

# In it for the long haul

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# Note from Adam Heath



## *Kia ora koutou katoa,*

We are living in challenging times as we all continue to navigate the changing mix of pressures that have arisen from the Covid-19 pandemic—rising inflation, supply chain constraints, growing geo-political tensions and the increasing environmental challenges due to Climate Change.

In short, there's a lot going on at the moment. During these difficult and complex times, it's important that FMG has a long-term lens and prepares for future challenges, to help ensure we're here when you need us. That's why the theme of this FMG Post is 'In it for the long haul'. A strong and prosperous Mutual means we can continue to help build strong and prosperous rural communities.

As we prepare for what's ahead, it's pleasing the Mutual has experienced

another strong year thanks to the continued support of members and the contribution of our highly engaged employees. This is bolstered by our strong levels of client satisfaction, coupled with FMG's commitment to its core purpose of providing 'a better deal for rural New Zealand'.

FMG has returned a \$22.8m profit after tax for the 2022 financial year. Posting a sustainable level of profit enables investment back into the Mutual to deliver fit-for-purpose products and helps FMG be there when the unexpected happens. You can read our full Annual Report on our website [www.fmg.co.nz](http://www.fmg.co.nz)

Being proudly New Zealand owned means we're able to direct profits back into rural and provincial Aotearoa New Zealand. We do this through the provision of risk advice to clients and the support FMG provides to their businesses through our sponsorship of events and initiatives in rural communities.

This year, Net Client Growth was up 6.3% and, as with previous years, it is pleasing to see more and more people and businesses electing to place their trust in a 100% New Zealand owned mutual insurer.

We continue to see strong growth in our digital channel with 44,000 clients now registered for FMG Connect, an increase of 102% year-on-year. As more clients seek to engage with FMG online, we will continue to invest in and evolve our digital offering.

**"A strong and prosperous Mutual means we can continue to help build strong and prosperous rural communities."**

Our strategic partnerships with Federated Farmers and Farmlands are an integral part of our success, both on-farm and across the wider sector. We appreciate the importance of these relationships and strong partnerships and many of them have had their foundations laid over the 117-year history of the Mutual.

Our goal, as always, is to be a sustainable mutual insurer, continuing to invest in our people, our core insurance capabilities, and our ability to deliver high quality Advice and Insurance when and how clients choose. This will enable FMG to be both a 'better' as well as 'bigger' Mutual as we move into the future.

On behalf of the Mutual, I'd like to take this opportunity to personally thank you for your continued support—and placing your trust in the Mutual.

Kind regards / Ngā mihi,

**Adam Heath**  
Chief Executive, FMG

# How Farmstrong works

“I know through the work I do for Farmstrong, how important it is to keep talking and check on those who might have ‘dropped off the radar and stopped communicating’ during challenging times. Just listening can be a huge help to someone who is feeling ‘under the pump’”

**Sam Whitelock, Farmstrong ambassador**

Farmstrong's good-for-business programme uses the science of wellbeing to help farmers and growers live well and farm well, avoiding common mental health problems and physical injuries.

Farmstrong helps people cope with the ups and downs of farming by sharing things they can do to look after themselves and the people in their business, especially during challenging times.

Farmstrong encourages farmers to ‘lock in’ good-for-business habits and thinking strategies by:

- Working with Farmstrong ambassador, rugby great Sam Whitelock, who promotes key messages, resources and events.
- Creating resources delivered via the Farmstrong website and face-to-face at events, workshops and online, based on the latest wellbeing science tailored for farmers and growers.
- Sharing farmer-to-farmer stories about what works, via rural media and social media channels such as Farmers Weekly, Dairy Farmer, the Country Radio Show, Orchardist and NZ Rugby magazines.
- Working and collaborating with rural organisations such as Dairy NZ, Beef + Lamb New Zealand, NZ Young Farmers, the Rural Support Trust, Farming Mums NZ, Dairy Women's Network, Rural Women New Zealand, Horticulture NZ, NZ Kiwifruit Growers Association, the NZ Shearing Contractors' Association, Neighbourhood Support, Northland E-350 project, Surfing for Farmers, Agri-Women's Development Trust and Farming Women Tairāwhiti.
- Running campaigns on key topics such as 'You Matter, Let's Natter', an initiative encouraging farmers to develop their listening skills and catch up with mates over a cuppa to check how they're going.
- Organising and supporting events that help farmers connect with each other, including comedy shows at rural halls, community fundraisers, sporting events and even a cycle tour involving 1,600 farmers and their families.

