

# Schedule Rating Program Report

December 2022



**NYCIRB**

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# Introduction

The purpose of this report is to provide information and statistics on the [New York Schedule Rating Program \(“Schedule Rating Program”\)](#) – a premium pricing program providing insurance companies with the discretion to apply credits and debits, in an amount of up to 5%, on eligible policies. Credits and debits applied pursuant to the Schedule Rating Program are exclusive of any other approved New York credit or debit program, such as the Workplace Safety and Loss Prevention Incentive programs, the New York Safe Patient Handling Act Program, and the Compulsory Workplace Safety and Loss Consultation Program.



## Eligibility And Program Requirements



The Schedule Rating Program went into effect on [January 1, 2015](#), and all employers with annual manual premiums of [\\$2,500](#) or more are eligible to participate.

The Schedule Rating Program permits the application of premium credits and debits to reflect characteristics that are not otherwise reflected in an employer’s experience. Insurance companies are permitted to consider seven categories of characteristics in determining the schedule rating factor, and those categories are set forth in the table that follows.

## ELIGIBILITY AND PROGRAM REQUIREMENTS

RISK CHARACTERISTICS			
CATEGORY	EXAMPLES	MAXIMUM CREDIT	MAXIMUM DEBIT
 Premises/ Work Environment	Physical condition, preventive maintenance, loss control, hazards controlled, housekeeping, security, disaster recovery, industrial hygiene, ergonomics, workplace and workflow design, documented inspections	2%	2%
 Classification Peculiarities	Technology or methodology variations, exposure identification, employee distribution or segregation, assigned by analogy	2%	2%
 Medical Facilities	First aid or medical assistance, emergency or disaster plans, return-to-work policy, industrial hygiene and ergonomics, alcohol or substance abuse programs, trained nursing, medical devices	2%	2%
 Safety Devices	Type and condition, guarding, personal protective equipment, routine inspection and maintenance reviews, required training with documentation	2%	2%
 Employees	Selection, training, experience, supervision, employee turnover and interchange, motivation, morale, employee enrichment programs, workshops	2%	2%
 Management	Commitment to workplace safety, involvement in loss control programs, cooperation with insurer, emergency and disaster plans	2%	2%
 Safety Organization	Accident investigation and analysis, record keeping, safety committee organization and effectiveness, employee involvement, health and safety policy	2%	2%

The examples of risk characteristics shown in the table are indicative of each category but are not inclusive of all items considered in the determination of the schedule rating adjustment.

For the purposes of this Report, policies with annual manual premiums of \$2,500 or more are referred to herein as **“eligible policies.”** Eligible policies that receive a schedule rating credit or debit are referred to herein as **“schedule rated policies.”**

This Report utilizes data reported to the Rating Board in Unit Statistical Reports with statistical codes 9887 (credits) and 9889 (debits), and excludes data associated with large deductible policies.

# Participation

The percentage of schedule rated policies out of eligible policies has steadily increased from 2.9% to 14.9% since the inception of the Scheduled Rating Program. Exhibit 1 displays the number of eligible policies and the number of schedule rated policies with the associated percentage for policy years 2015–2020.

In total, for the six policy years examined, the number of schedule rated policies that received a credit is approximately twice the number of policies that received a debit. Exhibit 2 displays the distribution of schedule rated credits and debits.

**Exhibit 1 – Schedule Rated Policies**

POLICY YEAR	ELIGIBLE POLICES	TOTAL SCHEDULE RATED POLICES	% SCHEDULE RATED POLICES OUT OF ELIGIBLE POLICES
2015	173,716	4,978	2.9%
2016	177,117	12,141	6.9%
2017	183,854	17,446	9.5%
2018	182,525	19,988	11.0%
2019	171,728	22,514	13.1%
2020	160,012	23,821	14.9%
<b>Total</b>	<b>1,048,952</b>	<b>100,888</b>	<b>9.6%</b>

