



July 21, 2016

Secretary, Securities and Exchange Commission
File Reference No. S7-06-16
100 F Street, NE
Washington, DC 20549-1090

Re: Concept Release No. 33-10064, *Business and Financial Disclosure Required by Regulation S-K*
17 CFR Parts 210, 229, 230, 232, 239, 240 and 249
Release No. 33-10064; 34-77599; File No. S7-06-16; RIN 3235-AL78

The Allstate Corporation (“Allstate”) is pleased to provide comments on the Securities and Exchange Commission (“SEC”) Concept Release, *Business and Financial Disclosure Required by Regulation S-K* (“Proposal”), which is intended to solicit comments regarding improvements to the business and financial disclosures required by Regulation S-K.

As an SEC registrant, we view these disclosures as an integral component of our financial reports in that they provide information necessary for financial statement users to understand amounts and periodic changes in amounts reported in the basic financial statements. Accordingly, we support the SEC’s efforts to improve disclosures and ensure they are decision-useful to financial statement users. Decision-useful information allows financial statement users to better understand financial statement elements in the context of the reporting entity’s business objectives and its periodic performance toward achieving those objectives.

Our general comments on the proposals are provided below. More specific responses to individual questions set forth in the Proposal are provided in Appendix A.

We appreciate the SEC revisiting requirements within Regulation S-K. We believe, however, that if the proposals are adopted as drafted they could substantially increase the volume of information presented in filings and could overwhelm both registrants (especially small registrants) and financial statement users and potentially diminish the value of the proposed changes if more relevant information is obscured. We propose the SEC take a more holistic approach and revisit the purpose of individual disclosures and identify the type of information that meets reporting objectives in the context of how the information is currently consumed (i.e., online and on a targeted basis). We also view the safe harbor protections as imperative to supporting the disclosure of meaningful, forward-looking information.

Consumption of information (financial or otherwise) has changed with technology, therefore, the methods by which financial information is disseminated should also change. Links included in documents or on a registrant’s websites would allow users to quickly and easily access information without having to navigate through volumes of less relevant information required in registrant filings.

Information provided on an interim basis should focus on conveying new information or significant changes to matters discussed in previous filings. For example, the five year historical table could be limited to 3 years unless a material event impacts a registrant’s earnings trend during the extended five year period. Similarly, the discussion of year over year changes could be limited to material changes and not diminished by the presence of disclosures about immaterial changes.

Management should be given discretion to identify information deemed relevant to managing its business. Moreover, disclosure of risks that management deems most relevant in operating its business should be

identified. For example, management might identify and discuss certain key performance indicators (“KPIs”) deemed relevant to managing its business. Comparability between registrants within the same industry could be better achieved with a qualitative description of KPIs, current quantitative results, and reasons for periodic changes in the KPIs. In addition, only known, significant risks should be discussed. This would provide users a sense of whether management is addressing appropriate risks. In contrast, a suite of prescribed risk disclosures may be more material to some registrants than others and may obscure the discussion of risks most relevant to a particular registrant.¹

Materiality, as it is currently applied in determining whether disclosures should be provided, should be retained. It is currently stated as an objective that allows registrants to apply judgment as to whether particular information is material to the registrant and material to a user. A principles-based objective for materiality would take into consideration changes in a registrant’s facts and circumstances when assessing materiality. For example, economic conditions are in a constant state of change and those changing conditions impact a registrant’s performance in different ways. A principles-based definition of materiality would allow a registrant to identify which economic conditions result in material impacts to its operations. As a result, only relevant, decision-useful information would be included in the disclosures.

In addition to elimination of immaterial information, the SEC should eliminate disclosures that are redundant with information included in the footnotes. Duplication adds to the volume of information included in periodic filings. For example, for short-duration insurance contracts, Industry Guide 6 now requires property-casualty insurers to annually include a consolidated incurred loss reserve development table. Accounting Standards Update (“ASU”) 2015-09, beginning with year-end 2016 reporting, will require footnote disclosure of paid and incurred loss development tables disaggregated by reporting segment. Additionally, both Industry Guide 6 and ASU 2015-09 require a rollforward of claims reserves from the beginning of the year to the end of the year. Inclusion of the same information in both the MD&A and footnotes increases reporting costs and adds volume to a filing that that many already consider to be overwhelming without providing substantial benefits to users. The impact to small registrants is particularly costly as they have fewer resources to comply with regulatory disclosures.

