

**IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION**

IN RE THE ALLSTATE CORPORATION
SECURITIES LITIGATION

Case No. 16-cv-10510

Hon. Robert W. Gettleman

CLASS ACTION

**DECLARATION OF THOMAS G. HOFFMAN, JR.,
IN OPPOSITION TO DEFENDANTS' MOTION TO DISMISS
THE CONSOLIDATED CLASS ACTION COMPLAINT**

I, Thomas G. Hoffman, Jr., hereby declare as follows:

1. I am admitted to the bar of the State of New York, admitted *pro hac vice* to practice before this Court, and am a partner in the law firm of Labaton Sucharow LLP, Lead Counsel for Lead Plaintiffs. I respectfully submit this declaration in opposition to the motion to dismiss of Defendants The Allstate Corporation, Chairman and CEO Thomas J. Wilson, and President, Matthew E. Winter.

2. Attached hereto as Exhibit 1 is a true and correct copy of the Expert Declaration of Andrew J. Barile, dated August 3, 2017.

3. Attached hereto as Exhibit 2 is a true and correct copy SEC Form 4 -Statement of Changes in Beneficial Ownership, for Steven E. Shebik, EVP & Chief Financial Officer of the Allstate Corporation, dated May 13, 2015, which is a public record.

I declare under penalty of perjury that the foregoing is true and correct to the best of my knowledge.

Executed on this 3rd day of August, 2017 in New York, New York.


Thomas G. Hoffman, Jr.

EXHIBIT 1

**IN THE UNITED STATES DISTRICT COURT
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Case No. 16-cv-10510
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EXPERT DECLARATION OF ANDREW J. BARILE

August 3, 2017

TABLE OF CONTENTS

- I. Introduction..... 1
- II. Relevant Factual Background..... 2
 - A. Industry Background..... 2
 - B. Relevant Allegations From the Complaint 3
- III. Opinions..... 6

Appendix A - Curriculum Vitae of Andrew J. Barile (includes Prior Publications and List of Cases)

I. INTRODUCTION

1. My name is Andrew J. Barile. I am the President and Chief Executive Officer at Andrew Barile Consulting Corporation, Inc., Savannah, Georgia, an independent insurance and reinsurance consulting firm providing professional services to law firms, insureds, and owners of insurance companies, insurance agencies, and managing general agencies.

2. I have been asked by counsel for Lead Plaintiffs in this matter to offer an expert opinion on issues that were raised by Defendants in their motion to dismiss the Consolidated Class Action Complaint (“Complaint”), including: (1) the casual relationship between certain underwriting practices alleged to have been implemented by Allstate in 2013 in its auto-insurance business and a subsequent increase in auto-claims frequency; and (2) the reasonableness of the period of time between when Allstate apparently implemented certain underwriting standards and the appearance of an uptick in claims frequency.

3. My qualifications for issuing an expert opinion on these matters are as follows: I was educated at The College of Insurance in automobile insurance underwriting, I worked on preferred automobile insurance underwriting at insurance companies Home Insurance Company, Phoenix of London Insurance Group, and Great American Insurance Co.; I performed reinsurance company automobile reinsurance underwriting for Swiss Re, American Re, and non-standard auto underwriting at Arrowhead General Insurance Agency, Inc; and I am an active member of the Board of Directors for Park Insurance Company, an automobile insurance company. My qualifications are further detailed in my Curriculum Vitae, which is attached as Appendix A and includes a list of my prior publications and the cases in which I have previously provided expert testimony.

4. Andrew Barile Consulting Corporation, Inc. is being compensated at Four Hundred Dollars (\$400.00) per hour for my work on this matter. Neither my compensation nor

the compensation of my firm is any way contingent upon the outcome of this case or upon the opinions I express.

5. In formulating my opinions set forth in this Expert Declaration, I have reviewed the Complaint and have assumed that the allegations therein are true, and will later be proven by Plaintiffs. I also reviewed publicly available documents from the Class Period, which are referenced in the Complaint, including Allstate's regulatory filings with the SEC, press releases, and transcripts of earnings calls Allstate conducted with investors. I also relied on my knowledge, experience and formal underwriting training at The College of Insurance, at insurers, Home, Phoenix of London, Great American, at reinsurers Swiss Re, American Re, and at Park Insurance Company, automobile insurance company. I reserve the right to amend the conclusions I reached in this Declaration to reflect new information that becomes available to me in light of further proceedings in this matter, including discovery and/or future rulings from the Court.

II. RELEVANT FACTUAL BACKGROUND

A. Industry Background

6. As a trained, experienced automobile insurance underwriter, I fully understand the automobile underwriting process. Insurance underwriting is a common term referring to the process of determining risk for potential Insureds. An insurance underwriter chooses who and what the insurance company will insure based upon the company's underwriting guidelines. A private passenger automobile underwriter analyzes the important factors, such as the Insured's prior driving record, the location of where the car is driven, how many miles per year the car is driven, and the credit history of the Insured. An insurance company wanting to grow its business can loosen the underwriting guidelines/standards and, for example, start accepting Insureds who have had prior auto accidents.

7. It is well understood in the industry that when an insurer reduces its underwriting standards for risk selection by writing higher risk drivers, (other factors being equal) this action will necessarily lead to higher claims frequency, increased claims losses, and lower profitability for the automobile insurance company.

