FMG POST

November 2025 - February 2026

UPDATES AND ADVICE FROM FMG

Sustaining our Mutual

Pete Frizzell,
Chief Marketing Officer

This year, FMG marks two years as the first—and still only—New Zealand Aotearoa B Corp certified general insurer. That's not just a badge. It's a framework that keeps us accountable to people, planet, and our Members.

Our Members have been clear - they expect FMG to make a positive impact on rural communities. B Corp helps us turn good intentions into action across climate, community, and how we operate as a Mutual. Here are just some examples of how we're delivering on Member expectation.

Turning values into action

- **Backing wool, backing farmers:** Wool carpet is now standard in all new FMG offices, including the recently opened Ashburton and Matamata offices. Where carpet isn't practical, we're using wool in furnishings and fit-outs. It's a simple way we support sheep farmers and promote a renewable, circular fibre.
- **Living local:** FMG employees continue to work in the communities we serve. We're local, with 31 offices spread across rural and provincial New Zealand Aotearoa.
- **Be A Tidy Kiwi partnership:** We've joined forces with the iconic Be A Tidy Kiwi charity to help promote the benefits of wool. We're in the early stages of this partnership with more initiatives on the horizon.

Mutuality in action

As a Mutual, FMG reinvests profits back into the business - not into overseas shareholders. This year, we delivered around $35 million in premium reductions across several products. This has resulted in the potential for individual premium decreases or relatively smaller premium increases for clients holding those products.

We also supported rural communities by sponsoring and attending over 700 events from lamb and calf days and regional dog trials to rural classics like Golden Shears and FMG Young Farmer of the Year Contest.

Wellbeing that lasts

We celebrated 10 years of Farmstrong, the rural wellbeing initiative FMG founded with the Mental Health Foundation, with ACC subsequently joining as a Strategic Partner. Now a Charitable Trust, Farmstrong continues to improve the wellbeing of over 20,000 farmers and growers helping everyone within rural communities to see themselves as the most important asset.

Planning for tomorrow

We've published our second Climate-related Disclosures report. These reports aren't just compliance, they're how FMG plans today for what New Zealand Aotearoa could look like in 50+ years. That means building resilience, stress-testing our cover against extreme weather, and making sure insurance stays fair and affordable for our Members.

We're already achieved our 2030 voluntary 30% Greenhouse Gas reduction target, and we've done it without relying on offsets.

Looking back to move forward

FMG's roots go back to 1905, when farmers came together to protect what mattered most. It wasn't called "sustainability" then—it was common sense. That same thinking guides us today. By staying true to our Mutual model and the discipline of B Corp, we're building a business that's resilient, responsible, and committed to being here for the next 120 years.

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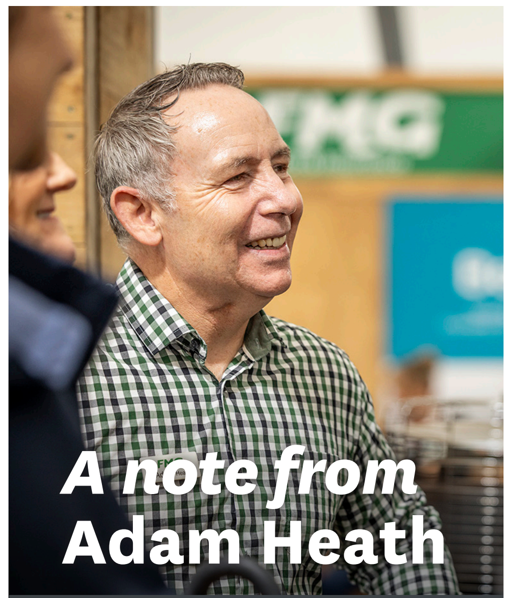


A note from Adam Heath

CHIEF EXECUTIVE, FMG

Kia ora koutou katoa

At FMG's 120th Annual General Meeting recently held in Ashburton, Members re-elected our Board chair - Sarah von Dadelszen and Member Director - Simon Hopcroft to the Board for a further three-year term, providing continuity as FMG continues to deliver on the Mutual's long-term Purpose and Vision. Congratulations, Sarah and Simon.

