

Here for the good of the country

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Note from Chris Black

The theme for this year is 'here for the good of the country'.



This is timely given the challenges everybody is facing as a result of the impact of Covid-19 and the key role farmers and growers played during lockdown and continue to play in New Zealand's economic recovery.

The ability to take a long-term view is one of the many benefits of our mutual ownership and operating model. 2020 was marked by record net client growth and client satisfaction. This reflects the value people see in a mutual insurance model where the interests of owners and clients are aligned. It's a model which, while it's set up to make a profit, does not seek to maximise profit.

We strive to keep premium increases to a minimum for the cover offered so our insurance remains affordable for rural and regional New Zealand. These unique mutual features distinguish FMG from most other insurance companies in New Zealand.

2020 was also a record year for the number of claims we received and dealt with.

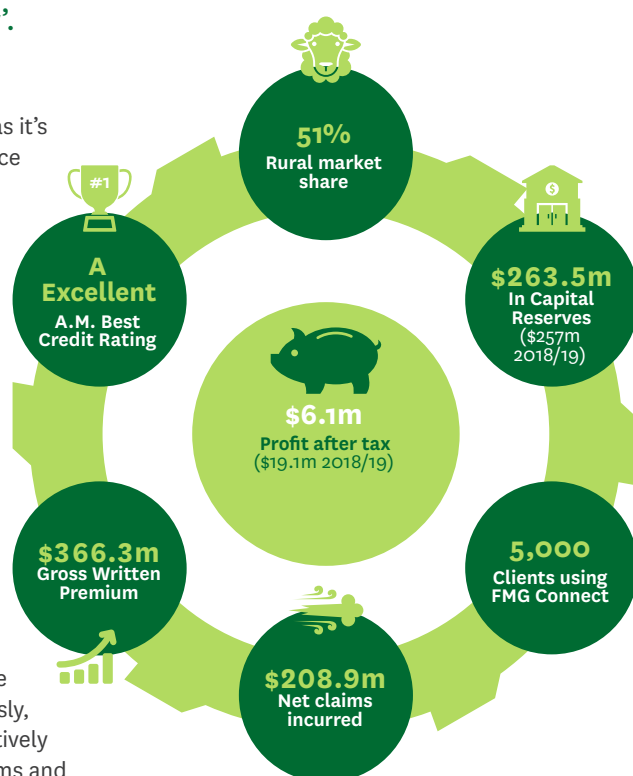
Settling claims effectively is something we are proud of as it's through the claims experience that our clients test the quality of the Mutual.

In behind both the record net client growth and record claims volume was a commitment from our employees that was second to none over this last year.

This year's modest profit of \$6.1m after tax was impacted by a severe correction in global share markets in March 2020. That's not a problem per se and something we anticipate from time to time. Fortuitously, 2020 happened to be a relatively benign year in terms of storms and other catastrophes.

This contrasted with recent years where we helped clients recover from multiple major storm events and the Kaikoura earthquake two years before that. This serves to highlight and reinforce the premise that in the insurance industry, as in farming and growing, one needs to take a long-term view.

Making a profit allows us to invest in new products and services, such as our online digital service channel. We are pleased to have over 5,000 clients now registered and using FMG Connect as another service option to help manage their insurance. Supporting important initiatives such as Farmstrong and the FMG Young Farmer of the Year contest is also enabled by having



a strong financial position, which we do with reserves of \$263.5m.

On behalf of the Mutual, I'd like to take this opportunity to personally thank you for your support through what has been an extra challenging time as people, businesses and communities right across New Zealand have faced into and adjusted to a year like no other.

Chris Black
Chief Executive, FMG

We're delighted to provide the FMG Post to our clients three times a year. If you'd prefer to receive your copy via email or by post, please give us a call on 0800 366 466.

Working through Covid-19

As we continue to manage through Covid-19, it's still important to be vigilant about the risks associated with this pandemic. Here's some guidance on how to help make sure your business meets all its obligations and is appropriately positioned in this different environment.

Know what Government support is available

The Government's support package for businesses currently includes the wage subsidy scheme, business financial guarantee scheme, business cash flow and tax measures, insolvency relief and the small business cash flow loan.

