

2019 FMG Young Farmer of the Year

James Robertson

FMG's Year in Review

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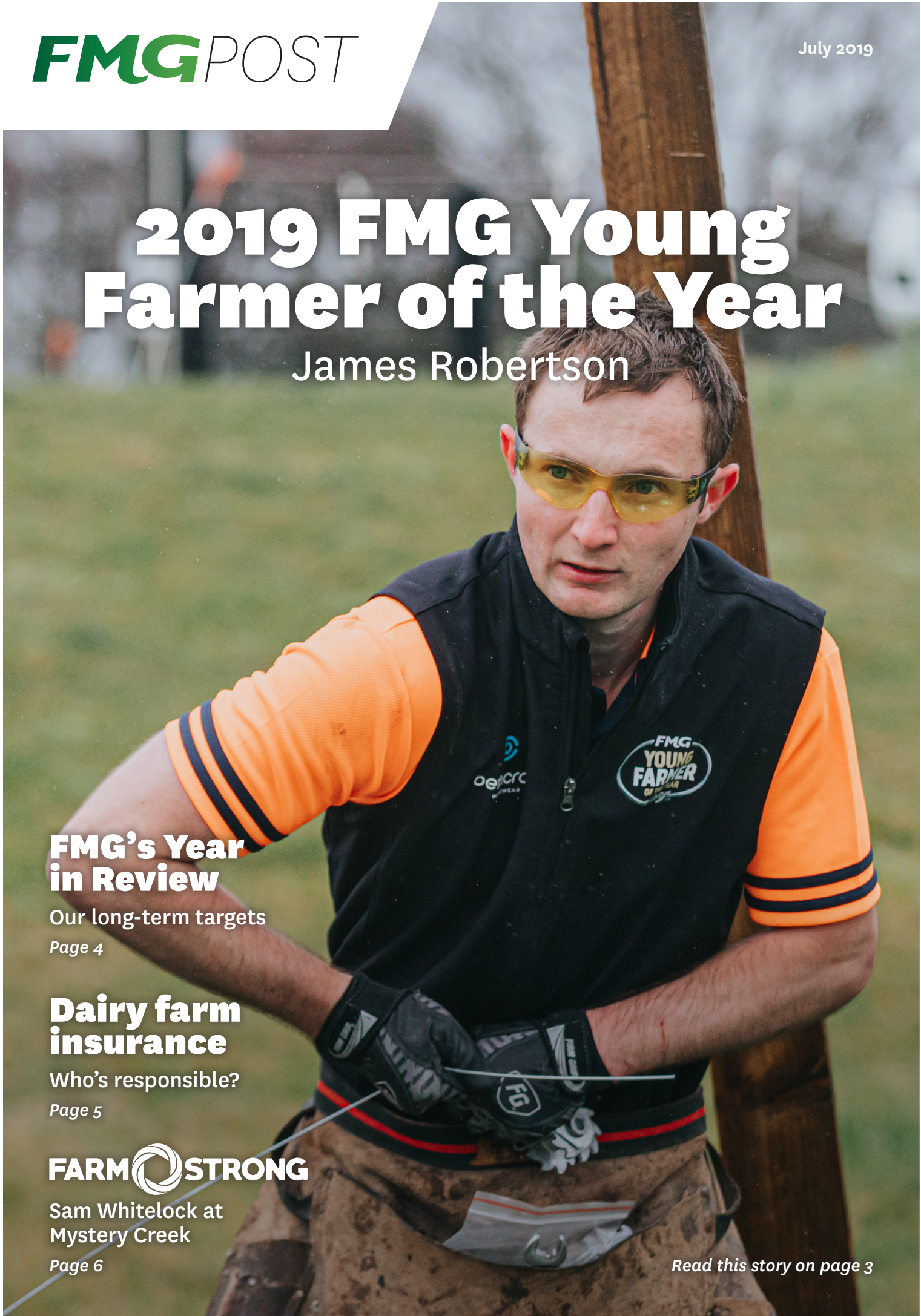
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FARM STRONG

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Note from Chris Black



There has been considerable talk recently about the availability and affordability of insurance in New Zealand. There has also been a lot of scrutiny of the conduct and culture in the financial services industry here and in Australia, including in the insurance sector. With our mutual model, I think we are well placed in both these areas.

The ability to take a long-term view is one of the many benefits of our mutual ownership and operating model. This is a model where the interests of owners and clients are aligned. It is a model which, while set up to make a profit, does not seek to maximise profit. It's also a model, which is based on an enduring core purpose of 'giving Rural New Zealand a better deal'. Within the business, we use the model's solid set of values every day to guide decision making.

