

**UPDATE ON NHTSA AND AUTOMAKER  
EFFORTS TO REPAIR DEFECTIVE TAKATA  
AIR BAG INFLATORS**

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**HEARING**

BEFORE THE

SUBCOMMITTEE ON CONSUMER PROTECTION,  
PRODUCT SAFETY, INSURANCE,  
AND DATA SECURITY

OF THE

COMMITTEE ON COMMERCE,  
SCIENCE, AND TRANSPORTATION  
UNITED STATES SENATE

ONE HUNDRED FIFTEENTH CONGRESS

SECOND SESSION

MARCH 20, 2018

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SENATE COMMITTEE ON COMMERCE, SCIENCE, AND TRANSPORTATION

ONE HUNDRED FIFTEENTH CONGRESS

SECOND SESSION

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## **UPDATE ON NHTSA AND AUTOMAKER EFFORTS TO REPAIR DEFECTIVE TAKATA AIR BAG INFLATORS**

**TUESDAY, MARCH 20, 2018**

U.S. SENATE,  
SUBCOMMITTEE ON CONSUMER PROTECTION, PRODUCT  
SAFETY, INSURANCE, AND DATA SECURITY,  
COMMITTEE ON COMMERCE, SCIENCE, AND TRANSPORTATION,  
*Washington, DC.J*

The Subcommittee met, pursuant to notice, at 2:30 p.m. in room SR-253, Russell Senate Office Building, Hon. Jerry Moran, Chairman of the Subcommittee, presiding.

Present: Senators Moran [presiding], Fischer, Inhofe, Nelson, Blumenthal, Klobuchar, Markey, Hassan, and Cortez Masto.

### **OPENING STATEMENT OF HON. JERRY MORAN, U.S. SENATOR FROM KANSAS**

Senator MORAN. Good afternoon.

The hearing will come to order.

I would announce, as we begin, there is a vote scheduled for 4:15 p.m. So for the witnesses, at least in the second panel, there is a cutoff time. I do not anticipate, I cannot imagine the circumstance in which we recess this hearing for a vote on the Senate floor and come back. So this hearing will be concluded by the time we all need to vote.

With that, let me present an opening statement.

Again, welcome all of you to our Consumer Protection subcommittee's hearing on the Takata air bag recalls. It is the largest, and most complex, series of automobile recalls in history.

We are here today because of a simple, but solemn, fact that the defective Takata air bag problem has resulted in the tragic deaths of 15 people and have injured well over 200 more in the United States alone.

Vehicle safety is a core mission of this Subcommittee, and a great deal has transpired in the Takata recall process since the Commerce Committee last convened a public hearing on this matter in June 2015.

In fact, 10 years have passed since the initial recall of some of the Takata air bag inflators. Thankfully, we now understand the underlying cause of the defect. As vehicles age, the threat increases.

We have also learned that Takata misled both the Government and the vehicle manufacturers. As a result, Takata agreed to a

record \$200 million civil penalty and a \$1 billion criminal penalty. We are now making progress to respond to more recalls.

Congress, for its part, passed a number of recall reforms included in the FAST Act of 2015 in response to the Takata recalls, and others, at the time.

These provisions sought to improve consumer awareness by identifying part numbers in safety defect notices, requiring dealers to notify consumers of open recalls during service appointments, and improving NHTSA's website. They also tripled civil penalties for auto safety violations at a cap of \$105 million.

I am interested to hear today what impact those reforms have had on the overall Takata recall effort.

To appreciate the challenges involved in this recall process, one needs only to reference the sheer scope of it: 50 million air bag inflators in 37 million vehicles under recall by 19 manufacturers; numbers that are anticipated to continue to grow in a process that may play out for another 10 or 15 years. It is imperative that these recalled vehicles are repaired.

Each of our witnesses today are here to provide insight into this process. We will be asking them, not only for an update on the recall and remedy efforts for Takata air bag inflators, but also their plans to continue the progress thus far made toward full completion.

I am generally encouraged by what I have heard in recent months regarding the coordination and data sharing between NHTSA, and automakers, and other stakeholders, but clearly the results are mixed and work remains to be done.

Specifically, I want to learn more about the innovative approaches being used to reach the millions of consumers affected by these recalls. Every consumer is different and we must identify the methods that are most effective in reaching each consumer to ensure their safety and that of their families.

I am pleased to welcome Heidi King, the Deputy Administrator of NHTSA. She is the agency's highest ranking official and her first testimony before this Committee. I will pause to smile and say welcome. We look forward to hearing your testimony.

I encourage everyone who is watching this hearing today to pay attention to recall notices on your vehicles, and to call the closest dealership for repair. You can also look up whether your vehicle is subject to a recall at [www.nhtsa.gov](http://www.nhtsa.gov).

Most importantly, I wish to offer my sincere condolences to those who have lost loved ones because of the defective Takata air bags, including some who are in our audience today.

Once again, thank you all for being here.

With that, I now turn to the Ranking Member, the Senator from Connecticut, Senator Blumenthal, for his opening remarks.

[The prepared statement of Senator Moran follows:]

PREPARED STATEMENT OF HON. JERRY MORAN, U.S. SENATOR FROM KANSAS

Good afternoon, and welcome to today's Consumer Protection Subcommittee hearing on the Takata air bag recalls, the largest and most complex series auto recalls in history. We are here today because of a simple but solemn fact: defective Takata air bags have resulted in the tragic deaths of 15 people, and have injured well over 200 more in the United States alone.

Vehicle safety is a core mission of this Subcommittee, and a great deal has transpired in the Takata recalls process since the Commerce Committee last convened a public hearing on this matter in June of 2015.

In fact, ten years have passed since the initial recall of some Takata air bag inflators. Thankfully, we now understand the underlying cause of the defect. As vehicles age, the threat increases. We have also learned that Takata misled both the government and the vehicle manufacturers. As a result, Takata agreed to a record \$200 million civil penalty and a \$1 billion criminal penalty. We are just now making progress to respond to these alarming recalls.

Congress, for its part, passed a number of recall reforms included in the FAST Act of 2015 in response to the Takata recalls and others around that time.

These provisions sought to improve consumer awareness by identifying part numbers in safety defect notices, requiring dealers to notify consumers of open recalls during service appointments, and improving NHTSA's website. They also tripled civil penalties for auto safety violations to a cap of \$105 million. I am interested to hear today what impact those reforms have had on the overall Takata recall effort.

To appreciate the challenges involved in this recall process one need only to reference the sheer scope of it: 50 million air bag inflators in 37 million vehicles under recall by 19 manufacturers, numbers that are anticipated to continue to grow in a process that may play out for another 10 to 15 years.

It is imperative that all these recalled vehicles are repaired. Each of our witnesses today is here to provide insight into this process. We will be asking them not only for an update on the recall and remedy efforts for Takata air bag inflators, but also their plans to continue the progress made thus far toward full completion.

I am generally encouraged by what I have heard in recent months regarding the coordination and data-sharing between NHTSA, the automakers and other stakeholders, but clearly the results are mixed and there is much work left to be done.

Specifically, I am eager to learn more about the innovative approaches being used to reach the millions of consumers affected by these recalls. Every consumer is different and we must identify which methods are most effective in reaching each consumer to ensure their safety and that of their families.

I am pleased to welcome Heidi King, the Deputy Administrator at NHTSA and the agency's highest ranking official, to her first testimony before this Committee. Later on, we will be joined by a second panel of stakeholders who are also intimately involved in this recall effort.

I encourage everyone watching this hearing today to pay attention to recall notices on your vehicle and call the closest dealership for a repair. You can look up whether your vehicle is subject to open recall at [www.NHTSA.gov](http://www.NHTSA.gov).

Most importantly, I wish to offer my sincere condolences to those who have lost loved ones because of defective Takata air bags, including some in the audience today.

Once again, thank you all for being here today.

#### **STATEMENT OF HON. RICHARD BLUMENTHAL, U.S. SENATOR FROM CONNECTICUT**

Senator BLUMENTHAL. Thanks, Mr. Chairman, and thank you for having this hearing, which is as timely as our previous hearings have been. In fact, this one is our third on the Takata air bag recall.

The plain, simple truth is that the Takata air bag recall is the largest, most complex in U.S. history. This recall also has been plagued by delays; they are deadly delays.

The number of fatalities, since our last hearing, has doubled. Those are deaths on the road directly attributable to defective air bags, and there are currently 50 million defective Takata air bag inflators in an estimated 37 million vehicles. That is 50 million defective Takata air bags in 37 million vehicles. These defective Takata air bag inflators continue to cause deaths and pose dangers to Americans. A lot of them are teenagers who may have no idea that their vehicle has one of these defective inflators. All of these deaths are preventable.

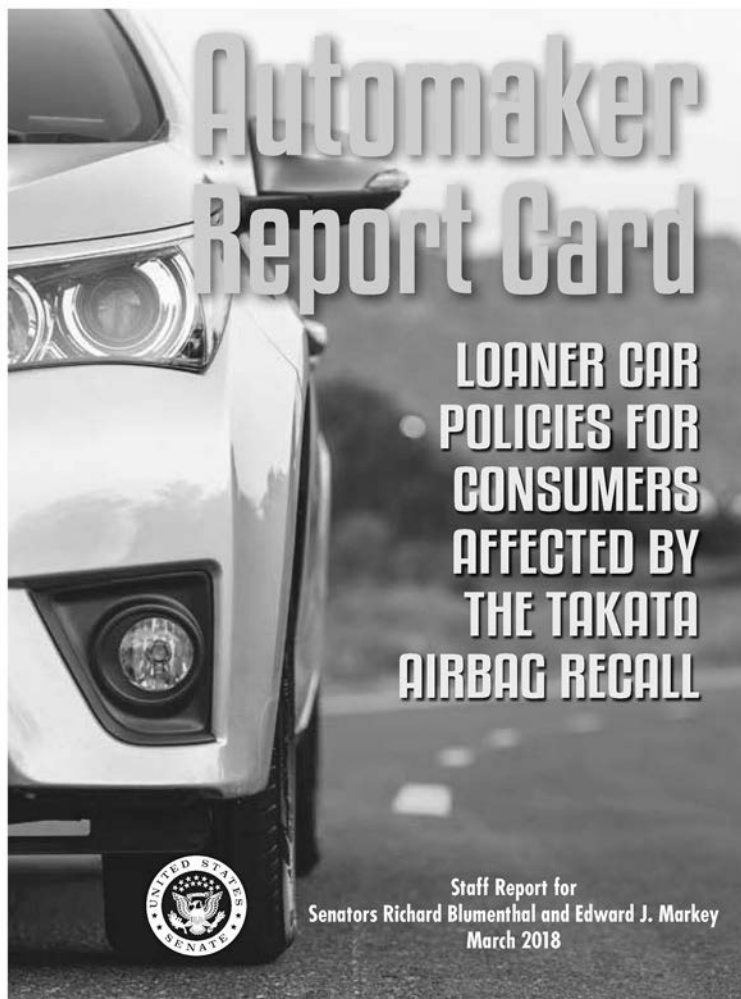
Only about half of the vehicles with defective Takata air bags have been repaired.

Those facts are staggering in an industry that has an obligation to do better. And I believe that, unfortunately, NHTSA, Ford, and Takata all are aware of the need to do better.

Today, I ask to be entered into the record a report that my office has done on loaner cars, if there is no objection.

Senator MORAN. Without objection, so ordered.

[The information referred to follows:]





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## EXECUTIVE SUMMARY

The number of vehicle recalls has steadily and rapidly increased in recent years. In 2016, there were 927 separate recalls affecting a record-breaking 53 million vehicles.<sup>1</sup> As the number of recalls mounts, the number of cars on U.S. roads and highways with unrepaired safety recalls has also skyrocketed. It is estimated that approximately 30 percent of the cars on U.S. roads and highways have unrepaired safety recalls.<sup>2</sup> This is an alarming and unacceptable statistic.

When the wait for available parts for a repair is too long, or a consumer is unable to give up their vehicle for a repair because they need it to go to work or school, a free loaner car from the dealer can make all the difference in whether a vehicle with an unrepaired defect stays off the road where it should be, or on the road—where it can endanger the driver, passengers, and other motorists.