More details about support can be found at: www.covid19.govt.nz

Formalise arrangements made during lockdown

You may have been unable to properly formalise arrangements with suppliers, customers, landlords/tenants or others that needed to be quickly put in place as the outbreak and Government restrictions unfolded. If you're continuing to rely on these, it's important that you formalise these now. This will reduce the risk of potential confusion or disputes later down the track.

Update your Business Continuity Plan (BCP)

You probably learned a lot about adjusting your business to the Covid-19 environment and now's a great opportunity to reflect on that.

Write or update your BCP accordingly. This means your business will be well placed to respond if or when another event occurs.

Check your business strategy and set-up

Now is a great time to review your business strategy and understand if it needs to be revised to reflect the different environment. You may also want to review funding arrangements, cash flow and balance sheet solvency—this is an area where company directors have specific responsibility.

Make sure you meet your employee-related obligations

As well as health and safety, it's important you meet your other employee-related obligations. For example, what are your obligations as employees return to business premises, in regard to flexible working arrangements, restructuring, and redundancies and in respect to the Government's wage subsidy scheme?

If you're unsure, speak with a human resources expert or an employment lawyer.

Make sure you protect your business' computer systems

This is important if employees working at home are connecting to personal devices. These are not as secure and make the business more vulnerable to a cyber attack. There's also an international trend of cyber criminals using Covid-19 as an opportunity to carry out online scams.

For more information visit: www.cert.govt.nz

Stay up to date on your health and safety requirements

This is the best way to keep your employees and others safe and avoid investigation for health and safety breaches. If you're unsure how your business should comply with any specific requirements, please go to WorkSafe's website: www.worksafe.govt.nz

Make sure governance decisions are recorded in appropriate detail

Company directors' decisions are often scrutinised in hindsight and a lack of detailed records around decision making could suggest matters were not properly considered, or dealt with.

The Fair Insurance Code

As a member of the Insurance Council of New Zealand (ICNZ), FMG adheres to the Fair Insurance Code.

The Code, which was updated on 1 April 2020, sets out industry best-practice standards for ICNZ members.

It describes what level of service you can expect from your first contact with us as your insurer through to claim time. It also provides information on complaints procedures and helps to hold ICNZ members to higher standards of service in all their dealings. To learn more about the Code, head to www.icnz.org.nz and search 'Fair Insurance Code'.



CLIENT FOCUS

In this edition we share some inspiring stories from our clients that we heard about during lockdown.

There when we needed it most



In the space of a day, Ben Leggett moved from distilling gin to producing hand sanitiser just as New Zealand needed it most. Ben and business partner Simon Kelly own Marlborough-based Elemental Distillers where they make a single premium dry gin built from seasonally sourced New Zealand botanicals.

“As a gin distillery we already had stocks of high strength, gin scented alcohol as a bi-product of our distilling runs.”

Ben says supporting local essential businesses like the medical centres during lockdown while also helping to generate cash flow was a no-brainer.

As Elemental Distillers were ahead of the curve in sanitiser production it was inundated with orders from all over the country.

I’m sure we all recall in the early stages of Covid-19 the lack of hand sanitiser available to buy.

Very quickly the team learnt about the legal requirements to release a hazardous rated cosmetic product, within a food-grade environment.

“Thanks to assistance from my wife, Louisa, we were largely able to stay on top of the hundreds of daily email orders.”

“Knowing we were supplying an essential product to essential services at a time of national crisis is an exciting, stressful but overall incredible experience. The response from those we were able to support and the way the community came together in support of each other was humbling,” says Ben.



Sheep and beef farmers turn TV stars

Heartfelt thanks shared during lockdown turned Rangitikei sheep and beef farmers, Richard Lourie and his sons Josh and Hayden into TV stars.

The Louries were among several others who were compelled to thank the wider food supply chain, like meat processors and truck drivers for the part they played in keeping the country fed. FMG helped to bring the video together—‘An essential shout out to all those helping to feed New Zealand’—and shared it on social media.

No-one expected that TVNZ would pick up the video and play it as an advertisement for free—or that it would be shown during prime time viewing, exposed to hundreds and thousands of viewers!