We strive to keep premium increases to a minimum so our insurance remains affordable for rural and regional New Zealand, acknowledging that having an element of risk-based pricing is an inherent feature of running any insurance company.

These unique mutual features distinguish FMG from most other insurance companies in New Zealand.

Over the last year we have continued to make considerable strides towards the long-term targets set by the board and management several years ago.

Achieving 50% rural market share for the first time is a clear highlight and means the Mutual can have a stronger voice on behalf of rural New Zealand.

In behind this milestone was a year of record client growth across the board. A net increase of 6,752 clients brought the overall number of clients insuring with the Mutual to nearly 88,000. FMG has continued to out-perform the market in terms of net client growth, however, we are mindful it is essential this growth is targeted and profitable and not simply growth for growth's sake.

2018/19 was also a record year for the number of claims we received and dealt with.

This year's good profit result of \$19.1m after tax reflected a relatively benign year in terms of storms and other catastrophes. This contrasts with the previous year where we helped clients to recover from seven major storm events and the Kaikoura earthquake the year before. The difference from the last 2 years to this year reinforces the point that in the insurance industry, as in farming, one needs to take a long-term view.

Making a profit allows us to invest in new products and services, such as the recent launch of an online service channel called FMG Connect. At this early stage, the channel is limited to clients with only domestic risks insured with the Mutual (i.e. house, contents and car).

Receive FMG Post and your statements by email



You can now choose to receive FMG Post and your statements by email instead of in the post.

To change your delivery preference either call us on **0800 366 466** or head to the **Contact us** section on our website at www.fmg.co.nz. We'll just need you to confirm your preferred email address.

Check your junk mail

As email service providers tighten up their security measures, it could mean that some of our emails get labeled as spam. If you don't receive an email from us when you're expecting one, just check it hasn't gone into your junk mail/spam folder or search for FMG.

We have plans to extend the reach of our online service over the next few years, but given the significant investment this requires, will need to do this in a staged and managed way.

Supporting important initiatives such as Farmstrong and the FMG Young Farmer of the Year Contest is also enabled by having a strong financial position. It's heartening to see both these programmes going from strength to strength and having such a positive tangible impact on the fabric of New Zealand's rural sector.

Chris Black
Chief Executive, FMG



James Robertson is the youngest person ever to win the contest

James Robertson wins 51st FMG Young Farmer of the Year

James Robertson took the title in front of a crowd of almost 700 people in Napier on Saturday, 6 July.

The 22 year-old Auckland-based business graduate has made history after being named the youngest contestant ever to win the FMG Young Farmer of the Year.

“When my name was called out I went into shock. I just can't believe it, it's a dream come true. It's always been a goal of mine to win this title.”

James grew up on a 200-cow dairy farm in the Waikato, is a former FMG Scholarship recipient and currently works for Fonterra in its trade strategy team. Representing the Auckland City Club, he's proof you don't have to milk cows to have a career in New Zealand's multi-billion dollar dairy sector.

"The opportunities in the agri-food sector are endless, even if you live in the city," he said.

Contest overhaul

This year, the 51st contest underwent a major overhaul, designed to encourage more diversity, include more technology and further showcase our country's food and fibre story.

The Grand Final

This is a full-on two-day event including head-to-head competition plus technical elements, such as an innovation project and interview challenge. The contestants must also deliver a convincing speech on a topic given to them just a few days beforehand. The last challenge is the infamous quiz, where contestants battle

it out in six rounds of agricultural and general knowledge questions.

James won a prize package worth \$75,000, which includes a trip to Ireland.

Hawke's Bay technical field representative **Joseph Watts**, 28, took out second place. He also won the innovation prize, the award for showcasing food production and was named the most tech-savvy contestant.

Waikato vet **Emma Dangen**, 24, came third and picked up the award for championing environmental best practice.



FMG Junior Young Farmer of the Year

This year saw the introduction of the FMG Junior Young Farmer of the Year (formally TeenAg). Secondary school students from seven districts competed in teams of two, tackling similar modules to their older members. The winners were **Finn Beamish** and **Matthew Halford** from Napier Boys' High School.



In October 2018, 300 young farmers from across 22 districts began competing for FMG Young Farmer of the Year Contest. By April, that number was whittled down to just seven of the best, who went on to compete in the Grand Final in the Hawke's Bay between 4-6 July.