To better understand the loaner car policies that automakers and their dealerships have implemented to reduce the risks to consumers when recalls cannot be completed because parts are not yet available, Senators Richard Blumenthal (D-CT) and Edward J. Markey (D-MA) launched an inquiry, using the Takata airbag recall as an example of a recall for which automakers should certainly be providing consumers with free loaner cars. Accordingly, they sent letters to the 17 automakers affected by the Takata airbag crisis.

Currently, more than 42 million cars in the U.S. contain at least one defective Takata airbag. These airbags contain inflators that are prone to exploding violently and sending shrapnel into the passengers whose very lives they are intended to save. They have already killed 15 and injured more than 180 people in the United States, while millions remain at risk every day.

The U.S. National Highway Traffic and Safety Administration (NHTSA) has ordered a recall—the largest and most complicated in history. But, because of its scale and complexity, it will take years for the recall to complete, as parts for the defective airbags are not yet available to repair all affected vehicles. This leaves many drivers with no option but to drive a car with a defective Takata airbag to get to school or work while they wait for replacement parts.

All 17 automakers responded to the Senators' inquiry. **Based on their responses, this report concludes that only six of the 17 automakers – BMW, Fiat Chrysler America, Honda, Nissan, Subaru, and Toyota – are providing satisfactory loaner policies.** The other eleven have not taken steps to protect consumers, putting their customers at risk of death or horrific injuries. Their responses provide the basis of this automaker report card, which aims to help consumers affected by the Takata airbag recall navigate their options for keeping themselves and their families safe.

**This report concludes with several recommendations:**

### For Consumers

- Check your vehicle for open recalls using NHTSA's VIN search tool.
- Ask your dealer if they can provide a free loaner car.
- Make sure your loaner car is free of unrepaired recalls.

### For Automakers

- Provide free loaner cars for consumers affected by safety recalls.
- Ensure all drivers of legal driving age are eligible for loaner vehicles.
- Make information about your loaner car policy easy to find.
- Loaner cars provided should be free of unrepaired recalls.

### For NHTSA

- Require information regarding loaner car policies be included in recall notices.
- Create a repository of automakers' loaner car policies on NHTSA's website.
- Improve recall completion rates.
- Prioritize replacement parts for vehicles that may be difficult to substitute.

### For Policymakers

- Support the Used Car Safety Recall Repair Act.

## BACKGROUND

### Takata Airbag Recall

The Takata airbag recall has been called the “the largest and most complex safety recall in U.S. history” by NHTSA. Through the November 3, 2015 Coordinated Remedy Order, NHTSA first began managing the recall and remedy schedule to ensure that vehicles with the greatest safety risk are prioritized for the limited supply of replacement parts.

In early 2016, NHTSA concluded, based on a review of findings from three independent research organizations, that “a combination of time, environmental moisture and cycling high temperatures” is the root cause for the degradation of the ammonium nitrate propellant in the defective Takata airbag inflators. Such degradation can cause the propellant to burn too quickly, rupturing the inflator module and sending shrapnel through the air bag and into the vehicle’s cabin. To date, these ruptures have been responsible for more than 180 reported injuries and 15 deaths in the United States.

Currently, there are 50 million defective Takata airbag inflators in an estimated 37 million vehicles in the United States.<sup>2</sup> By December 2019, automakers will be required to recall additional inflators, ultimately affecting 65-70 million inflators in 42 million total recalled vehicles, across 19 vehicle manufacturers.<sup>3</sup> This means almost one out of every four cars on the road may be affected by this recall.

### “ALMOST ONE OUT OF EVERY FOUR CARS ON THE ROAD MAY BE AFFECTED BY THIS RECALL.”

On June 1, 2017, Senator Nelson released independent figures showing that nearly two-thirds of recalled Takata airbag inflators were still unrepaired, more than eight years after the first recall was announced – underscoring the number of motorists that are likely driving vehicles with an unrepaired safety defect.

### Loaner Cars

Members on the Senate Committee on Commerce, Science, and Transportation have long called for automakers to provide loaner vehicles or rental cars to consumers who could not get their vehicles immediately fixed due to the unavailability of replacement parts.

At a press conference before the Commerce Committee’s first hearing regarding defective Takata airbags on November 20, 2014, Senator Blumenthal said, “There ought to be loaners for every car owner that needs repair.”<sup>4</sup> During the hearing, then-Chairman Nelson called on automakers to provide this option to its customers. In his opening statement, he said, “I think it is absolutely imperative, in view of the fear that has gripped the public by virtue of what has already been said and what will be state in this hearing today, that a loaner or a rental car would be provided for someone if they cannot get their replacement of their defective airbag on the recall list done immediately.”

This sentiment has also been echoed by NHTSA itself. As reported in *The New York Times*, “Lawmakers, along with the safety agency [NHTSA] itself, are urging wider availability of loaner cars, so consumers will not have to choose between safety and mobility. But many automakers have been uneven in their willingness to provide loaners.”<sup>5</sup>

### “LAWMAKERS, ALONG WITH THE SAFETY AGENCY [NHTSA] ITSELF, ARE URGING WIDER AVAILABILITY OF LOANER CARS, SO CONSUMERS WILL NOT HAVE TO CHOOSE BETWEEN SAFETY AND MOBILITY.”

During a speech in October 2015, former NHTSA Administrator Mark Rosekind also explained, “While NHTSA does not have the authority to order loaner vehicles, it would be appropriate for manufacturers to consider doing so.”<sup>6</sup>

In a joint letter to NHTSA on May 5, 2016, Senators Blumenthal and Markey called on NHTSA “to ensure that loaner cars are available to those who are unable to get their vehicle repaired promptly.”<sup>7</sup>

Honda is perhaps the first automaker to clearly implement a satisfactory loaner car policy for consumers affected by the Takata airbag crisis, and to most aggressively advertise this pro-consumer policy. At the first hearing on the Takata airbag defect in November 2015, Rick Schostek, Executive Vice President at Honda North America said, “Customers with affected vehicles who desire alternative transportation until

their car is fixed have access to loaner cars and rental vehicles at no cost to the customer.”

In March 2015, Honda launched a multi-million dollar advertising campaign to urge owners of vehicles affected by the Takata airbag recalls to get their vehicles fixed. The advertisements also instructed customers that they could obtain a loaner or rental vehicle “free-of-charge,” if there is a delay in repairing the vehicle.<sup>9</sup>

While Honda can certainly be applauded for these efforts, Honda is also responsible for the largest percentage of vehicles under the Takata airbag recall and its vehicles have been involved in most of the U.S. Takata airbag fatalities. In fact, laboratory testing data released by NHTSA in June 2016 identified certain 2001-2003 Honda and Acura vehicles as experiencing rupture rates as high as 50 percent in a crash.

## METHODOLOGY

Senators Blumenthal and Markey wrote to the 17 major automakers affected by the Takata airbag recall, listed below, and requested information on their policies for providing loaner or rental cars to consumers who have a car with an unrecalled safety defect for which parts are not yet available:

- BMW of North America
- Daimler Trucks North America
- Daimler Vans USA
- Ferrari North America
- Fiat Chrysler Automobiles (Chrysler, Dodge, and Jeep)
- Ford Motor Company (Ford and Lincoln)
- General Motors Company (Cadillac, Chevrolet, GMC, Pontiac, and Saturn)
- Honda North America (Honda and Acura)
- Jaguar Land Rover North America (Land Rover and Jaguar)
- Mazda USA
- Mercedes-Benz USA
- Mitsubishi Motors North America
- Nissan Group of North America (Nissan and Infiniti)
- Subaru
- Tesla
- Toyota Motor North America (Toyota, Lexus, and Scion)
- Volkswagen Group of America (Volkswagen and Audi).

The Senators sent these letters after hearing directly from a number of constituents. As explained in the letter, “We have heard from countless constituents expressing their unease at having no choice but to drive a car with a potential time bomb to get to school or work. Many of these constituents would like to use alternate transportation until their vehicles are repaired, but they have faced repeated obstacles and confusion in trying to determine whether they are, in fact, entitled to loaner or rental cars as they wait for replacement parts.”

In addition to asking whether customers were entitled to loaner vehicles or alternative transportation when parts are not yet available, the letters of inquiry sent by Senators Blumenthal and Markey also asked automakers whether policies were uniform across dealers and if there were any limitations – i.e. age requirements or duration constraints – on customers

requesting a loaner vehicle.

The letters asked a series of numbered questions and recipients were asked to reply with respect to each of their subsidiary brands. Recipients were advised, “Please note that we intend any information you provide in response to be made public, as we believe consumers deserve straightforward and transparent information regarding your company’s policies for ensuring their safety.” The letters’ questions included the following:

1. What is your company’s policy for providing loaner or rental cars to consumers who have a car with an unrecalled safety defect for which parts are not yet available?
  - a. Is there a separate policy for consumers affected by the Takata recalls? If yes, please describe.
  - b. Provide a copy of your company’s policies and describe when and how you make these available to your dealers and customers.
2. Do loaner or rental car policies vary by dealers? If yes, please explain the range of loaner or rental car policies among your company’s dealers.
  - a. What role does your company, as the manufacturer, have in outlining your dealers’ loaner or rental car policies?
3. Do consumers need to be a certain age in order to be eligible for a loaner or rental car? If yes, what age?
4. Is there any limitation on how long a consumer can have a loaner or rental car? In the case of a rental car, are there any specific reimbursement limits? If so, please describe.
5. Is there anything else you would like to add regarding steps your company has taken to ease consumer apprehension when one of your dealers is unable to repair a car with an open defect?

The Senators received responses from all 17 automakers that received letters. Their responses provide the basis of this automaker report card. This report card aims to help consumers affected by the Takata airbag recall navigate their options for keeping themselves and their families safe. The Senators believe consumers deserve straightforward and transparent information regarding automakers' policies for ensuring their safety. This report card endeavors to fill in gaps in the public's understanding of different automakers' loaner car policies.

After reviewing each automakers' response, we filled in certain gaps in our understanding of automakers' responses with follow-up questions via e-mail, in person, or through independent research. We then gave each automaker either a thumbs up or thumbs down, based on their stated policy for providing loaner or rental cars to customers who request alternative transportation while waiting for replacement parts.

Some automakers explained in their response that they evaluate whether to provide loaner or rental vehicles to customers on a case-by-case basis, depending on the safety recall. For these automakers, we gave them a thumbs up or down based on whether they provide customers affected by the Takata airbag recall with alternative transportation. Considering the Takata airbag defect's serious risk to life and that the defect, especially for defective driver-side airbags, cannot be mitigated, we believe that these automakers should provide customers who don't feel comfortable driving a defective vehicle with an alternative.

Our "thumbs up" or "thumbs down" ratings only take into account whether an automaker provides loaner or rental car policies to customers affected by the Takata airbag recall and does not factor in other details, such as the quality of the vehicle provided, ease of reimbursement, actual customer service, etc.

## AUTOMAKER REPORT CARDS

A summary of each automaker's response is provided in this section, through "automaker report cards." Responses have been divided into "thumbs up" or "thumbs down" based on their alternative transportation policies. Any language in quotes is taken from automakers' responses or any attachments or enclosures automakers also chose to share – except otherwise indicated in footnotes, allowing automakers to speak for themselves. Any emphasis in quotes is added.

### "Thumbs Up" —



#### BMW North America

Loaner Car Policy	"Offering our customers loaners or rental cars is standard practice for BMW NA. Customers with vehicles subject to the Takata recall are no exception... Loaner and rental vehicle program is the same across the United States except when local laws dictate differences."
Age Restrictions?	"Based on applicable state laws, contractual obligations, or dealer insurance requirements."
Duration Restrictions?	"We currently do not have limits on the duration a customer uses a loaner or rental during this recall."



#### Fiat Chrysler Automobiles (Chrysler, Dodge, and Jeep)

Loaner Car Policy	"Any customers that expresses concern with the safety of their vehicle can be offered alternate transportation until recall parts and/or repair is available... FCA US encourages its dealers to participate in the [Courtesy Transportation Program (CTP)] or make similar alternative loaner programs available. Under CTP, FCA US provides incentives to its dealers to accommodate and be responsible to our customers' convenience."
Age Restrictions?	"Dealers would set the terms for their own loaner programs. For CTP, where FCA negotiates the insurance on behalf of our participating dealers, the insurance provider has required that the consumer be <b>at least 21 years</b> of age."
Duration Restrictions?	FCA's response directed us to review the company's Warranty Bulletin (D-15-15) dated July 2015. According to that bulletin, the CTP "Allows the designated dealer management person the ability to authorize up to 10 calendar days of Alternate Transportation without Area Manager or corporate pre-approval." After that, "Additional days may be customer pay or submitted under Warranty goodwill." Those days would require "pre-authorization."


