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Note from Adam Heath

Kia ora koutou katoa,

It's hard to believe a year has passed since the country experienced the devastating impacts of the Auckland Anniversary Weekend floods and Cyclone Gabrielle. The combined force of these tragic and traumatic events caused major disruption to the lives and livelihoods of almost 5,000 of our clients and Members. In response, every employee across FMG (our 'One Team') pulled together to deliver the most significant recovery effort in the Mutual's 119-year history, larger than both the Canterbury and Kaikōura Earthquakes combined. In what has been a tremendously challenging year for our clients and Members, I am extremely proud of everyone at FMG for their collective efforts in responding when we were needed most.

Despite the challenges, and thanks to your ongoing trust and support, FMG continues to grow and prosper – delivering to our ambitions of being a bigger and better Mutual. In December, our Rural market share surpassed the 55% threshold for the first time ever. Growth in the Lifestyle segment is also at an all-time high with a market share of 23.5%, whilst our Residential and Commercial market share remains stable in what

continues to be a tough environment for both households and businesses across Aotearoa/New Zealand. Given the external headwinds and uncertainty that continue to prevail across all segments, these are excellent results. Challenges do remain, including levels of on-farm profitability, and whilst the overall level of inflation experienced on and off-farm remains high, it is encouraging to see signals emerging which suggest that inflation may have peaked.

In such an environment, the affordability of insurance remains top of mind for FMG. It underpins our Purpose of delivering 'a better deal for rural Aotearoa/New Zealand' and we've been working hard to identify initiatives that will sustainably reduce our operating expenses. It's part of our commitment to increasing our efficiency, enabling FMG to be a resilient and sustainable insurer that is fit for the future. As a mutual, we aim to be profit making, rather than profit maximising. Striking the right balance between meeting the needs of our clients and Members today and enabling FMG to be there for another 119-years to meet the Advice and Insurance needs of future generations of farmers and growers.

Any profit FMG does make is either invested into delivering our Vision of 'helping to build strong and prosperous rural communities' through FMG's

support of over seven hundred events and sponsorships annually (including dog trials, shearing competitions, scholarships and sponsorship of FMG Young Farmer of the Year); or it is added to the Mutual's capital reserves in support of the continuing stability and growth of the business. Consistently meeting and/or exceeding the Solvency requirements set by the Reserve Bank of New Zealand is a key measure of FMG's resilience.

Looking at the wider rural economy, despite a number of continuing challenges, it's encouraging to see several green shoots of optimism starting to emerge. Horticulture NZ is estimating a 12% increase for this year's apple and pear crop, with cherry growers also upbeat. The decision to increase the size of eligible workers within the Recognised Seasonal Employer (RSE) scheme and the launch of a new \$1.2 billion Regional Infrastructure Fund all providing positive news for the sector.

Wishing you all the very best for 2024.

Kind regards / Ngā mihi,

Adam Heath
Chief Executive, FMG

FMG's 119th AGM

In August, FMG will hold its 119th AGM. FMG's Constitution and Member Director Election and Appointed Director Policy (the Policy) require that a third of all Member Directors retire by rotation at each year's AGM. This year Geoff Copstick and Debbie Hewitt are due to retire by rotation. Geoff will be seeking re-election. Debbie has opted not to stand for re-election. Consequently, there are two Director vacancies, with one being contested by a current Director. The Board sincerely thanks Debbie for her contribution to the Mutual.

The Reserve Bank of New Zealand and the Financial Markets Authority recently published their joint Governance Thematic Review. A key finding is that Boards have an obligation to ensure they have the

collective skills and experience to guide the organisation. This includes 'undertaking a robust and ongoing suitability assessment of Directors' and 'a robust selection process'. The Policy sets out the criteria for the evaluation of Member Director candidates, including current Directors. Consequently, the Board will continue with its current practice of providing guidance to Members as to which Member Candidates are 'most suitable' noting that the Board may opt not to do so or may identify more Member Candidates as being 'most suitable' than the number of vacancies. The Board has not set any Specific Criteria per the Policy.

Member nominations must be made in accordance with the procedure set out in the FMG Constitution and are subject to

the process outlined in the Policy, which is available on the FMG website (fmg.co.nz/governance-and-compliance) or can be obtained by calling FMG's General Counsel, Lisa Murray on 021 684 824 or emailing her at lisa.murray@fmg.co.nz. Nominations are open until 9 April 2024.

At the 2024 AGM, we will provide an update on how the Mutual is tracking.