The 2019 FMG Young Farmer of the Year grand finalists (L-R) Alex Field, James Robertson, Emma Dangen, Joseph Watts, Georgie Lindsay, Alan Harvey and Matt McRae

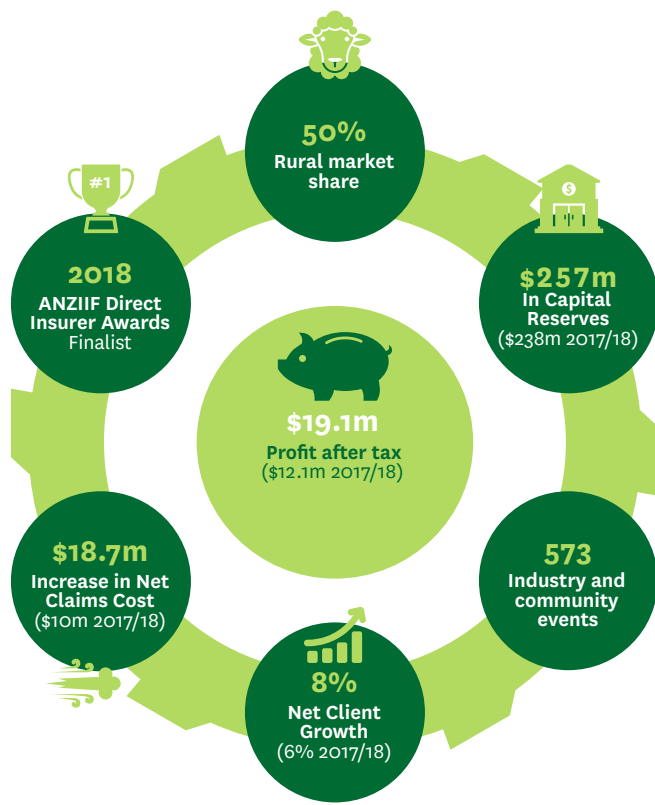


James Robertson tackles a practical challenge at the Hawke's Bay Showgrounds

James wins the 2019 People's Choice Award

James also won the FMG People's Choice Award, which received a record number of votes this year.

The award was introduced by FMG in 2016 to give the finalists experience around marketing themselves in the sector and to encourage the public to get more involved with the contest. James did a stellar job, showcasing his skills on his contest Facebook page, alongside his billboard, which had pride of place outside of Auckland. For winning he received a \$2,000 travel voucher and \$1,000 for his local club.



FMG's Year in Review

The ability to take a long-term view is one of the many benefits of our mutual ownership and operating model. Over the last financial year we have continued to make considerable strides towards our long-term targets.

A solid profit

Financially it was pleasing to post a \$19.1m net profit after tax. This is a reflection of a more settled year in terms of major storms and catastrophes, compared to the previous 2 years. During that time most major insurers dealt with an unprecedented number of major storms and catastrophe events. On the back of this, our capital reserves are also up to \$257m.

Achieving 50% rural market share

Having half of New Zealand's farmers and growers insured with FMG, is a clear highlight and means the Mutual can have a stronger voice on behalf of rural New Zealand. It also reflects the value people see in a mutual insurance model.

Record net client growth

FMG has continued to out-perform the insurance market in terms of net client growth. We had a net increase of 6,752 clients, which is an 8.3% increase from last year.

Alongside the strong growth we have also worked hard to ensure we meet the needs of existing clients. We were pleased to see new highs for client satisfaction on the back of this.

Record number of claims

During the financial year our Claims team received and settled a record number of claims. Settling claims effectively is the proof point of insurance and an important part of helping people get back on their feet when the unexpected happens.

Investment in online

Making a profit allows us to invest in new products and services, such as the recent launch of an online service channel called FMG Connect. This new service will provide you more choice and convenience in terms of interacting with the Mutual to manage your insurance when it suits you and from any device.

At this early stage, the channel is focused on supporting clients with domestic risks insured with the Mutual. Essentially house, contents and car. We will be extending the reach of our online service over the next few years in a staged and managed way.

Backing our communities

We continue to support rural communities. During the year we were involved with 573 industry and community events around the country.

FMG Connect

Our new online service

Launched in May 2018, FMG Connect provides eligible clients the ability to access and manage their insurance online—anytime and from any device.

Who can use FMG Connect

Our approach is to start small and learn as we go. Currently, FMG Connect is available for clients who:






- have one account with FMG
- have only one policy with FMG for either a Domestic Vehicle, Contents or House cover, or a combination of these three covers.

