



May 24, 2007

Regulation Comments
Chief Counsel's Office, John E. Bowman
Office of Thrift Supervision
1200 G Street, N.W.
Washington, D.C. 20552

Attention: OTS-2007-0009

Re: Proposed changes to the component descriptions and rating scale used to evaluate Savings and Loan Holding Companies
Federal Register, Vol. 72, No. 67

Dear Mr. Bowman:

Alfa Corporation ("Alfa") submits their letter to comment upon certain aspects of the proposed changes by the Office of Thrift Supervision ("OTS") to the component descriptions used to evaluate the conditions of savings and loan holding companies ("SLHCs"). Alfa is a savings and loan holding company and is publicly traded on NASDAQ. Alfa is engaged in insurance and financial activities through its subsidiaries.

Alfa understands the importance of the examination by the OTS of SHLCs and the assessment by the OTS of whether risks are adequately managed by SHLCs. At the same time, Alfa is concerned that, at least with respect to certain SLHCs like Alfa, whose business is already heavily regulated, additional assessment of risks by the OTS may lead to duplicative and possibly inconsistent regulation.

For example, under the proposed revisions, the OTS would examine and evaluate the risk of SHLCs in its corporate governance; board of director and senior management oversight; policies and procedures and limits; risk monitoring and management information systems; and internal controls. Alfa's concern is that the OTS not establish another layer of oversight that would be duplicative, costly and possibly inconsistent with Alfa's responsibilities to other regulators.

Risk Management. Because a substantial portion of its subsidiaries' business is underwriting insurance, Alfa has developed and maintained risk management systems that are inherently suited to address the myriad risks its insurers face. The sufficiency of these systems is reviewed in the examination processes of state insurance departments. Alfa suggests that the examination component which analyzes SHLC risks and their management recognize the actual role of an insurer's functional regulators. Alfa strongly believes that deference should be given to state departments of insurance in light of their specialized knowledge. In addition, Alfa is

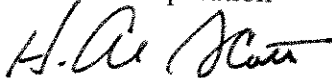
rated by various international rating organizations, including A.M. Best, Standard & Poor's and Moody's Insurance Financial Strength Ratings, each of which specifically analyzes the company's surplus position relative to its risk profile and that of affiliated companies.

Internal Controls. Alfa notes that the proposed rating system would specifically address the accuracy of financial reporting and the strengths or weaknesses of internal controls. In 2003, the Securities and Exchange Commission ("SEC") adopted rules implementing the requirements of Section 404 of the Sarbanes-Oxley Act of 2002. These rules mandated an annual internal control report to be issued by management of publicly reporting companies. So-called Section 404 reports are certified to by senior management. In addition to rulemaking, the SEC has issued interpretive guidance. The Public Company Accounting Oversight Board ("PCAOB") has issued an official auditing standard for accountants to follow in assessing the accuracy of management reports ("Audit Standard Z"). The preparation, issuance and oversight of Section 404 reports involve substantial investment and expertise. As a public company under the Securities Exchange Act of 1934, and a NASDAQ listed company, Alfa is subject to all of the controls and protective measures of these laws and the regulations of the SEC and the PCAOB. Alfa's chief executive officer and chief financial officer must certify in the SEC filings that its disclosure controls and procedures and internal controls over financial reporting are adequate, and Alfa must satisfy the extensive corporate governance requirements of NASDAQ. We respectfully request that OTS examiners rely upon a publicly reporting SHLC's Section 404 reports together with the applicable Audit Standard Z assessments in lieu of duplicative (and perhaps inconsistent) examination.

In conclusion, Alfa recommends that in examining SHLCs with existing federal and state regulatory oversight or impact that the OTS rely upon the findings of those with primary oversight in these examination areas except in those rare circumstances in which the OTS would consider the subsidiary thrift in immediately peril.

Sincerely,

Alfa Corporation



H. Al Scott

Sr. Vice President, General Counsel & Secretary