

Office of Regulatory Management
Economic Review Form

Agency name	Department of Labor and Industry
Virginia Administrative Code (VAC) Chapter citation(s)	16 VAC 25-55
VAC Chapter title(s)	Financial Responsibility for Boiler and Pressure Vessel Contract Fee Inspectors
Action title	Periodic Review
Date this document prepared	August 28, 2024
Regulatory Stage (including Issuance of Guidance Documents)	Periodic Review

Cost Benefit Analysis

Complete Tables 1a and 1b for all regulatory actions. You do not need to complete Table 1c if the regulatory action is required by state statute or federal statute or regulation and leaves no discretion in its implementation.

Table 1a should provide analysis for the regulatory approach you are taking. Table 1b should provide analysis for the approach of leaving the current regulations intact (i.e., no further change is implemented). Table 1c should provide analysis for at least one alternative approach. You should not limit yourself to one alternative, however, and can add additional charts as needed.

Report both direct and indirect costs and benefits that can be monetized in Boxes 1 and 2. Report direct and indirect costs and benefits that cannot be monetized in Box 4. See the ORM Regulatory Economic Analysis Manual for additional guidance.

NOTE: Section § 40.1-51.9:2 of the Code of Virginia requires contract fee inspectors inspecting or certifying regulated boilers or pressure vessels in the Commonwealth to maintain evidence of their financial responsibility, including compensation to third parties, for bodily injury and property damage resulting from, or directly relating to, an inspector's negligent inspection or recommendation for certification of a boiler or pressure vessel. Documentation of financial responsibility, including documentation of insurance or bond, shall be provided to the Chief Inspector within thirty days after certification of the inspector. The regulation specifies what documentation of financial responsibility will satisfy the statutory mandate.

Table 1a: Costs and Benefits of the Proposed Changes (Primary Option)

(1) Direct & Indirect Costs & Benefits (Monetized)	Direct Costs: Not applicable. Indirect Costs: Not applicable. Direct Benefits: Not applicable. Indirect Benefits: Not applicable.	
(2) Present Monetized Values	Direct & Indirect Costs	Direct & Indirect Benefits
	(a) Not applicable.	(b) Not applicable.
(3) Net Monetized Benefit	Not applicable.	
(4) Other Costs & Benefits (Non-Monetized)	Not applicable.	
(5) Information Sources	Not applicable.	

Table 1b: Costs and Benefits under the Status Quo (No change to the regulation)

(1) Direct & Indirect Costs & Benefits (Monetized)	Direct Costs: Not applicable. Indirect Costs: Not applicable. Direct Benefits: Not applicable. Indirect Benefits: Not applicable.	
(2) Present Monetized Values	Direct & Indirect Costs	Direct & Indirect Benefits
	(a) Not applicable.	(b) Not applicable.
(3) Net Monetized Benefit	Not applicable.	
(4) Other Costs & Benefits (Non-Monetized)	Not applicable.	
(5) Information Sources	Not applicable.	

Table 1c: Costs and Benefits under Alternative Approach(es)

(1) Direct & Indirect Costs & Benefits (Monetized)	Direct Costs: Not applicable. Indirect Costs: Not applicable. Direct Benefits: Not applicable. Indirect Benefits: Not applicable.	
(2) Present Monetized Values	Direct & Indirect Costs	Direct & Indirect Benefits
	(a) Not applicable.	(b) Not applicable.
(3) Net Monetized Benefit	Not applicable.	
(4) Other Costs & Benefits (Non-Monetized)	Not applicable.	
(5) Information Sources	Not applicable.	

Impact on Local Partners

Use this chart to describe impacts on local partners. See Part 8 of the ORM Cost Impact Analysis Guidance for additional guidance.

Table 2: Impact on Local Partners

<p>(1) Direct & Indirect Costs & Benefits (Monetized)</p>	<ul style="list-style-type: none"> • Direct Costs: Describe the direct costs of this proposed change here. • Indirect Costs: Describe the indirect costs of the proposed change. • Direct Benefits: Describe the direct benefits of this proposed change here. • Indirect Benefits: Describe the indirect benefits of the proposed change. <p>The regulation does not apply to local governments as it has never been applied to local governments through adoption of a regulation pursuant to <u>Va, Code § 40.1-2.1</u>, which provides:</p> <p style="padding-left: 40px;">The provisions of this title [40.1] and any rules and regulations promulgated pursuant thereto shall not apply to the Commonwealth or any of its agencies, institutions, or political subdivisions, or any public body, unless, and to the extent that, coverage is extended by specific regulation of the Commissioner or the Board.</p> <p>The benefit of the regulation is to ensure certified boiler and pressure vessel contract fee inspectors are properly insured against third party bodily injury or property damage resulting from, directly relating to, an inspector’s negligent inspection or recommendation for certification of a boiler and pressure vessel as follows:</p> <ol style="list-style-type: none"> 1. An aggregate limit of \$500,000 or more for any contract fee inspector or contract fee inspection agency with less than 1.0% market share; 2. An aggregate limit of \$1 million or more for any contract fee inspector or contract fee inspection agency from 1.0% up to and including 10% market share; and 3. An aggregate limit of \$2 million or more for any contract fee inspector or contract fee inspection agency with more than 10% market share. 	
<p>(2) Present Monetized Values</p>	<p>Direct & Indirect Costs</p>	<p>Direct & Indirect Benefits</p>
	<p>(a) See (1) above.</p>	<p>(b) See (1) above.</p>

(3) Other Costs & Benefits (Non-Monetized)	Not applicable.
(4) Assistance	Not applicable.
(5) Information Sources	16VAC25-55-20. Financial requirements. (virginia.gov)

Impacts on Families

Use this chart to describe impacts on families. See Part 8 of the ORM Cost Impact Analysis Guidance for additional guidance.