**Exhibit 2 – Credit And Debit Distribution For Schedule Rated Policies**

POLICY YEAR	POLICIES W/CREDIT	% POLICIES W/CREDIT	POLICIES W/DEBIT	% POLICIES W/DEBIT
2015	3,243	65.1%	1,735	34.9%
2016	8,601	70.8%	3,540	29.2%
2017	13,268	76.1%	4,178	23.9%
2018	14,196	71.0%	5,792	29.0%
2019	14,739	65.5%	7,775	34.5%
2020	15,226	63.9%	8,595	36.1%
<b>Total</b>	<b>69,273</b>	<b>68.7%</b>	<b>31,615</b>	<b>31.3%</b>



# Premium Credits And Debits

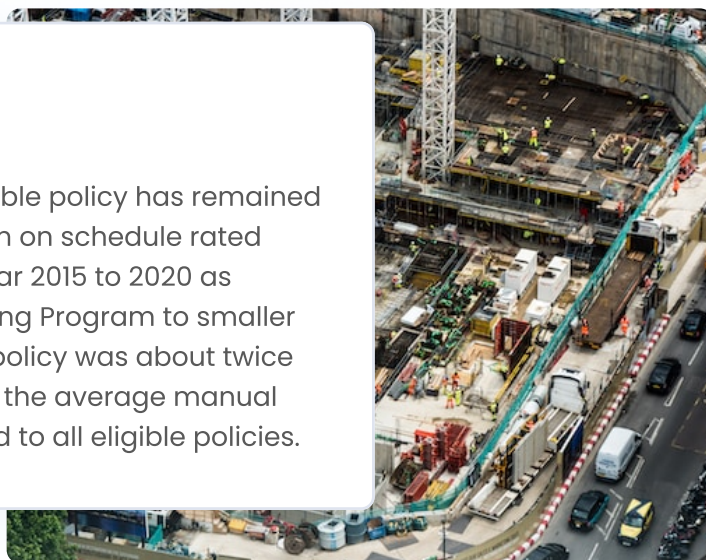
The average credit and debit percentage applied to schedule rated policies are similar and have remained consistent over time. Nevertheless, in policy years 2015 to 2020, the amount of credit awarded was on average more than twice the amount of debit charged. Exhibit 3 displays the premium credit and debit amounts applied on schedule rated policies, along with the percentage of schedule rated policy modified premiums these credits and debits represent.

**Exhibit 3 – Credit And Debit Amounts For Schedule Rated Policies**

POLICY YEAR	TOTAL CREDIT AMOUNT	PREMIUM BASE FOR CREDITS <sup>[1]</sup>	AVERAGE CREDIT	TOTAL DEBIT AMOUNTS	PREMIUM BASE FOR DEBITS <sup>[1]</sup>	AVERAGE DEBIT	CREDIT AMOUNT RELATIVE TO DEBIT AMOUNT
2015	-\$13,198,553	\$287,857,605	-4.6%	\$7,025,134	\$150,851,258	4.7%	1.9x
2016	-\$33,551,380	\$707,261,169	-4.7%	\$13,640,082	\$302,732,110	4.5%	2.5x
2017	-\$46,712,055	\$962,080,890	-4.9%	\$14,187,152	\$308,778,842	4.6%	3.3x
2018	-\$46,396,856	\$998,919,071	-4.6%	\$19,067,315	\$430,746,823	4.4%	2.4x
2019	-\$39,839,976	\$864,707,255	-4.6%	\$19,848,596	\$439,330,422	4.5%	2.0x
2020	-\$34,333,313	\$750,634,919	-4.6%	\$21,344,574	\$470,270,712	4.5%	1.6x
<b>Total</b>	<b>-\$214,032,133</b>	<b>\$4,571,460,909</b>	<b>-4.7%</b>	<b>\$95,112,853</b>	<b>\$2,102,710,167</b>	<b>4.5%</b>	<b>2.3x</b>

