowners Policy Replaces Another Property Lines Policy

If the replaced Renters, Condominium Owners or Homeowners (different location) policy was free of any other Allstate agent's compensation/commission interest, the R3001 Agent writing the replacement Homeowners policy will capture commission interest in unrepresented policies provided the applicable conditions of the capturing requirements in Chapter 4, Section 1 of this Supplement are satisfied.

2.2 Conversion of Fire Coverage to a Homeowners Policy

Whenever Fire coverage is converted to a Homeowners policy, the agent writing the Homeowners policy (or considered to have written the Homeowners policy) must be eligible for both new and renewal policy commission interest in the Homeowners policy in order to capture commission interest in unrepresented policies.

If the agent writing the Homeowners policy is eligible for new policy commission only, unrepresented policies may not be captured.

3.0 Allstate Financial – Life Insurance

3.1 New Rider Added to an In-Force Life Policy

The Life insurance riders considered as Major Coverages for purposes of agent commission are shown in Chapter 4, Section 1.

An agent adding a personally secured New Rider to a Life policy which is free of any other Allstate agent's commission interest will receive commission interest in each Major Line unrepresented policy belonging to related insureds, if and when such unrepresented policy renews, provided:

1. the new Rider is issued or placed, **and**
2. the agent has described all other existing Allstate policies on the application for the Major Coverage.

Any commission payable with respect to an unrepresented Life policy will be at the appropriate renewal amount based on policy year as per the capturing agent's commission schedule.

The R3001 Agent should list the policy numbers of all existing Allstate policies belonging to the named insured, resident spouse and any family members who remain eligible in the Remarks Section of the Application.

Immediately following each policy number, the R3001 Agent should indicate if the policy is represented or unrepresented.

3.2 Conversion of Veteran's Group Life Insurance

When an individual is to be converted from a Veteran's Group Life insurance plan to an individual policy, a conversion application is to be submitted in all cases accompanied by a regular application if it appears that no extra rating will apply to the applicant.

The following rules describe the R3001 Agent's eligibility (or non-eligibility) to capture commission interest in any unrepresented Allstate policies when either occurs.

3.2.1 Conversion Application Used

Commission interest in unrepresented Allstate policies may **not** be captured when the conversion is written at standard rates as a result of exercising the conversion privilege of the Veteran's Group Life plan.

3.2.2 Regular Application Used

The R3001 Agent handling the regular application will capture commission interest in unrepresented Allstate policies in accordance with the capturing requirements stated in Chapter 4, Section 1 of this Supplement.

3.3 Life Policy Issued – Insured Exercises FPP Option

The R3001 Agent writing the new policy issued as a result of the FPP option being exercised will capture commission interest in unrepresented Allstate policies in accordance with the capturing requirements stated in Chapter 4, Section 1 of this Supplement. This rule will apply even though the Life policy with the FPP option is represented by another Allstate agent.

3.4 Reinstatement

The R3001 Agent reinstating a Life policy which has been out of force for more than six months will capture commission interest in unrepresented Allstate policies in accordance with the capturing requirements stated in Chapter 4, Section 1 of this Supplement.

3.5 Flexible Premium Annuity Products

3.5.1 Unrepresented Policy

Commission interest in a Flexi policy, which is free of any other agent's commission interest, may be captured in accordance with the capturing requirements stated in Chapter 4, Section 1 of this Supplement.

3.5.2 Major Lines/Major Coverages

A Flexi policy is included in the Allstate Financial products for the purpose of capturing commission interest in unrepresented policies unless written to replace another Tax Qualified Plan.

Section 3: Assigned Commission Interest

1.0 Agent Request Program

1.1 General

An R3001 Agent may request assignment of commission interest in unrepresented policies, excluding Plus Policies, belonging to the same named insured - including those policies already assigned to an R3001 Agent or to an office location on a service fee basis - under certain conditions.

Commission interest in any policy assigned at the agent's request will always begin at the next renewal of the policy. Reinsurance Facility and Commercial business will be included in this program.

1.2 Eligibility for Policy Assignment

If only one active agent represents one or more policies belonging to an insured, that agent may, upon request, be assigned commission interest in any unrepresented policies belonging to the insured unless the customer requests another agency.

If only one active agent is assigned, on a Service Fee or Relationship Fee basis, to one or more policies belonging to an insured, the mechanized unrepresented account distribution process may assign the agent to any unrepresented policies belonging to the same named insured.

Policies eligible for assignment under the Agency Request Program include only agency bound Personal lines insurance policies belonging to the named insured, resident spouse, and for Allstate Financial products, eligible dependents.

An R3001 Agent will still be eligible for assignment of unrepresented policies belonging to the insured even if one of the represented policies belonging to the insured has an Independent Agency as the Agent of Record.

2.0 Handling Policy Transfer Ins

Whenever a policyholder moves out of state, retention of commission in the customer's account (except Allstate Financial business) is determined by whether:

- the agent who received commission on the policy prior to the move is licensed and appointed in the customer's new state, and
- the customer's new residence and the agent's location are within a reasonable proximity (to be determined by the Company) to enable the agent who received commission on the policy prior to the move to properly service the account.

When either of the above conditions is not present, the agent contacted by the customer in the customer's new state will be assigned commission on the transferred policy.

3.0 Company Assigned Policies as Agent of Record

3.1 Assignment of Plus Policies

R3001 Agents may be assigned commission interest in Plus Policies. There are three methods of distributing Plus Policies. The first method of distribution is to assign an entire book of business. The second method of distribution is to assign a block of policies by zip code to a single agent. The third method of distribution is to assign individual policies via the unrepresented accounts distribution or similar program. Agents who choose to participate in the distribution of Plus Policies via the unrepresented accounts distribution or similar program must be securities licensed in order to be assigned the Plus Policies.¹

These policies will be included in all agency measurements for the Agency Bonus and will be included for Agency Development Bonuses, where applicable. For Plus Policies assigned via the unrepresented accounts distribution or similar program, only those applicable losses that occur subsequent to the first renewal after assignment will be included in the Agency Bonus.

3.2 Assignment of California Earthquake Authority (CEA) Business

In a refinancing situation, the Company may assign the CEA policy and the replacement property policy issued by the Company to the agent who submitted the refinancing change requested by the insured **provided** the replaced property policy was unrepresented **and** the replaced policy had earthquake coverage. Commission interest on these policies will begin immediately.

¹ New agents are exempt from the securities license requirement for the first 24 months.

3.3 Assignment of Unrepresented Life Policy at New Business Issue

An R3001 Agent may be assigned commission interest in a Life policy that becomes unrepresented in the process of being issued, according to the following rules:

- If additional information from or about the insured is necessary to complete underwriting or issue requirements, and such information can best be obtained through an agent, an active agent will be assigned to that policy.
- If delivery of an issued policy is required because the policy is issued at rates different than quoted, a signature requirement must be met, etc., an active agent will be assigned to that policy.

The agent assigned to the policy will be treated for purposes of agent commission as though the agent had written the policy, provided the agent successfully carries out the requirements described above.

3.4 Assignment of Commercial Business

A Commercial policy which becomes unrepresented may be assigned to another agent subject to the agent's acceptance. Commission interest in the policy will begin at the next effective date of the policy; however, the agent will begin servicing the policy upon notification of the assignment and the agent's acceptance.

**CHAPTER 4: Unrepresented Policies and
Customer Contact Center (CCC)/Internet Policies**

REVISION DATE: February 1, 2013

Section 4: Service Fees and Relationship Fees

1.0 General

Auto and Personal Property policies that become unrepresented may be captured by an R3001 Agent as described in Chapter 4, Section 1, Section 2 and Section 3. If an unrepresented policy in these line categories has not been identified for capture at renewal, it may be assigned, subject to the agent's acceptance, on a service fee or relationship fee basis.

The service fee or relationship fee on all such assigned policies is currently 3.5%¹.

Once an R3001 Agent has qualified to capture commission interest in an unrepresented policy, any service fee or relationship fee assignment for that policy will end when the capture takes effect.

All aspects regarding service fee or relationship fee policies are subject to change in the future. It is important to note that all unrepresented business assigned on a service fee or relationship fee basis remains the property of the Company and may be used in any manner at the Company's discretion. In addition, any R3001 Agent responsible for unapproved customer mailings or telephone calls or other activity designed to circumvent the Company's procedures regarding unrepresented accounts, including assignments on a service fee or relationship fee basis, may result in the Company withdrawing its permission to allow the agent to continue to participate in the distribution of unrepresented accounts and, will jeopardize the agent's agency relationship with the company.

2.0 Shared/Individual Service Fees

Prior to April 1992, unrepresented policies may have been assigned to an agent or office location on a service fee basis. The service fees generated from all service fee policies assigned for servicing at the location are combined (Shared Service Fee). The combined service fee amount is then equally divided among all active agents assigned to that location.

¹ The service/relationship fee on North Carolina Facility policies is currently calculated at 10% of the net written premium on the ceded coverages and 3 1/2% of the net written premium on all other coverages.

A service fee policy may be reassigned to another agent or office location (e.g., customer request, customer moved). In cases of agent relocation, the agent's location at the time of the monthly calculation of service fee commission will determine the service fee commission amount.

Prior to April 1, 1992, an agent hired directly into a neighborhood office may have been assigned policies on an individual service fee basis. A policy assigned to an agent hired directly into an office may be reassigned to another agent or location (e.g., customer request, customer moved).

3.0 Relationship Fees

Agents who receive unrepresented policies through the unrepresented accounts program do not receive a service fee. A policy assigned to an individual or an office location may be reassigned to another agent or location (e.g., customer request, customer moved.)

Section 5: Customer Contact Center (CCC)/Internet Bound Policies

1.0 General

There are three access points where new policies and added coverage endorsements may be bound – an agency, the Customer Contact Center (CCC) and the Internet. The terms associated with policies bound in the CCC resulting from direct calls to the CCC or through Allstate.com are Assigned Agency, Designated Agency, Direct Transition, and Agency Direct.

2.0 Assigned Agency

An Assigned Agency is the agency assigned a policy bound by the CCC prior to September 14, 2009 or the Internet as described in Subsection 1.0 in Section 5 of this Chapter. An Assigned Agency will be identified by the agent type 11 followed by the agent's five digit agent number. Commission on a policy assigned in Assigned Agency status will be 2% on the net written premium¹. Beginning with new business and renewal policies effective and processed on or after October 1, 2004 and subsequent, the commission on policies assigned in Assigned Agency status will be 3.5%.

3.0 Designated Agency

A Designated Agency is the agency that captured the policy as described below:

- A policy in Assigned Agency status may be captured by the Assigned Agency by writing a major line as described in Subsection 2.0 in Section 1 of this Chapter. By doing so, the Assigned Agency on the policy becomes the Designated Agency on the policy.
- A policy in Assigned Agency status may be captured by another agency that performs a capturing activity by writing a major line as described in Subsection 2.0 in Section 1 of this Chapter. The agency performing the capturing activity becomes the Designated Agency on the CCC/Internet bound policy at the next renewal. Once the policy is captured, the Assigned Agency will no longer receive any commission on the policy.

A Designated Agency will be identified by agent type 22 followed by the agent's five digit agent number. Commission on a policy in Designated Agency status will be 3.5% on the net written premium².

¹ The commission on North Carolina policies in Assigned Agency status is currently calculated at 10% of the net written premium on coverages ceded to the North Carolina Facility and 2% of the new written premium on all other coverages.

² The commission on North Carolina policies in Designated Agency status is currently calculated at 10% of the net written premium on coverages ceded to the North Carolina Facility and 3.5% of the new written premium on all other coverages.

4.0 Direct Transition

A Direct Transition policy is a policy bound by the CCC effective February 1, 2013 and subsequent resulting from a direct call to the CCC or the Internet (Allstate.com). Policies assigned in Direct Transition status will receive zero percent (0%) new business and full renewal commissions.

5.0 Agency Direct

An Agency Direct policy is a policy bound by the CCC effective September 14, 2009 through January 31, 2013 resulting from a direct call to the CCC and assigned to an agent as a result of a customer request at policy issuance or when an agency is currently represented in the household. Commissions on a policy assigned in Agency Direct status will be 3.5% on the net written premium.

6.0 Capturing of CCC/Internet Bound Business in Assigned Agency Status

R3001 Agents can capture policies in Assigned Agency status that were bound by the CCC/Internet by adding a major coverage to the existing CCC/Internet bound policy or writing a major line as described in Subsection 2.0 in Section 1 of this Chapter. However, an exception is made for like lines situations if there is already agent representation in the like lines other than agent type 11. In this situation, the agent already represented in the like lines situation will capture the policy.

7.0 Capturing of Unrepresented Agency Bound Policies by Adding a Major Coverage to an Assigned Agency Policy

R3001 Agents may capture unrepresented agency bound policies by adding a Major Coverage to a CCC/Internet bound policy.

8.0 Cancellation of Duplicate Policies Involving the CCC/Internet and Agencies

In instances, when duplicate policies are bound for the same named insured via the CCC/Internet and agency access points, the policy, based on the most recent application date and time on the policy using the RD screen on the mainframe, should be cancelled. However, a duplicate policy situation does not exist where a CCC/Internet policy coded as an agent type 11 or 22 policy is rejected by Underwriting resulting in the policy being terminated flat and a new policy for the same named insured is subsequently written by another agent.

If a customer contacts an agency to make changes to a policy that was written by the CCC/Internet and the policy is in new business issued not taken status, the agency should refer the customer to the CCC to make any changes. To expedite releasing the policy from this status, the agency should fax the T-docs to the CCC if requested by the customer. The agency may also take payments while a policy is in this status. If an agency writes a new policy while the CCC/Internet policy is in new business issued not taken status, the policy written by the agency will be considered duplicate coverage and the business will revert back to the CCC/Internet. The agency will not be entitled to commission on the policy regardless of whether the policies have different effective dates, or the original policy is cancelled flat by the agency at the same time the new policy is written or at a subsequent date.

If the agency does not follow the Company's process with respect to CCC/Internet business in new business issued not taken status or canceling duplicate policies, and at a later date, it is determined that the agency canceled the CCC/Internet policy even though the system clearly showed that the CCC/Internet policy was bound prior to the agency policy that continues in force, this activity on the part of the agency will jeopardize the agent's agency relationship with the company.

9.0 CCC/Internet House Accounts

Beginning October 4, 2004 and subsequent, policies bound in the CCC resulting from direct calls to the CCC or through Allstate.com that are not assigned to agencies will be considered CCC house accounts and will be coded as agent type 22 and agent number 34000. Termination Payment (TPP) policies serviced by the CCC are coded as agent type 22 and agent numbers 95001-95005 and are also considered CCC house accounts. Policies coded as agent type 22/agent number 34000 and agent type 22/agent numbers 95001-95005 are not eligible for capture by writing a new line of insurance, adding a major coverage or as the single agent in the household.

10.0 Allstate Direct

Direct Life Sales Specialists (DLSS) in the Customer Contact Center (CCC) will be offering life products on behalf of an agency when the need is identified. In certain instances, after initial conversation with the DLSS, the customer may be referred to an agency. All agencies are included in this process and do not need to enroll or register to participate. Refer to [Exhibit A](#) at the end of this chapter for details on commission, production credit, life production bonus, life policy count, and life persistency factor (LPF) given on CCC and Internet bound policies.

10.1 Commissions and Production Credit

For Allstate Financial sales made on behalf of an agency, the agency will receive production credit and a proprietary policy count.

In cases where the DLSS refers a customer to an agency and the agency closes the sale, the commissions will be paid at 85% of EA solo rates to reflect the referral. Standard production credit will be given.

Exhibit A

Customer Type	Method of lead generation to Direct or online	Exclusive Agency Commission Rates				
		Commission	Agent Production Credit?	Life Production Bonus?	Life Policy Count?	Life Persistency Factor? (LPF)
New Customer	1-800-Allstate or allstate.com	None	No	No	No	No
	Agency Call Forward to CCC	None	Yes	No	Yes	No
	Agency Web Site	Yes, full	Yes	Yes	Yes	Yes
	Direct refers customer to EFS/FS, EFS/FS sells the policy*	EFS shared rates	Yes	Yes	Yes	Yes
Existing Agency Customer	1-800-Allstate or allstate.com	None	Yes	No	Yes	No
	Agent Referral to CCC	None	Yes	No	Yes	No
	Agency Call Forward to CCC	None	Yes	No	Yes	No
	Agency Web Site	Yes, full	Yes	Yes	Yes	Yes
	Direct refers customer to EA, EA sells the policy	85% of EA solo rates	Yes	Yes	Yes	Yes
	Direct refers customer to Partnered EFS/FS, EFS/FS sells the policy	EFS/FS-Shared rates EA-No commission	Yes	Yes	Yes	Yes

* In some instances, new customers may be referred to an EA when no EFS is geographically available, EAs will receive 85% of EA solo rates in these cases.

Chapter 5: Expanded Market Programs

Section 1: Ivantage Select Agency, Inc.

1.0 General

As provided in Section 1.E. of the R3001 Agreement, the Company may provide prior written approval for the Agent/Agency to solicit, sell or service insurance for any other company, agent, or broker. As it relates to property and casualty lines of insurance, the Company has delegated its right to provide prior written approval to Ivantage Select Agency, Inc. (Ivantage), an affiliate of Allstate Insurance Company, except as noted below, in Section 3 of this Chapter. The primary method by which Ivantage grants prior written approval is by listing approved expanded market programs in this Section of the Supplement. In addition to granting prior written approval to agents, Ivantage acts on behalf of the Company to administer its expanded market programs.

2.0 Overview

Ivantage is an independent general agency that brings expanded market capacity to Allstate Exclusive Agencies.

In situations where an Allstate policy is not available to a customer, Ivantage works with outside carriers and general agencies to help provide R3001 Agents with access to products that do not compete with Allstate products.

Products include, but are not limited to:

- Homeowners, Dwelling Fire, Vacant Dwelling
- Manufactured Home
- Excess Liability
- High Value Property
- Mexico Travel Insurance
- Residential Earthquake
- Hurricane Wind
- Classic Car
- All-Terrain Vehicle, Off-Road Vehicle
- Motorcycle
- Boat, Classic Boat, Personal Watercraft
- Comprehensive Personal Liability
- Excess Flood
- Mobile Home
- Commercial

Note that products are not available in all states.

3.0 Eligibility

An Agent's eligibility to write policies for expanded market business continues only while:

- The Agent's agreement with Allstate remains in effect;
- Ivantage has an agreement in effect with expanded market carrier or general agency;
- The Agent is properly licensed and/or bonded in the state in accordance with the respective state's regulations;
- The Agent has completed any enrollment requirements which may include, but are not limited to, executing another agreement with the third party and/or completing certain education; and
- Ivantage, the carrier, or general agency has not notified (in writing) the Agent that he or she is excluded from participating in the sale of expanded market programs.

When an Agent indicates a desire not to continue representation of any business, is no longer authorized to participate in the sale of the business, or the customer requests service by another agent, Ivantage reserves the right to assign the policy(ies) to another Agent. The original Agent will have no further commission interest in the reassigned business.

4.0 Commission

When Ivantage processes commissions on behalf of a company listed in Section 2, or when Ivantage is the agent of record and is paying brokering commissions, the active R3001 Agent will be paid based on when an expanded market company pays Ivantage and either upfront (single payment or written premium) or as premiums are collected, and in the month following Ivantage's receipt of commission or program administrator fee. Any unearned commission will be netted against the total Allstate commission unless the commission is paid by Ivantage on behalf of an expanded market company. If there are insufficient funds to recover the amount due, the unearned commission balance will be carried forward and recovered from subsequent commissions and bonuses. If final commissions are insufficient to recover the amount due, any outstanding amount becomes due and payable to the Company, which reserves the right to collect such amount.

For expanded market programs where Ivantage does not process or pay commissions, consult with the specific expanded market company for commission details.

The current commissions for Ivantage expanded market programs vary by region, state, program, and line of business.

Section 2: Expanded Market Programs

1.0 Access General Agency, Inc.

1.1 General

Ivantage has granted permission for authorized agents in Connecticut, Massachusetts, and New York to sell personal lines policies through Access General Agency, Inc.

1.2 Commission

The current commission is 8% for new business and 8% for renewal business. For business written with USLI commission is 10% for new and 10% for renewal. For business written with New London County Mutual Insurance Co. and Thames Insurance Company commission is 6% or 9% new and 6% or 9% renewal depending on property distance to the coast. Commission is paid as premiums are collected. Commission is paid to the Agent by Access General through Ivantage on the first Wednesday of the month. Commission amounts are included in the Allstate "Payment Notification" posted on Gateway under the "My Info" tab at least two days prior to the deposit. Ivantage mails a commission statement providing policy detail. This statement is mailed to your office location on file with Allstate.

1.3 Ownership of Access General Agency, Inc. Business

The Agent has no ownership rights to business written through Access General Agency, Inc.

1.4 Termination

The Agent must provide written notification to Access General of their intent to terminate as an Allstate Agent.

2.0 American Modern Insurance Group

2.1 General

Ivantage has granted permission for authorized agents in all states except Connecticut and New Jersey¹ to sell personal lines policies through American Modern Insurance Group of companies which may include: American Family Home Insurance Company, American Modern Home Insurance Company, American Modern Lloyds Insurance Company, American Modern Select Insurance Company, American Modern Southern Home Insurance Company, American Modern Western Home Insurance Company, or German American Farm Mutual.

¹ This program is not available in New Jersey. In Connecticut, American Modern products may be available through Northeast Agencies, Inc.

Ivantage has granted permission for authorized agents in Arkansas, Indiana, Illinois, Kentucky, Michigan, Missouri, Mississippi, Ohio, Tennessee, Nevada and Utah to sell earthquake policies through American Modern Insurance Group companies.

2.2 Commission

The current commission is 10% for new and 10% for renewal business. Commission is paid as premiums are collected. Commission for this business is paid by Ivantage and included in the Agent's monthly Allstate deposit. On the Allstate Payment Notification reflected in the "My Info" tab on Gateway, a line item of "Exp.Mkts-AMIG" denotes these commissions. Ivantage mails a commission statement providing the policy detail. This statement is mailed to your office location on file with Allstate.

2.3 Ownership of American Modern Insurance Group Insurance Business

The Agent has no ownership rights to business written with the American Modern Insurance Group.

2.4 Termination

The Agent must provide written notification to Ivantage of their intent to terminate as an Allstate Agent.

3.0 Appalachian Underwriters, Inc. (GeoVera Specialty Insurance Company)

3.1 General

Ivantage has granted permission for authorized Agents in Alabama² to sell personal lines policies through Appalachian Underwriters, Inc. (GeoVera Specialty Insurance Company).

3.2 Commission

The current commission is 10% for new and 8% for renewal policies. Commission is paid as premiums are collected. Commission is paid to the Agent by Appalachian Underwriters through Ivantage on the first Wednesday of the month. Commission amounts are included in the Allstate "Payment Notification" posted on Gateway under the "My Info" tab at least two days prior to the deposit. Ivantage mails a commission statement providing policy detail. This statement is mailed to your office location on file with Allstate.

² This program is no longer available in South Carolina.

3.3 Ownership of Appalachian Underwriters, Inc. (GeoVera Specialty Insurance Company) Business

Appalachian Underwriters, Inc. (GeoVera Specialty Insurance Company) retains all ownership rights to business written by the Agent.

3.4 Termination

The Agent must provide written notification to Ivantage of their intent to terminate as an Allstate Agent.

4.0 Braishfield Associates, Inc.

4.1 General

Ivantage has granted permission for authorized agents in Florida and Texas to sell personal lines policies through Braishfield Associates, Inc. Ivantage has granted permissions for authorized agents in all 50 states plus the District of Columbia to sell certain commercial lines policies through Braishfield Associates, Inc.

4.2 Commission

For Florida Agents, the current commission for policies written through Geovera Specialty Insurance Company is 8% for new and 8% for renewal business. For policies written through Seaworthy Insurance Company the current commission is 8% for new and 8% for renewal business classified as "yacht", 5% for new and 5% for renewal business classified as "charter boat", 3% for new and 3% for renewal business classified as "pleasure boat". For all other carriers and for all other lines of business the current commission is 8% new and 8% renewal business. Commissions are paid as premiums are collected.

For Texas Agents, the current commission for policies written through Geovera Specialty Insurance Company is 10% for new and 8% for renewal business. For policies written through Seaworthy Insurance Company the current commission is 8% for new and 8% for renewal business classified as "yacht", 5% for new and 5% for renewal business classified as "charter boat", 3% for new and 3% for renewal business classified as "pleasure boat". For all other carriers and for all other lines of business the current commission is 8% new and 8% renewal business. Commissions are paid as premiums are collected.

For commercial business, commissions vary based upon product.

4.3 Ownership of Braishfield Associates, Inc. Business

The Agent has no ownership rights to business written with Braishfield Associates, Inc. companies.

4.4 Termination

The Agent must provide written notification to Ivantage of their intent to terminate as an Allstate Agent.

5.0 Cabrillo Coastal General Insurance Agency, Inc.

5.1 General

Ivantage has granted permission for authorized agents in Florida and New York to sell personal lines policies through Cabrillo Coastal General Insurance Agency, Inc.

5.2 Commission

For New York Agents, commission is paid to the agent directly from Cabrillo Coastal General Insurance Agency, Inc. The current commission for policies written through Imperium Insurance Company is 9% for new and 9% for renewal business. For policies written through Sterling Insurance Company, outside of Suffolk County, New York, the current commission is 10% for new and 10% for renewal business. For new and renewal business written through Sterling Insurance Company in Suffolk County, New York, the commission is 8% for new and 8% for renewal business. Refer to your Cabrillo Coastal General Insurance Agency, Inc. Producer Agreement for commission details.

For Florida Agents, commission is paid to the Agent directly from Cabrillo Coastal General Insurance Agency, Inc. Refer to your Cabrillo Coastal General Insurance Agency, Inc. Producer Agreement for commission details.

5.3 Ownership of Cabrillo Coastal General Insurance Agency, Inc. Business

New York Agents have no ownership rights to business written with Cabrillo Coastal General Insurance Agency business.

Florida Agents should refer to their producer agreement with Cabrillo Coastal General Insurance Agency, Inc. for specific details.

5.4 Termination

In New York, the Agent must provide written notification to Ivantage of their intent to terminate as an Allstate Agent.

In Florida, the Agent must contact the Florida Region and Cabrillo General Insurance regarding their intent to terminate as an Allstate Agent.