**Published this year, Live Well Farm Well focuses on how different farmers handle the pressures of farming, and is available for free through primary sector networks.**



**Paul Walker, dairy farmer, Bay of Plenty**

“Farmstrong helps you enjoy the industry you're in and creates a positive environment for your family and your staff. Let's face it, before you start buying the tractors and the motorbikes, you've got to have the right tools to look after yourself, otherwise none of that other stuff matters. I think being Farmstrong reduces your chances of getting into a position where you have no choice but to seek extra assistance to get back on track.”



**Corrigan Sowman, dairy farmer, Golden Bay**

“I think Farmstrong's ideas around wellbeing are definitely filtering through the industry. Getting through a drought isn't easy, getting through a wet spring's not easy, dealing with inflation or under-staffing isn't easy. People are realising that it's all about looking after your brain and body so you can perform at your best and get through these challenges.”



## About Farmstrong

Last year, more than 15,000 farmers directly attributed an improvement in their wellbeing to Farmstrong. Awareness of the programme among farmers has also grown rapidly — from 31% of farmers in 2015 to 77% in 2021.



Last October some 300 Young Farmers Members from across 22 districts began competing in the FMG Young Farmer of the Year Contest. Congratulations to the top seven who made it to the Grand Final.



# Tim Dangen wins 2022 FMG Young Farmer of the Year

Calf rearer and beef farmer, Tim Dangen, was awarded the title in front of family, friends, and supporters in Whangārei on Saturday 9 July.

Representing the Northern region, 30 year old Tim said he was overcome with emotion and relieved to be finishing the contest on a high. “My goal was always to get here to give it a crack. I’m fortunate to be here and it’s just a reflection of the support group around me.”

Dangen said the preparation for this moment has been many years in the making. Having competed in four Regional Finals, 2022 was finally his year to represent the Northern region at the Grand Final.

The Auckland City Young Farmer summed up the 2022 contest saying, “it has been a great experience, I’ve met a bunch of good people, learnt a whole lot and got a lot of growth out of it. I love this competition to bits.”

The 2022 Contest was met with excitement and some high calibre competition—with seven of the strongest competitors vying for the title. Now into its 54th year, the FMG Young Farmer of the Year Contest is the flagship event for NZ Young Farmers and tests every aspect of modern farming across the whole supply chain, while further showcasing our country’s food and fibre story.

## The Grand Final

This is a full-on three-day event including head-to-head competition plus technical elements, such as an interview challenge

and innovation project. The contestants must also deliver a convincing speech on a topic given to them just a few days prior.

The last challenge is the infamous quiz on awards night, where contestants battle it out in six, buzzer beater rounds of agricultural and general knowledge questions.

Te Kawa West Young Farmer, Chris Poole, was named runner up FMG Young Farmer of the Year, and also won the Agri Skills Award. Dunsandel Young Farmer, Jonny Brown, took out third place.

## FMG People’s Choice Award

This year, the seven finalists got to choose a Social Media Manager to help with their quest to social media stardom. Congratulations to our winner, Tim Dangen, from Auckland City Club and his Social Media Manager, Jenny Dangen.

The People’s Choice Award gives the finalists experience in marketing themselves in the sector and to encourage local clubs and the public to get more involved with the Contest. Tim did a stellar job, showcasing his skills across his Facebook Page and focusing on video content and his family history on farm. For winning, Tim received \$1,500, his Social Media Manager received \$1,500 and \$1,000 went towards his Young Farmers club, Auckland City.

## FMG Junior Young Farmer of the Year



Secondary school students from seven districts competed in teams of two, tackling similar modules to their older members.

Congratulations to the dynamic duo of Erin Humm and Amelia Ridgen from Christchurch Girls High for winning the title of 2022 FMG Junior Young Farmers of the Year.



## AgriKids NZ



Congratulations to Waikato team Liam Hodgson (Pirongia School), Archie Keely (St Patrick’s School) and Leighton Barnett (St Columbus School), pictured with FMG’s Tara Burnley (Mobile Rural Consultant) for winning the 2022 AgriKidsNZ competition.