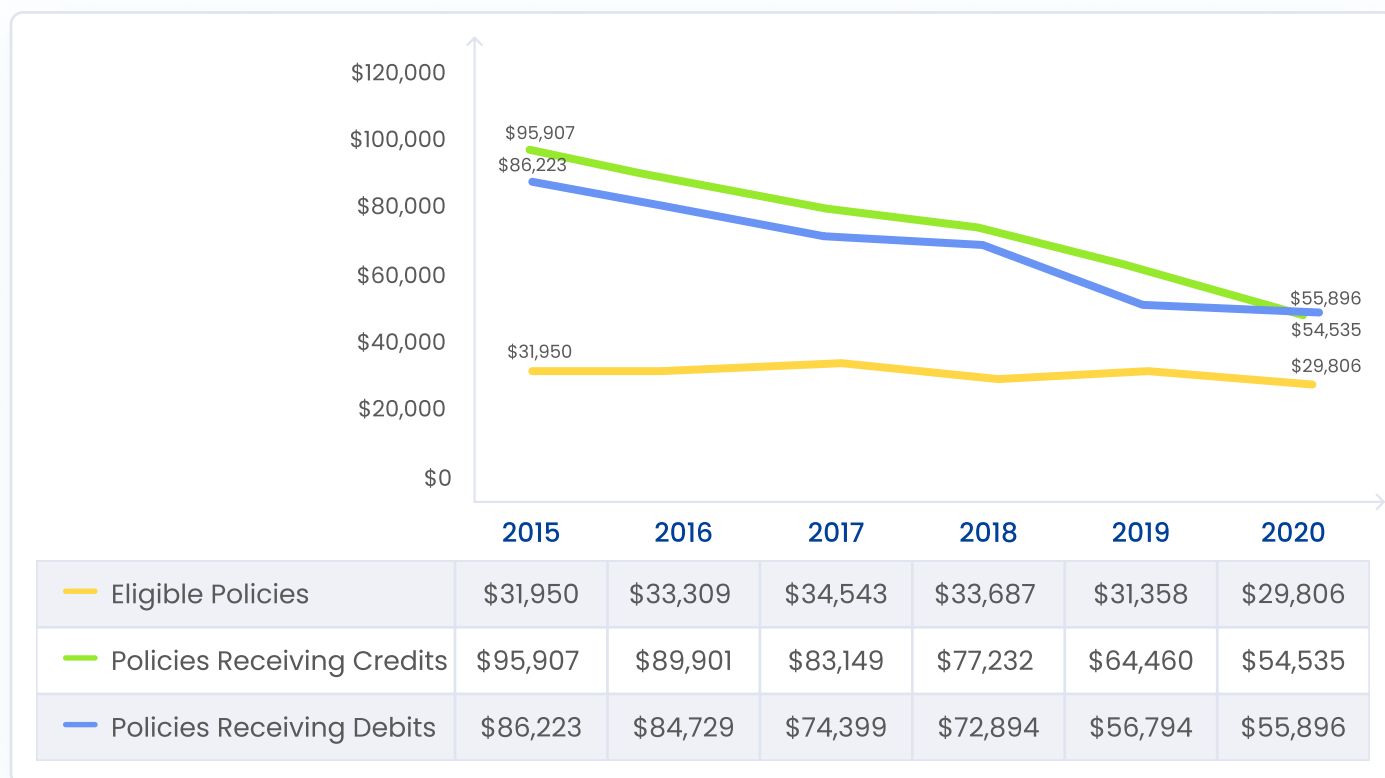
## Policy Size

While the average manual premium of an eligible policy has remained stable over time, the average manual premium on schedule rated policies decreased significantly from policy year 2015 to 2020 as carriers increasingly applied the Schedule Rating Program to smaller policies. In policy year 2020, a schedule rated policy was about twice as large as an eligible policy. Exhibit 4 displays the average manual premium for schedule rated policies compared to all eligible policies.



<sup>[1]</sup> The premium base for the credit and debit is the sum of the total modified premium and the premiums generated by statistical codes that are not subject to experience rating. Modified premium is determined after the application of an insurer's approved rates and an employer's experience rating modification or merit rating factor.

Exhibit 4 – Average Manual Premiums



Policies with less than \$5,000 of premium represent 3.5% of eligible policy premium, but only 0.9% of schedule rated policy premium. In terms of policy count, policies with less than \$5,000 of premium represent 32.1% of all eligible policies but account for only 16.8% of all schedule rated policies. Exhibit 5 displays the distribution of manual premium by policy size for both eligible and schedule rated policies whereas Exhibit 6 displays the distribution of policy counts by policy size.