We believe SEC views should be combined into in a single repository, updated for current views based on recent audits, reviews and correspondence with registrants and auditors. This could provide registrants with current guidance about SEC views on what registrants should consider incorporating into their filings.

We support the SEC’s efforts in revisiting disclosure requirements and encourage refining disclosures to eliminate immaterial information. We hope you find our suggestions and recommendations useful and we will make ourselves available to discuss any questions with staff.

Thank you for the opportunity to provide comments on the Proposal. Should you have any questions or wish to discuss any of our comments, please feel free to contact Kevin Spataro at or Sam Pilch .

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¹ Information is material if omitting or misstating it could influence decisions of stakeholders based on financial information about a specific reporting entity. Materiality is an entity-specific aspect of relevance based on the nature or magnitude of items under consideration in the context of a reporting entity’s financial statements.

Appendix A

SEC Concept Release “Business and Financial Disclosure Required by Regulation S-K” Questions

III. Disclosure Framework

A. Basis for our Disclosure Requirements (page 22)

Pages 32 - 33

1. Should the Commission consider including automatic sunset provisions in new disclosure requirements? If so, what types of disclosure requirements should include these provisions? What factors should we consider in identifying them? What would be an appropriate length of time for any sunset provisions? Would this length of time vary with the nature of the rule in question?

- ***Yes. Disclosure requirements should be revisited periodically for relevance. Sunset provisions would trigger periodic review of current requirements.***

2. What are the advantages and disadvantages of automatic sunset provisions? Would automatic sunset provisions result in unnecessary regulatory uncertainty for investors or registrants?

- ***The advantage of sunset provisions is to ensure periodic assessment regarding the continued relevance/usefulness of the disclosure. Sunset provisions could include extensions to address instances where additional time is necessary for more robust discussion to reach an appropriate conclusion regarding extending or eliminating the disclosure.***

B. Nature of our Disclosure Requirements

1. Principles-Based and Prescriptive Disclosure Requirements (page 34)

Pages 44-45

6. Should we revise our principles-based rules to use a consistent disclosure threshold? If so, should a materiality standard be used or should a different standard, such as an “objectives-oriented” approach or any other approach, be used? If materiality should be used, should the current definition be retained? Should we consider a different definition of materiality for disclosure purposes? If so, how should it be defined?

- ***We believe a principles-based approach allows registrants to apply materiality based on a changing business environment and is therefore more effective in determining which disclosures are material to the registrant. The SEC Staff has proposed an “objectives-oriented” approach where new rules articulate an objective but also provide sufficient detail and structure so the standard can be applied on a consistent basis. While the approach appears promising it is difficult to assess whether such an approach might be effective until an example of the proposal is provided.***

8. What are the advantages and disadvantages of a principles-based approach? Would a principles-based approach increase the usefulness of disclosures? What would be the costs and benefits of such an approach for investors and registrants?

- ***The advantage of a principles-based approach is that the concept of materiality is flexible to adapt to changes in a registrant's business environment. What may be material one year may not be in subsequent years resulting in information that is not useful to the investors. Over time as the amount of non-useful disclosures builds, financial statements become less transparent and obscure disclosures that are material.***

9. Do registrants find it difficult to apply principles-based requirements? Why? If they are uncertain about whether information is to be disclosed, do registrants err on the side of including or omitting the disclosure? If registrants include disclosure beyond what is required, does the additional information obfuscate the information that is important to investors? Does it instead provide useful information to investors?

- ***The disadvantage of a principles-based approach is the uncertainty of whether the SEC and users will reach the same conclusions as the registrant about whether a particular disclosure is material or immaterial. We agree that if registrants err on the side of including a disclosure it may increase disclosures that are not useful and obscure information that is useful to investors.***

10. Do registrants find quantitative thresholds helpful in preparing disclosure? Do such thresholds elicit information that is important to investors? Do they require registrants to provide some disclosure that investors do not need? To the extent our rules contain quantitative thresholds, how should we define them? Are specified dollar amounts more or less effective than amounts based on a registrant's financial condition, such as a percentage of revenues or assets?

