

For Immediate Release
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**FCSIC board of directors approves insurance premiums for 2019;
Insurance Fund finishes 2018 above secure base amount**

McLEAN, Va., Jan. 24, 2019 — The Farm Credit System Insurance Corporation board of directors has voted to maintain the insurance premium assessment rate on the adjusted insured debt of Farm Credit System (System) banks at a rate of 9 basis points for 2019. FCSIC will continue to assess a 10-basis-point risk surcharge on nonaccrual loans and other-than-temporarily impaired investments.

“At year-end 2018, insured debt was \$281.8 billion, up by approximately \$16.5 billion from year-end 2017,” said Jeffery Hall, chairman of the FCSIC board of directors. “The board decided to maintain the premium rate on adjusted insured debt because debt growth in 2019 is expected to be similar to 2018,” said Chairman Hall. Growth in adjusted insured debt was 6.2 percent in 2018.

Because of the premium assessments and investment earnings, the Insurance Fund finished 2018 above the statutory 2 percent secure base amount (SBA). Based on preliminary results as of Dec 31, 2018, the Insurance Fund level was \$66 million above the SBA (or 2.03 percent of adjusted insured debt outstanding).

After deducting its operating expenses, FCSIC is required to transfer funds in excess of the SBA to an allocated insurance reserves account established for each System bank. 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 2019. 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, insures the timely payment of principal and interest on obligations issued jointly by Farm Credit System banks.

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