B. Relevant Allegations From the Complaint

8. At the start of 2013, Allstate announced to investors that it was reordering its priorities and making growth its number one goal.¹

9. A confidential witness, CW 3, a Colorado Allstate Agency owner for nearly thirty years, through October 2016, stated that *Allstate significantly loosened its underwriting guidelines in 2013 to increase the number of its policies in force*. Because of the much lower underwriting guidelines, CW 3 stated that “the quality of the business went way down ... and the losses increased.”²

10. CW 3 stated that Allstate altered its proprietary credit score, known as IFS, more than once, including by altering its IFS algorithm to allow drivers with good credit to qualify for the best IFS score of 1, *i.e.*, the most preferred base-rate, no matter how many tickets or prior accidents the drivers had. Another exception allowed certain drivers with no prior insurance to obtain Allstate insurance at preferred rates.³

11. In addition, CW 3 stated that Allstate created an insurance score appeals department (“IS Appeals”), which allowed agents to push drivers through the underwriting process who otherwise would not have been approved for insurance. In fact, the IS Appeals

¹ ¶ 38. All citations to paragraph numbers in this Declaration refer to paragraphs in the Complaint (ECF No. 50).

² ¶ 39.

³ ¶¶ 34-35, 40.

process approved many drivers with no prior insurance to qualify for Allstate's lowest IFS score and most preferred rate. CW 3 stated that drivers "flew through" the system and that every driver CW 3's agency submitted to IS Appeals was approved for a policy. CW 3 also stated that agents were under tremendous pressure to write new policies and that Allstate incentivized agents to push drivers through the IS Appeals process. According to CW 3, all of this new business obtained through greatly reduced underwriting standards caused a severe loss ratio in 2014.⁴

12. CW 3 attended district and regional meetings where Allstate's underwriters would discuss rate changes across several states. CW 3 explained that in 2013, when Allstate underwriters loosened the underwriting guidelines, they would email this information to the agencies throughout the country.⁵

13. Another confidential witness, CW 4, worked as a Financial Analyst and was responsible for reporting certain metrics, including new business items and items-in-force. CW 4 then became a senior compliance consultant in Allstate's Claims Risk Management group from November 2014 through October 2016. As a compliance officer, CW 4 managed a team of Allstate employees that monitored claim payment transactions. In both roles, CW 4 analyzed the quality of drivers Allstate insured and the frequency and severity of claims against new policies that Allstate underwrote.⁶

14. CW 4 stated that Allstate encouraged a practice through independent agents known as "book rollovers," which occurs when an agent rolls over a customer from a different

⁴ ¶ 41.

⁵ ¶ 42.

⁶ ¶ 43.

company, such as GEICO, to an Allstate policy. Beginning in 2013, Allstate incentivized independent agents to roll customers over to Allstate.⁷

15. According to CW 4, these practices were done without regard to the kinds of drivers being added to Allstate's books. CW 4 stated that Allstate was "looking to build up their volume rather than look at the risk implications of the drivers that they were taking on." When analyzing the claims from such drivers, CW 4 noted an increase in claims frequency and severity starting in 2014, and noted that "we [Allstate] created the severity with the policies we were writing." CW 4 stated that the new policies were being written for "a lot of bad drivers."⁸

16. By Q3 2014, Allstate experienced a steep increase in claims paid frequency, which reversed the Company's long-standing favorable frequency and profitability trends. Specifically, from Q2 2014 to Q3 2014, Allstate experienced a jump of 4.0 percentage points in the year-to-year quarterly rate change in auto bodily injury (or "BI") paid frequency, moving from a negative 3.8% rate change to a positive 0.2% rate change.⁹ That increase grew even larger over the next three quarters.¹⁰

17. Further, property damage paid claims reversed course in Q3 2014, and thereafter experienced sustained and steadily increasing frequency rates through Q3 2015.¹¹

18. Allstate first disclosed the increase in claims frequency, including a 4% increase in BI frequency, in February 4, 2015.¹² On an earnings call the next day, Allstate executives told

⁷ ¶ 44.

⁸ ¶ 45.

⁹ ¶ 48.

¹⁰ ¶ 52.

¹¹ ¶ 51.

¹² ¶¶ 52, 70.

investors that they had looked into the cause of the increase in claims frequency and blamed it on external factors—non-catastrophic weather and miles-driven.¹³

19. On May 5, 2015 Allstate announced its Q1 2015 results and reported a continued increase in claim frequency.¹⁴ Winter again blamed external factors for the increase and described how Allstate reached that conclusion.¹⁵

III. OPINIONS

20. The changes to Allstate’s underwriting standards were so substantial that Allstate executives, Tom Wilson, Chairman and Chief Executive of The Allstate Corporation, Matthew Winter, President, Allstate, and Steven Shebik, Executive Vice President and Chief Financial Officer, who have all spent the majority of their insurance careers at Allstate, would have known given their experience at the time they implemented the changes in 2013 that Allstate would inevitably experience an increase in claims frequency in its auto-insurance business. This is consistent with certain post-class period admissions by Allstate executives (*e.g.*, Winter stated that new auto business growth contributed to the increase in auto claims and this impact was expected¹⁶; Wilson stated that Allstate “made underwriting standards more restrictive which has the effect of reducing higher loss ratio new business”¹⁷). It is well understood in auto insurance underwriting that if you lower the standards for driver risk selection, claims will increase.