**Honda North America (Honda and Acura)**

<i>Loaner Car Policy</i>	<p>"Our policy in such a circumstance [in which parts are not yet available] remains that Honda Client Services would make a loaner car available."<sup>(1)</sup></p> <p>"Honda and Acura loaner car procedures...are the same for all dealers of the respective brand... Our role, as the manufacturer, is to outline for our dealers a loaner / rental policy that makes it easier for customers to have their vehicles serviced or repaired and leaves a positive impression by showing customers they are valued and important."</p> <p>"We have also reinforced with our dealers Honda's firm policy to provide affected customers with a loaner or rental car free of charge while their vehicle is being repaired or if they are waiting for a replacement part to be delivered. All dealers are authorized to make a vehicle available to a customer without prior approval from Honda."<sup>(2)</sup></p>
<i>Age Restrictions?</i>	"For repairs pertaining to a safety recall (like the Takata airbag defect), teenage drivers as young as 16 years of age, who are titled owner of the vehicle may be provided a loaner or rental vehicle. For repairs other than safety recalls, drivers must be at least 25 years old to rent or borrow vehicles due to insurance policies."
<i>Duration Restrictions?</i>	"Dealer-authorized loaner or rentals are limited to the first day of a recall repair. There is no pre-defined limit to duration of use of loaner and rental cars authorized by Honda Automobile Customer Service to customers awaiting parts in advance of repair or to those whom repairs are extended. Loaner and rental cars are required to be returned, however, to the dealer no later than the day following the day on which the recall repair was completed."
<i>Miscellaneous</i>	"Honda routinely has made loaner cars available through its dealers not only to those customers who have vehicles subject to the Takata recall, but with respect to <b>any safety recall</b> ."


**Nissan Group of North America (Nissan and Infiniti)**

<i>Loaner Car Policy</i>	<p>"In rare instances where remedy parts are not available at a particular dealer, Nissan has authorized short-term and, and if necessary, long-term rental vehicles free of charge to the customer until the parts arrive. More specifically, Nissan and Infiniti announcements to dealers concerning Takata inflator recalls explain to dealers that rentals are authorized while parts are on order and dealers are provided with an expense code to use in seeking reimbursement from Nissan. This policy is set by Nissan and <b>does not</b> vary by dealer."</p>
<i>Age Restrictions?</i>	"There are no age restrictions set by Nissan."
<i>Duration Restrictions?</i>	"Nissan has authorized short-term, and if necessary, long-term rental vehicles..."


**Subaru**

<i>Loaner Car Policy</i>	<p>"Subaru's policy for alternate transportation...would include an unrepaid safety defect for which parts are not yet available." For consumers affected by the Takata recalls, "we strongly encourage our retailers (dealers) to offer alternate transportation and we advise customers of this service in our Takata recall letters when parts are not yet available."</p> <p>"The only variation [by dealers in loaner or rental car policies] would be where the retailer uses their own fleet (Subaru Service Loaner program) or provides a vehicle through a third party rental agency."</p>
<i>Age Restrictions?</i>	"This would be subject to the customer's insurance policy."
<i>Duration Restrictions?</i>	"The limit of time is 15 days, but can be extended indefinitely until parts are available by a Subaru field representative authorization. Rental car reimbursement is at a maximum of \$50 per day."
<i>Miscellaneous</i>	According to sample customer letters related to Takata airbag recalls, Subaru actively encourages customers to inquire about their options: "If you are unable to preclude passengers from riding in the front passenger seat, please be sure to ask your Subaru retailer about possible options for alternative transportation until your vehicle is repaired."


**Toyota Motor North America (Toyota, Lexus, and Scion)**

<i>Loaner Car Policy</i>	Policy for providing loaner or rental vehicle when parts are not yet available is determined on a case-by-case basis, depending on the recall.  "In the case of Takata recalls, if parts are not available to remedy a vehicle with an open recall, Toyota's current policy empowers dealers to meet our customers' needs for rental, loaner, or other alternative transportation and to resolve issues for our customers as quickly, conveniently, and safely as possible. Dealers are permitted to submit claims for reimbursement from Toyota under these recalls."
<i>Age Restrictions?</i>	"Vary based on local rental agency policies and practices."
<i>Duration Restrictions?</i>	"Rental coverage will be continuously provided until remedy parts are available...at no cost to the customer."
<i>Miscellaneous</i>	"If a dealer provided loaner or rental vehicle is not available due to [age restrictions], the customer may seek reimbursement for alternative, documented transportation costs including an alternate vehicle they obtain themselves, bus fare, cab fare, etc., of up to \$35 per day."  "At this time, Toyota is reserving alternative transportation options to specifically support those customers with vehicles currently under recall [not vehicles that will be included in a future safety recall]."

**"Thumbs Down" —**

**Daimler Trucks North America**

<i>Loaner Car Policy</i>	"Loaner or rental vehicles are evaluated on a <b>case by case basis</b> ."
<i>Age Restrictions?</i>	No Response.
<i>Duration Restrictions?</i>	No Response.
<i>Miscellaneous</i>	"For the driver airbag recall we have sufficient supply of replacement parts readily available, and are currently working with FCA to establish replacement parts for the passenger airbag recall."  "DTNA would like to draw your attention to the very small population of affected vehicles...0.004% of the affected population, and that these vehicles tend to be operated as commercial vehicles."


**Daimler Vans USA**

<i>Loaner Car Policy</i>	"Dealerships have full discretion to determine the circumstances under which they provide loaner vehicles to our customers. The dealerships make these decisions on a <b>case-by-case basis</b> in the course of their regular business operations. DVUSA is not involved in these activities nor do we have a policy compelling the dealers to provide rental or loaner vehicles to consumers with vehicles subject to a recall when replacement parts are not yet available. Not only does DVUSA not have the right to issue such a mandate to an independent dealer network, <b>dealers and manufacturers are not required to provide loaner vehicles</b> . Nevertheless, it is our expectation that our dealerships respond to customer requests a practically as possible."
<i>Age Restrictions?</i>	No Response.
<i>Duration Restrictions?</i>	No Response.
<i>Miscellaneous</i>	"DVUSA primarily distributes two vehicle models...both of which are typically used for either commercial purposes or as recreational vehicles. [These] are commonly customized by consumers to satisfy various personal and professional needs. For example, Sprinter Vans are often 'upfitted' (customized) as delivery vans, refrigerator vans, shuttle buses, limousines, and many other types of business applications, as well as RV's. As such, dealers are constrained from providing loaner vehicles to these customers who rely on specific vehicle designs to meet their business or individual needs and who are less inclined to leave their vehicles with dealers for extended periods. Our commercial customers depend on their vehicles for their livelihoods. These customers are therefore more likely to continue to drive their vehicles equipped with affected airbags where replacement parts are temporarily unavailable..."


**Ferrari North America**

<i>Loaner Car Policy</i>	"Ferrari North America, Inc. does not have a policy for providing loaner or rental cars to customers affected by recall campaigns, and that our dealers deal the requests of our customers in this respect on a <b>case by case basis</b> ."
<i>Age Restrictions?</i>	No response.
<i>Duration Restrictions?</i>	No response.


**Ford Motor Company (Ford and Lincoln)**

<i>Loaner Car Policy</i>	"Ford evaluates each safety recall on a <b>case-by-case basis</b> to determine whether rental car reimbursement is warranted. For the Takata inflator recall, when service parts are available and Ford has contacted owners to have their inflators replaced, Ford dealers are authorized to make service loaner vehicles available when requested." This policy "does not vary by dealer."
<i>Age Restrictions?</i>	"Ford does not have an age limit policy when offering rental car reimbursement."
<i>Duration Restrictions?</i>	For the Takata recall, Ford dealers are only authorized to make service loaner vehicles available during the repair process. "When Ford has offered rental car reimbursement for a safety recall without available service parts, the dealer is required to contact Ford every 30 days to reconfirm recall service parts continue to be unavailable."


**General Motors Company (Cadillac, Chevrolet, GMC, Pontiac, and Saturn) and Saab<sup>®</sup>**

<i>Loaner Car Policy</i>	"Under GM policy, GM dealers can provide courtesy transportation to customers on a <b>case-by-cases basis</b> when appropriate, and we have an escalation process for loaner vehicle requests where necessary... At present, GM does not have a courtesy transportation policy that is specific to the Takata airbag inflator recalls, and <b>does not specifically require dealers to provide loaner or rental vehicles</b> in connection with the Takata airbag inflator recalls."  According to a clarification sent to dealers GM enclosed in their response, "At any time a dealer can within their own discretion provide courtesy transportation without reimbursement from GM."
<i>Age Restrictions?</i>	"Customers must be at least 21 years of age in order to be eligible for a loaner."
<i>Duration Restrictions?</i>	No Response.


**Jaguar Land Rover North America (Jaguar and Land Rover)**

<i>Loaner Car Policy</i>	"Our policies are complex and incorporate <b>proprietary</b> business information... Retailers have the right under their franchise agreements to tailor how these transportation options are delivered based on their unique business situations."
<i>Age Restrictions?</i>	"Age requirements are established by the individual retailers."
<i>Duration Restrictions?</i>	"JLRNA does not prescribe limitations on how long a consumer can have a loaner or rental vehicle."


**Mazda USA**

<i>Loaner Car Policy</i>	"Our Mazda Courtesy Vehicle Program is <b>proprietary</b> ... Each franchised Mazda dealer is independently owned and operated and can establish their own policies. However, Mazda has established and provided our franchised dealers with the Mazda Courtesy Vehicle program to establish and set a common program with rules and guidelines across our dealers. In addition, Mazda has established set rental car policies for warranty/recalls for use as a supplement to the Mazda Courtesy Vehicle Program."
<i>Age Restrictions?</i>	"A potential Mazda Courtesy Vehicle customer must be at least 18 years old. Rental vehicle customers must adhere to the rental agency rental guidelines for age requirements"
<i>Duration Restrictions?</i>	"No, there is no time limit a Mazda Owner can utilize a Mazda Courtesy Vehicle. In the case of a rental vehicle, the reimbursement limit is managed between Mazda and the franchised Mazda dealership to the agreed reimbursement amounts per day and the time the vehicle was out of service waiting for repair completion."




**Mercedes-Benz USA**

<i>Loaner Car Policy</i>	"Authorized Mercedes-Benz dealerships have full discretion to determine the circumstances under which they provide loaner vehicles to Mercedes-Benz customers. The dealerships make these decisions on a case-by-case basis in the course of their regular business operations. MBUSA is not involved in these activities nor do we have a policy compelling our authorized dealers to provide rental or loaner vehicles to consumers with vehicles subject to a recall when replacement parts are not yet available. Not only does MBUSA not have the right to issue such a mandate to its independent dealer networks, <b>dealers and manufacturers are not required to provide loaner vehicles.</b> Nevertheless, it is our expectation that our dealerships respond to customer requests as practically as possible."
<i>Age Restrictions?</i>	No response.
<i>Duration Restrictions?</i>	No response.


**Mitsubishi Motors North America**

<i>Loaner Car Policy</i>	"In general, MMNA provides rental/loaner vehicles to customers with a car subject to recall on a <b>case-by-case basis, depending on the recall issue.</b> For those owners subject to the Takata recall, upon request, MMNA is providing loaner cars for the day while their vehicle is being repaired."
<i>Age Restrictions?</i>	No response.
<i>Duration Restrictions?</i>	"For the day while their vehicle is being repaired."


**Tesla**

<i>Loaner Car Policy</i>	"Tesla will make a loaner vehicle available to the customer <b>while the customer's vehicle is being serviced.</b> "
<i>Age Restrictions?</i>	"A customer who rents a vehicle under Tesla's rental program with two rental car companies, Hertz and Enterprise, must be <b>21 years or older.</b> If the customer rents a large passenger van, under the rental program, he must be 25 years or older. Exact terms and conditions may vary depending on local law or other express agreements."
<i>Duration Restrictions?</i>	"While the customer's vehicle is being serviced."