All Members are invited to attend and vote at the AGM on Friday, 23 August 2024. Members can attend either through a virtual platform or in person; with the AGM being held in the Wairarapa. Alternatively, Members can vote through the proxy form that will be sent with the Notice of Meeting which includes an online voting option.

A family find a way

On the night of 13 February 2023, Cyclone Gabrielle brought intense rainfall to the Thomsen's Patoka property and turned Lindholm Farm into a swathe of slips and debris. They woke to more than 5km of farm road out of action, access to town eliminated and an immeasurable amount of work ahead to get the farm back on track.

We sat down with brothers, Hamish and Greg Thomsen, to talk about their experience, the insurance claims that followed and what they've learnt along the way.

Three generations live at Lindholm Farm in Patoka. Hugh Thomsen, son Greg and grandson Rupert, now 18 months old. There are two houses, about 4km from each other and a significant piece of road infrastructure that snakes its way through the property joining Hugh's house with Greg and his wife Emma's place.

Greg's brother Hamish lives in Napier. As an accountant, he is pretty good at adding things up, but he did not factor the repair of more than 20km of fence lines into his plans for 2023.

"I phoned Dad first thing the next morning and asked how the night had been. The whole hillside had come down, travelled over the road and landed in Dad's garden, blocking the driveway. We were lucky the house was untouched."

"The hills quite literally gave way under the weight of the rain. We lost an estimated 40 to 50 hectares of grazeable land. Much of which had washed down the valley, causing devastation along the way," adds Hamish.

Access became a real problem for Greg who took two hours to make the usual 5-minute journey to his Dad's house. The two-wheeler was the only vehicle capable of safely navigating the new terrain.

Greg says they were lucky, and things could have been much worse, but the workload ahead was a daunting prospect.

"We had no power and no access to town after the bridge over the Mangaone River was wiped out. The main bridge through the farm was also gone, meaning we had to travel via neighbouring farms, taking up to half an hour for a trip that would have previously taken 5 minutes. With fences down, cattle were everywhere – it was chaos," he says.

Greg and Emma's son, Rupert, 6-months-old at the time, was blissfully unaware of what was unfolding around him. From his home in Marewa, Napier, Hamish quickly became the conduit between town and country for the Thomsens.

"I would drive out to the Rissington, where the previous bridge was, with jerry cans of petrol to keep the generators going. They would then be rafted across to Greg on the other side," says Hamish.

With Greg occupied on farm, Hamish took on the job of navigating insurance claims. Hamish says there was no mucking round when it came to FMG getting onto their claims for the water system, fencing cover and other incidental damage on farm.

"They checked our account, lodged our claims, we sent through pictures and the money was in the account," says Hamish.

The EQC claim associated with the landslip at Hugh's has taken a bit longer as they tend to do due to their technical nature. However, Hamish is grateful we have an insurance system for damage to land.

As for lessons along the way – Hamish says this was



a kick in the butt to review and make sure the family fully understood what they had insured and what that would look like in any future event.


"I went through our policies, line by line. We had our water system insured for \$5000, when the damage sustained took a \$30,000 bill to replace. That is a big shortfall," says Hamish.

"At the end of the day, we feel like we got off pretty lightly. FMG has taken the brunt of the financial losses off our shoulders and helped us navigate the claims process and as a family we have come together to get the farm back on track," concludes Greg.

Now well stocked on generators, jerry cans and fencing gear, the Thomsens have just purchased a digger and bulldozer... just in case.



Hamish and Greg



Farmstrong is a nationwide, rural wellbeing programme for farmers and growers. To find out what works for you and 'lock it in', visit www.farmstrong.co.nz

'Getting through' – new Farmstrong resources on the way

Recovering from major weather events involves months, in some cases, years of hard work. Which raises the question – how do you keep yourself going through a long-haul recovery?



Kūmara grower Krista Franklin with her husband James and their two daughters.

It was while visiting flood-affected farmers and growers, that Farmstrong's ambassador Sam Whitelock noticed how many people mentioned the importance of tapping into local knowledge. People who could put what had happened into perspective and act as 'a bit of a roadmap' for what lay ahead.

That's the idea behind a suite of new resources – print, video, podcast – that Farmstrong is developing. The aim is to provide information and tools that will help people dealing with future adverse weather events.

We've been interviewing farmers and growers who were badly impacted by Cyclone Hale, the Auckland Anniversary Weekend floods and Cyclone Gabrielle, asking them to reflect on the things that have helped them to get through mentally and physically. How have they navigated such a serious setback?

"The result is a collection of hard-won wisdom from people who've been in the thick of it and share what helps and what doesn't when you're busy trying to get your farm, your family and yourself going again," says Sam.