¹³ ¶ 73; *The Allstate Corporation FQ4 2014 Earnings Call Transcripts*, (RJN Exh. F, ECF No. 56) at 11-12.

¹⁴ ¶¶ 52, 85. In my experience, the reported increases in claims frequency in February and May 2015 were significant, particularly because, as alleged in the Complaint, Allstate’s competitors did not experience a similar increase in claims frequency. *See* ¶¶ 89, 109, 111-112, and 114.

¹⁵ ¶ 88; *The Allstate Corporation FQ1 2015 Earnings Call Transcripts*, (RJN Exh. J, ECF No. 56) at 12.

¹⁶ ¶ 106; *The Allstate Corporation FQ2 2015 Earnings Call Transcripts*, (RJN Exh. M, ECF No. 56) at 7.

¹⁷ ¶ 117.

21. I understand that Defendants argue in their motion to dismiss the Complaint that Plaintiffs failed to allege any contemporaneous facts that show that “underwriting was the real reason for the increase in claims frequency.” Def. Memo at 20, 23-24. This is not correct. The changes to Allstate’s underwriting practices for its auto insurance business, as alleged in the Complaint, particularly those practices described by CWs 3 and 4, constituted a substantial reduction of Allstate’s underwriting standards.

22. A Colorado Allstate agency owner for nearly thirty years, CW 3 would be in a position merely by observing the practices in his agency to observe that Allstate greatly reduced its underwriting guidelines. CW 3 stated that “the quality of the business went way down and the losses increased.” CW 3 further detailed how Allstate reduced its standards to allow drivers with prior tickets, prior accidents or no prior insurance to qualify for Allstate’s lowest base rate. These practices constituted a substantial reduction in Allstate’s underwriting standards.

23. A former Allstate employee who worked on Allstate’s independent agent side of the business (CW 4) stated that Allstate encouraged a practice through independent agents known as “book rollovers.” The independent agent would have in his/her agency a book of business with other personal auto insurers, and Allstate gave the agency financial incentives to move the business, upon expiration to Allstate, without regard to the quality of drivers being rolled-over. This practice deviated from industry norms and constituted a substantial reduction of Allstate’s underwriting standards.

24. These particular underwriting practices would inevitably lead to an increase in claims frequency in Allstate’s auto insurance business. The changes to Allstate’s underwriting standards, as described in the Complaint, were so substantial that it is apparent that they would inevitably cause (in whole or in part) the increase in claims frequency Allstate observed in the

second half of 2014, which continued through the Class Period (October 29, 2014 and August 3, 2015).

25. I understand that Defendants argue that their Class Period statements about the cause of the increase in claims frequency were sincerely held opinions based on a reasonable analysis of their auto insurance claims data. Def. Memo at 18-19. However, based on:

- (a) the descriptions of investigations Allstate conducted into the cause of the increase in claims frequency provided by Defendant Winter, on February 5, 2015 and May 6, 2015 during earnings calls with investors;
- (b) the degree of changes to Allstate's underwriting standards as described by CWs 3 and 4; and
- (c) Defendants' expectation based on their industry experience over many years that there would be an increase in claims frequency;

I am not aware of any instance where an insurance company reduced its underwriting standards to the degree that Allstate did as described by CWs 3 and 4, and did not experience a significant increase in claims frequency as a result of the reduction in standards.

26. Defendants observe that there was an approximate 18 month lag between (1) the time that Allstate announced a plan to grow its auto insurance business and allegedly implemented its lower underwriting standards and (b) the time the increase in claims frequency appeared in the second half of 2014. I understand Defendants argue that this 18-month lag makes Plaintiffs' allegations unlikely. Def. Memo at 23. However, the approximate 18-month delay is fully consistent with the range of delays normally observed in the auto insurance industry

between the reduction of underwriting standards and the occurrence of increased claims frequency.

Dated: August 3, 2017

Respectfully submitted,

by _____
Andrew J. Barile, President
Andrew J. Barile Consulting Corporation, Inc.

APPENDIX A - CURRICULUM VITAE OF ANDREW J. BARILE (INCLUDES PRIOR PUBLICATIONS AND LIST OF CASES)

Professional Summary

Mr. Barile has over 50 years of experience which expands the entire insurance distribution system. He has an intricate knowledge of the insurance and reinsurance industries, having been a practitioner in all phases of the industry. Mr. Barile has either owned, or has been employed by, or has been a consultant to the following types of insurance firms:

- Retail Insurance Broker
- Wholesale Insurance Broker/Excess and Surplus Lines
- Managing General Agency on Behalf of both Admitted and Non-Admitted Insurance Companies
- Admitted and Non-Admitted Insurers
- Reinsurance Intermediary/Reinsurance Broker
- Direct-Writing Reinsurer
- Broker Market Reinsurer
- Bermuda Reinsurer
- Captive Insurer/Micro Captives

Mr. Barile is currently the owner of Andrew Barile Consulting Corporation, Inc., a strategic insurance and reinsurance consulting firm providing insurance solutions to members of the insurance industry.