As we continue to develop and expand FMG Connect, access will be offered to more clients.

How to register

When you are eligible, we will send you an email invitation to register for FMG Connect. If you don't respond by the time your registration link expires, don't worry, just follow the instructions in the email to be sent a new link.

Current online features

- View and adjust House cover. 
- View and adjust Contents cover. 
- Add and edit a vehicle, including guidance on typical market values for similar types of vehicles. 
- Claim for electronic items under \$5,000.
- Windscreen claims for vehicles with Comprehensive cover.
- View open and closed claims for Vehicle, House and Contents covers. 
- Edit personal and account contact information, including choosing to receive statements via email. 
- Cancel cover for your vehicle, contents or house. 

Dairy farm insurance

Who's responsible?

Something we're often asked with regards to the farm owner/sharemilker relationship is, who's responsible for insuring what?

Traditionally, the insurance needs for owners, contractors and sharemilkers are the same: domestic contents, farm contents (especially milk), implements, farm vehicles, business interruption and liability. Farm owners have the added responsibility of insuring their farm buildings, irrigators and employee housing.

Your contract should be reflected in your insurance policy

Ultimately, it comes down to what your contract says, but in most cases there are going to be a lot of shared risks, particularly around liability and business interruption.

In our experience maintaining business continuity is one of the biggest things that farmers worry about. Unfortunately, it's often when making a claim they realise there were gaps in their cover, because their contract wasn't reflected in their insurance policy.

Issues with dealing with multiple insurers

We also see a lot of duplication and farmers being over-insured or paying premiums for things they didn't necessarily need to, because different insurers have varying levels of cover within their policies.

Working with the same insurer is one of the best ways of avoiding this, and we're seeing more and more clients refer their contract or sharemilkers to us for this reason.

It also makes a difference when making a claim as working with one insurer makes the process simpler. There is a lot less friction working with one person (who already knows you), rather than dealing with multiple insurers.

Example

A sharemilking client had a worker who accidentally hit a Pivot Irrigator. The farm owner had this insured with another provider and due to the difference in policy response there was a significant difference in how the claim was settled. There was also confusion between the farm owner and the sharemilker as to how this was to be insured. All the while, the business was down an irrigator leading up to peak season.

We've found that when your sharemilker or contractor also has their insurance with FMG, any claims that arise on the farm can be sorted so much faster. This means everyone can get back to business with as little hassle as possible.

If you would like a personalised conversation about your on-farm or contractual insurance risks, give us a call on 0800 366 466.



Fonterra's new milk quality penalties

For those who are dairy members supplying Fonterra, you would have noticed some changes to your terms of supply this season. Part way through the 2018/19 season, Fonterra introduced demerit penalties for milk quality relating to the Fat Evaluation Index (FEI) test. Fonterra has also introduced a performance management framework for the 2019/20 season.

Cover for penalties

What's important to note is that neither of these penalties are covered by FMG's Milk Spoilage and Contamination policy, as they are not sudden and unforeseen. This policy does still cover you for demerit penalties received for sudden and unforeseen contamination events. For example, inhibitory substances and rejection of milk by Fonterra for spoilage (temperature).

For advice and tools to help prevent milk quality issues to your business this season, please visit our website www.fmg.co.nz and head to **Milk Contamination** under our Advice section. Alternatively, call us on **0800 366 466** or email contact@fmg.co.nz

For more information on reducing your FEI risk, please call your local Fonterra Area Manager.

We're now automatically covering bulls up to \$50,000

FMG has been supporting bull breeders and buyers for years, providing market leading cover from the fall of the hammer at all FMG exclusive Bull Sales.

To make sales day even simpler, we've increased our automatic cover limit.

All bulls sold at FMG exclusive Bull Sales with a purchase price of up to \$50,000, will automatically receive 14 days free specified livestock cover (including transit and infertility), which can be extended to 1 year for 6.5%.

**14 days
FREE
cover**

**6.5%
for 12
months**

For more information check out www.fmg.co.nz/bulls
email bulls@fmg.co.nz or give us a call on **0800 366 466**.

Please note this is only a summary of FMG products and services and is subject to our specific product documentation and underwriting criteria.
For full details, refer to the relevant policy wordings at www.fmg.co.nz

Farmstrong Ambassador
Sam Whitelock
reminds farmers
that they are the
number one asset
on their farm

At this year's Mystery Creek Fieldays, Farmstrong focused on the importance of investing in your wellbeing when times are good, so when things do get tough you have something to draw on. When you are under the pump this helps you get through.