Exhibit 5

Distribution Of Manual Premium By Policy Size

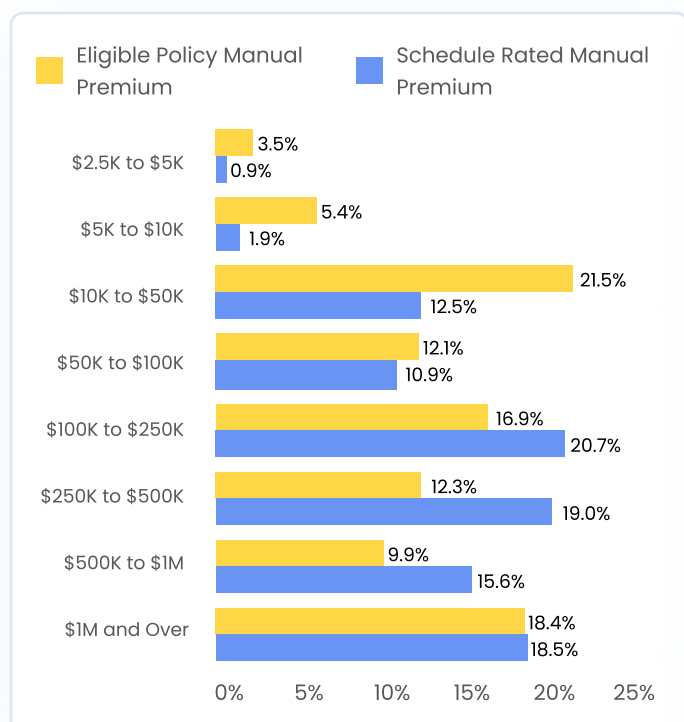
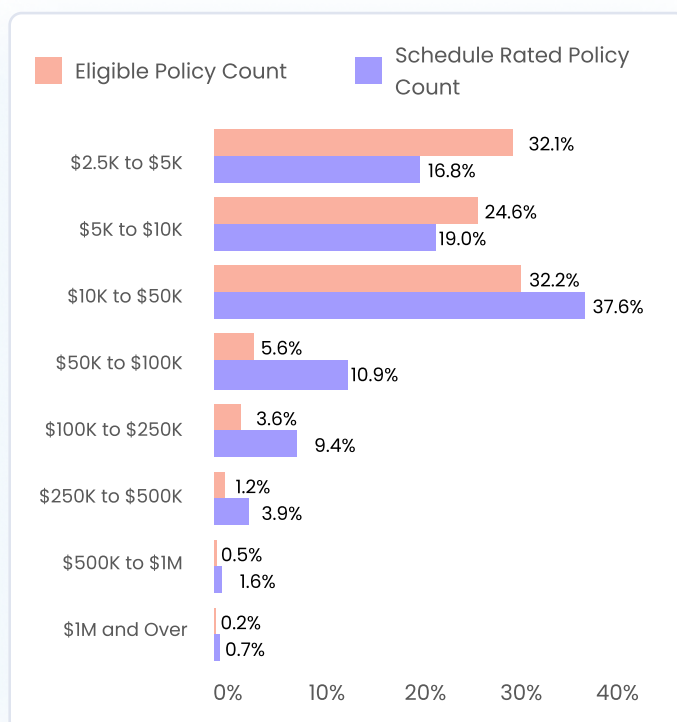


