





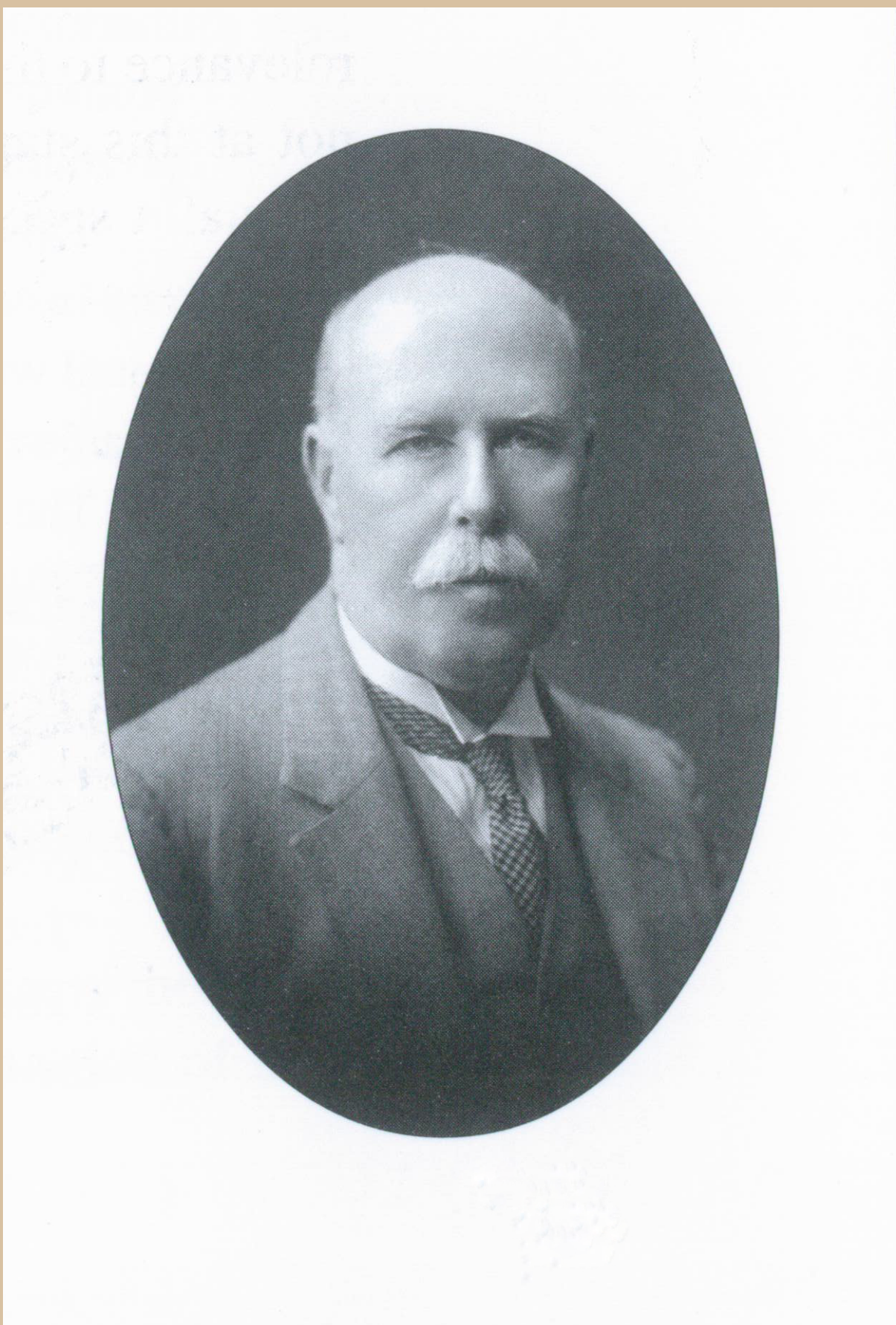
FMG FAST FACTS		
BOARD OF DIRECTORS		
Greg Gent	Graeme Milne	
Murray Donald	Tony Cleland	
Marise James	Michael Ahie	
Cindy Mitchener	Danny Chan	
MUTUAL DETAILS		
	Established:	1905
	Employees	440
	Clients	63 000
Specialising in:		
	Rural Advice and Insurance	

Early life in New Zealand was risky. Shipwrecks, fires, natural disasters and accidents led the insurance industry in New Zealand to grow quickly. Most companies however were based off shore, usually Australia or England, and had little understanding of the risks and challenges faced by New Zealanders.

In terms of insurance, farmers didn't have much of a choice at all. The only option available was English owned tariff companies which worked together to ensure that they held a monopoly on the market.

The New Zealand government responded by setting up some state insurance offices in the late 1800's and early 1900's. These better supported early colonialists and helped to place pressure on the off-shore tariff companies. However the unique risks and challenges farmers faced were largely overlooked.

At this time, farmers had little organised infrastructure to call on



James Begg, founding director 1905 - 1911 of Otago Farmers' Union Mutual Fire Insurance Association. Image courtesy FMG

for advice, learn about new products or to discuss local problems relating to their industry. Consequently they held meetings in local districts that became known as 'farming clubs'. It was from these meetings that Farming Unions began which, by 1901, had become well established throughout the country.

The Farming Unions provided a good means of communication with the tariff companies and allowed farmers to negotiate group terms. However they were still extremely expensive and all of the profits went offshore to pay the foreign shareholders which seemed unfair to the farmers.

Therefore the Farming Unions, with those in Otago leading the way, decided to lobby the Dominion Executive (part of an early New Zealand government) to take up the matter of rural insurance so rates could be reduced. This eventually led to the Mutual Fire Insurance Bill being introduced to Parliament and the first Mutuels being formed.

Mutuals are so called because they are 'Mutually Owned', this means that profits are reinvested back into the business and remain in New Zealand for the benefit of the members.

Otago was one of the first regions to form into a Mutual with their first meeting being recorded as 3rd June 1904. Initially called "The Otago Farmer's Union Mutual Fire Insurance Association" the group

continued to lobby the Dominion to improve insurance procedures and rates throughout the years. Obstacles and damaging rumours were consistently overcome and the group proved that a pure co-operative farmers' association could succeed in protecting farmers' interests.

The 1920's saw a period of promotion and expansion with the group going from strength to strength. Tariff companies were no longer ignoring the Mutual Association as they had up to this point. Despite pressure to reduce their rates to match the Mutuals, the tariff companies refused, handing over even more custom.

This error in judgement allowed further progress and ensured that the Mutuals became recognised as real competitors as well as extremely hard working. Though disastrous, the earthquake at Murchison in 1929 earned the Association great publicity for the expeditious manner in which they dealt with inspections and claims.

By the 1930's other non-tariff companies had started to emerge offering general insurance in New Zealand placing further pressure on the off-shore companies. Although largely due to technical reasons, in 1952 the Mutual Association became a Company Limited by Guarantee, further strengthening its position in the market.

By the 1960's the tariff system had largely collapsed. Then in the 1970's the Mutuals started combining to form even stronger organisations and began offering more products.

The Farmers Mutual Group, or FMG as its known today, remains 100% New Zealand owned, operated and proud of it. They've worked alongside farmers and rural communities for over a century and really understand the risks and challenges faced by New Zealanders.

Like their forbearers, FMG is made up of highly committed individuals whose focus is not just about the insurance needed to deal with life on the land - their aim is to help New Zealanders take the risks they need to help achieve their goals.



View of stock exchange area, Princess Street, Dunedin c.1880s. Image courtesy FMG