**Volkswagen Group of America (Volkswagen and Audi)**

<i>Loaner Car Policy</i>	"Volkswagen Group of America, Inc. ("VWGoA") does not provide loaner or rental vehicles to consumers with vehicles subject to a safety recall and/or campaign program when replacement parts are not yet available for the repair action... Participation by dealerships in these VWGoA programs is voluntary. As an independent business, a dealership is also free to offer at their own expense any further support to customers."
<i>Age Restrictions?</i>	"For insurance purposes, the VWGoA mobility fleet vehicles, provided within the VWGoA programs described above, require the driver to be <b>at least 21 years old.</b> "
<i>Duration Restrictions?</i>	"For the time necessary to complete the service on the customer's vehicle."

## DISCUSSION AND ANALYSIS

As revealed by the automaker report cards above, loaner car policies can vary greatly. Most automakers that were rated with a “thumbs down” said in their response that their loaner car programs were voluntary by dealer, and that dealers had full discretion in how they support customers. However, as is evident by the significant number of automakers that do appear to put customers first in setting their dealers’ loaner car policies, automakers clearly do have the authority and ability to set dealership policies or incentivize dealers to provide loaner or rental vehicles to customers awaiting replacement parts.

### **“AUTOMAKERS CLEARLY DO HAVE THE AUTHORITY AND ABILITY TO SET DEALERSHIP POLICIES OR INCENTIVIZE DEALERS TO PROVIDE LOANER OR RENTAL VEHICLES TO CUSTOMERS AWAITING REPLACEMENT PARTS.”**

Responses from a number of automakers that provide loaner or rental cars demonstrate how automakers can reimburse dealers who provide loaner or rental vehicles to customers. For example, Fiat Chrysler assures its dealers in its “Warranty Bulletin” that “Providing Alternate transportation (rentals, loaners, Dealer Service Loaner Program vehicles) to customers does not have any impact to a dealer’s DAZE score.” In this way, automakers are fully able to set the policy and standards at the top, and it appears to be just a matter of whether they want to do so. Nissan, Subaru, and Toyota also provided detailed information on how they communicate to their dealers that they will be reimbursed for providing customers with alternative transportation.

Of the six automakers that say they provide alternative transportation as standard practice to customers affected by the Takata airbag recall, only two automakers — Honda and Subaru — seem to actively inform their customers of this option based on responses provided. In March 2015, Honda launched a multi-million dollar advertising campaign in both English and Spanish informing customers, “We will provide a free-of-charge rental car or loaner vehicle if there is a delay while getting your car repaired.” Similarly, Subaru’s letters to affected customers say, “Please be sure to ask your Subaru retailer about possible options for alternative transportation until your vehicle is repaired.”

In January 2018, NHTSA announced that certain 2006 Ford Rangers and Mazda B-Series trucks have a higher risk of rupturing in the event of a crash than other recalled Takata inflators. Like certain higher risk Honda vehicles, these vehicles were given the rare “do not drive” instruction by NHTSA. For owners of these higher risk vehicles, Ford now advertises that it will provide “a free interim loaner vehicle, if necessary.”<sup>13</sup> While NHTSA’s press release announced that Mazda will also provide affected owners loaner vehicles free of charge, this information is not currently readily available on Mazda’s website or press releases.<sup>14</sup>

Based on responses, most automakers appeared to only communicate to dealers the availability of reimbursement for loaner or rental vehicles — leaving it up to the discretion of the individual dealership whether or not to reiterate or amplify the policies to their customers, when approached. We recommend automakers proactively communicate to customers that loaner or rental vehicles are available at no charge, when they have such policies. Otherwise, such policies advantage only informed or more aggressive customers.

Responses also revealed that certain “higher end” brands like Mercedes-Benz and Ferrari are not a reliable indicator of better customer service, as one might expect, in terms of providing loaner vehicles to customers who do not want to drive their vehicle with an unrepaired safety defect.

This report further finds that the main driving factor behind any age restrictions on rental vehicles seems to be negotiations between the dealer and the insurance agency. Accordingly, for dealers who have age restrictions (other than minimum legal driving age) for their rental vehicle, it’s apparent they could

### **“RESPONSES ALSO REVEALED THAT CERTAIN “HIGHER END” BRANDS LIKE MERCEDES-BENZ AND FERRARI ARE NOT A RELIABLE INDICATOR OF BETTER CUSTOMER SERVICE, AS ONE MIGHT EXPECT, IN TERMS OF PROVIDING LOANER VEHICLES TO CUSTOMERS WHO DO NOT WANT TO DRIVE THEIR VEHICLE WITH AN UNREPAIRED SAFETY DEFECT.”**

renegotiate their policies to allow for teenage drivers to also be protected by their loaner or rental car policies. Considering a disproportionate number of the U.S. Takata airbag fatalities involved teenagers or minors (we know of at least three fatalities that involved teenagers), we call on automakers to ensure all drivers of legal driving age are protected by alternative transportation policies.

Finally, we noticed that there may be a subset of consumers affected by the Takata airbag recall who may particularly be at risk: drivers of Daimler Vans. As explained by Daimler Vans

USA, their vehicles "are commonly customized by consumers to satisfy various personal and professional needs. For example, Sprinter Vans are often 'upfitted' (customized) as delivery vans, refrigerator vans, shuttle buses, limousines, and many other types of business applications, as well as RV's." Since these customers depend on their vehicles for their livelihood and these vehicles cannot be easily substituted, they may be particularly at risk and unable to find an alternative transportation option if replacement parts are not immediately available. We recommend NHTSA consider prioritizing replacement parts for these vehicles.

## RECOMMENDATIONS

### For Consumers

- **Check your vehicle for open recalls using NHTSA's VIN search tool.** If you're not sure whether your vehicle has an open recall, check your VIN here: <https://www.nhtsa.gov/recalls>.
- **Ask your dealer if they can provide a free loaner car.** While this report provides consumers affected by the Takata airbag defect with some more clarity regarding their alternative transportation options, it still doesn't hurt to ask your dealer if they can provide a loaner vehicle. They may be able to evaluate your situation on a case-by-case basis.  
  
*Consumer Reports* echoes this recommendation: "Asking your dealer whether they will provide [a rental car], or a loaner vehicle might be worth a try if it accomplishes nothing else than putting some pressure on the manufacturer."<sup>15</sup>  
  
NHTSA's website also currently advises customers, "If you feel uncomfortable continuing to drive your vehicle before the recall repair has been performed on your vehicle, you should contact your dealer and ask for a loaner until an interim or a final repair is completed. Dealers and manufacturers are not required to provide you a loaner car, but it can never hurt to ask."<sup>16</sup>
- **Make sure your loaner car is free of unrecalled recalls.** Automakers don't necessarily have a policy of making sure that your loaner car is free of unrecalled recalls, so consumers should always ask and/or check the VIN of their loaner car with NHTSA's VIN search tool.

### For Automakers

- **Provide free loaner cars for consumers affected by safety recalls.** Considering the high stakes of the Takata airbag defect – death and serious injury – this report recommends that all automakers should voluntarily agree to provide loaner vehicles or an alternative form of transportation for customers who did not want to drive their defective vehicles. This remedy should not be limited to only affected owners whose vehicles are considered "higher risk" and have been given the "do not drive" instruction by NHTSA.
- **Ensure all drivers of legal driving age are eligible for loaner vehicles.** Considering a disproportionate number of the U.S. Takata airbag fatalities involved teenagers or minors (we know of at least three fatalities involving teenagers), we call on automakers to ensure all drivers of legal driving age are protected by alternative transportation policies.
- **Make information about your loaner car policies easy to find.** We further recommend automakers proactively publicize and notify consumers affected by the Takata airbag recall that they are entitled to alternative transportation at no cost, if they aren't already doing so. Information regarding loaner car policies should be a standard part of recall notices consumers receive. Loaner car policies should also be readily available on automakers' websites.
- **Loaner cars provided should be free of unrecalled recalls.** Automakers should institute as a policy that it will not loan out vehicles with unrecalled safety defects.

### For NHTSA

- **Require information regarding loaner car policies be included in recall notices.** We recommend NHTSA require automakers to include in their recall notices, express and clear notification to consumers about the company's loaner car policies.
- **Create a repository of automakers' loaner car policies on NHTSA's website.** In addition, NHTSA should assemble and publish automakers' loaner car policies on their website. It's important that this information is transparent and easily accessible to consumers.
- **Improve recall completion rates.** Considering most automakers do not provide customers with alternative transportation options, thus keeping deadly Takata airbags off the road, there remains an urgent need for NHTSA to accelerate the recall completion rate. For NHTSA to succeed in these efforts, there must be an Administrator leading NHTSA, with the strength and resolve to speed up this recall. Since former Administrator Rosekind left his position last January, there has been a leadership vacuum at NHTSA.
- **Prioritize replacement parts for vehicles that may be difficult to substitute.** We also encourage NHTSA to address the unique issues prioritizing replacement parts for vehicles that may be difficult to substitute, such as customized delivery vans, refrigerator vans, etc. Since these consumers depend on their vehicles for their livelihood and these vehicles cannot be easily substituted, they may be particularly at risk and unable to find an alternative transportation option if replacement parts are not immediately available.

### For Policymakers

- **We Support the Used Car Safety Recall Repair Act.** We encourage lawmakers to support legislation to ensure all vehicles, including used vehicles containing recalled, unsafe parts, are repaired before being sold or leased. While manufacturers and new car dealers are prohibited from selling vehicles containing recalled parts, there is no federal law prohibiting used car dealers from selling or leasing vehicles containing dangerous parts. There may be various state laws that prohibit such conduct.

Legislation introduced by Senators Blumenthal and Markey, S. 1634, the Used Car Safety Recall Repair Act, would require all used car dealers to repair any outstanding safety recalls in used automobiles prior to selling or leasing. This critical legislation addresses the unacceptable gap in consumer protection that confuses car buyers who believe they are buying a product with safety assurances, and threatens the lives of everyone on our country's roadways. It will protect consumers and help reduce the number of unsafe cars on the road.

## ABOUT THE AUTHORS

Since the U.S. National Highway Traffic Safety Administration (NHTSA) first began its investigation into faulty Takata airbag inflators in 2014, Senator Richard Blumenthal (D-CT), Ranking Member of the Senate Commerce Subcommittee on Consumer Protection, Product Safety, Data Security, and Insurance, and Senator Edward Markey (D-MA), Member of the Subcommittee, have led the call to accelerate recall completion efforts, protect affected motorists, and prevent additional deaths or injuries.

The Senators first expressed concerns with NHTSA's limited recalls and testing of Takata airbags in October 2014 in a letter to U.S. Secretary of Transportation Anthony Foxx. In the letter, they urged Foxx to direct NHTSA to provide clearer guidance to drivers with potentially-defective Takata airbags, and to immediately issue a nationwide recall on all affected cars, regardless of where the vehicle is registered. This letter further called on manufacturers to provide rental cars at no cost to consumers if vehicles cannot be fixed immediately due to lack of replacement parts.

In subsequent letters, the two Senators have also called on Takata to recall all vehicles with ammonium nitrate-based airbags, and expressed serious concern about the pace of Takata recalls and repairs. The Senators sent a letter urging President Obama to recall every vehicle with airbags using ammonium nitrate as their propellant, and to use "every tool at his disposal" to accelerate the repair of all vehicles with potentially-lethal Takata airbags. The Senators have been particularly critical of the pace of recall efforts, calling them "completely unacceptable and a massive disappointment" in a joint statement in December 2015. In May 2016, the Senators asked NHTSA to make publicly available the make, model, and year of all vehicles that contain Takata airbags that use an ammonium nitrate propellant. In July 2016, the Senators called on Honda to immediately issue a "do not drive" order to owners of certain vehicles, following reports that certain Honda and Acura vehicles have a 50 percent chance of explosive rupture in a crash.