This is for our primary school-aged children and runs alongside the main Contest.

# A financially stable mutual

**As a responsible insurer our aim is to be clear and transparent on where your premiums go**

Another important step in being here for the long haul is prudent financial management of our Mutual. With this, we aim to be profit making, rather than profit maximising.

We need to run the business commercially and our profit is added to capital reserves to support the stability and growth of the business, and to meet the solvency requirements as set by the Reserve Bank of New Zealand. Also, it's used to invest back into rural communities.

The infographic on this page shows the breakdown of where your premiums go, this being in support of our goal to provide access to affordable insurance.

With this, we take several things into consideration when calculating premium. These include the covers you personally have insured with us, your location, levies we're required to collect on behalf of EQC and Fire and Emergency New Zealand and costs to run the Mutual, including for things like reinsurance and claims.

When calculating this year's premium, there are two areas in particular to highlight.

## Claims costs

Like so many others across the country right now we too are facing increased costs and challenges.

Building materials and equipment costs are having an impact across the board putting pressure on the costs of rebuilding and replacing, which means the average claims cost is increasing.

Our premiums are calculated by using our understanding of claims costs, the cost of running the business and reinsurance

costs. All three of these are also under pressure from the likes of natural disasters, weather events and rising running costs such as fuel.

## EQC levies

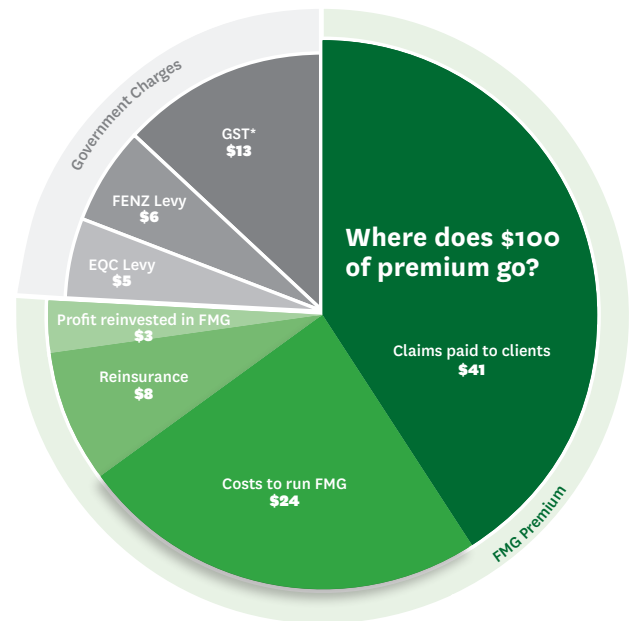
Another thing to be aware of is the EQC cap changes later this year. What's changing is that EQC is moving from covering the first \$150,000 of an earthquake, landslip, volcanic, tsunami or hydrothermal related claim to the first \$300,000 for new business and renewals from 1 October 2022.

This means that EQC levies will be increasing to cover the higher cap. The EQC levy is charged at the same rate nationwide, whereas FMG, and other insurers, charge premiums that vary based on a number of risk factors. Therefore, the impact on your overall premium will vary throughout the country. It's also important to note that a number of other factors will also impact your premium, such as increased rebuild and reinsurance costs.

There is no change to the way you lodge an EQC claim. You still contact us as your private insurer, and we'll work with EQC on your behalf.

## Value of insurance

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



\*GST: shown as a portion of total cost (15% of \$87).

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

With cost increases it is important that you review the value of what you are insured for. Making sure you have the right sum insured, based on an up-to-date valuation, is important so that if the worst does happen, you are sufficiently covered.

You can check these on FMG Connect and if any values need updating get in touch with us for a revised quote.

You can request a review of your existing cover online. Increasing your sum insured may have an impact on your premium, however you may find it's not as much as you think.