Expertise (Custom and Practice)

- Insurance Industry
- Reinsurance Industry

Education

<u>Year</u>	<u>College or University</u>	<u>Degree</u>
1972	NYU, Stern's Business School	M.B.A., International Business and Finance
1970	The College of Insurance, St. John's School of Business and Risk Management	B.B.A., Insurance
1967	Lloyd's of London and British Insurance Company Market	Anglo-American Fellowship to work at Lloyd's of London and the British Insurance Market

Professional Experience

From: July 2007
 To: December 2011
 Organization: Appalachian Reinsurance (Bermuda) Ltd.

Title: Director
Summary: Bermuda segregated cell reinsurance company.

From: July 2006
To: December 2011
Organization: Appalachian Underwriters, Inc.
Title: Consultant to Owner

From: December 2005
To: December 2008
Organization: The Risk Management and Profit Institute, Rancho Santa Fe, California
Title: Co-Founder
Summary: Insurance policy reviews/captive insurance feasibility studies. Designated Insurance Industry Expert by business owners. Direct Procurement Policies.

From: April 2001
To: Present
Organization: Andrew Barile Consulting Corporation, Inc., Savannah, Georgia
Title: Founder and CEO
Summary: Insurance and Reinsurance Consultants, Insurance and Reinsurance Litigation Support. Captive insurance company feasibility studies. Negotiating reinsurance on behalf of Risk Retention Groups. Insurance company market finding on behalf of retail, wholesale, and Managing General Agent owners. Director, Insurance Companies.

Consulting to Owners of Agencies:

- Insurance company market finding
- Program design and implementation
- Agency-Company relations (negotiating MGA Agreements)
- MGA Underwriting

Consulting to Owners of Corporations:

- Captive formation for agents/carriers/corporations
- Captive Feasibility Studies/Direct Procurement Policies
- Fronts and Reinsurance for captives
- Capital raising for captives
- Captive Reinsurance Expert/Director/Arbitrator
- Mortgage Captive Reinsurers

**Consulting to Litigation Law Firms
(Insurance Industry and Reinsurance Industry):**

- Errors and Omissions litigation services
- Litigation Support to Law Firms
- Insurance/Reinsurance Expert Witness
- Reinsurance Arbitrator
- Reinsurance Broker Litigation

Consulting to Insurance Companies:

- Reinsurance negotiating
- Marketing negotiating
- Insurance Industry Mergers and Acquisitions
- Director/Insurers and Offshore Insurers

- Excess/Umbrella Underwriting
- AM Best Negotiation

From: 1997
To: 2001
Organization: Arrowhead General Insurance Agency, Inc., San Diego, California
Title: President, Commercial Division
Summary: Complete responsibility for the startup and growth of \$40 million, \$9.5 million in gross revenues, new commercial division. Provided the strategic direction in insurance product development, marketing, underwriting, agent relationships, carrier relationships, reinsurance, sales and systems.

- Implemented a commercial insurance product segmentation strategy, revitalizing two insurance product line extensions that increased revenues substantially each year.
- Built a profitable division by renegotiating general agency agreements, and treaty reinsurance agreements.
- Generated increases in premium volume and collected contingent commission checks from insurance companies, and their quota share reinsurers.

From: 1992
To: 1997
Organization: Insurance Agency Programs, Inc., New York City, New York
Title: President/CEO
Summary: Responsible for growth of an independent insurance and reinsurance consulting firm with focus on designing, implementing, and managing special niche insurance programs. Provide strategic direction to insurance agents, insurance companies, reinsurance intermediaries, reinsurance companies, banks, and private venture capitalists and private equity firms.

- Lead the creation of strategic alliances with the vertical integration of reinsurance companies.
- Developed and delivered educational programs to enhance the concept of profiting from specialty niche insurance programs, and banks in insurance.
- Consultant to banks on distribution channel management, ownership of different types of insurance entities.
- Consultant to investment banking firms whom made strategic investments in offshore insurance companies, insurance agencies, and MGUs.

From: 1979
To: 1980
Organization: U.S. Property-Casualty Surplus Lines Insurance Company
Title: President/Director
Summary: Appointed Surplus Lines Brokers; Purchased the Reinsurance Program.

From: 1978
To: 1979
Organization: Bermuda Property/Casualty publicly-held reinsurance company
Title: Board of Directors/ANECO Reinsurance Company, Limited
Summary: Demonstrated expertise in assessing financial insurance risk and realigning business strategy to capitalize on growth of offshore reinsurance industry.

From: 1977
To: 1992
Organization: Reinsurance Brokerage Firm
Title: Co-Founder, Andrew Edwards & Company, Inc.
Summary: Co-founded a reinsurance brokerage firm, raising start-up capital, building a profitable brokerage firm; and eventually selling it privately. Focus captive insurers, start-up insurers, MGAs and program administrators, and all personal and commercial lines of insurance. Capitalized, structured and built a successful reinsurance intermediary utilizing business relationships with MGUs, privately owned insurers, and captive insurance companies. Standard of care for Reinsurance Intermediary.

From: 1966
To: 1971
Organization: North American Reinsurance Corporation and American Re-Insurance Company
Title: Marketing and underwriting positions
Summary:

- Built a profitable portfolio of property/casualty facultative reinsurance business.
- Designed and implemented a treaty reinsurance underwriting manual for treaty underwriting department.
- Established and maintained effective business relationships with ceding insurance companies throughout the United States.

