Non-Insurance Members
Auto Body Labor Rate Advisory Board
Pursuant to Acts of 2024, c. 238, § 292

January 20, 2026

Office of the Clerk of the Senate - Michael D. Hurley

Office of the Clerk of the House - Timothy Carroll

Joint Committee on Financial Services - Chair Sen. Paul Feeney

Joint Committee on Financial Services - Chair Rep. James Murphy

Joint Committee on Ways and Means - Chair Sen. Michael Rodrigues

Joint Committee on Ways and Means - Chair Rep. Aaron Michelwitz

Division of Insurance - Commissioner Michael Caljouw

RE: Alternative Executive Synopsis of the Auto Body Labor Rate Advisory Board Final Report- December 2025

Dear Honorable Officials:

This cover letter is respectfully submitted by the seven non-insurance members of the Auto Body Labor Rate Advisory Board as an alternative executive synopsis of the Board's Final Report issued in December 2025. These members include the Board's appointed independent economist, the independent consumer advocate representative, the independent business community representative, the state automobile dealers' association representative, and the three representatives of the collision repair industry.

For the third time in seventeen years, a legislatively convened body in the Commonwealth has reached the same unavoidable conclusion: auto body labor rates in Massachusetts are materially inadequate and no longer aligned with economic reality, workforce demands, or public safety expectations. The 2025 Advisory Board's findings are neither novel nor speculative. Rather, they reaffirm conclusions reached in 2008 and again in 2022, now confirmed through an extensive 2025 process involving ten public meetings, statewide surveys, written submissions, and independent economic analysis.

Across these three efforts – conducted under different economic conditions, with different board compositions and methodologies – the conclusion has been consistent. The existing market structure has failed to produce fair and reasonable labor rates. Continued reliance on the status quo has perpetuated systemic underpayment and shifted economic pressure onto repair businesses and workers, with growing consequences for repair quality, workforce stability, and consumer safety.

The 2025 Advisory Board received seven formal recommendations, including an insurer joint recommendation, from its members. Six of the seven support an increase in the auto body labor rate, either directly or through mechanisms designed to reliably produce higher, market-reflective reimbursement. These six recommendations reflect the perspectives of non-insurance Board members, including consumer interests, business, franchised dealers, collision repairers, and independent economic analysis. While differing in structure and approach, they are unified in outcome: labor rates must rise to reflect real costs, preserve repair quality, and stabilize the workforce.

Three insurance representatives issued a dissenting joint recommendation. That recommendation opposes a rate increase, and advocates continued reliance on insurer-controlled market mechanisms. The remaining Advisory Board members were impartial parties who did not submit recommendations for the final report.

At the Board's final meeting, in an effort to be more responsive to the legislative charge of making a recommendation to the Division of Insurance, a motion was made to include in the last paragraph of the final report a statement that a clear majority of recommendations by board members favored a rate increase (6-3). This motion was defeated only by the votes of the two co-chairs that overrode a majority of the 'public' members who favored inclusion of this statement.

Of particular importance is the independent economic analysis submitted by Professor John Kwoka, the Board's appointed economist and a nationally recognized authority on market power and competition. Applying established principles of industrial organization and bargaining economics, Professor Kwoka concludes that auto body labor rates in Massachusetts are not established in a competitive market. Instead, they result from a bargaining system characterized by a severe imbalance of power that heavily favors insurers. This imbalance drives rates toward the minimum survivable level for repair shops rather than a fair market price, producing outcomes that are economically inefficient and unsustainable. His conclusion is clear: the existing labor rate is structurally depressed, and corrective action-through rebalancing bargaining power or direct rate adjustment-is economically justified and necessary.

It is also notable that at no point during the Advisory Board's proceedings- whether through oral testimony, written submissions, or public comment-did any collision repair business come forward to support the insurance industry's assertion that the Massachusetts collision repair market is healthy, stable, or "vibrant," as characterized in the insurers' recommendation. The absence of such support from market participants underscores the disconnect between insurer representations and the economic realities experienced by repair businesses statewide.

The policy implication is unmistakable. The Commonwealth now has seventeen years of study, three separate commissions or advisory bodies, multiple datasets, independent economic validation, and overwhelming stakeholder input-all pointing to the same conclusion. The question is no longer whether auto body labor rates should increase, but whether Massachusetts will continue to study a problem it already understands or act on findings it has repeatedly commissioned.

The 2025 ABLRAB Final Report provides ample justification for decisive action. Further delay risks continued workforce erosion, reduced repair capacity, compromised safety outcomes, and increasing reliance on balance billing- outcomes that serve neither consumers nor the long-term stability of the insurance marketplace.

The record is complete. The evidence is consistent. The support is overwhelming. This moment calls not for further examination, but for action aligned with the findings already before you.

Respectfully submitted,
The Non-Insurance Members of the Auto Body Labor Rate Advisory Board

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