Exhibit 6

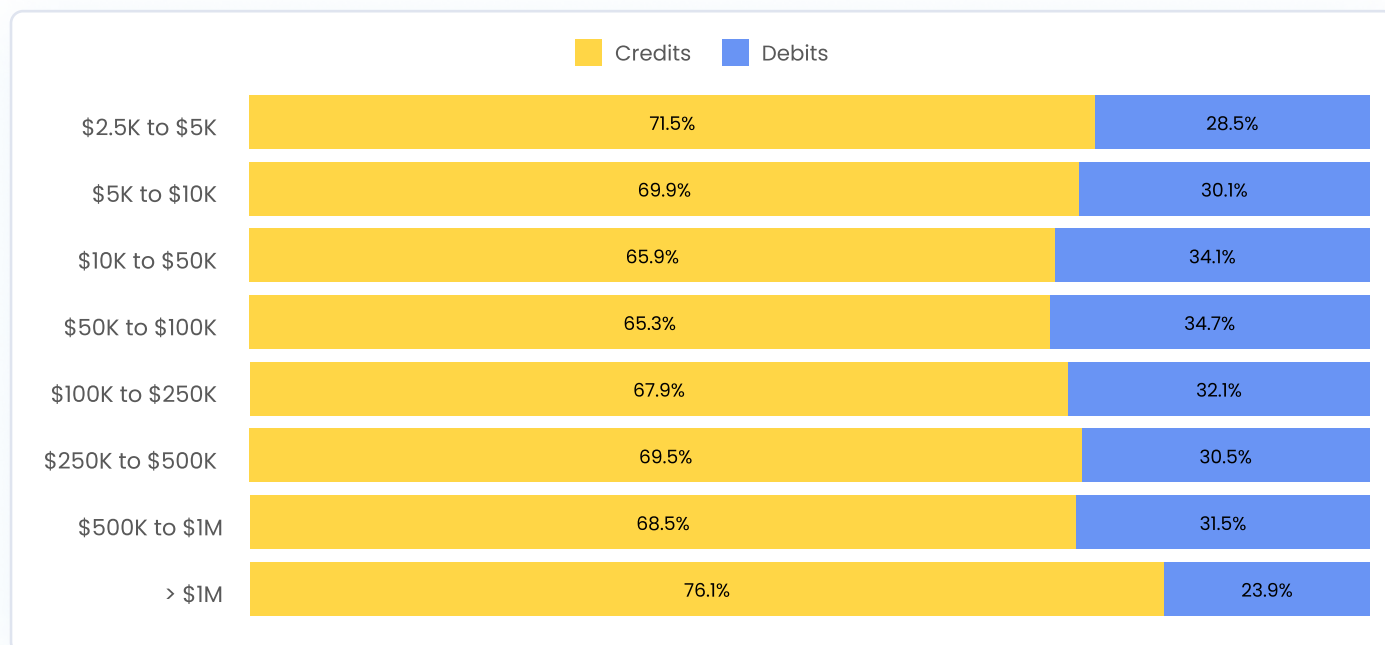
Distribution Of Policy Count By Policy Size



## POLICY SIZE (CONTINUED...)

The distribution of credits and debits remains relatively stable as policy size increases, with the aggregate credit amount in each policy size category being approximately double the aggregate debit amount. However, it bears mention that the aggregate credit amounts applied on policies with premium greater than \$1M are three times larger than the debit amounts charged on similarly large policies. Exhibit 7 displays the distribution of schedule rated policy credit and debit amounts by policy size.

