



# NOVEMBER 14 EARTHQUAKES

FMG'S RESPONSE

**RISK ADVICE**

The three big risks to  
your tractor

**DIRECTORS**

Changes and vacancies

**FMG SCHOLARSHIPS**

Announcing three recipients

**FARMSTRONG**

From Wairoa to the Chathams





# NOTE FROM CHRIS BLACK



Since the last edition of FMG Post our top priority has been to mobilise a dedicated team to handle the recovery effort for the Kaikoura Earthquake. The earthquake has significantly impacted the lives and operations of numerous farming, commercial and residential clients in North Canterbury and Marlborough.

***In response to the increasing volume and cost of claims, we have redoubled our efforts to get on the front-foot to provide clients with specialised advice.***

While the Mutual anticipates natural catastrophes from time to time and is set up to handle them, each one requires a unique response. One of the things that will be different about this recovery is a new arrangement we have agreed with EQC, which involves FMG managing all house and contents claims on behalf of EQC. We have been advocating for this change with government for several years and hope it will make the recovery easier for everybody. Whereas previously clients had to deal with EQC and

FMG for different claims, now clients will be able to deal directly with FMG for all their claims (with the exception of land-related claims, which will still be dealt with by EQC).

I think the Mutual has worked hard over the last seven years on clients' behalf to absorb the significant cost of three large earthquakes and a continued run of large fires, and has been able to largely insulate clients from these. While this approach has been in line with the Mutual's core philosophy to keep base premiums as stable and as low as possible, this has become increasingly challenging and will likely require some adjustment. The frequency and cost of vehicle claims also continues to increase; especially those involving the repair or replacement of windscreens and bumpers with embedded sensing technology.

In response to the increasing volume and cost of claims, we have redoubled our efforts to get on the front-foot to provide clients with specialised advice to help them understand and manage the risks they face and

as a result avoid losses and interruptions in the first place. This is good for everybody and helps keep a lid on the pressure to increase base premiums, noting the overall premium each individual client pays depends on the unique mix of risks they have insured together with their individual claims record with the Mutual.

Over the last few years, the industry has been working closely with government to change and simplify the way the New Zealand Fire Service is funded. While we have been successful in simplifying the basis on which the fire service levy is calculated it is disappointing that, despite presenting a compelling argument, the government has resisted moving away from funding the service via a levy on insurance. Indeed, the government has decided to broaden the coverage and increase the amount of levies payable by New Zealanders who have taken out insurance. These changes will be implemented progressively over the coming 18 months.

On behalf of the management team, I would like to finish this update by acknowledging the tremendous contribution retiring immediate-past board chair Greg Gent and director Graeme Milne, have made to the development of the Mutual over the last decade. Both Graeme and Greg have been excellent directors and chair as well as passionate advocates for FMG and the mutual model that sets us apart in what is now a largely offshore-owned insurance industry.

Chris Black  
Chief Executive, FMG

---

# RESPONDING TO THE NOVEMBER 14 EARTHQUAKES



## KAIKOURA

On Monday 14 November a series of significant earthquakes hit many parts of the country, which caused damage ranging from household items breaking, through to people's homes, farm infrastructure and businesses being destroyed.

Helping all impacted clients to get back on their feet is a top priority for FMG right now and we're making progress. To date we've received some 3,300 claims, including those from EQC and have settled about 10% of these.

In this edition of FMG Post we've outlined how we've responded so far.

## EARTHQUAKE TEAM

FMG has assembled a dedicated team to work on resolving Kaitiaki Earthquake claims. This has included recruiting Keith Land, one of the country's most experienced earthquake response managers.

## WHAT HAVE WE DONE SO FAR?

In addition to resolving claims we've been working hard on the ground in the impacted areas to provide as much information as we can to clients on the recovery approach. This has seen us needing to use helicopters to get to some of the most isolated clients, enlist the help of a project management company to help with general and engineering assessments, hosting and attending community events, and providing regular email, phone, social media and face-to-face

updates for clients. It has also seen us work alongside our give-back initiative Farmstrong to provide social support. We're committed to supporting clients wherever we can and will continue with this focus as we work through the recovery.