- ***Quantitative thresholds are helpful in that they provide an initial gauge of whether an item may be material. However, quantitative measures should be supplemented by qualitative analysis to determine whether the inclusion of a disclosure is in fact useful to an investor.***

IV. Information for Investment and Voting Decisions

A. Core Company Business Information

1. General Development of Business (Item 101(a)(1)) (page 57)

Pages 59-61

25. How could we improve Item 101(a)(1)? For example, is the five-year time frame for this disclosure appropriate? Would a shorter or longer time frame be more appropriate? If so, what time frame would be appropriate and why?

- ***The five-year time frame should be limited to the 2 years presented in the current financial statements. This allows users to focus on material events of the current period.***

26. Does this disclosure continue to be useful for registrants with a reporting history? Once a registrant has disclosed this information in a registration statement should we allow registrants to omit this disclosure from subsequent periodic reports unless material changes occur? Alternatively, should we require registrants to describe its business as currently conducted as well as any material changes that have occurred in the last five years?

- ***Yes. Once information has been disclosed in a filing, registrants should be allowed to omit the information from subsequent period reports unless material changes occur. Item 101 includes requirements such as a description of segments and segment revenues that overlap with information provided in the MD&A. If the information is required elsewhere in the filing it should not be required here as well. In addition, there are also substantial requirements that cause financial instrument disclosures to be provided on a quarterly basis even when there are no material changes in the information. These disclosures, along with derivative and pension disclosures, should be specifically evaluated to determine if they can be reduced while still providing decision-useful information to users.***

27. Should we revise Item 101(a)(1) to require disclosure of a registrant’s business strategy? Would investors find such a disclosure important or useful? If so, should this requirement be included in a registrant’s MD&A? Should we define “business strategy”? If so, how?

- ***MD&A should include a description of the registrant’s business objectives and progress. Disclosures about executed strategies occur to the extent they impact current and expected future operating performance. Disclosures about a registrant’s potential business strategy could lead to potential competitive disadvantages and should not be required.***

28. Should we permit a summary disclosure of the general development of a registrant’s business in all filings except the initial filing? For example, should we require a more detailed discussion of a registrant’s business in the initial filing, and in subsequent filings only require a summary of the registrant’s business along with a discussion of material changes in the business as previously disclosed in the registrant’s Form 10-K? Alternatively, should we require a more detailed discussion of a registrant’s business on a periodic basis, such as every three years, and a summary disclosure in other years? Should any such requirement be conditioned on timely reporting or some other consideration?

- ***Yes, a registrant should be allowed to provide a summary disclosure of the general development of a registrant’s business after the initial filing, unless there has been a material change.***

2. Narrative Description of Business (Item 101(c)) (Page 61)

Pages 64-66

31. Do the disclosure requirements in Item 101(c) continue to provide useful information to investors? How could we improve Item 101(c)’s requirements?

- ***No, as some disclosures on the list of items that “must be disclosed” are not relevant to some industries (e.g., sources and availability of raw materials, dollar amount of backlog orders believed to be firm, business subject to renegotiation or termination of government contracts, etc.). Items to be disclosed regarding general development of the business should be based on materiality or the significance of the activity or event to the registrant. The list may be provided as examples of items that may be disclosed.***

32. How could we update Item 101(c) to better reflect changes in the way businesses operate? Are there particular categories or types of registrants for which these disclosure requirements are more or less relevant?

- ***Items to be disclosed regarding general development of the business should be based on materiality or significance of the activity or event to the registrant. The list may be provided as examples of items that may be disclosed.***

5. Number of Employees (Item 101(c)(1)(xiii)) (page 76)

Pages 77-79

59. As outsourcing and subcontracting have become more prevalent in the last few decades, what, if any, additional information about a registrant's outsourcing or subcontracting arrangements should we require? Would this information be most useful in the context of the description of the registrant's business, disclosure about trends and developments affecting results of operations, or in a discussion of risk and risk management? What would be the challenges of requiring disclosure of this information?

