

August 2013

keeping you in the know

FMG POST

INSIDE:

MUTUAL SUCCESS

*Introducing
our new rural
weather app*

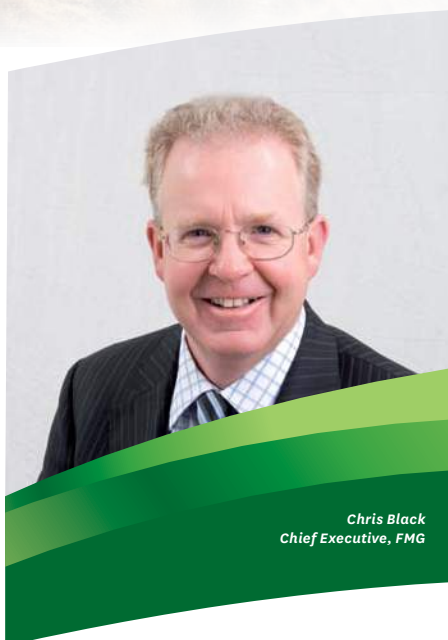
*Recent events
update*

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your Mutual*





Note from Chris



As a Mutual we're owned by the people we insure.

FMG was established 108 years ago to provide a better deal for rural NZ. This core purpose remains at the heart of our organisation today.

As New Zealand's largest Mutual we're owned by the people we insure. In that sense it's a closed system, rather than one which pays large dividends to offshore shareholders. Given this we're able to use the profits to ensure our Mutual remains well capitalised and is set up for future growth.

With client ownership we're able to reinvest back into the business and keep premium increases to a minimum. We're also better placed to respond to your needs for enhanced or new products.

The significant achievement of the largest profit in the history of the Mutual is arguably down to human resource, and our strategic approach. These factors, supported by others, are important determinants of the long-term health and sustainability of the Mutual.

The old adage 'you are only as good as your people' applies. We place considerable emphasis on recruiting and developing high calibre employees, giving them the training and tools they need and creating an environment in which they can succeed.

Our advice-led insurance strategy is working for us in the market, resulting in a net increase of 6% in our client base last year. Increased client numbers spread the fixed costs of running the Mutual over a wider base which further helps us to keep premium increases to a minimum.

The settlement of Canterbury earthquake claims remains a top client priority. There are 469 claims left to settle at the time of writing. However we still receive one new claim, largely out of EQC, for every two we settle, which challenges progress.

Fortunately, our clients have had minimal impact from the recent quakes in central New Zealand, but we will work closely with those who need to claim and guide them through the EQC process.

2013 has been a record year for FMG and I would like to thank all my colleagues, and the board, for their collective dedication and commitment to achieving this excellent result. It is a result we can all be proud of.



Chris Black
Chief Executive, FMG



Mutual Success

As New Zealand's leading rural insurer, FMG continues to go from strength-to-strength. For the 2012-13 year, your Mutual recorded its most successful financial result in its proud 108 year history.

This result keeps us in a strong position to provide a better deal for rural and provincial New Zealand in respect of keeping insurance premiums fair and competitive and increases to a minimum.

“Continued strong client growth”

The strong overall performance can be attributed to four key aspects; lower than anticipated levels of claims, supported by no major catastrophic events, positive returns from a strategy to invest our capital conservatively, and importantly - continued strong client growth.

But what's equally important to our continued growth is our commitment to deliver fit-for-purpose insurance and risk advice.

We aim to provide clients with market-leading products designed to give the protection needed to take risks and achieve goals, and to provide peace-of-mind that FMG will be there to help people get back on track should something go wrong.

“Lower than anticipated levels of claims”

As we're owned by the people and businesses we insure, FMG's profits are reinvested back into the Mutual, meaning clients benefit from new and enhanced products and services. Clients also gain from initiatives such as our advice-led insurance approach, our sponsorship programme and the involvement the Mutual has in local communities.

“Positive returns from a strategy to invest our capital conservatively”

As well as the lack of catastrophic events last year (excluding the impact of drought of course) being good for us all, various risk advice initiatives have also proved valuable in helping people avoid losses.

Partnering with experts, such as the NZ Fire Service to give advice on how to prevent house and tractor fires for example, has helped people identify dangers and take prudent steps to mitigate the associated risks. Helping prevent claims in the first place saves clients time, disruption and money.