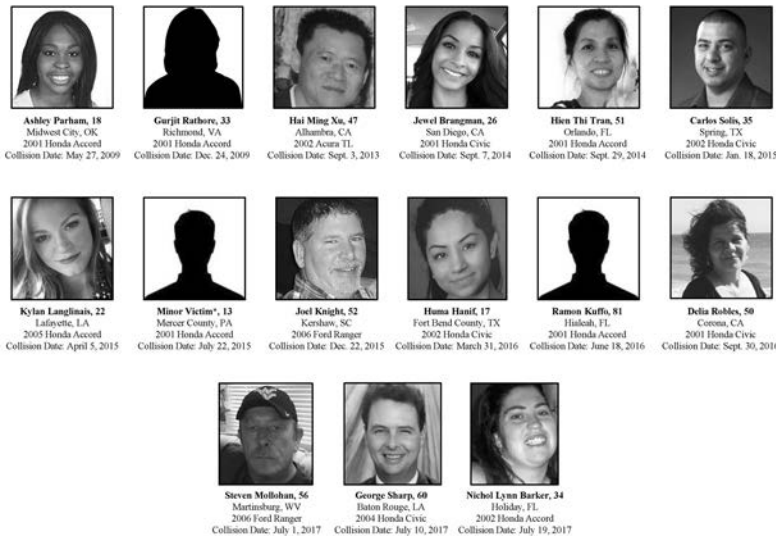
The Senators have introduced several pieces of legislation aimed at protecting the driving public and keeping cars with open safety recalls off of roads and highways. They introduced the Used Car Safety Recall Repair Act, which would prohibit a dealer from selling or leasing a used passenger motor vehicle until a defect of the motor vehicle or motor vehicle equipment or noncompliance with a federal motor vehicle safety standard has been remedied. In the 114<sup>th</sup> Congress, they also introduced Repairing Every Car to Avoid Lost Lives Act or the RECALL Act – legislation that would require state DMVs inform vehicle owners of recalls to ensure timely repairs.

As Members of the Senate Committee on Commerce, Science, and Transportation, Senators Blumenthal and Markey have participated in two hearings on the Takata airbag recall, including the first hearing on Takata on November 20, 2014 titled, "Examining Takata Airbag Defects and the Vehicle Recall Process," and a follow-up hearing on June 23, 2015 titled, "Update on the Recalls of Defective Takata Air Bags and NHTSA's Vehicle Safety Efforts."

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9. "New Honda Advertising Campaign Urges Owners to Take Immediate Action to Check for Open Recalls to Replace Takata Airbag Inflators." Honda (Website), March 12, 2015. <http://news.honda.com/newsandviews/article.aspx?id=6340-en>.
10. Honda North America's original written response to the Senators' letter focused on their policy of providing for alternative transportation while a vehicle is being repaired at an authorized dealer – not on their policy for providing alternative transportation in the event parts are not yet available. Accordingly, we followed up via e-mail, asking Honda to provide information regarding their policy on providing alternative transportation when parts are not yet available. Some of the quoted information for Honda North America is taken from their e-mailed response.
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### Confirmed U.S. Fatalities



Senator BLUMENTHAL. This delay highlights that loaner cars must be available to owners of vehicles with defective Takata air bags. They should have “Do Not Drive,” instructions that automakers should be providing, and they should be making available loaner cars.

The report indicates—and I have done it with my colleague, Senator Markey—that loaner cars are not made available by a number of the automobile manufacturers and dealers. The report, in fact, found that most automakers do not provide these free loaner cars, but some do. Six, in fact, do including Honda, which demonstrates that it is far from unreasonable to expect that they do so uniformly.

We can address some of these loopholes through legislation. For example, used car dealers are not required to fix deadly defects before selling a car. We have proposed legislation to correct that issue and gap in the present law. I hope that we can make those kinds of reforms and others.

The other lesson here is that even the comparatively simple technology of air bags has been plagued with deadly problems. To take autonomous vehicles, where we have seen just in the last few days an unfortunate, really tragic death, we need to be very careful about how we move forward with the AV START Act.

I have suggested ways that we can strengthen it. That tragic incident makes clear that the autonomous vehicle technology has a long way to go before it is truly safe for the passengers, pedestrians, and drivers who share American roads.

My hope is that we will take a lesson from the experience with air bags and their defects with the more complex technology of autonomous driving vehicles. And look carefully, prepare meticu-

lously, take care of safety before we leap into an unknown future technology.

Thank you, Mr. Chairman.

Senator MORAN. Thank you, Senator Blumenthal.

We now turn to our first panel, which consists of Ms. Heidi King, who is the Deputy Administrator of the National Highway Traffic Safety Administration.

Welcome once again, and we look forward to your testimony.

**STATEMENT OF HEIDI KING, DEPUTY ADMINISTRATOR,  
NATIONAL HIGHWAY TRAFFIC SAFETY ADMINISTRATION,  
U.S. DEPARTMENT OF TRANSPORTATION**

Ms. KING. Thank you very much.

Good afternoon, Chairman Moran, Ranking Member Blumenthal, and members of the Subcommittee.

First, I would like to express that my heart does go out to the victims and the families of victims that have been involved, not only in Takata air bags, but in all auto collisions. I know that everyone in this room shares the mission of improving safety on our roadways.

Our conversation today focuses on the recall of the deadly Takata air bags and could not occur at a more important time. The unprecedented challenge confronts all of us. Each of us in this room shares that goal of protecting public safety.

Manufacturers have made progress in reaching consumers and in persuading them to bring their vehicles in for a free repair, but progress is uneven. Overall completion rates are not where we want them to be.

The challenge is unprecedented, but there are positive signs. NHTSA, and the Independent Monitor established under the Consent Order, have successfully encouraged vehicle manufacturers to adopt innovative outreach best practices—including texting, social media, door-to-door canvassing, and other approaches—that have proven effective with some consumers who were unresponsive to traditional outreach methods.

NHTSA's Coordinated Remedy Order has targeted replacement inflators to those consumers with the highest risk, so that inflators that pose the greatest danger get repaired first.

The threat, however, is not static. As time passes, continued exposure to heat and to humidity will increase the risk of injury or death to those friends and neighbors with old, dangerous air bags.

Everyone is encouraged to visit [NHTSA.gov](http://NHTSA.gov) to check and see whether their vehicle has an open recall, so they can bring their vehicle to their local dealer for a free repair. They can also call 888-327-4236. I would encourage us not only to check our own vehicles, but check on our friends, our family, our neighbors, and our colleagues. We all need to get the word out.

I ask each of you to support our shared goal of public safety, and to help raise consumer awareness of how important it is that vehicle owners check [NHTSA.gov](http://NHTSA.gov) to learn of open recalls, to call their dealership, and complete their free air bag replacement.

As members of this Subcommittee know, defective Takata air bags pose a significant threat to safety. Currently, the Takata recall involves 19 vehicle manufacturers and has covered approxi-



mately 50 million Takata air bag inflators in an estimated 37 million vehicles in the United States alone. To date, over 21 million defective air bags have been repaired.

The recall will continue to be deployed in phases, which means that more vehicles will be included in the recall in the next couple of years. The program prioritizes and phases-in the recalls, not only to accelerate the repairs, but to ensure that the highest risk vehicles are fixed first.

Prioritizing repairs does mean that some vehicle owners might have to wait for their replacement air bags and that is deeply frustrating. But it also means that parts are available immediately to fix vehicles that pose a greater risk.

While overseeing the historic recall of 50 million air bags and inflators across the United States, NHTSA has continued to investigate Takata air bags, including the industry testing of parts, and is closely monitoring the vehicle manufacturers' recall efforts. This continued vigilance allows NHTSA to make sure we are focusing on those vehicles that pose the highest risk to safety.

A recent example of NHTSA's continued vigilance is the "Do Not Drive" recall by two manufacturers. This "Do Not Drive" recall followed a tragic death resulting from improper deployment of a recalled air bag.

The investigation revealed that there was a previously unidentified issue that called into question whether there was additional risk associated with a group of air bags. In consultation with NHTSA, the manufacturers escalated the recall.

At this critical stage, we are considering novel ways to reach consumers and improve response rates. We know that consumers may not be aware of the risks, and we appreciate your help in raising awareness. Air bag replacement is free. Every consumer should check [NHTSA.gov](http://NHTSA.gov) to learn whether their car, truck, or van is subject to the recall.

Finally, Senators, I would like to address a tragic event that occurred earlier this week in Tempe, Arizona.

Consistent with NHTSA's vigilant oversight and authority over the safety of all motor vehicles and equipment, including various advanced and automated technologies, NHTSA has dispatched its Special Crash Investigations team to Tempe, Arizona.

NHTSA is also in contact with Uber, with Volvo, with Federal, State, and local authorities regarding the incident. The agency will review the information and proceed as warranted.

As this is an open investigation, I am constrained in what I can share at this time, but I assure you—I say again—I assure you that NHTSA, and the Department of Transportation, prioritize safety above all else.

Thank you, again, for inviting me to be with you here today to and raise awareness among the public of this very serious threat to roadway safety—the Takata air bag recall.

I look forward to your questions.

Thank you.

[The prepared statement of Ms. King follows:]

PREPARED STATEMENT OF HEIDI KING, DEPUTY ADMINISTRATOR,  
NATIONAL HIGHWAY TRAFFIC SAFETY ADMINISTRATION

Good afternoon Chairman Moran, Ranking Member Blumenthal, and members of the Subcommittee.

Our conversation today on the recall of the deadly Takata air bags could not occur at a more important time. This unprecedented challenge confronts all of us. Each of us in this room share the goal of protecting public safety.

Manufacturers have made progress in reaching consumers and persuading them to bring their vehicles in for a free repair, but progress is uneven and overall completion rates are not where we want them to be.

The challenge is unprecedented, but there are positive signs. NHTSA and the Independent Monitor established under the Consent Order have successfully encouraged vehicle manufacturers to adopt innovative outreach best practices—including texting, social media, and door-to-door canvassing—that have proven effective with some consumers who were unresponsive to traditional outreach efforts.

NHTSA's Coordinated Remedy Order has targeted replacement inflators to those consumers with the highest risk so that inflators that pose the greatest danger get repaired first.

The threat is not static. As time passes, continued exposure to heat and humidity will increase the risk of injury or death to those friends and neighbors driving cars with the old, dangerous air bags.

Everyone is encouraged to visit [NHTSA.gov](http://NHTSA.gov) and check to see if they have an open recall so they can bring their vehicle to their local dealer for a free repair. They can also call 888-327-4236.

I ask each of you to support our shared goal of public safety, and help raise consumer awareness of how important it is that vehicle owners check [NHTSA.gov](http://NHTSA.gov) to learn of open recalls, call their dealership, and complete their free air bag replacement.

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As members of this Subcommittee know, defective Takata air bags pose a significant threat to safety. Currently, the Takata recall involves 19 vehicle manufacturers and approximately 50 million Takata air bag inflators in an estimated 37 million vehicles in the United States alone. To date, over 21 million defective air bags have been repaired.

The recall will continue to be deployed in phases, which means that more vehicles will be included in the recall in the next couple of years. The program prioritizes and phases in the recalls to not only accelerate the repairs, but to ensure that the highest-risk vehicles are fixed first.

Prioritizing repairs does mean some vehicle owners might have to wait for replacement air bags. That is deeply frustrating. But it also means that parts are available immediately to fix vehicles that pose a greater risk.

While overseeing the historic recall of 50 million air bag inflators across the United States, NHTSA has continued to investigate Takata air bags, including industry testing of parts, and is closely monitoring the vehicle manufacturers' recall efforts. This continued vigilance allows NHTSA to make sure we are focusing on those vehicles that pose the highest risk to safety.

A recent example of NHTSA's continued vigilance is the "do not drive" recall by two manufacturers. This "do not drive" recall followed a tragic death resulting from improper deployment of a recalled air bag. The investigation revealed that there was a previously unidentified issue that called into question whether there was additional risk associated with a group of air bags. In consultation with NHTSA, the manufacturers escalated the recall.

At this critical stage, we are considering novel ways to reach consumers and improve response rates. We know that consumers may not be aware of the risks and we appreciate your help in raising awareness. Air bag replacement is free, and every consumer should check [NHTSA.gov](http://NHTSA.gov) to learn whether their car, truck, or van is subject to the recall.

Thank you again for inviting me to be with you today to raise awareness among the public of this very serious threat to roadway safety. I look forward to your questions.

Senator MORAN. Thank you, very much.

Let me, first, call upon the Senator from Oklahoma. Questions, Senator?

**STATEMENT OF HON. JIM INHOFE,  
U.S. SENATOR FROM OKLAHOMA**

Senator INHOFE. Yes, I do. I would be glad to wait until you conclude with your questions.

Senator MORAN. I am happy to defer to you.