As the year draws to a close, I'm encouraged by the resilience and optimism across rural New Zealand Aotearoa. Despite the recent adverse weather, FMG remains optimistic. As a 'profit making' not 'profit maximising' Mutual insurer, FMG remains committed to delivering 'a better deal to rural New Zealand Aotearoa'. Earlier this year we signalled pricing relief across several products, around $35 million, passing back relief whilst ensuring the financial strength to be there when you need us most — as in recent weeks.

Recently, our Board Chair and I met with the Minister of Finance to emphasise the importance of keeping insurance both available and affordable for farmers, growers and rural communities. A well insured economy is productive, and we believe our Members' voice is important in discussions about insurance that effects the rural community.

Speaking of health and wellbeing, I'm pleased to confirm two important steps for rural wellbeing. Farmstrong is now operating as a Charitable Trust, reflecting its growth over the past decade into a well-recognised, sustainable force for good in rural communities. I'm also delighted that Gerard Vaughan has been appointed as Chief Executive of Farmstrong. Gerard helped design and establish the programme in 2015, and has lead the programme throughout its history.

It's all part of delivering to FMG's Vision of 'helping to build strong and prosperous rural communities.'

Understanding FMG premiums

(and how it keeps the Promise strong)

Your insurance premium is the amount you pay to protect what matters: it's the binding Promise between you and FMG so you know you can rely on us at claims time. The premium wheel, below, takes a closer look at what's 'behind the scenes' of your premium.

What makes up a premium

Most FMG premiums combine two parts:

- FMG's share – the portion that covers paying claims, running the Mutual, and reinsurance (you can read more about reinsurance in FMG Post, page 4). Because every risk is different, this part reflects the specifics of what you insure—like the item type, sum insured, and where it's located among other things.
- Government's share – charges we collect and pass on, including the Fire and Emergency New Zealand (FENZ) levy, the Natural Hazards Insurance levy (for residential homes via Toka Tū Ake), and GST. These are set outside FMG and apply to many policies in New Zealand Aotearoa.

The premium wheel (below) is designed to make these components clear at a glance. It's a snapshot of the average Domestic Building that FMG insures, and it's accompanied by guidance that reminds clients their own insurances can vary with materials, location, and cover choices, to name a few.

What FMG does with its share

FMG is a mutual—our Members are our owners. That means any profits are reinvested to strengthen service, resilience and support for rural communities, not paid to external shareholders. We're focused on "keeping the Promise strong": running a financially sustainable insurer, and delivering outstanding day to day service.

In practice, FMG's share goes toward:

- Paying claims—being there when the unexpected happens.
- Reinsurance—a safety net that helps the Mutual respond to major events.
- Operations and advice—the people, systems and support that make service reliable across New Zealand Aotearoa.
- Target profit: any profits that FMG generates are reinvested into the business.