**Exhibit 7 – Distribution Of Credits And Debits By Policy Size**



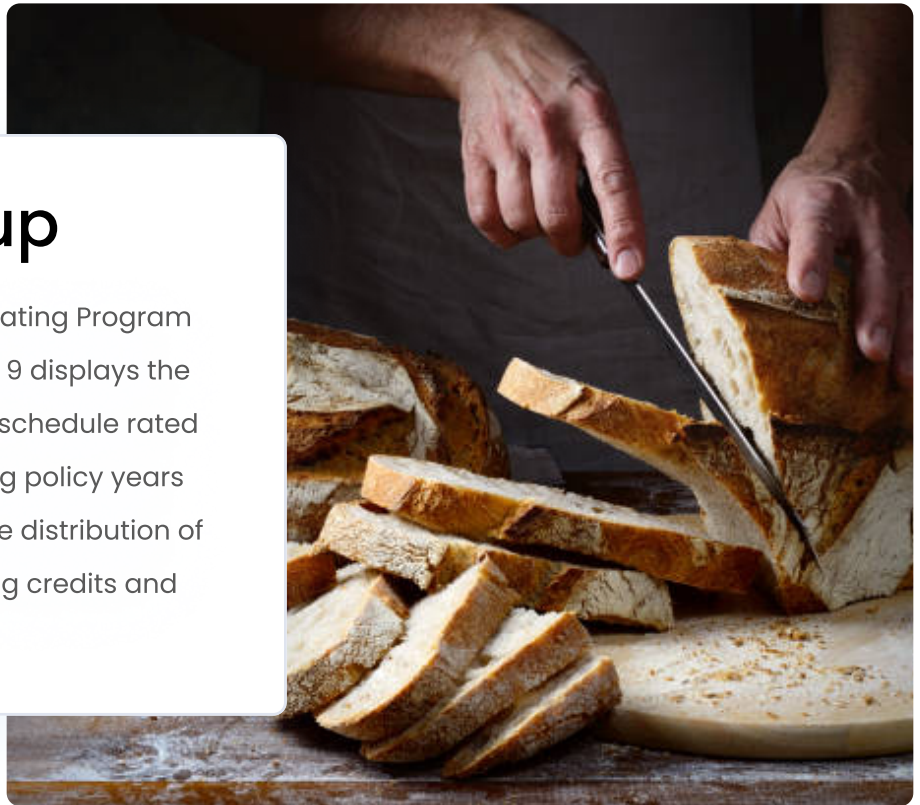
The average credit and debit percentage applied is generally consistent on all policy sizes. Exhibit 8 displays the average credit and debit percentage applied by policy size.

**Exhibit 8 – Average Credits And Debits By Policy Size**

POLICY SIZE	AVERAGE CREDIT	AVERAGE DEBIT
\$2.5K to \$5K	-4.6%	4.5%
\$5K to \$10K	-4.7%	4.6%
\$10K to \$50K	-4.7%	4.6%
\$50K to \$100K	-4.7%	4.6%
\$100K to \$250K	-4.6%	4.5%
\$250K to \$500K	-4.7%	4.5%
\$500K to \$1M	-4.5%	4.5%
\$1M and Over	-4.9%	4.4%
<b>Total</b>	<b>-4.7%</b>	<b>4.5%</b>

## Industry Group

The utilization of the Schedule Rating Program varies by industry group. Exhibit 9 displays the number of eligible policies and schedule rated policies by industry group during policy years 2015–2020. Exhibit 10 displays the distribution of schedule rated policies receiving credits and debits by industry group.



**Exhibit 9 – Schedule Rating Policy Distribution By Industry Group**

INDUSTRY GROUP	ELIGIBLE POLICES	TOTAL SCHEDULE RATED POLICES	SHARE OF ALL SCHEDULE RATED POLICES	SHARE OF SCHEDULE RATED POLICES OUT OF ELIGIBLE POLICES
Food and Beverage Manufacturing	10,516	1,735	1.7%	16.5%
Chemical Manufacturing	2,854	547	0.5%	19.2%
All Other Manufacturing	43,458	6,582	6.5%	15.1%
Contracting	300,473	18,743	18.6%	6.2%
Stores and Dealers	125,587	14,333	14.2%	11.4%
Professional and Office	145,947	20,517	20.3%	14.1%
Services	378,581	34,842	34.5%	9.2%
Miscellaneous	38,232	3,348	3.3%	8.8%
Federal	3,304	241	0.2%	7.3%
<b>Total</b>	<b>1,048,952</b>	<b>100,888</b>	<b>100%</b>	<b>9.6%</b>



## Exhibit 10 – Credit And Debit Distribution For Schedule Rated Policies By Industry Group

INDUSTRY GROUP	POLICIES W/CREDIT	SHARE OF POLICIES W/CREDIT	POLICIES W/DEBIT	SHARE OF POLICIES W/DEBIT
Food and Beverage Manufacturing	1,351	77.9%	384	22.1%
Chemical Manufacturing	320	58.5%	227	41.5%
All Other Manufacturing	4,248	64.5%	2,334	35.5%
Contracting	10,514	56.1%	8,229	43.9%
Stores and Dealers	10,459	73.0%	3,874	27.0%
Professional and Office	14,934	72.8%	5,583	27.2%
Services	25,186	72.3%	9,656	27.7%
Miscellaneous	2,119	63.3%	1,229	36.7%
Federal	142	58.9%	99	41.1%
<b>Total</b>	<b>69,273</b>	<b>68.7%</b>	<b>31,615</b>	<b>31.3%</b>

