

MINNESOTA CONTRACTORS PREMIUM ADJUSTMENT PROGRAM



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WHAT IS MCPAP?

The Minnesota Contractors Premium Adjustment Program (MCPAP) provides a premium credit based on the employee's average hourly wages.

WHO IS ELIGIBLE?

Employer's who paid the qualifying average hourly wage in at least one contracting classification during the calendar year are eligible. The qualifying average wage changes each year.

HOW IS THE MCPAP FACTOR CALCULATED?

Based on the information provided on the application, MWCIA computes the insured's average hourly wage for each classification, the applicable classification premium credit, and the overall policy credit factor. These calculations are displayed on a MCPAP Credit Worksheet. A copy of this worksheet is mailed to the carrier of record and the employer.

HOW DOES THE MCPAP FACTOR AFFECT THE EXPERIENCE MODIFICATION FACTOR?

Expected losses on the experience rating worksheets are lowered by the amount of the MCPAP credit factor. This adjustment to expected losses is at the aggregate level; both the expected losses and the expected primary loss totals are adjusted by the MCPAP credit factor in the experience modification formula.

HOW IS THE MCPAP FACTOR APPLIED TO THE POLICY?

The MCPAP credit factor is applied in the calculation of an employer's premium after the experience modification factor but before any other credits are applied to the policy.

MCPAP TIMELINE?

Applications are mailed to employers in January of each year. The enrollment period deadline is April 1 of each year.

Applications received after April 1 are subject to a two-point (.02) late processing penalty. Applications can be submitted up to 90 days after the effective date of the policy.

Calculation of the MCPAP Credit Worksheet begins in early fall of each year and are mailed to the carrier of record and the employer.



COMMON FAQs

Q. Do I only list payroll for employees that make the qualifying average hourly wage?

A. No. You must include wages and hours (excluding the overtime premium pay) for all employees.

Q. How can I calculate my Average Hourly Wage?

A. To calculate your Average Hourly Wage, divide your total payroll by the total hours worked for each class code.

Q. Do I list all Classification Codes or only the Contracting Codes?

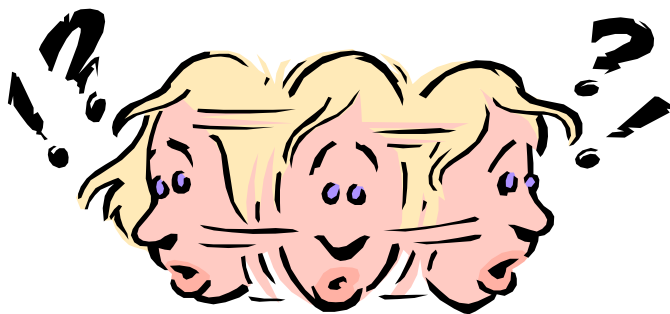
A. List all codes shown on the policy. This includes both contracting codes and non-contracting codes. Include total payroll and hours worked for each code.

Q. Do I have to complete this application?

A. No. MCPAP is not mandatory. However, you will not receive a credit on your renewal policy if you do not complete the application.

Q. Can I still send in my application if I forgot to apply?

A. We will accept applications after the due date. A two-point (.02) penalty will be added to your policy credit factor. We will accept application up to 90 days after the effective date of your policy.



HOW TO COMPLETE THE MCPAP APPLICATION

The employer will need to check their workers' compensation information page of their policy to find the classification codes for the period of January 1 through December 31 of the preceding calendar year.

Column 1 -- List all four-digit classification codes from the policy. Include both the contracting and non-contracting codes.

Column 2 -- List the payroll from January 1 through December 31 for the preceding calendar year. Include holiday, vacation, and sick pay. Also, include overtime hours at the regular pay rate. Exclude the premium portion of overtime pay.

Column 3 -- List the hours worked during the calendar year for all codes listed. Salaried employees are assumed to work forty (40) hours per week. Also, include hours paid for sick-time, vacations and holidays.