Senator INHOFE. All right. I appreciate it very much.

Quite frankly, I am going to address something that is in the jurisdiction. However, it does not have to do with the assigned subject that you have. Under the rules, I think that is my ability.

First of all, I want to thank you, Ms. King. You have worked with the Committee that I have chaired in the past, and it has been very successful. I think, frankly, we accomplished more during the last probably 4 years than any of the rest of the committees have in terms of the major pieces of legislation that you have been involved in. I am talking about things like the Chemicals Act, the FAST Act, the Safe Drinking Water Act, and the rest of them.

Now since 2008, the EPA and DOT have taken an increasingly heavy hand in regulating the automotive industry through more stringent greenhouse gas and Corporate Average Fuel Economies; that is, the CAFE standards.

Just hours before President Trump's Inauguration, the EPA issued a final determination effectively locking in its portion of the 2012 standards through 2025. Obama's EPA acted unilaterally, instead of working together with the National Highway Traffic Safety Administration and others, to reexamine the feasibility of the 2012 standards after five years in a mid-term evaluation, as agreed. That was agreed to at that time.

A little over a year ago under President Trump, the EPA and the National Highway Traffic Safety Administration announced their joint intention to reconsider the Obama Administration's determination and reopen the midterm evaluation process.

Now, my question to you, is it true that the National Highway Traffic Safety Administration is currently conducting a midterm evaluation to determine if the 2012 requirement to achieve an average fuel economy standard at 50 miles a gallon for light duty vehicles, which would include trucks, SUVs, and minivans, by 2024? Do you agree that that is too aggressive?

Ms. KING. That the midterm evaluation is too aggressive?

Senator INHOFE. [Nonverbal response.]

Ms. KING. We are working on an analysis to propose a rule on, or near, April 1 that authorities that NHTSA operates under only allow us to issue fuel economy standards for periods of 5 years.

So we have been, for quite some time now, anticipating proposing the next 5 year period and we intend to do so. We are working toward that now with the expectation of publishing in April.

We are working closely with our colleagues at EPA on the midterm evaluation and to make sure that the Federal family is aligned in the path forward.

Senator INHOFE. That is good.

Now, as you can appreciate, it is particularly important that all stakeholders are at the table and engaging in dialogue to demonstrate that this Administration is working collaboratively on this evaluation, unlike what happened in the last Administration.

So the question I would have is, would you commit to me, and to this committee, that you will engage with all interested public and private stakeholders as you work on the midterm evaluation?

Ms. KING. It is absolutely imperative on something so important to all of us in the United States that we be open to all stakeholder views. We have been hearing from stakeholders. We will continue to do so.

We look forward to a very robust and transparent public comment process on the proposed rule. And we will, as has been NHTSA practice in the past, provide information supporting the rulemaking on our website, so there is full transparency about any modeling or technical information to support a vigorous dialogue.

Senator INHOFE. And I appreciate that very much.

My last question: today's trucks and SUVs make up two-thirds of the vehicles sold, yet these vehicles do not help automakers meet current DOT and EPA regulations of reaching 50 miles a gallon fuel economy by 2025.

As such, auto manufacturers are making more and more electrical vehicles and other vehicles American consumers really do not want at steep losses to try to comply with these rules. Meanwhile, the average age of a vehicle on the road today is 11 years and new cars are getting more and more expensive discouraging consumers from buying new vehicles.

Now, Congress created the Corporate Average Fuel Economy in 1975 because we had a fuel shortage at that time. We no longer have a fuel shortage, but that did not stop the Obama Administration from ensuring standards kept increasing beyond the technical feasibility of technology.

In the 1975 law, Congress specifically required that the Administrations take into account, this is out of the law, quote, "economic practicality," which is, obviously, cost.

Is not one of the fastest ways to get cleaner and safer vehicles on the road to encourage manufacturers to make more affordable vehicles that consumers want to buy?

So my last question would be, would you commit to me, since it is in the law, that affordability will be a top priority for you as you finalize the midterm evaluations?

Ms. KING. Of course, NHTSA will consider it and will propose based on all of the statutory factors, including economic practicality. That is right.

Senator INHOFE. That is correct. Thank you very much, I appreciate this.

Ms. KING. Thank you.

Senator INHOFE. You are welcome.

Thank you, Mr. Chairman. It is very nice of you.

Senator MORAN. Thank you, Senator Inhofe.

The Senator from Connecticut, Senator Blumenthal.

Senator BLUMENTHAL. Thanks, Mr. Chairman.

And thank you very much for being here this morning and for your good work in your present Acting capacity in a position that is critically important to safety on our roads and elsewhere in our transportation system.

Let me ask you, what percent of the vehicles, that so far have been unrepaired, would you say remain with these defective air bags because of a lack of supplies of new air bags?

Ms. KING. That is a very good question. I would be happy to see if we have that information to provide. We have not explicitly tracked that.

We have been focused very much on increasing response rates, making sure consumers are aware, and that we prioritize the most dangerous air bags for replacement first. So driving replacement rates has been our focus.

Senator BLUMENTHAL. And how do you determine which are the most dangerous?

Ms. KING. Through the Coordinated Remedy Order. The Coordinated Remedy Order that was issued 2 years ago would define priority groups, taking into account the factors that have been identified as the key areas of risk, including the age of the vehicle, which indicates the time of that air bag's exposure to environmental elements; environmental humidity; and exposure to heat, and in particular, heat cycling.

Senator BLUMENTHAL. When repair parts, replacements are not available, would you not agree that the automaker has a responsibility to provide a loaner?

Ms. KING. The automakers are doing their—

Actually, I would say many automakers are, in fact, as we saw in the loaner report, already providing loaners. I realize some automakers may not have a policy, but the individual dealerships might. I think that is a great practice. We have heard that the consumers—

Senator BLUMENTHAL. It is a great practice.

Ms. KING. Yes.

Senator BLUMENTHAL. But my question was, and it is not meant to be adversarial.

Ms. KING. Understood.

Senator BLUMENTHAL. Would you not agree that they have an obligation to do what, for example, Honda has done in providing loaner vehicles?

Ms. KING. NHTSA encourages all of the auto manufacturers to take whatever steps they can to reduce the barriers to consumers having a timely and safe replacement of their air bag. Yes.

Senator BLUMENTHAL. It is ultimately their responsibility to put a safe vehicle in consumers' hands.

Ms. KING. It is their responsibility to meet the terms of the Coordinated Remedy Order and to see the vehicles safe for consumers again. Yes.

Senator BLUMENTHAL. I want to ask a question about the investigation that you mentioned into the autonomous vehicle tragedy that occurred.

Do you have any preliminary views on what the cause was?

Ms. KING. I do not have preliminary views. As you may be aware, I have a background in law enforcement, and what I have always found is that in those early hours after an accident, the very distressing time when we are dealing with the tragedy, facts can change and misinformation can be available.

So I take very seriously the responsibility leading NHTSA to make sure that the investigation is allowed to proceed responsibly and that I withhold judgment until such time as the investigation is ready to share information.

Senator BLUMENTHAL. In 2016, as you may be aware, there were 1.18 fatalities for every 100 million miles driven.

To date, self-driving cars have logged a lot fewer than 100 million miles. Waymo reported logging 4 million miles and Uber has just reached 2 million miles with its autonomous vehicle. At this rate, that is one fatality for 6 million miles.

Now, that comparison may be unrepresentative, but is NHTSA collecting the kind of information that is necessary to assess whether autonomous vehicles are at least as safe as human driven vehicles? Are you collecting that data right now?

Ms. KING. Vehicle safety information is collected by local government, State governments, and also by the Federal Government.

We do work closely with our State members, both in sharing information and making sure we are all remaining as current as possible, both on incidents and in aggregate data.

Senator BLUMENTHAL. Would you say self-driving vehicles are safer than human driven vehicles?

Ms. KING. At this point, I would not know how to define self-driving vehicles, Ranking Member Blumenthal.

One of the challenges we see at the National Highway Traffic Safety Administration is people use the terms in different ways.

So, for example, it is not clear to me which technologies have been in recent use in Tempe, Arizona. So that is one of the areas of confusion that we see the need to clear up.

Many of the vehicles we see on the roads today for sale to consumers have, what we would call, Level 1 features, driver's assistance features, lane keeping, or emergency braking systems.

There are other advanced systems, but we may use the terms differently, SAE Levels 3, 4, 5, self-driving, automated driving system.

Senator BLUMENTHAL. One last question.

Ms. KING. Of course.

Senator BLUMENTHAL. Will you agree with me, I would hope that you would, that the tragic incident in Arizona is a red flag for the Congress, as well as NHTSA, in moving too fast, or precipitously, or incautiously with autonomous driven vehicles?

Ms. KING. I am confident that all of us share the goal of public safety on our roadways, and all of us are focused on everything we can do to that effect.

I await the details of the investigation and the findings regarding the accident before making judgment on any particular event. But I look forward to working with you. I look forward to solving the problem of various issues on our roadways.

Senator BLUMENTHAL. Thank you very much.

Ms. KING. Thank you.

Senator MORAN. We are pleased to have joining us the Ranking Member of the Full Committee, Senator Nelson, and I would recognize him now.

**STATEMENT OF HON. BILL NELSON,  
U.S. SENATOR FROM FLORIDA**

Senator NELSON. Thank you, Mr. Chairman.

I want to talk about the lack of progress on Takata air bags. And yet, I want you to understand that I have just come from a meeting with the parents of the three sons that were beheaded in Syria, and the parents of the daughter who was repeatedly raped and then killed by Abu Bakr al-Baghdadi. So you can understand that I am not in a particularly good mood.

It was all the way back in 2014 when we had our first hearing on defective Takata air bags. And when you fast forward to today—three and a half years later—we are still dealing with the big problem of getting vehicles with these defective and deadly air bags fixed.

And so, we asked in the Committee that all 19 automakers that have been affected by the Takata recalls update us on the most recent recall completion rates and the steps they are taking to improve them. And the responses to the request show that there is still a very wide variance in the pace of these recalls.

For example, among the five automakers with the highest number of vehicles recalled due to Takata air bags, listen to this, Honda has repaired 70 percent of these recalled vehicles nationwide as of last month; Fiat Chrysler's completion is 41 percent; Toyota is at 61 percent.

Ford has only fixed about 22 percent of vehicles under recall. Ford's completion rate is so low because NHTSA allowed the automaker to delay repairs on more than one million recalled vehicles.

Last, BMW, the automaker with the fifth highest number of recalled air bags, failed to provide their most recent completion rates.

Is this a responsible automobile industry?

Now, Honda has been at this longer than all the others, which may explain why their numbers are higher. But overall, these recall completion rates are disappointing, unacceptable, and remain a cause for great concern.

Mr. Buretta, the Independent Monitor, put out a lengthy report last year outlining new ideas and strategies to make the recalls more effective.

Things like mobile service units that can come to consumers on their schedule and fix defective air bags at their homes or businesses.

Or incentivizing dealers to offer extended service hours so the person who works all day—and has to come home, put the kids to bed—can get their car in and get it repaired without taking time off.

Do we really want to help these consumers get the recalls done?

Or what about just a coordinated outreach strategy?

You would think NHTSA would have picked that up and run with it. But unfortunately, NHTSA seems to be playing a game of regulatory whack-a-mole and twiddling its thumbs when it comes to actually enforcing the coordinated recall approach.

And all this is happening while drivers in my state, which has been hit significantly with these exploding Takata air bags—and indeed across the country—wonder about the safety of their vehicles and are left in limbo.

I hope that we are going to finally hear about a forceful regulatory approach.

I want to recognize Mr. Alexander Brangman, who has traveled all the way from San Diego. He is in the third row right back there. Mr. Brangman lost his daughter, Jewel, when a Takata air bag exploded in her Honda in September 2014.

Mr. Chairman, I want to request that his statement be entered into the record.

Senator MORAN. Without objection.

[The information referred to follows:]

PREPARED STATEMENT OF ALEXANDER C. BRANGMAN

Good afternoon, I am Alexander Brangman, father of Takata airbag fatality and victim, Jewel Brangman.

I would like to thank Chairman Moran, and fellow members of this Committee for the opportunity to submit a statement to you today on behalf of Takata victims and their families and the American public, regarding, the critical and life-threatening issue, of the Takata airbag recall.