6.0 Chubb Group of Insurance Companies

6.1 General

Ivantage has granted permission for authorized agents to sell personal lines policies through Ivantage with Chubb Group of Insurance Companies. This program is not currently available in Alaska, Hawaii, Iowa, Michigan, Nebraska, North Carolina, North Dakota and South Dakota.

6.2 Commission

The current commission for Chubb Group of Insurance Companies varies by state and product line. Commission is paid as premiums are collected. Commission for this business is paid by Ivantage and included in the Agent's monthly Allstate deposit. On the Allstate Payment Notification reflected in the "My Info" tab on Gateway, a line item of "Exp.Mkts-Chubb" denotes these commissions. Ivantage mails out a commission statement providing the policy detail. This statement is mailed to your office location on file with Allstate.

Product	Commission	States
Homeowners & SPP	10% new; 7% renewal	All states except Florida
Homeowners & SPP	4.5% new; 4.5% renewal	Florida
Excess Liability & PUP	6.75% new; 5.4% renewal	All states
Earthquake	4.5% new; 4.5% renewal	All states
Watercraft	6.75% new; 5.4% renewal	All states
Worker's Compensation	4.5% new; 4.5% renewal	All states
Classic Car	6.75% new; 5.4% renewal	All states

6.3 Ownership of Chubb Group of Insurance Companies Business

The Agent has no ownership rights to business written with Chubb Group of Insurance Companies.

6.4 Termination

The Agent must provide written notification to Ivantage of their intent to terminate as an Allstate Agent.

7.0 Coastal Risk Underwriters/Insight (Occidental Fire and Casualty)

7.1 General

Ivantage has granted permission for authorized agents in Louisiana, Virginia, New York and South Carolina to sell personal lines policies through Coastal Risk Underwriters/Insight.

7.2 Commission

For Louisiana Agents, the current commission is 10% for new and 10% for renewal business on the non-hurricane portion of the premium. The current commission is 6% for new and 6% for renewal business on the hurricane portion of the premium.

For Virginia Agents, the current commission is 10% for new and 10% for renewal business. Commission is paid as premiums are collected.

For New York Agents, the current commission is 10% for new and 10% for renewal business. Commission is paid as premiums are collected.

For South Carolina Agents, the current commission is 8% for new and 8% for renewal business written. Commission is paid as premiums are collected.

Commission is paid to the Agent by Coastal Risk Underwriters/Insight through Ivantage on the first Wednesday of the month. Commission amounts are included in the Allstate "Payment Notification" posted on Gateway under the "My Info" tab at least two days prior to the deposit. Ivantage mails a commission statement providing policy detail. This statement is mailed to your office location on file with Allstate.

7.3 Ownership of Coastal Risk Underwriters Business

Coastal Risk Underwriters retains all ownership rights to business written by the Agent.

7.4 Termination

The Agent must provide written notification to Ivantage of their intent to terminate as an Allstate Agent.

8.0 Couch Braunsdorf Insurance Group

8.1 General

Ivantage has granted permission for authorized agents in Connecticut, Delaware, Maryland, New Jersey, Pennsylvania, New York, and Virginia to sell personal lines policies through Couch Braunsdorf Insurance.

8.2 Commission

The current commission is 9% for new and 9% for renewal business in Connecticut, New Jersey, and Pennsylvania. Commission is 8% for new and 8% for renewal business in Delaware, Maryland, and Virginia. Commission is 10% for new and 10% for renewal business in New York. Commission is paid as premiums are collected. Commission is paid to the Agent by Couch Braunsdorf through Ivantage on the first Wednesday of the month. Commission amounts are included in the Allstate "Payment Notification" posted on Gateway under the "My Info" tab at least two days prior to the deposit. Ivantage mails a commission statement providing policy detail. This statement is mailed to your office location on file with Allstate.

8.3 Ownership of Couch Braunsdorf Insurance Group Business

Couch Braunsdorf Insurance Group retains all ownership rights to business written by the Agent.

8.4 Termination

The Agent must provide written notification to Ivantage of their intent to terminate as an Allstate Agent.

9.0 Fireman's Fund Insurance Company

9.1 General

Ivantage has granted permission for authorized agents to sell personal lines policies through Ivantage with Fireman's Fund Insurance Company. This program is not currently available Alabama, Alaska, Arkansas, Hawaii, Iowa, Michigan, Mississippi, Montana, North Dakota, Oklahoma, South Dakota, Vermont and West Virginia.

9.2 Commission

The current commission for Fireman’s Fund policies varies by state and product line. Commissions are generated by Fireman’s Fund upon receipt of first sufficient premium payment, defined as at least 90% of the minimum amount due. Commission for this business is paid by Ivantage and included in the Agent’s monthly Allstate deposit. On the Allstate Payment Notification reflected in the “My Info” tab on Gateway, a line item of “Exp.Mkts-Firemans Fund” denotes these commissions. Ivantage mails out a commission statement providing the policy detail. This statement is mailed to your office location on file with Allstate.

Policies with multiple lines of coverage will have the commission weighted. Fireman’s Fund calculates the commission “weighing” by taking into account the proportional relevance of each commissionable component of the policy (homeowners, valuable articles, umbrella, earthquake, workers’ compensation) rather than treating each component equally.

For example, the commission on an account that includes a \$5,049 home and contents policy that pays 10% commission and a \$1,000 workers’ compensation policy that pays .5% commission would be paid out using a weighted commission rate of 8.4%.

Product	Commission	Notes
Prestige Homeowners	10% new; 7% renewal	In CA only: 9% new; 7% renewal
Standard Homeowner	6.75% new; 6% renewal	Available only on an exception basis
Valuable Articles	10% new; 7% renewal	Commission may vary if written as stand-alone policy
Excess Liability	6.75% new; 5.4% renewal	In AZ, CA, CO, NV, NM, OR, UT, WA, and WY: 6.75% new; 4.5% renewal
Earthquake	2% new; 2% renewal	
Classic Car	6.75% new; 5.4% renewal	
Watercraft	6.75% new; 5.4% renewal	
Dwelling Fire	6.75% new; 4.5% renewal	Available only on an exception basis. In NH: 6.75% new; 5.5% renewal
Worker’s Comp	2% new; 2% renewal	

9.3 Ownership of Fireman’s Fund Insurance Company Business

The Agent has no ownership rights to business written with Fireman’s Fund Insurance Company.

9.4 Termination

The Agent must provide written notification to Ivantage of their intent to terminate as an Allstate Agent.

10.0 FirstComp Workers' Compensation

10.1 General

Ivantage has granted permission for authorized agents to sell Workers' Compensation policies through Ivantage with FirstComp. This program is not available in Arizona, District of Columbia, Georgia, Idaho, Illinois, Kentucky, Maine, Massachusetts, Montana, New Jersey, New York, Oregon, Utah, Wisconsin, and Wyoming or in the monopolistic states of North Dakota, Ohio and Washington.

10.2 Commission

Commission rates for FirstComp policies are as follows:

Agent Tiers	Commission % New and Renewal
Platinum	9%
Gold	8%
Silver	7%
Other	6%

Commission is paid as premiums are collected. Commission for business placed in this program is paid by Ivantage and included in the agent's monthly Allstate deposit on the 13th business day of the month. Refer to the "My Info" tab on Gateway for your Allstate Payment Notification. Commissions paid by Ivantage are reflected in the line item, "Ivantage Exp. Markets."

Commission for FirstComp policies issued as the result of a lead forwarded to the Business Insurance Center (BIC) will be split between the agent and Ivantage for services rendered by the BIC on behalf of Ivantage. The Agent's share of the annual commission for the life of the policy is as follows:

Agent Tiers	Commission % to the Agent	Commission % to ISA for services rendered by the BIC
Platinum	4.5%	4.5%
Gold	4%	5%
Silver	3.5%	5.5%
Other	3%	6%

10.3 Ownership of FirstComp Business

The Agent has no ownership rights to business written with FirstComp.

10.4 Termination

The Agent must provide written notification to Ivantage of their intent to terminate as an Allstate Agent.

11.0 Florida Peninsula Managers (Florida Peninsula Insurance Company)

11.1 General

Ivantage has granted permission for authorized agents in Florida to sell personal lines policies through Florida Peninsula Managers (Florida Peninsula Insurance Company).

11.2 Commission

Agents should refer to their producer agreement with Florida Peninsula Managers (Florida Peninsula Insurance Company) for commission details.

11.3 Ownership of Florida Peninsula Managers (Florida Peninsula Insurance Company) Business

Agents should refer to their producer agreement with Florida Peninsula Managers (Florida Peninsula Insurance Company).

11.4 Termination

The Agent must provide written notification to the Florida Region and Florida Peninsula Managers of their intent to terminate as an Allstate Agent.

12.0 Foremost Insurance Company

12.1 General

Ivantage granted permission for authorized agents in Michigan and Texas to sell personal lines policies through Foremost Insurance Company. As of September 27, 2007, this program was discontinued.

12.2 Commission

For Texas Agents, the current commission is 10% renewal and is paid by Foremost Insurance Company through Ivantage on the first Wednesday of the month. Commission amounts are included in the Allstate "Payment Notification" posted on Gateway under the "My Info" tab at least two days prior to the deposit. Ivantage mails a commission statement providing the policy detail. This statement is mailed to your office location on file with Allstate.

For Michigan Agents, the current commission is 10% renewal and is paid directly by Foremost Insurance Company.

12.3 Ownership of Foremost Insurance Business

Foremost Insurance retains all ownership rights to business written by the Agent.

12.4 Termination

For Texas Agents, agents must provide written notification to Ivantage and Foremost Insurance of their intent to terminate as an Allstate Agent.

For Michigan Agents, agents must provide written notification to Foremost Insurance of their intent to terminate as an Allstate Agent.

13.0 G.A. Mavon and Company (Mavon) formerly Performance Trust Insurance Group

13.1 General

Ivantage has granted permission for authorized agents in Illinois, Indiana, Michigan, Missouri, and Ohio to sell earthquake policies through Mavon.

13.2 Commission

The current commission is 8% for new and 8% for renewal business. Commission is paid as premiums are collected. Commission for this business is paid by Ivantage on the first Wednesday of the month. Commission amounts are included in the Allstate "Payment Notification" posted on Gateway under the "My Info" tab at least two days prior to the deposit. Ivantage mails a commission statement providing the policy detail. This statement is mailed to your office location on file with Allstate.

13.3 Ownership of G.A. Mavon and Company Business

The Agent has no ownership rights to business written with Performance Trust.

13.4 Termination

The Agent must provide written notification to Ivantage and Mavon of their intent to terminate as an Allstate Agent.

14.0 GeoVera Insurance Company

14.1 General

Ivantage has granted permission for authorized agents in California, Washington and Oregon to sell earthquake policies through GeoVera Insurance Company. Please note that for California, this program is only for customers who have a homeowners policy through the Ivantage Expanded Market Program. Allstate Insurance Company prohibits an Agent from writing a GeoVera Insurance Company earthquake policy to a customer with an Allstate property policy.

14.2 Commission

For California agents, the current commission is 7% for new and 7% for renewal business. Commissions are paid as premiums are collected. Commission for this business is paid by Ivantage and included in the Agent's monthly Allstate deposit. On the Allstate Payment Notification reflected in the "My Info" tab on Gateway, a line item of ExpMkts-Geovera denotes these commissions. Ivantage mails a commission statement providing the policy detail. This statement is mailed to the Agency office location on file with Allstate.

For Washington and Oregon agents, the current commission is 8% for new and 8% for renewal business. Commission is paid as premiums are collected. Commission for this business is paid by Ivantage and included in the Agent's monthly Allstate deposit. On the Allstate Payment Notification reflected in the "My Info" tab on Gateway, a line item of "Exp.Mkts-Geovera" denotes these commissions. Ivantage mails a commission statement providing the policy detail. This statement is mailed to your office location on file with Allstate.

14.3 Ownership of GeoVera Insurance Company Business

The Agent has no ownership rights to business written with GeoVera Insurance Company.

14.4 Termination

The Agent must provide written notification to Ivantage of their intent to terminate as an Allstate Agent.

15.0 Griffin Underwriting Services

15.1 General

Ivantage has granted permission for authorized agents in Alaska, Idaho, Montana, Nevada, Oregon, Texas, Utah, and Washington to sell earthquake policies through Griffin Underwriting Services.

Ivantage has granted permission for authorized agents in all fifty (50) states and the District of Columbia, excluding West Virginia and Louisiana, to sell personal umbrella policies, excess auto liability, excess CPL, condo unit owners, home business liability, CPL, and dwelling fire through Griffin Underwriting Services.

15.2 Commission

The current commission is 8% for new and 8% for renewal business. Commission is paid as premiums are collected. Commission is paid to the Agent by Griffin through Ivantage on the first Wednesday of the month. Commission amounts are included in the Allstate "Payment Notification" posted on Gateway under the "My Info" tab at least two days prior to the deposit. Ivantage mails out a commission statement providing the policy detail. This statement is mailed to your office location on file with Allstate.

15.3 Ownership of Griffin Underwriting Services Business

Griffin Underwriting Services retains all ownership rights to business written by the Agent.

15.4 Termination

The Agent must provide written notification to Ivantage and Griffin of their intent to terminate as an Allstate Agent.

16.0 Hagerty Insurance

16.1 General

Ivantage has granted permission for authorized agents to sell classic boat and classic car policies through Hagerty Insurance.

16.2 Commission

The current commission for classic boat and classic car business is 10% for all new and renewal business. Commission is paid to the agent directly from Hagerty.

16.3 Ownership of Hagerty Business

The Agent has no ownership rights to business written with Hagerty Insurance.

16.4 Termination

The Agent must provide written notification to Hagerty and Ivantage of their intent to terminate as an Allstate Agent.

17.0 Homeowners Choice Property and Casualty (Policies assumed from HomeWise Management Company)

17.1 General

Ivantage has granted permission for authorized agents in Florida to service personal lines policies from HomeWise Management Company, assumed by Homeowners Choice Property and Casualty. This is a service only contract and agents are only allowed to renew existing policies.

17.2 Commission

Renewal business commissions will be paid as follows:

8% of premium for HomeWise homeowners multi-peril and dwelling fire policies and such policies renewed as Homeowners Choice policies in all counties except Broward, Collier, Hillsborough, Indian River, Lee, Martin, Miami-Dade, Monroe, Palm Beach, Pinellas and St. Lucie counties.

6% of premium for HomeWise homeowners multi-peril and dwelling fire policies and such policies renewed as Homeowners Choice policies in Broward, Collier, Hillsborough, Indian River, Lee, Martin, Miami-Dade, Monroe, Palm Beach, Pinellas and St. Lucie counties.

17.3 Ownership of HomeWise Insurance Group Business

Homeowners Choice Property and Casualty is the owner of expirations. Agents must retain at least 75% of the book assumed from HomeWise in order to keep the rights to service the book. For additional details, agents should refer to their producer agreement.

17.4 Termination

The Agent must provide written notification to Ivantage and Homeowners Choice of their intent to terminate as an Allstate Agent.

18.0 ICAT Managers, LLC

18.1 General

Ivantage has granted permission for authorized agents in Hawaii to sell wind policies through ICAT.

18.2 Commission

The current commission is 9% for new and 9% for renewal business. ICAT pays the agent directly.

18.3 Ownership of ICAT Managers, LLC Business

ICAT Managers retains all ownership rights to business written by the Agent.

18.4 Termination

The Agent must provide written notification to Ivantage and ICAT Managers, LLC, of their intent to terminate as an Allstate Agent.

19.0 Jewelry Insurance Brokerage of North America, Inc. (JIBNA) (State National)

19.1 General

Ivantage has granted permission for authorized agents in Florida to sell personal lines policies through JIBNA (State National).

19.2 Commission

Refer to your producer agreement with JIBNA (State National) for commission details.

19.3 Ownership of JIBNA Insurance Business

Refer to your producer agreement with JIBNA (State National).

19.4 Termination

The Agent must provide written notification to the Florida Region and JIBNA of their intent to terminate as an Allstate Agent.

20.0 The Kimbrell Company

20.1 General

Ivantage has granted permission for authorized and participating agents in all fifty (50) states and the District of Columbia to sell certain personal lines and commercial policies, for risks not covered by Allstate, through The Kimbrell Company.

20.2 Eligibility

Participation in this program is subject to the following:

- the agent must repay any unearned commission to The Kimbrell Company in a timely manner,
- the agent must complete a training/orientation program conducted by The Kimbrell Company,
- the agent must obtain and maintain the applicable Broker's License and broker's bond in South Carolina and New York,
- the agent must not represent that any policy issued through The Kimbrell Company is in any way sponsored, endorsed, or underwritten by Allstate or any of its subsidiaries,
- the agent must sign a producer agreement with The Kimbrell Company relating to Homeowner's business, and
- such other criteria as Ivantage may adopt from time to time.

In addition, the Company at its sole discretion may exclude any agent from participating in this program.

20.3 Commission

For personal lines, 6% of new premium and 6% of renewal premium on policies written on the following products:

- Aspen Specialty Insurance Company – Earthquake
- Atlantic Specialty Insurance Company – Commercial Marine
- Lloyds (Wells Fargo) – Excess Flood, Wind Deductible Buy-Back
- Markel American Insurance Company – Commercial Marine, Watercraft (FL only)

8% of new premium and 8% of renewal premium on all other personal lines policies which are not designated above.

For commercial lines, commissions vary by product and state.

Commission will be paid directly to the agent as an independent contractor by The Kimbrell Company.

20.4 Ownership of Kimbrell Business

The Agent has no ownership rights to business in business written through The Kimbrell Company.

20.5 Termination

The Agent must provide written notification to the Southeast Region and The Kimbrell Company of their intent to terminate as an Allstate Agent.

21.0 MAPFRE (Mexico Tourist Auto Insurance)

21.1 General

Ivantage has granted permission to enrolled agents in Arizona, California, Illinois, Nevada and Texas to sell Mexico Tourist Auto Insurance through MAPFRE. This program provides agents with the opportunity to sell temporary vehicle insurance to individuals who are traveling to Mexico. The customer may have a driver's license from any country in the world, and the vehicle may be registered in any country in the world except Mexico. This product can be sold to Allstate customers, as well as non-Allstate consumers.

21.2 Commission

The current commission is 30% of the net written premium less any taxes and fees. Commission is paid on written premium. Commission for this business is paid by Ivantage on the first Wednesday of the month. Commission amounts are included in the Allstate "Payment Notification" posted on Gateway under the "My Info" tab at least two days prior to the deposit. Ivantage mails a commission statement providing policy detail. This statement is mailed to your office location on record with Allstate.

21.3 Ownership of Mexico Tourist Auto Insurance Business

MAPFRE Tepeyac retains all ownership rights to business written by the Agent.

21.4 Termination

The Agent must provide written notification to Ivantage of their intent to terminate as an Allstate Agent.

22.0 McGraw Insurance Services (Pacific Specialty)

22.1 General

Ivantage has granted permission for authorized and participating Agents to sell personal lines insurance across the country through Pacific Specialty Insurance Company (PSIC) and Pacific Specialty Property and Casualty. Both are affiliates of the McGraw Group.

22.2 Commission

Commission for these products varies by state. Commission is paid by McGraw Insurance services directly to the Agent.

22.3 Ownership of McGraw Business

Refer to your producer agreement with McGraw Insurance Services.

22.4 Termination

The Agent must provide written notification to McGraw and Ivantage of their intent to terminate as an Allstate Agent.

23.0 NWC Insurance Services (NWC) through RIC Insurance General Agency

23.1 General

Ivantage has granted permission for authorized agents to sell personal umbrella policies in Alaska and Louisiana through NWC. Ivantage has granted permission for authorized agents to sell commercial lines policies throughout the country through NWC.

23.2 Commission

For personal lines for Alaska agents, the current commission is 10% for new and 8% for renewal business. For Louisiana agents, the current commission is 10% for new and 8% for renewal business. For commercial lines, commissions vary by product and state.

Commission for policies issued through NWC as the result of a lead forwarded to the Business Insurance Center (BIC) will be split between the agent and Ivantage for services rendered by the BIC on behalf of Ivantage. The agent's share of the annual commission for the life of the policy is as follows:

CEM POLICIES SOLD THROUGH THE BIC

Line of Business	Agent's share of Annual Commission of the Policy (Split Percentage)
Businessowners Policy	50%
General Liability	20%
Professional Liability	20%
Workers Compensation	50%
All Other	50%

23.3 Ownership of NWC Business

The agent has no ownership rights to business written through NWC.

23.4 Termination

The Agent must provide written notification to Ivantage and NWC of their intent to terminate as an Allstate Agent.

24.0 Northeast Agencies Inc.

24.1 General

Ivantage has granted permission for authorized agents in Alabama, Arkansas, California, Connecticut, Delaware, Illinois, Indiana, Maryland, Michigan, Missouri, Mississippi, Ohio, New York, South Carolina, Tennessee, Virginia, and the District of Columbia to sell personal lines policies through Northeast Agencies (American Modern Insurance, GeoVera Specialty, Main Street, Universal, RLI, State National, or Tower Group Company). Refer to 24.2 Commission for product/state availability.

24.2 Commission

Commission is paid as premiums are collected. Commission is paid to the Agent by Northeast Agencies through Ivantage on the first Wednesday of the month. Commission amounts are included in the Allstate "Payment Notification" posted on Gateway under the "My Info" tab at least two days prior to the deposit. Ivantage mails a commission statement providing policy detail. This statement is mailed to your office location on file with Allstate.

Product	Commission	State(s)	Carrier
Homeowners, Boat, Dwelling Fire, Manufactured Home, Umbrella	10% new 10% renewal	Connecticut	American Modern Insurance
Homeowners	10% new 10% renewal	Connecticut	Utica First Insurance Company
Homeowners, Condo, Dwelling Fire, Manufactured Home, Umbrella	8% new 8% renewal	Connecticut	Universal
Homeowners, Dwelling Fire, Umbrella	10% new 10% renewal	California	Tower Group Companies
Homeowners, Umbrella	9% new 9% renewal	Connecticut	Tower Group Companies
Homeowners, Dwelling Fire, Umbrella	8% new 8% renewal	New York	Tower Group Companies
Earthquake	8% new 8% renewal	Alabama, Arkansas, Illinois, Indiana, Michigan, Mississippi, Missouri, Ohio, South Carolina, and Tennessee	GeoVera Insurance
Homeowners, Condo	8% new 8% renewal	Virginia ³	Balboa
Umbrella	8% new 8% renewal	Delaware, Virginia ³ , Maryland, New York	RLI
Homeowners	8% new 8% renewal	Delaware, Maryland	Balboa
Umbrella	9% new 9% renewal	Massachusetts	RLI
Homeowners, Condo	9% new 9% renewal	Massachusetts	Tower Group Companies

24.3 Ownership of Northeast Agencies Business

Northeast Agencies retains all ownership rights to business written by the Agent.

³ Northeast Agencies homeowners program and umbrella program are no longer available for new business after 2/15/2011.

24.4 Termination

The Agent must provide written notification to Ivantage and Northeast Agencies of their intent to terminate as an Allstate Agent.

25.0 Rain and Hail, LLC

25.1 General

Ivantage has granted permission for authorized agents in all states except Alaska, Florida, and Hawaii to sell commercial lines policies through Rain and Hail, LLC.

25.2 Commission

The current commission is 10% for new and renewal Farm and ranch policies and 8% for new and renewal Commercial Auto and PUP policies. Commission is paid based on written premiums. Commission is paid to the Agent by Rain and Hail, LLC through Ivantage on the first Wednesday of the month. Commission amounts are included in the Allstate "Payment Notification" posted on Gateway under the "My Info" tab at least two days prior to the deposit. Ivantage mails a commission statement providing policy detail. This statement is mailed to your office location on file with Allstate.

25.3 Ownership of Rain and Hail, LLC Business

The agent has no ownership rights to business written through Rain and Hail, LLC.

25.4 Termination

The Agent must provide written notification to Rain and Hail, LLC and Ivantage of their intent to terminate as an Allstate Agent.

26.0 St. James Insurance Group, Inc.

26.1 General

Ivantage has granted permission for authorized agents in Florida to sell personal lines policies through St. James Insurance Group, Inc.

26.2 Commission

Agents should refer to their producer agreement with St. James Insurance Group, Inc. for commission details.

26.3 Ownership of St. James Insurance Group, Inc. Business

Agents should refer to their producer agreement with St. James Insurance Group, Inc. for details on ownership of business.

26.4 Termination

The Agent must provide written notification to the Florida Region and St. James Insurance Group of their intent to terminate as an Allstate Agent.

27.0 Security First Managers, LLC

27.1 General

Ivantage has granted permission for authorized agents in Florida to sell personal lines policies through Security First Managers, LLC.

27.2 Commission

Agents should refer to their producer agreement with Security First Managers, LLC for commission details.

27.3 Ownership of Security First Managers, LLC Business

Agents should refer to their producer agreement with Security First Managers, LLC for details on ownership of expirations.

27.4 Termination

The Agent must provide written notification to Ivantage and Security First Managers, LLC of their intent to terminate as an Allstate Agent.

28.0 Service First Insurance Group and Cypress Property & Casualty Insurance Company

28.1 General

Ivantage has granted permission for authorized agents in Florida to sell personal lines policies through Service First Insurance Group and Cypress Property & Casualty Insurance Company.

28.2 Commission

Refer to your producer agreement with Service First Insurance Group and Cypress Property and Casualty Insurance Company.

28.3 Ownership of Service First Insurance Group and Cypress Property & Casualty Insurance Company Business

Agents should refer to their producer agreement with Service First Insurance Group and Cypress Property & Casualty Insurance Company for details on ownership of the business.

28.4 Termination

The Agent must provide written notification to Ivantage and Service First Insurance Group and Cypress Property and Casualty Insurance Company of their intent to terminate as an Allstate Agent.

29.0 Sterling and Sterling, Inc. (Fidelity and Deposit Co. of Maryland (Zurich) and Tri-State Consumer Insurance)

29.1 General

Ivantage has granted permission for authorized agents in New York to sell personal lines policies through Sterling and Sterling, Inc.

29.2 Commission

Commission is paid as premiums are collected. Commission is paid to the Agent by Sterling through Ivantage on the first Wednesday of the month. Commission amounts are included in the Allstate "Payment Notification" posted on Gateway under the "My Info" tab at least two days prior to the deposit. Ivantage mails a commission statement providing policy detail. This statement is mailed to your office location on file with Allstate.