- ***If outsourcing and subcontracting is a typical practice in a registrant's industry and is significant in the management of the company then a discussion and description of those activities and their impact on the registrant should be provided.***

6. Description of Property (Item 102) (Page 79)

Pages 82-83

60. Should we retain or eliminate Item 102? Why or why not? How could Item 102 be improved?

- ***Item 102 should be limited. Disclosures about properties should be limited to when the use of those properties have a material impact to the registrant's business/operations.***

62. For registrants that may not have material physical properties, is the disclosure that registrants typically provide about their corporate headquarters, office space and other facilities important to investors?

- ***No, we do not believe our investors find disclosure regarding our physical properties to be useful. We do, however, believe that disclosure regarding material transactions or changes involving physical properties may be useful to investors and should already be found in the MD&A and financial statements. The determination of material should be based on management judgment.***

63. Should we require property disclosure only for registrants in certain industries? If so, how should we identify these industries?

- ***Disclosures regarding property should be based on materiality.***

B. Company Performance, Financial Information and Future Prospects

1. Selected Financial Data (Item 301) (page 84)

b. Five Year Trend Data

Pages 88-89

68. Should we retain, modify or eliminate Item 301? Why? Does it achieve the goal of highlighting significant trends in a registrant's financial condition and results of operation? Does it also achieve the goal of providing selected financial data in a convenient and readable format? How would the elimination of Item 301 affect investors? Would elimination of this requirement increase costs to investors because they would then need to obtain this information from prior filings?

- ***The five year trend data should be limited to the 3 years currently presented in the audited financial statements. The decrease to 3 years should not increase costs to investors as their trend analyses are normally performed outside the financial statements. We would expect prior results or key metrics are maintained by investors when analyzing trends rather than relying on the registrant's re-filing of historic information in periodic filings. This reduction should decrease the cost of adopting accounting changes since at present a registrant must go back 5 years in order to meet this requirement. This type of data is typically not useful to investors who are focused primarily on the future and for whom 3 years should be more than adequate.***

3. Content and Focus of MD&A (Item 303 - Generally) (Page 97)

b. Quality and Focus of Analysis (page 99)

Pages 103-105

89. Do the current requirements of Item 303 result in disclosure that highlights the most significant aspects of the registrant's financial condition and results of operations? Are there any requirements in Item 303(a) and (b) that result in immaterial disclosures that may obscure significant information? If so, how? Should we consider a qualitative or quantitative threshold rather than materiality for requiring MD&A disclosure? If so, what threshold would be appropriate and why? Would adopting a different standard impede the flexibility of analysis and assessment under the current materiality standard? If so, how?

- ***The current principles-based definition of materiality (using both quantitative and qualitative factors in considering materiality) should not be revised to prescribed quantitative or qualitative thresholds. Revision could lead to expanded disclosure of items not material to a specific registrant.***

90. There are various sources of Commission and Division guidance on MD&A. These include Commission releases, sections of the Division's Financial Reporting Manual and staff Compliance and Disclosure Interpretations. Given the amount of Commission and staff guidance on MD&A, should we consolidate guidance in a single source? If so, which guidance remains helpful, and is there guidance that we should not include in a consolidation? Would consolidation of this guidance facilitate registrants' compliance with the item's requirements, or is the existing form of this guidance sufficient?

- ***It would be useful to consolidate guidance into a single source provided the content of that guidance is contemporaneous with the views of the Commission based on reviews performed and correspondence with registrants. If the guidance is not updated for the Commission's current views, the value of such guidance becomes limited and constituents must revert back to searching various Commission releases, communications, interpretations, etc.***

91. Should we revise our rules to require registrants to provide an executive-level overview? If so, should our rules prescribe the information that must be covered? What would be the benefits and challenges of prescribing the content of the overview and what content should we require? For example, should we require an executive-level overview to discuss the most significant accounting estimates and judgments? Should any requirement for an executive-level overview be limited to registrants of a certain size?

- ***An executive level overview of a registrant's business is important in providing a high level summary of the current year results of operations. As such, the overview should not be limited to registrants of a certain size. Also, the content of the executive level overview should not be prescribed but should highlight factors currently deemed material in managing the registrant's business.***

96. Should we require auditor involvement (e.g., audit, review or specified procedures) regarding the reliability of MD&A disclosure, and if so, what should the nature of the involvement be? What would be the benefits and costs to registrants and to investors?

