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NewAlliance Bank

March 27, 2009

Mr. Robert E. Feldman
Executive Secretary
Federal Deposit Insurance Corporation
550 17th Street, NW
Washington, DC 20429

Re: Opposition to RIN 3064 AD35: Proposed FDIC Special Assessment pursuant to 12 CFR Part 327

Dear Mr. Feldman:

NewAlliance Bank welcomes the opportunity to comment on the FDIC's interim rule that would impose a special assessment of 20 basis points in the second quarter of 2009. As an $8 billion community bank headquartered in New Haven, Connecticut, we believe that our comments will be consistent with that of many banks like ours who, while realizing the need for a strong fund to maintain depositor confidence, have serious concerns about the substantial burden of the proposed assessment on our banking operations due to the assessment's significant and unexpected cost.

Please recognize that we strongly support the FDIC and firmly believe in the self-funding of deposit insurance by our industry. As a strong community bank and an integral corporate partner in our local area, we have resisted the temptation to engage in subprime lending and have served our community in a prudent and responsible manner. It is simply unfair and unwise to burden a healthy bank like ours with significant costs that will severely impact our earnings, capital and costs of funds.

We greatly appreciate the fact that the FDIC is already doing its utmost to find ways to minimize the proposed special assessment, and its expectation that it can and will reduce the assessment in a very meaningful way, should Congress approve its borrowing authority with Treasury, coupled with the anticipated incremental revenues to be derived from the Temporary Liquidity Guarantee Program.

However, even if materially reduced, any special assessment will have adverse effects on the banking industry. We anticipate that the increased funding costs will limit our ability to attract deposits, ultimately hampering our lending capability. This will have a harmful effect on an economy that is already extraordinarily stressed It will also create a special challenge to a community bank such as NewAlliance Bank. With a long and proud history of providing support to our local communities, it is critically important that we fulfill our responsibilities of supporting and helping to stimulate our local economies.

We urge you to consider other more reasonable funding options which will not punish strong viable financial institutions like ours. We ask you to modify the Interim Rule by considering the following alternatives:

Risk Based Assessment

We support differentiated special premium assessments based on a risk methodology consistent with that of regular premiums.

Reduction and Long Term Capitalization

We support a reduction of the special assessment and suggest a 10 year period to recapitalize the fund rather than a 7 year period.

Convertible Dept Options

We support a convertible debt option, whereby the FDIC could convert debt borrowed from the banking industry into capital to offset losses if it needs the funds.

Borrowing Authority with Treasury

We support the FDIC's position of requesting from Congress a higher borrowing authority with Treasury, in the event that the Deposit Insurance Fund needs temporary resources.

TLCP

We support the FDIC's plans to use increased revenues that the FDIC will collect from the Temporary Liquidity Guaranty Program, to replenish the Deposit Insurance Fund.

Responses To Specific Questions

1. Should the June 30, 2009 special assessment be at a rate other than 20 basis points?

   Comment: Yes. We believe that the special assessment should be eliminated if possible or reduced considerably. Strong community banks like NewAlliance should not be adversely impacted by an unexpected assessment.

2. Should there be a maximum rate that the combination of an institution's regular quarterly assessment rate and a special assessment could not exceed? For example, an institution in Risk Category IV could possibly be charged a regular quarterly assessment at the annual rate of 77.5 basis points beginning in the second quarter of 2009. A 20 basis point special assessment would effectively increase the maximum possible annual rate to nearly 100 basis points. Should the rate be capped at a smaller amount?

Comment: As mentioned in comment 1, we believe that a special assessment is not necessary and should not be imposed, thus avoiding the potential to have the Risk Category IV institutions having to bear the maximum possible annual rate of nearly 100 basis points. However, should any special assessment be deemed necessary, the institutions in these higher risk categories should not be exempted from, or share less than a proportionate share of such special assessment.

3. Should weaker institutions be exempted, in whole or in part, from the special assessment? For example, should institutions with CAMEL ratings of 4 or 5 be exempted? Should adequately or undercapitalized institutions be exempted? Should institutions that would become undercapitalized (or critically undercapitalized) as the result of the special assessment be exempted?

Comment: See Comment 1 and 2, above. Weaker institutions, including those with CAMEL ratings of 4 or 5 and those that are adequately or undercapitalized, should not be exempted in whole or in part from the special assessment.

4. Should special assessments be assessed on assets or some other measure, rather than the regular risk-based assessment base?

Comment: NewAlliance believes that any special assessment should be assessed on the regular risk-based assessment method.

5. Should there be special assessments of up to 10 basis points? Should some other rate be used? For example, should the rate be the rate needed to maintain the fund reserve ratio at particular value for the reserve ratio?

Comment: No. As stated previously, we suggest that no special assessment be imposed at this time and that the FDIC consider the previous alternatives suggested within this letter. We believe that a special assessment at this time will negatively impact the financial health of well performing financial institutions like NewAlliance and will adversely deter the economic growth of local communities.

6. Should FDIC assessments, including emergency special assessments, take into account the assistance being provided to systemically important institutions?

Comment: No. We do not believe that special assessments should take into account any assistance being provided to systemically important institutions.

In closing, let me reiterate our support for the FDIC, the DIF and the entire banking industry at such a critical time in our history. These extraordinary times require creative solutions, but these solutions should not adversely impact or punish financially healthy institutions like NewAlliance Bank.

We urge the FDIC to strongly consider the alternatives outlined in this letter.

Sincerely,

Peyton R. Patterson

Peyton R. Patterson
Chairman, President and CEO

Cc: Jim Chessen, American Bankers Association
Lindsey R. Pinkham, Connecticut Bankers Association