

**16 VAC - 25- CHAPTER 55**

**FINANCIAL REQUIREMENTS FOR BOILER AND PRESSURE VESSEL**

**CONTRACT FEE INSPECTORS**

**16 VAC 25-55-10. Definitions.**

The following words and terms, when used in this chapter, “Board” “Boiler”, “Chief Inspector” and “Pressure Vessel”, shall have the same meanings as defined in 16 VAC-25-50-10 unless the context clearly indicates otherwise.

“Contract fee inspector” means any certified boiler inspector contracted to inspect boilers or pressure vessels on an independent basis by the owner or operator of the boiler or pressure vessel.

“Market share” means a fraction, (a) the numerator of which is the total fees charged by the inspector or agency under 16 VAC 25-50-150 for conducting power boiler and high temperature water boiler, heating boiler, and pressure vessel inspections in the most recent calendar year and (b) the denominator of which is the total fees charged by all inspectors and agencies under 16 VAC 25-50-150 for conducting power boiler and high temperature water boiler, heating boiler, and pressure vessel inspections in the most recent calendar year.

“Contract fee inspection agency” means a company that directly employs contract fee inspectors or has contractual arrangements with other contract fee inspectors for the purpose of providing boiler and pressure vessel inspections to the general public.

**16 VAC 25-55-20. Financial Requirements.**

A. Current certified contract fee inspectors shall provide documentation of financial responsibility to the Chief Inspector for approval within ninety days of the effective date of this regulation, in such form as required by the Chief Inspector.

Contract fee inspectors initially certified following the effective date of this regulation shall provide such documentation to the Chief Inspector within thirty days following the issuance of the certification of the contract fee inspector. The Chief Inspector may revoke a contract fee inspector's inspector identification card, as described in 16 VAC 25-50-70, for failure to provide documentation of financial responsibility within the required timeframe.

- B. Financial responsibility of a contract fee inspector shall be demonstrated by maintenance of an instrument of insurance, guaranty, surety or by self-insurance, individually or in any combination thereof, for the purpose of 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:
1. An aggregate limit of \$500,000 or more for any contract fee inspector or contract fee inspection agency with less than 1% market share;
  2. An aggregate limit of \$1 million or more for any contract fee inspector or contract fee inspection agency from 1% 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.
  4. Contract fee inspectors may be covered under an instrument or instruments of insurance, guaranty, surety or the self-insurance of their employer or a company on behalf of which they have a contractual arrangement to provide boiler and pressure vessel inspections. To be acceptable as proof of financial responsibility for inspections not conducted for the benefit of their employer or company with which the inspector has a contractual arrangement such instrument, instruments or

self-insurance must also cover the contract fee inspector for such inspections. Where contract fee inspectors are not covered for inspections conducted on their own behalf under the instrument of insurance, guaranty, surety or self-insurance of their employer or company with which they have a contractual arrangement, they must provide a separate instrument that covers such inspections.

5. Contract fee inspectors who elect to self-insure for the full amount of their financial responsibility under this regulation shall maintain assets of an amount sufficient to cover the full minimum liability amount in regulation for his level of market share and shall provide audited financial statements showing total assets and liabilities.
  6. Contract fee inspectors who elect to partially self-insure shall maintain assets in an amount sufficient to cover the stated partial liability amount and shall provide audited financial statements showing their total assets and liabilities. Such assets shall be held in combination with an instrument or instruments of insurance, guaranty, or surety to provide a total amount sufficient to cover the minimum liability amount in regulation for his level of market share. They shall provide copies of such documents to the Chief Inspector.
  7. Aggregate limits approved at such time shall remain in effect until the occurrence of an event described in 16 VAC 25-55-20(E).
- C. Within thirty days of receipt of documentation of financial responsibility submitted by a contract fee inspector for the purpose of complying with these regulations, the Chief Inspector shall issue a determination to the contract fee inspector as to whether the documentation provided is acceptable. Documentation approval by the Chief Inspector is

a requirement to operate as a contract fee inspector within the Commonwealth of Virginia.

- D. A contract fee inspector shall notify the Chief Inspector at least thirty days before the effective date of any change in coverage, expiration, or cancellation of an instrument of insurance, guaranty or surety or self-insurance. In the case of self-insurance, the contract fee inspector shall notify the Chief Inspector immediately upon such time as he can no longer maintain self-insurance at the required limit and has not secured insurance, guaranty or a surety to cover his liability to the required limit.
- E. Acceptance of proof of financial responsibility shall expire on the effective date of any change in the inspector's instrument of insurance, guaranty or surety, or the expiration date of the inspector's certification whichever is sooner. Application for renewal of acceptance of proof of financial responsibility shall be filed at least thirty days before.