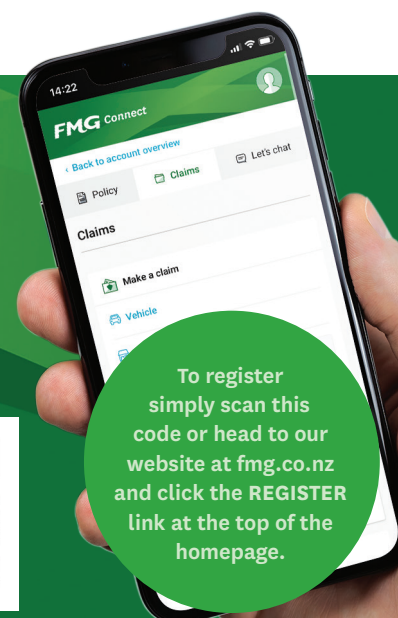
**FMG Connect**

**Want to save paper and time? FMG Connect can do both**

FMG Connect is your online service, giving you another way to manage your insurance with us. We're continually adding new features to make your insurance information accessible anytime, from any device, including the ability to view and download statements - and save paper!

**So, what is new in FMG Connect? You can now:**

- set up paying your insurance by direct debit
- make a combined House & Contents claim
- upload any supporting documents and photos to an open claim
- adjust sum insured on vehicles—ensuring you are paying the right premium as your vehicle depreciates.



To register simply scan this code or head to our website at [fmg.co.nz](http://fmg.co.nz) and click the REGISTER link at the top of the homepage.

# The power of insights

## How FMG uses data to better understand and manage risk



As a mutual insurer the on-going availability of affordable insurance is the single most important issue to FMG's clients and employees.

While a traditional insurer has three levers—product, pricing, and underwriting—that it can use to manage its insurance profitability, at FMG we also use a fourth: advice. Our specialist advice helps you better understand and manage your risks, ultimately leading to less disruption to your lives and livelihoods; and supports a better deal for rural New Zealand.

For nearly two decades FMG has been analysing our claims data to understand the disruptions faced by our clients. As New Zealand's largest rural insurer, and

**Check the ground before you do the rounds**

Over 60% of tractor accident claims in the Manawatu-Whanganui region involved core mechanical parts being damaged.

Sticks, stumps, rocks, or baleage wrap can pierce, strike or become entangled underneath. Claims spike in summer, so look out for hazards when driving your tractor on dry ground. When doing multiple loops of a specific paddock, inspect for hidden objects, especially near fence lines and water troughs. Look for any holes or uneven ground that the wheels could drop into, this will reduce the potential disruption later on.

with over 107,000 clients, we have access to thousands of records each year. These support our understanding of the common loss causes, geographic or seasonal patterns, similarities between clients, and other patterns that help generate valuable insights for our clients. Alongside in-house and industry experts, we seek to understand what's causing the loss to occur and what could be done to prevent these disruptions and claims in the future.

We know each region is different, which is why we released regional advice guides; helping you better understand the risks you're more likely to face, and what you can do to prevent them. Across 13 regions we've identified nine areas where you can prevent disruption and the need to claim.

When you look at these insights at a regional level, different patterns emerge and it's easier to see how the disruption could happen to you.

For example, in Manawatū-Whanganui over 60% of tractor accident claims involve damage to the underside of the tractor, in Southland it's only 20%. The advice remains the same—check the ground before you do the rounds. Tree stumps, waratahs or uneven ground can

really cause significant damage to your tractor. Unfortunately, it happens more often than you think. With the current supply chain issues, losing a tractor or implement can take months to fix or replace—delaying your whole season.

In Northland, Auckland, Waikato, and Otago, at least one in four house claims are due to water damage so it pays to check the pipes each year and keep an eye out for flaking paint, or stains on the walls or ceilings. For Bay of Plenty, Taranaki, the top of the South Island, Canterbury, and West Coast, at least 15% of house fire claims involved fat or oil from the kitchen. This is why it's so important to keep an eye on your cooking at all times. And finally, around a third of contents claims in the Wellington and East Coast regions occur during summer, so make sure you lock it away before you head away.

If you'd like to learn more about common claims having an impact in your region, head to [www.fmg.co.nz/advice/regional-advice](http://www.fmg.co.nz/advice/regional-advice), give us a call on 0800 366 466, contact your local FMG Representative, or email [advice.services@fmg.co.nz](mailto:advice.services@fmg.co.nz)

*In Bay of Plenty, Taranaki, the top of the South Island, Canterbury and West Coast*

**15% HOUSE FIRE CLAIMS INVOLVED FAT OR OIL FROM THE KITCHEN**

# Sustainability: *Doing our bit*

When looking at sustainability across FMG, our approach is generally split into two key areas: what are we already doing, and what will we need to do differently?

