

NEWS RELEASE



For Immediate Release
NR 11-02 (06-21-11)

Contact: Rick Pfitzinger, 703-883-4388

FCSIC Board of Directors Announces No Change in Insurance Premiums for 2011

McLEAN, Va., June 21, 2011 — The Farm Credit System Insurance Corporation (FCSIC or Corporation) Board of Directors voted today to notify Farm Credit System (FCS or System) institutions that the current insurance premium assessment rate on adjusted insured debt will remain at 6 basis points for 2011. The Board also announced that it would continue assessing 10 basis points on nonaccrual loans and other-than-temporarily impaired investments.

“The Board decided to maintain the premium rate on adjusted insured debt because we anticipate growth in insured obligations of 3 to 5 percent in 2011, which is within the growth range projected by the banks in December 2010,” said Kenneth Spearman, Chairman of the FCSIC Board of Directors.

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 2.03 percent of adjusted insured debt outstanding, or \$49 million above the secure base amount.

The Board’s premium review is based on 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; and any risks in the financial environment.

“The Corporation will review premium rates again in September to provide guidance for 2012 premium assessments,” Spearman said.

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At today's meeting, the Board of Directors also approved for publication a Federal Register notice that requests comments on a revised draft Policy Statement concerning Adjustments to the Insurance Premiums and a revised draft Policy Statement on the Secure Base Amount and Allocated Insurance Reserves Accounts. The revisions of these policy statements reflect amendments to the Farm Credit Act made by the Food, Conservation, and Energy Act, and other changed conditions.

The Corporation is managed by a three-member Board of Directors composed of the members of the Farm Credit Administration Board. 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 Internet. Access the FCSIC website at www.fcsic.gov.