

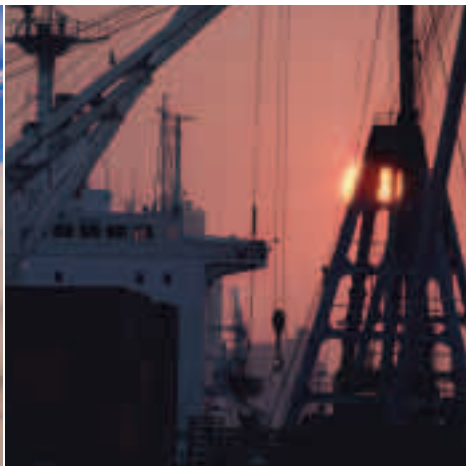


AgriRisk

For more information contact Matt Devine

AgriRisk® Services Pty Limited ABN 60 003 720 705 Level 11, 61 Lavender Street, Milsons Point NSW 2061

Telephone: (02) 9965 1100 Facsimile: (02) 9965 1111 Email: mdevine@agririsk.com.au www.agririsk.com.au



risk management : risk financing : **art**

[*art* *abbr.* Alternative Risk Transfer: a customised blend of insurance and capital market products, aimed at broadening the spectrum of insurable risks.]



AgriRisk



At last...agribusinesses throughout the supply chain can now protect their balance sheet from on-farm production losses that generate consequential losses beyond the farm gate.

Those businesses that stand to gain from an innovative range of risk management tools from Australia's only dedicated agricultural insurance broker, AgriRisk®, include:

- Marketing Bodies
- Processors
- Bulk Handlers
- Transporters
- Exporters
- Service Providers
- Financial Institutions
- Corporate Producers

These businesses are dependent on primary production, and as a consequence are financially exposed to on-farm losses caused by a range of production risks, including:

- Excessive or insufficient rainfall
- Frost
- Disease
- Hail
- Temperature extremes
- Fire
- Windstorm

All of these perils have a significant impact on primary production in terms of crop yield, volume and quality. This translates to a financial loss through lower revenues, a reduction in profitability and potentially the need to draw on capital reserves to maintain operations.

Historically primary producers have had access to a narrow range of retail insurance products covering limited crop and livestock types. Unfortunately this coverage has been restricted to specific perils, such as fire and hail, leaving the producer exposed to all other production risks. This essentially exposes the primary producer's balance sheet to the variability associated with agricultural production.

Beyond the farm gate, agribusinesses have generally been unable to insure for the financial losses they sustain as a consequence of on-farm production losses. Often the agribusiness is solely reliant on a specific commodity, so in many circumstances their financial loss may be greater than that incurred by the primary producer who has diversified their production, thereby diluting the impact of a specific production loss.

A new landscape in risk management

At AgriRisk® we understand the inherent volatility associated with agricultural production, and the financial impact this has throughout the supply chain. We know that without prudent risk management the ongoing viability of the agribusiness can be threatened.

In general terms, the traditional insurance market has been unable to provide a satisfactory solution to the majority of agricultural production exposures at both the primary producer and agribusiness level.

Innovative range of risk management tools

Today however it is the international capital market that is providing a broader range of innovative financial tools to manage such exposures. In many cases these new tools provide an alternative to managing risks that have previously been regarded as uninsurable and unmanageable.



Some of these tools include:

- Finite Risk Management
- Rental Captives
- Weather Derivatives
- Multi-Trigger Products
- Multi-Year, Multi-Line Facilities

Our team of Agronomists, Ag-Economists and Risk Managers gives AgriRisk® the skill set required to tailor a risk management strategy designed to cost effectively manage your exposure. This strong technical background enables us to firstly understand your business, and secondly design a strategy utilising the optimum blend of risk management tools.

Strong balance sheet and consistent and predictable results

Typically, our strategy will utilise a blend of traditional insurance and capital market risk management tools available from local and overseas insurance and financial markets.

Generally these strategies are multi-year and naturally will be tailored to suit your specific cash flow, taxation, liquidity and asset base requirements to ensure maximum return on capital.

Of course security is paramount, and it is our strong relationships within the international insurance and capital markets that will allow you to access these innovative risk management products backed by the world's leading suppliers.

Increased financial control, greater certainty

By softening or smoothing the financial impact of production losses, the integrity and predictability of your cash flow and profitability will be maintained without the need to seek additional capital, or draw on existing reserves.

This greater level of financial control will:

- Allow you to continue to operate your business confidently - perhaps more importantly give your investors, shareholders, bankers and other stakeholders added confidence.
- Enable you to maintain your operations in terms of meeting your fixed expenses, banking commitments, employment costs and/or contractual obligations without the need to seek additional capital.
- Allow you to maintain your investments by freeing up your capital and allowing your business to grow.

Australia's only dedicated agricultural insurance brokers

Australian owned and operated, AgriRisk® is the only dedicated agricultural insurance broker in Australia and New Zealand, and has established a reputation as a corporate leader in Australasian agribusiness.

Our philosophy of employing Agronomists and Ag-Economists to complement a core team of Risk Management specialists ensures that we understand agribusiness and your needs better than anyone else.