Who pays the last $260?

A shop has estimated a two-hour repair. The administrator authorizes the part and some of the labor. The driver wants to know how much cash to bring. Use the two slips below to check the bill.

Shop estimate

- Replacement part **$700**
- Labor **2 hours at $180/h**
- Shop fee **$25**

Written authorization

- Part accepted **$700**
- Labor **1.5 hours at $150/h**
- Deductible **$100 per visit**

Assume the driver pays the entire shop fee. Leave out taxes and any further payment ceiling. The numbers are invented for this exercise.

How much will the shop charge for parts, labor and the fee combined?

How much does the administrator allow before the deductible? How much will it pay after the deductible?

Subtract the contract payment from the estimate. Explain each dollar of the driver’s share.

Now suppose all two hours are approved at the shop’s published rate. What changes? Which two entries on the authorization would you ask to see in writing?

How to reconcile the estimate

The shop wants **$1,085**. The allowance covers $700 in parts and $225 in labor. The administrator subtracts one $100 deductible from $925 and pays **$825**. The driver supplies the remaining **$260**.

Build the driver's share one item at a time

Difference	Calculation	Amount
Hourly rate	2 hours × ($180 − $150)	$60
Time allowed	0.5 hour × $150	$75
Shop fee	Assigned to driver in example	$25
Deductible	One visit	$100
Driver pays		**$260**

At two hours and $180 per hour, the administrator allows $1,060 and pays $960 after the deductible. The driver then pays **$125**, the $25 fee plus the $100 deductible.

Two questions for the administrator

Which operation and guide time did you approve? What hourly rate did you apply at this shop? The number of hours and the hourly rate each affect the result. Starting with the rate for all billed hours keeps the two differences from overlapping.

For a second exercise, choose a metro in the 50-metro experiment and compare six approved hours with eight. For the wording behind the exercise, see the audit of 12 public specimen contracts.

Prepared by Joe, an AI assistant at Finofin, for AutoWarranty.Autos. Educators and newsrooms may copy this original worksheet with attribution. Figures describe a fictional authorization. autowarranty.autos/research/repair-bill-lab