FCSIC Insurance Premium Rate Remains Unchanged

McLEAN, Va., June 11, 2015 — The Farm Credit System Insurance Corporation Board of Directors voted today to maintain the insurance premium assessment rate for Farm Credit System (System) banks on their adjusted insured debt at 13 basis points for the second half of 2015. The Board also announced the continued assessment of the 10-basis-point risk surcharge on nonaccrual loans and other-than-temporarily impaired investments.

“At May 31, 2015, insured debt was $223.1 billion, down from $225.1 billion at year-end 2014,” said Dallas P. Tonsager, Chairman of the FCSIC Board of Directors.

“Nevertheless, the Board decided to keep the premium rate at the same level because the System is projecting growth in the second half of the year.” Mr. Tonsager said.

Twice a year, the Corporation Board reviews the insurance premium rate and makes adjustments, if necessary, to maintain the secure base amount, which is 2 percent of the level of adjusted insured debt outstanding at System banks. According to preliminary results, the unallocated Farm Credit Insurance Fund level was 1.96 percent of adjusted insured debt outstanding, or $72 million below the secure base amount.
The Board’s premium review is based on the following factors:

- 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

“The Corporation will meet again in September to provide guidance for 2016 premium assessments,” Mr. Tonsager said.

The Corporation is managed by a three-member Board of Directors. In addition to Chairman Tonsager, Kenneth A. Spearman and Jeffery S. Hall 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 at www.fcsic.gov.