

FMGPOST

THE NEWSLETTER OF FMG RURAL FINANCIAL SERVICES - DECEMBER 2005

Heat goes on over Fire Management

The summer months are traditionally when the heat goes on for farms as controlled burn-offs fan out across the country.

Before lighting a fire, check with your Rural Fire Authority about what fire season is operating in your area. If a restricted fire season is in place, a fire permit is required. A prohibited fire season means a total fire ban and lighting of fires is not permitted in the open air.

FMG Claims Manager James Gerrie says this is a busy time of the year for claims made under FMG's Forest and Rural Fires Cover – but that sadly some claimants realise too late that they do not have the levels of cover they thought they had.

“If the conditions of a fire permit have not been strictly adhered to, then that is likely to invalidate a claim,” says James. “So we urge all policyholders to carefully check wind strength and direction and other factors that could be problematic for their burn-off, particularly when their permit has stipulated what restrictions apply.

“It's important to have adequate fire suppression insurance and we strongly advise everyone to purchase additional cover – which is available in \$50,000 blocks,” James says.

Farmers can reduce the risk of burn-offs getting out of control by following some simple precautions, including checking and rechecking that fires supposedly put out have not reignited.

“I recommend all farmers familiarise themselves with the National Rural Fire Authority's excellent website (<http://nrfa.fire.org.nz>) and their publications. Farmers should also contact their local Rural Fire Authority as a source of information and advice on burn-offs and permits,” says James.



Fire risk management could help you survive this summer

Contents

Polydale: Fab Foursome
page 2

Finance page 2

Tips for a Safer Christmas
page 2

Cereal Thriller at This Year's Rural Excellence Award
page 3

Centennial Scholarships
page 4

Win a Gift Pack page 4

Crop Insurance

If crops provide you with your livelihood then now's the time of year to seriously consider crop insurance.

FMG is a leader in this specialised field and our crop insurance, which is available to be taken out until 1 February 2006, covers a variety of crops and potential claims.

You can arrange cover for standard perils such as fire and lightning, as well as extended perils, which include frost, windstorm, hail and impact by vehicle or aircraft.

For further information on our specialised FMG Crop Insurance, freephone us today on 0800 366 466.

Romney + Cheviot + Poll Dorset + East Freisian = Polydale

Four years ago, a most unlikely foursome combined to produce a most remarkable new sheep breed for Dannevirke farmer, stud breeder and FMG customer Peter Smith. Polydale means ‘many lambs’ and with the 200% lambing rate he is achieving with the new breed, it’s certainly hard to argue against it.

“The national average is around 120%, so a 200% lambing rate is quite spectacular,” says Peter. “My management system is nothing special; so, even on a commercial farm, I would expect farmers to enjoy a similar percentage.”

Desired characteristics from each of the four primary sheep breeds have been reflected in the Polydale. Not only is it a prolific sheep that produces good lambs, it also has a faster growth rate, with excellent milking ability and is strong and hardy. The wool produced is finer than a standard Romney, measuring around 35 microns, and has a very good colour.

And it gets even better. Peter has noticed that his composite Polydale flock appears to be less susceptible to internal parasites.

“At this stage,” says Peter, “sales of the new breed have been through word of mouth only; however I am planning on having some regular open days to market the Polydale more widely. But I’m always happy for anyone to come and view the stock by appointment.”

For more information on the Polydale breed, Peter Smith can be reached on 06 374 6556.



Peter Smith with his Polydale flock

Finance

FMG is widely recognised within the rural sector for its leading role as a comprehensive insurance provider. Less well known, perhaps, is our role as a financial services company.

And that’s surprising, considering our personalised service, affinity with the needs and expectations of the rural sector, and competitive interest rates mean we are increasingly becoming a financier of choice for many farmers and farm-servicing businesses nationwide.

We offer flexible finance for a wide range of vehicle and equipment purchases. A key benefit is our flexible payment options which enable you to match your seasonal income trends.

Our high loan quality and competitive interest rates mean our term debenture investments are well supported.