Product	Commission	State(s)	Carrier
Homeowners	10% new 10% renewal	New York	Fidelity and Deposit Company of Maryland (Zurich)
Homeowners, CPL, DP, Mobilehome, Umbrella, Scheduled Property (high value)	8% new 8% renewal	New York	Tri-State Consumer Insurance

29.3 Ownership of Sterling and Sterling, Inc. Business

Sterling and Sterling Inc. retains all ownership rights to business written by the Agent.

29.4 Termination

The Agent must provide written notification to Ivantage of their intent to terminate as an Allstate Agent.

30.0 Tower Hill Signature Insurance Company (Tower Hill) formerly Royal Palm Insurance Company

30.1 General

Ivantage has granted permission for authorized agents in Florida to sell personal lines policies through Tower Hill.

30.2 Commission

Agents should refer to their producer agreement with Tower Hill for commission details.

30.3 Ownership of Tower Hill Signature Insurance Company Business

Agents should refer to their producer agreement with Tower Hill for details on the ownership of the business.

30.4 Termination

The Agent must provide written notification to the Florida Region, Ivantage and Tower Hill of their intent to terminate as an Allstate Agent.

31.0 United Property and Casualty Insurance Company

31.1 General

Ivantage has granted permission for authorized agents in Florida to sell personal lines policies through United Property and Casualty Insurance Company.

31.2 Commission

Refer to your producer agreement with United Property and Casualty Insurance Company for commission details.

31.3 Ownership of United Insurance Business

Refer to your producer agreement with United Property and Casualty Insurance Company for ownership of business.

31.4 Termination

The Agent must provide written notification to the Florida Region, Ivantage and United Property and Casualty Insurance Company of their intent to terminate as an Allstate Agent.

32.0 Universal Group

32.1 General

Ivantage has granted permission for authorized agents to sell personal lines policies through Universal Group (Universal Insurance Company of North America).

32.2 Commission

Commission is paid as collected. Commission for FL business is paid directly to the agent by Universal. Otherwise, commission for this business is paid by Ivantage and included in the Agent's monthly Allstate deposit. On the Allstate Payment Notification reflected in the "My Info" tab on Gateway, a line item of "ExpMkts-Universal" denotes these commissions. Ivantage mails a commission statement providing the policy detail. This statement is mailed to your office location on file with Allstate.

For Florida Agents, refer to your agreement with Universal Insurance Managers, Inc.

State(s)	Product	Commission % (new/renewal)
CA, DE, HI, MD, TX, VA	All personal lines products available	10/10
NJ	Homeowners and Condo	9/9
NC	Homeowners	10/10 for policy prefixes: NCAH, NCAL, NCUL 7/7 for policy prefixes: NCUH
NC	Landlords	10/10

32.3 Ownership of Universal Group Business

In all states except Florida, the Agent has no ownership rights to business written with Universal Group.

For Florida Agents, refer to your Universal agreement.

32.4 Termination

Florida Agents must provide written notification to the Florida Region and Universal of their intent to terminate as an Allstate Agent. All other Agents should notify Ivantage and Universal.

33.0 Wellington Risk Insurance Agency (formerly known as Frontier General)

33.1 General

Ivantage has granted permission for authorized agents in Texas to sell personal lines policies through Wellington Risk Insurance Agency (Wellington), formerly known as Frontier General Insurance Agency, Inc.

33.2 Commission

The current commission is 10% for new and 10% for renewal business. Commission is paid as on written premium. Commission is paid to the Agent by Wellington through Ivantage on the first Wednesday of the month. Commission amounts are included in the Allstate "Payment Notification" posted on Gateway under the "My Info" tab at least two days prior to the deposit. Ivantage mails a commission statement providing policy detail. This statement is mailed to your office location on file with Allstate.

33.3 Ownership of Wellington Risk Insurance Agency Business

Wellington retains all ownership rights to business written by the Agent.

33.4 Termination

The Agent must provide written notification to Ivantage and Wellington of their intent to terminate as an Allstate Agent.

34.0 Zephyr Insurance Company, Inc.

34.1 General

Ivantage has granted permission for authorized agents in Hawaii to sell wind policies through Zephyr Insurance Company, Inc.

34.2 Commission

The current commission for Zephyr Insurance Company, Inc. is 9% new and renewal for all business of single wall, frame construction. The current commission for Zephyr Insurance Company, Inc. is 15% new and renewal for all business other than single wall, frame construction. Commission is paid to the Agent directly from Zephyr.

34.3 Ownership of Zephyr Insurance Company, Inc. Business

Zephyr Insurance Company Inc. retains all ownership rights to business written by the Agent.

34.4 Termination

The Agent must provide written notification to Ivantage and Zephyr of their intent to terminate as an Allstate Agent.

Section 3: Allstate Administered Expanded Market Programs

1.0 Global Marine Insurance Agency, Inc.

1.1 General

Allstate has granted permission for authorized and participating Florida and Michigan agents to sell boat and yacht coverage through Global Marine Insurance Agency, Inc.

1.2 Commission

Refer to your producer agreement with Global Marine Insurance Agency, Inc.

1.3 Ownership of Global Marine Insurance Agency, Inc. Business

Refer to your producer agreement with Global Marine Insurance Agency, Inc.

1.4 Termination

The Agent must provide written notification to Global Marine Insurance Agency and Ivantage of their intent to terminate as an Allstate Agent in order for Ivantage to transfer the book of business to another Allstate Agent.

2.0 Kimbrell Company Inc.

2.1 General

Allstate has granted permission for authorized and participating agents in South Carolina to sell homeowner policies, for risks not covered by Allstate, through Kimbrell Company Inc.

2.2 Eligibility

Participation in this program is subject to the following:

- the agent's agreement with Allstate must remain in effect,
- Allstate must have an agreement in effect with Kimbrell Company Inc. relating to Homeowner's business,
- the agent must repay any unearned commission to Kimbrell Company Inc. in a timely manner,

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- the agent must complete a training/orientation program conducted by Kimbrell Company Inc.,
 - the agent must obtain and maintain an “Excess Broker’s License”,
 - the agent must not represent that any policy issued through Kimbrell is in any way sponsored, endorsed, or underwritten by Allstate or any of its subsidiaries,
 - the agent must sign a producer agreement with Kimbrell Company Inc. relating to Homeowner’s business, and
 - such other criteria as Allstate may adopt from time to time.

In addition, the Company at its sole discretion may exclude any agent from participating in this program.

2.3 Commission

Commission will be paid directly to the agent as an independent contractor by Kimbrell.

2.4 Ownership of Kimbrell Business

Kimbrell retains all ownership rights in homeowners business written by Allstate agents. When an agent indicates a desire not to continue representation of any homeowner business, or is no longer authorized to participate in the sale of the business, or the customer requests service by another agent, Allstate reserves the right to assign the policy(ies) to another agent. The original agent will have no further commission interest in this reassigned business.

2.5 Termination

The Agent must provide written notification to the Southeast Region and Kimbrell of their intent to terminate as an Allstate Agent in order for Ivantage to transfer the book of business to another Allstate Agent.

3.0 Titan Insurance Company

3.1 General

Allstate granted permission for authorized and participating Michigan agents to sell non-standard automobile policies through Titan Insurance Company in order to accommodate customers having non-standard auto insurance needs.

3.2 Eligibility

Participation in this program is subject to the following:

- the agent must have Company approval,

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- the agent must attend a Titan Insurance Company education meeting,
 - the agent must comply with state regulations regarding appropriate agent appointments with Titan,
 - the agent must sign and return the “Non-Standard Auto Program” agreement,
 - the agent’s agreement with Allstate must remain in effect,
 - Allstate must have an agreement in effect with Titan relating to Michigan non-standard auto,
 - The agent repays any unearned commission in a timely manner, and
 - such other criteria as Allstate may adopt from time to time.

In addition, the Company, at its sole discretion may exclude any agent from participating in this program, at any time.

3.3 Commission

Commission for accommodation Michigan non-standard auto business is 10% for new business and renewals plus administrative fees, if any. Commission will be paid by Titan Insurance Company directly to the agent as an independent contractor. Titan will automatically reverse out (charge back) any return commissions due Titan. These commissions will be charged back against the current month’s commissions and the agent will receive a net check. If, in any given month, the agent’s charge backs exceed his or her commission, the agent’s commission statement will serve as a bill. The agent will then need to remit, to Titan, the amount due within ten business days.

3.4 Ownership of Titan Business

Allstate does not own nor is Allstate the insurer of non-standard auto business placed through Titan. Titan owns the expirations to this business.

If an agent is no longer authorized to participate in this program, or the agent indicates a desire not to continue representation of any business written through the Michigan non-standard auto program, or the customer requests service by another agent, the account and commission will be reassigned by Titan, at its discretion, to another agent. The original agent will receive no further commission on this reassigned business.

3.5 Termination

The agent must provide a written notification to Ivantage and Titan of their intent to terminate as an Allstate agent and/or if you intend to transfer the book of business to another Allstate agent. Upon an agent’s effective date of termination with Allstate Insurance Company, commission will continue to be paid out up to thirty days post termination.

Section 4: Allstate Financial - Expanded Market Programs

1.0 Overview

While our goal is to offer a full suite of financial services products to our customers whenever possible, some of our customers' needs cannot be met through the existing Allstate Company portfolio. In situations where an Allstate policy is not available to a customer, we work with outside carriers and general agencies to help provide R3001 Agents with access to products that do not compete with Allstate products.

Products include, but are not limited to:

- Individual and Group Health Insurance
- Disability Income Insurance
- Long Term Care
- Flexible Premium Deferred Annuity
- Impaired Risk Life

Note that not all products are available in all states.

2.0 Eligibility

An Agent's eligibility to write policies for expanded market business continues only while:

- The Agent's agreement with Allstate remains in effect;
- Allstate has an agreement in effect with expanded market carrier or general agency;
- The Agent is properly licensed and/or bonded in the state in accordance with the respective state's regulations;
- The Agent has completed any enrollment requirements which may include, but are not limited to, executing another agreement with the third party and/or completing certain education; and
- Allstate, the carrier, or general agency has not notified the Agent that he or she is excluded from participating in the sale of expanded market programs.

When an Agent indicates a desire not to continue representation of any business, is no longer authorized to participate in the sale of the business, or the customer requests service by another agent, Allstate reserves the right to assign the policy(ies) to another Agent. The original Agent will have no further commission interest in the reassigned business.

3.0 Bollinger, Inc. (New York Only)

3.1 General

Allstate has granted permission for authorized agents in the State of New York to sell health, dental and vision policies through Bollinger.

3.2 Commission

The current commission for accommodation health business will be paid by Bollinger directly to the agent as an independent contractor. Commission will not be paid if the agent's agency agreement with Allstate or the Bollinger appointment terminates.

3.3 Ownership of Bollinger Business

The Agent has no ownership rights to business written through Bollinger.

3.4 Termination

The Agent must provide written notification of their intent to terminate as an Allstate Agent in order to transfer the book of business to another Allstate Agent.

4.0 CBIZ Special Risk Insurance Services, Inc. (Impaired Life Business)

4.1 General

Allstate has granted permission for authorized agents to sell impaired risk life insurance policies through CBIZ Special Risk Insurance Services, Inc. (CBIZ). Impaired risk life insurance policies are defined in this program as those that are rated a table 10 or higher or are declined by Allstate Life or LBL Underwriting. CBIZ can be reached by calling 1-800-422-7536 or at www.cbiz.com/allstate.

This program is for Life products only and excludes variable products

4.2 Commission/Production Credit/LPF

- Allstate will pay commissions at 80% of the total Gross Commissions* received from CBIZ.
- Enhanced scales will not be applied to policies issued in the impaired life program.
- Compensation will be paid as earned. It will not be annualized.
- Production credit will be 100% of the total Gross Commissions.
- Production credit will be applied as earned.

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- EFS/EA shared and EA/EA or EFS/EFS splits are acceptable. Licensed Sales Professionals may also submit applications.
 - Business will not be included in LPF
- *Gross Commissions is defined as the percentage of the first year annual premium that CBIZ pays to Allstate.

4.3 Ownership of CBIZ Business

The Agent has no ownership rights to business written through CBIZ.

4.4 Termination

The Agent must provide written notification of their intent to terminate as an Allstate Agent in order to transfer the book of business to another Allstate Agent.

5.0 The Crump Group Inc. (formerly known as BISYS Insurance Services) - Long Term Care and Disability Income

5.1 General

Allstate has granted permission for authorized agents to sell Long Term Care (LTC) and Disability Income (DI) insurance policies through The CRUMP Group, Inc. (CRUMP).

For information regarding products, carriers and the appointment process please contact Crump at 1-888-770-2155 or go to the Crump website at <http://www.Allstate.CrumpLifeInsurance.com>.

5.2 Commissions/Production Credit/LPF

- Producer commissions for LTC and DI policies written through Crump are based on the amount (or percent) of premium Crump pays to Allstate. This is known as Gross Commissions.
- Gross Commissions paid to Allstate will vary by carrier and product. It will also vary when there are specific state LTC and DI rates. The list of "Gross Commissions" paid to Allstate for the approved Long Term Care and Disability Income carrier's will be maintained on the [Allstate.Crumplifeinsurance.com](http://www.Allstate.Crumplifeinsurance.com) website.
- Enhanced scales will be applied to Long Term Care and Disability Income policies written through Crump. See [Exhibit E](#) and [Exhibit F](#) for the countrywide solo and shared rates and [Exhibit G](#) and [Exhibit H](#) for the New York solo and shared rates.
- Commissions will be paid as earned. They will not be annualized. For example, if the customer pays premiums monthly, commissions will be paid monthly.

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- Production credit will be applied on all LTC and DI products. The amount of production credit is equal to the First Year Annual Premium times the Gross Dealer Commission percentage paid to Allstate. Production credit is annualized.
 - Production Credit associated with Long Term Care and Disability Income will count toward qualifications for enhanced scales, qualifications for Assets Captured Bonus and qualifications for awards and promotions.
 - Long Term Care and Disability Income written with Crump will not be included in your LPF, PIF, Item Growth qualifiers (AAB) or household penetration.
 - Commissions will be paid based on the pay cycle of the carrier, the processing time with CRUMP and the Allstate commission system cycle time.

5.3 Ownership of CRUMP Business

The Agent has no ownership rights to business written through CRUMP.

5.4 Termination

The Agent must provide written notification of their intent to terminate as an Allstate Agent in order to transfer the book of business to another Allstate Agent.

6.0 HealthPlan Services, Inc. (HPS) (excludes New York)

6.1 General

Allstate has granted permission for authorized agents to sell individual and group health insurance policies through HealthPlan Services, Inc. (HPS). For a list of carriers and products available by state contact HPS at 1-800-443-4007 or go to www.healthplan.com/agent.

6.2 Commission

The current commission for accommodation health business will be paid by HealthPlan Services directly to the agent as an independent contractor. Commission will not be paid if the agent's agency agreement with Allstate or the HPS appointment terminates.

6.3 Ownership of HealthPlan Services Business

The Agent has no ownership rights to business written through HealthPlan Services, Inc.

6.4 Termination

The Agent must provide written notification of their intent to terminate as an Allstate Agent in order to transfer the book of business to another Allstate Agent.

7.0 Lincoln Financial (formerly known as Jefferson Pilot Financial) (New York Only)

7.1 General

Allstate Financial has contracted with Lincoln Financial (formerly known as Jefferson Pilot Financial) to service business that has been previously sold. Products previously sold under this agreement to Allstate customers in New York can continue to be serviced. They include: a Single Premium Immediate Annuity (SPIA), DUET (a second to die Universal Life product) an Ensemble II (VUL), and a Life Guarantee SUL (discontinued 8/1/2008). New York R3001 agents, who are licensed to sell variable life products through Allstate Financial Services LLC, are eligible to service the Ensemble II Variable Universal Life Product.

7.2 Product Support

Underwriting and service support will be handled through Lincoln Financial.

7.3 Commission

Production credit, LPF, app count and commissions are administered through Allstate Financial. Reference this supplement in chapter 2 Section 1d for details.

7.4 Ownership of Lincoln Financial/Jefferson Pilot Financial Business

Lincoln Financial/Jefferson Pilot Financial retains all ownership rights in the Lincoln Financial/Jefferson Pilot Financial contracts written by New York R3001 agents.

An R3001 agent's permission to submit applications for Lincoln Financial business continues only while:

- Allstate maintains a marketing agreement with Lincoln Financial to sell Lincoln Financial products,
- The agent's agency agreement with Allstate remains in effect, and
- The agent's agency affiliation agreement with Allstate Financial Services, LLC remains in effect.

In addition, Allstate at its sole discretion may exclude any agent from participating in this program. If an agent is no longer authorized to participate in this program, or the agent indicates a desire not to continue representation of any Lincoln Financial business or the customer requests service by another agent, Allstate reserves the right to assign the policy(s) to another agent, subject to Lincoln Financial approval. The original agent will have no further commission interest in this reassigned business.

8.0 Protective Life Insurance Company

8.1 General

Allstate has granted permission for authorized agents to sell the ProSaver Secure II flexible premium annuity through Protective. For details on the product and assistance with marketing and sales contact Allstate Internal or External wholesaling or go to www.Allstate.Protective.com.

8.2 Commissions

- Producer commissions for ProSaver Secure II written through Protective are based on the amount (or percent) of premium Protective pays to Allstate. This is known as Gross Commissions.
- Enhanced scales will be applied to Protective ProSaver Secure II policies written through Protective. See [Exhibit E](#) and [Exhibit F](#) for the countrywide solo and shared rates and [Exhibit G](#) and [Exhibit H](#) for the New York solo and shared rates.
- For 1035 Exchanges, qualified and nonqualified transfers, and direct rollovers on fixed and equity indexed annuities that are submitted in good order, compensation and production credit will be advanced when the application and/or transfer request is received.
- Production credit will be applied on all ProSaver Secure II policies.
- Production Credit associated with Protective ProSaver Secure II will count toward qualifications for enhanced scales, qualifications for Assets Captured Bonus and qualifications for awards and promotions.
- ProSaver Secure II policies written with Protective will not be included in your LPF, PIF, Item Growth qualifiers (AAB) or household penetration.
- Commissions will be paid based on the pay cycle of the carrier and the Allstate commission system cycle time.

8.3 Ownership of Protective Insurance Business

The Agent has no ownership rights to business written with Protective.

8.4 Termination

The Agent must provide written notification of their intent to terminate as an Allstate Agent in order to transfer the book of business to another Allstate Agent.

9.0 Wellpoint – Anthem Blue Cross of California (California Only)

9.1 General

Allstate has granted permission for authorized agents in the state of California to sell individual and group health, dental, worker's compensation and vision policies through Wellpoint.

9.2 Commission

The current commission for Wellpoint products will be paid by Wellpoint directly to the agent as an independent contractor.

9.3 Ownership of Wellpoint Business

Allstate is neither the owner nor insurer of accommodation health business submitted through Wellpoint.

In addition, the Company at its sole discretion may exclude any agent from participating in the sale of Wellpoint products.

9.4 Termination

The Agent must provide written notification of their intent to terminate as an Allstate Agent in order to transfer the book of business to another Allstate Agent.

Section 5: Commercial

1.0 General

In certain states, Allstate has granted permission for R3001 agents and the Business Insurance Center (BIC) to sell accommodation Commercial products through various Independent Agencies, including Ivantage Select Agency, Inc. Please refer to Section 2 and Section 3 of this chapter for more information as to those programs. In addition to Ivantage, Independent Agencies may secure insurance coverage for those risks not currently underwritten by Allstate or not acceptable based on Allstate's current underwriting or administrative guidelines, and for which Agents have been authorized by Allstate to write.

1.1 Eligibility

Participation in this program is subject to the following:

- the R3001 Agent's agency agreement with Allstate remains in effect,
- Allstate has an agreement in effect with the Independent Agency,
- the agent is included in a listing of eligible agents provided by the Company to the Independent Agency, and
- professional liability insurance (E&O)

In addition, the R3001 agent must:

- complete the Commercial Expanded Markets course on the Learning Resource Network,
- sign a producer agreement with the Independent Agency, and

1.2 Commissions

Commissions for these products will be paid directly to the agent as an independent contractor by the Independent Agency.

Effective January 1, 2010, commission for accommodation Commercial products issued as the result of a lead forwarded to the Business Insurance Center (BIC) will be split between the agent and the BIC. Please note that for business placed by the BIC through an Ivantage Select Agency's Expanded Market Program, the split commission will be paid directly to Ivantage Select Agency, Inc. The split will be made as follows:

CEM POLICIES SOLD THROUGH THE BIC

Line of Business	Agent's share of Annual Commission for the life of the Policy (Split Percentage)
Businessowners Policy	50%
General Liability	20%
Professional Liability	20%
Workers Compensation	50%
All Other	50%

Commission is payable both during the term of Allstate's agreement with the Independent Agency and subsequent to the termination of such Agreement provided the agent continues to service the coverage.

1.3 Ownership of Expanded Market Commercial Business

The Independent Agency is the owner of all Expanded Market Commercial business. Allstate does not own nor is Allstate the insurer of this business.

When an agent indicates a desire not to continue representation of any business written through the Expanded Market carrier, or is no longer authorized to participate in the sale of this business, or the customer requests service by another agent, Allstate reserves the right to assign the business to another agent. The original agent will have no further commission interest in this reassigned business.

**EXCLUSIVE AGENCY
INDEPENDENT CONTRACTOR
REFERENCE GUIDE**

(Applies to all states except New Jersey)

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Preface

The following material is confidential and proprietary information which is the exclusive property of Allstate Insurance Company and may not be disclosed to third parties, other than outside advisors or as required by law, without first having obtained written permission from the Company.

This Exclusive Agency Independent Contractor Reference Guide (“Reference Guide”) is provided for informational purposes only. It contains additional information concerning the operation of the EA program, certain legal compliance issues, and suggestions for operating an insurance agency based on Allstate’s past experience.

Although the Company believes that this Reference Guide will be helpful to you, you are not required to adopt any particular procedures suggested in this guide.¹

This Reference Guide is not incorporated into the R3001 Agreement and does not alter or effect that Agreement’s terms in any way. The Reference Guide does not create any rights, duties or obligations of any kind for either you or the Company.

¹ Portions of the Reference Guide discuss various laws that may apply to your agency operation. As provided in the R3001 Agreement, you are required to comply with all applicable laws. The information provided in this guide is intended to assist you in understanding your legal obligations. It does not create any additional duties or responsibilities. This Reference Guide is not intended as legal advice and if you have questions regarding any specific legal requirements, you should consult with a qualified legal advisor.

References

- References to “he,” “him” or “his” in this manual are for readability purposes only and are intended to include both males and females.
- References to “you,” or “your,” or “R3001 Agent(s)” include agents under the R3001 and R3001S Agreements and “Key Persons” under the R3001A and R3001C Agreements, or successor agreements, except as otherwise noted. These references also include the corporation or limited liability company, as appropriate, under the R3001A and R3001C Agreements.
- References to the R3001 Agreement include the R3001, R3001A, R3001S and R3001C Agreements, or successor agreements, except as otherwise noted. The R3001 Agreement and the R3001A Agreement (the former sole proprietor agreement and the former corporation/LLC agreement, respectively) are no longer offered.
- References to the EA Manual mean the Exclusive Agency Independent Contractor Manual.
- References to the Supplement mean the Supplement for the R3001 Agreement.

Table of Contents

General Program Information	9
What Is an EA?	9
Becoming an R3001 Agent.....	9
Convert From the R3000 Agreement	9
Direct Appointment or Purchase an Agency	10
C Version of the R3001 Agreement	12
Continuation Planning for Key Person Change.....	13
Agency Licenses	13
Use of R3001 Agency Name or D/B/A with Allstate Name	14
Before You Sign the Agreement.....	14
Additional Optional Insurance.....	15
Recognition.....	15
Continuing Education Requirements	16
Incentives for Obtaining Professional Designations.....	17
Agency Affiliation Recognition Award.....	17
Referral Program	17
Matching Grant Program	17
Scholarship Program.....	18
Allstate Deferred Compensation Plan for Independent Contractor Exclusive Agents.....	18
Identified Benefit Options	18
Agent Information	18
Sub-Producer Reports.....	19
Agent Identification	20
Lease Negotiations.....	20
Subleasing Allstate Space.....	21
Review Process for “Company Initiated” Terminations of R3001 Agreements	21
Sale of Agency.....	22
Valuing an Agency	22
Sale of an Ivantage Expanded Market Book of Business.....	22
Audit of the Book of Business Serviced by a Selling Agent.....	22
Outside Buyer Approval.....	23
Sale Processing.....	24
Commissions Applicable to Purchased Book of Business	25
Impact of Purchase on Buying Agent’s Earned Premium and Loss Ratio on CSRP	25
Assigning Sub-Producer Codes to Purchased Book of Business	26
Timeline for Transferring the Economic Interest in an R3001 Exclusive Agent’s Book of Business to an Approved Buyer.....	26
Existing R3001 Agent Buying the Book of Business Serviced by Another R3001 Agent	
27	
Home Office Notification of Sale after Its Effective Date	27
Splitting a Book of Business	27
Approval to Split a Book of Business	28
Buying a Split Book of Business.....	28
Split by Zip Code.....	29
R3001 Agents Going into Sales Leadership.....	29
Access to Insurance	31
Office Security/Acceptance of Cash Payments	32

Referral of Attorneys for Estate, Retirement and Business Planning..... 33
Representation in the Event of Death or Permanent Incapacity 34
Legal Compliance 35
Compliance 35
Satellite Agencies, Enhanced Satellite Agencies, and Local Agency Extensions (LAEs).... 35
Office Locations within a Financial Institution 36
Office Locations within Other Businesses 39
Referrals of Business in Connection with Real Estate Transactions (RESPA)..... 39
OSHA Requirements for Your Office 41
Fair Employment 42
Equal Employment Opportunity Laws 42
Title VII: Civil Rights Act of 1964 42
Sexual Harassment 43
The Age Discrimination in Employment Act of 1967 43
Equal Pay Act of 1963..... 43
The Americans with Disabilities Act of 1990 (ADA)..... 44
State and Local Taxes 45
Setting up Your Office..... 46
Introduction..... 46
Supplies..... 46
Allstate Print Communication Center (APCC)..... 47
Your Stock Keeping 47
Stock Numbering Control..... 47
Stock Numbering 47
Forms 47
Requisitions 48
Office Supplies 48
Allstate Business Cards 49
Your Personal Business Card 49
Agency Staff Business Cards 49
Agency Staff Business Cards – Texas..... 50
Personalized Imprint Materials..... 50
Miscellaneous Supplies 50
Relocating Your Office..... 50
Site Selection 50
Analyzing Geographic Areas..... 51
Guidelines on Site Selection 51
Site Approval..... 52
Lease and Lease Negotiations 52
The Type of Lease to Use..... 52
What the Lease Should Contain 52
Subleasing Allstate Space..... 54
Negotiating the Lease 54
Before You Sign 54
Selecting a Site - Checklist..... 55
Signs 57
Allstate Branded Retail Environment 57
Marketing..... 58

- [Exhibit A](#) Partial Transfer of Interest Approval Form (R4584)
- [Exhibit B](#) Agency Ownership Disclosure Form (R4583)
- [Exhibit C](#) Confidentiality & Non-Competition Agreement - Sample Copy for Agency Staff (excludes Montana)R2459
- [Exhibit D](#) Confidentiality & Non-Competition Agreement for the Key Person (excludes Montana) R2459A/C
- [Exhibit E](#) Confidentiality & Non-Competition Agreement - Sample Copy for Agency Staff (excludes Montana) R27394
- [Exhibit F](#) Confidentiality & Non-Competition Agreement for the Key Person (Montana only) R2459A/CMT
- [Exhibit G](#) Confidentiality & Non-Competition Agreement - Sample Copy for Agency Staff (Montana only) R27395
- [Exhibit H](#) Binding Authority Request (R2389)
- [Exhibit I](#) Binding Authority Approval (R2390)
- [Exhibit J](#) Assignment of Termination Documents
- [Exhibit K](#) Assignment of Commission Documents
- [Exhibit L](#) IRS Form 8300
- [Exhibit M](#) Agency Purchase Approval Request (R4018)
- [Exhibit N](#) Assignment and Assumption of Lease Form
- [Exhibit O](#) Continuation Planning Letter of Intent

General Program Information

What Is an EA?

