



February 23, 2007

Ms. Nancy M. Morris  
Secretary, Securities and Exchange Commission  
100 F Street N.E.  
Washington, DC 20549-1090

Subject: SEC File No. S7-24-06

Dear Ms. Morris:

The Allstate Corporation ("Allstate") appreciates the opportunity to comment on the Securities and Exchange Commission's ("SEC") proposed guidance regarding management's design and conduct of internal control over financial reporting ("ICFR") assessments.

The proposed interpretive guidance is intended to assist management in complying with Section 404 of the Sarbanes-Oxley Act ("Section 404"). Under the proposed guidance, management would evaluate the *design of ICFR* using a top-down, risk-based approach that considers the role of entity-level controls in assessing financial reporting risks. Similarly, management's evaluation of the *operational effectiveness of ICFR* would be based on an assessment of the risk associated with those controls.

We fully support the introduction of a top-down, risk-based approach to evaluating the design and operational effectiveness of ICFR. At the same time, we believe that unless there is a convergence between the SEC's guidance as it relates to management's fulfillment of its responsibilities under Section 404 and modifications proposed by the Public Company Accounting Oversight Board ("PCAOB") to Auditing Standard No. 2, *An Audit of Internal Control Over Financial Reporting Performed in Conjunction With an Audit of Financial Statements* ("AS No. 2"), the inefficiencies that currently exist in Section 404 assessments and attestations will continue. More specifically we believe the granular, prescriptive, control focus of the PCAOB's proposed modifications to AS No. 2 promotes a continuation of the type of inefficiencies that currently exist, and would be expected to continue, if not modified to conform to the nature of the SEC's proposed guidance.

In addition to any proposed changes to management guidance concerning the evaluation of the design and operational effectiveness of ICFR, there should also be a reconsideration of the interpretive authority delegated by both the SEC and PCAOB to independent audit firms in their audits (i.e. financial statement and ICFR) of SEC registrants. More specifically, while enhancing the efficiency and effectiveness of management processes related to Section 404 reports and the related attestations is vitally important, we believe it is equally, if not more important, that the SEC and PCAOB restore independent auditors' ability to provide reasoned interpretive judgments both in their completion of Section 404 attestations as well as in the completion of financial statement audits. In lieu of the preceding, we believe the SEC and PCAOB should make themselves, and their respective staff as appropriate, more readily accessible to registrants, who need access to parties with sufficient authority to discuss financial accounting, reporting, disclosure and control issues, alternatives, and interpretations that arise in the normal course of business.

In connection with the preceding, it is important to consider that historically, registrants were able to discuss financial accounting, reporting, disclosure and control issues, alternatives, and interpretations with their independent auditors and could rely on the reasoned interpretive judgments of their independent auditors. However, in the existing regulatory environment, the reasoned judgments of independent auditors are often nullified, modified, or otherwise overturned by the SEC and PCAOB in favor of very restrictive interpretations of accounting and auditing guidance. As a result of this high degree of supervisory scrutiny being applied to the judgments of independent auditors, in both financial statement and ICFR audits, independent auditor interpretations of financial accounting and audit guidance have become excessively restrictive, and in some instances may not be consistent with the original intentions of the regulatory authorities that drafted the guidance.

In summary, we fully support the goals and objectives of the proposed guidance for management regarding its evaluation of the design and operational effectiveness of ICFR which would rely on a top-down, risk-based approach. At the same time, we believe the full benefits of this approach cannot be obtained without integrating the SEC's proposed guidance with that proposed by the PCAOB as it relates to proposed modifications to AS No. 2. Similarly, we urge the SEC and the PCAOB to consider our thoughts as it relates to restoring the authority of independent auditors in providing interpretive professional judgments, or alternatively making yourselves and your respective staff's, as appropriate, more accessible to registrants in an effort to replace the consultative mechanism that previously existed with independent audit firms and thereby enhance investor confidence in the reliability of both financial statement and internal control audits.

Sincerely,

A handwritten signature in black ink, appearing to read "Samuel H. Pilch". The signature is written in a cursive style with a prominent initial 'S'.

Samuel H. Pilch

Controller, Chief Accounting Officer  
The Allstate Corporation