The resources, which will be launched in the middle of the year, will also feature a 'toolkit' of mental fitness skills based on the latest science of wellbeing.

"The main message of these resources is a hopeful one – that people can get through extremely challenging times. Families rally round, neighbours support one another, communities come together, and sector organisations act as essential advocates," says Sam.

There are a few surprises too. Sometimes a crisis presents unforeseen opportunities or gives people a fresh take on what really matters in life.

That's certainly been the case for Northland kūmara farmers Krista Franklin and her husband, James, who were looking forward to kūmara harvest week when Cyclone Gabrielle turned their world on its head. Krista shares her story in the book and recently featured in a radio interview and podcast hosted by The Country's Rowena Duncum in partnership with Farmstrong.

"I'd emphasise the importance of self-care. In those early days we just weren't sleeping and that makes life so hard. So, sleeping well, eating well, exercising and still making time for your hobbies like my husband did with his hunting. That's what gets you through."

"We also used what happened as an opportunity to think about how we could move forward more positively. The cyclone's proven to us that life is fragile

and it's important to enjoy the small things in life. It definitely took us a while to shift out of that 'ho hum' space, but now we're grateful for what we have as opposed to what we lost," says Krista.

While there's no denying the fact that a long-haul recovery process can be an emotional rollercoaster, the interviews to date highlight the importance of taking the time to look after yourself and refresh mentally and physically, despite the upheaval and frustrations.

With this in mind, Farmstrong has been working closely with the Agri-Women's Development Trust (AWDT), Rural Women NZ (RWNZ) and the Rural Support Trust (RST) to roll out community events to support affected communities.

A series of Farmstrong stand-up Comedy Shows led by well-known Kiwi comedians, Nick Rado and Tarun Mohanbhai, and Bitches' Box shows, featuring Emma Newborn and Amelia Dunbar, are scheduled over the next few months in recovering regions, so keep an eye out for them in your area and get along with your family, team, and neighbours.

Farmstrong was established by FMG in 2015 with the belief that farmers and growers are the most important asset on the farm, and it continues to be a core focus.



It's been a year



At the anniversary of Cyclone Gabrielle, FMG's Head of Recovery Response Jacquie McIntosh shares her reflections of the year that has been.

Within a week of Cyclone Gabrielle, we had 3,500 claims lodged. That number would go on to double and then triple. FMG was on track for more than 12,000 claims from the Auckland Anniversary Weekend floods and Cyclone Gabrielle in early 2023. Combined they presented more claims than any other event in the Mutual's history.

In the last 12 months I've seen the resilience of our rural communities – how they have pulled together and heard their stories. I've seen the patience and pragmatism from our clients as well as the determination from our own team to help.

These were the worst days and weeks, and in some cases months, of our clients' lives.

In our efforts to support them through these traumatic times we have achieved a lot over the past year. Here is a snapshot of some of the work that has taken place.

- We've opened almost 12,000 claims and closed 90% of them.
- Through the support of reinsurance we've paid more than \$260 million into impacted communities.
- We've sent more than 450 meals out to communities in need in Gisborne and Wairoa.
- We proactively made personal calls to 6000 East Coast clients, helping them with claims and offering support for future needs.
- Responded to the needs of 5,000 clients.
- We have opened 726 EQC claims and closed 483 of them.
- Our largest single claim paid to date from this event topped \$20m.

The true cost of the events is still being realised. We can see this in our orchardists watching their fruit trees with bated breath. Wondering how they will yield and what fruit will make it to supermarket shelves both here and overseas.

We can see it in our sheep farmers, furiously rebuilding yards, woolsheds and fence lines over the last 12 months in order to draft, shear and manage stock.

We can see this in our homeowners, patiently waiting for Land Categorisations, for quotes and costs and architects, and rebuilding the homes they worked so hard to own in the first place.

FMG has been there to support the financial losses. But there has also been tremendous emotional and physical loss. As an insurer it is our core function to get people back on their feet when the worst things happen, and we also want to support their wellbeing and see those communities thriving again.

We still have a team working hard to find resolutions for our clients. I know they look forward to the opportunity to do right by them and live up to the promise FMG has made.

Here is some of what we've learnt along the way:

Following a major event, we understand the importance of learning from the experience and as an advice led insurer, we want to help our clients and Members be better prepared.

Underinsurance

Underinsurance comes up every time we have a large event, especially when it comes to contents and buildings. This is driven by several factors, such as not reviewing existing cover at every renewal. Doubling your cover does not necessarily mean doubling your premium, so it pays to check.