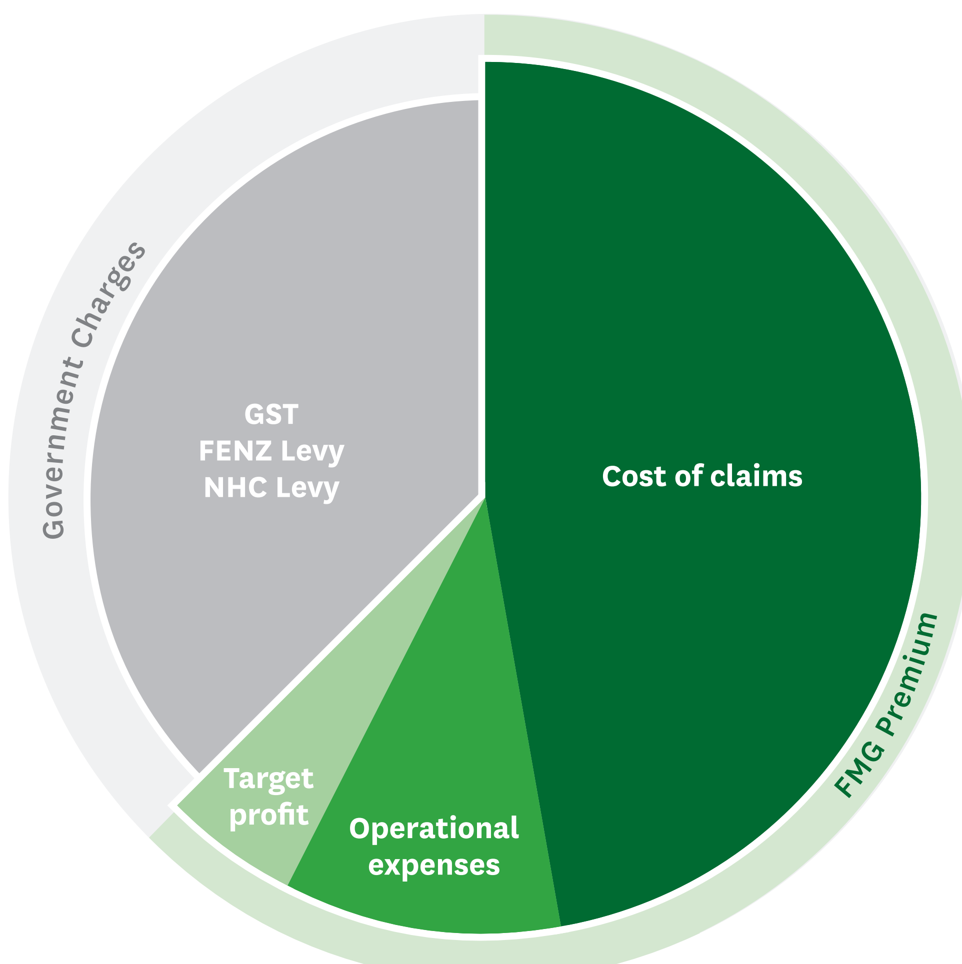
Why premiums change over time

We regularly review the cost of providing insurance. Premiums may be impacted by changes to claims trends, the rising cost of materials, equipment and technology, and the price of reinsurance. Severe weather and natural hazard events in New Zealand Aotearoa have reinforced the need for strong, sustainable insurance that can respond when it's needed most. The industry is also moving further toward risk based pricing, which reflects individual risk more precisely as better hazard data becomes available.

What you can do

If you're looking to manage your premium, we can help you figure out what cover you need and consider excess options—balancing cost with the protection you need. You can also review your item details and payment preferences in FMG Connect at any time.

What makes up my premium*



For more information on premiums visit our website.

* This breakdown is reflective of FMG's average house premium as at 30 April 2025. Clients' premium breakdowns will vary depending on many factors, for example construction materials and location. Individual premium breakdown can be found on a Client's FMG quote and/or statement.

Eyes up, wheels down: Avoidable accidents on lifestyle blocks

Owning a lifestyle block often means more time on bikes, utes and tractors than behind a desk. From towing firewood to shifting stock, vehicles keep things moving, but too often avoidable accidents happen. Rollovers are one of the biggest risks, and most start with small oversights.

To help avoid accidents, here are practical tips based on FMG's insights and claims data:

1) Driver ready

The best safety system on any vehicle is you. Fatigue after a long day is when mistakes creep in. Even bulky gloves that bump a lever can turn a safe descent into a sideways slide.

2) Check the load

Unbalanced trailers and overloaded quads are common in claims. Know your towing limits, secure your load, and distribute the weight correctly before heading off.

3) Quick walk around

A minute beats a month in the workshop. Check tyres, brakes and lights; lift the bonnet – birds build fast, and a nest near wiring can spark a fire. Keep the right extinguisher on board.