Today's hearing is extremely important and I'm thankful to the committee for its leadership and time in evaluating and addressing this ongoing, grave threat to public safety.

I represent the worst-case scenario of incompetence, poor ethics and greed. My daughter came into this world with a birth certificate and she left with a death certificate, at the age of 26 years, 11 months, 9 hours and 15 minutes . . . due to extreme negligence and unethical conduct, of systemic corporate behavior that puts profits over lives.

One would never think, that when you put all the effort into raising a child to the level of extraordinary accomplishments that my Jewel rose to: from high school Academic All-American, State Champion & Pre-Olympic gymnast; to double major college graduate; to Master's Degree in communication media arts and journalism; and then about to embark on her Ph.D. at Stanford University, in family therapy . . . that something that was preventable could impede her progress and dreams, to try to make our society a better place for us all. A mechanism that is supposed to save lives is not supposed to be the reason for taking lives.

The unnecessary practice of putting profits over lives must stop. A call of action, nationally, needs to be taken, laws need to be enacted and a competent system needs to be put in place. It needs to be expedited and taken seriously because too many lives are in perilous danger.

Albert Einstein once said, "We cannot solve our problems with the same thinking we used when we created them." In this same light, if we continue to protect the perpetrators of such nefarious and incorrigible actions, more lives will be taken, more families shattered, and more hearts will be broken.

We need leadership and accountability from our legislators, regulators and partners, not culprits like Takata, who continue to disregard industry standards by using unstable ammonium nitrate in their airbags; not culprits like Ford and GM, who seek 2 and 3 exemptions from the recall in the continuance of profits over lives and public safety.

Unfortunately, this is not the first time such despicable behavior has led to an extreme loss of life, where corporations have calculated profits over lives, as evidenced by the Pinto, Firestone, GM ignition switch and Toyota SUA cases. However, this esteemed committee has the opportunity to lead by example.

I urge the committee and participants to enact stricter standards for recall completion rates that are unacceptable and severely lagging; to prohibit the use of ammonium nitrate in airbags; to fix our flawed recall system that puts used car owners at a disadvantage in receiving recall notices, to prohibit the sale of used vehicles with open safety recalls; to require all automakers to provide loaner vehicles and tows; to require the use of mobile repair units, just to name a few.

My purpose now, is to bring awareness to those who are not aware of the seriousness of this issue, to honor my daughter, save lives and advocate for the necessary changes that will efficiently and effectively remove these deadly airbags that endanger the lives of our children, loved ones and fellow Americans on a daily basis.

Thank you for your time and attention in considering this statement and the serious issue at hand. Please do not hesitate to reach out to me if I can be of any further assistance in helping to save lives.



Senator NELSON. I think his presence here today is a stark reminder of the human cost of these defective air bags and a reminder to all of the witnesses here, especially NHTSA, that we need to pick up the pace on these recalls.

I will close by saying that the first time that this came to my attention was in my hometown of Orlando. The police had come to an intersection to investigate what was to be a normal fender bender, and they found the driver of the car with a slit throat. They started to work the case as a homicide. And then, of course, discovered it was the exploding Takata air bag.

Thank you, Mr. Chairman.

[The prepared statement of Senator Nelson follows:]

PREPARED STATEMENT OF HON. BILL NELSON, U.S. SENATOR FROM FLORIDA

Thank you, Mr. Chairman.

In November 2014, this Committee held our first hearing on defective Takata air bags.

Fast forward to today—some three and a half years later—and we’re still dealing with the big problem of getting vehicles with these defective and deadly air bags fixed.

To try to get a better read on where things stand right now, I asked all nineteen automakers affected by the Takata recalls to update us on their most recent recall completion rates and steps they’re taking to improve them.

And the responses to my request show that there is still a wide—and concerning—variance in the pace of these recalls. For example, among the five automakers with the highest number of vehicles recalled due to Takata air bags:

Honda has repaired seventy percent of these recalled vehicles nationwide as of early March;

Fiat Chrysler’s completion rate is forty-one percent; and,

Toyota is at approximately sixty-one percent.

Ford, on the other hand, has only fixed about twenty-two percent of vehicles under recall. Ford’s completion rate is so low because NHTSA allowed the automaker to delay repairs on more than one million recalled vehicles.

Lastly, BMW, the automaker with the fifth highest number of recalled Takata air bags, failed to provide their most recent completion rates.

Now, Honda has been at this longer than all the other automakers, which may explain why their numbers are higher. But overall, these recall completion rates are disappointing and remain a cause for real concern.

Mr. Buretta, the independent monitor, put out a lengthy report late last year outlining new ideas and strategies to make these recalls more effective.

Things like mobile service units that can come to consumers on their schedule and fix defective air bags at their homes or businesses.

Or incentivizing dealers to offer extended service hours, so the person who works all day and then has to come home and put the kids to bed can bring the car in and get it repaired without taking time off.

Or even just a better coordinated outreach strategy.

You would think NHTSA would have picked that up and run with it.

Unfortunately, NHTSA still seems to be playing a game of regulatory whack-a-mole and twiddling its thumbs when it comes to actually enforcing the coordinated recall approach and benchmarks for automakers.

All this is happening while drivers in Florida and across the country, who wonder about the safety of their vehicles, are left in limbo.

I hope that we finally hear today about a forceful regulatory approach that will get us to the end of what has been a long and frustrating road for the American driving public.

Finally, I would like to recognize Mr. Alexander Brangman who traveled from San Diego to be at this hearing today.

Mr. Brangman lost his daughter, Jewel, when a Takata air bag exploded in her Honda in September 2014. Mr. Chairman, I request that his statement be entered into the record.

I think his presence here today is a stark reminder of the human cost of these defective air bags and a reminder to all of the witnesses here—especially NHTSA—that we need to pick up the pace on these recalls before anyone else loses a loved one.

Senator MORAN. Thank you, Senator Nelson.

Ms. King, you testified that NHTSA and the Independent Monitor have successfully encouraged vehicle manufacturers to adopt innovative outreach best practices to connect to consumers who have been unresponsive to traditional outreach efforts.

Have all the manufacturers adopted those practices? And if not, does NHTSA intend to take any actions to ensure that they do?

Ms. KING. As you know, Chairman, each manufacturer has a different clientele and different types of drivers, and they may need to choose approaches that work best for their drivers.

For example, as you and I know, the owner of a Tesla may be using that vehicle in a different way than the owner of a pickup truck.

I would say I am not aware of each and every manufacturer using exactly the same approaches, but we encourage manufacturers, in fact, we press manufacturers to use the approaches that work best for their drivers.

This hearing is very helpful for us to get the word out. We find that making sure that the awareness and the discussion is ongoing, and that consumers are aware of the urgency of the problem will only help to improve recall rates, the completion rates.

Senator MORAN. Well, the manufacturers are clearly aware of the best practices proposal or agreement that comes from you and the Monitor. True? That is well-known?

Ms. KING. Yes, yes. In fact, the Monitor completed a report in November with some market research showing what some of the barriers are and we have that posted on our website at *NHTSA.gov*. Those best practices are shared in quarterly meetings hosted by the Monitor at which the manufacturers share what is working and what is not.

Senator MORAN. You have heard two of my colleagues who have asked you questions to this point complain, discouraged by the slowness of the process.

What would your recommendation be that would increase the timeliness of recalls and replacement or repair?

Ms. KING. What we are seeing now, although I would not call anything we are seeing good news, I would say it is heartening news, and it is encouraging news to see evidence that the Coordinated Remedy Order is, in fact, working.

Just in the most recent year's worth of data, we saw in that year alone, the 12-month period, 68 percent more air bags replaced. We saw just in the past 6 months, 22 percent more replaced. So, of the 22 million or so air bag replacements, 8.4 million of those were just in the past year.

What we have is an increase in the rate of air bag replacements. That indicates to us that the outreach efforts are working. It indicates to us that the supply is working, that the prioritization is working. But we are not done. That is not good enough. We have to do better.

We still have more air bags, as Ranking Member Blumenthal identified, in the field and particularly in those hot, humid climates.

So while we are encouraged by the progress, we need to do more.

Senator MORAN. When you say, "We need to do more," how would you define "doing more"? What would "doing more" be? What would we see?

Ms. KING. At the National Highway Traffic Safety Administration, what we are trying to do is to raise consumer awareness. We have a multipronged approach. There are consumers. There is also working, of course, with the auto manufacturers and with the suppliers of the equipment.

With consumers, we are trying to improve consumer awareness through novel outreach approaches. For instance, after the "Do Not Drive" recall, I immediately went onto the radio and did a national radio tour on morning talk show programs to raise awareness.

We have materials we have developed as slide shows at Departments of Motor Vehicles. So while consumers and drivers are at the DMV, they are alerted to the risks.

We have also a program, a novel program, piloted in the State of Maryland, when a vehicle is being registered, they will be alerted.

In addition, we have, of course, our website. We have our phone line and we continue to try and get the word out on the importance of the recall. That is the consumer piece.

We also work with manufacturers. We are always vigilant to understand whether or not they are leaning in, whether or not they are doing what they say they are doing, whether they are making progress toward the ambitious goals in the Coordinated Remedy Order.

We are, furthermore, working with the Monitor to understand the issues in the supply.

Those three pieces—working with consumers, with auto manufacturers, and also with replacement part suppliers—are critical pieces of the program.

Senator MORAN. Do you have data that would suggest the percentage or the nature of the consumer, whether he or she is aware of the recall, but does not act upon, even though aware versus the consumer who is not aware? Is there a problem with both and where does that problem mostly lie?

Ms. KING. There is some work that is available in the Monitor's report. There is some other work that may be with the auto manufacturers. At NHTSA, we have not performed market research to that effect.

I will say anecdotally, living here in the District of Columbia, I find even among my professional friends that they may be aware of the recall. They may even be aware there is a part available for them, but they may not realize the seriousness.

Some of the market research shows that people do not realize that the replacement is free or that it can be scheduled and not take too much time.

So, I think, again, not to say consumers are the only piece of the puzzle. Certainly, manufacturers have a role in educating and stimulating that vehicle owners would come in for their repairs, but that is where I say we all need to lean in, raise awareness, and see the replacement rates improved.

Senator MORAN. Ms. King, let me ask a final question, at least in this round.

Do you believe that the prioritization under the Coordinated Remedy is appropriate? That the way to do this is to prioritize?

Ms. KING. That is where the science and the data have taken us. Yes.

Senator MORAN. Thank you.

Senator Markey.

**STATEMENT OF HON. EDWARD MARKEY,  
U.S. SENATOR FROM MASSACHUSETTS**

Senator MARKEY. Thank you, Mr. Chairman, and thank you, Ranking Member Blumenthal, for this incredibly important hearing.

As of the third quarter of 2017, less than one-half of the 50 million defective Takata air bags currently under recall have been repaired. An additional 19 to 24 million additional air bags are scheduled to be added to the recall as they reach a state of instability. That is just unacceptable.

Simply put, we have far too many Takata air bags on the roads years after national recalls began. For completion rates to improve, consumers need to be aware that their car has a dangerous, defective Takata air bag.

That is why I am concerned that NHTSA has failed to complete a rulemaking requiring automakers to notify consumers of recalls by way of electronic means including e-mail, social media, or targeted online campaigns.

While I appreciate that many automakers are voluntarily contacting consumers by way of electronic means, NHTSA must comprehensively review how best to engage consumers electronically and then implement standards.

Deputy Administrator King, when will that rulemaking be completed? The law required NHTSA to complete it by August 2016. Why has it not been completed to date?

Ms. KING. Senator Markey, we have proposed the rulemaking. We are reviewing the numerous comments received on that rulemaking.

Senator MARKEY. The proposed rulemaking was issued in August 2016. It is March 2018. When are you going to complete this rule?

Ms. KING. Meanwhile, we have on our website installed a tool that allows consumers to receive notifications, yes.

Senator MARKEY. Right. When are you going to complete the rulemaking? When is the final rulemaking going to be issued? What is your target date right now?

Ms. KING. It is on a regulatory agenda as in-progress and we look forward to having that rulemaking.

Senator MARKEY. What does "in-progress" mean? When are you going to finish it?

Ms. KING. We are reviewing comments now, Senator. I would look forward to discussing that further with you, but we are doing our best. As you know, it is not a simple issue. Many people—

Senator MARKEY. Right.