## Occupational Classifications

The application of the Schedule Rating Program also varies by occupational classification. Exhibit 11 displays the top 10 governing class codes utilizing the Schedule Rating Program, ranked by the amount of manual premium on schedule rated policies during policy years 2015 through 2020. Exhibit 11 also includes the percentage of eligible premium for the top 10 governing class codes that are schedule rated as well as the distribution of credits and debits within each governing class code.



## OCCUPATIONAL CLASSIFICATIONS (CONTINUED...)

### Exhibit 11

#### Top 10 Governing Class Codes By Schedule Rating Utilization And Policy Premium

GOVERNING CLASS CODE	PHRASEOLOGY	INDUSTRY GROUP	SCHEDULE RATED SHARE OF ELIGIBLE POLICY PREMIUM	CREDIT/DEBIT DISTRIBUTION
8829	<b>Convalescent or Nursing Home</b> – All Employees	Services	37%	77%/23%
9051	<b>Health Care Services</b> – Daily Living Skills Services – Traveling	Services	24%	85%/15%
8810	<b>Clerical Office Employees</b> – NOC	Professional and Office	37%	79%/21%
9071	<b>Restaurant</b> – Full-Service – Including Entertainers and/or Musicians	Services	21%	76%/24%
8868	<b>School or College</b> – Professional Employees & Clerical	Professional and Office	24%	48%/52%
8391	<b>Automobile Sales or Service Agency</b> – All Operations & Drivers	Services	22%	78%/22%
9026	<b>Building Operation</b> – Commercial – No Dwelling Occupancy Except by Owner or Custodian	Services	27%	73%/27%
7219	<b>Trucking</b> – NOC – All Employees & Drivers	Services	24%	74%/26%
9052	<b>Hotel</b> – NOC – All Other Employees & Drivers	Services	37%	76%/24%
8394	<b>Bus Company</b> – All Other Employees & Drivers	Services	26%	76%/24%
<b>All Classes</b>			<b>21%</b>	<b>69%/31%</b>

## OCCUPATIONAL CLASSIFICATIONS (CONTINUED...)

Exhibit 12 displays the top 10 governing class codes utilizing the Schedule Rating Program, ranked by the number of schedule rated policies in each class code during policy years 2015 through 2020. For example, 10% of all policies in class code 9071 were subject to schedule rating. The distribution of credits and debits within each governing class code is also shown.

**Exhibit 12**  
**Top 10 Governing Class Codes By Schedule Rating Utilization And Policy Count**

GOVERNING CLASS CODE	PHRASEOLOGY	INDUSTRY GROUP	SCHEDULE RATED SHARE OF ELIGIBLE POLICY COUNT	CREDIT/DEBIT DISTRIBUTION
9071	<b>Restaurant</b> – Full-Service – Including Entertainers and/or Musicians	Services	10%	76%/24%
8810	<b>Clerical Office Employees</b> – NOC	Professional and Office	19%	79%/21%
8391	<b>Automobile Sales or Service Agency</b> – All Operations & Drivers	Services	10%	78%/22%
9072	<b>Restaurant</b> –Fast Food & Drivers	Services	10%	77%/23%
8832	<b>Physician &amp; Clerical</b>	Professional and Office	9%	68%/32%
8017	<b>Retail Store</b> – NOC – No Service of Food	Stores and Dealers	10%	81%/19%
8868	<b>School or College</b> – Professional Employees & Clerical	Professional and Office	14%	48%/52%
9028	<b>Building Operation</b> – NOC – Dwelling or Combined Dwelling & Commercial Occupancy	Services	4%	50%/50%
8742	<b>Salespersons, Collectors or Messengers</b> – Outside	Professional and Office	13%	89%/11%
8018	<b>Wholesale Store</b> – NOC	Stores and Dealers	11%	71%/29%
<b>All Classes</b>			<b>10%</b>	<b>69%/31%</b>