

FMG POST

THE NEWSLETTER OF FMG RURAL FINANCIAL SERVICES - SEPTEMBER 2006

The weather outside is frightful...

This has been one of the worst weather patches that Canterbury has seen in recent times. The Insurance Council said the recent snowfall in the South Island is the worst in New Zealand's history and is estimated to have cost insurance companies \$50 million in claims, \$35 million of those coming from the Canterbury region. The massive

snowfall blanketed Christchurch city, closed roads, damaged buildings, power lines and poles, and phone services all over the Canterbury region. The purpose of this newsletter is to update you on the impact of the recent weather storms and also to advise you of some appropriate ways to protect yourself and your assets in the future.

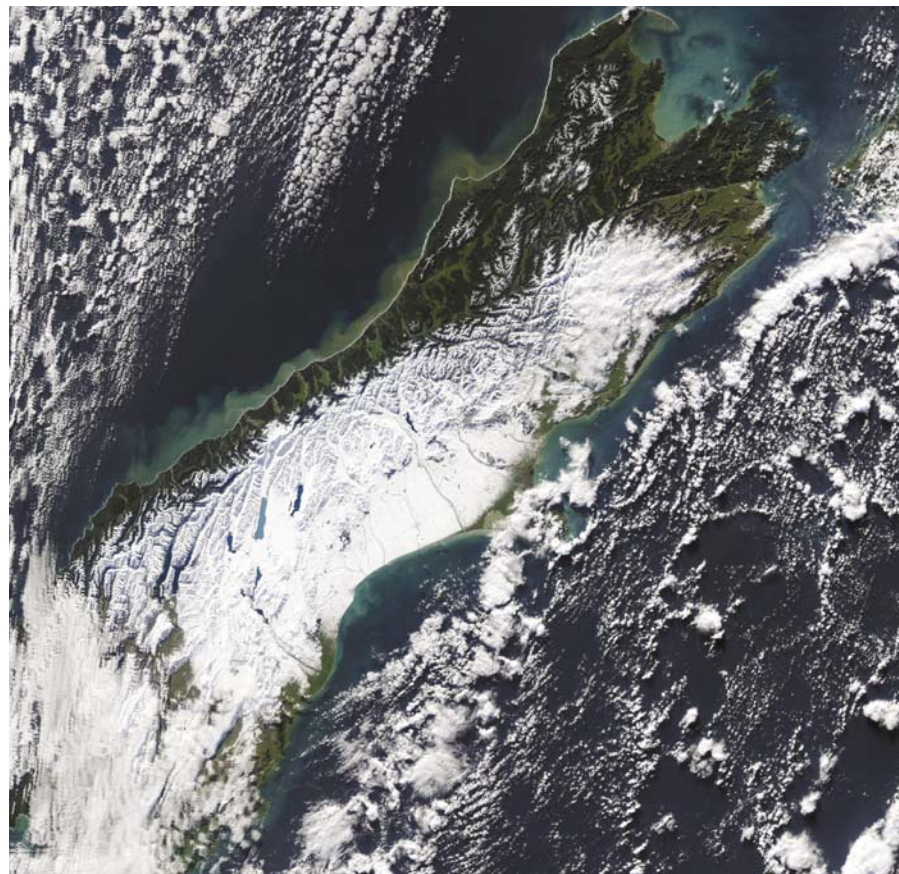


Image courtesy of MODIS Rapid Response Project at NASA/GSFC.

Contents

Risks	page 2
Policies	page 3
Branches	page 4

Snow depths throughout Canterbury following the 11-12 June 2006 storm.*

Bold figures indicate that this was the heaviest recorded snowfall since 1945.

AREA	SNOW DEPTH CM
Christchurch	1-15
Port Hills	10-15
Darfield	40
Sheffield	50
Amberley	10-15
Oxford	15
Lincoln	10-15
Rakaia	30
Ashburton	38
Methven	55
Mt Hutt	85
Geraldine	40-50
Mt Peel	45
Arundel	40
Mesopotamia	70
Plains	30-60
Temuka	30
Fairlie	80
Lake Tekapo	50
Hermitage	50
Timaru	30

*Source: Preliminary analysis of the 12 June 2006 Canterbury snowstorm, NIWA



FMG Claims Statistics for Canterbury, June 2006

Of 4,122 claims received by FMG during June 2006, more than 1,400 of these were received from the Canterbury region.