“No one can be under pressure all the time. Pressure is a good thing but only the right amount. That right amount will change depending on what’s happening—whether you’re tired, you’re eating well or you’re sick. If you’re healthy then your farm will be healthy. It’s as simple as that.”

Sam Whitelock,
Farmstrong Ambassador

Industry representatives enjoyed a sit-down lunch with Sam, where he spoke about the importance of focusing on the things you 'can' control.



Sam's top tips on managing stress

- 1.** Treat yourself as your farm's number one asset. Make your health and wellbeing a business priority.
- 2.** Build rest and recovery into your daily and weekly work schedule. All top sports teams build in downtime because no-one can go 110% all the time without a break.
- 3.** Prioritise during busy times. What are the top two tasks you need to work on today? Once you're feeling back in charge your stress levels will go down.
- 4.** Look after the basics. Eat well, get enough quality sleep, keep active and get 'farm fit' for busier periods.
- 5.** Talk to mates and stay connected. Others have been there and everyone needs support. If you're in a relationship, talk things through together.
- 6.** Get off-farm and do the stuff you enjoy—hunting, fishing, team sport, kids' sport, horse riding, contributing at community events—whatever helps you recharge.
- 7.** Think in ways that keep things in perspective and that help boost your mood.

Calving season

Calving season can be a very demanding time. Here are a few tips on getting through.

Put the right fuel in the tank

- Cook once, eat twice. Make a big batch of mince, save half and use for Mexican wraps the next night.
- Make slow cookers and freezers your friend.
- Keep your water levels high. Dehydration affects your body and your mind.
- Eat small and often. Take nuts, seeds, rice crackers and fruit out with you to snack on.
- Include protein foods (meat, eggs, cheese, yoghurt, milk, nuts, legumes, fish or chicken) at each meal to keep your blood sugar levels constant.

Schedule in mini breaks

Take mini breaks during the day. Not only does it help when dealing with physically and mentally demanding jobs, it's actually a more efficient way to use your time. Take a good 30 minutes a couple of times during the day to refuel, stretch out your back and get your heart rate down. You'll notice the difference towards the end of the day.

Farmstrong is a rural wellbeing programme that aims to help farmers, growers and rural families live well to farm well. To find out what works for you and 'lock it in' check out our videos, stories and tips on www.farmstrong.co.nz



Stay fire safe this winter

Winter has arrived and so has the need to keep warm. We've found fireplaces account for almost 20% of all house fire claims.

Rural properties are most at risk

This risk is especially true for rural properties, which are twice as likely to use wood fires. What's more, the damage caused by rural house fires is often worse because of the extra time it takes for emergency services to arrive.

Electrical faults

The risks from using electrical heating appliances are just as significant. We've found a high percentage of house fire claims are from electrical faults.

Check your smoke alarms

Fire and Emergency New Zealand has found that in 80% of house fires they've attended, smoke alarms were either not properly installed or not working.



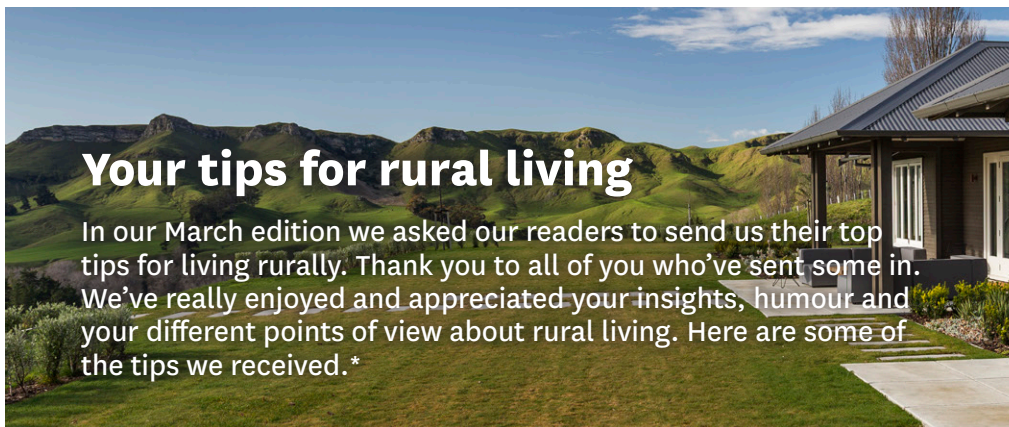
Access for emergency services

If you live on a rural property it's worth checking that your property has suitable access for emergency services and that your Rapid Number is clearly displayed.