Unspecified buildings and vehicles

Too often we see older farm buildings

and lower value vehicles insured as "unspecified" with low values per item, with the assumption an event might see damage to just a few assets. What we saw in Cyclone Gabrielle was entire properties taken out with multiple vehicles and buildings damaged.

Farm fencing

Clients frequently underestimate the costs of replacing fencing and how much they have. What we know now, is that kilometres of fencing can be completely wiped out by slips and floodwater.

Understanding your cover

Read your insurance policy. FMG policy wordings are available online and give

you the opportunity to learn about your cover and talk to us before something goes wrong. If you'd like a hard copy then give us a call and we can send one out.

Reviewing your insurance

At least once a year you should review what you have insured, how much you have it insured for and what is covered. Renewal time is a good chance to do this, or when you make changes on your property. If affordability is an issue, talk to us; there are options to consider rather than cancelling cover.

To learn more about any of these areas, please give us a call on 0800 366 466

Introducing our 2024 FMG Agricultural Scholarship recipients

Since 2005, FMG has offered two scholarships for individuals studying an agricultural related degree at Massey, Waikato, or Lincoln Universities. Students receive \$5,000 towards their tuition fees for every academic year of their degree. It's one way we re-invest back into our communities and encourage our up-and-coming agricultural leaders.

In a serendipitous coincidence, this year's recipients, Kate Morton and Jessica Savage, discovered that they know each other from calf club days—uncovering a picture of themselves together and in front of an FMG sign no less (top right picture).

Kate Morton

Kate grew up in Tauwhare, a small rural community on the outskirts of Hamilton. It was living on her Grandad's 60-acre dairy grazing farm, or as Kate says 'a glorified lifestyle block', where she fell in love with animals and the rural way of life.

For as long as she can remember, she wanted to be a vet. However, mid-way through year 13 she wasn't sure if university was for her. Following a gap year dairy farming in Central Otago, it helped re-ignite her passion for animals and she knew that farming was the career path that she wanted to go down.

"My ultimate future aspiration is to own a farm. I want to explore the possibilities of breeding for better genetics. I'd also like to try and help adjust my grandfather's farm in the hope that it could be more profitable for him and make the day-to-day running of the farm easier," says Kate.

Kate has been accepted into a Bachelor of Agri Science at Massey University and is looking forward to learning more about the science involved in running a farm.

Jessica Savage

Born and bred in Cambridge on her family's dairy goat farm, Jess' love for nurturing and caring for animals stemmed from a very young age.

"One of my favourite jobs on the farm was taking care of sick animals. The only thing I was able to do was give animals energy supplements, but I loved that responsibility and the trust put in me to go off on my own and organise care for the animal. This is what sparked my interest and admiration for animals and agriculture," says Jess.

Knowing she wanted to do something in agriculture but not entirely sure what, it wasn't until a vet came to the family farm to check up on a few animals, where the stars aligned for Jess.

Fast forward to 2024, she's studying a Bachelor of Veterinary Science at Massey University, with the intention of becoming a large animal vet.

"New Zealand's agricultural industry provides so many pathways for young people as it's constantly evolving and developing new technologies and practices. I am excited to also be a part of it and be able to contribute in my own way. Embrace the potential, work hard and get stuck in!"

Congratulations to both Kate and Jess, we're excited to follow your university journeys.

If you want to learn more about FMG's sponsorships and scholarship offerings, head to fmg.co.nz/scholarships



Top: Jess (L) and Kate (R) at calf club
Middle: Jess Savage
Bottom: Kate Morton

FMG Connect

FMG Connect is our online service where you can manage your insurance and make claims.

We've added some new features:

- You can add new cover for your personal or landlords' contents insurance, including most high-value items, and make changes to some of your existing contents insurance.
- There's a new fast-track claims process for single electronic items, hearing aids and glasses claims under \$5,000. We've partnered with some great businesses to make repairing or replacing even easier.
- When making contents claims you can save part way through and return later to list other items before lodging.
- You can submit just one claim for both your House & Contents policies for a single event.

For our Farm and Commercial clients, you can now submit claims online for:

- General farm contents
- Milk
- Baled hay
- General commercial contents
- Portable Plant & Equipment
- Stock

To register for FMG Connect simply scan this QR code or head to our website at fmg.co.nz and click the REGISTER link at the top of the homepage.



The battery, the dryer and the rodent

Every year we support hundreds of clients who've suffered fires in their homes or farm buildings. Although we can help with replaceable items, there is also emotional stress and the potential loss of irreplaceable treasured possessions.

Fires in buildings are often preventable if the right measures are taken. In Autumn there are some slightly unusual fire risks that are good to be aware of...