From: 1960
To: 1977
Organization: Commercial Union Insurance Group, Home Insurance Company, Phoenix of London Insurance Group, Great American Insurance Group/Wohlreich and Anderson Ltd. (Alexander Howden – Lloyd's Brokers).
Title: Underwriting Management
Summary:

- Underwrote workers' compensation and large retro rated property and casualty insurance accounts and programs.
- Developed and administered Umbrella Liability and specialty risks, public utilities, public entities, etc.
- Underwrote surplus lines insurance, professional liability, wrap-up insurance.
- Underwrote general liability, commercial auto liability, workers compensation, retro "D" rating.
- Underwrote and placed Directors' and Officers Liability Insurance at Lloyd's of London.

Professional Affiliations, Achievements & Awards

- Member, International Insurance Society, Inc., New York City, New York (2005)
- Member, ARIAS-US/AIDA Reinsurance and Insurance Arbitration Society (2004)
- Chartered Property and Casualty Underwriter (CPCU), American Institute of Chartered Property and Casualty Underwriters (1972)

- Member, Society of CPCU: Consulting, Litigation and Expert Witness Section; Agent and Broker Solutions Section – Risk Management Section – Reinsurance Section – Underwriting Section – Excess & Surplus Lines Section – Regulatory Section (1972)
- Anglo-American Fellowship (The College of Insurance) (1967)

Publications

Books

1. Reinsurance, A Practical Guide, Interstate Service Corp., 1978.
2. The Captive Insurance Company, An Emerging Profit Center (out of print, available at The College of Insurance Library, New York City), 1978.
3. Reinsurance and Reinsurance Management, Andrew J. Barile, CPCU, Editor, Interstate Service Corp., Oklahoma City, OK, ©, 1981, 350 pages.
4. A Practical Guide to Financial Reinsurance, CPCU, 1991, 355 pages.
5. A Practical Guide to Finite Risk Insurance and Reinsurance, John Wiley and Sons, Inc., 1995, 350 pages.
6. Reinsurance, A Practical Guide, White Paper, Andrew Barile Consulting Corporation, Inc., 2001.
7. The Agent Owned Captive Insurance Company/How Agents Profit from a Hard Market, White Paper, Andrew Barile Consulting Corporation, Inc., 2001.

Articles

1. Finding Insurance Company Markets for Agents – The Role of the Specialty Insurance Program Intermediary, CPCU Bulletin, 1987.
2. Consultant Plays Agent – Company Matchmaker, by Colleen Mulcahy, The National Underwriter, September 11, 1989.
3. Finite Risk Insurance and Reinsurance is a must have for anyone in the reinsurance industry, Florida Insurance News, July, 2001.
4. Specialty Program Development, Implementation and Management Requires Doing Your Homework, Florida Insurance News, July, 2001.
5. Could What You Don't Know About Reinsurance Bankrupt Your Business?, Insurance Journal, October 29, 2001.
6. A Captivating Time For Agents, National Underwriter, October 29, 2001.
7. WTC Attacks May Not Devastate Reinsurers, Florida's Insurance News, September-October, 2001.
8. Price Haggling is Intense Among Insurers, New York Times, November 17, 2001.
9. Schlueter, George J., Ph.D. and Barile, Andrew J., Does Offshore Insurance Benefit the U.S. Economy?, Risk Management Magazine, March, 2002.
10. G.E. Weighs Sale of a Unit That Insurers Other Insurers, New York Times, March 16, 2002.
11. At a Premium – Insurance Rates Rising – With No End in Sight, San Diego Union, March 28, 2002.
12. Structuring and Negotiating Risk Linked Securities, Another Alternative Risk Transfer Solution for the Risk Manager, May, 2004.
13. Insurance and Reinsurance Litigation Experts Negotiating Retainer Agreements, May, 2004.
14. Using Catastrophe Bonds to Provide Unique Insurance Solutions, June, 2004.
15. Strategic Insurance Solutions Using the 501(c) and 831(b) Captive Insurance Company by Corporation Owners, August, 2004.
16. The Captive/Offshore Insurance Company, An Emerging Profit Center – Revisited 25 Years Later, September, 2004.

