



Recommendation for a Fair Massachusetts Auto Body Labor Rate

Date: November 8, 2025

ATTN: Massachusetts Auto Body Labor Rate Advisory Board

Dear Board Members,

Purpose of Recommendation

This letter serves as a formal recommendation to the Commissioner of Insurance regarding the establishment of a fair labor rate for auto body collision repairs in Massachusetts.

Insurance Policy Language and Local Market Realities

According to Mapfre/Commerce policies in Massachusetts (and other insurance contracts), the cost to repair a vehicle is tied to "...the prevailing competitive price, which is the price we can secure from a licensed repair facility conveniently located to you.". This language directly links repair costs to prevailing rates within the local market.

In Gloucester, an island community, the prevailing labor rates for body work are typically between \$75 and \$95 per hour at shops conveniently located near both residential and workplace areas. Nevertheless, insurance companies often set starting rates for paint and body labor much lower—between \$40 and \$51 per hour—without offering documentation that these figures reflect the actual prevailing local rates.

Challenges Faced by Body Shops

Our shop is committed to performing safety repairs that meet vehicle manufacturer recommendations and recognizes the multiple factors that influence posted labor wages.

While we have been able to negotiate labor rates with insurance carriers on a case-by-case basis, this process is time-consuming and costly, leading to delays for customers whose vehicles cannot be serviced until fair compensation is approved. Additionally, some insurance companies and appraisers refuse to negotiate at all, resulting in frustration and dissatisfaction for both body shops and customers. For example, Arbella pays \$43 per hour for autobody repair and flat out refuses to negotiate, when other insurance companies work towards mutual agreement.

Recommendation for Labor Rate Adjustment

We strongly recommend that insurance reimbursement should reflect the posted labor rates of the consumer's chosen body shop. Each shop is unique, and rate determinations vary significantly based on local market conditions, competition, technician expertise, equipment investments, and regular business evaluations.

Our shop recommends a present day fair rate \$109.82 based on NABR's NumberNerd Labor Rate Inflation Calculator and the US Bureau of Labor Statistics CPI calculator. In your deliberation, consider the rates our shop has recently paid for other professional services, all of which include a profit margin in their pricing structures:

- Computer Repair: \$80 per hour (November 2025), with a typical range of \$50–\$150 per hour in Gloucester, MA (01930)
- Auto Mechanic: \$125 per hour (November 2025), with a typical range of \$125–\$195 per hour; dealerships may charge over \$195 per hour, while independent shops are often at the lower end
- Snow Blower/Lawn Mower Repair: \$85 per hour (September and November 2025), with a typical range of \$75–\$95 per hour in the 01930 zip code.
- Licensed Plumber/Electrician: \$120 per hour (November 2025). For plumbers in the 01930 area, rates range from \$60–\$110 per hour for journeymen and \$80–over \$200 per hour for master plumbers, depending on experience, job complexity, and urgency

Auto Body Industry Economic Realities

The Auto Body industry is pressured by insurance practices to operate at a loss year after year. Current employee wages in 01930 zip code are as follows:

- Auto Body Appraiser: \$30–\$35 per hour
- Auto Body Technician: \$30–\$35 per hour
- Auto Body Painter: \$30–\$35 per hour
- Auto Body Customer Service/Office Manager/Bookkeeper/Accountant: \$20–\$35/hr

A shops labor costs per hour for these roles combined range from \$110 to \$140. When employment taxes, benefits, and all operational expenses are added, it becomes clear that shops cannot sustain themselves and risk going out of business when accepting insurance work.

Consequences of Current Rates

The current labor rates are having a severe impact on the auto body industry NOW. This is a critical juncture! SHOPS ARE CLOSING, technical schools are facing challenges in attracting new talent, and experienced technicians are remaining in the workforce longer, which leads to increased salary demands. Small businesses are taking on unsustainable debt; consider this financial impact carefully. Thank you for your time.

Sincerely,

Denise Raimo

Denise Raimo, Co-owner

On behalf of Annisquam Auto Inc.