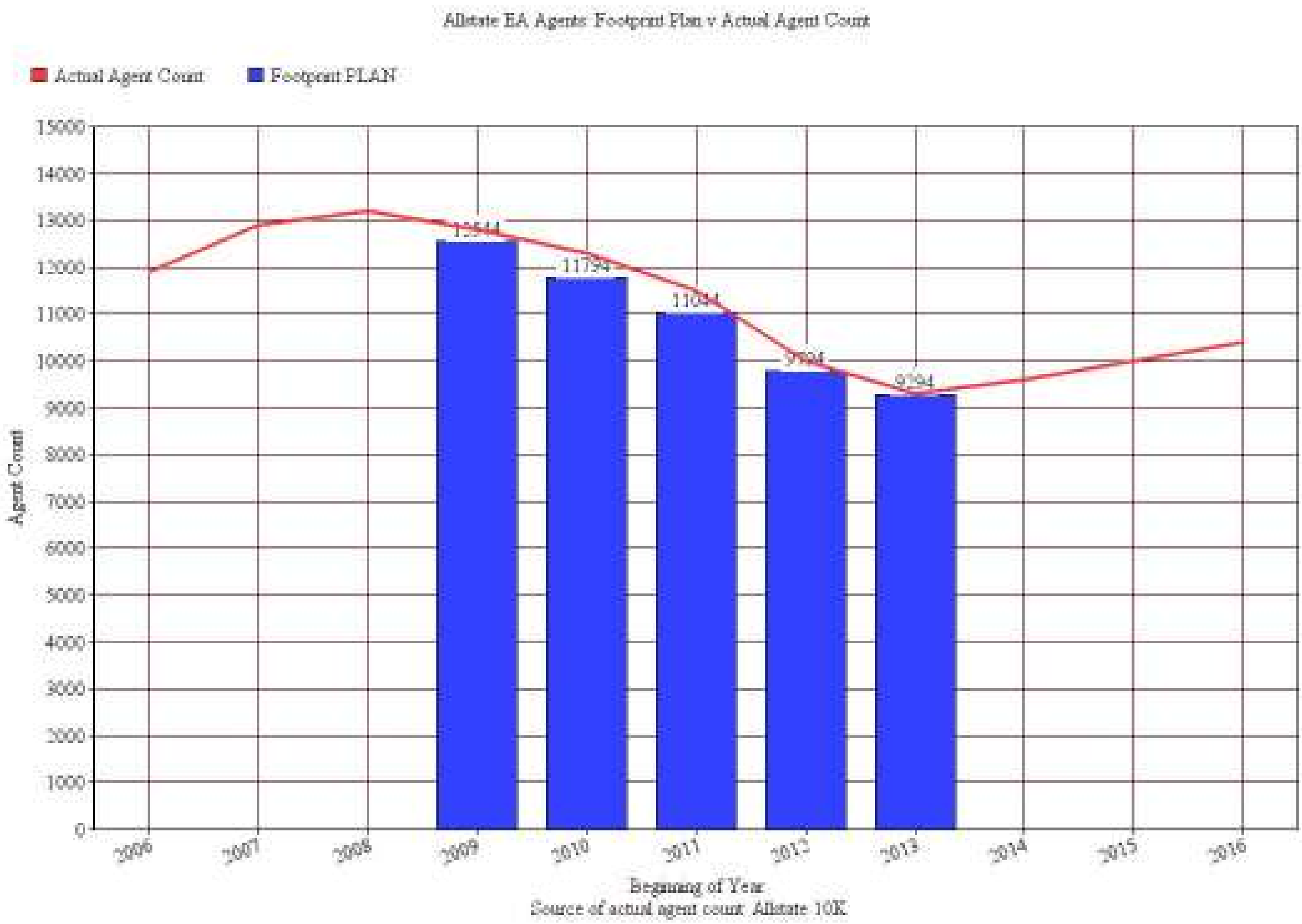
Allstate's Plan to Slash Agents

In May 2009, then Senior Vice President Joe Richardson launched a "3-5 year plan for significant changes to the company's sales and customer service model." The *Sales and Customer Service Roadmap*, described the company's new *Ideal Agency Model*: Agency owners with one to three locations; each location having premium between $3 million and $4 million; and one LSP for every 600 households. The average premium per agency at that time was $1.9 million.

On December 8, 2009, speaking at the Goldman Sachs Financial Services Conference, Allstate CEO Tom Wilson stated: "Our goal is to have fewer, larger agencies that provide a more consistent experience for our customers. This will strengthen our agency force and ensure they remain a significant part of how we serve customers."

An internal management presentation dated July 2009 revealed Allstate's *Roadmap* included a plan for "optimizing" the agent footprint. The blue bar graph below represents the plan that was outlined in that memo: decrease agency numbers from 12,544, to 9,294 over the next four years.

The red line graph reveals the actual number of agencies at the beginning of each year:



When contacted by reporters, Allstate continuously denied it had set targets for the number, or size, of its agents. However, from 2009 to 2012, thousands of Allstate agents were terminated, many of whom ran highly profitable agencies with exceptional customer retention. Many agencies were sold to new agents who were sometimes allowed to purchase and combine more than one agency. The number of agents continue to decline until the end of 2012, 9,300 agents were on the books, compared to the 9,294 goal revealed in the plan four years earlier. Agents who witnessed those years have labeled the period "the Great Agent Purge."