**Level 3: Future Proofing Strategies**

**SWOT ANALYSIS - Farmers’ Mutual Group**

**Teachers Note:**

**Purpose:** Students need to know about SWOT analysis on businesses as it is a fundamental tool for strategic planning, helping organisations understand their **s**trengths, **w**eaknesses, **o**pportunities, and **t**hreats. This comprehensive overview enables better decision-making, helps to leverage internal capabilities, mitigate external risks, and align strategies with the company's goals.

**Discuss:**

* What is a SWOT analysis?
* Why businesses carry out a swot analysis?

**Discuss the Agribusiness Farmers’ Mutual Group (FMG):**

*FMG has been an important part of the New Zealand farming landscape for over 100 years. As a mutually owned insurer, it was established to help rural New Zealanders protect their farms and livelihoods. FMG is a deeply trusted, values-driven organization with a powerful legacy in rural communities. It’s resilience, strong community roots, and client-focused philosophy are key strengths. However, in a changing climate, digital world, and increasingly competitive market, FMG must embrace innovation, expand its urban outreach, and adapt proactively to maintain its position for the next 120 years.*

**Activity:** Exploring FMG with SWOT Analysis

**Objective:**

Understand what a SWOT analysis is by applying it to FMG, a real New Zealand rural insurance company celebrating 120 years.

**Resources:**

* Read the article “**120 years through thick and thin”**
* Research [**FMG**](https://www.fmg.co.nz/)and summarise the key points about FMG:



**SWOT Analysis**

**What is a SWOT analysis?**

A SWOT analysis is a strategic planning tool used by businesses to identify and evaluate their:

* Strengths – internal advantages the business has
* Weaknesses – internal areas needing improvement
* Opportunities – external chances to grow or improve
* Threats – external challenges that could negatively affect the business

It is typically presented in a 2 x 2 matrix or table to clearly show how internal and external factors interact.

**Why businesses carry out a swot analysis?**

Businesses conduct a SWOT analysis to:

1. Understand their current position
   * It gives a clear snapshot of what the business does well, where it struggles, and what is happening in the environment around it.
2. Make informed strategic decisions
   * Helps businesses plan future actions based on real strengths and opportunities, rather than assumptions.
3. Identify competitive advantages
   * Spot what sets them apart from competitors so they can leverage those strengths in the market.
4. Mitigate risks
   * Recognizing threats and weaknesses allows businesses to develop plans to reduce risks or prepare for challenges.
5. Prioritise resources
   * Ensures efforts and investments are focused on the most impactful areas (e.g. fixing key weaknesses or capitalizing on big opportunities).
6. Support change and innovation
   * Encourages proactive thinking about new markets, technologies, or customer needs.

A SWOT analysis helps businesses pause, reflect, and plan strategically. It ensures they make decisions based on a clear understanding of both internal capabilities and external factors.

**FMG - 120 years through thick and thin**

<https://www.fmg.co.nz/about-fmg/news/120-years-through-thick-and-thin>



**This year, FMG Advice and Insurance celebrates**

**120 years in Aotearoa New Zealand’s rural communities.**

“In March 1905, Otago Farmers’ Union Mutual Fire Insurance Association (later known as Farmers’ Mutual Insurance Association) first accepted proposals and began selling insurance. The idea of becoming a Mutual quickly caught on, with associations emerging in Wellington, Taranaki, and Hawke’s Bay. This marked the beginning of a new era in rural insurance.”

“It was also the very beginning of the business we are now, 120 years later” commented Chief Executive Adam Heath.

In the 1970s, these Mutuals started combining to form stronger organisations that could offer more products and in 1978, Farmers’ Mutual Group was established from a base in Palmerston North.

“We’ve seen two world wars, the rise of computer technology and artificial intelligence, major earthquakes and floods and more recently, the confronting nature of increasing climatic events on the planet”.

120 years is no mean feat for a business. But FMG said it is no accident that they have got there, praising their rural roots.

“Our country’s history reveals a primary sector that has always challenged the status quo, teamed up to pool resources, shared knowledge and capability and created something special. We are a product of this sector and mindset, borne from farmers and growers for farmers and growers” added Heath. “We have watched our clients grow and evolve their businesses, purchase their first homes and begin families. We have been there for the burglaries and the fender benders, and we were there for the life changing devastation of the Napier, Edgcumbe, Canterbury, Kaikōura earthquakes and Cyclones Bola and Gabrielle. These highs and lows have shaped FMG into what it is today”.

The Mutual has seen a few iterations in its time but has remained true to its provincial origins, with 32 offices around the country and employees talking to farmers and growers every day.

