

## NEWS RELEASE



**For Immediate Release**  
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### **FCSIC Board of Directors Reduces Insurance Premiums for 2010**

McLEAN, Va., June 10, 2010 — The Farm Credit System Insurance Corporation (FCSIC or Corporation) Board of Directors voted today to reduce the insurance premium assessment rate for Farm Credit System (System) banks on their adjusted insured debt from 10 to 5 basis points for 2010. The Board also announced the continued assessment of the 10-basis-point risk surcharge on nonaccrual loans and other-than-temporarily impaired investments.

“The Board decided to lower the premium rate on adjusted insured debt because the Insurance Fund is \$193 million above the 2 percent secure base amount,” said Kenneth Spearman, Chairman of the FCSIC Board of Directors.

According to preliminary results, the unallocated Farm Credit Insurance Fund level was 2.13 percent of adjusted insured debt outstanding, or \$193 million above the secure base amount (SBA). Farm Credit System insured debt obligations decreased 1.4 percent between year-end 2009 and May 31, 2010. Insured debt obligations, as reported by the Federal Farm Credit Banks Funding Corporation, totaled \$173.7 billion at May 31.

The level of the Insurance Fund relative to the SBA improved because of two factors: a significant increase in federally guaranteed investments, which reduced the SBA, and lower-than-anticipated growth in insured debt obligations outstanding. “In September 2010 the Corporation will review premium rates again for 2010 and will provide System banks guidance for next year,” Spearman said.

In other actions, the Board of Directors approved the FCSIC Strategic Plan, 2010–15, and a policy statement concerning appraisals.

The Corporation is managed by a three-member Board of Directors. In addition to Chairman Spearman, Leland A. Strom and Jill Long Thompson 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 the Web at [www.fcsic.gov](http://www.fcsic.gov).