Part of being 'In it for the long haul' is regularly taking stock of how we're operating as a business - and as this section shows, that includes consideration of our impact on the planet.

This is a small snapshot of how we're doing our bit and the areas we need to improve on. It's a start and we'll keep you updated on our progress.

## What is FMG doing

Being a mutual means FMG's already operating sustainably in many areas, providing us with a good base to work from when considering areas to strengthen. In fact, mutuality is one of the oldest and most original forms of running a sustainable business.

For example, mutuals take a long-term view to running the business and with it build resilience over time. When it comes to running the organisation commercially, we aim to be profit making, rather than profit maximising. With this, we're proud of the role we play in reinvesting these profits back into the business - helping us to support strong and prosperous rural communities.

This long-term view is used to build the business as well. We've been here for more than 100 years and now support more than 53% of New Zealand's farmers and growers. This isn't growth for growths sake but measured growth, to ensure we take on the right level of risk. This is part of building a better business as well as a bigger one.

Doing this helps build our own financial and operational resilience to ensure we can respond and support clients through the impacts of a changing climate and natural disasters. Equally important is our focus on providing insights and advice to prevent losses or mitigate the impact when they occur.

FMG have long believed that everything is about people. Earlier this year, FMG was ranked one of the best places to work in the world in the Gallup Exceptional Workplace Awards.

We will always strive to maintain a positive, skilled, and diverse employee culture, because the better we look after ourselves, the better we look after the business.

Being 100% Kiwi owned and operated reinforces the importance of supporting our local rural communities. They are the beating heart of provincial New Zealand, and FMG will continue to support hundreds of events of all sizes every year as we see the easing of Covid-19 restrictions.

## What does FMG need to do differently?

Like other sectors, the insurance industry also needs to adapt - particularly around measuring risk. We're seeing an increase in the frequency and severity of major weather events and with this need to adapt to mitigate the effects of climate change.

FMG is working closely with the Insurance Council of New Zealand to play our

part in addressing these big complex problems.

FMG needs to address our own carbon footprint, and we have committed to a minimum 30% reduction of CO<sub>2</sub>e per employee by 2030.

While our vehicle fleet plays a crucial role in face-to-face relationships, they also make up 82% of our emissions.

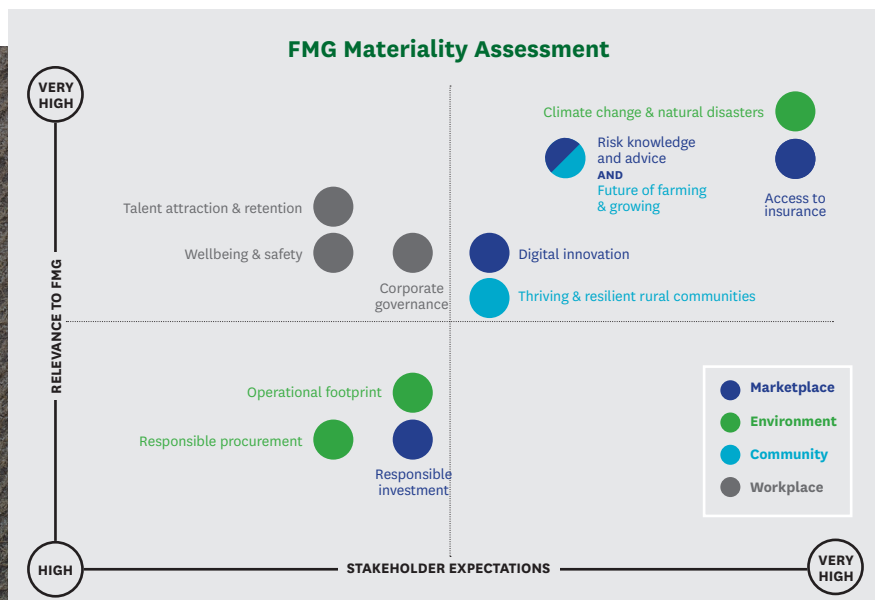
While we feel it is important to continue living and working in the communities we support, transitioning to a lower emissions fleet is something we'll need to look at over time. Green tech and mitigation tools are still some years away from being fully available and given the impact this will have on our clients; we believe there is a role for FMG to support research and development in this area.

We all know we have work to do—but we are starting from a good place. Doing things differently means taking risks and trying something new, while protecting the hard graft you have already worked for.