We’re delighted to offer readers of FMG Post a special investment opportunity of 8.00% over a two-year term. See the details on page 4 for further information about this exciting offer.

To talk to one of our finance specialists, call us on freephone 0800 119 310, email us at loans@fmg.co.nz or investments@fmg.co.nz

Tips for a Safer Christmas

The holiday period may be the Season of Goodwill but it’s also the Season of Crime and Claims, says FMG Claims Manager James Gerrie.

Following these FMG tips can help to make your Christmas one you’ll remember for all the right reasons.

- Get into the habit of securing your quad and three-wheel bikes to a fixed object inside your implement shed using a chain. All too often, thieves simply lift bikes on to a trailer and drive away – resulting in about 100 claims a year made by FMG policyholders.
- If you’re going to be away over the holidays, remove keys to all farm vehicles from your implement shed and hide them away elsewhere.
- Fertilisers and drenches are increasingly being targeted by thieves for use in drug making. Ensure your stockpile is secure – and that applies to your fuel tanks as well. The bigger the padlock the better!
- Turn off the water supply to your house before leaving for holiday to avoid damage from burst pipes or other mishaps. And if your freezer is full of food, ensure it’s left on and you have sufficient insurance to cover for power outages caused by power surges or lightning strikes.
- If you’re using a natural Christmas tree, buy the freshest you can find to reduce the risk of fire. A fresh tree is green, needles pull from the branches and when bent between your fingers, needles do not break. Cut a few centimetres from the trunk’s base to expose fresh wood for better water absorption. Don’t leave Christmas lights on in empty rooms or overnight. Get into the habit of closing internal doors at night to restrict the ability for fire to spread and ensure smoke detectors are installed and working properly.

A WINNING YEAR

Cereal Thriller at This Year's Rural Excellence Award

Start with increased productivity and profitability, factor in the key fundamentals of partnership, innovation and commitment, add some important community and industry involvement, and cap it off with a healthy dose of personal and farm presentation and you've got the FMG Rural Excellence Award.

Previously known as the AC Cameron Memorial Award, the FMG Rural Excellence Award celebrates 'excellence in farming'. This, according to the 2005 winners, arable farmers Chris and Kay Dennison of North Otago, is something they believe we don't celebrate enough.



Award winners Chris and Kay Dennison with their children Rebecca and Harry

"This was our first entry and we were a bit anxious as to how we would be perceived by others in the district," said Chris. "However, the overwhelmingly positive support shown by our local community when the award was announced was very special."

Chris' advice to others considering entering the 2006 awards is simple. "Don't be shy. Doing well in farming by doing something different and then submitting it for review is not blowing your own trumpet. There are innovative ideas here we can learn from and that can only

make our industry stronger," he said.

The \$6,000 travel prize and \$1,000 spending money from FMG will allow Chris and Kay to travel to the UK next June to attend the 'Cereals '06' event. "It's considered a mecca for New Zealand arable

farmers," said Chris, "and Kay and I are delighted to have the opportunity to go."

Chris and Kay's farm has been in Chris' family since 1919. The family have been staunch FMG customers for all those years. "Bronwyn and the team at FMG in Oamaru have been extremely supportive of us, and others in the district, over the years. I'm glad they can share in this award," he said.

Entry forms for the 2006 FMG Rural Excellence Award are available at your local FMG branch or by calling 0800 366 466 or check out www.fmg.co.nz

Strong Centennial Year Growth

The FMG Group has capped off a busy centennial year with a pleasing market result and the wrap-up of our business consolidation programme.

FMG's core business growth in 2005 has been excellent and the increase in business assets and equity further strengthens the support of our customers.

Overall, FMG has become the largest general insurer to the rural sector with a 38% market share in New Zealand. This growth has been achieved thanks to a commitment to market specialisation and strong customer loyalty.

We have aspired to provide leading rural, domestic, commercial and life insurance services, finance and investment to farmers

and businesses in rural towns and provincial cities across New Zealand and general insurance services to regional Australia.

Changes in the insurance industry have seen many companies sell up or merge over recent years. As a result, FMG has had to compete for business in a more intense environment. Our strength lies in maintaining direct distribution of our products and in developing products that are specific to farming and farm support.

