



FMG Post

Keeping you in the know – December 2007

For all FMG members who would like a copy of the 2006/07 Annual Report please call 0800 366 466 or email contact@fmg.co.nz and one will be sent to you.



New directions; enduring values

FMG held its 102nd Annual General Meeting at Tauranga on 28th August 2007.

With a good turn out of members in attendance, FMG announced an annual profit of \$13.53 million for the year to 31st March 2007.

The result is down on last year's profit of \$25.25 million due largely to three factors. First, a \$10 million general insurance claims increase – a good claims experience in Australia partially offset a claims increase in New Zealand of \$16.4 million on the back of extreme weather events, most notably snow storms in Canterbury and floods in

Northland. Second, a lowered investment income of \$5.1 million as the market came off the highs recorded in 2005-2006. Third, a \$5.9 million write-off recorded against a discontinued software project.

There were two other major announcements at FMG's 102nd AGM.

Prior to the AGM the Farmers' Mutual Group Bill was passed through Parliament. The new Farmers' Mutual Group Act combines many aspects from the Companies Act. → pg2

→ It allows for more robust reporting and governance requirements as well as enshrining FMG's mutual status where clients own the company. FMG also introduced and passed its first constitution at the AGM.

The second announcement was the retirement of FMG's ninth Chairman, Peter Jensen. Peter has been a director of FMG for 16 years with six of those years as Chairman. Greg Gent (Northland) was appointed new Chairman. Greg took up the role as FMG Chairman as of Tuesday 28th August 2007. He has been an integral member of the FMG Board of Directors since 2005 and, like his predecessor, has extensive experience in the rural sector.

Please find enclosed a copy of the 2007 Achievement Report for your review.



Peter Jensen, retiring Chairman, addressing the 102nd Annual General Meeting.

Market volatility: what goes around comes around



FMG's investment advisory team (FMGIA) has been watching with interest responses to the current market volatility, and the 'sub-prime meltdown' (a large number of mortgage defaults by high risk borrowers) in the United States.

At this stage, FMGIA's view is that the current 'credit crunch' and share market volatility should be seen respectively as a healthy reality check and a blow-off of excess steam, rather than the beginning of a lengthy market downturn.

Fortune favours the brave in the investment business. The trick with long-term investments is to try to downplay short-term 'noise' (in particular, media attempts to 'hype' the news), and keep your eye on the big picture. It is worth remembering that volatility of share prices is entirely normal, and should not be seen as any cause for alarm.

Given these factors, the team at FMGIA is comfortable with the setup of our clients'

portfolios, and sees no need for radical change in response to the current market uncertainties. Volatility is nothing to be feared; in FMGIA's view, share market falls can in fact present canny investors with improved buying opportunities.

FMGIA is a wholly-owned division of FMG. The investment advisory team consists of salaried employees with a high degree of financial planning experience and expertise. They have the freedom to work with clients to select well-researched and most appropriate investments to their requirements, entirely free of the conflicts of interest which can often occur in the investment and financial planning sector.

For more information about FMG's investment advisory service, call 0800 366 466.

The key is to maintain a well diversified portfolio strategy, which offers three levels of protection:

- Firstly, money is spread across many different types of investment. The FMGIA team ensures clients' portfolios are deliberately well diversified, and contain fixed interest and 'alternative assets', including gold, designed to stabilise portfolios at times of share market turbulence.
- Secondly, the fund managers who manage FMGIA clients' investment funds actively take steps to minimise or even profit from any falls taking place in investment markets. It is their job to negotiate market fluctuations day by day; in turn, FMGIA's job is to take a much more long-term, strategic overview of things at the portfolio level. (This implies low turnover which in turn reduces costs.)
- Thirdly, history shows that markets always recover in the end. Their performances in the long-term are ultimately linked to world growth, which is likely to always be positive because of population growth, productivity increases, and inflation.



Crop farmers recognise new opportunities

Crop growers are seeing uses for their produce diversify this season.

Maize silage is now a valuable source of supplementary feed in the dairy industry, and straw is becoming a popular winter feed.

World demand for biofuel crops, a shortage of grain due to Australia's drought and Europe's variable harvest weather are also playing a major part in increasing the value of several grain crops.

Hail, frost and fire have caused \$740,000 worth of losses to crop farmers over the last three seasons and many crop farmers are

seeking advice from their local FMG Client Business Manager to minimise the risk of loss.

FMG has developed a specific Arable Crop policy. Cover options include loss to crops caused by fire and lightning (nil excess), crop in the windrow, frost (from 15 November) and impact by vehicle or aircraft.

If you have questions regarding your crop cover this season, contact your local FMG branch or visit our website www.fmg.co.nz

New look, new benefits

We're delighted to announce that from January 2008, FMG's policies will not only look fresher and friendlier, they'll also provide more benefits to our customers.