In his part of the video Richard explains:

“We knew a fellow who was getting up at 2am and heading off for his day as he always does, to do his bit and yeah, that’s cool.”

Richard himself was facing his own challenges, including drought and managing the fact that only half his lambs could be taken by the meat works during lockdown. Despite this and his initial reluctance to appear on camera, Richard and his boys stepped up.

“A challenge for us was you couldn’t even send one lamb over your number to the works because they’d send it back. We were very grateful that they were taking as many lambs as they could, because we were already faced with drought and the slow down and congestion in kill from when China closed and other markets slowed. If they (the meat processors) had completely stopped we’d have been heading for some major animal welfare issues.”

Customer cheese cravings met by online service



When the lockdown brought Jill and Adrian Woolcroft’s cheese making business to a complete standstill, like many of our rural community members, the couple didn’t give up. Instead, they looked for a way to sell their product differently.

Jill and Adrian have run Cartwheel Creamery, based in the Pohangina Valley since 2014. They make several styles of cheese with both cow and goat milk, ranging from soft white-mould, soft washed rind, blue, semi-hard European, feta and halloumi. The cow’s milk is sourced from local grass-fed Jersey-cross and Friesian herds and the goat’s milk is collected from a Saanen herd in Opiki.



“We’d built up our cheese stock in preparation for several major events through March and April. The Central Districts Field Days, two trade expos and several festivals, in addition to our regular markets. Then these were all cancelled. Wholesale orders dried up as restaurants, cafes and delis closed their doors. We were faced with an abundance of cheese all happily maturing its way towards a rather limited shelf-life,” says Jill.

It was then that the couple established their online shop. Within a couple of weeks of lockdown starting they were able to re-connect with their retail customers and a limited number of wholesale customers—even when in the higher levels of the lockdown.

It was a real highlight to set up the online shop.

“It was something we should have done a long time ago, and although it was a high priority for us before the lockdown, the situation certainly gave us a strong push,” says Jill.

Now Cartwheel Creamery has the best of both worlds—with online and community markets.



Flowers for essential workers

Pukekohe growers Suzette and Frans van Dorsser from Blooming Hill Flowers say they were beautifully reminded during lockdown why they’re in the industry.

Classified as a non-essential service the van Dorssers were unable to sell any of their roses and gerberas for the domestic cut flower market.

So what happened to the business during lockdown?

Firstly, the couple say they were deeply moved by the dedication, loyalty and commitment of their staff to help keep their crop in good shape.

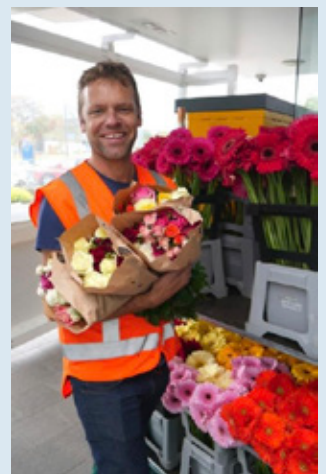
“We asked for volunteers to go into quarantine with us on the property to create a ‘work bubble’ and our staff did that for us so that we wouldn’t lose our crops,” says Suzette.

The flowers, the van Dorssers decided, would be donated.

“We donated to essential front-line workers, such as hospital staff and the police force, and to retirement villages and doctor’s offices to be distributed to patients, ” says Suzette.

“Sometimes you forget the ‘why’ in what you do for a living and we were reminded in the most rewarding way possible that people love our product and that it brings great joy.

All of us are reinvigorated with passion for the product since we have seen the impact it made during the lockdown. We don’t normally witness the direct result of our efforts and this time we did.



“This chaotic situation forced us to constantly regroup and brainstorm solutions for the immediate issues—it was stressful but we remained calm and consistent and we are proud of the resilience that everyone showed,” says Suzette.



Accidents lead to big impacts

“The impact of such stupid, silly little things when you’re running a big farming operation solo is huge.”

James Turner,
Coromandel dairy farmer.

