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*Excerpts from CRAIN'S CHICAGO BUSINESS*

## **Allstate preparing job cuts numbering in the thousands: report**

CEO Tom Wilson informed senior executives of the layoffs to come in a videoconference yesterday, according to the Irish News in Northern Ireland, where Allstate employs more than 2,000.

Allstate is preparing a significant cost-cutting initiative that will result in the layoff of thousands, according to a report out of Northern Ireland, where Allstate is a major employer.

CEO Tom Wilson briefed "senior team leaders" yesterday of the coming job cuts, according to the Irish News in Belfast. The cost-cutting will affect "thousands of jobs" at all levels of the company, with details to come soon, according to the report.

An Allstate spokesman didn't respond to a request for comment.

The Northbrook-based insurance giant employed 45,780 as of the end of 2019, according to a Securities & Exchange Commission filing. Nearly 7,800 of those are in Illinois, including at the Northbrook headquarters, according to a separate company report.

In Northern Ireland, Allstate employs about 2,300 in three offices. Most of those are information-technology workers. The vast majority of Allstate's staff is in North America.

Wilson has focused over the past year on both cost-cutting and accelerating growth at a company better known for its industry-leading profit margins than its growth. Ironically, some of the cost initiatives have involved more hiring, as Allstate has built out customer-service call centers in different parts of the country, aimed at freeing agents (who are contractors rather than employees) to focus on winning new customers rather than servicing existing ones.

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In 2020, Allstate reduced commissions by 10 percent for agents when their customers renew their policies and increased commissions for new business. Most of Allstate's 10,500 agents thus far have rejected the company's request to have its call centers handle customers' routine needs—a service that comes with a price equivalent to about a 20 percent commission reduction for renewing policyholders.

Allstate, like other auto insurers, has experienced a substantial windfall from a sharp reduction in driving by Americans working from home and seeking protection from the COVID-19 epidemic. So a major cost-cutting effort would seem unnecessary.

But the company may be girding for a price war. Bloomington-based State Farm, the largest U.S. car insurer and Allstate's archrival, is dropping its rates by 11 percent on average throughout the country. State Farm rates in Illinois will fall nearly 14 percent on average, beginning next month.

Allstate thus far has provided monthly rebates to its auto policyholders but hasn't yet reduced rates.