

Q. What is the New York Construction Classification Premium Adjustment Program “NYCCPAP”?

- A.** The CPAP program was implemented in 1993 to address premium differences between high wage and low wage paying employers in the construction industry. At that time high wage employers were paying a disproportionately high premium for their Workers' Compensation insurance than low wage employers even though they performed similar work with similar risk to injury on the job.

This program attempts to close the premium differential by granting credits on policies based on the hourly wage paid by employers. The higher the wage paid, then the higher the credit, which offsets the disparity in payrolls and allows for a more equitable premium charge for all employers in the same trades.

Q. Does an employer need to be experience rated for the policy period to which any calculated credit applies?

- A.** Yes. Although an employer may have previously been experience rated, they cannot apply for or receive a credit if they are not experience rated for the policy period to which any credit applies.

Q. What payroll is to be reported on an application?

- A.** The program uses the third quarter (July, August & September) payrolls as outlined in the application instructions. Do not use yearly, weekly or hourly totals.

Q. How do I know which 3rd quarter payroll and/or payroll cap to use?

- A.** See the instruction section of the “download CPAP application” with the effective date and quarter to be used.

Q. If the 3rd quarter payroll is not available; can another quarter be used?

- A.** Yes. If no payroll is available for the 3rd quarter, then last complete quarter prior to the renewal date is to be used.

Q. What is included as payroll?

- A.** The payroll to be reported would include all items normally included as remuneration when calculating an employer's premium. However, some items that are included as remuneration should be excluded on an application as they would now give an inaccurate representation of an employer's average hourly wage. These would include the following:

Overtime - Always exclude overtime amounts as per the Manual rules for overtime. The application should only include the actual straight time hourly wage before any overtime.

Bonuses - Always exclude any bonuses.

Reimbursed Expenses - (such as mileage, tolls, hotels, meals, etc.) Always exclude these amounts even though they would be included as remuneration in a premium calculation. Including these amounts would cause the average hourly to be too high.

Q. Why does the system change the payroll when I enter in the payroll for an executive officer?

- A.** There is a minimum/maximum allowed for an executive officer depending on the 3rd quarter you are using. If you enter a figure below the minimum, the system will change it to the

minimum allowed. If you enter a figure above the maximum allowed, the system will change it to the maximum allowed for that quarter.

Q. What maximum weekly payroll (as defined by the Payroll Limitation Law) is used on an application?

A. The maximum payroll, as outlined in the application instructions for the third quarter payrolls submitted, is used.

Q. Can the weekly payroll maximums be different on an application and a policy?

A. Yes. The application uses the weekly maximum applicable to the third quarter payrolls submitted while the policy to which the credit applies uses whatever maximum is in effect for the policy period.

Q. Do overtime hours and payrolls need to be reported?

A. Yes. Overtime hours and wages are to be included subject to overtime and payroll limitation rules (i.e. the weekly payroll maximum needs to be reported along with the total hours worked including all overtime hours).

Q. Do I include vacation, holiday and sick pay in the calculation?

A. Yes, vacation, holiday and sick are included but bonuses and commissions are not to be included.

Q. Are bonuses and commissions included in the calculation?

A. Do not include bonuses and commissions in the calculation.

Q. Do payrolls for Non-Eligible classification codes need to be reported?

A. Yes. Since any calculated credit applies to the entire policy premium, all payrolls must be included on the application.

Q. Do hours worked need to be reported for non-eligible classification codes?

A. Yes. At least one (1) hour needs to be entered or the calculation will not process.

Q. How is the payroll treated when an employee works part of a week on a wrap-up job and part of a week on a regular job?

A. The payrolls under each job, and policy, are treated separately. The employee must earn more than the maximum under both or one of the jobs in order to have the payroll limitation apply to either.

Q. Are Wrap Ups or OCIP Wages Included?

A. An employer must submit a separate application for each of their policies that contains an eligible construction classification. An application including all of the employer's policies (Wrap-Ups or Owner Controlled Insurance Program (OCIP's) as an example) will not be accepted as any credits will be calculated on a per policy basis only. A combination of policies and applications is not permitted. Any policies of an employer that do not contain an eligible code will not be eligible for a credit. Refer to Rule VIII (I) for a detailed description of the program's requirements.

Q. Does an employer need to submit applications for each of their policies (wrap-up, OCIP)?

- A.** Yes. An employer must submit an application for each of their policies that include eligible classification codes. Any policies that do not have eligible classification codes cannot be submitted. A combining of data for all policies is not allowed.
- Q. Are carriers required to apply the credit promulgated by the Rating Board?**
- A.** Carriers must use the credit calculated by the NYCIRB unless the carrier conducts an audit of the data submitted on the application and finds that the data submitted was inaccurate. In such a case the carrier must advise the employer to submit a reapplication. The reapplication will then be processed by the NYCIRB.
- Q. Does a calculated credit apply to all of an employer's policies?**
- A.** No, each of employer's policies with eligible classification codes must be submitted on separate applications.
- Q. Are the credits indicated in the Manual the final credits determined after the calculation?**
- A.** No. The calculation of a credit is a two-step process. The first part, using the Manual credits, determines the Base Credit. The second part takes an employer's experience modification loss data into account to determine the Net (final) Credit. You must be experienced rated for the policy year the application is effective.
- Q. When is an application considered too late to process?**
- A.** Applications must be received prior to the expiration date of the policy to which any credit applies. This pertains to all policies including short term policies.
- Q. When is a reapplication considered too late to process?**
- A.** A revised application must be received no later than one (1) year after the expiration date of the policy to which the credit applies.
- Q. Can a late letter be sent on broker/agent letterhead?**
- A.** No, the late letter must be on the employer's letterhead and signed by employer.
- Q. Why should I send the CPAP application via email?**
- A.** Applications downloaded online should be submitted preferably via email as this will confirm receipt, faster responses for incorrect applications or questions regarding the application. This will avoid delays in the determination of the credit.
- Q. Who can request a copy of the CPAP credit?**
- A.** Employer, carriers and brokers/agents of record that are listed on the policy. If you are not listed as broker/agent of record then a letter of authority must be furnished to the Rating Board for non-authorized representatives of employers either:
- (a)** On the employers' stationery, authorizing such individuals as their representative and must be signed by an officer, partner, or principal of the employer; or
- (b)** Through an online application available on the Rating Board's website at www.nycirb.org.