An R3001 Exclusive Agent is an independent contractor who is an exclusive writer of Allstate insurance, except for certain types of business specified in the R3001 Agreement and the Supplement for the R3001 Agreement (“Supplement”), e.g. residual market business, accommodation business, and expanded market coverage business. The Exclusive Agent (EA) program provides you with the opportunity to build a profitable book of business within the Company’s business system. You will operate in a commercial office, have the opportunity to invest in your future, and make the kinds of business decisions necessary to achieve your business objectives and those of the Company. This program gives you the opportunity to build an economic interest in accounts developed as an R3000 and/or R3001 Agent.

Becoming an R3001 Agent

Convert From the R3000 Agreement

If you are currently an R3000 Agent, you may become an R3001 Agent if you have met all the requirements for conversion, including, but not limited to the following:

You

- Must complete the securities licensing requirements
- Must attain an acceptable level of prospecting activities
- Must complete the prescribed development plan
- Must achieve the production requirements
- Must attain an acceptable level of customer service
- Must obtain errors and omissions (E&O) coverage through CalSurance²

Please note that becoming an R3001 Agent is always subject to final Company approval.

² If in New York and choose to opt out of participation in the Allstate Sponsored Group E&O Program, you still must provide proof of coverage to Allstate from the new insurance carrier.

Direct Appointment or Purchase an Agency

You may become an R3001 Agent via direct appointment or by buying an existing R3001 Agent's (selling agent) economic interest in business produced under the R3000 and/or R3001 Agreements if you are approved as a buyer by Allstate at its sole discretion.³ You may also purchase the selling agent's interest in the business produced under any prior Allstate agent agreement.

To be approved by the Company as a direct appointment or as a buyer, you must have met the following conditions:

You

- Must have the available start-up liquid capital⁴ to meet the cash flow market requirement
- Must complete and submit an R4018 - Agency Purchase Approval Request ([Exhibit M](#))⁵ to the local sales leader. (Buyer only)
- Must complete the Agent Selection Questionnaire (ASQ) and obtain a PASS score. (Includes candidates with Allstate Field Sales Leadership and Allstate Agency Owner experience.)
- Must have results on the background check (credit and criminal records), which are satisfactory to the Company.
- Must submit an acceptable updated business plan that includes goals for such items as P&C Growth, Allstate Financial, marketing, and agency management. Your business plan must be consistent with Company and market objectives. Further, for buyers only, the business plan must include clearly defined strategies to address any areas that need improvement in the selling agent's agency as identified by the Company.

Note: We will rely on your business plan to establish the basis for our ongoing relationship. The business plan you submit is also your commitment to achieving the results stated in the plan once you become an R3001 Agent. Improved results in areas in which the agency is deficient will be expected.

- Must read the Form U-4, Uniform application for Securities Industry Registration or Transfer, and must read and sign the appropriate Letter of Understanding

³ Allstate Financial Specialists will only be considered as potential buyers of R3001 agencies if the agency location is outside the market(s) where the Financial Specialist currently works, all existing Allstate Financial accounts are transferred to the agent of record or to an approved Financial Specialist, and the person has demonstrated success in the role of Financial Specialist.

⁴ Acceptable forms of liquid capital are checking accounts, money market accounts, short-term certificates of deposit (CDs), and savings accounts.

⁵ Sale of Agency as a result of permanent incapacity or death of Agent/Key Person – Documentation must be provided that demonstrates that the seller of the economic interest in the book of business has authority to act on behalf of the Agent/Key Person (e.g. legal guardianship, conservatorship, durable power of attorney) or on behalf of the estate of the Agent/Key Person (e.g. letters of administration or letters testamentary). This documentation must be forwarded to Rick Comm in Home Office Agency Distribution for review and approval before the sale can take place.

- Must obtain the appropriate individual resident (and non-resident, if applicable⁶) licenses (Property, Casualty, Life, Health, Motor Club, and Securities⁷ as applicable in your state) and an agency license and/or registration, where required by law, if you are signing the C version of the R3001 Agreement. The agency license and/or registration are in addition to your individual license. The agency license and/or registration must be obtained prior to the execution of the C Agreement. Refer to the section on **Agency Licenses** in this reference guide for additional information.

Note: Some states may also require your agency name or d/b/a to be registered or recorded with the government authority responsible for registering and recording general business names. Some states will not permit anyone other than a natural person to obtain a resident license. Also, some states will not issue a non-resident license to a corporation or limited liability company.

- Must obtain errors and omissions (E&O) coverage through CalSurance⁸ prior to the execution of the R3001 Agreement
- Must complete the following education **prior** to the execution of the R3001 Agreement:
 - New Agency Owner Education in a local Allstate office
 - Allstate University curricular conducted by Home Office in Illinois
 - Other education as designated by the Company

Note: Agency owner candidates must have their P&C licenses before beginning education. Sales leadership will arrange for this education **prior** to the execution of the R3001S (or C) Agreement. You should understand that during this education period, Allstate will not pay you compensation or reimburse expenses associated with your education. However, upon successful completion of the education program and after signing the R3001 Agreement, you will receive an education bonus.

- Must meet other criteria as the Company may adopt from time to time.

⁶ If the selling agent's office is an approved border location, your office must also qualify as an approved border location. Otherwise, the sale will not be approved.

⁷ If you signed an R3001 Agreement effective 8/1/2000 or after, you must obtain a Series 6 license, obtain a Series 63 license (where required by state law), obtain variable authority (where required by state law), and successfully complete Phase I Education (CAF Curriculum). Failure to meet the above requirements within the allotted timeframe will result in termination of your agency relationship by the Company. Further, failure to remain securities licensed and maintain your affiliation with Allstate Financial Services, LLC (or LSA Securities) will result in the termination of your R3001 Agreement by the Company.

⁸ If in New York and choose to opt out of participation in the Allstate Sponsored Group E&O Program, you still must provide proof of coverage to Allstate from the new insurance carrier. This must be done prior to the execution of the R3001 Agreement.

Please note that becoming an R3001 Agent is always subject to final Company approval.

Note: Buyers who are existing:

- Agency Staff

If you are an existing agency staff person in an Allstate agent's office, you must meet all of the requirements listed above in order to be approved as a buyer. In addition, as part of the approval process, the Company will consider the skills that you have demonstrated which would indicate the potential to successfully run the agency. This includes such things as your management skills, sales skills, people skills, product knowledge, etc.

- Non-agent Company Employees

If you are an existing non-agent Company employee, you must meet all of the requirements listed above in order to be approved as a buyer, except for completing the ASQ if you were formerly in the agent position or in sales leadership. Approval is also contingent on the Company's assessment of its staffing needs and readiness to fill your current position.

In addition, your background and work history must support a reasonable expectation that you will have the ability to successfully operate and manage an agency. Further, you must have a satisfactory business relationship with Allstate, including having an "exceptional", "outstanding", or "successful" rating on your most recent Performance Development Summary. This also includes acting professionally with all representatives of the Company, and demonstrating a willingness to work with Company leadership to achieve desired business results.

If you are approved as a buyer, the termination of the selling agent's R3001 Agreement and execution of a new R3001S (or C) Agreement by you must occur simultaneously.

C Version of the R3001 Agreement⁹

The C version of the R3001 Agreement has been developed as an option for R3001 Agents who form corporations or limited liability companies (LLCs).

The C Agreement is between the Company and the corporation or LLC, with the agent named as the Key Person. Under the C Agreement, there is only one Key Person associated with the particular entity (one employer tax identification number); that person is the agent. The Key Person is the one who executes the agreement.

Note: The Company will not enter into or continue the C Agreement with a corporation or LLC, which is used to run any other insurance agency operation.

⁹ Please refer to the EA Manual for additional information on this topic.

The C agreement may be executed upon entering the EA program or after you have entered the program and subsequently form a corporation or LLC. As an employee of the corporation or LLC, you, as the Key Person must also execute the Confidentiality and Non-Competition Agreement [(Form R2459A/C for countrywide excluding Montana ([Exhibit D](#)) and form R2459A/CMT for Montana only ([Exhibit F](#))].

Note: If you wish to switch from the R3001C (or A) Agreement to the R3001S Agreement, you must provide documentation or information satisfactory to the Company that demonstrates you have the authority to terminate the agency agreement on behalf of the corporation or LLC and enter into an agency agreement with the Company as a sole proprietor.

Continuation Planning for Key Person Change

It is possible for an agency to get a new Key Person pre-approved for a future date so that the process of changing to a new Key Person is less disruptive to the agency. The Key Person pre-approval process requires Allstate's approval as well as the completion of the Continuation Planning Letter of Intent (LOI), [Exhibit O](#), and the future date of the Key Person change does not need to be entered on the LOI. However, a Key Person pre-approval is only valid for two years from the date entered on the Continuation Planning LOI (i.e., the date the LOI is completed). The execution of the LOI is at the region's discretion, and any requirements to pre-approve a Key Person change are determined by the region.

A Key Person pre-approval is a rare circumstance that only occurs under special circumstances, as determined by the region. The Continuation Planning LOI and Key Person pre-approval process simply aids an agency in its effort to plan ahead for a possible Key Person change.

Agency Licenses

An R3001 Agent may or may not need to get an agency license. The answer will vary depending on how the R3001 Agent operates and the licensing requirements of the particular state(s). Most states require a corporation or limited liability company to obtain an agency license, while at least one state, Florida, permits it, but only requires it in limited circumstances that relate to the activities of an agency principal. Under most circumstances, Florida does not require a corporation or LLC to obtain an agency license in order to be paid commissions. Please note that this information does not encompass life insurance. For agencies participating in the Ivantage expanded markets programs, you may, in some cases, be required to obtain a broker's license and/or a broker bond. Agencies are expected to be properly licensed or agencies will be refused from participation. In addition, this information is subject to changes in the laws and regulations of each state. As with all legal matters, you are encouraged to seek independent professional assistance on these issues. If there is a requirement that an agency license be obtained, it must be obtained prior to the execution of the R3001C Agreement.

Use of R3001 Agency Name or D/B/A with Allstate Name

You should be aware that some states may: 1) restrict your ability to use certain words as part of your agency name; 2) require the registration of your agency name or d/b/a whether or not it includes your true name; or 3) require you to obtain a separate insurance license for the agency, regardless of whether the agency name includes your true name or whether the business is incorporated.

It is your responsibility to work with your legal advisor to make sure that your agency name or d/b/a is legally acceptable for use in your state. The Company does not make this determination. It only evaluates the entity name or d/b/a to determine that it is appropriate to use with the Company's name. You also need to make sure that your agency name or d/b/a is registered, recorded, or licensed with the appropriate government authorities where required. You should be aware that some states may require you to register or record your agency name or d/b/a with both the government authority responsible for registering or recording general business names and the state's insurance regulatory authority.

Before You Sign the Agreement

Here are the steps you'll take before you sign the R3001 Agreement.

- Read the EA Independent Contractor Manual, the EA Independent Contractor Reference Guide, the Supplement, the R3001S¹⁰ (or C) Agreement, and the Allstate Agency Standards.
- Discuss the program with outside business advisors.
- Read the Form U-4, Uniform application for Securities Industry Registration or Transfer, and read and sign the appropriate Letter of Understanding.¹¹
- Get licenses in Property/Casualty, Life/Health, and Motor Club, as applicable in your state.¹²
- Get an agency license and/or registration, if your state requires it, if you are executing the C version of the R3001 Agreement.
- Get your agency name recorded, registered or licensed, if your state requires it.
- If you are purchasing an existing agency, complete the required education program¹³.
- Negotiate the lease or sub-lease for your office. The Company must approve your sales location.
- Make arrangements with the Company or the selling agent for furniture, equipment, phones, signs and supplies. These arrangements are discussed in detail in the section on **Setting up Your Office** in this reference guide.

¹⁰ The R3001S Agreement is not available in Montana.

¹¹ If you are converting from the R3000 Agreement, you should have completed this during your time as an R3000 Agent.

¹² If you are converting from the R3000 Agreement, you should have completed this prior to being appointed.

¹³ Agency owner candidates must have their P&C licenses before beginning education.

Additional Optional Insurance

The EA Manual describes the insurance coverages that you are required to maintain as an R3001 Agent. In addition to the required coverages, you should also consider carrying employers non-owned liability coverage for non-owned autos used in the business by anyone other than you (e.g. agency staff). This coverage is available on an Allstate Customizer policy. Agents who qualify for an Allstate commercial auto policy can add the employers non-owned liability coverage to that policy.

As an R3001 Agent, you may want to purchase Fire and Extended Coverage protection for your personal and business property. If required by your lease agreement, you may need glass coverage. You may also want to consider purchasing a Fidelity Bond for possible employee dishonesty exposures. The Allstate Customizer policy may be endorsed to provide coverage for money, securities and property taken by dishonest acts of employees or contract employees. You may be covered for limits of \$5,000, \$10,000, \$20,000, \$30,000, \$40,000, or \$50,000. A \$250 deductible applies to each loss.

If you intend to have employees, you may want to consider obtaining Employment Practices Liability (EPL) coverage. Typically, EPL policies include coverage for discrimination, sexual harassment and wrongful termination. The Company has made available an opportunity for you to enroll in an EPL program offered through CalSurance. This optional coverage will be attached to the Errors and Omissions insurance coverage, but with separate limits and deductible. The CalSurance website can be accessed at www.calsurance.com/allstateagent.

Recognition

As an R3001 Agent, you may participate in the Company's recognition programs. The Company conferences, such as Regional Honor Ring, Circle of Champions and Inner Circle Elite, will include the award trip plus an award tax offset. The monetary value of the award plus any award tax offset will be included in your Form 1099 for income tax reporting purposes. You will be the recipient of the award. Other awards and trips, such as the Regional Award trip, may not include an award tax offset and all taxes will be the responsibility of the agent. Participation in all awards and recognition programs is voluntary.

Awards are **not** transferable to any other individual, except as permitted by the Company. The Company will not give awards directly to your agency staff to recognize them for their services. Our relationship is with you. We can give awards to you, and it is up to you to pass them on to your agency staff if you wish, with the exception of awards associated with our national recognition programs, such as Regional Honor Ring, Circle of Champions, Inner Circle Elite, and Leaders Forum, or any other event where the eligible attendees are specified and do not include agency staff.

Please see the Supplement for the R3001 Agreement for the definitions of Satellite Agencies and Enhanced Satellite Agencies.

Satellite Agencies created on or after January 1, 2008 and Enhanced Satellite Agencies (ESA)

When an agency has a Satellite Agency (created on or after 1/1/2008) or an ESA, both the primary agency and Satellite or ESA qualify for promotions and awards separately. If both the primary agency and Satellite or ESA qualify for the same promotions/awards conference, someone affiliated with either the primary agency or the Satellite or ESA must attend the conference. If a Satellite Agency or an ESA qualifies for a conference but the primary agency does not, the agency owner/principal would qualify to participate in the conference.

Satellite Agencies created prior to January 1, 2008

Agencies with Satellite Agencies (created prior to January 1, 2008) can qualify for promotions and awards as an “entity”, combining the results for all agencies, as long as the Satellite Agency location and primary location are within the same state and still have active agreements at the end of the promotion/award period. For Satellite Agency and primary locations that cross state lines, qualification for promotions and awards are separate. Unless otherwise stated, the award trips may only be awarded to and attended by the R3001 Agent.

Note: During the 2009 calendar year, agency owners with Satellite Agencies opened prior to January 1, 2008 can opt to convert those Satellite Agencies to stand-alone agencies for recognition purposes.¹⁴ For those Satellite Agencies that have been converted to stand-alone agencies, the rules for Satellite Agencies created on or after January 1, 2008 will apply.

Again, agent awards are **not** transferable to any other individual except as permitted by the Company. You must have a valid in-force R3001 Agreement at the time that the award is received or the conference/forum takes place. Please note that Honor Ring jewelry can only be awarded to the R3001 Agent.

You are solely responsible for income tax liability resulting from the receipt of any recognition award. Prizes are not grossed up for tax purposes and may be declined at your discretion.

Note: Performance *One* points earned prior to your becoming an R3001 Exclusive Agent are still available to you after becoming an R3001 Exclusive Agent. You should contact the regional Promotion Coordinator to have your agent profile updated with your new 10-digit identification number as an R3001 Agent which you can obtain from Human Resources.

Continuing Education Requirements

You may attend ongoing professional education courses offered by the Company to meet continuing education requirements. If you paid for a course that you started as an employee agent, reimbursement may be made for that course. (See below if the course also satisfies a professional designation requirement.)

¹⁴ See your local sales leader for information on how to convert your Satellite Agencies.

Incentives for Obtaining Professional Designations

As an R3001 Agent, you will receive a cash incentive for successfully completing a course and passing the exam which leads to obtaining one of the professional designations approved by the Company, e.g. CFP, ChFC, CLU, CPCU, CIC, LUTCF, CRPC, and CLTC. The incentive amount will be based on the approved cost of the course and exam and will be paid to you after passing the exam. The Company may also provide additional incentives, e.g. cash awards and trips, to you on achieving such designations. The incentive amount will be included in your Form 1099 for income tax reporting purposes. For further information regarding approved professional designations, access the [EA/EFS Professional Designations/Certifications](#) website located on Gateway.

Agency Affiliation Recognition Award

Your long-term agent relationship with Allstate is valued by the Company and does not go unnoticed. Your time representing Allstate, as an agent, will be recognized through the Agency Affiliation Recognition Award.

The recognition will be applicable for your accumulated relationship time, as an Allstate Agent, and will be measured in five-year increments. Affiliation will be counted from the date you or your agency (corporation or LLC), whichever is earlier, began acting as an agent on behalf of the Company. For example, if you began an agency affiliation with the Company on September 1, 1975, you would reach your 30-year milestone as of September 2005.

When you reach these milestone anniversaries, you or your agency will receive an Allstate Agency Affiliation plaque. Either your name or the name of your agency will be etched on a nameplate. Additional medallions will be presented to you to be added to the plaque as future five-year milestones are reached.

Referral Program

As an R3001 Agent, you may receive a monetary award for referring people to Allstate who are hired as employees by the Company or appointed as Exclusive Agent or Exclusive Financial Specialist independent contractors. The Company determines the amount of the award and the time period in which the person must remain employed or appointed to qualify for the award. Please contact the local Human Resource Department for the specifics on this program.

Matching Grant Program

As an R3001 Agent, you may participate in the Allstate Foundation Matching Grant Program for Higher Education. Further details on the Matching Grant Program can be found on the Corporate Relations Website..

Scholarship Program

As an R3001 Agent, your dependent children may be eligible to participate in The Allstate Foundation Scholarship Program. Further details on the Scholarship Program can be found on the Corporate Relations Website.

Allstate Deferred Compensation Plan for Independent Contractor Exclusive Agents¹⁵

As an R3001 Agent, you are currently eligible to participate in the Allstate Deferred Compensation Plan for Independent Contractor Exclusive Agents (the Plan) if you operate your business as a sole proprietorship and have submitted a Form W-9 to the Commission COE substantiating your business as a sole proprietorship.

When you enroll in the Plan, you are required to elect a distribution option. You may revise your distribution election any day before the day you separate from service, but distributions will not start for at least twelve months after the Allstate Benefits Center has received your revised election. Separation from service means the termination of your agency relationship with Allstate without subsequent employment with Allstate or its affiliates.

When you separate from service you will be eligible for a distribution of your account balance based upon the distribution option you selected. If you have questions about your distribution election or the deferred compensation plan in general, you should call the Allstate Benefits Center at 1-888-255-7772.

Identified Benefit Options

As an R3001 Agent, you will be responsible for the cost of the personal benefits you select.

Agent Information

As an R3001 Agent, you will have access to view your business results in one easy-to-use dashboard. The dashboard is titled My Agency Results and can be accessed by clicking the My Agency Results tab at the top of the Gateway website. My Agency Results (MAR) provides such measures as sales production, customer retention and agency profitability. The tool allows you to set personalized goals, track staff production, and identify effective marketing campaigns. An integrated New Business Log provides a comprehensive, detailed view of your new business activity including sub-producer, Lead Source and Lead Source Detail information.

¹⁵ Complete details of the Plan are contained in the Plan document. If there are any discrepancies between the information provided above and the Plan document, the Plan document will govern. Allstate reserves the right to change or terminate this Plan at any time. The Plan document can be found on the Incentives & Compensation page of Gateway or by using the following link:
<https://agencygateway1.allstate.com/wps/myportal/id/56684>.

MAR is made up of a series of 8 portlets (sections of similar information) with the ability to drill into more detail breaking down by product lines and details. The 8 portlets include:

- **Property & Casualty**
 - Key Metrics including Retention and Loss Ratio, Policies in Force, Households, Written Premium, and Product Mix
 - Sales and Service activity including YTD Quotes, Discount Effectiveness, and AES Score
 - My Work Items including Leads Conversion Rate, Retention Items, and Completion Rate
 - New Business activity including Issued Policies, Issued Items, Issued Premium, and New Product Mix
- **Financial Services** includes Production Credit, Commission Scale, Policies, Financial Product Mix, and more
- **My Compensation** includes monthly and YTD production and more
- **My Bonus** includes your Portfolio Growth, Household Bundling, and Executive Advantage allocation
- **My Awards** provides details on the upcoming conferences and shows conference award levels achieved as well as your status for the AFS, LLC and the Life & Annuity programs
- **Staff Portlet** provides details for how many licensed and unlicensed support staff you have
- **Terminated Payment Provision (TPP)** provides Allstate's view of what the economic interest in the book of business you service is worth (if applicable)
- **Related Resources** provides links out to other sites like accessallstate.com, SMART reports, the Manual of Achievement and more

Sub-Producer Reports

You will have the ability to identify PP&C and Commercial Non-Fleet Auto business written by your sales producers by using special sub-producer codes¹⁶. These numbers will be assigned and controlled by you. Monthly individual sub-producer production reports (A06) and a List 60 will be provided to you based on the sub-producer code recorded on policy records and input by the Support Center or input into ALSTAR. These reports are located on [SMART](#), which can be accessed through [Gateway](#). When you use sub-producer codes you may use any number between 001 and 998. (Please note that the selected sub-producer code **cannot** be the same as your location number.) This number can be input into ALSTAR and the Detailed Staff Information Screen in the Agency Staff Data Tool (ASDT) or it should follow your agent number on any new business applications submitted to the Support Center for input.

¹⁶ Refer to the section on [Assigning Sub-Producer Codes to Purchased Books of Business](#) in this reference guide for additional information.

The sub-producer code input when new business is processed will also appear on any subsequent renewals. The system will not handle multiple sub-producer codes on a policy. Therefore, if a new sub-producer code is input at a later time, the new sub-producer code will replace the original sub-producer code. Any subsequent activity to the policy, including renewals, will show the new sub-producer code instead of the sub-producer code originally input when the new business was processed. It is recommended to never reuse sub-producer codes to eliminate confusion between written business from previous staff or current staff.

Agent Identification

The EA program requires the use of separate agent number classifications to identify processed new business for List 60, production and commission statements, and for ALSTAR.

The Allstate agent number on your agent stamp will begin with a “0” as the leading number and be followed by your 5-digit Allstate agent number. This number, e.g. (012345), will be used when processing new Allstate business, service request forms, and ordering supplies.

For List 60, production and commission statements, and agent commission inquiries, the prefix will be changed to a two-digit agent type, i.e. agent type 41.

ALSTAR usage requires that you use A0 as the leading letters followed by the 5-digit agent number, e.g. (A012345).

Additional agent numbers are required for Lincoln Benefit Life (excludes New York), American Heritage Life (excludes New York), Lincoln Financial [formerly known as Jefferson Pilot (New York only)], John Hancock (New York only), Allstate Financial Services, LLC¹⁷, Prudential, mutual fund business, and other third party products (i.e. CBIZ, Crump).

Lease Negotiations

If you should decide to change your office location, you must select a location within a geographical area specified by the Company that is subject to Company approval.¹⁸ All lease agreements executed by you must be solely in your name or agency name. Allstate’s name must not appear in the lease. The following disclaimer should be included in the lease:

“The obligations under this lease are the obligations of the Lessee personally and not that of any insurer with which Lessee may be affiliated. Lessor agrees that this agreement is solely between itself and the Lessee personally and Lessor hereby waives any claims, rights of action, or liabilities whatsoever against any insurance company with which Lessee may be affiliated which may arise out of this lease.”

¹⁷ LSA Securities in the states of PA and LA.