This innovation sets us apart from our competitors and means farmers can rely on

our expert knowledge and help. The end of the financial year has brought some excellent results for FMG, including:

- General insurance premium growth of 12%
- Total asset growth of 9.7%
- Increase in equity (reserves) of 22%
- Profit before tax of \$20m
- Maintaining our A- (Excellent) rating from international rating company AM Best Company

We are very pleased with this progress, particularly as we celebrate 100 years of service in New Zealand, and we are looking forward to building on this growth in 2006.

Centennial Scholarships Closing Soon

"The way I see it, if you don't love what you do, you shouldn't be there. And I always knew I was going to be involved in the dairy industry."

"I come from a strong agricultural background so much of my holidays and any spare time is taken up doing what is in my blood – working on the land."

"Few industries offer a wider and more challenging selection of career opportunities than farming; so being part of it, initially in farm consultancy, is my ultimate goal."

These quotations are taken from just three of the applications received for the two \$12,000 FMG Agricultural Scholarships to Lincoln or Massey offered as part of FMG's centenary celebrations.

"Why I have chosen agriculture as a career" is the title of a 1,000-word essay that each applicant has to submit. They also

need to submit a profile introducing themselves, their personal interests and achievements.

"We are committed to the rural sector and we see education as critical in the continuing development of the industry," said Gordon Smith, Chief Executive of FMG.

"Offering these scholarships gives two New Zealand students a wonderful opportunity to gain a tertiary qualification in this most rewarding industry."

Applications for the FMG Agricultural Scholarships close on 13 January 2006. The two winners will be announced on 8 February 2006. An application form is enclosed with this newsletter. Alternatively it is available from any FMG branch, by downloading from www.fmg.co.nz or by calling 0800 366 466.

Win a Christmas Gift Pack

The sheer number of industries and businesses rural customers work in never ceases to amaze us. To celebrate this diversity, each quarter we will be showcasing fine products and services including some of our customers' and giving you the opportunity to experience them for yourself.

A great Christmas three...

This quarter, we've got three sensational gift packs to be won. Each is worth around \$250 and contains high quality products.

- Kokalito Fine Foods produce European delicacies, including prunes in red wine, pruneaux brandy prunes and plum brandy from fruit grown in their own orchard in Golden Bay.
- Mudbrick Vineyard and Restaurant, a boutique vineyard in the premium wine region of Waiheke Island produces elegant Bordeaux-blend reds, fine Chardonnays and great Syrah.
- Tomo Potz from Te Kuiti create individually handcrafted pots, platters, water features and garden art in a wide range of styles and colour to brighten any home or garden.



To go into the draw to win one of these Christmas gift packs, email us the answers to the following questions. All answers can be found in this newsletter.

- 1 How many words does the "Why I have chosen agriculture as a career" essay have to be?
- 2 What percentage lambing rate is Peter Smith achieving with his Polydale flock?
- 3 Which UK-based event are Chris and Kay Dennison attending next year?

Simply send your answers, your courier address and your FMG customer number in an email to enquiries@fmg.co.nz before **3pm on 19 December 2005**. We will draw three winners and courier their gift packs in time for Christmas. And if you have a product or service that you'd like us to showcase as a prize in the next issue, please drop a line to Toby Green at toby.green@fmg.co.nz

8.00% p.a.
2 year term

Minimum investment of \$3000.
Interest paid quarterly (other terms and rates available).

For an investment statement and application for Farmers' Mutual Finance Limited call

0800 366 466

FMG
FINANCE

ADP/LS/05/07/25 0M
Debtenture stock is secured by a first ranking charge over the assets of Farmers' Mutual Finance Limited. The debtenture stock is not guaranteed by any member of the Farmers' Mutual Group. Rate quoted is on per annum basis and subject to change without notice.

Freephone
0800 366 466

General Insurance • Finance
Investment Advisory • Term Debtenture
Investments • Life Insurance • Medical
Disability • Travel Insurance

www.fmg.co.nz