AREA	CLAIMS	AREA	CLAIMS
Ashburton	457	Oamaru	52
Christchurch	168	South Canterbury	369
West Canterbury	220	Timaru	186
TOTAL CLAIMS		1,452	



Huge snow-bull brings down FMG show tent

FMG's clients weren't the only ones affected by the snowstorm – we also fared badly during the two days of adverse weather!

The FMG marquee was set up in Methven over the weekend, ready for the Charolais Bull Sale on 12 June, when the snow hit.

The marquee was covered in 2 to 3 metres of fresh snow which broke most of the poles, collapsing the marquee. Luckily it was prior to the sale and no one (or any bulls) was injured. Fortunately the damage was mainly to the poles holding the marquee in position and Tim from Party Warehouse did a great job salvaging the outside skins; so the marquee will see another day.

Snowstorms and the resulting isolation can mean that you have a lot to deal with – both in terms of damage to property and coping with ordinary day-to-day tasks. We have taken the time to detail each of the risks which can result in an interruption to your business as well as some appropriate strategies to avoid, or at least mitigate, impact damage in the future.

Snowstorm

A snowstorm can cause damage to shed roofing, guttering and spouting as well as damaging power poles which can leave rural areas isolated and vulnerable. Trees and fences can collapse under the weight of the snow and there is also a high risk of livestock mortality.

Protection strategies:

- In most cases, snow straps on gutterings and spoutings can decrease the damage - these should be no more than 500 - 750 cm apart
- Solid and sound roof trusses and wall bearers
- Maintenance and upkeep of farm motors including covering farm motors to prevent damage
- Drain all water systems at risk of freezing and where possible, use anti-freeze

Storm & flood risk

Recent flooding in the lower North Island, Gisborne and Wairarapa areas highlighted the need to prepare adequately to prevent considerable damage.

Protection strategies:

- Ensure sensible building sites including removing and repairing rotten wall bearers, roof supports and trusses
- Rafters and purlins braced or nailed to ensure they are strong enough to withstand gale-force winds
- Any trees overhanging buildings should be cut back

Fire

Several large fires in the South Island in recent times have resulted in large costs of property damage and fire-fighting – this is something that you need to prepare for.

Protection strategies:

- Fire extinguishers in buildings and vehicles, and adequate water supplies
- Allow for smoke alarms, meter board and electrical wiring checks
- Check for birds nesting in vehicles
- Incorporate cut-out switches in pump sheds and vehicles
- Store hazardous goods in an appropriate area away from other at-risk items
- Always ensure you have obtained the relevant permits before starting a fire
- Ensure appropriate public liability and Forest and Rural Fires Act cover



Why wouldn't you be with FMG?

FMG Farm Buildings

FMG's Farm Buildings policy will protect your farm buildings for accidental loss or accidental loss caused by a defined event, which includes fire, explosion, lightning, malicious acts, vandalism, storm or flood, burglary and impact from a motor vehicle or aircraft. Optional benefits of this policy include natural disaster cover, farm fencing, farm bridges and underpasses, unspecified farm buildings up to \$5000 (cattle stops, silos, tanks, gates, power and telephone poles and lines, windmills and stock yards) and beehives.

- Farm fencing can be insured for fire, storm and flood contingencies and is a cover often overlooked by farmers
- Any new farm buildings built should comply with the recommended snow loadings for the area (these can be obtained from your local council)

FMG Farming Loss of Profits

This policy is specifically tailored for farm owners to protect and maintain income following a major loss caused by a fire, lightning, earthquake, flood, storm, tornado, cyclone, tsunami or any other impact damage to any farm building and its fixed plant. While your farm buildings policy (mentioned above) will cover the repair or replacement of affected buildings and their fixed plant, this can often take some time, especially for dairy, pig and poultry farmers, and the farm may be unable to produce full income during rebuilding. The Farming Loss of Profits insurance is designed to minimise financial loss in the aftermath of such an event. This coverage is assessed using historical financial information.

FMG Household Contents

Your household contents are insured for accidental loss. Additional benefits include gradual damage, replenishment costs, transit, personal effects while on holiday in Australia, cover for hearing aids, glasses and dentures as well as many other items.