## OUR APPROACH

Vulnerable clients are our top priority. That's clients who are currently out of their homes, helping ensure homes are weather-tight and supporting the elderly and others with specific needs. On the business side, it's helping with business interruption payments and getting critical infrastructure back up and running. Getting dairy farmers ready for the upcoming season has been a considerable focus and we're pleased to have made good progress on that. Equally, supporting our sheep and beef farmers with temporary accommodation requirements in remote areas and remediating woolshed damage, is also a priority focus.

## MANAGING CLAIMS

At the same time as supporting vulnerable clients, we're also working through other earthquake claims as well. If you have a claim with us then there are steps you can take to help progress this. For example, you may have recently received an email from us requesting details, such as photos of the damage. The quicker you can get these to us, the quicker we can either settle your claim or move to the next stage. If you've done this, then please know we're working through your claim(s) and will be in touch.

## HOW LONG WILL IT TAKE TO RESOLVE

Given the volume of claims, this will vary from client to client and claim to claim. Key to this will be keeping in touch with clients around what can be expected and when. What's important to note is that as well as cash settling, FMG will be looking to manage a number of repairs and rebuilds meaning resolving these will take time. The impact of this earthquake is quite different to the ones which hit Canterbury six or seven years ago. Given the extent of damage in particularly remote areas, it presents its own challenges around things such as access, availability of engineers and other trade professionals.

## PARTNERS

Collaborating with industry partners is key to helping clients and we continue to work with industry partners such as Federated Farmers, The Rural Support Trust, Farmlands, Beef & Lamb, Fonterra, MPI, ICNZ and local government authorities to name a few.

## PLEASE ASK - WE WANT TO HELP

If you hear or read something that doesn't seem quite right or raises some concern, please contact your assessor, if you're working with one, or email us at [earthquake@fmg.co.nz](mailto:earthquake@fmg.co.nz) and include your claim number in the subject line. The best way to resolve your claim is to work directly with us.

---

---

# FMG BOARD CHANGES/VACANCIES

## **FMG's 'Director Appointment & Reappointment Policy' provides governance and transparency around the appointment process for Directors.**

It also sets out the criteria for the evaluation of prospective Directors, as well as sitting Directors; this includes the ability for the Board to set specific areas of expertise or attributes it believes would enhance the Board's overall skill set. This year the Board is seeking potential director candidates with the following attributes: credibility in the rural sector, financial acumen and the ability to chair the Audit & Risk Management Committee and/or a potential candidate for Board Chair, noting that prospective candidates do not need to possess all of these attributes.

The policy also requires a third of all Member Directors retire by rotation at each year's AGM. This year the Chair, Tony Cleland, and Graeme Milne are due to retire. Tony Cleland will stand for re-election. Graeme Milne will not be standing for re-election and as well Greg Gent is stepping

down from the Board in August. As a result there are three Board vacancies this year, noting Tony Cleland will be seeking re-election to one of these.

FMG is seeking Member nominations for these vacancies. Nominations must be made in accordance with the procedure set out in the FMG Constitution and are subject to the process outlined in FMG's Director Appointment & Reappointment Policy, which can be obtained by calling FMG's General Counsel Lisa Murray – 04 460 4003.

Nominations must be received no later than Wednesday 3 May 2017. Nominations can be submitted to Lisa Murray via email at – [lisa.murray@fmg.co.nz](mailto:lisa.murray@fmg.co.nz) or via post – PO Box 521, Wellington 6140, or fax 04 460 4028.

All members are invited to attend the 2017 AGM in Hanmer Springs on Thursday 17 August and vote. Alternatively, members can vote through the proxy form that will be sent with the Notice of Meeting.



It has been very rewarding to serve for the last 12 years as a Director on the board of FMG. In 2005 I joined a mutual that was reassessing a number of its expansion activities including our operations in Australia and our foray into the world of finance companies. It is very satisfying to look back now and see a business that is stripped of those diversions and completely focused on managing risk for its New Zealand farmer members and other clients; a business that is three times larger in terms of gross written premium, has

a much increased and motivated workforce and, in turbulent times, sustainable profitability. Key in achieving these major milestones has been the efforts of our CEO Chris Black. From his appointment in 2008, Chris has worked tirelessly and intelligently in firstly analysing the business and then putting in place the necessary strategies to achieve, in particular, a highly engaged team and secondly a very well served set of clients, who are more than happy to promote the Mutual at every opportunity.