Table 3: Impact on Families

(1) Direct & Indirect Costs & Benefits (Monetized)	<ul style="list-style-type: none"> • Direct Costs: Describe the direct costs of this proposed change here. • Indirect Costs: Describe the indirect costs of the proposed change. • Direct Benefits: Describe the direct benefits of this proposed change here. • Indirect Benefits: Describe the indirect benefits of the proposed change. <p>The regulation should not result in any costs to families.</p> <p>It has a very positive influence on family stability and autonomy by protecting the public safety and health from the negligence of a boiler and pressure vessel inspector.</p>	
(2) Present Monetized Values	Direct & Indirect Costs	Direct & Indirect Benefits
	(a) See (1) above.	(b) See (1) above.
(3) Other Costs & Benefits (Non-Monetized)	See (1) above.	
(4) Information Sources	16VAC25-55-20. Financial requirements. (virginia.gov)	

Impacts on Small Businesses

Use this chart to describe impacts on small businesses. See Part 8 of the ORM Cost Impact Analysis Guidance for additional guidance.

Table 4: Impact on Small Businesses

<p>(1) Direct & Indirect Costs & Benefits (Monetized)</p>	<ul style="list-style-type: none"> • Direct Costs: Describe the direct costs of this proposed change here. • Indirect Costs: Describe the indirect costs of the proposed change. • Direct Benefits: Describe the direct benefits of this proposed change here. • Indirect Benefits: Describe the indirect benefits of the proposed change. <p>A small business that performs boiler and pressure vessel inspections is subject to the requirement to provide financial responsibility documentation.</p> <p>A small business that performs boiler and pressure vessel inspections would experience the minimal costs associated with a providing financial responsibility documentation.</p>	
<p>(2) Present Monetized Values</p>	<p>Direct & Indirect Costs</p>	<p>Direct & Indirect Benefits</p>
	<p>(a) See (1) above.</p>	<p>(b) See (1) above.</p>
<p>(3) Other Costs & Benefits (Non-Monetized)</p>		
<p>(4) Alternatives</p>	<p>The regulation is authorized by the Act at <u>Va. Code §§ 40.1-51.9:2</u> . The statute contains a mandate that “current certified contract fee inspectors shall provide documentation of financial responsibility to the Chief Inspector for approval...”. The regulation specifies what documentation of financial responsibility will satisfy the statutory mandate.</p>	
<p>(5) Information Sources</p>	<p><u>16VAC25-55-20. Financial requirements. (virginia.gov)</u></p>	

Changes to Number of Regulatory Requirements

DOLI does not know which sections will be modified, since the periodic review will be producing information as to what changes, if any, are warranted. DOLI will update Table 5 with precise numbers if and when it proceeds with a change to the Chapter at issue.

Table 5: Regulatory Reduction

For each individual action, please fill out the appropriate chart to reflect any change in regulatory requirements, costs, regulatory stringency, or the overall length of any guidance documents.

Change in Regulatory Requirements

VAC Section(s) Involved*	Authority of Change	Initial Count	Additions	Subtractions	Total Net Change in Requirements
16VAC25-55-10	(M/A):	0	0	0	0
	(D/A):	0	0	0	0
	(M/R):	0	0	0	0
	(D/R):	0	0	0	0
Grand Total of Changes in Requirements:					(M/A): 0 (D/A): 0 (M/R): 0 (D/R): 0

VAC Section(s) Involved*	Authority of Change	Initial Count	Additions	Subtractions	Total Net Change in Requirements
16VAC25-55-20	(M/A):	0	0	0	0
	(D/A):	1	0	0	0
	(M/R):	0	0	0	0
	(D/R):	7	0	0	0
Grand Total of Changes in Requirements:					(M/A): 0 (D/A): 0 (M/R): 0 (D/R): 0

Key:

Please use the following coding if change is mandatory or discretionary and whether it affects externally regulated parties or only the agency itself:

(M/A): Mandatory requirements mandated by federal and/or state statute affecting the agency itself

(D/A): Discretionary requirements affecting agency itself

(M/R): Mandatory requirements mandated by federal and/or state statute affecting external parties, including other agencies

(D/R): Discretionary requirements affecting external parties, including other agencies

Cost Reductions or Increases (if applicable)

VAC Section(s) Involved*	Description of Regulatory Requirement	Initial Cost	New Cost	Overall Cost Savings/Increases

Other Decreases or Increases in Regulatory Stringency (if applicable)

VAC Section(s) Involved*	Description of Regulatory Change	Overview of How It Reduces or Increases Regulatory Burden

Length of Guidance Documents (only applicable if guidance document is being revised)

Title of Guidance Document	Original Word Count	New Word Count	Net Change in Word Count

*If the agency is modifying a guidance document that has regulatory requirements, it should report any change in requirements in the appropriate chart(s).