¹⁸ Refer to the section on [Relocating Your Office](#) in this reference guide for additional information.

The following language should also be added to any lease form:

Lessor responsible for common areas, lessee responsible for leased premises:

“Lessor shall be responsible for any changes necessary to comply with any federal or local disability discrimination laws and regulations in the common areas of the building or project. Lessee shall be responsible for any changes required to the Leased Premises necessary to comply with such laws and regulations, and any requirements which may impose any duty upon Lessor or Lessee applicable to the Lessee’s use or occupancy of the Leased Premises. Lessor agrees to indemnify and hold Lessee harmless against all claims and liability for Lessor’s failure to comply with Title III of the Americans with Disabilities Act with respect to the common areas of the building or project or improvements to the Leased Premises constructed by Lessor.”

A provision of the Americans with Disabilities Act of 1990 (ADA) requires that facilities be made accessible to qualified applicants and employees with disabilities as a reasonable accommodation, unless this would cause undue hardship. Accessibility must be provided to enable a qualified applicant to participate in the job application process, to enable a qualified individual to perform the essential functions of a job and to enable an employee with a disability to enjoy benefits and privileges of employment available to other employees. Places of public accommodation and commercial facilities, including insurance offices, are required to provide accessibility for disabled persons in both new construction or when making alterations to existing structures. You should seek to lease space in an office building that has met this requirement. As you add agency staff, you will want to make certain that your office space also provides accessibility for disabled applicants and personnel.

Subleasing Allstate Space

R3001 Agents who would like to lease an existing office leased by Allstate may do so, subject to Company approval. We have included the sublease agreement ([Exhibit N](#)) that must be signed by you if you have received approval to sublease space in a Company leased building. This form is called the Assignment and Assumption of Lease. By signing this form, you will assume all responsibility for the lease with Allstate’s consent.

Review Process for “Company Initiated” Terminations of R3001 Agreements

The Company has a review process in place with respect to all “Company Initiated” terminations of R3001 Agreements. The process requires that requests for termination of agreements be submitted for a review by an EA steering committee. The role of the EA steering committee is to make sure that the proposed termination is appropriate.

Sale of Agency¹⁹

Valuing an Agency

There are numerous accepted methods used to value an agency and the value will vary depending on the method chosen. The sale value is generally tied to market conditions at the time of sale and is determined by what an approved buyer is willing to pay. If the agency is being valued based on earned premium, please keep in mind that the earned premium appearing in the CSR report includes earned premium on policies that have terminated and that Plus Policies are paid at a different commission amount.

Sale of an Ivantage Expanded Market Book of Business

As stated in the Exclusive Agent Independent Contractor Manual, Sale Processing, and the R3001 Supplement, Chapter 5, an Exclusive Agent may not have ownership rights to the business written in the Ivantage expanded markets programs except as specifically provided. However, an Exclusive Agent may request the transfer of the expanded markets policies to the approved purchaser of his or her economic interest. The expanded market book of business will automatically transfer to the purchasing agent on the effective date of the Allstate book of business transfer.

All Ivantage expanded market programs prohibit the practice of splitting books among agencies.

The selling agent must provide written notification of his or her intent to terminate as an Allstate agent to Ivantage and each respective program vendor to which the agent has been appointed. When commissions are processed through Ivantage, any commissions earned by the selling agent within 30 days prior to termination will be paid to the buying agent, if there is one. Otherwise, all such commissions will be retained by Ivantage.

Any purchasing agent who **receives an** expanded market **policy(ies)** must enroll with each Ivantage expanded market program prior to the completion of the transfer of the **policy(ies)**. The purchasing agent is eligible to receive commission for the expanded market book of business on the effective date of the transfer. Commission details may be found in the R3001 Supplement.

Audit of the Book of Business Serviced by a Selling Agent

Prior to the sale of your agency, an audit should be run. (A Commercial book of business audit must be requested from the RCC.) The audit will be helpful to a buyer to verify that policies which were identified as eligible for sale have been transferred to the buying agent's number.

¹⁹ Any reference in this Reference Guide to the sale of an agency or the sale, transfer, or purchase of a book of business means the sale, transfer, or purchase of the economic or other interest in the book of business only. Allstate retains ownership of the book of business. Please refer to the EA Manual for additional information on this topic.

Note: By selecting the limiting field “Buyout Indicator”, ALSTAR’s General All Purpose audit will provide a list of policies written under the R3000 and R3001 Agreements. Also, by selecting the limiting field “Plus Policies”, ALSTAR’s General All Purpose audit will provide a list of Plus Policies and by selecting the limiting field “Requested Agent Policies”, ALSTAR’s General All Purpose audit will provide a list of Requested Agent policies.

Outside Buyer Approval

If you elect to sell your economic interest in the book of business serviced by your agency to an outside buyer, the following process should be followed:

STEP	PROCEDURE
1	You must secure a buyer candidate sufficiently in advance to allow the Company time to determine whether the buyer is qualified and to give the candidate time to obtain the appropriate resident (and non-resident) licenses, read the Form U-4 (Uniform application for Securities Industry Registration or Transfer, read and sign the appropriate Letter of Understanding, and complete the education requirements ²⁰ .
2	You must submit the buyer candidate to sales leadership for approval along with a completed R4018 - Agency Purchase Approval Request (Exhibit M). ²¹
3	If the candidate is not approved, you may want to submit another buyer candidate. If approved, all remaining terms of the sale should be finalized between you and the approved buyer. The purchase must be effective on the first calendar day of the month and all transfers of the book of business will be done as described in Sale Processing. The following education must be completed by the buyer prior to the sale becoming final: <ul style="list-style-type: none"> • New Agency Owner Education in a local Allstate office • Allstate University • Other education as designated by the Company
4	Your R3001 Agreement should be terminated pursuant to the termination provision in the agreement. Although your agreement has been terminated, your agent number will remain active on SAP until the eligible policies have been transferred to the new agent number. The buying agent should execute a new agreement effective the first calendar day of the month. (See Timeline for Transferring an R3001 Exclusive Agent’s Book of Business to an Approved Buyer).

²⁰ Agency owner candidates must have their P&C licenses before beginning education.

²¹ Sale of Agency as a result of permanent incapacity or death of Agent/Key Person – Documentation must be provided that demonstrates that the seller of the economic interest in the book of business has authority to act on behalf of the Agent/Key Person (e.g. legal guardianship, conservatorship, durable power of attorney) or on behalf of the estate of the Agent/Key Person (e.g. letters of administration or letters testamentary). This documentation must be forwarded to Rick Comm in Home Office for review and approval before the sale can take place.

Sale Processing

The PP&C and Commercial Non-Fleet Auto book of business will be transferred on the system during the first workweek following the effective date of the sale and all other commercial and Allstate Financial policies²² beginning in the second workweek. Once the policies have been transferred, the buying agent will be able to access them on ALSTAR. If the buying agent cannot access the transferred policies, he should contact the ALSTAR Support Unit (ASU) at the National Support Center (NSC) for a refresh of the book of business. It should be noted that it might take at least two refreshes before all the transferred policies are accessible on ALSTAR.

Note: Even though the physical transfer may not occur on the first day of the month, commissions on all premium transactions processed under your (selling agent's) number after the effective date of the sale and prior to the transfer will be paid to the buying agent.

The buying agent will receive multiple CSRP reports, including: 1) the EA Primary Only report, 2) the EA Purchased report, and 3) the EA Combined Business Summary report. The EA Primary report is the buying agent's CSRP. The EA Purchased report is the CSRP for the purchased book, which includes the selling agent's name and agent number. The EA Combined Business Summary report is a combination of the EA Primary report and the EA Purchased report. Please note that if an agent has purchased more than one book, the buying agent will receive CSRP reports for each book purchased.

An outside buyer should be issued a new agent number a minimum of 15 days prior to the effective date of the purchase and the new agent number should be transmitted for BOAT deck purposes a minimum of 15 days prior to the end of the month. (The effective date for setting up a new agent number on the SAP/BOAT deck has to be the first of the month, but it can be processed prior to the sale date).

An outside buyer will start fresh for Agency Development Bonus (if eligible), Agency Development Bonus I (if eligible), Agency Development Bonus II (if eligible), Incentive Agency Development Bonus (if eligible), and Assets Captured Bonus purposes. The buying agent will not be eligible for any awards that have been credited to the selling agent or any Agency Development Bonus, Agency Development Bonus I, Agency Development Bonus II, Incentive Agency Development Bonus, or Assets Captured Bonus that the selling agent may be receiving under the R3001 Agreement.

For List 60 purposes, an outside buyer will start fresh for PP&C, flood, motor club lines, and Allstate Financial production credit²³. However for Resources for Growth, an outside buyer will receive credit for Emerging Businesses lines sold by the selling agent. Credit for these Emerging Businesses lines will not be reflected on the List 60, but will instead be reflected on the Resources for Growth Emerging Businesses Report (RFG EB Report).

²² If the buyer does not obtain a securities license or variable Lincoln Benefit Life agent number within 120 days of the effective date of the sale of agency, the variable policies may be moved into a house account and subject to reassignment to an active agent.

²³ Allstate Financial production credit chargebacks that occur after the sale will be reflected on the buying agent's List 60.

For purposes of the Agency Bonus, an outside buyer will be eligible to receive credit²⁴ for all Agency Bonus measurements that were earned by the seller during the bonus year in which the sale is effective.²⁵ For purposes of Expected Results, an outside buyer will be eligible to receive credit for the seller's results for Expected Results during the calendar year in which the sale is effective.

Commissions Applicable to Purchased Book of Business

A sale of agency audit will be run (which is different from the ALSTAR audit the agent runs) that will change the old agent number on active **eligible** policies to the new agent number. Any positive or negative activity recorded after the sale of agency effective date regarding policies (selling agent's active and terminated policies) will be recorded under the new agent number, e.g. endorsements, charge backs, etc. Consequently, the buying agent may receive a charge back on a policy where the commission on the policy was paid to the selling agent. Both the selling and buying agents may want to take this into consideration when structuring the sale.

If there are any Plus Policies in the book of business serviced by the selling agent, the policies will remain as Plus Policies and the Plus Policy commission amount will be in effect for five (5) full annual renewal periods after the policies are transferred to the buying agent. Any completed portion of the five annual renewal periods, in which the Plus Policy commission amounts were in effect for the selling agent, will not apply to the buying agent.

Impact of Purchase on Buying Agent's Earned Premium and Loss Ratio on CSRP

Even though the new agent number will appear as the Agent of Record²⁶ on the policies once the sale of agency audit is completed, the earned premium applicable to the policies will only begin to be used in the earned premium calculation for CSRP purposes under the buying agent's agent number when the premium is recorded for the next policy renewal period.

For example, if the buying agent adds a car effective 4/1 of the current year to a policy that renews 1/1 the following year, the premium for the add car will be included for CSRP purposes as the premium is earned.

Note: For six-month auto policies, the earned premium calculation assumes that policies renew on the 15th of the month and, therefore, earn 1/12 the first month, 1/6 for the next five months and 1/12 for the last or seventh month. Hence, it takes one six-month policy period before the premium is fully earned for CSRP purposes. The earned premium calculation for add cars also assumes that the car was added mid-month and earns 1/12 for that month, etc.

²⁴ Agency must be securities licensed at the time the policy is written to receive production credit for registered products

²⁵ In split sale/purchase situations, the buying agent will only receive Agency Bonus measurements on transferred P&C policies, however, Emerging Businesses new issued items written by the selling agent and the selling agent's AF production credit on transferred AF policies will not be transferred to the buyer.

²⁶ Requested Agent policies (the customer has requested another agent) are included in the agency sale when the selling agent is coded as the Agent of Record (AOR).

The Combined Business Summary CSRP will be used in all instances (excluding Emerging Businesses new issued items) for results measurement, awards and recognition, and the Agency Bonus. Measurements for Emerging Businesses new issued items will be acquired from the List 60.

Assigning Sub-Producer Codes to Purchased Book of Business

In a sale of agency situation, the buyer has three options with regard to sub-producer codes:

1. Assign a single sub-producer code to the entire PP&C book transferred from the selling agent. This will allow the buyer to distinguish the book transferred from the selling agent from his existing book via List 60 and the Sub-Producer Report.
2. Retain existing sub-producer codes. This will allow a buyer, who is retaining the selling agent's sales producers, to identify the business written by these sales producers.
3. Do nothing and the existing sub-producer codes will be reset to zero.

If the buying agent wants to either add a sub-producer code to the book transferred from the selling agent or retain the existing sub-producer codes on the book transferred from the selling agent, he must contact local Human Resources at least 5 days PRIOR to the effective date of the sale. The sub-producer codes will be mechanically assigned to these policies at the time of transfer.

Timeline for Transferring the Economic Interest in an R3001 Exclusive Agent's Book of Business to an Approved Buyer

Below is the timeline to transfer the eligible book of business to the buying agent:

At least 15 work days prior to the effective date of the sale:

The effective date for setting up a new agent number on the SAP/BOAT deck has to be the first of the month, but it can be processed prior to the sale date. The buying agent, if an outside buyer, should be issued a new agent number and the new agent number should be transmitted for BOAT deck purposes a minimum of 15 days prior to the end of the month.

Approximately 10 work days prior to the effective date of the sale:

You (selling agent), or your legal representative, must provide a letter stating that a sale agreement has been executed by both parties and notifying the Company of the effective date of the sale.

Approximately 7 work days prior to the effective date of the sale:

Upon receipt of the above letter, the buying agent should execute the R3001S²⁷ (or C) Agreement effective the date of the sale. **An Allstate representative should not sign the agreement until the book has been transferred.** (See below.)

²⁷ The R3001S Agreement is not available in Montana.

At least 5 work days prior to the effective date of the sale:

Human Resources in the region should provide the Sales Support Team in the Human Resources Service Center (HRSC) via an e-mail to EASUPPORT a completed Sale of Agency Request form. Sale of Agency Request forms are due to EASUPPORT no later than 12:00 p.m. (CST) 5 business days prior to the last business day of the month.

If the office is a **new** border location, the Non-Resident License Request form should be submitted at this time to the Sales Support Team in the HRSC.

The Sales Support Team in the HRSC will contact the business units to transfer the book of business that is eligible for transfer **and** mechanically assign the sub-producer code, when applicable.

NOTE: ALL SALES MUST BE EFFECTIVE THE FIRST CALENDAR DAY OF A MONTH.

Existing R3001 Agent Buying the Book of Business Serviced by Another R3001 Agent

If the buyer is another R3001 Agent²⁸, and the Company has approved the sale, the Company should get a letter from you (selling agent) at least 10 days prior to the effective date of the sale stating that a sale agreement has been executed by both parties and notifying the Company of its effective date.

Home Office Notification of Sale after Its Effective Date

Please note the Sales Support Team in the HRSC and local Human Resources should work closely to help ensure that the transfer of the book is completed as agreed upon in the sale agreement. However, if the Sales Support Team in the HRSC is notified of a sale **after** its effective date, the Company will be unable to process the transfer of the book of business until the first calendar day of the following month regardless of the terms set forth in the sale agreement.

Splitting a Book of Business

You can request approval from sales leadership to split the book of business serviced by your agency so that you can sell your economic interest in the book to multiple buyers. If sales leadership approves the splitting of the book of business, the book will only be split by zip code. The Company will not allow the splitting of policies within individual zip codes.

All Ivantage expanded market programs prohibit the practice of splitting books among agencies.

²⁸ In some markets, sales between agents will not be approved unless the buying agent sets up a Satellite Agency or Enhanced Satellite Agency for the purchased agency.

To assist the seller, the regional Controller Department will, upon request, create a report using the CSR report by zip code information or by using a Brio audit. This report lists policies (P&C only) by zip code, and includes policy number, line code, written premium, earned premium, and incurred losses. Listings of Allstate Financial policies can be obtained via Client File, Agency Business Results (ABR), or ALSTAR, Commercial policies from the RCC and Motor Club policies by contacting the AMC Hotline at 1-800-347-5001.

The entire book of business, except for securities policies, must be transferred. In other words, except as noted, you cannot transfer some policies and not others. Therefore, you cannot transfer some policies and take the Termination Payment on others. All sales must be finalized and policies transferred on the first day of the same month.

Note: The buying agent must be a registered representative with Allstate Financial Services, LLC²⁹ and have the appropriate state life insurance license, where required, in order to purchase the securities book of business serviced by the selling agent. If the buying agent is not registered and appropriately licensed and the selling agent still wants to proceed with the sale, the securities book of business serviced by the selling agent would become unrepresented.

Approval to Split a Book of Business

You must present the business case to sales leadership on the proposed split of the book of business and, as noted above, obtain sales leadership approval prior to selling your economic interest in the book to multiple buyers. The business case must include the proposed zip codes that would be sold to a potential buyer. Customers must be within a reasonable distance from any potential buying agent's existing or proposed location in order to provide a proper level of customer service and to help ensure customer satisfaction and retention of the book of business.

Note: Policies will be transferred from the seller to the buyer by zip code except for Allstate Financial, Commercial (except line 11), and Motor Club. Therefore, the business case must include a listing of individual policies for Allstate Financial, Commercial (except line 11), and Motor Club indicating which agent will be servicing each policy.

Buying a Split Book of Business

Existing R3001 Agents who have been approved to purchase the economic interest in a split book of business may either merge the split book with the existing book of business serviced by the agency (referred to as "mergers")³⁰ or set up a second agency at a separate location (as either a Satellite Agency or Enhanced Satellite Agency). In order to operate Satellite Agency locations and Enhanced Satellite Agency (ESA) locations, R3001 Agents must be under the R3001S³¹ (or C) Agreement at both locations. In addition, an ESA must sign the appropriate Letter of Understanding. Split books of business purchased by outside buyers must be set up as separate locations.

²⁹ LSA Securities in the states of PA and LA.

³⁰ In some markets, sales between agents will not be approved unless the buying agent sets up a Satellite Agency or Enhanced Satellite Agency for the purchased agency.

³¹ The R3001S Agreement is not available in Montana.

Split by Zip Code

As stated above, the books can only be split by zip code. The Company will not allow the splitting of policies within individual zip codes. Consequently, if there are two buyers, one buyer may purchase more policies than the other buyer.

Example – Size of book of business serviced by the selling agent is 2000 policies divided as follows:

Zip Code Number	Policies Within Zip Code
1	800
2	400
3	500
4	200
5	100

Buyer “A” purchases 1200 policies as follows:

Zip Code Number	Policies Within Zip Code
1	800
2	400

Buyer “B” purchases 800 policies as follows:

Zip Code Number	Policies Within Zip Code
3	500
4	200
5	100

The entire book of business, except for securities policies, must be transferred. In other words, you cannot transfer some policies and not others. Therefore, you cannot transfer some policies and take the Termination Payment on others.

R3001 Agents Going into Sales Leadership

R3001 Agents who go into sales leadership have the option to either sell their interest in their entire book of business upon presenting a qualified buyer who has been approved by the Company, or elect the termination payment or alternate termination payment (if applicable), subject to the terms and conditions of the R3001 Agreement. You should be aware of the following key points if you are interested in going into sales leadership.

If you elect to sell your economic interest in the book of business serviced by your agency:

- The buyer can be an outside buyer, including a family member, if the buyer meets the established qualifications and if approved by the Company.
- The buyer can be another existing R3001 Agent if he meets the established qualifications. The book may be merged into the existing book of business serviced by the buyer, or the buying agent may operate the location as a Satellite Agency or Enhanced Satellite Agency, if approved.³²

Note: If you are operating as a corporation under the R3001C (or A) Agreement and as part of the sale transaction, the buying agent obtains the right to use your corporation, the Company will enter into a new R3001C Agreement with that corporation which designates the buying agent as the Key Person. In this situation, the buying agent may use the corporation's existing TAX ID number. If the name of the corporation or d/b/a being sold includes your name, then the corporation or d/b/a name will have to be changed to one that is acceptable to the Company.

You cannot go into sales leadership until the Company has approved the new buyer and the sale of the agency has been completed.

The effective date of sale must be the first calendar day of a month.

If the buyer is a family member, you will not be allowed to:

- Work as a Sales Leader in the market where the agency is located.
- Maintain any involvement in the running of the agency operation.
- Participate in any day-to-day business activities of the agency, including, but not limited to, financial or personnel matters.
- Be located in the same building as the agency.

Please note that if you go into sales leadership, you will still receive one more commission check after your termination as an agent.

Also, you may receive the following bonuses, if eligible, even though you would not be an agent for the entire bonus period.

- **Assets Captured Bonus** To receive the Assets Captured Bonus payout, you must complete the calendar year under the R3001 Agreement. If you completed the calendar year under the R3001 Agreement and you go into sales leadership prior to the bonus payout, you will receive the regular payout amount from the prior year's pool. The Tenure Interest provision would apply if your R3001 Agreement has been in force for five years or longer.

³² In some markets, sales between agents will not be approved unless the buying agent operates the location as a Satellite Agency or Enhanced Satellite Agency.

- **Commercial Partnership Programs:** To receive Commercial Partnership Program incentives, you must have met the necessary eligibility requirements. Refer to the Supplement for further information on the Commercial Partnership Programs.
- **Agency Bonus:** To receive the Agency Bonus, you must complete the calendar year under the R3001 Agreement. If you qualified for a bonus at the end of the calendar year, but go into sales leadership prior to the bonus payout, you will receive the bonus payment.

Note: The Controller Department should contact the Comp and Recognition Team regarding the Allstate Financial bonus and the RCC for the Commercial Partnership Program bonus. Any bonus due will be paid to you as 1099 income at the time the bonus is calculated.

Prior to appointment to a field sales leader position, new leaders must adhere to the following guidelines: obtain all required security license designations including: Series 6, 26, and 51 securities licenses as well as Series 63 license if required in their state; obtain variable authority; and successfully complete Phase I Education. Note: securities licenses are not required prior to appointment to FSA; however, the appropriate licenses are required prior to appointment to FSL, TSL, SDL, SAL, FSC, RFSL, or RSL.

Access to Insurance

Allstate has always had a strong policy promoting fairness and consistency in its dealings with customers and prospective customers regardless of race, color, religion, national origin, sex, family status or disability. In order to eliminate any incorrect perceptions that Allstate is engaged in improper sales practices, when speaking to prospective customers we recommend that your agency:

- Use the same process to quote business. Example: If your practice is not to provide proposals over the phone, apply this practice consistently.
- Qualify business in a consistent manner. Example: Be consistent in asking questions related to prior insurance and claim history. Also, be consistent in explaining any restrictions we may face due to our efforts to reduce our catastrophe exposure.
- Take the time to explain why a particular piece of information is needed. Example: Inspections and consumer reports.
- Handle business with similar risk characteristics consistently so there are no unsubstantiated differences in the policy form selected or the coverage offered.
- Convey consistent information regarding the requirements for issuance of a policy to all potential customers. Example: The need for an inspection prior to binding coverage, if applicable.
- Use a consistent sales presentation when discussing available products and coverages, as well as the Company's underwriting guidelines, policies and procedures.

- Have a process in place to ensure that all calls are returned by a licensed sales professional the same day if possible (if not, within 24 hours).
- Use the same follow-up procedure for all callers. Example: If your practice is to mail the proposal or to call back within 24 hours, it should be done in all cases.
- Treat all potential customers courteously and professionally.

Office Security/Acceptance of Cash Payments

As you know, most businesses accept cash and a certain segment of the population prefers that method of payment. Our customers are no different. Although we want to meet our customers' requirements, we understand the safety concerns associated with taking cash payments. Therefore, we have developed some helpful tips.

In a number of studies, authorities have determined some of the factors that make businesses most vulnerable to robberies. These factors include: keeping large amounts of cash at hand, a single agency staff member working alone after dark, an obstructed view of the location where cash is kept, inattentive agency staff members, poor outdoor lighting, and easy escape routes.

In incorporating safety awareness into your professional life, you should keep those factors in mind. This can be done by evaluating your business practices and taking the necessary precautions for your safety and that of your agency staff. If this is an issue in your market, here are some preventive strategies you may wish to consider:

- Consult with other local merchants and building landlords on joint safety/security programs, including a "Neighborhood Watch" program.
- Don't keep excessive cash in your office. Make frequent bank deposits during the day at peak daylight hours, but vary your schedule for deposits every day to avoid being predictable.
- Keep cash payments and any other money out of view, but keep it in a location that is visible from almost all of the office.
- If the location in which cash is kept is not easily visible from the rest of the office, consider using mechanisms that permit you and your agency staff to have a complete view of the office surroundings, such as convex mirrors.
- If within your control, maintain an unobstructed view of the office from the street. If necessary, consider clearing shrubbery, trees, or any form of clutter.
- If within your control, maintain adequate outdoor lighting of the parking area and approach to the office during nighttime hours, as well as adequate indoor lighting at all times.
- Consider locking your doors to screen customers, especially after dark. If you or a member of your agency staff is alone in the office near closing or at any time other than normal business hours in the area, keep the door locked.
- Consider locking your doors and permitting access only to those who ring a buzzer, as long as such a system meets fire code requirements.

- Take note of suspicious looking individuals lurking or congregating outside the office.
- Post emergency numbers (including police and ambulance services) near each telephone.
- Make sure that you and the members of your agency staff keep each other informed of irate customers, former agency staff members, spouses or former spouses, etc.
- If you or a member of your agency staff becomes a victim of a crime, do not resist. Cooperate fully, remain calm, and try to focus on the criminal's distinguishing features. Do not try to be a hero!
- Obtain incident report forms, which may be available from your local police, to write down information about any crime that occurs. The incident report forms should prompt the victim to write down the criminal's distinguishing features (such as sex, height, build, age, and race) and should be completed immediately after any crime occurs. In the event of a burglary, robbery or theft, you should immediately contact the police and file a police report. Failure to do so may result in your being held responsible for the missing funds.

You may also want to consider counseling your customers on risks associated with taking cash payments. Please understand, however, that if a customer still wants to pay in cash, you must accept the payment, unless it is prohibited by Company policy.³³ If you believe it would help deter robberies or other criminal activity, you may want to go one step further and post a "No Cash on Premises" sign with the approval of Company leadership.

Your safety is very important to us. The preceding strategies are not an exhaustive list. You are in the best position to determine what steps, including some of those listed above, are appropriate to deter crime at your office. Of course, any other steps you consider to deter crime at your office must comply with Allstate's policies and not create other risks.