I'd also like to acknowledge Greg Gent for expertly chairing the Mutual through the majority of this period.

Lastly my best wishes to Tony Cleland, our new Chair, as he takes over the reins.

FMG is a business all members can be truly proud of, and I look forward to seeing even greater achievements, albeit from a distance.

Graeme Milne



At the December Board meeting I stepped down as Chair of FMG after serving in the role for the last seven years, and will step down from the Board at the AGM in August.

I am fortunate to have been involved with governance for many years and I can say this has been my most enjoyable role. FMG is made up of an incredible group of people all of whom are committed to the Mutual. What they have achieved in recent years has been truly humbling for me to see. The organisation has significantly increased its market share during some very tough times and is well

set up for an even more exciting future. A top Chief Executive will always make a Chair's role an easier one and Chris Black has been outstanding.

I have always believed one can stay on a board too long and boards need to continually refresh themselves. During my tenure I introduced a retirement policy for directors to ensure this occurs.

A huge thank you for allowing me to fill this role. Tony Cleland will be an excellent new Chair and I wish the Mutual and all its people all the best for what is an exciting future for a superb organisation.

Greg Gent

---

# THE VALUE OF MUTUALS AND CO-OPS

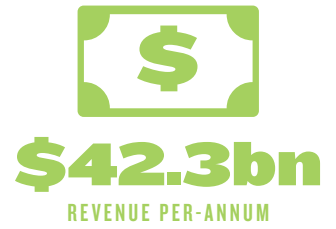
Co-operative Business NZ and researchers from Massey University and the University of Auckland, have recently published a report on *The New Zealand Co-operative Economy*. It has some interesting findings on the significance of co-operatives to the New Zealand economy.

Here are some of the highlight numbers from the report.

## KEY HIGHLIGHTS



## NZ'S TOP 30 CO-OPERATIVES & MUTUALS



To view the full report, please visit the Co-operative Business NZ website.

# FMG YOUNG FARMER OF THE YEAR

**The 49th FMG Young Farmer of the Year finals are in full swing with the Otago/Southland, Aorangi and Tasman finalists now locked in for 2017.**

Into our second year as the principal sponsor, FMG is excited to continue to be part of the country's preeminent rural challenge,

showcasing some of the best and brightest of tomorrow's agricultural leaders.

This year's winner will take home the title and a share in \$270,000 worth of prizes, which for the first time in 19 years, will include a brand new tractor.

You'll be able to get involved too with the People's Choice Award making a return. A hugely popular addition to last year's event,

the People's Choice Award gives you the chance to back your favourite contestant. Keep an eye out for that kicking off once all the finalists are found.

From everyone at FMG, good luck to all those competing for this year's title. If you can't make it to the Grand Final in Manawatu – then check out [www.youngfarmers.co.nz](http://www.youngfarmers.co.nz) closer to the time for live streaming details.



## FMG YOUNG FARMER OF THE YEAR REMAINING DATES

25 MARCH  
**WAIKATO /  
BAY OF PLENTY**

Te Awamutu  
.....

1 APRIL

**EAST COAST**

Waipukurau  
.....

22 APRIL

**TARANAKI /  
MANAWATU**

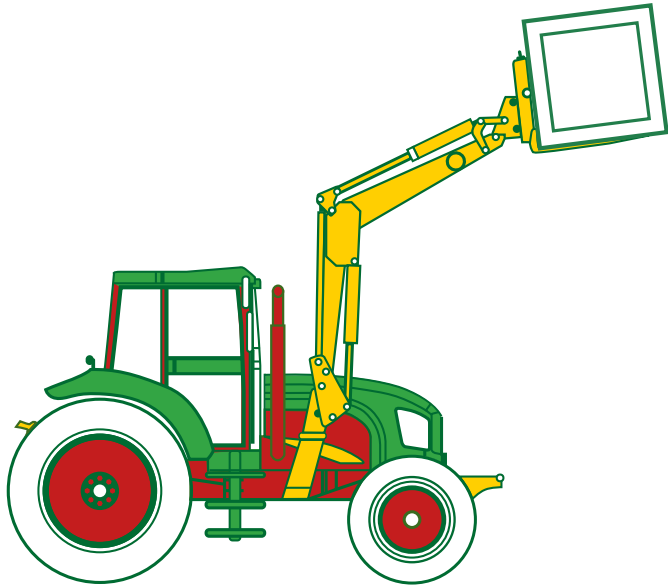
Hawera  
.....

