

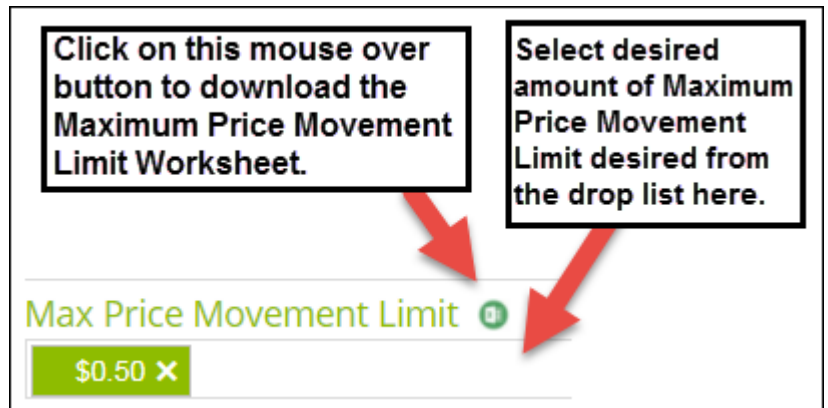
## RPowerD™ Maximum Price Movement

Maximum Price Movement Limit establishes policy liability. Each estimate requires the selection of a Maximum Price Movement Limit. There is a worksheet available to help you determine how much Maximum Price Movement limit to select from the dropdown in the RPowerD Estimator. This [link](#) will take you to a short video that describes how to use the Maximum Price Movement worksheet.

Price Movement Limit will be the same for both Irrigated and non-Irrigated Practices. It is approximately equal to the maximum amount the RPowerD Price can exceed the Projected Price regardless of the Market Price selected or the highest Interval average price.

For instance, let's say I establish a \$4.20 RPowerD Market Price for corn. When purchasing this RPowerD policy I selected \$0.50 of Maximum Price Movement Limit.

Then the Projected Price ends up being established by the February Average at \$3.50.



Since I limited my Maximum liability to \$0.50 over the Projected Price, my RPowerD Price will be \$4.00, not the \$4.20 price I wanted. ( $\$3.50 \text{ Projected Price} + \$0.50 \text{ Maximum Price Movement Limit} = \$4.00 \text{ Maximum RPowerD Price}$ ). If I had chosen \$0.70 of Maximum Price Movement Limit I could have used \$4.20 in the calculation of my RPowerD Revenue Trigger instead of \$4.00. Of course a policy with a possibility of \$0.70 per bushel of liability will cost a little more than a policy with a \$0.50 liability. How much more will depend on the volatility of the market when the RPowerD estimate is created. In the current low volatility environment the premium difference is much less than it would be in a high volatility environment.

The simplest way to help a producer choose an appropriate amount of liability is to ask the questions on the RPowerD Post Card ([link to the post card](#)) ([link to video of how to use the post card](#)) or to open the Maximum Price Movement Worksheet in the Estimator as shown above, both ask the same questions. Example:

1. What is the highest RPowerD Price you anticipate from the selections you have made? ie: \$4.50
2. What is your estimate of the lowest price we could see from the February Average? ie: \$3.70
3. Subtract #2 from #1. This would be the amount of Maximum Price Movement to use. \$0.80

Although a producer can add Intervals, increase Market Price selected, add or raise Additional Price Coverage (APC), and/or increase coverage level until the RPowerD SCD, once the Maximum Price Movement Limit is selected it cannot be amended.

If an APC™ amount is the only pricing alternative selected, the Maximum Price Movement Limit will default to the APC amount chosen.



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