17. Providing Strategic Insurance Industry Consulting Services to Institutional Investment Firms, September, 2004.
18. Outsourcing Technology Overseas on Behalf of the United States Property Casualty Insurance Industry, September, 2004.
19. Negotiating the Buying of Reinsurance on behalf of the Owners of Captive Insurance Companies, October, 2004.
20. Insurers Will Need Help in Managing the Reinsurance Buying Process, November, 2004.
21. Property Insurance Underwriting in the Internet Age ..., December, 2004.
22. Practical Guidance from Experienced Reinsurance Arbitrator, December, 2004.
23. Offering World-Class Software and Technology Solutions for the U.S. Property-Casualty Insurance Industry, December, 2004.
24. Successful Financial Strategies for Hedge Fund Owners Utilizing The Insurance Industry Consultant, December, 2004.
25. Strategic Insurance Advisory Consulting Services to Access “Fronts” For Captive Insurance Companies, January, 2005.
26. Glacier Reinsurance, A Start Up Reinsurance Company, January, 2005.
27. Investment of Captive Insurance Company Funds, January, 2005.
28. Negotiating the Purchase of Reinsurance on Behalf of Owners of Captive Insurance Companies, February, 2005.
29. Negotiating Fees, March, 2005.
30. Investing in Reinsurance, Weather Derivatives, and CAT Bonds for Profit, March, 2005.
31. Investigations/Settlements and Their Implications for Captive Insurance Companies, March, 2005.
32. Finite Reinsurance Controversy Resurrects an Expert’s Nearly Forgotten Book, April, 2005.
33. Insurance and Reinsurance Expert to Law Firms, April, 2005.
34. How to Tell If An Insurance Company Is Purchasing Finite Reinsurance, July, 2005.
35. Reinsurance Intermediaries Performing Insurance Company Marketing Finding, October, 2005.
36. Family Business Boards, Best Practices and Beyond (TOPICS: The Use of Strategic Advisory Boards Management Considerations Carrier Relations Strategic Partnerships/Mergers Ownership and Operations of a Family Business), November, 2005.
37. IN PERSON The insurers' go-to guy, San Diego Union Tribune, January 3, 2006.
38. Negotiating Fronting Fees On Behalf Of Owners Of Captive Insurance Companies, March, 2006.
39. Captive Insurance Companies Need Independent Outside Insurance Experienced Directors, ProducersWeb, April, 2006.
40. Outsourcing in the P & C Insurance Industry, ProducersWeb, April, 2006.
41. What Do Lawyers Value When A Selecting Litigation Consultant?, ProducersWeb, April, 2006.
42. Agents: Markets Aren’t Always Going to Come to You, ProducersWeb, April, 2006.
43. Understanding Financial Ratings for Captive Insurers, ProducersWeb, May, 2006.
44. A Perspective on the Future for Finite Risk Reinsurance, ProducersWeb, May, 2006.
45. Captive Insurance Company Feasibility Studies Need to Focus More on Quantifying the Captive Savings on Traditional Insurance Costs, ProducersWeb, May, 2006.
46. Accessing Fronts (Insurers) for Captive Insurance Companies, ProducersWeb, May, 2006.
47. Retail Agents, Wholesale Agents, Managing General Agents: Strategic Advisory Director/Consultant Retained to Find Insurance Company Markets, ProducersWeb, May, 2006.
48. Merger/Acquisition Trends and Developments in the Area of Wholesalers/Excess and Surplus Lines Brokers, ProducersWeb, May, 2006.
49. Will Buying Insurance for Corporate America Change?, ProducersWeb, June, 2006.
50. The New Challenges for an Insurance Company Director, ProducersWeb, November, 2006.
51. The Continuing Effect of Hurricane Katrina in the Insurance Marketplace, ProducersWeb, November, 2006.
52. Custom and Practice in the Property and Casualty Insurance Industry Distribution System, ProducersWeb, November, 2006.

53. New Challenges Demand Better-Informed Insurer Directors, National Underwriter, December 11, 2006.
54. Reinsuring the Agent-Owned Captive Insurance Company, ProducersWeb, June, 2007.
55. Hedge Funds Provide Capital to the Insurance/Reinsurance Industry – Private Equity Firms – Investing in Distribution, ProducersWeb, June, 2007.
56. Insights into the Insurance Industry, ProducersWeb, July 30, 2007.
57. Products Liability Insurance Risk Assessment Report, July, 2007.
58. Attention: Agent-Producer Owners, August, 2007.
59. Captive Insurance Companies Need Independent Directors, September, 2007.
60. Yes, Subprime Debacle Will Impact Insurance Industry, September, 2007.
61. Bermuda Provides New Worldwide Insurance Solutions, ProducersWeb, October 15, 2007.
62. Recognizing the Value of Insurance and Reinsurance Experienced Directors, October, 2007.
63. Create An Insurance Program Administrator, Enhance Value, ProducersWeb, October 24, 2007.
64. Insurance Independent Expert Outlines Loss Potential from Directors and Officers Professional Liability, ProducersWeb, October 24, 2007.
65. Strategies for Successful Negotiation of Your MGA Insurance Agreement, October, 2007.
66. Successful Strategies for Negotiating Reasonable Compensation for Insurance Industry Litigation Consultants, November, 2007.
67. Vermont Becomes Offshore Insurance Haven, November 6, 2007.
68. Strategic Confidential Financial Insurance Consulting Services for Agency Owners, November, 2007.
69. Increase Your Agency's Revenue in a Soft Insurance Market, ProducersWeb, November 21, 2007.
70. Global Reinsurance Companies Still Searching for a Bottom to the Subprime Mortgage Problems ... Reinforcing Risk Management Procedures, November, 2007.
71. Should You Sell Your Insurance Agency to a Bank? ProducersWeb, November 21, 2007.
72. Lead-Tainted Products Made in China, December, 2007.
73. Successful Tips for Agent Owners Utilizing Strategic Advisory Directors, January, 2008.
74. Soft Insurance Market Agent Owners Need Capital to Survive, February, 2008.
75. Captive Owners Need Independent Experienced Outside Directors, October, 2009.
76. Do You Need an Independent Director?, October, 2009.
77. Why Be a Director of an Insurance Company?, November, 2009.
78. Increase Your Property/Casualty Sales by Creating Small and Medium Agency Owned Captives, November, 2009.
79. Need for Experienced Independent Directors, December, 2009.
80. Identifying Strategic Insurance Investment Opportunities in Offering Low Cost Health Care, January, 2010.
81. Find Out Exactly Why AIG Needed a Bailout and Detail Exactly Who Benefited, March, 2010.
82. Economic Crisis Brings Need for Strategic Advisory Boards for Owners of Insurance Agencies, Wholesale Brokers, and Managing General Agencies, May, 2010.
83. Insurance and Reinsurance Stock Investment Analysts Need Help from Experienced Insurance Industry Veterans.
84. No Basis for Regulating Property/Casualty Insurance Companies for Systemic Risk.
85. Reinsurance Buyers ... Insurers, Captives, Risk Retention Groups Beware.
86. Private Equity Investing in Global Insurance Industry, Quantum Finance Magazine, April, 2012.
87. Captive Insurance Companies – The Role of an Independent Director, 2012.
88. The Preliminary Captive Feasibility Study, Non-Disclosure Agreement, April 15, 2012.
89. Insurance Industry Executive/Consultant to Expert Network Firms, Asset Management Firms, Hedge Funds, and Private Equity Firms, April, 2012.
90. Managing General Insurance Agency Executive, April, 2012.
91. How Do Captive Insurance Companies Underwrite and Price Direct Procurement Insurance Policies?, December, 2013.

