



# Price Flex™ Overview with Example

Price Flex™ is a trademark of Watts & Associates. Coverage is summarized. Refer to the actual policy for applicable terms, conditions, limits and exclusions.



# Price Flex Overview

# Price Flex: Conceptual Overview

- 🌾 Price Flex allows producers to select additional price discovery periods.
- 🌾 If their highest period exceeds the higher of Projected and Harvest Price published by RMA, their price is used in determining any indemnities.

# Price Flex: Conceptual Overview

- 👉 Price Flex is a non-reinsured supplemental (NRS) product designed to offer additional coverage for Revenue Protection (RP) and Area Revenue Protection (ARP) policies.

# Price Flex: Conceptual Overview

- 🌾 For the 2017 Crop Year, ProAg offers Price Flex for:
  - ▣ Corn (Jan 31, Feb 28, and Mar 15 SCDs)
  - ▣ Cotton (Jan 31, Feb 28, and Mar 15 SCDs)
  - ▣ Soybeans (Jan 31, Feb 28, and Mar 15 SCDs)
  - ▣ Wheat\* (Sep 30 and Mar 15 SCDs)

# Price Limits

- 🐦 The maximum specific limits that we offer are:
  - ▣ Corn, \$1.25 per bushel;
  - ▣ Cotton, \$0.20 per pound;
  - ▣ Soybeans, \$2.25 per bushel; and
  - ▣ Wheat, \$1.50 per bushel.

# Price Flex

- 🌀 Your designation of the MPCl policy (RP or ARP) will be used to determine any indemnity under the Price Flex Policy but does not obligate you to purchase that specific policy.
- 🌀 Price Flex coverage is on an Enterprise Unit basis.

# Price Flex

- 🌾 You must purchase the Policy by agreeing in writing on or before the sales closing date for the RP insurance policy for the crop in your county.





# Calculating an Indemnity

# Calculating an Indemnity

- 🌾 Producer's Price Discovery Period
  - ▣ Dec 1-31 \$4.25/bu
- 🌾 RMA Projected Price
  - ▣ Feb 1-Feb 28 \$4.00/bu
- 🌾 Producer's Price Discovery Period
  - ▣ April 1-April 30 \$4.50/bu
- 🌾 RMA Harvest Price
  - ▣ October 1 – October 31 \$3.90/bu

# Coverage

- 🌾 180 APH x 80% coverage level = 144 bushel guarantee
- 🌾 144 x \$4.00 projected = \$576 Revenue
- 🌾 144 x \$4.50 Price Flex = \$648 Revenue
- 🌾 \$648 - \$576 = \$72 potential Price Flex coverage/liability per acre

# (PTC) Production to Count

- 🌾 Harvested 140 bushels/acre
- 🌾  $140 \times \$3.90 = \$546$  Revenue/acre
- 🌾  $\$576 - \$546 = \$30$  MPC I Indemnity/acre
- 🌾  $\$648 - \$546 - \$30 = \$72$  Price Flex Indemnity/acre

# No MPCl Indemnity – Price Flex Paid

- 🌾 Harvested 150 bushels/acre
- 🌾  $150 \times \$3.90 = \$585$  Revenue/acre
- 🌾  $\$576 - \$585 = (\$9)$  No MPCl Indemnity
- 🌾  $\$648 - \$585 - \$0 = \$63$  Price Flex indemnity/acre

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