

**HOUSE . . . . . No. 1043**

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The Commonwealth of Massachusetts

PRESENTED BY:  
**Robert P. Spellane**

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*To the Honorable Senate and House of Representatives of the Commonwealth of Massachusetts in General Court assembled:*

The undersigned legislators and/or citizens respectfully petition for the passage of the accompanying bill:  
An Act reforming labor rates paid by insurance companies to auto repairers in the Commonwealth.

PETITION OF:

NAME:	DISTRICT/ADDRESS:
Robert P. Spellane	13th Worcester
Stephen L. DiNatale	3rd Worcester
James Dwyer	30th Middlesex
Danielle W. Gregoire	4th Middlesex
Michael Brady	9th Plymouth

# The Commonwealth of Massachusetts

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In the Year Two Thousand and Nine  
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## AN ACT REFORMING LABOR RATES PAID BY INSURANCE COMPANIES TO AUTO REPAIRERS IN THE COMMONWEALTH.

*Be it enacted by the Senate and House of Representatives in General Court assembled, and by the authority of the same, as follows:*

“SECTION \_\_. Chapter 100A of the General Laws, as so appearing, is hereby amended by adding the following section:-

Section 11. (a) There shall be an advisory commission on auto body labor rates. It shall consist of eleven members, including the undersecretary of consumer affairs and business regulation, or a designee, who shall chair the commission, one member of the senate from the joint committee on financial services to be appointed by the president of the senate, one member of the senate to be appointed by the senate minority leader, one member of the house of representatives from the joint committee on financial services to be appointed by the speaker of the house, one member of the house to be appointed by the house minority leader, three members from the auto insurance industry to be appointed by the Automobile Insurers Bureau of Massachusetts (AIB), and three members from the auto repairer industry appointed by the state affiliate of the Alliance of Automotive Service Providers (AASP). All members of the commission shall serve on a voluntary, unpaid basis.

(b) The commission shall have the authority to adopt regulations by a two-thirds majority vote and may amend these regulations at anytime by a two-thirds majority vote. The

commission shall collect fees to pay for staffing and administrative costs. Each registered motor vehicle repair shop shall pay an annual fee of \$100 in addition to any other fees imposed under this chapter. Each insurer writing auto insurance in Massachusetts shall pay an annual fee of \$1000. These funds shall be deposited in a separate account with the state treasurer, be received by said treasurer on behalf of the commonwealth, and be expended by the commission in accordance with law

(c) The commission shall develop and implement procedures, updating them at least every three years, to establish an average national auto repairer hourly compensation rate for all categories of labor performed by auto repairers, including but not limited to, body labor, paint labor, unibody or frame labor, and mechanical labor, as well as a number to be used as a cost of labor multiplier for the commonwealth based on information provided by the Bureau of Statistics of the U.S. Department of Labor that indexes labor costs across all industries for the commonwealth relative to other states.

In addition, the commission shall define three distinct levels of qualifications to designate auto repair shops as class A, B or C and an application process for auto repair shops to be classified under this system as well as inspection requirements that correspond to the specific classifications of these shops. At a minimum, any shop that applies for certification must be inspected within ninety days upon receipt of the application, and shall be notified within thirty days of the inspection of the commission's determination. In addition, shops classified at level C must be paid a fair and reasonable amount for all labor hours they negotiate. Shops classified at level B must be paid an amount not less than ninety per cent of the indexed hourly labor rate in force at the time of the completion of the job for all labor hours they negotiate. Shops classified at level A must be paid an amount not less than one hundred per cent of the

indexed hourly labor rate in force at the time of the completion of the job for all labor hours they negotiate.¶ The commission shall also develop a formal complaint process for both auto body repair shops and auto insurers for non-compliance with this section or any regulations adopted by the commission.

(d)¶ The commission shall meet in public not less than eight times per calendar year to conduct business.¶ The commission shall also appoint teams of auto repair inspectors that consist of at least one person from the auto insurance industry, to be selected from a list of names provided by the AIB, and one person from the auto repair industry, to be selected from a list of names provided by the AASP.¶ The commission shall set the rate by which the individuals on inspection teams are compensated for each inspection filed, to be paid out of the commission's fund. Such total amount for each inspection may not exceed seventy-five per cent of the application fee in force at the time of the inspection, and each team member shall be compensated at an equal amount.

(e)¶ The commission shall report not later than June 1, annually, to the division of insurance and the office of the attorney general its indexed labor rates.¶ Such indexed labor rates shall become effective on January 1 of the next following calendar year.”