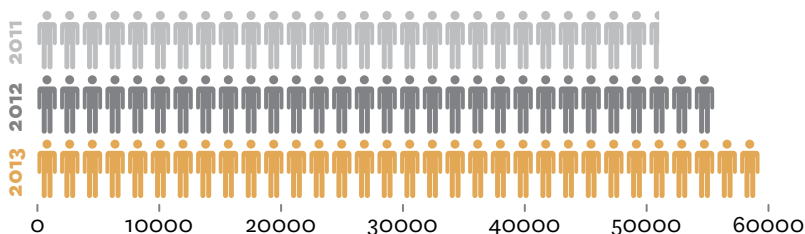
As a Mutual, it's important to us that we give back to the communities we live and work in. Through a wide variety of events and sponsorships, FMG supports the rural sector with opportunities to back rural achievement and leadership development.

“No major catastrophic events”

Every successful business needs to have a sound financial structure in place to remain viable - and we are fortunate to have that. The Mutual also has over 400 employees dedicated to providing you good advice and personalised day to day service.



CLIENT BASE UP BY 3363 ↑



FMG PROFIT UP TO \$31.3 MILLION (after tax) ↑



CAPITAL RESERVES UP \$30.9 MILLION ↑



CLAIMS DOWN \$14.1 MILLION ↓



Recent events

FMG is continuing to work through about 400 claims received as a result of the severe snow and wind storms in late June. Most of these claims came from the South Island from places such as Seddon, Outram and Lawrence.

The majority of claims were for damage to houses and farm buildings. The estimated cost of the storm to FMG currently sits at \$1.9m, but could be closer to \$2.5m by the time we receive all claims.

More recently, the upper South Island and lower North Island areas have been hit by a series of earthquakes centred east of Seddon. Central Wellington suffered minor structural damage to a small number of buildings and the impact to FMG clients has been limited. Any clients who need to make a claim from this event can phone us on 0800 366 466 and we'll guide them through the EQC process, if required.

When major events like these strike we see the real benefit from having an in-house national team of Assessors. They can swing in to assess the damage, get a plan in place for clients and provide the support they need to help get them back on track.

Mark your diary



Date	Event	Location
14 August	Beef + Lamb New Zealand Sheep Industry Awards	Invercargill
28-30 August	Romeo Bragato Conference	Blenheim
3-6 September	FMG Poverty Bay Golf Open	Gisborne
7-8 September	Manawatu Country Living Expo	Feilding
13 September	FMG 108th Annual General Meeting	Whangarei
October	Farmlands Ladies Night series	Nationwide
13-16 October	World Angus Forum	Rotorua

Weather in your pocket

Having worked with rural New Zealand for over a century, we know that farmers and growers see the adverse impact of weather as one of the biggest risks to their businesses, and it can greatly impact everyday life as well.

That's why we've partnered with New Zealand's leading weather experts MetService, to develop the FMG Rural Weather App – a portable, custom-built tool designed specifically to help farmers and growers prepare for challenging weather patterns. And what's more it's free!

We can't control the weather but with the right advice and information we can help people prepare for and mitigate the impact weather can have, and in turn help protect farming and growing operations.

The App is now available through the Apple Store and Google Play for iPhone and Android devices. It gives farmers and growers access to real-time regional weather data while on the job.

When it comes to managing the impacts of weather, we're conscious farmers and growers need any advantage they can get. We're pleased to have teamed up with MetService to provide this free app for smartphone users.

For more information visit our website www.fmg.co.nz

The App will provide:

- 10 day regional weather forecasts
- Severe weather information
- Both three and five day rain forecasts
- Two-hourly forecast data for each rural region.

Download it now!



Improving your Mutual

At FMG we're constantly looking at ways to provide you with the most efficient and effective service we can, which is why we're currently upgrading our core computer system. For an organisation like ours this needs to be done about every 15-20 years.

While most of these changes will be behind-the-scenes you may notice some subtle differences in terms of how your statement looks. For example, from 1st November all our insurance entities within the group will be consolidated into FMG Insurance Limited (FMGIL), which will underwrite all FMG business. You may notice this change in name on your bank statements.

As part of the improvements, we'll also be getting rid of policy "Paks" which clients have told us can be confusing as they sometimes contain policy information which isn't relevant to their particular insurance cover. Paks will be replaced with individual policy documents that cut out the additional information and give you only what you need. It'll save paper too!

Other changes will include the way we categorise products, which will give you greater choice. One example is separating out milk covers from general Farm Contents.



Annual Report

Electronic copies of the Annual Report are available on our website. You can access the report by visiting www.fmg.co.nz.



FMG Policy documents

Our policies have now been broken into individual documents and will apply at renewal. They'll be available on our website at www.fmg.co.nz and hard copies can be requested by calling us on **0800 366 466**.

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

Visit our website
www.fmg.co.nz