

NEWS RELEASE



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Contact: Emily Dean, 703-883-4387

FCSIC Board of Directors Decreases Insurance Premiums for 2018; Farm Credit Insurance Fund Finishes 2017 Above Secure Base Amount

McLEAN, Va., Jan. 18, 2018 — The Farm Credit System Insurance Corporation board of directors voted today to decrease the insurance premium assessment rate on the adjusted insured debt of Farm Credit System (System) banks. The rate goes down from 15 to 9 basis points for 2018. The board also announced that FCSIC will continue to assess a 10-basis-point risk surcharge on nonaccrual loans and other-than-temporarily impaired investments.

“At year-end 2017, insured debt was \$265.4 billion, up by approximately \$7.6 billion from year-end 2016,” said Jeffery Hall, chairman of the FCSIC board of directors. “The board decided to lower the premium rate on adjusted insured debt because, despite the increase in insured debt, growth has slowed,” said Chairman Hall. “Growth in adjusted insured debt was 6.0 percent in 2016 and dropped to 2.9 percent in 2017,” he said.

Because of the premium assessments and investment earnings and a slower-than-anticipated growth in adjusted insured debt, the Insurance Fund finished 2017 above the statutory 2 percent secure base amount (SBA). Based on preliminary results as of Dec. 31, 2017, the Insurance Fund level was \$192,000,000 above the SBA (or 2.08 percent of adjusted insured debt outstanding).

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After deducting its operating expenses, FCSIC is required to transfer funds in excess of the SBA to allocated insurance reserves accounts established for each System bank and for holders of Financial Assistance Corporation stock (i.e., System banks and certain System associations). After all year-end results are finalized, including reports of System institutions on their condition and performance, the board will consider using its discretionary authority under the Farm Credit Act to make payments from the allocated insurance reserves accounts.

Twice a year, the FCSIC board reviews the insurance premium rate and makes adjustments, if necessary, to maintain the secure base amount, which is 2 percent of the adjusted insured debt outstanding at System banks. FCSIC will review premium rates again in June 2018. The board bases its premium review on the following:

- An assessment of the current level of the Insurance Fund and the projected growth of insured obligations
- The likelihood of any potential Insurance Fund losses
- The financial condition of the System banks and associations
- The outlook for the agricultural economy
- Any risks in the financial environment

FCSIC is managed by a three-member board of directors. In addition to Chairman Hall, Dallas Tonsager and Glen Smith serve as members of the board.

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The Farm Credit System Insurance Corporation, an independent U.S. government-controlled corporation, ensures the timely payment of principal and interest on insured notes, bonds, and other obligations issued on behalf of Farm Credit System banks.

Note: FCSIC news releases are available on its website at www.fcsic.gov.