6-9 JULY

**GRAND FINAL**  
Feilding, Manawatu

# TRACTOR ADVICE WORTH LISTENING TO

FMG insures close to 30,000 tractors around the country, and in our experience, the majority of damage is a result of three key causes:



**45%\***  
of claims involve damage to the protective outer

**23%\***  
of claims involve damage to operational components

**37%\***  
of claims involve damage to core components

\*Percentages total more than 100% due to multiple components being damaged in a single claim.

## 1. OBJECTS PIERCING OR STRIKING COMPONENTS ON THE UNDERSIDE OF THE TRACTOR

Remove objects that can cause damage to the underside of the tractor:

- Inspect the paddock for hidden objects, especially near fence lines and water troughs.
- Always remove all old wires, posts and waratahs from the paddock – it's time well spent.

## 2. OBJECTS FALLING FROM THE FRONT END LOADER

Objects falling from the front end loader (FEL) are the most frequent cause of tractor damage:

- Make sure you always use the appropriate attachment, i.e. a grab for baleage.
- Double check that any attachments are properly locked onto the quick hitch.

## 3. LOSS OF CONTROL RESULTING IN ROLLOVERS AND SLIDES

Rollovers are the leading cause of significant damage to tractors:

- Slow down and always drive to the conditions - almost half of all rollovers happen on the flat, often when turning a corner at speed.
- Be aware of the tractor's centre of gravity, especially with an FEL attached. A tractor's centre of gravity is typically around where the driver's feet are, but if you lift a round hay bale right up, the centre of gravity is now up near the driver's eyes.
- Speed is also a common factor in tractor rollovers. If the cornering speed is doubled, the force trying to roll the tractor is quadrupled.
- Even a small drop in cornering speed can give a significant improvement in tractor handling; decreasing the speed around a corner from 40km/h to 35km/h decreases the force trying to roll the tractor by 25%.

## FMG'S LATEST SCHOLARS

We're pleased to announce that three outstanding students have been awarded the **FMG Agriculture Scholarship for 2017.**

## CONGRATULATIONS FROM EVERYONE AT FMG!



Tom McKay, Alfredton



Shaun Rowe, Stratford



Peter O'Connor, Westport

Tom McKay, Shaun Rowe and Peter O'Connor will each receive \$5,000 towards their tuition fees for each year of their agriculture degree studies.

Our successful applicants stood out for their genuine passion for agriculture, impressive academic and sporting achievements, leadership and work experience.

The FMG Agriculture Scholarship programme provides financial support for school leavers studying an agriculture-based degree at Massey, Lincoln or Waikato University. Applications for 2018 will open in October this year with details on our website.

# A HUGE DAY FOR A SMALL COMMUNITY



***Wairoa locals got the chance to spend the day with Farmstrong Ambassador Sam Whitelock recently, thanks to resident farmer Andrew Powdrell and his winning entry to Farmstrong's 'Win Sam for a Day' competition.***

The kids were doing back flips when they met their sporting hero, but no one was more chuffed than Andrew on how the day went. Sam inspired the local kids to dream big and work hard before taking them for a training session, which we're sure they won't forget in a hurry.

After a tour of Powdrell's 456ha farm in south Wairoa, Sam spoke to close to 100 local farmers at a charity lunch, which raised money

for sport within the community. He shared his 'Lock it In' tips encouraging farmers to make small improvements to their lifestyle, which in the long run will help manage the ups and downs of farming. You can see more on Sam's visit and sign up to Farmstrong's newsletter at [www.farmstrong.co.nz](http://www.farmstrong.co.nz)



## FARMSTRONG IN THE CHATHAMS

Farmstrong's Gerard Vaughan, along with author and medical doctor Dr Tom Mulholland, spent just under a week in the Chatham Islands in December sharing tools and resources on helping locals to see themselves as the most important asset on the farm. The pair hosted two Healthy Thinking Workshops open to all farmers.

