HOUSE DOCKET, NO. 1039 FILED ON: 1/19/2011

# HOUSE . . . . . No. 1212

## The Commonwealth of Massachusetts

PRESENTED BY:

***Kathi-Anne Reinstein***

*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 adoption of the accompanying bill:

An Act reforming labor rates paid by insurance companies to auto repairers in the Commonwealth.

PETITION OF:

| NAME: | DISTRICT/ADDRESS: |
|---|---|
| *Kathi-Anne Reinstein* | *16th Suffolk* |
| *Dennis A. Rosa* | *4th Worcester* |
| *James J. O'Day* | *14th Worcester* |
| *Sheila C. Harrington* | *1st Middlesex* |
| *James J. Dwyer* | *30th Middlesex* |
| *Sarah K. Peake* | *4th Barnstable* |
| *William N. Brownsberger* | |
| *Sean Garballey* | *23rd Middlesex* |
| *John W. Scibak* | *2nd Hampshire* |
| *Colleen M. Garry* | *36th Middlesex* |
| *Christopher N. Speranzo* | *3rd Berkshire* |
| *Carl M. Sciortino, Jr.* | *34th Middlesex* |
| *Thomas A. Golden, Jr.* | *16th Middlesex* |
| *Angelo J. Puppolo, Jr.* | *12th Hampden* |
| *William Smitty Pignatelli* | *4th Berkshire* |
| *David Paul Linsky* | *5th Middlesex* |
| *Sal N. DiDomenico* | *Middlesex, Suffolk, and Essex* |

| | |
|---|---|
| *Paul McMurtry* | *11th Norfolk* |
| *Louis L. Kafka* | *8th Norfolk* |
| *Gailanne M. Cariddi* | *1st Berkshire* |
| *George T. Ross* | *2nd Bristol* |
| *Anne M. Gobi* | *5th Worcester* |
| *Robert F. Fennell* | *10th Essex* |
| *Bradford Hill* | *4th Essex* |
| *Patricia A. Haddad* | *5th Bristol* |
| *James M. Cantwell* | *4th Plymouth* |
| *Jonathan Hecht* | *29th Middlesex* |
| *Joyce A. Spiliotis* | *12th Essex* |
| *Bruce J. Ayers* | *1st Norfolk* |
| *Antonio F. D. Cabral* | *13th Bristol* |
| *Ellen Story* | *3rd Hampshire* |
| *Denise Provost* | *27th Middlesex* |

HOUSE DOCKET, NO. 1039 FILED ON: 1/19/2011

# HOUSE . . . . . No. 1212

By Ms. Reinstein of Revere, a petition (accompanied by bill, House, No. 1212) of Kathi-Anne Reinstein and others for legislation to establish an advisory commission on motor vehicle body repair labor rates for the purpose of implementing insurance reforms. Financial Services.

[SIMILAR MATTER FILED IN PREVIOUS SESSION
SEE HOUSE, NO. *1043* OF 2009-2010.]

## The Commonwealth of Massachusetts

**In the Year Two Thousand Eleven**

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
2 by adding the following section:-

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

11 Massachusetts (AIB), and three members from the auto repairer industry appointed by the state
12 affiliate of the Alliance of Automotive Service Providers (AASP). All members of the
13 commission shall serve on a voluntary, unpaid basis.

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

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

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

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

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