

HOUSE No.

The Commonwealth of Massachusetts

PRESENTED BY:

Robert P. Spellane

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

The Commonwealth of Massachusetts

In the Year Two Thousand and Nine

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:

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

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4 Section 11. (a) There shall be an advisory commission on auto body labor rates. It shall consist
5 of eleven members, including the undersecretary of consumer affairs and business regulation, or
6 a designee, who shall chair the commission, one member of the senate from the joint committee
7 on financial services to be appointed by the president of the senate, one member of the senate to
8 be appointed by the senate minority leader, one member of the house of representatives from the
9 joint committee on financial services to be appointed by the speaker of the house, one member of
10 the house to be appointed by the house minority leader, three members from the auto insurance
11 industry to be appointed by the Automobile Insurers Bureau of Massachusetts (AIB), and three
12 members from the auto repairer industry appointed by the state affiliate of the Alliance of

13 Automotive Service Providers (AASP). All members of the commission shall serve on a
14 voluntary, unpaid basis.

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16 (b) The commission shall have the authority to adopt regulations by a two-thirds majority vote
17 and may amend these regulations at anytime by a two-thirds majority vote. The commission
18 shall collect fees to pay for staffing and administrative costs. Each registered motor vehicle
19 repair shop shall pay an annual fee of \$100 in addition to any other fees imposed under this
20 chapter. Each insurer writing auto insurance in Massachusetts shall pay an annual fee of \$1000.
21 These funds shall be deposited in a separate account with the state treasurer, be received by said
22 treasurer on behalf of the commonwealth, and be expended by the commission in accordance
23 with law

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25 (c) The commission shall develop and implement procedures, updating them at least every three
26 years, to establish an average national auto repairer hourly compensation rate for all categories of
27 labor performed by auto repairers, including but not limited to, body labor, paint labor, unibody
28 or frame labor, and mechanical labor, as well as a number to be used as a cost of labor multiplier
29 for the commonwealth based on information provided by the Bureau of Statistics of the U.S.
30 Department of Labor that indexes labor costs across all industries for the commonwealth relative
31 to other states. In addition, the commission shall define three distinct levels of qualifications to
32 designate auto repair shops as class A, B or C and an application process for auto repair shops to
33 be classified under this system as well as inspection requirements that correspond to the specific
34 classifications of these shops. At a minimum, any shop that applies for certification must be

35 inspected within ninety days upon receipt of the application, and shall be notified within thirty
36 days of the inspection of the commission's determination. In addition, shops classified at level C
37 must be paid a fair and reasonable amount for all labor hours they negotiate. Shops classified at
38 level B must be paid an amount not less than ninety per cent of the indexed hourly labor rate in
39 force at the time of the completion of the job for all labor hours they negotiate. Shops classified
40 at level A must be paid an amount not less than one hundred per cent of the indexed hourly labor
41 rate in force at the time of the completion of the job for all labor hours they negotiate. The
42 commission shall also develop a formal complaint process for both auto body repair shops and
43 auto insurers for non-compliance with this section or any regulations adopted by the commission.

44

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

54

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