

HOUSE No. 4868

The Commonwealth of Massachusetts

HOUSE OF REPRESENTATIVES, June 15, 2022.

The committee on Financial Services to whom was referred the petition (accompanied by bill, House, No. 1111) of James K. Hawkins and others for legislation to establish a set of minimum reimbursement rates for labor by insurers to claimants for first- or third-party motor vehicle insurance claims in the Commonwealth, reports recommending that the accompanying bill (House, No. 4868) ought to pass.

For the committee,

JAMES M. MURPHY.

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**In the One Hundred and Ninety-Second General Court
(2021-2022)**

An Act to establish minimum reimbursement rate to insurance claimants.

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

1 The purpose of this bill is to establish a set of minimum reimbursement rates for labor by
2 insurers to claimants, for first- or third-party auto insurance claims in the Commonwealth. The
3 newly calculated minimum reimbursement rate to the claimant will be determined by identifying
4 the rate at the time of the Insurance Reform Act of 1988 adjusted to the rate of inflation to the
5 time and promulgation of this bill becoming law.

6 The newly established minimum reimbursement rates will be phased in over a two-year
7 correction period, which will begin within 30 days of promulgation of this law with an increase
8 of one half of the difference between current rates and the newly established rates. The
9 remaining half of the increase will follow at the end of the next twelfth month. This second
10 increase will include the rate of inflation for the previous twelve-month period.

11 At the end of the two-year correction period, the minimum reimbursement rates to
12 claimants will be adjusted yearly based upon the CPI for All Urban Consumers (CPI-U) Not
13 Seasonally Adjusted, Northeast Region as published by the US Bureau of Labor and Statistics.

14 Under no circumstances shall the reimbursement rate to the claimant be less than the
15 aforementioned calculated amount. A negotiation above the minimum reimbursement rates set,
16 for the benefit of the consumer, will be determined based on a set of criteria. The criteria for the
17 negotiations shall be predicated upon, but not limited to the type of vehicle (standard, high end,
18 heavy duty, commercial, and/or body composition materials) labor type (body, refinish,
19 structural, frame, aluminum, mechanical or other), expertise, level of training, certifications,
20 equipment and geographic area of the chosen registered repair shop. No insurer shall refuse to
21 negotiate on the basis of their ability to obtain a price which they can secure from another
22 licensed repair facility conveniently located to the claimant.

23 Further, insurers are prohibited, other than by the means outlined in current laws and
24 regulations, from suggesting, insisting, or overtly steering a claimant to use any specific
25 registered repair facility to repair their damaged vehicle.

26 The promulgation of this law setting a minimum reimbursement rate to the claimant shall
27 not invalidate any of the requirements as set forth in the governing statutes including but not
28 limited to the: MGL Chapter 26 Section 8G, Code of Massachusetts Regulations; 211 CMR 123,
29 211 CMR 133 or 212 CMR 2.0.

30 Further, the report filed on April 13, 2022 by the special commission to study auto body
31 labor rates established in section 130 of chapter 24 of the acts of 2021, which described potential
32 recommendations and solutions for the auto body labor rate in the Commonwealth, identified this
33 legislation as a possible solution.