4) Scan ahead

Long grass hides ruts; narrow gateways snag trailers; steep or slippery paddocks shift stability. Take a moment to look ahead, assess the ground and plan your route.

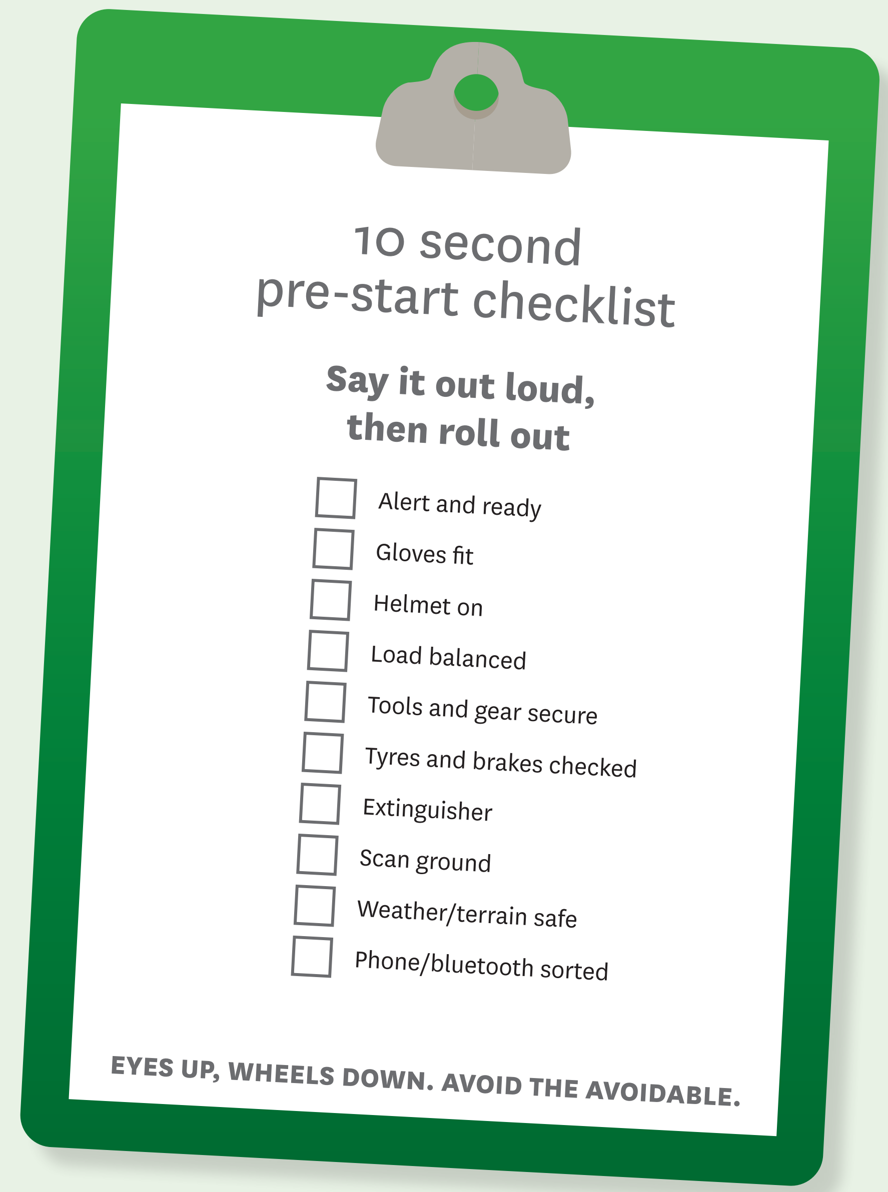
5) Minimise distractions

Secure gear, connect Bluetooth, set your route – then keep your eyes up and wheels down and focus on the task at hand.

Why it matters

FMG sees thousands of quad and trailer rollover claims every year. A few mindful checks can turn a risky job into a routine one.

Eyes up, wheels down. It's how you keep the freedom and productivity you bought the block for – without turning a quick task into a costly accident.



