

April 1, 2009

Mr. Russell Golden Technical Director Financial Accounting Services Board 401 Merritt 7 Norwalk, CT 06856-5116



Re: File Reference Proposed FSP FAS 157-e

Dear Mr. Golden.

The Allstate Corporation ("Allstate")¹ appreciates the opportunity to offer comments and observations on the Financial Accounting Standards Board's ("FASB") Proposed FASB Staff Position No. FAS 157-e, Determining Whether a Market Is Not Active and a Transaction Is Not Distressed ("Proposed FSP").

Allstate strongly supports the *mandatory, immediate implementation* of the Proposed FSP as we believe it is critically important that the issue of how to measure the fair value of financial assets in situations where markets are inactive and transactions that occur within those markets are not orderly transactions be addressed immediately and consistently throughout the financial services industry.

FASB Statement No. 157, Fair Value Measurements ("SFAS 157") paragraph 7 indicates that a "fair value measurement assumes that the asset or liability is exchanged in an orderly transaction...and not a forced transaction (e.g., a forced liquidation or distressed sale)". Accordingly, in situations where transactions are associated with markets that are inactive and are determined not to be orderly transactions the price implicit in those transactions should not be considered determinative of fair value.

The Proposed FSP provides guidance which indicates that where markets are inactive and transactions that occur in those markets are determined to be distressed sales, fair value should be determined through the use of an alternative valuation technique and not through the use of observed (or quoted) prices without significant adjustment.

Existing valuation practices for financial assets associated with markets that are considered inactive typically rely on quoted prices without significant adjustment. As the quoted prices largely relate to transactions that would be considered distressed sales, and therefore would not qualify as orderly transactions, the situation has led to the inappropriate valuation of vast populations of investment securities. The inappropriate valuations have significantly eroded the capital of insurance companies and have exacerbated the worldwide financial crisis. Accordingly, we believe it is critical that the Proposed FSP be made effective immediately with no deferred implementation date.

The Allstate Corporation is the largest publicly held personal lines insurer in the United States. The Allstate Corporation is primarily engaged in the personal property and casualty insurance business and the life insurance, retirement and investment products business.

In our view, this issue is critically important to the strength and stability of U.S. insurers. Moreover, we believe the critical importance of this issue was recognized by the U.S. Congress, the Financial Accounting Standards Board ("FASB"), and the Securities and Exchange Commission ("SEC") who all came together to expedite the issuance of the Proposed FSP in just a matter of days. Accordingly, given the critical importance of the issue and the unprecedented steps taken by the FASB and SEC, we believe the Proposed FSP should be made mandatorily effective immediately; that is, no later than March 31, 2009. Moreover, we believe the issue of the effective date of the Proposed FSP should be decided based solely on the views of those financial services industries directly affected by the valuation issue and their regulators and not any ancillary constituents whose interests should not be given undue weight.

While we understand the constraints that may exist for some reporting entities, we believe those constraints are vastly outweighed by the importance to the strength and stability of addressing the inappropriate valuation of financial assets in markets that are inactive to the U.S. insurance industry and more broadly to the strength and stability of worldwide financial markets.

If the Board or Staff desires further discussion of this issue we would be happy to make ourselves available.

Respectfully,

Kevin Spataro

Vice-President, Head of Accounting Policy and Research

The Allstate Corporation

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