

- **How is the company affected by the low yield environment?**

Reinvesting at rates below the current portfolio yield can result in a reduction in future investment income. Investing activity will continue to decrease our portfolio yield as long as market yields remain below the current portfolio yield. Any decline in market-based portfolio yield is expected to result in lower net investment income in future periods. This dynamic can impact returns across our businesses but particularly impacts the discontinued life and annuity businesses.

We proactively manage the investment portfolio to optimize risk and return, which includes enhancing investment portfolio returns through a dynamic capital allocation framework and focus on tax efficiency; leveraging our broad capabilities to shift the portfolio mix to earn higher risk-adjusted returns on capital; investing for the specific needs and characteristics of Allstate's businesses, including its corresponding liability profile and increasing our mix of performance-based investments that are idiosyncratic from market-based risks and experience higher returns over time.

- **What are the tailwinds as well as headwinds for the company going forward?**

Allstate's strategy has two components: increase personal property-liability market share and expand protection offerings. Progress was made in executing this strategy as we closed on the acquisition of National General in January, significantly enhancing our competitive position in independent agent distribution. We executed agreements to sell Allstate Life Insurance Company and Allstate Life Insurance Company of New York. This will redeploy capital out of lower growth and return businesses and reduce exposure to interest rate risk. We also continued to make progress building a higher growth personal property-liability business model.

- **Please give an example of product innovation in the last 6 months.**

Allstate continues to innovate in order to provide customers the products and services they need to live life well protected. In 2021, we continue to expand Allstate's Milewise®, enabling consumers to customize their insurance and pay based on the number of miles they drive. Allstate insures more customers and cars through pay-per-mile than any other company.

In 2020 and 2021, Allstate focused on expanding the circle of protection services we offer. Allstate Protection Plans has launched new partnerships with major retailers to extend consumer goods protection offerings to more products, including appliance, furniture and mobile phone protection, expanding the geographic footprint outside of the U.S. and creating innovative services, such as 2-day appliance repairs.