You will still find FMG in Otago where it all began. Nowadays though, FMG offers insurance to both town and country with Commercial, Residential, Lifestyle and Life and Health options.

“One thing has not changed, and that’s putting our clients right when it has all gone wrong. We have been here for 120 years, and we intend to be here for another 120 more” concluded Heath.

**Activity: Exploring FMG with SWOT Analysis**

**Objective:**

Understand what a SWOT analysis is by applying it to FMG, a real New Zealand rural insurance company celebrating 120 years.

1. **Summarise key points about FMG**

* Read the article “**120 years through thick and thin”** and research [**FMG**](https://www.fmg.co.nz/)and summarise the key points about FMG:

1. **Group brainstorm**

* Split into small groups. Using the information above, each group fills out the SWOT categories for FMG.

SWOT Categories for FMG:

|  |  |
| --- | --- |
| **Strengths**  e.g., Long history and trusted by rural communities | **Weakness**  e.g., Mainly known for rural clients, less urban recognition |
| **Opportunities**  e.g., Expanding urban insurance and digital tech | **Threats**  e.g., Climate change causing more disasters |

1. **Group presentation**

* Each group shares what they wrote in each box.
* Discuss why these points matter to FMG’s future.

1. **Discussion**
2. How does FMG’s long history help or challenge it today?
3. Why might FMG want to grow beyond rural insurance?
4. What risks does FMG face in the future?

**Answers**

1. **Summarise key points about FMG**

* FMG started in 1905 to help farmers protect their property.
* It is a mutual insurer, owned by its members.
* It has grown from rural insurance to cover urban homes, businesses, and health.
* FMG has helped customers through major events like earthquakes and cyclones.
* The company focuses on supporting farmers and rural communities but also serves town customers now.

1. **Group brainstorm - SWOT Analysis**

|  |  |
| --- | --- |
| **SWOT Analysis – FMG (Farmers’ Mutual Group)** | |
| **Strengths**   * 120-year trusted history in rural New Zealand * Mutual model aligns with member interests * Strong rural expertise and on-the-ground presence (32 offices) * Proven resilience through historical crises * Client-first philosophy: “putting clients right when it’s gone wrong” | **Weaknesses**   * Perception as rural-only insurer * Smaller scale versus corporate insurers * Limited global / diversified footprint * Potential legacy systems and slower technology adoption * Restricted access to external investment as a mutual |
| **Opportunities**   * Expand into urban insurance markets (residential, commercial, health) * Invest in digital tools, AI, and automation * Offer climate resilience and advisory products * Form partnerships with agribusiness, banks, cooperatives * Grow personal insurance lines (life, health, lifestyle) | **Threats**   * Increased natural disasters from climate change * Competition from large insurers and digital-first newcomers * Rural economic downturns affecting client base * Regulatory and compliance pressures * Talent attraction challenges in rural areas |

1. **Group presentation - Detailed SWOT Analysis – to discuss with students.**

**Strengths**

1. Strong heritage and brand trust

* 120 years of service builds credibility, trust, and a deep connection with rural communities.
* Long-standing presence through major national events (earthquakes, cyclones, wars).

1. Mutual ownership model

* Owned by clients, which aligns business decisions with member needs rather than shareholder profits.
* Emphasis on community and shared values enhances loyalty.

1. Deep rural and regional expertise

* Specialist knowledge in rural insurance, having evolved from the farming sector.
* 32 offices across New Zealand, providing on-the-ground presence and personalized service.

1. Resilience and adaptability

* Survived and adapted through technological changes, natural disasters, and industry consolidation.
* Has expanded its product range over time (now includes Commercial, Residential, Lifestyle, Life & Health).

1. Client-centric philosophy

* Clear focus on "putting clients right when it has all gone wrong” positions FMG as a trusted safety net.

**Weaknesses**

1. Niche market focus

* Strong rural heritage may limit brand appeal or recognition in larger urban markets.
* Potential perception as “just for farmers” could hinder urban growth.

1. Scale and resources compared to larger competitors

* May not have the same level of capital reserves, marketing reach, or tech investment as large corporate insurers.
* Being a mutual may restrict growth through external investment.

1. Limited global diversification

* Primarily focused on New Zealand, which leaves it more vulnerable to domestic economic or climate-related events.

1. Legacy systems risk

* Long history could mean outdated internal systems or processes unless continually modernised.

**Opportunities**

1. Urban market expansion

* Increasing awareness of their offerings for town-based customers (commercial, residential, health, etc.).
* Opportunity to rebrand or reposition to highlight broad appeal beyond rural.

