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The Allstate Corporation Q1 2009 Earnings Call Transcript

Question-and-Answer Session

Operator

(Operator Instructions) Your first question comes from the line of David Lewis - Raymond James & Associates

David Lewis - Raymond James & Associates

Couple of questions on claim severity and frequency, first on the auto side you indicated that the comps were going to be difficult relative to the favorable experience you had last year, I guess I was under the impression that unemployment probably has a greater impact then potentially the level of gas prices and given the fact that we're at the highest unemployment levels, shouldn't we see similar benefits because people commuting less during those busy travel times.

Robert Block

I think that's, unemployment does have the effect of creating lower frequency but there was such a significant dislocation in the trends last year caused by the very rapidly rising gas prices that I think consumer behavior for a short period of time changed and that impacted frequency.

So I was just making the point that last year we did experience some excellent results and our long-term view of frequency is that it will continue to decline. But on a quarter to quarter, year over year basis you never really know exactly which way its going to go.

David Lewis - Raymond James & Associates

And just to talk a little bit about the homeowner spike in the combined ratio up 2.5 percentage points, any thoughts on the severities and frequencies there, is that something that's just going to bounce around from quarter to quarter or is there some economic sensitivity potentially to those potential losses going forward.

Thomas Wilson

I would say that our homeowners business is not performing the way we'd like it to be irrespective of catastrophes and everything else so we collect premiums and we're supposed to pay out less then we take in and we did not do that this quarter.

We have work to do on that business. I think if you have questions specifically about frequency and severity George can answer them but from my standpoint we have work to do in getting that business to be more profitable.

David Lewis - Raymond James & Associates

I think we need a little more explanation on maybe why, is it just quarterly volatility, is there some economic sensitivity where fire losses are running higher currently or any thoughts on just kind of the spike in the first quarter homeowner combined ratio.

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