- ***Auditor involvement with disclosures in the MD&A should not be expanded. Disclosures provided in the MD&A do not lend themselves to audit as they are primarily qualitative and forward-looking in nature. Requiring audit procedures to be applied to these disclosures would significantly increase costs with limited benefits.***

d. Key Indicators of Financial Condition and Operating Performance (page 109)

Pages 110-112

103. Should we revise Item 303 to include a principles-based requirement for all registrants to disclose performance metrics and other key variables important to their business? Why or why not?

- ***A principles-based requirement for registrants to disclose performance-based metrics and key variables important to their business may provide useful information about how the company manages and evaluates its business. However, the metrics and key variables to be disclosed should not be prescribed. The company's management is in the best position to determine which operating metrics are relevant to their company. Metrics used may not be consistent with the GAAP financial statements as they may focus on a part of the business or use techniques designed to focus on the economics, etc. Any conflicts with Regulation G may need to be addressed.***

106. What would be the costs and benefits of requiring registrants in certain industries to disclose standardized performance metrics? How could we identify which performance metrics should be standardized across an industry?

- ***Standardized performance metrics may increase costs if a registrant's performance metrics do not correspond to those prescribed.***

4. Results of Operations (Item 303(a)(3)) (Page 111)

Pages 115-116

110. Should we allow registrants to eliminate the earliest of the two periods discussed so long as they cross-reference or include a hyperlink to the prior periods discussion in earlier Forms 10-K and 10-Q? Why or why not?

- ***The Commission should allow the earliest of the two periods discussed to be eliminated. The discussion should be limited to the current period. Focusing on the events in the current period decreases the volume of disclosures in the MD&A. Should the investor be interested in prior year occurrences related to a particular item to determine trends, a cross reference or hyperlink to prior periods in earlier filings would suffice.***

C. Risk and Risk Management

1. Risk Factors (Item 503(c)) (Page 147)

Pages 152-154

145. How could we improve risk factor disclosure? For example, should we revise our rules to require that each risk factor be accompanied by a specific discussion of how the registrant is addressing the risk?

- ***The disclosure of risks and uncertainties should be limited to conditions existing at the financial statement date. Statements about risks, uncertainties, and conditions not yet existing at the measurement date would be speculative.***

146. Should we require registrants to discuss the probability of occurrence and the effect on performance for each risk factor? If so, how could we modify our disclosure requirements to best provide this information to investors? For example, should we require registrants to describe their assessment of risks?

- ***Often times it is difficult for management to determine the probability of occurrence let alone the effect on performance for each risk factor. Attaching a probability and effect on performance would imply a level of precision that does not exist.***

E. Industry Guides (Page 195)

Pages 201-204

208. Should we include additional industry-specific disclosure requirements in Regulation S-K by codifying all or portions of the Industry Guides? What are the advantages and disadvantages of including industry-specific disclosure requirements in Regulation S-K versus retaining the Industry Guides?

- ***No. Industry Guides should not be codified. As noted in the discussion on page 201, codifying Industry Guides may provide registrants less flexibility in determining the industry-specific disclosures most applicable. While such flexibility “may result in less uniformity”, it provides insight in how a registrant’s business is managed and provides those disclosures the registrant considers most useful to an investor.***

209. Should some or all of the Industry Guides be updated? If so, which ones? Should additional Industry Guides or industry-specific rules for other industries be developed? If so, which industries would benefit from such guidance? Should industry-specific disclosure in Regulation S-K or staff guidance be limited to certain industries? If so, what criteria should be used to identify those industries?

- ***Yes. Industry Guides should be updated to reflect current thinking of the SEC Staff regarding what preparers should consider disclosing based on recent findings. Advance knowledge by preparers of what the SEC currently considers important disclosure would decrease the volume of the SEC’s comments. In addition, increased activity by the FASB may render some of the requirements redundant or not useful. For example, for short-duration insurance contracts, investors may find the development tables and rollforward required by ASU 2015-09 to be more useful than the 10 year consolidated loss reserve development table and reconciliation currently required in the Industry Guide 6. The information may be viewed as redundant could be eliminated.***

211. The Industry Guides originally were intended to assist registrants, their counsel and accountants in the

preparation of disclosure by publishing staff policies and practices related to staff review of registrant filings. Does the public release of the staff's comment letters and increased availability of tools that aggregate information about disclosure included in Commission filings and comment letters reduce the need for the Industry Guides as guidance for registrants?