Tips on being fire safe

- Fire ashes can stay warm enough to reignite for up to 5 days. Store them outside in a metal bucket and pour water over them before disposing.
- Use a fireguard or spark-guard when using an open fire.
- Avoid overloading powerpoints with double adapters.
- Check the cords and plugs on dryers as well as smaller appliances like heaters and electric blankets that have been in storage.
- Check your smoke alarms are working in your home and your employee/tenanted properties.

To learn more about the causes of house fires and advice on how to reduce fire risks, check out our *House Fires Advice Guide* on our website or head to Fire and Emergency New Zealand's website.



Your tips for rural living

In our March edition we asked our readers to send us their top tips for living rurally. Thank you to all of you who've sent some in. We've really enjoyed and appreciated your insights, humour and your different points of view about rural living. Here are some of the tips we received.*

Time management

- If you're going in to town, combine several jobs at once saving on time and fuel.
- Lifestyle block living is very enjoyable, but it does have its challenges. Don't put jobs off, take care of things as soon as possible otherwise it all mounts up and will bite you when you're unable to deal with it.
- Just focus on one [big] project at a time to avoid getting overwhelmed and to ensure completion.
- Take time to look at what you have done, not just what needs doing.

Be prepared

- Have a little of everything on hand like powdered milk, a spare meal in the freezer and always have at least one full petrol can. You don't want to be running into town for little things as it gets expensive.
- Invest in good wet weather gear—you get what you pay for.

Fauna and flora

- If you have animals you'll have to deal with sickness, injury and perhaps death. Make sure you are prepared to deal with these situations or have support so that animals are not left to suffer.

Winners of our 'Tips for Rural Living' draw

Congratulations to the following FMG clients: **C Mayo, A Trainor, L Flowers, C Edward and F Moorhouse**—who each won a \$50 Farmlands voucher for sending in a tip and entering the draw in our March FMG Post.

- Source trees from similar conditions or climate as yours, to make it easier for them to adapt to their new home.

Stay connected

- Keep in touch with your neighbours and your local community.

The 'Good Life'

- Get the kids involved. Include them in as much farming activities as you can—they love spending time with you and it's great learning for them.
- Peacefulness. Relaxation. Beauty. Neighbourly. Quality of life. Unique way of life. You've got to love the country.

*These tips have been sent in by FMG clients and are not necessarily the views of FMG.

Policy changes

During the year we review client feedback and market changes and, where necessary, make changes to our policies.

Before your next policy renewal date you'll receive information from us titled *Understanding your insurance changes*, explaining all the changes we've made. In the meantime, you can view details of all our policy wordings and changes on our website at www.fmg.co.nz/policywording

Here is a summary of some of the key changes. For full details please refer to the documentation mentioned above.

Written in Plain English

It's really important to know what you're covered for. To help with this, we've re-written all our policy documents into what's commonly referred to as 'plain English' so that they are easier to understand. We believe in being as open and transparent as possible, so want our policy material to reflect this by being clear and easy to follow.

Breakdown changes

We've updated how we insure your Breakdown damage at FMG. Cover that was previously provided under our Breakdown policy is now automatically covered under your Farm Building, Farm Contents, or Material Damage policies.

This has been done to make setting up and renewing your policies easier and to help ensure you don't have gaps in cover.

EQC changes

EQC has altered the way it provides Natural Disaster cover on your House and Contents policies.

There are four key changes.

1. An immediate extension of the timeframe for lodging a claim from 3 months to 2 years.
2. EQC has the scope to share property related information, as necessary, to settle insurance claims.
3. Removal of the \$20,000 EQ Cover for contents from 1 July 2019.
4. An increase in the capped limit on EQC residential building cover to \$150,000 plus GST from 1 July 2019.

EQC will continue to insure residential buildings and land, although it will no longer provide cover for contents.

Further information about the EQC changes can be found on their website at www.eqc.govt.nz/act-changes



Stay tuned

We'll soon be publishing two reports that may be of interest to you. The reports are called the Future of Farming and Growing in New Zealand and the Future of Insurance. They will be available on our website for reading and comment at the end of July.

Calendar

31 July - 2 August

**HortNZ
Conference**
Hamilton

23 August

FMG AGM
Balclutha

1-2 October

**Young Grower of
the Year Final**
Tauranga

18 October

**Massey Agricultural
Awards**
Palmerston North

13-15 November

**NZ Agricultural
Show**
Christchurch

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Advice & Insurance

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