92. Managing General Agents Increasingly Gain in Popularity as Carriers Seek Low Cost Underwriting Providers, May, 2014.
93. Making Insurance Company Boards More Effective, June, 2015.
94. Captive Insurance Companies Negotiating the Purchase of Whole Account Stop Loss Reinsurance Treaty Agreements, July, 2015.
95. Will ABR Re (ACE and Block Rock) and Spinnaker and Clear Blue (MGA Fronting Companies) Create Model for Insurance Company Start-Ups, February, 2016.
96. Captive Insurer Expansions Create Need for Experienced Board, April, 2016, Risk Management Magazine.

Additional articles have appeared in the National Underwriter, Insurance Advocate, Florida Insurance News, Business Insurance, Forbes Magazine, the Insurance Journal, and Captive Insurance Times.

Recent List of Cases Testified as an Expert at Trial or By Deposition or at Arbitration
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1. Insurance-Related Consulting Services, Opinions, Reports, Deposition, Trial Testimony – Buchalter Nemer Fields & Younger, Los Angeles, SIAI Insurance Co. (RRG) Ltd. v. AON Risk Services, Inc., L.A.S.C. Case No. BC 312231, 2005.
2. Expert – Peerless Insurance v. All Commercial insurance Services, Commercial Auto Underwriting Lewis Brisbois Bisgaard & Smith LLP, 2005.
3. Deposition – Curry v. State Farm – Thorsnes, Bartolotta, McGuire, San Diego, 2005.
4. Litigation Consultant – Arbitration between National Reinsurance Corporation and Phoenix Life Insurance Company, P.K.A. Phoenix Home Life Mutual Ins. Co., Schiff Hardin, LLP, Chicago, 2005.
5. Declaration/Supplemental Declaration – Gilbert West v. Staffing Services, Inc., Workers Compensation Underwriting Dispute, Adelson, Testan & Brundo, Los Angeles, 2005.
6. Expert and/or Consultant – Alta Health Care v. Comrisk Insurance, et al., US Central District Court, Stanzler Funderburk & Castellon, LLP, Los Angeles, 2005.
7. Expert Report – Insurance Ventures, Inc. v. Insurance Company of the West, MGA Agreement Dispute, Suppa, Trucci & Henein, LLP, San Diego, 2006.
8. Deposition - USI Holdings Corporation v. Christopher Rodenfels, 2006.
9. Trial Testimony/Litigation Consultant/Expert – Workman’s Auto Insurance Co. v. Guy Carpenter & Co./Marsh McClennan Insurance, Los Angeles Superior Court, Bingham McCutchen, LLP, 2006.
10. Expert and Consultant – National Warranty Insurance Company, Risk Retention Group/Signet Star Reinsurance, Law Offices of Gerard Osuch, LLP, 2006.
11. Insurance Underwriting Expert – Whispering Winds Catholic Conference Center v. Markel Insurance Co., Law Offices of Charles LiMandri, Esq., 2006.
12. Expert Report – Northrop Grumman Corporation v. Factory Mutual Insurance Company, United States District Court for Central Division of California, Western Division, Case No. CV 05-8444 DPP PLAX Law Firm of Zelle, Hoffman, Voelbel, Mason & Gette, LLP, 2007.
13. Deposition – Nova Casualty Company v. Cypress Point Arrowhead General Insurance Agency, Inc.; Case No. 1:09_cv-5156, S.D., N.Y. 2010.
14. Deposition and Trial Testimony – INS v. HRG & Howden Insurance Broker; Case No. 10-33653 CA 04, FLA Cir Ct. 2014.
15. Deposition – Nova Insurance Services v. BB&T Insurance Services of California, Inc. Case No. 37-2010-0012178-CU, CAL Superior Ct. 2014.
16. Deposition and Expert Arbitration Trial Testimony – Lincoln General Insurance Company v. Arrowhead General Insurance Agency, Inc., August 25, 2014 (Confidential).
17. Expert Report, Deposition – Stonebridge Casualty Insurance Company v. D. W. Van Dyke & Co., et al., Reinsurance Broker Litigation, Case No. 9-10-EV-81157 (SD FLA) Miami, FL, 2014-2015.