As an existing FMG customer you'll receive your new policy wordings, and a guide to the changes, with your 2008 policy renewal letter. For the first time we'll be providing your policies to you in electronic format, as Adobe® PDF documents on a CD. Our aim is to make it much easier for you to search your policy quickly and thoroughly for just the word or phrase you're looking for. We are also committed to reducing the amount of paper we use in our client communications – read more about this on the following page!

New and updated benefits

Many of the new benefits relate to updated policy conditions and/or definitions; some simply help clarify coverage better; and others will add great value to what we offer you. For instance, our Farm Liability, Public Liability and Combined Legal Liability products

are combined into a new all-in-one Liability policy, contained in our updated RuralPak, BusinessPak and LifestylePak, with the aim of ensuring that the very best benefits in this vital area of cover are available to all our customers regardless of business type.

New look

You'll notice that we've brought a fresh new look to our Pak documents, while retaining our familiar cover images to keep a sense of continuity with previous Pak documents. We've made the new wordings easier to follow too, with more user-friendly language and a convenient Summary of Benefits at the beginning of each policy.

We look forward to sharing these new benefits with you, and welcome your feedback on our new look policies!

FMG encourages all farmers to slip, slop, slap and wrap

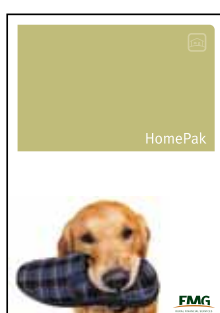
Skin cancer is one of this country's greatest killers; it affects over 300 Kiwis each year.

With New Zealand having one of the highest melanoma death rates in the world, farmers are particularly at risk as they spend many hours out in the sun each day regardless of the season.

FMG recognises the need to educate both young and old about the damage caused by the sun - that's why we are proud to be a major supporter of the Great Country Cover Up campaign. Joining forces with the New Zealand Cancer Society and other well known rural sector businesses, FMG will be out and about at various events this summer providing sunscreen, floppy hats and proactive advice about how to limit exposure and protect ourselves from the sun.

Come and see us at the FMG marquee at any of the following events:

- All FMG Pony Grand Prix attended events
- All Regional Field Days – Southern, Central Districts, Northern
- Horse of the Year





It's tractor fire season

Each year, during the spring and summer months birds make their nests wherever they please, including in tractor engines.

It may come as a surprise to know that one of FMG's most common claim payouts – over \$1 million in 2006 alone – is for tractor fires, most often caused by birds nesting in engines.

September saw Keith Crawford of Ngahinapouri, Waikato, faced with this situation. His new Holland TL90A 2007 tractor engine had been checked the previous day for birds' nests and none were found. The tractor was taken out the next morning and loaded with a spreader.

Thirty minutes into spreading urea, the driver noticed a burning smell and saw smoke coming from in between the bonnet and the dash. The driver quickly stopped, lifted the bonnet and saw fire at the rear of the engine.

He attempted to put out the fire using water from a nearby trough, but encouraged by warm winds, the flames soon stretched metres high engulfing the cab. By the time the Fire Brigade arrived just 20 minutes later the tractor was almost completely lost.

Luckily Keith's tractor was covered under FMG's RuralPak Superior Farm Vehicle policy. As Keith's tractor was less than 12 months old, the policy enabled FMG to replace his tractor with a new one of the same make, model and specification.

Contact your local Client Business Manager or FMG branch for further advice on how to avoid fire risk this summer.

“He attempted to put out the fire using water from a nearby trough but, encouraged by warm winds, the flames soon stretched metres high engulfing the cab.”

How could this loss be minimised or avoided?

- Fit your tractor with a suitable fire extinguisher. The Fire Brigade can't always arrive at your farm in time, so having a fire extinguisher installed is the best chance to minimise loss by fire to a tractor.
- Also check for birds' nests under the bonnet each time you start up your tractor. It takes only a few minutes but could save you a whole lot of money, hassle and time.



What could be greener than FMG green? Getting FMG Post by email!

FMG is privileged to work alongside a considerable percentage of New Zealand's farmers and rural people. You can imagine that when it comes to sending out FMG Post each quarter, a lot of paper is involved!

We know too that farmers place great value on information but are very busy people, so we want to ensure you receive FMG Post in the way that's most convenient to you.

We're very pleased to announce that from the first 2008 issue, you will be able to receive FMG Post by email or post, whichever you choose.

How to sign up for email

- All you need to do is visit www.fmg.co.nz and click on the 'Sign Up for FMG Post' link on the home page.
- Importantly, although you may have already provided us with your email address in the past, by using this sign-up process we can ensure that we have your latest email details – and that we comply with the recently-introduced Solicited Electronic Messages Act (the 'Spam' Act).