Referral of Attorneys for Estate, Retirement and Business Planning

In many situations, agents and financial specialists may be asked by customers for names of attorneys to refer questions about estate, retirement, and business planning strategies, particularly those that make use of life insurance and annuity products. There are other situations where you would like to have a relationship with a local attorney pre-established in order to facilitate mutually beneficial arrangements between your customers and attorneys, whereby you can continue your role as an insurance professional and be included as a member of your customer's planning team.

³³ For traditional life insurance products, you may accept cash from customers, but a money order must be used for submitting payments to Allstate Financial. Or, if you have a Premium Fund Account (PFA), you may deposit the cash in the PFA for remittance to Allstate Financial. (See the Life Processing Guide for further information on payments for traditional life insurance products.) For securities products, no cash payments are allowed. (See the Compliance section of the Phase I Education training materials for further information on unacceptable forms of payment for securities products.)

We agree with this concept and ask that you keep the following guidelines in mind as you work toward these relationships:

- Where possible, have a list of several licensed attorneys with their areas of specialization (e.g. estate planning) to offer your customers.
- In remote locations where only one attorney is available in close proximity, also provide a list of some additional attorneys located within a reasonable geographic area.
- Advise your customers that these are **not recommendations**, but rather a list of attorneys for consideration.
- Advise your customers to visit with several attorneys and to develop a relationship with the attorney of their choice.

Because legal representation is necessary in many of these planning scenarios, it makes a great deal of sense for agents and financial specialists to forge relationships with local attorneys. Some customers may feel strongly that they know how best to manage their affairs, yet still need an attorney to draft the required documents. Others would like access to an attorney to help offer suggestions. Often these advisors require assistance from insurance agents to fund the strategies created to meet their customers' needs. Once again, the importance of this issue rests in our method of communicating how these attorneys were referred. It should be your intent to provide a list of possible resources that your customers can use as a stepping stone in their attorney selection process.

Representation in the Event of Death or Permanent Incapacity

If you should die, the interest in your book of business can be a valuable asset that you may have overlooked in your estate planning. You should consider planning your estate so that you have a will that names a legal representative that can immediately make important decisions about the disposition of your book of business within the required time period, without the necessity of court administration. If the legal representative is not in a position to act quickly, it can have a serious adverse impact on the value of your business since it will become more difficult to retain customers.

You should also consider taking steps to make sure that someone can act on your behalf if you become permanently incapacitated and don't have the mental capacity to make decisions about your business.

Legal Compliance

As an independent contractor, it is your responsibility to ensure that your agency's operations are in compliance with the law.

Compliance

Deloitte & Touche has validated Allstate's SOX control assessments regarding the financial reporting of agency compensation as part of its audit of Allstate's financial statements. The Audit Committee has overseen a review and revalidation of agency compensation reports and payment. The review determined that payments have been correctly made and compensation correctly reported to agencies and in Allstate's financial statements.

As part of Allstate's due diligence in regards to agency compensation Internal Audit reviews agency compensation processes on an ongoing basis and reports any issues. Additionally, Internal Audit validates all resolution activities prior to the release of bonus payments to agencies.

Satellite Agencies, Enhanced Satellite Agencies, and Local Agency Extensions (LAEs)

The information contained in this section is not intended as legal advice, and if you have any questions concerning state and federal law requirements, you should consult with your independent legal advisor. It is important to note that there may be additional state law requirements of which the Company is not currently aware and legal requirements can change at any time. Further, while the Company may notify you of significant changes in the law that may impact the operation of a Satellite Agency, Enhanced Satellite Agency (ESA), or LAE, you remain responsible for your agency's legal compliance.

The following is some general information about certain state law requirements, particularly relevant to the operation of Satellite Agencies, ESAs, and LAEs that the Company has become aware of:

Florida - A primary licensed sales professional responsible for the Satellite Agency, ESA, or LAE must be designated, and the name of that primary licensed producer must be filed with the Department of Insurance. If the primary licensed producer is changed, notice of the change must be filed with the Department of Insurance within the 30 days following the change.

Georgia – An annual license must be obtained from the Insurance Department for each Satellite Agency, ESA and LAE operated by a corporation or LLC. In addition, this requirement could be construed as applying to a Satellite Agency, ESA or LAE operated by an individual. The current fee for such a license is \$10.00. If you do not plan to obtain such a license, then you should be prepared to demonstrate, to the Company's satisfaction, that such a license is not required.

Maine - An agency must obtain an agency branch registration for each Satellite Agency, ESA and LAE from the Department of Insurance.

Missouri - Each Satellite Agency, ESA and LAE must be the principal office of at least one licensed sales professional.

Montana - The address of each Satellite Agency location, ESA and LAE must appear on the agency's insurance license.

New York - An agency must provide written notice of the location of each Satellite Agency, ESA or LAE and the licensed sales professionals responsible for it to the Superintendent of Insurance within 10 days of establishing the Satellite Agency location, ESA or LAE. An LAE must be open to the public for the same hours as the business in which the LAE is located. The notice to the Superintendent of Insurance should include the hours of the underlying business and the hours that the responsible person will be physically present, as well as the plan to cover the other hours with telephone availability or otherwise as applicable. At least one of the licensed sales professionals responsible for the Satellite Agency, ESA or LAE must be present during all, or a substantial part, of the business hours each day.

Texas – An agency must furnish the State Board of Insurance with a certification (Form LDTL) identifying the location of a Satellite Agency location, ESA or LAE. There is a fee associated with the filing of this certification.

Washington - An agency must obtain a duplicate insurance license from the Department of Insurance for each Satellite Agency, ESA or LAE. The full licensing fee is charged for each duplicate license. In addition, each Satellite Agency, ESA and LAE must be under the “charge” of an individual properly licensed for the insurance transactions being conducted at the Satellite Agency, ESA or LAE. The licensed sales professional “in charge” of the Satellite Agency, ESA or LAE must be physically present in the Satellite Agency, ESA or LAE during the times the Satellite Agency, ESA or LAE is open for business to the same extent as would be expected of an agent operating at a single location.

Office Locations within a Financial Institution

If you want to open an LAE in a financial institution such as a bank, there are legal requirements that may apply. The sale of insurance in financial institutions is regulated by certain states, and, if the bank is nationally chartered, the Office of the Comptroller of the Currency. Generally speaking, the purpose behind that regulation is to prohibit the “tying” of providing financial services to the sale of insurance. As always, you are strongly encouraged to seek independent legal assistance, however, the state and federal law requirements that the Company has been made aware of relating to the operation of an LAE in a financial institution are set forth below:

Arkansas – Arkansas regulates insurance sold by financial institutions and, depending on the nature of the agreement between the financial institution and the agency, that regulation could be construed to apply to an LAE. Among other things, that regulation requires a written disclosure to customers and obtaining the customer's signed statement that they understand the disclosure. Insurance sales activities are to be physically located so that it is distinct from the area where retail deposits occur, with easily distinguishable and appropriate signage separate and distinct from deposit activities of the financial institution.

California – California regulates insurance sold by financial institutions and, depending on the nature of the agreement between the financial institution and the agency, that regulation could be construed to apply to an LAE. Among other things, that regulations requires physical segregation between the area where retail deposits are handled and insurance is sold, identification of the area where insurance products/annuity sales activities occur, and separate, distinguishable signage. Customer referrals from the person who accepts deposits from the public to the insurance business are subject to additional regulations.

Colorado – Colorado regulates insurance sold by financial institutions and, depending on the nature of the agreement between the financial institution and the agency, that regulation could be construed to apply to an LAE. Among other things, that regulation requires, to the extent practicable, insurance sales activities are to be physically located so that it is distinct from the area where retail deposits occur. Unlicensed employees of financial institutions shall not sell insurance or annuities but may direct customers to licensed sales professional. There are additional disclosure requirements for the sale of annuities.

Georgia – Georgia regulates insurance sold by, or located on the premises of, financial institutions and, depending on the nature of the agreement between the financial institution and the agency, that regulation could be construed to apply to an LAE. Among other things, that regulation requires written disclosures to customers and the customer's signed statement that the customer understands those disclosures.

Illinois - Illinois regulates the sale of insurance by financial institutions or by any registered firm. Signs concerning the availability of insurance products offered by the financial institution or by any registered firm shall be clearly displayed in the same area where applications for loans or other extensions of credit are being taken or closed and shall include appropriate disclosures.

Indiana - Indiana regulates insurance sold by financial institutions and, depending on the nature of the agreement between the financial institution and the agency, that regulation could be construed to apply to an LAE. Certain written disclosures are required before a sale of insurance, as well as written acknowledgement by the customer (or with limited exceptions, a record of verbal disclosure).

Louisiana – Louisiana regulates the sale of insurance by financial institutions. If the financial institution solicits the purchase of insurance from a customer who is applying for a loan or extension of credit, the insurance solicitation shall be conducted in an area physically separate and distinct from the loan transaction, unless the size of the facility is too small to make the physical separation possible.

Maine – Maine currently regulates the operation of an LAE located in a financial institution. Among other things, Maine requires signage, written disclosures, and physical separation of the insurance operation.

Mississippi –An agency may pay no more than a \$20 referral fee to an unlicensed financial institution employee. The referral fee may not be tied to a product being sold. Mississippi law also imposes certain duties upon financial institutions when insurance is sold in connection with their activities.

New Hampshire – New Hampshire currently regulates the operation of an LAE located in an unlicensed financial institution including many aspects of the lease. Among other things, New Hampshire requires that the lease contain a clause which obligates an agency to provide customers with a written disclosure (as defined by the law) which must be signed by the customer, and requires physical separation of the insurance operation if possible.

New Mexico – New Mexico regulates the sale of insurance by (or located within) financial institutions. Certain aspects of that regulation could be construed as applying to the operation of an LAE located on the premises of a financial institution. For example, one aspect which could be construed as applying to an LAE is the requirement that the location for the sale of insurance on the premises of a financial institution be physically located so that it is distinct from the lending activities of the financial institution and clearly and conspicuously signed in order to be easily distinguishable from lending activities.

New York – New York regulates the sale of insurance located within a financial institution. An insurance agency may lease space from the bank, and the rental amount may be calculated as a function of the level of the total sales the agency makes at the location. However, the rental amount may not be calculated as a function of the level of sales made based upon referrals made by the financial institution or its employees.

Pennsylvania – Pennsylvania regulates the operation of the sale of annuities and life insurance on the physical premises of a financial institution. Written disclosure is required to be provided at or prior to the time of application for the life insurance or annuity. Sales of annuities or life insurance, except credit insurance, by a financial institution or by a licensee employed by or affiliated with the financial institution shall take place in a location distinct from the area where deposits are taken and loan applications are accepted. Signs or other means must be used to distinguish the insurance sales area. The commissioner may exempt a financial institution from certain requirements if number of staff or size of facility prevents compliance.

West Virginia – West Virginia regulates any person soliciting or selling insurance on the premises of a financial institution. Written disclosure is required and a separate acknowledgement is to be received from the customer. Signage for the solicitation/sales of insurance is to be readily distinguishable by the public as separate and distinct from the financial institution's lending and deposit-taking activities. Waiver of requirements by the commissioner may be granted in certain circumstances if the size of the facility prevents compliance.

If you lease office space for an LAE in a bank or any other business that provides settlement services in connection with real estate transactions (e.g. real estate offices, mortgage brokerage offices, or title insurance offices), you should also familiarize yourself with the requirements of the federal Real Estate Settlement Procedures Act (RESPA).

** - Please note: Additional restrictions may apply for insurance sold by a financial institution and/or an affiliate of a financial institution.*

Office Locations within Other Businesses

If you lease space in another business to operate an LAE there may be state laws that apply to the way the lease is structured. In the past, many states prohibited the sharing of commissions with an unlicensed person or entity. Under their older licensing laws, a number of states found that calculating rent based on the amount of insurance business sold at the location is an unlawful commission split. While this practice may be permitted under many of the recently enacted licensing laws, the Company is not yet aware of any states which have specifically addressed this issue. Also, the prohibitions contained in the federal Real Estate Settlement Procedures Act (RESPA) should be considered. Before entering into this type of lease arrangement, you should consult with your legal advisor to determine whether it would be legally permissible under state and federal law.

Referrals of Business in Connection with Real Estate Transactions (RESPA)

If you receive referrals from, or make referrals to, real estate agents, mortgage brokers, representatives of title insurance companies, or other businesses which provide services in connection with residential real estate transactions, you need to be sure you understand and comply with the requirements of the federal Real Estate Settlement Procedures Act (“RESPA”). **RESPA prohibits certain referral fee arrangements.** It provides:

“No person shall give and no person shall accept any fee, kickback, or other thing of value pursuant to any agreement or understanding, oral or otherwise, that business incident to or a part of a settlement service involving a federally related mortgage loan shall be referred to any person.”

There are five components which together constitute a violation of the law:

1. **Transfer of a fee, kickback, or thing of value:** A “thing of value” is very broadly defined. It includes, but is not limited to: money, things, discounts, salaries, commissions, fees, stock, special loan terms, services at special rates, sales or rentals at special prices or rates, trips, lease or rental payments based on the amount of business referred, payment of another person’s expenses, and agreements to refer business back and forth.
2. **The transfer is pursuant to an agreement or understanding:** The agreement or understanding need not be formal to be prohibited; it can be oral or written and includes a practice, pattern, or course of conduct pursuant to which the parties could be said to understand that the payment or other consideration is in return for the referral of business. When a thing of value is received repeatedly and is connected in any way with the volume or value of the business referred, the receipt of the thing of value is evidence that it is made pursuant to an agreement or understanding for the referral of business.

3. The agreement or understanding relates to the referral of business: In addition to its commonly understood meaning, “referral” is defined to include any oral or written action directed to a person which has the effect of affirmatively influencing the selection by any person of a provider of settlement services (or business incident to or part of a settlement service).
4. The business is incident to or a part of a settlement service: Generally, “settlement” refers to the process of creating a lien on property with a federally related mortgage loan. It’s sometimes also referred to as “closing” or “escrow.” A “settlement service” includes any service provided in connection with a prospective or actual real estate settlement, including, but not limited to: title insurance; home warranties; life insurance required by the lender; homeowners or property insurance; mortgage insurance; services rendered by a real estate agent or broker, mortgage broker, or attorney; property surveys; pest and fungus inspections; and the making, origination, processing or funding of a federally related mortgage loan, including home equity loans.
5. The settlement service is performed in connection with a federally related mortgage loan: Most loans made on residential real property are federally related mortgage loans. Residential real property is property upon which there is located, or will be constructed or placed using the proceeds of the loan, a structure designed principally for the occupancy of from one to four families, including individual units of condominiums and cooperatives, or a manufactured home.

RESPA also regulates fee-splitting arrangements. It provides:

“No person shall give and no person shall accept any portion, split, or percentage of any charge made or received for the rendering of a settlement service in connection with a transaction involving a federally related mortgage loan other than for services actually performed.”

The law restricts fee-splitting to situations where services are actually performed. The amount paid must not exceed the reasonable value of the services rendered, and the payment must not be for services which, even without the payment, the person would normally perform as part of his regular services or duties.

Note: The insurance laws in most states prohibit compensation/commission splitting with unlicensed entities or individuals.

RESPA does not prohibit:

1. Normal promotional and educational activities that are not conditioned on the referral of business and that do not involve the defraying of expenses that otherwise would be incurred by persons in a position to refer settlement services or business incident thereto. For example, it would be permissible to give free insurance seminars on insurance matters to professionals, or to distribute calendars and other promotional material of a nominal value, provided they are not conditioned on the referral of business and do not defray expenses that would otherwise be incurred by persons in a position to refer settlement services or business incident thereto; or

2. Payment to any person of a bona fide salary or compensation or other payment for goods or facilities actually furnished or for services actually performed. The services must be real, substantial, valuable and legitimate. They cannot duplicate services that are performed by others and they must be necessary to the process. To the extent that the amount of payment exceeds the reasonable value of the goods or services provided, the excess may be considered a kickback or referral fee, which is prohibited. In determining whether the payment is reasonable, the value of referrals is not to be taken into account.

If you have another business which provides settlement services, you need to be familiar with RESPA's affiliated business arrangement provisions. Prior to referring a person to one of your businesses for settlement services, you must disclose, in writing, the affiliation of the businesses and the charges which are likely to be made by the referred company. You cannot, in most instances, require the use of that company and you cannot receive any thing of value for your referral other than things permitted under RESPA or a return on your ownership interest (e.g., a dividend based on your ownership percentage of the business and not on the amount of business you refer). Finally, HUD has broadly construed what "your business" encompasses. Thus, you cannot avoid the law by putting ownership of the business in the name of your spouse or children, and you must make disclosure even if you refer services to a business owned by your partner or employer. The rules on affiliated businesses are quite complex. The foregoing is only a very general description. **If you are engaged in this type of activity, you should consult with your legal advisor on the steps required to be in compliance with the law.**

The Secretary of Housing and Urban Development and the Attorney General or Insurance Commissioner of any state may bring actions to enjoin violations of RESPA. There are criminal penalties for violating RESPA, which include fines up to \$10,000 and/or imprisonment for up to one year. In addition, civil damages may be recovered in an amount equal to three times the amount of any charges paid for the settlement service involved, plus court costs and reasonable attorney's fees.

OSHA Requirements for Your Office

When you have agency staff, you may fall under the regulation of the Occupational Safety and Health Administration (OSHA). OSHA has developed rules and regulations regarding the conditions under which the workplace is to be maintained.

1. All workplaces, including passageways, store rooms, and service rooms should be kept clean, orderly and in a sanitary condition.
2. Floors should be kept clean and as dry as possible.
3. Floors should be kept free from protruding nails, splinters, holes, or loose boards.
4. Covers and/or guardrails must be provided to protect against the hazards of any open pits, ditches, etc.
5. It is unlawful to place or permit to be placed, on any roof or floor of a building, a load greater than that for which such floor or roof is approved by the building official.
6. A railing or some type of floor hole cover must guard floor openings.

7. Where doors or gates open directly on a stairway, a platform is required.
8. Wall openings or open sided floors from which there is a drop of more than four feet must be guarded.
9. Every flight of stairs having four or more risers must be equipped with standard chair railings of hand railings as specified in the OSHA regulations.
10. Exits must be sufficient to permit prompt escape in case of fire or other emergency.
11. Portable fire extinguishers should be maintained in operable condition.
12. All electrical systems must comply with design safety standards and be free from recognized hazards.

In addition, workplaces must be free from all “recognized” hazards -- those that are known, or could have been known, with the exercise of reasonable diligence.

Fair Employment

One of your most important responsibilities in staffing and managing your support organization is to make sure that you comply with state and federal fair employment laws. The following pages provide you with a brief summary of the four primary federal equal employment laws.

Equal Employment Opportunity Laws

Title VII: Civil Rights Act of 1964

The Civil Rights Act of 1964 is intended to eliminate any form of discrimination in employment based on an individual’s race, color, religion, sex, or national origin.

Specifically, Title VII states that “it shall be an unlawful employment practice for an employer:

1. to fail or refuse to hire, or to discharge any individual or otherwise to discriminate against any individual with respect to compensation, terms, conditions, or privileges of employment because of such individual’s race, color, religion, sex, or national origin; or
2. to limit, segregate or classify employees (or applicants for employment) in any way which would deprive or tend to deprive any individual of employment opportunities or otherwise adversely affect his or her status as an employee because of such individual’s race, color, religion, sex, or national origin.”

It is important to note that Title VII prohibits discrimination not just in hiring, but also with respect of any of the terms and conditions of employment, including compensation. In addition, Title VII addresses sexual harassment in the work place.

Sexual Harassment

Sexual harassment has become a business issue because of its potentially devastating impact on the work environment. Both men and women need to be aware of how their actions can contribute to harassment. The law states that unwelcome sexual advances, requests for sexual favors, and other verbal or physical conduct of a sexual nature are violations of this act. The law protects individuals under the following conditions:

- When submission to such conduct is made either explicitly or implicitly a term or condition of an individual's employment.
- When submission to or rejection of such conduct by an individual is used as the basis for employment decisions affecting that individual.
- When such conduct has the purpose or effect of unreasonably interfering with an individual's work performance or creating an intimidating, hostile, or offensive work environment.

In addition, when an individual gains employment opportunities or benefits from an employer's sexual activities, the employer may be held liable for unlawful sexual discrimination against other employees who were qualified, but denied a particular opportunity or benefit.

The costs of sexual harassment fall into three categories:

- Physical ailments and psychological stress: An individual may find the situation intolerable enough that he leaves.
- The costs to your business in expense from absenteeism, poor work performance, and a decrease in productivity.
- Civil suits can be brought against the individual and you.

Title VII prohibits an employer from retaliating against an applicant or employee from asserting his rights under Title VII. The Equal Employment Opportunity Commission administers title VII, which is an independent agency of the Federal Government.

The Age Discrimination in Employment Act of 1967

The Age Discrimination In Employment Act of 1967 prohibits discrimination in employment on the basis of age, against individuals who are 40 years of age or older.

Equal Pay Act of 1963

The Equal Pay Act of 1963 prohibits the payment of lower wages because of the sex of the worker.

Basically, the act makes it illegal to discriminate on the basis of sex by paying lower wages to persons of one sex who, within the same establishment, perform equal work on a job requiring equal skill, effort and responsibility. Differences in payment are permitted where payment is based on:

1. A seniority system
2. A merit system
3. A system that measures earnings by quantity or quality of production
4. A differential based on any factor other than sex (or race, color, religion, or national origin which are prohibited under Title VII)

The Americans with Disabilities Act of 1990 (ADA)

The Americans with Disabilities Act of 1990 makes it unlawful to discriminate in employment against a qualified individual with a disability.

The ADA makes it unlawful to discriminate in all employment practices such as:

- Recruitment
- Pay
- Hiring
- Firing
- Promotion
- Job assignments
- Training
- Leave
- Lay-off
- Benefit
- All other employment related activities

The ADA prohibits an employer from retaliating against an applicant or employee for asserting his rights under the ADA. The Act also makes it unlawful to discriminate against an applicant or employee, whether disabled or not, because of the individual's family, business, social or other relationship or association with an individual with a disability.

You may request additional information on ADA by contacting the:

U.S. Equal Employment Opportunity Commission
1801 L Street NW
Washington, DC 20507
(202) 663-4900

In addition to these federal laws, there are many state laws that are intended to accomplish essentially the same purpose. These laws may be broader and may prohibit discrimination on the basis of additional factors such as handicap, sexual preference, or marital status.

State and Local Taxes

As a business owner, you, as an Exclusive Agent (EA) have responsibility for all state and local taxes imposed on your agency business. Some of these taxes, such as personal property taxes, were previously imposed on Allstate Insurance Company as the legal owner of furniture and fixtures located in employee-agents' offices. Other taxes, such as business license taxes, did not generally apply to agencies managed by employee agents, but are often required to be paid by independent contractor agents. Following is a discussion of these taxes and their applicability to Exclusive Agency businesses.

Personal Property Taxes

All but six states impose tax on the value of tangible personal property. This tax is legally owing by the owner of the property, and is determined based on the value, ownership, and location of such property on a particular date, called the "assessment date." Typically, owners must file a return and list all of the property owned at a particular location with a value reported for each property. The value is generally based on cost, less applicable depreciation. Assessors are authorized to review ownership and purchase documentation to support the taxable items and values listed on the returns. Penalties may be imposed for failure to file returns, or for filing false returns.

Upon employee agents becoming R3001 Exclusive Agents, all office furniture, fixtures, and equipment, with the exception of certain signs and computers, were "sold" by the Company to the agents through the inclusion of the value of such property in taxable compensation reported to the agent and the IRS. Accordingly, the Company removed all of the transferred assets from its accounting records. Subsequent to this transfer, any required personal property tax filings and payments are the legal obligation of the agent, as owner of the property. Office property records which are needed by EAs to document depreciation and related business expense deductions for income tax purposes can also be used to support personal property tax filings. The cost of any property transferred to an agent becoming an R3001 Exclusive Agent is the amount of income imputed. Of course, the Company will continue to report and pay tax on the property which it still owns, including signs. Agency desktop computers that are not provided free of charge by the company should be reported on the personal property tax listings as "leased equipment," for informational purposes.

If you have questions in this matter, please contact your Regional Office.

Business License Taxes

Many local governments impose various types of taxes on businesses located within their jurisdictions. These charges are commonly referred to as business license fees, business license taxes, business privilege taxes, mercantile taxes, or business occupation taxes. Though the laws vary by state, insurance companies are often exempt from such local taxes, due to the fact that they are regulated exclusively at the state level and the state retains sole authority to tax them, usually in the form of a tax on gross premiums. As a result, sales offices operated by employee agents were often exempt from local taxes. Where no exemption was available, amounts paid by employee agents were eligible for reimbursement through their office expense allowances.

However, the businesses of independent contractor agents are separate from that of the insurance company. Local tax exemptions applicable to employee agent-operated locations will not be available upon an agent becoming an R3001 Exclusive Agent. Note, however, business taxes based on gross receipts should be imposed only on sales commissions generated by your office. If a municipality attempts to collect tax on premiums written, such tax may be challenged as the premiums represent receipts of the insurance company, not the independent contractor agent.

We recommend you consult with your tax adviser regarding any state and local business taxes and personal property taxes which may be due related to your business, to avoid potential penalties.

Setting up Your Office

Introduction

A properly equipped office that is comfortable, attractive and efficient is important to the overall success of your business. New agents should plan their office layout both for operational efficiency and for aesthetic appeal to the public. We recommend setting up your office according to the guidelines of the Allstate Branded Retail Environment. Converting agents or purchasers of an existing R3001 Agency will be working in a more established office environment with the furniture you need, the supplies in stock and the signs in place. Over time, you may want to change some things around or upgrade your office furniture. This chapter will serve as a guide to help you make these changes. It tells you about the signs that are available, the supplies that we provide for you, and a website to find items and furnishings to brand your office.

Supplies

As an R3001 Agent, Allstate currently provides you with the following supplies:

- Point of sale support materials
- Applications
- Personalized imprint materials

Descriptions of these forms and procedures for ordering them are contained in the following pages.

If you are buying an R3001 Agency, you should review this section carefully. If you are a converting agent, you probably already know about these materials, so you may want to move on to the next section. However, you should be aware that as an R3001 Agent, you are responsible for all of your office supplies, except those listed above.

You may order office supplies (pens, pencils, paper clips, stationery, etc.) at your own expense, through OfficeMax.