James and Katherine Turner and their 10-year-old triplets sharemilk near Whenuakite on the Coromandel Peninsula. It’s a beautiful part of the country close to many beaches. James didn’t expect a summer holiday cricket game with his three children could limit what he could do on farm to the extent that it did.

“I bent my right toe out of the ball joint after it got caught in the long tangly, Kahkuia grass that you see at the beach,” says James.

“I thought it might come right by itself but it didn’t. If it’d been a clean break it might have been better but the doctor said something else was going on. There have been a few specialist appointments since then.”

Drought, Covid-19 and a sore toe

James’ toe injury turned out to be quite debilitating. Whatever James had done led to other problems as well, including bending over being a struggle.

“I couldn’t walk around the milking platform and Katherine had to learn to drive the tractor. Actually poor Katherine did a lot of work on the farm.”

With just the two of them on farm, it’s been challenging. Add in a severe drought and the Covid-19 lockdown period, and you can appreciate why the \$14,000 the Turners have received under their insurance cover is “just so good.”

Not the first accident...

The Turners took out insurance cover for themselves three years earlier when they first moved to the Coromandel to start sharemilking and spoke with FMG.

Just over six months after taking out the cover James needed labour replacement to help out during calving.

“A calf had become stuck in a cow and I was elbow deep trying to release it when she went down,” says James.

“We were right in the middle of calving too and I’d injured my shoulder so it was great that our cover meant we could pay someone to get us through.”

James rates the cover: “The impact of such stupid, silly little things when you’re running a big farming operation solo, is huge.”

FMG Connect

Let’s get you online soon

The use of online services grew substantially during lockdown for many businesses, including ours.



During that time we had an opportunity to invite many of you to use the new online service, FMG Connect, a little earlier than planned and with great success. If you haven’t yet, the good news is soon you can choose to register at any time, from any device and without being invited.

We’ll be sharing more information about FMG Connect in the coming months, including how to get set up to easily manage your insurance online. Once you’re set up, you can submit claims, check policy details, make changes and contact us online.

FMG Connect gives you more choice, convenience and control in how you can manage your insurance and interact with us.

For more information, visit fmg.co.nz/connect or give us a call.

Already have a login? Head to fmgconnect.co.nz to login.



James’ insurance cover

- Level Term Life cover
- Yearly Renewable Life cover
- Rural Key person cover



Farmstrong turns 5

In June Farmstrong turned 5. We'd like to take this opportunity to thank everyone who has been involved so far.

The willingness of farmers and growers to share their stories and insights has been key to progress so far. An independent evaluation of Farmstrong in 2019 found that over 18,000 farmers and growers had been involved in a range of ways in the previous 12 months.

To mark this 5 year milestone, we put together a short and fun birthday video featuring Farmstrong ambassador Sam Whitelock and some of the farmers who've come on board. You can watch it here: www.farmstrong.co.nz

Farmstrong chats with Sam—keep on learning

Farmstrong's been chatting online with our ambassador Sam Whitelock about learning and what sport has taught him that he'll take back into farming.

"When I hang up my boots eventually I'll head back into farming. Recently, I've been spending some time on my farm and working on my own skills and what else I need to learn."

“One of the main things that I've learnt from sport is that even the toughest times are an opportunity for learning. That's something I'll be taking into farming to help me deal with pressure. That old saying, which I can still picture my father reciting, is so true—'control the controllables.'”

Sam Whitelock, Farmstrong Ambassador

Top tips from Sam Whitelock on learning

- Share your knowledge with others
- Know your preferred learning style
- Ask others you work with how they like to learn and receive feedback
- The best learning comes from giving things a go including making mistakes
- Keep learning and improving your skills

"It's all about keeping perspective and looking at what you can control or just influence. To turn a negative situation around, ask yourself, 'what's the positive here, is this an opportunity to learn something new?'"

To watch the Farmstrong chats with Sam go to www.farmstrong.co.nz/video/category/sam-whitelock

Industry providing feed support and advice through drought

The past months have seen a global pandemic and a once in a generation feed shortage hit at the same time, both with the potential to impact more than one farming year.

Meat works were down to 30-50% capacity and farmers told FMG they were waiting six weeks, in the middle of the worst drought they'd seen, to send off prime cattle and up to four weeks to send lambs to be processed.