How to stick with mail

- You don't have to lift a finger!
- However, if you are receiving multiple copies of FMG Post, or would prefer to stop receiving it, you can also update these details by visiting the 'Sign Up for FMG Post' page on our website.

Visit us online and win Christmas goodies!

Because we know you have a dozen other things to think about right now, we're providing an added incentive to respond quickly – so you can shop till you drop just in time for Christmas!

Just enter the draw by one of the two methods below and you'll be in to win one of three \$200 Dick Smith vouchers. The draw closes 5pm Friday 14th December 2007 and vouchers will be delivered to the three lucky winners early the following week.

How to be in to win

- Sign up to receive FMG Post by email, via the 'Sign Up for FMG Post' page on the FMG website.
- Submit your feedback on the new-look FMG Post, via the 'Sign Up for FMG Post' page on our website.

FMG Agriculture Scholarship Application Form

Please complete this application form and also attach:

- A typed **half page profile** of yourself including education, personal interests, achievements etc.
- A typed **1,000 word essay** on the topic 'Why I have chosen agriculture as a career', with reference to a particular sector of the agriculture industry that is of interest, highlighting both the opportunities and the challenges that the industry faces.

My details are

(Mr/Mrs/Ms/Miss) Surname	First name(s)	
Address		
Telephone: Home	Business	Mobile
Email	Date of birth	

Secondary education

Secondary School attended	From year	to
Highest qualification		
Results still waiting for		
Work experience		

University education

Proposed course of study	
Location	<input type="checkbox"/> Massey University <input type="checkbox"/> Lincoln University
Career intentions on completion of course	

FMG Client nomination

 Must be completed by an existing FMG client who agrees to nominate you for your application.

Name	
Address	
Telephone: Business	Client ID#
Relationship to applicant	Signature

Send completed application form, profile and essay to:

FMG Agriculture Scholarship, PO Box 521, Wellington

Applications close Friday 14th December 2007.

Applications for the FMG Agriculture Scholarship are open to students who are intending to study agriculture through a Bachelor of Agriculture, Bachelor of Agricultural Science, Bachelor of Commerce (Agriculture), Bachelor of Applied Science or Bachelor of Science (Agriculture) and intending to commence full-time study at either Lincoln University or Massey University in 2008.

Freephone 0800 366 466 or visit our website www.fmg.co.nz

We're easy to contact
Call us on 0800 366 466

Write to us at PO Box 1943,
Palmerston North, New Zealand.

Email us contact@fmg.co.nz

Visit our website www.fmg.co.nz
Or contact your local FMG branch.

INSURANCE - INVESTMENT - FINANCE

FMG36538

FMG Agriculture Scholarship: applications close 14th December 2007

In 2005, FMG celebrated 100 years of involvement in the rural sector and to mark the milestone we launched our first FMG Agriculture Scholarship Programme.

We are committed to the growth of the rural sector and see education as a vital source of continuing development for the industry. This year we are again offering two scholarships for students enrolling in an agriculture-based degree at either Massey University or Lincoln University.

The Scholarship provides a cash grant of \$4,000 per year for a period of three consecutive years of study to be used towards course fees and materials.

Criteria

Applications for the FMG Agriculture Scholarships are invited from students who are intending to study agriculture through a Bachelor of Agriculture, Bachelor of Agricultural Science, Bachelor of Commerce (Agriculture), Bachelor of Applied Science or Bachelor of Science (Agriculture) and intending to commence full-time study at either Massey University or Lincoln University in 2008.

How to apply

Complete the application form included in this edition of FMG Post. Additional application forms can be obtained from a local FMG branch,

downloaded from www.fmg.co.nz or by calling 0800 366 466. Applicants are required to submit a half-page profile introducing themselves, including education, personal interests, achievements etc.

Applicants are also required to submit a 1,000 word essay on the topic 'Why I have chosen Agriculture as a career', with reference to a particular sector of the agriculture industry that is of interest, highlighting both the opportunities and the challenges that the industry faces.

All applicants must be nominated by an existing FMG client.

Conditions

A payment of \$4,000 will be made to the successful students in March 2008 to cover costs of the first year of study. To receive the subsequent payments, students must receive at least a B-grade average.

The recipients of the Scholarships will be required to prepare a report for FMG at the completion of each academic year. FMG reserves the right to use the successful applicants in promotional material or activities.

Selection committee

A selection committee will consider all applications received. A range of criteria is considered including applicants' academic records, personal profile, and evidence of commitment to agriculture. Applicants may also be asked to attend an interview, either in person or by conference call.

Applicants will be notified of the selection committee's decision by 8th February 2008.

Applications close 5pm Friday 14th December 2007. Completed applications must be received at FMG, marked: FMG Agriculture Scholarship, PO Box 521, Wellington, by this date.



Erin Sinclair, 2007 Scholarship recipient.