Allstate Print Communication Center (APCC)

Most of the materials you will need are printed or stocked at APCC in Wheeling, Illinois. In addition to warehouse and shipping facilities, APCC also maintains printing facilities.

After receiving your supply request as placed through the Material Ordering and Distribution (MOD) application, APCC will ship the printed supplies directly to your sales location.

A Quick Link to MOD can be found on [Gateway](#). To create a permanent quick link to the MOD application on Gateway:

- Select “Edit” under “My Quick Links”
- Locate and highlight *Materials Ordering and Distribution (MOD)* in the list under “Helpful Quick Links”
- Click the “Add” button
- Click the “Save” button

Your Stock Keeping

When you receive your supplies and forms, we recommend that you make a note of each item’s stock form number, quantity received and the date received. Then, when reordering, you can easily determine how many were used between each order. Don’t overstock any item because it may become obsolete and be replaced by a more current item.

Stock Numbering Control

Ordering supplies is a simple process because you will use MOD to order routinely stocked items directly from APCC. The Product Catalog on MOD allows you to view supply items and order “on-line.” All other supplies must be ordered from OfficeMax.

To walk you through the supply ordering process, the Placing an Order on MOD job aid, along with other job aids, Quick Tips, FAQ’s, and a demo, is available on the [MOD Home Page](#) on Gateway. You may follow up on the status of your supply order directly through MOD.

Stock Numbering

With a basic knowledge of the forms and supplies and their numbering system, you can order quickly without any errors, by entering the form number in the Quick Search box within the Product Catalog, which means you will get your order promptly.

All Allstate supply items are identified by stock form numbers. The form number is usually printed in the lower left-hand corner on the first or last page of the form.

Forms

The form numbers printed on Allstate items consist of a prefix letter, for the basic category, followed by a number. Whenever a form is revised, a revision number, preceded by a dash, is added as a suffix to the basic form number on the printed item.

For example:

The current item shows the form number as: DXXXX-14.

The previous version of this form was DXXXX-13. The digits after the dash (-) indicate the number of times a form has been changed. In this case, there have been 14 revisions to the DXXXX since it was first printed.

If you are using the previous version of any form, check with APCC to find out how a revision to a form affects you. It may be a minor change made for "the agent's convenience," and you can continue using the older version of the form. But, it might be a change required by law, in which case you must discontinue using that version of the form and use the proper revision.

You may also print form letters off the MOD system. Check your letter directory for specific product lines or service.

Please note that each state has specific requirements regarding the forms that Allstate uses when servicing customers and completing insurance transactions. In order to satisfy these requirements, Allstate provides you with approved forms to be used throughout the insurance transaction process. Subtle changes to these forms, even altering things such as type size, could mean that they no longer meet the state regulatory requirements. This could jeopardize not only your state insurance license and your relationship with Allstate, but also expose you and the Company to potential compliance violations. As a result, desktop tools, such as Word, Excel, Outlook, and PowerPoint, should not be used to recreate or alter any Allstate approved forms. It is imperative that only approved forms be used.

Requisitions

Here is the information you need to prepare requisitions for ordering office supply items. Please be sure the correct item numbers are on your requisition.

The main requisition that you will be using is:

1. **The R1902 Office Max Workspace Requisition** - used to order office supplies.

All other routinely stocked, form numbered supplies, including personalized imprint supplies (e.g. envelopes, reply cards, and prospecting mailers) can be ordered from APCC on MOD. Imprinted items will include your name or approved agency name, location, telephone number and fax number, if applicable/available.

Office Supplies

Office supplies (pens, paper clips, rubber bands, etc.) can be ordered through OfficeMax. .

OfficeMax will accept Mastercard, Visa, American Express, Diners Club, OfficeMax, and Discover credit cards for the purchase of supplies, but not checks. UPS or contract truckers will be utilized depending on the size of the order. Freight is prepaid and free of charge.

Allstate Business Cards³⁴

A link to the [Allstate Business Card Online Ordering Site](#) is located on Gateway. To access the link from Gateway, click on the Reference tab, under the Agency heading click on the Office Equipment & Supplies link, and then click on the Order Business Cards link in the Featured Links box.

Your Personal Business Card

Allstate business cards have been designed to reflect quality, and to ensure that the Company and its representatives are presented to the public in the appropriate manner. Unauthorized additions, such as hand stamps, to your business cards are not permitted.

Agency Staff Business Cards

Due to the importance of your agency staff, we encourage their name recognition in the community along with your name and/or your approved agency name. Allstate currently provides approved Sales Producers with standard Allstate business cards. These cards will be provided at no cost to you. Allstate will also provide business cards for Office Staff. However, you will be charged for your Office Staff business cards.

The following are examples of Sales Producer cards:

- | | | |
|------------------------|------------------------------------|--------|
| 1. Staff Person's Name | John Doe | Line 1 |
| Agent's Name | Sales Producer for Mary Smith | Line 2 |
| 2. Staff Person's Name | John Doe, Associate Sales Producer | Line 1 |
| Agent's Name | Mary Smith Agent | Line 2 |
| 3. Agent's Name | Mary Smith, Agent | Line 1 |
| Staff Person's Name | John Doe, Sales Producer | Line 2 |

These options were developed to protect the Company and you. By handling the business card in this manner, the staff member's name will always appear with your name, never alone. This will help establish the relationship for your customers and can result in additional name recognition for you.

When ordering cards for Sales Producers, you may want to consider using another title in place of "Sales Producer." The following are some examples:

- Assistant Sales Producer
- Associate Sales Producer
- Senior Sales Producer
- Sr. Customer Service Representative
- Customer Service Representative
- Account Representative
- Office Support Manager
- Sales Support Representative
- Office Manager

Note that the business card formats have certain spacing requirements.

³⁴ Special business card requirements for Personal Financial Representatives (PFRs) apply. Refer to the PFR Marketing Tool Kit for more information.

Agency Staff Business Cards – Texas

To meet the guidelines established by the Texas Department of Insurance, Sales Producer business cards should not contain your name.

Personalized Imprint Materials

Imprinted materials currently available via MOD are:

- **Envelopes (return and business reply)** – imprinted with name and location address
- **Multi-line business reply cards** – imprinted with name, location address, telephone number, and license number (if applicable)
- **Prospecting mailers with detachable business reply cards** – imprinted with name, location address, telephone number, and license number (if applicable)

Note:

- Envelopes and business reply cards must be ordered in increments of 500.
- Imprinted business reply materials require zip+4 for Allstate's Permit #157. Your CAESAR Code must be set up with the correct zip+4 prior to placing your order.

Miscellaneous Supplies

In addition to the printed forms and office supplies covered in the preceding sections, other supply items are currently available to you. These include rubber stamps with your name and address, name panels, pocket badges, and other items. If you need any of these items, either new or replacement, you can order them online through Gateway by going to the Agency page and clicking on the Office Equipment & Supplies link or you can notify the local sales leader.

Relocating Your Office

In most cases, once you become an R3001 Agent or purchase an R3001 Agency, you will continue to operate from the same office in which your agency is currently doing business. However, you do have the right as an R3001 Agent to change your office location, subject to Company approval. This section will give you an idea of what things to look for if and when you decide to relocate your office.

Site Selection

Establishing an office is extremely important to the success of your business. A well-located office, which is easily accessible, will be most inviting to your customers.

Analyzing Geographic Areas

Your first step in site selection is to focus on a general geographical area. Here are some suggestions to help you do that:

- Have the local sales leader provide you with market demographics. He will direct you to future growth areas and give you information regarding our present penetration of the area.
- Locate other Allstate and competitor insurance locations.
- Talk to city planners about the area you're considering; they may provide you with helpful information.
- Drive through the market area to observe the auto/property/commercial risks.

Guidelines on Site Selection

Once you and sales leadership agree on a general area, you can select your own office location, subject to Company approval. Here's some information to help you make the best decision. First, what to avoid:

- You can't share primary office space with doctors, lawyers, insurance brokers, agents of other insurance companies, representatives of other companies offering competing financial products or services, or with individuals engaged in certain other occupations as determined by the Company.
- Successful, established shopping centers have the potential for generating good leads. However, some shopping centers require a percentage of sales as a condition of the lease. You should not accept a lease of this type as it may be in violation of state insurance laws.
 - ▶ Even if a shopping center has an acceptable lease, determine the stability of the tenants. If the potential exists that key tenants, such as a department store or a supermarket, may relocate, the shopping center may experience a decrease in activity.

Now, here's what to look for:

- An office in a shopping center with an acceptable lease and stable tenants, of course. An office in such a place affords:
 - ▶ A ground floor location
 - ▶ Easy public access
 - ▶ Good parking facilities
 - ▶ Good exterior advertising possibilities, such as window lettering and illuminated signs.
- A commercial office building and office parks. However, your use of signs as a means of identification will be limited.

In addition, carefully consider the location and the prestige of the building, the character of the other offices in the building, neighboring businesses, and the building management. It's preferable to have a small office in a first-class building than a larger office in a second- or third-class building.

- Local real estate agents. Real estate agents can help you find a commercial site.

Site Approval

The Field Vice President must approve any site you select, including a building you own. The major considerations in approval of a site are:

- Suitability for the Allstate image
- Proximity to existing Company locations
- Future market penetration potential

Lease and Lease Negotiations

The Type of Lease to Use

Generally, you will sign one of two types of leases:

- The lease the landlord provides, or
- The lease developed by the Home Office Real Estate and Construction Department.

The latter, form number U7423, is available through the regional Property Manager.

If the landlord uses his own lease, be aware of the following:

- In a full-service lease, rent, taxes, utilities and janitorial services are all included in the cost per square foot.
- In a "triple net" lease, taxes, utilities, and janitorial service are in addition to the cost per square foot.
- Some leases charge extra for common area maintenance.

What the Lease Should Contain

Here's what the lease should contain:

- Effective and termination dates
- The monthly rent amount
- The date the rent is due and to whom it is to be paid
- Additional services, if applicable, such as utilities, janitorial use, snow removal, parking facilities, or decorating

- Any landlord improvements, if you sign the lease prior to their completion
- A subleasing provision, if applicable
- The lease should contain this disclaimer: “The obligations under this lease are the obligations of the Lessee personally and not that of any insurance company with which Lessee may be affiliated. Lessor agrees that this agreement is solely between itself and the Lessee personally and lessor hereby waives any claims, rights of action, or liabilities whatsoever against any insurance company with which Lessee may be affiliated which may arise out of this lease.”

What the lease must **never** contain is the word “Allstate.” Never mention Allstate in any part of the lease.

In addition to the standard disclaimer that should be added to any lease form submitted by a landlord, the following language should be added:

Lessor responsible for common areas, tenant responsible for leased premises:

“Lessor shall be responsible for any changes necessary to comply with any federal or local disability discrimination laws and regulations in the common areas of the building or project. Lessee shall be responsible for any changes required to the Leased Premises necessary to comply with such laws and regulations, and any requirements which may impose any duty upon Lessor or Lessee applicable to the Lessee’s use or occupancy of the Leased Premises.

Lessor agrees to indemnify and hold Lessee harmless against all claims and liability for Lessor’s failure to comply with Title III of the Americans with Disabilities Act with respect to the common areas of the building or project or improvements to the Leased Premises constructed by Lessor.”

A provision of the Americans with Disabilities Act of 1990 (ADA) requires that facilities be made accessible to qualified applicants and employees with disabilities as a reasonable accommodation, unless this would cause undue hardship. Accessibility must be provided to enable a qualified applicant to participate in the job application process, to enable a qualified individual to perform the essential functions of a job and to enable an employee with a disability to enjoy benefits and privileges available to other employees. Places of public accommodation and commercial facilities, including insurance offices, are required to provide accessibility for disabled persons in both new construction or when making alterations to existing structures. You should seek to lease space in an office building that has met this requirement. As you add agency staff, you will want to make certain that your office also provides accessibility for disabled applicants and personnel.

Subleasing Allstate Space

If you would like to lease an existing office occupied by Allstate you may do so, subject to Company approval. The sublease agreement that you must be sign if you have received approval to sublease space in a Company leased building is included as [Exhibit N](#). This form is called the **Assignment and Assumption of Lease**. By signing this form, you will assume all responsibility for the lease with Allstate's consent.

Negotiating the Lease

It's perfectly acceptable and even preferable to negotiate the terms of the lease with the landlord. Here are some things you might want to negotiate in your favor:

- Attempt to get leasehold improvement costs amortized over the length of the lease.
- Review lease restrictions for signs. Determine the type of signs that you can use and their positioning.
- Negotiate a subleasing provision, to provide yourself with the flexibility you may need at a later date.
- Make sure any Consumer Price Index increases have a cap.
- Ascertain the authority of the person executing the lease on behalf of the landlord.
- Make sure that there are no provisions in the lease that give the landlord a right to cancel the lease for reasons other than default.

If you negotiate these last two points in your favor, it's unlikely that anything will arise that will interfere with your right to occupy the premises.

Before You Sign

When the lease is, as you want it, don't sign it yet. Here's what you need to check first:

- that the lease is dated and the full name of the lessor is on it
- that if the lessor is a corporation, limited liability company, or partnership, it's clearly stated on the lease
- that specific exterior and interior signs allowed by the lessor or the signs that you'll be using are described in the clauses added to the lease

Remember that Allstate's name must never appear anywhere on the lease.

Selecting a Site - Checklist

1. Location

EXCELLENT	GOOD	AVERAGE	BELOW AVERAGE	
				Type of development in the immediate area
				Access to the entire city/town
				Access to the market area
				Access to streets in the immediate area
				Comparison to other buildings in the city/town
				Comparison to other buildings in the area

2. Quality of Building and Improvements

EXCELLENT	GOOD	AVERAGE	BELOW AVERAGE	
				Amount of parking in relation to total rentable area
				Layout/design of parking area and drives
				Maintenance and physical condition of parking area and drives
				Amount of landscaping provided
				Quality and maintenance of the landscaping
				Amount and quality of the identification of the building
				Amount and quality of the signs available for the tenants
				Quality of the lobby and common areas
				Cleanliness of the lobby and common areas
				Exterior design of the building
				Quality of the work done to presently occupied tenant spaces
				Cleanliness and upkeep of the leased areas
				Quality and number of elevators

3. Other Tenants

EXCELLENT	GOOD	AVERAGE	BELOW AVERAGE	
				Type of business of major tenant
				Type of business of other tenants
				Satisfaction of tenants with landlord

4. Ownership/Management

EXCELLENT	GOOD	AVERAGE	BELOW AVERAGE	
				Reputation of owner/manager -- nationally
				Reputation of owner/manager -- locally
				Financial strength of owner

As a final check, ask yourself:

1. Can I afford the location?
2. Who will be my next-door neighbors? Being next to a restaurant can be a problem with bugs and odors.
3. What improvements are needed to make the site useable for my needs?
4. Who will pay for improvements?
5. Can I get an option to renew with a cap on rental increase?

Remember:

1. You may not share space with:
 - a. Doctors
 - b. Lawyers
 - c. Insurance brokers
 - d. Agents of other insurance companies
 - e. Representatives of other companies offering competing financial products or services
 - f. Individuals engaged in certain other occupations as determined by the Company
2. Successful, established neighborhood shopping centers have the potential for gathering good lead sources for sales offices. If you are considering a shopping center, take care to check out the stability of the tenants. If key tenants such as a department store or supermarket relocate, the shopping center could become a ghost town.

Signs

Information on the Allstate Exclusive Agent office signage standards can be found on the Allstate Brand Central website: <http://allstatebrandcentral/>. To access the signage standards, go to the Allstate Brand Central homepage and click on the Brand Guidelines box. Then click on the Signage and retail link located on the left side of the page.

This site contains information on:

- Primary signage options
- Standards exterior signs
- Secondary Signage
- Requesting a sign and decal
- Non-standard signs and decals
- Signage order forms

Allstate Branded Retail Environment

Allstate recommends that the agent office be branded in accordance with the guidelines provided in the Brand Your Agency catalog or the Information Guide found on the <http://brandyouragency.com/> website. Both information pieces are located on the website. The catalog can also be obtained from your Agency Establishment Manager or ordered through the MOD site.

Allstate recommends a specific blue and yellow paint be used on the walls, neutral gray carpeting and a welcome area to greet your customers. Specific furnishings are available for purchase on the <http://brandyouragency.com/> website which promotes the Allstate brand.

All visitors to the <http://brandyouragency.com/> website are required to register with your agent number or if you have not received your agent number, to use the Site Access Code – T112007 to complete your registration.

Items included in this site for purchase:

- Welcome Suite Plus packages for the Welcome area of your office which includes:
 - 2 lounge chairs
 - Lobby table
 - Choice of blue screen or beacon sign
 - 2 poster frames
 - Brochure rack
 - Wall lettering
 - Medium wall graphic
 - Logo mat
 - Choice of reception desk and chair or agent desk and chair or conference table with 4 side chairs

- Reception desks and chairs
- Allstate wall letters and graphics
- Additional Allstate branded items

The bulleted items above can be purchased as part of a package or individually.

Marketing

Information regarding marketing can be found on the Allstate Brand Central website: <http://allstatebrandcentral/>. To access the marketing information, go to the Allstate Brand Central homepage and click on the Agency Owners Express box.

This site contains information on:

- ALSTAR letter catalog
- Collateral marketing materials
- Co-op Advertising
- Prime²
- Yellow Pages
- Online marketing

ALLSTATE R3001S EXCLUSIVE AGENCY AGREEMENT

This Agreement is between ALLSTATE INSURANCE COMPANY and such affiliates and subsidiaries as are named in the Supplement for the R3001 Agreement (referred to in this Agreement as "the Company") and Allyn Fourdan (referred to in this Agreement as "you").

The Company and you agree as follows:

I. AUTHORITY:

- A. Effective 8/1/13, the Company appoints you as its agent to represent the Company in the Exclusive Agency Program. You are authorized on behalf of the Company, during the term of this Agreement, to receive and accept, subject to such restrictions on binding authority as may be established by the Company, applications for insurance covering such classes of risks located in the state(s) of FLORIDA as the Company may from time to time authorize to be written. You are also authorized to sell products specified by the Company and through the companies specified in the Supplement for the R3001 Agreement (referred to in this Agreement as "Company Business"). The Company will own all business produced under the terms of this Agreement. You will not represent yourself as having any authority other than that specifically granted to you by the Company. You will not alter any contract or incur any expense or obligation for the Company without prior written approval from the Company.
- B. This Agreement is the sole and entire agency agreement between the Company and you, and it supersedes and replaces any prior employment, agency, or other agreement between the Company and you. This Agreement also supersedes any prior oral statements and representations by the Company to you and any prior written statements and representations by the Company to you in letters, manuals, booklets, memoranda, or any other format.
- C. The Supplement for the R3001 Agreement ("Supplement") and the Exclusive Agency Independent Contractor Manual ("EA Manual"), and the Allstate Agency Standards ("Agency Standards") as they may be amended from time to time, are expressly incorporated in their entirety as part of this Agreement. The Company reserves the right to amend the Supplement, EA Manual, and Agency Standards at any time without prior notice to you, except that notice regarding changes to commission amounts will be given as indicated in Section XV.
- D. You are an independent contractor for all purposes and not an employee of the Company. You will have full control of your time and the right to exercise independent judgment as to the time, place, and manner of performing your duties, which are defined in this Agreement and the incorporated Supplement, EA Manual, and Agency Standards. You will not represent that you have authority to act on behalf of the Company or enter into any contract on behalf of the Company, except for contracts of insurance or other contracts as expressly authorized by this Agreement.
- E. You will not, either directly or indirectly, solicit, sell, or service insurance of any kind for any other company, agent, or broker, or refer a prospect to another company, agent, or broker, without the prior written approval of the Company. You may, however, write applications for insurance under an assigned risk, cooperative industry, or government established residual market plan or facility in accordance with the Company's rules and procedures.



- F. The Company will determine in its sole discretion all matters relating to its business and the operation of the Company including, but not limited to, the following:
 - 1. The determination of contract forms and provisions, premiums, fees, and charges for insurance and other Company Business;
 - 2. The acceptance or rejection of any application;
 - 3. The termination or modification of any contract or the refusal to renew any contract;
 - 4. The limitation, restriction, or discontinuance of the writing or selling of any policies, coverages, lines, or kinds of insurance or other Company Business;
 - 5. The obtaining of any licenses of the Company or the Company's withdrawal from any state, jurisdiction, or territory; and
 - 6. The type and quality of customer service received by Company policyholders.

II. DUTIES AND CONDITIONS:

- A. You will act as an agent of the Company for the purpose of soliciting, selling, and servicing insurance and other Company Business in accordance with the provisions of this Agreement. As an agent of the Company, you will provide customer service, including the collection of payments, for any and all Company policyholders and you will assist in claims administration in accordance with the Company's rules and procedures.
- B. You will meet certain business objectives established by the Company in the areas of profitability, growth, retention, customer satisfaction and customer service. You will build and maintain a profitable book of business, assist the Company in its efforts to achieve market penetration for all forms of insurance offered by the Company and other Company Business, and service the Company's customers in a manner consistent with the Company's goodwill, reputation, and overall business strategy.
- C. You will record, transmit, and process insurance and Company Business in the manner prescribed in the then current provisions of the Supplement.
- D. You agree to maintain any required agent license in the state or states in which you are appointed to represent the Company and to comply with any and all applicable federal, state, or local laws, rules, regulations and ordinances affecting your operation.
- E. The Company recognizes that you may, in your sole discretion, arrange to have business conducted at your sales location in your absence by your own employees or other persons and that the time during which you are physically present at your sales location is entirely in your sole discretion. You must, however, remain actively involved in the conduct of business at your sales location.
- F. You agree that the Company will have the authority to use your name and signature, or facsimile thereof, on policy documents and customer communication materials.
- G. You agree to maintain a professional business relationship with the Company, and, when requested, to meet with Company representatives at mutually convenient times to discuss various business topics. You also agree that, because you are conducting business with the public under the Allstate name, Company representatives shall be permitted access to your agency to review compliance with this Agreement during agency business hours.

- H. You agree that, as requested by the Company, you will demonstrate your knowledge of the Company products you are authorized to sell, as well as of federal, state, or local laws, rules, regulations and ordinances affecting your operation. If you are unable to demonstrate your knowledge of any product, the Company reserves the right to deny you the authority, or withdraw your existing authority, to sell that product until you demonstrate such knowledge.

III. YOUR EMPLOYEES:

- A. You have no authority to employ persons on behalf of the Company, and no employee of yours will be deemed to be an employee or agent of the Company, such employees at all times remaining your employees. You have sole and exclusive control over your labor and employee relations policies, and your policies relating to wages, hours, and working conditions of your employees. You have the sole and exclusive right to hire, transfer, suspend, lay off, recall, promote, assign, discipline, and discharge your employees.
- B. You are solely responsible for all salaries and other compensation of all your employees and will make all necessary salary deductions and withholdings from your employees' salaries and other compensation. You are solely responsible for the payment of any and all contributions, taxes, and assessments, and all other requirements of the federal Social Security, federal and state unemployment compensation, and federal, state, and local withholding of income tax laws on all salary and other compensation of your employees.
- C. You will comply with all other contracts, federal, state or local laws, ordinances, rules, or regulations regarding your employees, including federal or state laws or regulations regarding minimum compensation, overtime, and equal opportunities for employment. This includes, but is not limited to, your warranty and agreement to comply with the terms of the federal and state civil rights acts, Age Discrimination in Employment Act, Americans With Disabilities Act, Occupational Safety and Health Act, Immigration Reform and Control Act, and the Fair Labor Standards Act.
- D. You agree and warrant that your employees, while working in connection with this Agreement, will comply with any and all applicable federal, state, or local laws, rules, regulations, and ordinances.

IV. COMPANY PROPERTY, CONFIDENTIALITY:

- A. The Company will furnish you such signs, forms, manuals, records, and other materials and supplies as the Company deems advisable to assist you. All such property and information furnished by the Company will remain the property of the Company. In addition, the Company will offer, at your expense, such additional materials and supplies as the Company feels may be helpful to you.
- B. You agree that you will not at any time or in any manner, directly or indirectly, disclose to any third party or permit any third party to access any confidential information or any information containing trade secrets concerning any matters affecting or relating to the pursuits of the Company, except upon direct written authority of the Company. Furthermore, upon termination of this Agreement, you agree to treat as confidential and not to disclose, either directly or indirectly, to any third party any confidential information or trade secrets of the Company.
- C. You agree that you will not disclose or grant access to any confidential information or trade secrets to any of your employees or other persons providing services for you in connection with this Agreement, unless such employee or other person has signed a copy of the Confidentiality and Non-Competition Agreement attached as Appendix A. Appendix A is a sample copy of the electronic version of the document that must be transmitted to the Company.

- D. Confidential information includes, but is not limited to: business plans of the Company; information regarding the names, addresses, and ages of policyholders of the Company; types of policies; amounts of insurance; premium amounts; the description and location of insured property; the expiration or renewal dates of policies; policyholder listings and any policyholder information subject to any privacy law; claim information; certain information and material identified by the Company as confidential or information considered a trade secret as provided herein or by law; and any information concerning any matters affecting or relating to the pursuits of the Company that is not otherwise lawfully available to the public. All such confidential information is wholly owned by the Company. Such confidential information may be used by you only for the purposes of carrying out the provisions of this Agreement.
- E. Any confidential information or trade secrets recorded on paper, electronic data file, or any other medium, whether provided by the Company or by you, is the exclusive property of the Company, as is any such medium and any copy of such medium.
- F. You recognize that a breach of the foregoing provisions will cause irreparable damage to the Company's business and that such damage is difficult or impossible to measure. You agree that in the event of such breach, the Company, in addition to such other rights and remedies it may have, will be immediately entitled to an order granting injunctive relief from any court of competent jurisdiction against any act which would violate any such provision, without the necessity of posting a bond, and you waive any defense to an application for such order, except that the violation did not occur. You agree that the Company will be entitled to an award of reasonable attorneys' fees in the event that it is successful in an application for injunctive relief or in an action based upon breach of the foregoing provisions.

V. SALES LOCATION:

- A. You may select your sales location, within a geographical area specified by the Company, subject to Company approval. Initially, you have selected the location at 3399 NW 72 Ave, Ste 125 and such sales location has been approved by the Company. You agree that you will not establish any additional sales location without the prior written approval of the Company. You understand that you have no exclusive territorial rights in connection with your sales location.
- B. You agree to keep your sales location open for business as appropriate in the market to provide a proper level of customer service. As a minimum, you agree to operate your sales location consistently with the Agency Standards.
- C. You are authorized to sell insurance offered by the Company and Company Business only in the state containing your sales location and other states in which you are properly licensed and appointed as an agent by the Company.