Chatham Islands farmer Tony Anderson (above) was one of a number who attended one of the workshops.

Mr Anderson said the unique island lifestyle meant locals faced slightly different challenges when it comes to farming resilience.

"The autonomy and self-sufficiency of island life is both its curse and its appeal. If something breaks, spare parts are often weeks away and generally a farmer is only going to get that one yield and he's got to wait that whole season to get it."

## EARTHQUAKE SUPPORT



In support of other organisations, such as The Rural Support Trust, Farmstrong has advice and information available on its website to help with the emotional challenges that can follow an event such as the November 14 earthquakes.

In addition, we're also looking to host a number of events in the impacted regions:

- Mel Parsons and Sons of a Bitch Tour – Ward Saturday 8 April & Waiau Friday 28 April
- Free Healthy Thinking Workshops – Ward and Kekerengu Friday 31 March and two in North Canterbury in May with final dates and locations to be decided.

Venue and ticketing details for the above events will be available at [www.farmstrong.co.nz](http://www.farmstrong.co.nz)

# CALENDAR

30 MARCH - 1 APRIL  
**NEW ZEALAND SHEARING CHAMPIONSHIPS**  
Te Kuiti

6 APRIL  
**HAWKE'S BAY FARMER OF THE YEAR**  
Hastings

17 APRIL  
**MACKENZIE HIGHLAND A&P SHOW**  
Fairlie

1 - 6 MAY  
**SOUTH ISLAND DOG TRIAL CHAMPIONSHIPS**  
Warepa

12 - 16 MAY  
**BEEF EXPO**  
Feilding

26 - 27 MAY  
**DEER INDUSTRY CONFERENCE**  
Wellington

29 MAY - 3 JUNE  
**NORTH ISLAND AND NATIONAL SHEEP DOG TRIAL ASSOCIATION CHAMPIONSHIPS**  
Whangara

14 - 17 JUNE  
**NEW ZEALAND NATIONAL AGRICULTURAL FIELD DAYS**  
Mystery Creek

20 - 22 JUNE  
**FEDERATED FARMERS NATIONAL CONFERENCE**  
Wellington

## FARM CHANGE OVER DAY

*June 1 may seem like a while away, but we wanted to provide some early advice you might want to consider ahead of moving day.*

Talk with staff and new staff coming on board, about what insurance cover they have. This is important as it will help protect you and them should anything go wrong and will also ensure there are no gaps or double-ups in the risks you need covered. Review your current insurance policy to see if there are any items which need to be added or removed.

If you're shifting personal belongings or stock then you may want to consider transit cover. If you'd like to talk more about cover for farm change over day, give us a call on 0800 366 466.

## FIRE SERVICE CHANGES

*Last year the government announced a number of changes to the New Zealand Fire Service, which in essence are designed to better reflect the role of a modern day fire fighting operation.*

These changes will see the National Rural Fire Authority and the Fire Service (urban operations) come together to form Fire and Emergency New Zealand (FENZ).

What the review has not changed however, is the way in which the Fire Service is funded, meaning it will continue to be financed through levies on your insurance.

Insurance companies – including FMG – are required to collect levies on behalf of the government. The increased cost associated with FENZ will result in an increase in the levies payable to the government.

To this end the review has recommended that the current levy be increased from July 2017.

The review has also proposed that the levy structure be expanded from fire insurance to include material damage. This means third party motor insurance and livestock policies will attract levies. At this stage these changes will come into effect from July 2018.

At the time of writing this article the government is still working through the review. You can read more about the proposed changes on the Department of Internal Affairs website [www.dia.govt.nz](http://www.dia.govt.nz)

### WE'RE EASY TO CONTACT

Call us on  
0800 366 466

Write to us at  
PO Box 1943  
Palmerston North 4440

Email us  
[contact@fmg.co.nz](mailto:contact@fmg.co.nz)

Visit our website  
[www.fmg.co.nz](http://www.fmg.co.nz)

 FarmersMutualGroup