

RULE IMPACT STATEMENT

Pursuant to the Administrative Procedures Act, Section 303(D) of Title 75 of the Oklahoma Statutes, the Oklahoma Department of Labor (“ODOL”) hereby submits the following Rule Impact Statement for **PERMANENT** rule proposals for OAC Title 380, Department of Labor, Chapter 25, Boiler and Pressure Vessel Rules.

Brief Description of the Purpose of the Proposed Rules:

The purpose of the proposed amendment to OAC 380:25-3-7 is to create a late fee and re-inspection fee for insurance companies who fail to submit required reports to the Bureau of Boiler Inspection within thirty days from the date of inspection.

Description of the classes of persons who most likely will be affected by the proposed rule, including classes that will bear the cost of the proposed rule, and any information on cost impacts received by the agency from any private or public entities:

All individuals within the state of Oklahoma who may enter a building housing a boiler or pressure vessel which has been inspected by an insurance company special inspector are expected to benefit from this proposed rule. Only insurance companies who are delinquent in filing reports will bear the cost of the proposed rule. This cost can easily be avoided by these insurance companies if they comply with the current rules and submit reports in a timely manner.

One comment was received regarding cost impact. The concern was that there would be a financial impact which may cause small insurance companies to go out of business because insurance companies may take new accounts not knowing inspections are past due. The Oklahoma Department of Labor has posted a list on our website, updated monthly, which shows the due date for inspections. This list is grouped by county and by insurance company. Insurance companies have no reason to not know when these inspections are due. The inspection fee will be charged to the insurance company responsible for the late inspection. Therefore, if an insurance company takes a new account when an inspection is already past due, the previous insurance company will be responsible for the inspection fee. The rule also states the fee “may” be charged. This gives the Oklahoma Department of Labor some discretion. Only those who show a pattern of late inspections will be charged.

Description of the classes of persons who will benefit from the proposed rule:

All individuals within the state of Oklahoma who may enter a building housing a boiler or pressure vessel which has been inspected by an insurance company special inspector are expected to benefit from this proposed rule. These rules will help ensure the safety of these individuals by allowing the ODOL to verify required inspections have taken place in a timely manner. After a report is ninety (90) days delinquent, the Oklahoma Department of Labor will make the required inspection. This will ensure that these boilers and pressure vessels are being inspected in a timely manner which will protect the health and safety of all individuals who may come into contact with these boilers and pressure vessels.

Description of the probable economic impact of the proposed rule upon affected classes of persons or political subdivisions, including a listing for all fee changes and, whenever possible, separate justification for each fee change:

There will be no economic impact on insurance companies who comply with the current rules. The only economic impact will be on insurance companies who do not file their inspection reports in a timely manner, as required by the current rules. It is the intent of the Oklahoma Department of Labor that this fee encourages all insurance companies to file reports on time so that no fee is charged and no economic impact is incurred. However, those who fail to file the reports in a timely manner may be charged a fee of \$100 for each month their reports are late or \$300 if the reports are more than ninety (90) days late and the Department of Labor conducts the required inspection.

The probable costs and benefits to the agency and to any other agency of the implementation and enforcement of the proposed rule, the source of revenue to be used for implementation and enforcement of the proposed rule, and any anticipated effects on state revenues, including a projected net loss or gain in such revenues if it can be projected by the agency:

The proposed rule amendments are not expected to provide any significant loss or gain in agency revenue or the state's general revenue because it is anticipated that the insurance companies will submit reports in a timely manner to avoid the fee. The rules will be enforced through existing funding sources budgeted for the Safety Standards Division and Administration. Since Department of Labor personnel already monitor compliance with the reporting requirements, these proposed rules are not expected to have any significant impact on agency expenses. Since the Oklahoma Department of Labor expects full compliance with the reporting requirements, no significant loss or gain in agency revenue is anticipated. However, if any fees are collected under this rule, the fees will be deposited into the Safety Standards Revolving Fund as required by 40 O.S. §141.16(E).

A determination of whether implementation of the proposed rule will have an economic impact on any political subdivision or require their cooperation in implementing or enforcing the rule:

No economic impact on any political subdivision is anticipated at this time, nor will they be required to cooperate in implementing or enforcing the rule.

A determination of whether implementation of the proposed rule may have an adverse economic effect on small business as provided by the Oklahoma Small Business Regulatory Flexibility Act:

No adverse economic impact on small business is anticipated.

An explanation of the measures the agency has taken to minimize compliance costs and a determination of whether there are less costly or nonregulatory methods or less intrusive methods for achieving the purpose of the proposed rule:

There is no less costly non-regulatory method available. The purpose of the rule is to encourage compliance with reporting requirements. Insurance companies can avoid the cost of this rule change by simply complying with the current rules.

A determination of the effect of the proposed rule on the public health, safety and environment and, if the proposed rule is designed to reduce significant risks to the public health, safety and environment, an explanation of the nature of the risk and to what extent the proposed rule will reduce the risk:

All individuals within the state of Oklahoma who may enter a building housing a boiler or pressure vessel which has been inspected by an insurance company special inspector are expected to benefit from this proposed rule. These rules will encourage insurance companies to comply with the current rules and submit required reports within thirty (30) days. If these reports are not submitted in a timely manner, the Oklahoma Department of Labor cannot verify that these boilers and pressure vessels are safe for the public. By encouraging compliance with the current rules, the Oklahoma Department of Labor can ensure that these boilers and pressure vessels are being inspected in a timely manner which will protect the health and safety of all individuals who may come into contact with these boilers and pressure vessels.

A determination of any detrimental effect on the public health, safety and environment if the proposed rules are not implemented:

If the proposed rules are not implemented, insurance companies will continue to fail to submit the required reports in a timely manner. This would prevent the Oklahoma Department of Labor from ensuring the safety of these boiler and pressure vessels which will put the public health and safety at risk.

Date the rule impact statement was prepared and the date modified:

Prepared: January 29, 2009
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Prepared by:

Tiffany J. Wythe
Assistant General Counsel
Oklahoma Department of Labor
4001 N. Lincoln Blvd.
Oklahoma City, OK 73105
twythe@oklaosf.state.ok.us
Phone: (405) 528-1500 ext. 231
Fax: (405) 528-5751