SPOT THE HAZARDS BEFORE YOU ROLL OUT

This map highlights common risks—long grass, narrow gateways and steep slopes. See if you can plan a safer route.

Tips:

- Scan long grass—ruts and rocks hide here.
- Measure the gateway—avoid tyre and implement strikes.
- Keep slopes straight—side-on increases rollover risk.

> **If I start thinking, 'I'm useless at this,' I stop and replace it with something positive – like reminding myself of what I've achieved.**

Walking my talk

Hayes Garland on mental fitness in farming

For Hayes Garland, farming on the Hauraki Plains is more than a livelihood, it's a lifestyle that demands resilience.

After moving from Taranaki to take on contract milking 330 cows across 145 hectares, Hayes faced a steep learning curve. "It's been pretty wet, and there's been a lot of adjusting," he says. Despite the challenges, he thrives on the freedom and connection to nature farming provides.

Hayes knows farming isn't just about livestock, it's the pressures that pile up around the job. His strategy? Preparation. "If you're mentally prepared for setbacks, they don't feel out of control," he explains. When things go wrong, Hayes practices quick acceptance: "The faster I accept setbacks, the better the outcome."

Hayes uses a mental fitness tool called 'Catch it, Check it, Change it' to combat negative thoughts. "If I start thinking, 'I'm useless at this,' I stop and replace it with something positive – like reminding myself of what I've achieved."

When stress builds, Hayes steps away for deep breaths and takes in his surroundings. "It snaps you out of it," he says. He also prioritises time off-farm, whether attending a rugby game or planning fishing trips near the Coromandel, his "cool, calm, and collected" space.

Hayes champions celebrating small wins. "If you're always waiting for the big win, it's a long road. Focus on the little wins that keep you happy each day." His advice to others? Stay connected. "Reach out to friends, family, or Rural Support. Our community cares."

For Hayes, farming has been life changing. "It's given me security and satisfaction. In a lot of ways, it's saved my life." His story is a reminder that mental wellbeing is as vital as physical health in farming. Last year 20,000 farmers attributed an increase in their wellbeing to Farmstrong.

To find out what works for you, head to farmstrong.co.nz

Reinsurance

Chris Bailey,
Head of Reinsurance

So, what is reinsurance?

It's insurance for insurance companies. FMG uses over 50 different reinsurers for our programmes. They take their share of the risk and diversify it with their risk around the globe.

They work to a plan that things won't go south in every geographic region at the same time, and that is how they manage to pool the risk of the many.

So they take a long term view like FMG does?

They do. Several of the reinsurers we use have been business partners of FMG for several decades. However, they are commercial entities with shareholders who require a return on investment. They must provide a suitable profit. If frequency or severity of losses are outside their pricing parameters, or risk appetite, they will reduce or withdraw their support.

Are they supportive of the work FMG does and our rural focus?

FMG's rural and regional spread is complementary to the business they do with other insurers – including the National Hazards Commission (NHC). FMG is quite different in our direct sales and service model, and in-house assessing and claims service. We have a good understanding of the risks we insure and the people we insure. An insurer that is close to its customer and has a clear and consistent business model gives reinsurers confidence to support what they do.

Will these weather events have an impact on the reinsurance market?

Losses always have an impact on reinsurance pricing, especially in the first year or two after the event. The 2023 Auckland Floods, Cyclone Gabrielle and recent storms this year, are in the context of extreme weather events – especially flooding – around the globe in recent years. Unexpected frequency and severity is making reinsurers review and reprice their risk appetite.

Can we have confidence that Reinsurers will continue to support FMG and the wider New Zealand Aotearoa insurance industry?

Reinsurers are looking for profitable business. Insurers who are able to demonstrate they understand the risks they have assumed, and the potential loss frequency and severity should always attract reinsurer support. Also important is assurance that natural hazards are well managed i.e. robust building codes and appropriate land zones. Within this context, FMG is very well placed within the New Zealand Aotearoa market.