That is where FMG will continue to support our rural sector every step of the way. To be here for the good of the country, we must do good for the country.



Pete Frizzell  
Chief People Officer



“While environmental sustainability is very important, sustainability as a whole is much broader than that.”

PETE FRIZZELL, CHIEF PEOPLE OFFICER.

FMG's Materiality Assessment has been built over time taking into consideration feedback from clients, FMG employees and stakeholders.

# Not retiring, just resetting

## Steve Allen reflects on five years on the FMG Board

It's easy to feel passionate about FMG and its core purpose to create "a better deal for rural New Zealand" and a vision to "help build strong and prosperous rural communities".

From a governance perspective, the Board is charged under the Companies Act to manage the affairs of the company, known as a corporate body, and act in FMG's best interests. In practise, we delegate the running of the company to the CEO—in FMG's case, Adam Heath. So our most

important role becomes the recruitment, support, retention and, ultimately, respectful retirement of our CEO.

Last year was a big year for our Board and FMG. Chris Black retired as our long serving and quite outstanding CEO. We went through a very thorough search process to appoint Adam—an equally outstanding person who I have no doubt will lead the Mutual with excellence into its next phase.

Our role now becomes one of support, performance monitoring, strategy endorsing and risk managing. Giving the appropriate guidance to Adam to allow him to do his job.

A couple of final thoughts as I step down from the FMG Board.

Firstly, I like to think of FMG 'the corporate body' as a person. FMG cannot speak to us directly but can give us plenty of signals. If we listen, serve and give back to FMG, it will in turn give back to us—our employees, members and community. If we

don't give back with service leadership or investment in our people, FMG will let us know in the end. Equally if we do our job well, FMG will thrive forever.

My second thought is equally simple. Stay true to the core purpose and vision when building strategy. A business does not tend to 'go broke', it tends to 'grow broke'. Balancing our worthy strategic growth aspirations with building a better business is a great challenge we must pursue relentlessly. FMG will give us the signals if we go off this path and we must listen.

Thank you for the opportunity to serve FMG. It's been an honour and a privilege. PS. I'm not retiring, just resetting!

Ngā mihi

**Steve Allen**  
FMG Member Director



### DID YOU KNOW

NZ has the highest rate of melanoma in the world. More people die from skin cancer each year than on our roads.



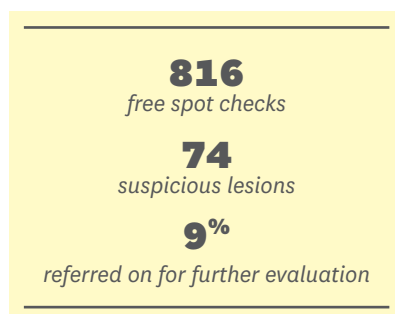
## Helping to protect rural communities together

The most important asset you have is yourself and your family. With so much of our time spent outdoors, it's important we help protect our farmers, growers and rural communities.

### FMG is bringing Melanoma New Zealand to you

Last year we partnered with Melanoma New Zealand—NZ's only charity organisation solely dedicated to preventing avoidable deaths and suffering from melanoma. We're excited to announce we're bringing Melanoma New Zealand around the country with the **FMG Spot Check Roadie**. Check your "spot" below!

You may have seen us at events already. Here's the outcome of Melanoma New Zealand's Nurse Educator attending 5 events:



### It's not just about spot checks

If you can't get off-farm to get checked straight away, you can take action today by getting to know your skin and doing a self-skin check. To find out how, visit [melanoma.org.nz/early-detection](http://melanoma.org.nz/early-detection)

As a client of FMG, you can access Melanoma New Zealand's online education for free by visiting [fmg.co.nz/melanoma](http://fmg.co.nz/melanoma). This includes practical information and tools regarding melanoma; from how to be sun-smart to what signs of melanoma to look for on your skin and hearing real stories from patients.

**AUGUST**  
Taranaki

**SEPTEMBER**  
Pukekohe

**OCTOBER**  
West Coast,  
Canterbury

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Advice & Insurance

Call us on **0800 366 466**

Visit our online service FMG Connect - [www.fmg.co.nz/connect](http://www.fmg.co.nz/connect)

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

Write to us at - **PO Box 1943, Palmerston North 4440**

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