VI. ADVERTISING:

- A. The Company will advertise its products and provide promotional material in accordance with its advertising policies. You may also advertise in your sole discretion, subject to the requirements in paragraph B. below.
- B. You will submit all signs and advertising copy, including, but not limited to, sales brochures, display advertisements in telephone directories, newspaper advertisements, radio and television commercials, electronic media displays, all sales promotional plans and devices, and all other materials to the Company for approval, if they use or contain any reference to any service mark or trade name of the Company. You will not use any such advertising material or sales promotional plan or device without obtaining prior written approval from the Company. The Company has the right to disapprove any or all of the aforesaid advertising forms and other materials insofar as they, in the exclusive judgment of the Company, do not conform to Company policy regarding use of Company service marks or trade names; may subject the Company to liability or loss of goodwill; may damage the reputation of the Company or Company customer relations; may fail to adhere to the requirements of any federal, state, or local governmental rules, regulations, or laws; may fail to

conform to community or Company standards of good taste and honest dealing; or may be detrimental to the business interests of the Company.

VII. SERVICE MARK AND TRADE NAME PROTECTION:

- A. You agree to cooperate fully in the quality control program conducted by the Company relating to the use of its service marks and trade names and the nature and quality of services rendered and goods distributed under its service marks and trade names. The Company will have the right to specify, delineate, or limit the services or goods in connection with which you may use any of its service marks or trade names. In the event that the nature or the quality of the services or goods in connection with which you use any of the service marks or trade names of the Company is not acceptable to the Company, then the Company will have the right to require you to institute appropriate procedures to correct any deficiencies noted by the Company.
- B. You agree, at the request and expense of the Company, to assist the Company in protecting and enforcing the rights of the Company in and to any and all of its service marks and trade names which you may then be using.
- C. You will not in any manner encumber, alienate, license, or transfer to any other entity any right whatsoever concerning the service marks or trade names the Company authorizes you to use in the performance of this Agreement, except as permitted in Section XVI.
- D. You recognize that a breach of the foregoing provisions will cause irreparable damage to the Company's business and that such damage is difficult or impossible to measure. You agree that in the event of such breach, the Company, in addition to such other rights and remedies it may have, will be immediately entitled to an order granting injunctive relief from any court of competent jurisdiction against any act which would violate any such provision, without the necessity of posting a bond, and you waive any defense to an application for such order, except that the violation did not occur. You agree that the Company will be entitled to an award of reasonable attorneys' fees in the event that it is successful in an application for injunctive relief or in an action based upon breach of the foregoing provisions.

VIII. EXPENSES:

You will be responsible for the payment of all expenses that you incur in the performance of this Agreement including, but not limited to: expenses for your sales location, supplies not furnished by the Company, compensation of your employees or other assisting persons whom you engage, telephone, postage, and advertising expenses incurred at your direction, and all other charges and expenses.

IX. TELEPHONE:

All telephone numbers used in connection with business conducted pursuant to this Agreement are the property of the Company.

X. INDEMNIFICATION:

- A. The Company will defend and indemnify you against liability, including the cost of defense and settlements, imposed on you by law for damages sustained by policyholders and caused by acts or omissions of the Company, provided that you have not caused or contributed to cause such liability by your acts or omissions. You agree, as a condition to such indemnification, to notify the Company promptly of any claim or suit against you and to allow the Company to make such investigation, settlement, or defense as the Company deems prudent. The Company reserves the right to select counsel to represent you in connection with any such claim or suit. You also agree to cooperate fully with the Company in any such investigation, settlement, or defense.

- B. You will indemnify the Company against liability, including the cost of defense and settlements, imposed on the Company by law for damages sustained by any person and caused by your acts or omission, or those of any employee or other person working in connection with this Agreement, provided that the Company has not caused or contributed to cause such liability by its acts or omissions. The Company agrees, as a condition to such indemnification, to notify you promptly of any such claim or suit against the Company. The Company reserves the right to select counsel to represent it in connection with any such claim or suit and to make such investigation or settlement as the Company deems prudent.

XI. INSURANCE:

- A. You agree that you will, at your sole expense, obtain and maintain during the term of this Agreement policies of insurance as described in the EA Manual, as may be amended from time to time. Such policies must be obtained from companies satisfactory to the Company and must be adequate to protect against all expenses, claims, actions, liabilities, and losses related to the subjects covered by the required policies.
- B. Where specified, each policy must name the Company as an additional insured and must contain a severability of interest/cross liability endorsement. Each policy must also expressly provide that it will not be subject to material change or cancellation without at least thirty (30) days prior written notice to the Company.
- C. You must furnish the Company with proof of insurance upon request by the Company. If, in the Company's opinion, such policies do not afford adequate protection for the Company, the Company will so advise you, and if you do not furnish evidence of acceptable coverage within fifteen (15) days after being requested to do so by the Company, the Company will have the right to obtain additional insurance at your expense and deduct the cost of such insurance plus a processing fee from monies owed you by the Company.

XII. FINANCIAL INFORMATION:

You shall maintain all books and records relating to the business under this Agreement including, but not limited to, all checkbooks, check registers, deposit receipts, and general ledgers for a period of not less than five years after the close of the fiscal year to which they relate. All of the foregoing records shall be open and available for inspection or audit at any time during normal agency hours without notice by the Company or its designated auditors and you shall have the duty to cooperate fully with the party(ies) making such inspection or audit.

XIII. POLICIES IN YOUR ACCOUNT:

Policies which are credited to your account are described in the Supplement. While this Agreement is in effect, the Company will leave in your account all policies credited to your account so long as the policyholder resides within a state in which you are licensed and appointed by the Company, except that the Company may remove any policy from your account at the request of a policyholder.

XIV. MONEY COLLECTED BY YOU:

All payments collected or received by you in the performance of this Agreement are the property of the Company, will be treated as trust funds, and will be promptly transmitted to the Company without deduction for any purpose in the manner specified by the Company. You must maintain accurate records and current remittance reports which may be inspected by the Company at any time without notice and which shall be submitted to the Company in accordance with its rules and procedures.

XV. COMPENSATION:

- A. The sole compensation to which you will be entitled for services rendered pursuant to this Agreement will be the commissions set forth in the Supplement, as may be amended from time to time. The Company will pay you your commissions at the time and in the manner set forth in the Supplement. However, due to the inherent uncertainty of business conditions, the Company reserves the right to increase or decrease any commission amounts and to change the commission rules. If the Company changes commission amounts, it will provide you with written notice of the changes at least ninety (90) days prior to the date on which they are to become effective.
- B. The Company may provide you with such bonuses, awards, prizes, and other remuneration based on performance, if any, as it may prescribe in its sole discretion.
- C. If any application for insurance is rejected, or any policy is surrendered or canceled, in whole or in part, for any reason, before the expiration of the policy period, or if any premium is reduced or any overpayment made to you, or if any premium paid is not earned by the Company, the commissions paid to you on the amount returned or credited to the policyholder, or the amount overpaid to you, will constitute an indebtedness of yours to the Company and will be charged to you or recovered from you by reducing any future commissions, awards, or bonuses due you.

XVI. TRANSFER OF INTEREST:

- A. This Agreement is personal to you and is being entered into in reliance upon and in consideration of your skills, qualifications, and representations. Accordingly, you may not execute a transfer of your interest in this Agreement or any interest in the business under this Agreement including, but not limited to, any sale, assignment, conveyance or the granting of any lien, security interest, pledge, or mortgage thereof, without the prior written approval of the Company. A transfer of interest in this Agreement is described in the Supplement and EA Manual and includes, but is not limited to, any sale, merger, or assignment, in whole or in part, directly, indirectly, or contingently, of this Agreement or any rights or obligations under it. You have the obligation to notify the Company of a proposed transfer and to request Company approval.
- B. You have an economic interest, as defined in this Agreement and the incorporated Supplement and EA Manual, in your Allstate customer accounts developed under this Agreement. Subject to the terms and conditions set forth in this Agreement and the incorporated Supplement and EA Manual, you may transfer your entire economic interest in the business written under this Agreement upon termination of this Agreement by selling the economic interest in the business to an approved buyer. The Company retains the right in its exclusive judgment to approve or disapprove such a transfer. Any failure to disclose and obtain the prior written approval of the Company for any transfer of your interest in this Agreement or any interest in the business under this Agreement shall constitute a breach of this Agreement and cause for termination of this Agreement.
- C. Approval of a proposed transfer of your entire interest in this Agreement will be conditioned upon the termination of this Agreement and the execution of a then current agency agreement by the proposed transferee.
- D. Policies in your account (Section XIII. above) will be transferred to an approved transferee.

XVII. TERMINATION OF AGREEMENT:

- A. This Agreement will be terminated automatically:
1. On the effective date of any transfer of your entire interest in this Agreement, whether approved or not, as described in Section XVI. above;
 2. Upon your death or permanent incapacity;
 3. Upon your loss of any required agent license; or
 4. Upon the surrender of, or the election not to renew, the Company's license to sell insurance in all lines in the state in which your sales location is located or the discontinuation of the sale of insurance in the state.
- B. This Agreement may be terminated:
1. At any time by mutual agreement of the parties in writing;
 2. By either party, with or without cause, upon providing ninety (90) days prior written notice to the other, or such greater number of days as is required by law. Once written notice of termination has been given by either party, you will, immediately upon request of the Company, cease to act or to represent yourself in any way as an agent or representative of the Company, but you will receive compensation pursuant to Section XV. from the Company for the period up to and including the specified termination date; or
 3. Alternatively, by the Company, with cause, immediately upon providing written notice to you. Cause may include, but is not limited to, breach of this Agreement, fraud, forgery, misrepresentation or conviction of a crime. The list of examples of cause just stated shall not be construed to exclude any other possible ground as cause for termination.

XVIII. OBLIGATIONS UPON TERMINATION OF AGREEMENT:

Except as otherwise provided in a subsequent agreement between you and the Company, upon termination of this Agreement, you agree that:

- A. You will not act or represent yourself in any way as an agent or representative of the Company.
- B. You will immediately return all property belonging to the Company, or dispose of it in such manner as the Company specifies.
- C. You will immediately cease to use such telephone numbers referenced in Section IX. above and execute an Order of Transfer of Responsibility for such numbers in your name to the Company or to any party the Company designates, and you will immediately notify the telephone company of any such transfer. You will be responsible for all charges incurred up to the date of execution of the transfer.
- D. For a period of one year following termination, you will not solicit the purchase of products or services in competition with those sold by the Company:
1. With respect to any person, company, or organization to whom you or anyone acting on your behalf sold insurance or other products or services on behalf of the Company and who is a customer of the Company at the time of termination of the Agreement;
 2. With respect to any person, company, or organization who is a customer of the Company at the time of termination of this Agreement and whose identity was discovered by you as a result of your status as a Company agent or as a result of your access to confidential information of the Company; or

- 3. From any office or business site located within one mile of the agency sales location maintained pursuant to Section V. of this Agreement at the time this Agreement is terminated.

In the event that such one year period or one mile distance exceeds the time or distance permitted by any applicable law, such period or distance will be automatically adjusted to the maximum period or distance permitted by such law. If any other provision in this paragraph D. conflicts with any existing law, it will be applied to the extent permitted by such law.

- E. You will immediately cease and desist from any and all use of Company service marks and trade names. You will immediately return to the Company all property in your possession or under your control bearing any Company service mark or trade name, or dispose of it in such manner as the Company specifies.
- F. You recognize that a breach of any of the foregoing provisions will cause irreparable damage to the Company's business and that such damage will be difficult or impossible to measure. You agree that in the event of any such breach, the Company, in addition to such other rights and remedies as it may have, will be immediately entitled to an order granting injunctive relief from any court of competent jurisdiction against any act which would violate any such provision, without the necessity of posting a bond, and you waive any defense to an application for such order, except that the violation did not occur. You agree that the Company will be entitled to an award of reasonable attorneys' fees in the event that it is successful in an application for injunctive relief or in an action based upon breach of the foregoing provisions.
- G. You recognize and acknowledge that each of the foregoing provisions of this Section XVIII. is reasonable and necessary to protect and preserve the legitimate business interests of the Company, its present and potential business activities, and the economic benefits derived therefrom. You recognize and acknowledge that the foregoing provisions will not prevent you from earning a livelihood and are not an undue restraint on you.

XIX. NOTICE:

All notices will be deemed to have been given if personally delivered, sent by facsimile transmission, or mailed as follows:

if to the Company:

Allstate Insurance Company
780 CARILLON PKWY #400
ST. PETERSBURG, FL. 33716
 Attention: HR

if to you:

Allwyn Jordan
3399 72ND AVE. Ste 125
MIAMI, FL. 33122

or to such other person or address as any party may furnish or designate to the other in writing.

XX. GENERAL PROVISIONS:

- A. This Agreement may not be modified except by a written agreement between the Company and you which expressly states that it modifies this Agreement. No other written statements, representations, or agreements and no oral statements, representations, or agreements will be effective to modify this Agreement. No representative of the Company will have authority to modify this Agreement, except as provided in this Section XX. Nothing in this Section will affect the Company's right to amend the Supplement, EA Manual, and Agency Standards, as provided in Section I.C.

- B. You acknowledge that you have reviewed the Supplement, EA Manual, and Agency Standards and that you have an ongoing responsibility to review all changes to the Supplement, EA Manual and Agency Standards issued by the Company and agree to be bound by them.
- C. References in this Agreement to the Supplement, EA Manual, and Agency Standards are references to the Supplement, EA Manual, and Agency Standards, including any changes which may be made from time to time and distributed to you by the Company.
- D. You acknowledge that you have read this Allstate R3001S Exclusive Agency Agreement, understand it, and agree to be bound by its terms.
- E. The authority granted to you under this Agreement is nonexclusive. The term "Exclusive" as used in the title of this Agreement refers to the obligations assumed by you under Section I.E.
- F. The descriptive headings of this Agreement are intended for reference only and will not affect the construction or interpretation of this Agreement.
- G. If any provision or part of this Agreement is held invalid for any reason, such invalidity will not affect any other provision or part of this Agreement not held invalid, and such remaining provisions and parts will remain in full force and effect.
- H. The failure of either party to insist upon the performance of any of the terms of this Agreement in any one or more instances will not be construed as a waiver or relinquishment of the future performance of any such term. The obligation of the parties with respect to any such future performance will continue in full force and effect.
- I. Nothing in this Agreement shall be construed to confer upon any person or entity other than the Company and you any rights under this Agreement.
- J. This Agreement, and the obligations or rights hereunder, shall not be assignable by you, except as provided by Section XVI. The rights and obligations of the parties to this Agreement shall be binding upon and inure to the benefit of the Company and its successors and assigns.
- K. This Agreement may be executed in counterparts, each of which will be deemed an original.

IN WITNESS WHEREOF, the Company and Agency have caused this Agreement to be executed by their authorized representatives and the parties hereby accept the terms of this Agreement.

ALLSTATE INSURANCE COMPANY

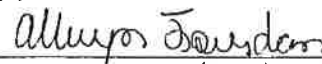


(authorized representative)

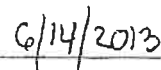


(date)

YOU



(name)



(date)

COMPOSITE EXHIBIT C



Mark Canfield
Territorial Sales Leader

October 14, 2015

Allwyn Jourdan
3399 NW 72nd #125
Miami FL 33122

Dear Allwyn Jourdan:

This letter is notice that Allstate Insurance Company is terminating your Allstate R3001S Exclusive Agency Agreement ("Agreement") effective immediately. The termination is pursuant to Section XVII.B.3 of the Agreement. Allstate is taking this action for reasons that include providing false information to the Company.

Upon termination of the agreement, your obligations to Allstate are stated in the Agreement. The Agreement requires that you must, among other things:

- Immediately return all property belonging to Allstate including all manuals, equipment, and any materials bearing any Allstate service mark or trade name;**
- Immediately cease to use any telephone numbers used to conduct Allstate business from the former sales location; and**
- Immediately cease and desist from any and all use of Allstate service marks and trade names.**

You may have the option of accepting a termination payment from Allstate or selling the economic interest to an approved buyer as outlined in the Independent Contractor Manual and the Supplement for the R3001S Agreement. If you are eligible for and elect the termination payment option, you will receive such payment calculated and paid in accordance with the Supplement for the R3001S Agreement. Please note the termination payment is conditioned upon, for example, compliance with the confidentiality and non-solicitation provisions that survive the termination of the Agreement and the immediate return of all Allstate property.



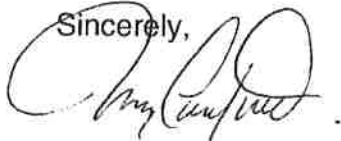
Page 2

If you elect to sell the economic interest in the book of business, Allstate has the absolute right of approval of the buyer. The buyer must meet Allstate's eligibility requirements. If Allstate approves a proposed buyer, the sale must be completed on or before February 1, 2016 and must be effective on the first day of that or any earlier month. If you do not present a buyer or the buyer that you present is not approved, we will process the termination payment as described above.

If you elect, you may sell your interest in any assigned risk policies you may own. After the Agreement terminates, you will continue to receive commissions on existing assigned risk policies processed by Allstate that you retain, if any. Also, if you elect, you may seek to transfer any flood policies you may have produced subject to such rules and policies that are applicable to flood business.

Please contact me with any questions you have regarding the termination process.

Sincerely,

A handwritten signature in black ink, appearing to read "Mark Canfield". The signature is written in a cursive style with a large initial "M" and "C".

Mark Canfield
Territorial Sales Leader

COMPOSITE EXHIBIT D

Allwyn Jourdan

From: Sylvester, Helen <Helen.Sylvester@allstate.com>
Sent: Monday, February 8, 2016 11:50 AM
To: ajourdan@caliber360.com; Beruvides, Marcelo
Subject: RE: Extension to sale book of business

Hello Mr. Jourdan,

The notice of termination you received was effective January 31, 2016. You were notified 90 days ahead of time per the R3001 agreement. During the 90 days you have the opportunity to find a buyer for the economic interest in your book or elect the termination payment. In some cases, we would allow an extension of 30 days but only if you were already working with a qualified buyer that needed the extra time to complete our training.

Unfortunately, we will not be able to grant an extension as your agreement terminated on January 31, 2016 and you did not present a qualified buyer during your 90 day notice.

Sincerely,



Helen Sylvester, Territory Sales Leader

C: 561-707-2631

F: 877-754-8106

Helen.Sylvester@allstate.com



Good Work - Good Life - Good Hands

CONFIDENTIALITY NOTE:

This e-mail and any attachments are confidential and are intended only for the stated recipient. If you are not the intended recipient, be aware that any disclosure, copying, distribution or use of this e-mail or any attachment is prohibited. If you have received this e-mail in error, please notify us immediately by returning it to the sender and delete this copy from your system. Thank you for your cooperation.

From: ajourdan@caliber360.com [mailto:ajourdan@caliber360.com]
Sent: Monday, February 08, 2016 10:44 AM
To: Beruvides, Marcelo
Cc: Sylvester, Helen
Subject: RE: Extension to sale book of business

Marcelo and Helen,

I'll like to request to be able to sell my economic interest book of business to an Allstate agent, licensed and qualified to service the book of business?

As you understand building a book of business from scratch requires an enormous amount of resources for new agents, I invested



over 250K in building the book from scratch to where it currently stands on the rounds 1.9 million in P&C and a significant volume of permanent life insurance policies.

Selling the book to an Allstate agent will allow the economic interest of the book to be sold by the agent who invested the resources to grow the book from scratch and recover partially the capital invested while being able to have the book serviced by a tenure qualified agent.

Sincerely,

Allwyn Jourdan, EA, MBA
Agency Principal/Owner

Caliber 360, Inc.
3399 NW 72 Ave.
Suite 125
Miami, FL 33122

ajourdan@caliber360.com
786.282.8875 voice
305.396.2829 efax

----- Original Message -----

Subject: RE: Extension to sale book of business
From: "Beruvides, Marcelo" <cberc@allstate.com>
Date: Tue, February 02, 2016 10:39 pm
To: "ajourdan@caliber360.com" <ajourdan@caliber360.com>
Cc: "Sylvester, Helen" <Helen.Sylvester@allstate.com>

Allwyn:

I discussed with Helen Sylvester and was told that there would likely not be an extension of more than a month (and even that might not be given). Since the candidates you had (even though neither passed) did not have licenses, the time would be insufficient. Bottom line is that is unlikely that a sale is unlikely unless it is to an existing agent.

Marcelo Beruvides

Field Sales Leader
Office: 305-984-2762
Cell: 305-788-1316
Fax: 866-655-7112
Email: cberc@allstate.com



Helping you accelerate growth, improve retention and drive loyalty.

allstate.com



From: ajourdan@caliber360.com [mailto:ajourdan@caliber360.com]
Sent: Monday, February 01, 2016 6:37 PM
To: Beruvides, Marcelo
Subject: RE: Extension to sale book of business
Importance: High

Marcelo,

I did not received response on the request for extension sent on 1/22/2016. This was the extension you indicated email you as per your recommendation on 1/21/2016. Was the extension considered ?

Sincerely,

Allwyn Jourdan, EA, MBA
Agency Principal/Owner

Caliber 360, Inc.
3399 NW 72 Ave.
Suite 125
Miami, Fl. 33122

ajourdan@caliber360.com
786.282.8875 voice
305.396.2829 efax

----- Original Message -----

Subject: RE: Extension to sale book of business
From: <ajourdan@caliber360.com>
Date: Tue, January 26, 2016 9:42 pm
To: cberc@allstate.com

Marcelo,

What is the status of the extension request for the sale of the book of business? Thank you.

Sincerely,

Allwyn Jourdan, EA, MBA
Agency Principal/Owner

Caliber 360, Inc.
3399 NW 72 Ave.
Suite 125
Miami, Fl. 33122

ajourdan@caliber360.com
786.282.8875 voice
305.396.2829 efax

----- Original Message -----

Subject: Extension to sale book of business

From: <ajourdan@caliber360.com>

Date: Fri, January 22, 2016 11:53 am

To: cberc@allstate.com

Marcelo,

Through this mean I am requesting an extension date to sale my Allstate book of business.

The extension date will permit reasonable time for the buyer to complete Allstate application process for approval, licensing and completion of sale of book .

I am currently working with more than one suitable candidates with solid interest in the book of business. Each of these buyers have the background and the liquid capital to purchase an Allstate book of business. The following candidate buyers are;

Ivan Garcia Caban, currently have a secured Letter of Interest (enclosed). Moving to Florida from Puerto Rico. Prior experience as partner at a commercial Real Estate and Technology company. Liquid capital 140K.

John B. - Sales and management experience and has been in the Real Estate business for a long time. Lives in Illinois but is moving to FL. Has spoken with Allstate Sales leader Marcelo

Beruvides and have minimum liquid capital of 75k.

Eli Martin, Lives in Florida. Used to own her own mortgage business and has lots of experience in working with insurance agents. Liquid capital above 100k.

Consideration of this request is mutually benefit for Allstate and myself as the economic owner of the book to be able to place a buyer/agent that is a suitable within Allstate guidelines while being able to sell the book of business within a fairly timeline.

Sincerely,

Allwyn Jourdan, EA, MBA
Agency Principal/Owner

Caliber 360, Inc.
3399 NW 72 Ave.
Suite 125
Miami, Fl. 33122

ajourdan@caliber360.com
786.282.8875 voice
305.396.2829 efax

COMPOSITE EXHIBIT E



Conrado Yero, Inc
10030 SW 40th Street
Miami, FL 33169
Tel 305-222-1223
Fax 305-222-1224

01/25/2016

MELGAR, ABRAHAM AND PATRICIA J

Dear Customer:

We would like to take this opportunity to welcome you to our agency. As you may already know, your insurance agent, Allwyn Jourdan, is no longer an Allstate agent, therefore, our agency has now the pleasure of hopefully serving all your insurance needs!

Our agency is a family operated business and our goal is to ensure that our clients are always satisfied.

Please call us today or come to our office and ask for Ginette Garcia or me, so that we can evaluate your policy while you drink a cup of our delicious coffee!!

See you soon.

Sincerely,

Conrado Yero.
Allstate Exclusive Agent





Conrado Yero, Inc
10030 SW 40th Street
Miami, FL 33169
Tel 305-222-1223
Fax 305-222-1224

01/25/2016

RIOS, DARIO

Dear Customer:

We would like to take this opportunity to welcome you to our agency. As you may already know, your insurance agent, Allwyn Jourdan, is no longer an Allstate agent, therefore, our agency has now the pleasure of hopefully serving all your insurance needs!

Our agency is a family operated business and our goal is to ensure that our clients are always satisfied.

Please call us today or come to our office and ask for Ginette Garcia or me, so that we can evaluate your policy while you drink a cup of our delicious coffee!

See you soon.

Sincerely,

Conrado Yero.
Allstate Exclusive Agent

IN THE CIRCUIT COURT OF THE ELEVENTH JUDICIAL CIRCUIT IN AND FOR
MIAMI-DADE COUNTY, FLORIDA

ALLWYN JOURDAN,

Plaintiff,

CASE NO.: 2018-023085-CA-01

Division: Circuit Civil

vs.

ALLSTATE INSURANCE COMPANY,
a Foreign Illinois Registered Corporation,
CONRADO YERO, INC., a Florida for
Profit Corporation

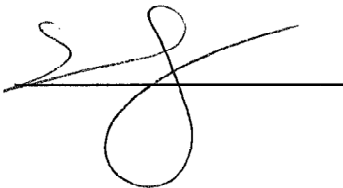
Defendants.

_____ /

WAIVER AND ACCEPTANCE OF SERVICE OF PROCESS

Defendant, ALLSTATE INSURANCE COMPANY, hereby waives the necessity for personal Service of Process for the Complaint in this action and accepts in lieu thereof service upon its attorney, DANIEL R. BRYER, ESQUIRE, receipt of which is acknowledged by the undersigned signature. DANIEL R. BRYER, acknowledges receipt of the Complaint in this action by his signature as set forth below.

I understand that a judgment may be entered against Defendant ALLSTATE INSURANCE COMPANY, if a written response is not served within twenty (20) days from the date I signed and acknowledged this Waiver and Acceptance of Service of Process.

 _____ Date: 8/1/18