18. Expert Report – Shasta Linen Supply, Inc. v. California Insurance Co. (Berkshire Hathaway), Cell Captive Litigation, Before California Insurance Commissioner, Case No. AHB-WCA-14_31, San Francisco, CA, 2015.
19. Deposition – Star Insurance Company v. Sunwest Metals, Inc., Case No. SACV 13-1930 DOC (DFMX) Star Claim No. PRCMB009115, File No. 12572, February 6, 2015.
20. Deposition, at Arbitration – Applied Underwriters Captive Risk Assurance Company, Inc. (Berkshire Hathaway) v. Advanced Resources & Construction Enterprises, Inc., Case No. 01-14-0001-3923-1-CP, Portland, ME, 2015.
21. Reinsurance Rebuttal Expert Report – Lauren v. PNC Bank, N.A., Alpine Indemnity Limited, et al. (Captive Insurance Company) Case No. 1-14cv-20474, U.S. District Court for the Southern District of Florida, March, 2015.
22. Phoenix of Tennessee, Inc. v. American Safety Indemnity Co., June, 2015.
23. Expert Report – Catlin Specialty Insurance Company v. J. J. White, Inc., et al., 2:14-CV-1255 (MSG) January 4, 2016. No Deposition.
24. Expert Report – Fireman’s Fund Insurance Group, California, et al. v. Safeway, Inc., Hawaii Nut & Bolt, Inc., Civil No. CV15-00245; U.S. District Court for District of Hawaii, March, 2017.



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**APPENDIX B - ALL OF THE INFORMATION CONSIDERED IN FORMING MY
OPINIONS**

1. Consolidated Class Action Complaint, The Allstate Corporation Securities Litigation, March 30, 2017
2. Memorandum of Law in Support of All Defendants Motions to Dismiss the Amended Complaint, The Allstate Corporation Securities Litigation, June 1, 2017
3. Earnings Call Transcript, Allstate Corporation, February 5, 2016, Seeking Alpha.

EXHIBIT 2

SEC Form 4

FORM 4

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

OMB APPROVAL	
OMB Number:	3235-0287
Estimated average burden hours per response:	0.5

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP

Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. See Instruction 1(b).

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934 or Section 30(h) of the Investment Company Act of 1940

1. Name and Address of Reporting Person* <u>Shebik Steven E</u> <hr/> (Last) (First) (Middle) <u>C/O THE ALLSTATE CORPORATION</u> <u>2775 SANDERS ROAD</u> <hr/> (Street) <u>NORTHBROOK IL 60062</u> <hr/> (City) (State) (Zip)			2. Issuer Name and Ticker or Trading Symbol <u>ALLSTATE CORP [ALL]</u>			5. Relationship of Reporting Person(s) to Issuer (Check all applicable) Director 10% Owner <input checked="" type="checkbox"/> Officer (give title below) Other (specify below) <u>EVP & Chief Financial Officer</u>		
			3. Date of Earliest Transaction (Month/Day/Year) <u>05/12/2015</u>					
			4. If Amendment, Date of Original Filed (Month/Day/Year)			6. Individual or Joint/Group Filing (Check Applicable Line) <input checked="" type="checkbox"/> Form filed by One Reporting Person Form filed by More than One Reporting Person		

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

1. Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)		4. Securities Acquired (A) or Disposed Of (D) (Instr. 3, 4 and 5)			5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Beneficial Ownership (Instr. 4)
			Code	V	Amount	(A) or (D)	Price			
Common Stock	05/12/2015		M		15,464	A	\$53.84	84,277	D	
Common Stock	05/12/2015		M		18,715	A	\$16.83	102,992	D	
Common Stock	05/12/2015		S		30,641	D	\$66.79 ⁽¹⁾	72,351	D	
Common Stock								7,167	I	By 401(k) Plan

Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned (e.g., puts, calls, warrants, options, convertible securities)

1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)		5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)		6. Date Exercisable and Expiration Date (Month/Day/Year)		7. Title and Amount of Securities Underlying Derivative Security (Instr. 3 and 4)		8. Price of Derivative Security (Instr. 5)	9. Number of derivative Securities Beneficially Owned Following Reported Transaction(s) (Instr. 4)	10. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	11. Nature of Indirect Beneficial Ownership (Instr. 4)
				Code	V	(A)	(D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares				
Employee Stock Option (Right to Buy)	\$53.84	05/12/2015		M		15,464		02/21/2010	02/21/2016	Common Stock	15,464	\$0	0	D	
Employee Stock Option (Right to Buy)	\$16.83	05/12/2015		M		18,715		02/27/2013	02/27/2019	Common Stock	18,715	\$0	20,000	D	

Explanation of Responses:

1. Reflects weighted average sale price for open-market sales transaction reported herein. Actual sale prices ranged from \$66.69 to \$66.97. The reporting person provided the issuer, and will provide any security holder of The Allstate Corporation or member of the SEC staff, full information regarding the number of shares sold at each separate price upon request.

/s/ Steven E. Shebik

05/13/2015

** Signature of Reporting Person

Date

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

* If the form is filed by more than one reporting person, see Instruction 4 (b)(v).

** Intentional misstatements or omissions of facts constitute Federal Criminal Violations See 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, see Instruction 6 for procedure.

Persons who respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB Number.