

In Response to Labor Rate Reimbursement Hearing, Many Auto Body Shop Owners Reach Breaking Point

News-Press Release

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Summary

In response to a state house hearing on labor rate reimbursed for collision repairs, more than 29 Massachusetts auto body shop owners voiced concerns about the collapse of their small family businesses.

Message

In response to a state house hearing on labor rate reimbursed for collision repairs, more than 29 Massachusetts auto body shop owners voiced concerns about the collapse of their small family businesses. Many noted their frustration and may take action, including removing themselves from a corrupted referral list system maintained by insurance companies. The Special Commission on Auto Body Labor Rates held the four hour plus hearing on the topic recently on Tuesday, January 25, 2022. Forty-six Massachusetts auto body shop owners were scheduled to express their concerns about unsustainably low reimbursement rates that were artificially set by insurance companies. Brian Bernard, owner of Total Care Accident Repair in Raynham, one of the independent collision center owners, said the \$40-per-hour reimbursement rate is the lowest in the nation and falls far short of covering the body shop owners' labor, equipment, training and repair costs. As a result, many consumers have to pay the difference out of pocket, he said. Bernard said the labor reimbursement rates paid by Massachusetts auto insurers have stayed the same for 11 years. The rates only moved \$10 in nearly 34 years. Since 1988 the labor rate has increased \$10 while the Consumer Price Index (CPI) has increased 137.7%, \$71.30 and insurance premiums have increased 254%. Additionally, advanced technology has resulted in cars becoming far more complex and expensive to repair. Additional training and equipment have forced Massachusetts auto body shop owners to invest far more to get paid less. The low labor reimbursement rates have burdened many consumers with out-of-pocket repair costs despite paying high insurance premiums, Bernard said. "It's tremendously unfair to consumers who pay thousands of dollars in premiums to have their insurance companies tell them they're not going to cover the cost of their repairs. We've done our best to bring attention to this issue, but at this point we need to make it clear to insurers and consumers that we cannot do this work at the current reimbursement rates," Bernard said. Those who also noted concerns and others who were scheduled to speak during the hearings on the 25th included Tom Ricci, Body & Paint Center of Hudson, Inc., Hudson, MA; David Brown, DeLuca Auto Group, Haverhill, MA; Matthew Ciaschini, Full Tilt Auto Body, West Hatfield, MA; Matthew Penacho, Mike's Auto Body, Fall River, MA; Russell Oagles, Jr., Five Star Collision, Fall River, MA; Edward Lutz, Alden GMC, Fairhaven, MA; Jack Bazarbachian, Sako Auto Body, Medford; Jim Marshall, Marshall's Auto Body Experts, Billerica, MA; Brian Bernard, Total Care Accident Repair, Raynham, MA; Bill Spellane, Spellane Auto Body, Inc., Worcester, MA; Mary T. Jean, American Auto Body & Repair, Inc., Leominster, MA; Don Dowling, Marblehead Collision, Marblehead and Swampscott Collision, LLC, MA; Molly Brodeur, Al Brodeur's Auto Body Inc., Marlboro, MA; Steven Nemeth, Acme Automotive Center, Inc., Northampton, MA; Andre Marcoux, Western Mass Collision, W. Springfield, MA; Jerold Seigel, Webster Auto Body, Somerville, MA; Gary Cloutier, Clout's Auto Body, Westfield, MA; Jerold Siegel, Webster Auto Body, Somerville, MA; Jeff White, North Andover Auto Body, North Andover; Doug Begin, Vendetti Motors, Franklin, MA; Al Correia, A.P.C. Auto Body, Inc., Dartmouth, MA; Kathy Andrus, Precision Autocraft, Inc., Sheffield, MA; Joshua Fuller, Fuller Automotive Service, Inc., Auburn, MA; Paul Tuscano, Auto Body Builders Inc., Middleton, MA; Christopher Zammito, Check Collision/Toyota of Dartmouth, Mattapoisett, MA; Roy & Adrianna Landivar, 508 Auto Body LLC, Worcester, MA; Bill Cavanaro, Cohasset Collision, Cohasset, MA; Dan Wenzel, Wenzel's Auto Body, Inc., Pocasset, MA; Kevin Gallerani, Cape Auto Body & Service, Plymouth, MA; JR Force, Repairs Unlimited, Georgetown, MA; David Shepard, Shepard's Automotive Center, Newburyport, MA; Tony Dupuis, Accidental AutoBody Inc., Cataumet, MA; Brian Stone, Balise Collision Repair, Springfield; Jeb Balise, Balise Collision Repair, Springfield; and Rob Delgallo, Factory Collision & Restoration F.C.R. Inc., Weymouth, MA. In general, collision shop owners from throughout Massachusetts urged the commission to support legislation, such as H.1111, that would increase the hourly rate over a two-year period and then tie the rates to regional price indexes moving forward. "We're hoping the commission leads the way in bringing Massachusetts into line with other states so that consumers are treated fairly, and auto body shop owners are reimbursed at rates similar to their peers across the country. The labor rates today in Massachusetts are absurd and unsustainable," Bernard said. For more information about Special Commission on Auto Body Labor Rates, bill # H.1111, please contact Lucky Papageorg, Massachusetts Alliance of Automotive Service Providers, www.aaspm.org.

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