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February 27, 2004

Chief Counsel Carolyn J. Buck
Office of Thrift Supervision
1700 G Street N.W.
Washington, D. C. 20552

Attention: 2004-06

**Re: Comment of Alfa Insurance Company (with its affiliates, the “Alfa Companies”)
Notice of Proposed Rulemaking
Assessments and Fees
Federal Register Vol. 59, No. 27**

Dear Ms. Buck:

Thank you for the opportunity to provide written comments to the recent proposed rulemaking. The Alfa Companies recognize the important work performed by the Office of Thrift Supervision. Five of the Alfa Companies were approved as thrift holding companies upon the acquisition of Bayside Bank.

One aspect of the proposed rulemaking is of particular concern to the Alfa Companies and that is the continued linking complexity with risk in justification for assessment fees. This is even more troublesome when at least one fee under consideration includes a variable charge based upon a percentage of total holding company assets. Inherent in this proposal is the notion that a complex holding company creates more work for OTS examiners. Yet nowhere in the proposed rule is a discussion of the role of “functional regulation.”¹ The Gramm-Leach-Bliley Act of 1999 (“GLB”) established a hierarchy of regulation for the new business combinations that would align following the removal of decades’ old bars. This hierarchy was designed to avoid territoriality on the part of regulators, provide clarity to the regulated community, and avoid expensive and wasteful redundancy of resources. The Alfa Companies that are insurers are regulated by the Alabama Department of Insurance, a functional regulator recognized by Section 111 of GLB. In addition, five of the Alfa Companies hold lending licenses from, and are examined by, the Alabama State Banking Department and its counterparts in Georgia and Mississippi. The Alfa Companies would find it only reasonable to credit a thrift holding

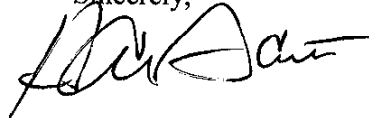
¹ The proposed rule would provide relief to insurance companies that own limited trust company savings associations, but this exemption is not as a result of any deference to other regulators pursuant to the principle of functional regulation.

company to the extent its operations are examined on a regular basis by a functional regulator – whether the SEC, a state insurance commissioner or even another federal banking regulator.

Another comment stems from the fact that the proposed rulemaking fails to address the situation in which multiple holding companies would qualify as “top tier” within the same corporate structure. The Alfa Companies have several mutual insurance companies that might, conceivably, incur multiple assessments despite the fact that their financial reporting is consolidated and their corporate operations are dovetailed. The final rulemaking should provide that only one holding company in any complex organization be assessed.

I would welcome the opportunity to discuss these comments at greater length if you believe it would be of benefit.

Sincerely,

A handwritten signature in black ink, appearing to read "H. Al Scott", written in a cursive style.

H. Al Scott
Sr. V. P., General Counsel and Secretary
Alfa Mutual Insurance Company