

# MINNESOTA CONTRACTORS PREMIUM ADJUSTMENT PROGRAM



**Minnesota Workers' Compensation Insurers Association, Inc.**

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**WHAT IS MCPAP?**

The Minnesota Contractors Premium Adjustment Program (MCPAP) provides a premium credit based on employees' average hourly wages. MCPAP is not mandatory. However, you will not receive a credit on your workers' compensation policy if you do not complete the application.

**WHO IS ELIGIBLE?**

Employers 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 as well as being available online.

**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:****MCPAP TIMELINE**

Applications are mailed to employers in January of each year.

The enrollment period deadline is April 1.

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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.

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

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***Failure on MWCIA's part to mail you an application does not create a liability on MWCIA's part.***

Applications are mailed strictly as a service to Minnesota policyholders.

**ADVANTAGES OF FILING YOUR MCPAP ONLINE:**

- Online MCPAP applications use a step by step process.
- Online application takes the guess work out of determining whether the employer meets this year's MCPAP qualifications.
- Online validation allows the employer to make corrections to their data prior to submission of the application.
- Submitting the application online automatically provides the eligible employer verification that their MCPAP application was received on time.

**HOW TO COMPLETE THE MCPAP APPLICATION:**

The employer should refer to the 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 for each classification. 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 each code listed. Salaried employees are assumed to work forty (40) hours per week. Also, include hours paid for sick-time, vacations and holidays.

**FAQ:****Do I only list payroll for employees that meet the qualifying average hourly wage?**

- No.
- You must include wages and hours (excluding the overtime premium pay) for all employees. Include wages and hours for executive officers and their family members only if they elected to be included on the policy.

**How can I calculate my Average Hourly Wage?**

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

**Do I list all Classification Codes or only the Contracting Codes?**

- 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.

**Do I have to complete this application?**

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

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

- We will accept an application up to 90 days after the effective date of your policy. However, a two- point (.02) penalty will be added to your policy credit factor, if your application is received after the due date.

**What is the easiest and most efficient way to apply?**

- [ONLINE!](#)

## WHAT IF I STILL HAVE QUESTIONS?

### For additional tips and information:

Visit [www.mwcia.org](http://www.mwcia.org) and view the FAQ under the Agents section.

Email MWCIA at [underwriting@mwcia.org](mailto:underwriting@mwcia.org)

Tel: 952-897-1737 – Extension 1 (Underwriting Department)

### Who We Are:

The mission of the Minnesota Workers' Compensation Insurers Association (MWCIA) is to collect, process, and analyze workers' compensation data so that we can provide high quality, consistent information to our insurer members and regulators. We will develop and deliver useful services and products to the workers' compensation community.

## Company Information:

### Address:

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