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**TESTIMONY**

**HEARING  
JOINT COMMITTEE ON FINANCIAL SERVICES  
SENATE BILL 476 / HOUSE BILL 1212  
STATE HOUSE  
BOSTON, MA  
TUESDAY, OCTOBER 18, 2011**

Chairman Costello, Chairman Petruccelli and Members of the Committee.

I want to thank the members here today for allowing us to speak. My name is Tom Ricci. And I am immediate past president of AASP. However, many of you may know me as the President of Central Mass Auto Rebuilders Association.

Some **23 years ago**, under chapter 273, the Acts of 1988 Auto Insurance Reform Legislation was enacted due to the dire situation of escalating costs to the consumers of the Commonwealth. With the enactment of this law, in section 68, which states in summary “a study of the direct pay and referral system is instituted to examine the implementation of the direct pay and referral system and their financial impact on consumers, auto body shop owners, and the system as a whole”. This study was supposed to report back to the general court the results of its investigation and study of its recommendations, if any, together with drafts of legislation to the clerk of the House of Representative who shall forward the same to the joint committee on insurance and the House and Senate committees on Ways and Means by the 1<sup>st</sup> of January 1992. This special committee was comprised of many different entities within the state, and I quote “one of whom shall be a representative of the auto body industry.”

Sadly, this group never convened.

Secondly, this act also mandated performance standards set forth by Commonwealth Auto Reinsurers. In part, it stated, resist labor rate increases and whenever possible, lower labor rates. In fact at a recent DOI meeting I inquired with a CAR reps and they stated “mr Ricci we have been doing this for 23 years”, EXACTLY!

Fast forward 14 years...to April 10, 2002. Ron Mariano put together a group of representatives from both the Auto Body Industry and the Insurance Industry to discuss many

issues, but the main focus was Labor Rates. This Commission, called The Auto Body Working Group **met 9 years ago** to try to avoid legislation. This is not our desire to be here today.

Filing this bill on January 4<sup>th</sup>, 2007, was due to the fact that after many years of no change in the labor rate and many years of trying to work that out, we were unsuccessful. With that filing in 2007, attached to the budget, was Section 108. The Commission, and I quote “Shall study existing practices of labor rate, and investigate the benefits and costs associated with developing a rate setting system”. That study was completed December 31, 2008. Since then, we have had very minor changes, if at all, from a few insurance carriers. Many carriers have left the rate unchanged for some 12 to 15 years.

In closing, legislation is needed now, not the next legislation session. We are in the 3<sup>rd</sup> filing of this bill, and that is equal to 6 years. My daughter was 9 years old and in the 4<sup>th</sup> grade when we started with the Auto Body working group with Ron Mariano, and she is turning 18 and graduating this year.

**We can no longer wait.**

**SURPRESSED LABOR RATE for over 23 years = SURPRESSED technician compensation**

**Suppressed technician compensation = shortage to both entry level and journey Technicians**

The labor rate bill is needed today for a fair and reasonable, nothing more and nothing less, labor rate for our services

Respectfully Submitted,

Tom Ricci  
Immediate Past-President, AASP of Massachusetts  
Former President, CMARA