- ***No. Public release of comment letters and increased availability of tools that aggregate information about disclosure would not eliminate the need for Industry Guides. Industry Guides consolidate items that preparers should consider when developing disclosures specific to their industries. As such, content of the Industry Guides should be reviewed on a regular basis to reflect the SEC's current thinking based on recent findings.***

F. Disclosure of Information Relating to Public Policy and Sustainability Matters (Page 204)

Pages 213-215

217. Would line-item requirements for disclosure about sustainability or public policy issues cause registrants to disclose information that is not material to investors? Would these disclosures obscure information that is important to an understanding of a registrant's business and financial condition? Why or why not?

- ***Yes, line-item sustainability disclosure requirements would result in disclosure of information that may not be material to the registrant. Only those registrants where sustainability/public policy issues are material to their business or operations should provide sustainability disclosures. Otherwise, information that does not have a material impact on the registrant may obscure disclosures that are, in fact, significant to the registrant's business.***

3. Amendments to Exhibits (Page 223)

Pages 225-226

233. Should we continue to require registrants to file all amendments or modifications to previously filed exhibits as required under Item 601(a)(4)? Should we instead amend Item 601(a)(4) to exclude immaterial amendments? If so, should we provide guidance to registrants about how to determine whether an amendment is immaterial? Instead of materiality, should we permit registrants to exclude amendments based on a different standard? If so, what standard would be appropriate?

- ***Requirement to file amendments/modifications to previously filed exhibits should be limited to material amendments. Materiality should be determined by management based on the current definition that applies both quantitative and qualitative factors (the "total mix" of information available) in determining whether there is a substantial likelihood that disclosure of the omitted fact would have been viewed by the reasonable investor as having significantly altered.***

6. Preferability Letter (Item 601(b)(18)) (Page 243)

255. Should we eliminate Item 601(b)(18) in light of the current requirements under U.S. GAAP and the PCAOB's auditing standards? When a change in accounting principle is material, is an auditor's report without a qualified or adverse opinion sufficient to convey the independent accountant's conclusion that the registrant

has justified the change to be preferable? Would eliminating the exhibit requirement affect the independent accountant's analysis of whether an accounting change is preferable?

- ***Yes, the requirement of filing a letter from the registrant's independent accountant as an exhibit to Form 10-Q should be eliminated. Disclosure by the registrant under US GAAP and any explanatory paragraph in the audit opinion provides sufficient information to investors as to whether a change was preferable. Under US GAAP, registrants disclose the nature and reason for a change in accounting principle including why it is preferable. Further, as the SEC notes in the proposal "an auditor's report without a qualified or adverse opinion and identifying the nature of the change is akin to the preferability letter."***

H. Scaled Requirements

3. Frequency of Interim Reporting (Page 280)

Pages 285-286

281. Should we require certain registrants to file periodic reports on a more frequent basis such as monthly?

- ***No. More frequent reporting, such as monthly, would result in a significant increase in costs and may not result in more relevant information. Monthly reporting would not be cost beneficial. Moreover, any significant developments emerging intra-quarter may be disclosed in an 8K filing.***

V. Presentation and Delivery of Important Information

A. Cross-Referencing (Page 287)

c. Limitations on Cross-Referencing (Page 294)

Page 296

294. Some of the Commission's guidance limiting the use of cross-referencing pre-date the expanded use of technology that allows registrants to hyperlink to referenced disclosure. In light of technological changes that allow hyperlinks, which we discuss below, should we reconsider those rules that seek to provide investors with information in a single location?

- ***We believe technological changes could allow the SEC to revisit rules on the use of cross-referencing (between MD&A and footnotes) thereby resulting in less voluminous filings. However, we agree with the Commission's observation that cross-referencing forward looking information into the footnotes and losing safe harbor protection serves as disincentive to preparers to utilize cross-referencing.***