

To Whom It May Concern,

I am writing today to express my deep disappointment with the current state of the Massachusetts auto body labor rate. As someone who has worked in the industry for over 20 years, I have seen firsthand how body shops continuously struggle to survive while insurance companies report record profits.

I speak not only from my own experience, but also from what I have witnessed through my husband. After 40 years working for a major insurance company—one that began as Kemper—he retired on April 1, 2025. After decades as a Massachusetts Licensed Auto Damage Appraiser, he could no longer walk into shops and justify the labor rate that “the computer” dictated his employer would pay. Technology has advanced dramatically in the past 40 years. Vehicles today are essentially high-tech computers on wheels, yet labor rates have not evolved to reflect this reality.

When my husband began writing estimates by hand in 1985, the auto body labor rate was \$28.00 per hour. Today, nearly four decades later, that rate has increased only \$17.00. A \$45.00 labor rate may have worked in 1985—but it is not sustainable in 2025, not even for repairing a 2010 Toyota Camry. Reliable as that vehicle may be, very few of them are even being repaired in today’s market.

Meanwhile, when he visited dealerships, there was never any debate or pushback on labor rates—whether \$195.00 or even \$395.00 per hour. That was simply the cost of doing business. If a mechanic at a dealership is paid a fair modern labor rate for mechanical work, and an auto body shop performs that same mechanical work, why should their rate be treated differently? The location in which the work is performed should not determine its value.

My questions for the Board regarding the future of the Massachusetts auto body industry are:

- What is your plan for ensuring that this industry remains viable in the Commonwealth?
- Why am I directing these questions to you? Because this Board is responsible for establishing and maintaining a fair environment.
- And are you prepared for the consequences of widespread auto body shop closures?

A few points I ask you to seriously consider:

- If labor rates were simply adjusted to reflect CPI increases, we would prevent shops from closing, keeping Massachusetts insureds from being forced to seek repairs in neighboring states.
- If insureds do cross state lines, the labor rates outside Massachusetts are significantly higher—and you will still be required to pay them. You will also need to pay an Independent Appraiser. How many of your staff appraisers are even dual-licensed in multiple states?
- This will create unnecessary delays, frustration, and risk of losing insureds entirely.

- As an insured myself, who has not had an at-fault accident in over twenty years, my premium increased by \$900. So yes, rates are rising—but insureds are not seeing any benefit in return. They should not be handed a balance bill at the end of a repair because the labor rate has been artificially suppressed.

If, as Mr. Stark has acknowledged, insurance rates are going to rise, then it is only fair that policyholders receive something meaningful in return—beginning with raising the auto body labor rate to a reasonable **\$75.00 per hour**. Doing so would reduce balance billing, support local businesses, and leave insureds with a far more positive impression of their insurance company. It would demonstrate that insurers truly are “here for the good.”

I urge this Board to apply common sense, fairness, and an understanding of the real-world economic pressures facing the auto body industry. The decisions you make now will determine whether this industry survives in Massachusetts.

Thank you for your attention to this critically important issue.

Jo Maguire