

Hello Ms. Gotham and Attorney Powers,

Thank you for your commitment to this advisory board. I have concerns regarding the idea of asking the state to set a **standard hourly rate** for our industry because this could bind our industry to an hourly rate which is less than any individual repairer may be required to charge to operate a successful business. OEM certified repair facilities generally require a higher hourly rate due to their training and equipment requirements, as well as the salary requirements of OEM certified technicians. Other factors such as geographical location and technician availability could cause one repair facility to require a different hourly rate than another. No two facilities have the exact same operating expenses.

My recommendations are as follows:

The rate we should recommend the legislators to set, should be the **minimum hourly reimbursement rate**. This rate should be the **minimum** rate that insurance carriers should use when calculating labor on original estimates and supplements for their insureds and claimants. We need to be certain that **minimum** is clearly understood.

Insurance carriers should not be required to honor this rate with any collision repair facility which chooses to engage in a contractual agreement with that insurance carrier.

This **minimum labor reimbursement rate** should be reviewed and adjusted every 12 months. The following factors as well as others, should be included when conducting the review : independent market surveys, rate of inflation, business cost increases for items such as taxes, utilities, and insurance premiums, as well as the availability of skilled technicians. Monitoring the number of available technicians will be an important factor. The suppressed labor rate has created disinterest in the trade and the inability for technicians to maintain a comfortable lifestyle. Renewed interest in the trade by technically gifted individuals, will help us to confirm whether the **minimum labor reimbursement rate** continues to be sustainable or will require an increase.

The labor rate advisory board should remain active for the purpose of conducting a yearly review of the rate and adjusting it as required. A second option would be to implement a yearly adjustment, based upon the rate of inflation. The point is that the rate must be monitored yearly to ensure that our industry's rate is no longer out of touch with reality and out of sync with the rates of all the other trades which require no greater level of expertise than that of collision repairers.

Insurance carriers should be prohibited from holding to the **minimum labor reimbursement rate** and from refusing to negotiate a rate higher than the **minimum labor reimbursement rate**. Factors such as OEM certifications, collision related education credentials, and operating equipment should be considered when negotiating rates. An independent market survey, specific to the geographical location should also be considered during negotiations.

Rates obtained through contractual agreements should not be considered when negotiating a rate with a collision repairer who has not engaged in a contractual agreement.

Insurance carriers should not be required to pay a repairer directly for a rate higher than the minimum, however they should not be exempt from their obligation to indemnify the insured or claimant if the rate has been paid by the insured or claimant and proper supporting documentation is provided.

A minimum labor reimbursement rate of \$95.00 should be considered for 2026.

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