Driving through Hawke's Bay, some paddocks may be a brilliant shade of green but it's obvious that feed remains tight. Remnants of balage and grain from feeding-out are easy to spot, grazing of the long acre is evident, and the north facing hills still haven't recovered.

Next steps

Federated Farmers, Beef + Lamb NZ, Dairy NZ, Ag First and MPI have partnered to provide feed planning support for farmers. This service can help you understand what options you have. If you've got no feed and can't buy any in, it helps to understand what number of stock you can feed so you can make informed decisions.

The other benefit of having this independent advice is that you can use it when talking to family members, business partners and supporting businesses like your bank, to get everyone on the same page.

Right now is also a good time to work with your farm reps or consultants to identify paddocks that aren't performing or haven't recovered post-drought and earmark them for spring renovation.

Looking through winter and into spring, the NIWA climate outlook for June to August isn't giving huge confidence of a miraculous bounce-back, so making

sure you have winter feed on hand where possible is important. This may also signal a longer recovery time for ground water reserves.

Last year, FMG published a report on the 'Future of Farming and Growing in New Zealand' which looked at challenges and opportunities for farmers and growers out to 2025. Over 40 agri-leaders were interviewed and countless reports digested, most of which forecast more frequent and severe weather patterns with a drier east coast and wetter west. With that in mind, are there any changes you can make to your farm to reduce the risk of these uncontrollable forces having a negative impact on you in the future?

In all the events FMG has supported farmers through, there's one thing that remains constant for all—through adversity our rural communities continue to support one another. As one of our clients said recently, "If you can get through this year, you'll get through any."



Always here to support you

We recognise the impacts recent events may have had on you, your family or your business. We also know that individual circumstances can change at any time and that these changes may impact the insurance cover you need or can afford. If you'd like to review your cover, our team is available to help on 0800 366 466.



Sharing your stories

Many of our clients have a great story to tell and they're at the top of their game, continually innovating and progressing. We've taken this as the premise for FMG's new marketing campaign.

Last year, FMG's marketing campaign highlighted what it means to be a mutual. Recently, and as part of the mutual story, we've been talking about progress. This idea comes from the understanding that rural people are problem solvers and each problem solved helps us to progress. Every day we see evidence of this through the way you face challenges, and your continued optimism.

For the campaign we're fortunate enough to have some of you share your stories. We'd like to thank Richard and Helen Dorresteyn of

Clevedon Buffalo for their time and story—you can view this here: www.fmg.co.nz/progress.

Also, thank you in advance to Jerome Wenzlick of FuturePost and James and Richelle Corson of Gowanleagold (Beekeeping) for their stories to come.

Rural weather outlook hits the road

TVNZ have helped us bring their weather anchors Dan and Renee together for an advertisement within the FMG rural weather outlook that features during Country Calendar.

New look email FMG Post

You can now receive your FMG Post via a new look email. If you'd like to, please contact us by emailing marketing@fmg.co.nz



FMG Junior Young Farmer of the Year winners

Congratulations to Jack Coakley and Mac Williams from St Bede's College in Canterbury who were crowned this year's FMG Junior Young Farmer of the Year winners.



"It was an incredible result, we put a lot of hard work in so to come out with the result we got was an incredible feeling," says Jack.

The pair entered the final day of competition in 5th place and Mac says they tried their hardest throughout the day.

“It's really rewarding to be able to compare your skills to others around the country, and prove to yourself what you can do when you put your mind to it and take your passion to the next level.”

After finishing school, Mac plans to head to Massey University to study veterinary, meanwhile Jack wants to head to Lincoln University and is currently tossing up what agricultural-based degree to study.

Due to Covid-19 the decision was made to move the competition online.

"The (NZYF and FMG) events team has done the most amazing job to pull this off and I cannot thank them enough, along with our sponsor family and volunteers for all the hard work they have all put in," says New Zealand Young Farmers CEO Lynda Coppersmith.



Call us on
0800 366 466

Write to us at
PO Box 1943
Palmerston North
4440

Email us at
contact@fmg.co.nz

Visit our website
www.fmg.co.nz

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