Protection strategies:

- Ensure you always have working fire extinguishers, smoke alarms and security alarm systems
- Follow the EQC disaster plan
- Lock your home when unattended

Review your insurance of household furniture and personal items as people are generally under-insured in the event of a total loss. The average cover for an average 3-bedroom home is approximately \$125,000. Remember to specify any personal items over \$3,000 i.e. jewellery, hearing aids etc.

FMG Farm Contents

Your farm contents are insured for either accidental loss or accidental loss caused by a defined event (see definition under FMG Farm Buildings above). Additional benefits include replacing locks and keys, death or permanent injury, perishable farm stores, theft by paying guests and inflation protection. Optional benefits can be purchased to cover baled hay, deer velvet, farm milk and wool. The average cover for farm contents is approximately \$35,000.

FMG Breakdown

FMG's Breakdown policy covers your motors and electronic equipment for accidental breakdown during the period of insurance. Additional benefits include temporary loan equipment, refrigerant replacement and cover for your farm computer.

Optional benefits cover accidental breakdown of your machinery.

Protection strategies:

- Engineering cover can be arranged for mechanical breakdown damage to pumps and motors
- Ensure electrical switchgear is in adequate working order

Private and Farm Vehicles

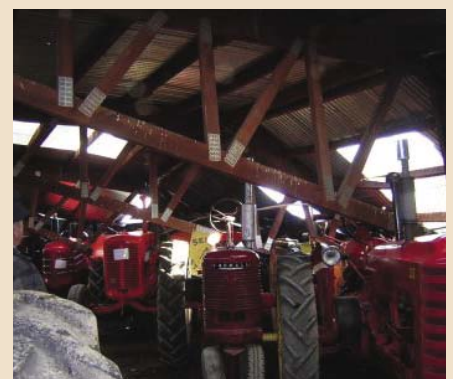
FMG has a range of vehicle policies which cover your private motor vehicles, your farm vehicles and your liability resulting from an accident involving your vehicle. Some of the optional benefits included in these policies are tyre cover and hire charges.

Protection strategies:

- Ensure all drivers are competent
- All modifications to the vehicle need to be advised to your insurer
- Keys should always be removed from the vehicles when they are unattended
- Always keep garages locked in urban or suburban areas
- Secure your farm bikes when not in use, remove the keys and where appropriate fit anti-theft devices
- Work with your neighbours to keep an eye out for strange vehicles in the area

FMG Livestock

Your livestock are insured for accidental death caused by fire, electrocution, lightning or stock worrying; livestock housed in a building at the time of loss and specified livestock are insured for accidental death or theft. Additional benefits include vet fees and carcass removal.



FMG branch offices...

Our local FMG branch offices and staff have the knowledge and experience to provide sound advice for you relating to your insurance, finance and investment needs; and they are based on the ground in the communities where you are. Give us a call or visit the branch nearest to you.



Christchurch
322 Riccarton Road
Upper Riccarton

Branch Support Officer
 Liz Johnston
 03 343 6942
 Fax: 03 341 6791

Client Business Managers
 Fiona Keenan
 Banks Peninsula
 03 348 0271

Charmaine Rielly
 North Canterbury
 03 343 0479

Peter Buckley
 West Canterbury
 03 343 6971

Ashburton
Federated Farmers'
Building
163 West Street

Branch Support Officer
 Tania Rule
 03 307 8016
 Fax: 03 307 8012

Client Business Manager
 Alan Giles
 Ashburton
 03 307 8011

Timaru
Farming House
23 Butler Street

Branch Support Officers
 Heather Kirk
 Timaru
 03 688 8182
 Fax: 03 688 5369

Sarah Giles
 Oamaru
 03 683 1537
 Fax: 03 688 5369

Client Business Managers
 Carole Dixon
 Timaru South
 03 688 8173

Ray Jackson
 Timaru North
 03 684 7462

Oamaru
27a Coquet Street

Client Business Manager
 Bronwyn Walsh
 Oamaru
 03 434 2638



Freephone 0800 366 466

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

www.fmg.co.nz

FMG28286



Yes, I would like to increase my _____ policy cover to \$ _____
 Simply complete the details below and fax this back to your local office (see above).

Name

Address

Phone Fax

My client number is

I am interested in discussing my cover for:

- Dwelling
- Farm contents
- Household contents
- Farm buildings
- Farm vehicles
- Private/commercial vehicles
- Livestock
- Crop
- Farming loss of profits
- Liabilities