Charging your devices – lithium-ion batteries can overheat, catch fire or explode.

We've seen clients who have suffered losses to their buildings, contents and vehicles caused by lithium-ion batteries. One of these was a total loss house fire that cost \$1 million dollars to replace. The fire was caused by batteries charging in the garage.

Many modern devices are powered by lightweight, high-energy lithium-ion (li-ion) batteries. These power our phones, laptops, tools, e-bikes, e-scooters, vapes and even cars.

Lithium-ion batteries can catch fire for several reasons:

- Overcharging or using incorrect chargers.
- Overheating or exposure to extreme temperatures (hot or cold).
- Physical damage like drops or punctures.
- Short-circuits, malfunctions, or manufacturing defects.

When these batteries fail they can emit toxic, flammable and explosive gas that can cause intense, self-sustaining fires that are difficult to extinguish so it's important that you read and follow the prevention advice in the bottom right box below.

Drying your washing – clogged vents, ducts, and filters can cause dryer fires.

We've seen clients suffer traumatic damage to their houses and businesses due to overloaded dryers catching fire. One commercial client suffered \$3 million dollars damage after the contents of a dryer overheated and burst into flames.

What can you do to prevent a dryer fire happening to you?

- Clean the lint filter between each load. Lint build-up can result in filters overheating and igniting even after the dryer is turned off.
- Overloading can cause excessive heat to build up. Allow for at least a quarter of the dryer to be free so items can move around and aerate.
- Use the correct settings. If you must use the dryer for items soiled with fats and oils, such as tea towels, ensure you wash in hot water first and use the lowest heat setting with a cycle that includes a cooldown period.



Rodents moving inside to the warm – chewed wiring can spark a fire.

Tiny culprits can cause a huge amount of damage in your home or farm building. Chewed wiring can cause a short and result in sparking that can easily start a fire. Any build-up of easily flammable material that can ignite will also increase that risk, so it's a good time to get pest control underway and check switch boards for things that could easily ignite such as leaves and birds' nests.

Don't forget to also check your farm buildings such as the woolshed, dairy shed and pump sheds where pests can get in more easily to find warmth.

10 WAYS TO PREVENT DEVICE OR BATTERY FIRES

- Avoid leaving devices charging unattended or overnight.
- Disconnect fully charged batteries and devices.
- Avoid exposing devices to heat, moisture or direct sunlight.
- Only buy genuine devices and equipment.
- Only buy devices and equipment from trustworthy manufacturers and retailers.
- Only use the correct and approved chargers for your device.
- Never charge devices on flammable surfaces.
- Never charge your devices in bed, or on flammable material or surfaces.
- Discard damaged devices showing signs of swelling, leakage or overheating.
- Installing approved smoke or heat alarms in charging areas will help give an early warning of extreme battery overheating or fire.





2024 FMG Young Farmer of the Year

FMG has been the principal sponsor of this iconic rural event for nine years, and we're excited to see Season 56 get underway.

Following a successful trial in 2023, the format of the seven regional competitions will look a little different this year.

Now held over two consecutive days, the first day will include a qualifying round with a series of modules revealed on the day, before the top eight contestants move on to day two to battle it out in a series of head-to-head challenges, a farmlet build and a quiz. The Young Farmer who comes out on top, then has the honour of representing their region at the FMG Young Farmer of the Year Grand Final.

There are still a few regional finals to go, so make sure you head along to see your regions' top Young Farmers battle it out. For details, head to youngfarmers.co.nz

Grand Final 2024

Hamilton and Waikato/Bay of Plenty Young Farmers will be playing host to Season 56's Grand Final from 11-13 July. Head to youngfarmers.co.nz for more information and to see when tickets are available.

AgriKids and FMG Junior Young Farmer of the Year

Want to see the youngest Young Farmers battle it out for a spot at the Grand Final? Head along to any of the regional finals to see these teams in action. Details at youngfarmers.co.nz

FMG Region-Off

2023 was the inaugural year of the FMG Region-Off, held in the run up to the Grand Final, which saw the East Coast come out on top. The Region-Off is designed to get all levels of the contest vying for a collective goal – regional pride, all whilst giving back to their local community.

AgriKids, Junior Young Farmers and Young Farmers work together to earn points for their region by earning the public's vote and by completing community focused challenges.

The FMG Region-Off will kick off in a few months, so be ready to get involved and show your support.



FMG
Advice & Insurance

Call us on **0800 366 466**

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Visit our website - www.fmg.co.nz

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

 **FarmersMutualGroup**

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