1. Digital transformation & innovation

* Investment in AI, digital claims processing, and mobile platforms can enhance customer experience and efficiency.
* Potential to lead in agritech-related insurance solutions.

1. Climate resilience solutions

* Growing need for insurance and risk advisory services related to climate change.
* FMG can build niche expertise in supporting climate adaptation in agriculture and rural communities.

1. Strategic partnerships

* Collaborations with agribusinesses, rural banks, or cooperatives can enhance reach and offerings.

1. Life and health insurance market growth

* Expansion into personal insurance lines could diversify income and improve customer retention.

**Threats**

1. Climate change and natural disasters

* Increasing frequency and intensity of events like floods and cyclones pose high insurance risk and claim costs.
* Reinsurance costs may rise significantly, impacting profitability.

1. Intense competition

* Large national and international insurers competing aggressively in both rural and urban markets.
* Disruption by digital-first or insurtech startups.

1. Economic downturns

* Fluctuating commodity prices or economic recessions can affect the financial stability of rural clients and, in turn, FMG’s revenue.

1. Regulatory changes

* Insurance regulations, solvency requirements, and compliance burdens may increase operating costs.

1. Talent acquisition in rural areas

* Attracting and retaining skilled staff in regional locations may be a growing challenge.

1. **Discussion**
2. How does FMG’s long history help or challenge it today?

FMG's long history, spanning over 120 years, is a significant asset in the modern insurance landscape. Having been founded by farmers for farmers in 1905, the company has cultivated a deep-seated understanding of the agricultural sector. This long-standing presence has built a strong foundation of trust and loyalty among its rural client base. FMG's mutual structure, meaning it is owned by its members (the policyholders), further reinforces this relationship, as profits are reinvested into the business to benefit members rather than being paid out to shareholders. This historical commitment to the rural community gives FMG a competitive edge in its core market.

However, a long history can also present challenges. A company with such a strong heritage might face the risk of being perceived as old-fashioned or slow to adapt. To counter this, FMG emphasizes its continued investment in technology and its expansion into new insurance products. The challenge for FMG is to maintain its traditional values and close client relationships while innovating and adapting to the evolving risks and needs of modern New Zealand.

1. Why might FMG want to grow beyond rural insurance?

FMG has already expanded its offerings beyond its traditional rural focus to include commercial, residential, lifestyle, life, and health insurance. There are several reasons why this diversification is a strategic advantage:

* **Risk Mitigation:** By expanding its portfolio, FMG can spread its risk across different sectors of the economy. This reduces its vulnerability to downturns or catastrophic events that might disproportionately affect the agricultural sector.
* **Market Growth**: The rural insurance market is mature and has a finite size. To continue to grow as a business, FMG needs to tap into new markets and customer segments. Offering a wider range of products allows them to attract new clients and to provide more comprehensive coverage to their existing members who may have both rural and non-rural insurance needs.
* **Leveraging Brand and Expertise:** FMG has a strong and trusted brand in New Zealand. Expanding into other insurance areas allows them to leverage this brand recognition and their expertise in risk management to a wider audience.

1. What risks does FMG face in the future?

FMG, like any insurance company, faces a range of risks. Based on their publications, key future risks for FMG include:

* **Climate Change:** As an insurer with a significant presence in the rural sector, FMG is particularly exposed to the increasing frequency and severity of extreme weather events such as floods, storms, and droughts. These events lead to higher claims costs and can impact the affordability and availability of insurance.
* **Economic Volatility:** Inflation, supply chain disruptions, and changes in the global economy can impact both FMG's investment returns and the cost of claims. The financial health of the agricultural sector, which is influenced by commodity prices and trade relationships, is a direct concern for FMG.
* **Regulatory Environment:** The insurance industry is facing increased regulatory scrutiny. FMG must adapt to new legislation and compliance requirements from bodies like the Financial Markets Authority and the Reserve Bank of New Zealand, which can increase administrative costs and complexity.
* **Technological Disruption and Cyber Risk:** The insurance industry is undergoing a digital transformation. FMG needs to continually invest in technology to improve efficiency, enhance customer service, and remain competitive. At the same time, this increased reliance on technology also exposes the company to greater cyber security risks.
* **Reinsurance Market:** FMG relies on reinsurance to manage its own risk. Changes in the global reinsurance market, such as increased prices or reduced capacity, can directly impact FMG's profitability and its ability to offer certain types of cover.
* **Competition:** The New Zealand insurance market is competitive. FMG faces competition from both established insurers and new, agile "insurtech" companies that may be able to offer lower prices or more innovative products.