Ms. KING.—do not receive all of their e-mail. So we did receive diverse comments on this subject matter. We take the public comments on each and every rulemaking very seriously. We review all of the public comments.

Senator MARKEY. Look, we need a standard which is set as part of a permanent rulemaking. When are you going to finish it?

Ms. KING. We look forward to advancing the rulemaking when we finish the comments.

Senator MARKEY. Are you going to finish it this year? Will you finish it this year?

Ms. KING. We prioritize reaching out to consumers, which may or may not be the ones receiving electronic——

Senator MARKEY. It is unacceptable. It is just unacceptable. Finish the rulemaking. Make it permanent. Send clear signals. Let me go to some of the other rulemaking.

Ms. KING. I hear you and I thank you.

Senator MARKEY. Let me go to some of the other rulemakings here.

The tire pressure monitoring regulations, which Congress required NHTSA to initiate by December 2016, what is the status of that rulemaking?

Ms. KING. We are making progress on that rulemaking. As I know you are aware, we have research to complete before we issue the rulemaking. To complete a proper and appropriate rulemaking, we do have to do the research before proposing and finalizing.

Senator MARKEY. What is your target?

Ms. KING. I can send that information to you separate from——

Senator MARKEY. No, you are the administrator.

Ms. KING. OK.

Senator MARKEY. What is the target?

Ms. KING. If you do not mind my taking the time from your clock——

Senator MARKEY. What is the target?

Ms. KING. So I have a list of rulemakings with me with the estimated dates from the regulatory agenda. I would be happy to send that to you separately.

Senator MARKEY. OK. Let me move onto the next one.

Ms. KING. OK.

Senator MARKEY. Crash avoidance technologies on vehicle labels, which Congress required NHTSA to implement by December 2016. What is your target for completing that?

Ms. KING. Again, I would be happy to review the regulatory agenda or have my staff meet with your staff. As you know, we have a number of rulemakings in progress. We are required to, under the Administrative Procedure Act, follow procedures, take public comment, and do adequate research before finalizing our rulemaking.

Senator MARKEY. Right.

Ms. KING. I appreciate your support for this.

Senator MARKEY. But you also have a congressional mandate that you complete that rulemaking by the end of 2016.

Let me go to rear seatbelt reminders, which Congress directed NHTSA to require in all new motor vehicles by October 2015. When are you going to complete that one?

Ms. KING. Senator Markey, again, I would be very pleased to work through our regulatory agenda with you. I appreciate your support for all of the public safety regulations we are working on.

Senator MARKEY. Well, I was going to go through retention of safety records by manufacturers. That was due in June 2017. Side impact requirements for child restraint systems were due October 2014; that is side impact requirements for child restraint systems.

Standards that improve the anchors and tethers needed to secure child seats. That was due October 2015. The list goes on, and on, and on.

The agency has to do its work. Finish these rulemakings. Send a clear signal to the industry as to what is required. They win. Justice delayed is justice denied. The longer this goes on, the more endangered the public is.

I would say, as well, that one of the lessons, I think, we learned from the death in the automated vehicle case yesterday is that if these new technologies, Mr. Chairman, are going to reap their purported safety efficiencies and environmental benefits, then we have to have robust safety, cyber security, and privacy rules that are put in place before these vehicles are traveling the streets of our country. Otherwise, we are going to relearn this lesson over and over again.

Thank you, Mr. Chairman.

Senator MORAN. Senator Markey, thank you.

Senator MARKEY. Thank you.

Senator MORAN. Senator Klobuchar is recognized.

**STATEMENT OF HON. AMY KLOBUCHAR,  
U.S. SENATOR FROM MINNESOTA**

Senator KLOBUCHAR. Thank you, Ms. King. Thank you.

We had a woman who got blinded in one eye, left permanently blind, Ms. Shashi Chopra, a woman from North Oaks, Minnesota. A Takata air bag exploded just right in her neighborhood. They were not even going that quickly. Actually, it is both eyes when I met her.

In her case, they did not even know about the issue for about a year, and they were not notified, and it was just a really sad story.

First of all, my first question is one of the things I got obsessed with, when we had the ignition lock case, was that there were all these dots across the country showing a problem, but it was very difficult to put it all together. And that is the ability to spot trends and problems with things like air bags, or ignition locks and ignition keys.

NHTSA receives tens of thousands of complaints annually. You have to try to identify these common threads.

Do you have the necessary technology to perform these complex functions and what additional resources would help you to do that?

Ms. KING. Thank you, Senator, for asking and I am also distressed sometimes by the complexity. NHTSA, as you know, receives more than 6,000 vehicle safety complaints each and every month.

I am pleased to say that as a former Risk Manager, I come to NHTSA having seen the work to restructure the program by which those complaints are received by NHTSA and assessed.

There are now both improvements in progress in the I.T. system, but also a restructuring of how we process them so that each and every complaint is screened, and there is an assessment against

the existing data bases to see whether or not there are other issues that could be connected.

We have not only the opportunity to do that screening to contact the manufacturers, but also to see whether or not they have additional data. Where necessary, we launch an investigation. We have weekly governance meetings that I attend.

So our processes have improved greatly. That does not mean we think we are done.

We are relaunching a group called the Safety Systems Team, which is a group of experts in risk management processes to assess our implementation of that restructuring and see whether or not we are implementing as best as we possibly can, and how can we be even better.

We are keenly aware of the risks that have been out there and we are keenly aware of the responsibilities. We have made progress, and will continue to always try to be better.

Senator KLOBUCHAR. OK, thanks.

Now, this is a kind of in-the-weeds question.

Ms. KING. OK.

Senator KLOBUCHAR. Under the Consent Order, Takata was ordered to phaseout its ammonium nitrate inflator production. And Takata also agreed to test its desiccated ammonium nitrate inflators, and if the company cannot demonstrate they are safe by December 31, 2019, NHTSA can require Takata to issue recalls.

How will NHTSA verify that the desiccated inflators are safe?

Ms. KING. It is an important question, not in the weeds at all, I think, for those of us who work in auto safety.

There are experts, outside engineering and consulting firms, that are doing that work. NHTSA has employed its own expert engineering consultant to review those reports and advise when that work is done.

We all rely on third-party experts in the subject matter so that we can get the best possible information to make a decision.

Ms. KLOBUCHAR. How is NHTSA preparing to address a possible recall of these inflators? Are you prepared for that?

Ms. KING. We will be continuing to implement the Coordinated Remedy Order which, as I mentioned earlier, as I testified, we are seeing signs that it is working. We will continue, however, to identify whether there are learnings we need to incorporate.

So if there is a need to continue activities, we will learn from our earlier recall activities.

Senator KLOBUCHAR. The Takata recall has made clear that NHTSA is extremely dependent on automobile companies for the data it needs to tell whether an equipment failure is isolated, kind of what we talked about before. While you try to put together the dots, you also depend on this manufacturer data.

Since the recall, the Takata recall, has NHTSA made changes to the way it handles self-reported data from manufacturers?

Ms. KING. I actually do not know specifically which issues you may be referring to there, but I will say, we depend very, very heavily on consumer drivers, law enforcement, and others who report directly to NHTSA at our website *NHTSA.gov*.

I would encourage anyone who has an issue, or a suspected safety defect with their automobile, their truck, or their other vehicle, or equipment, to notify us.

They can also call us at 888-327-4236. That starts the process. We also receive, of course, early warning data. We will ask questions of the manufacturers, but we can also compel information.

Senator KLOBUCHAR. Thank you.

Is there a protocol for how you initiate an investigation, if you get a bunch of complaints, multiple complaints? How long does it take?

That is my last question, Mr. Chairman.

Ms. KING. How long it takes, going in reverse order, depends on the complexity of the material. The protocols depend on a risk ranking. We have a well-defined risk program. When we narrow down what the problem is, identify frequency and severity, we have a risk matrix that allows us to prioritize, and decide, and move forward.

Senator KLOBUCHAR. Thank you.

Ms. KING. Thank you.

Senator MORAN. Thank you, Senator Klobuchar.

Senator Cortez Masto.

**STATEMENT OF HON. CATHERINE CORTEZ MASTO,  
U.S. SENATOR FROM NEVADA**

Senator CORTEZ MASTO. Thank you, Mr. Chairman. I so appreciate both you, and the Ranking Member, holding this hearing.

Like others on this Committee, unfortunately, this is also personal to us in Nevada, in Las Vegas. Unfortunately, an 18-year-old by the name of Karina Dorado needed a car to get to and from her customer service call center job.

According to her family's attorney, her father bought a 2002 Honda Accord for her in March 2016. What they did not know was the car's history, including that it had been wrecked in Phoenix and declared a total loss by an insurance company in 2015. Unfortunately, this automobile had the air bag inflator from a 2001 Honda, which was covered by the recall, but was never properly replaced. Now, Karina has a punctured trachea and other neck injuries.

And so, like many on this Committee, I have concerns about how fast this process is moving. What I am hearing is not quite when it comes to recalling and making sure that individuals in our communities, that have these vehicles, are aware that there is a concern for their safety when they drive these vehicles. And they are bringing them in appropriately for the recall and the replacement.

I have a couple of questions. I understand that there are Zones A, B, and C for the recall.

Is that correct?

Ms. KING. Yes.

Senator CORTEZ MASTO. Those Zones, can you tell me how they are identified? Are they identified by highest risk to the consumer? Zone A would be the highest risk, so anybody in the states that accommodate Zone A would get a replacement before anybody in, say, Zone B or C?

Is that correct?



Ms. KING. It is, I will say, approximately correct.

The Zones, A being the one that has the greatest heat and humidity, which combined with time creates the degradation that results in the risk. That has been built-in to the priority groups that are in the Coordinated Remedy Order for schedule. So they are built-in to setting the priorities with the ambitious goals for the manufacturers to replace all of the air bags. Yes.

Senator CORTEZ MASTO. And when you talk about priorities, so I if I am in a lower priority category, and I find out I have a vehicle that has the Takata air bag that needs to be replaced, and I go to the manufacturer to get it replaced, there is a potential that I cannot get it replaced because I am not in that priority and so, I have to wait? And how long would I have to wait?

Ms. KING. One of the features of this recall is that the risk emerges over time. So the air bags over time with exposure to heat and humidity, the risk will emerge.

In order to focus on the highest risks first, to replace the highest risk air bags now, those air bag that have not been subject to the heat, humidity, and length of time are scheduled for later replacement before the risk emerges.

Senator CORTEZ MASTO. And I have heard that because of this phased-in approach and the need to get, like you said, the replacements to the most vulnerable drivers that there is a possible limit on replacement parts. And so, there could be a potential that when you do need that replacement part, there is not going to be the part available.

Is that true? That if you are lower down on the phased-in approach and you are not a high risk, that those parts are not available for you?

Ms. KING. When a consumer is contacted about their replacement parts, they are being invited in to have their replacement air bag installed, that part should be available. If any of your constituents, any friends and neighbors say that is not the case, they should contact us. They should contact the manufacturer.

The manufacturers are making available parts that are adequate for each recalled group.

Senator CORTEZ MASTO. And so, let me ask you this. If I have a 16-year-old daughter who actually has one of these vehicles, but she is in Zone C, she is going to have to wait to get a replacement part? And we are just going to assume that the science is there that there is no concerns to her safety based on what you have identified as Zones A, B, and C and her priority?

Ms. KING. So, again, the risk emerges with time, temperature, heat, and humidity. So there may be, in fact, some inflators that are planned to be scheduled for replacement in later periods in time. In fact, we expect to expand.

We have scheduled expansion of the recall to include 20 million more in order to pull from the marketplace, to pull from vehicles those air bags with the inflators that are expected to degrade over time.

Senator CORTEZ MASTO. And I appreciate that. I am running out of time here, but I have concerns about anybody who has a child or anybody who is driving these vehicles and they cannot get a replacement immediately.

I mean, you are already talking about the fact that we cannot even identify people to make sure that they come in and get the recalls. Now, maybe somebody is identified, but now you are going to tell them that, "You have to wait." I think that is ridiculous, number one.

Number two, the challenge I do hear from you is identifying these vehicles. Right? And getting the information to the drivers of those vehicles so that they are aware that there is a danger and they have to get a recall.

Is that what I am hearing is happening right now?

Ms. KING. The vehicles are identified, but not all of the owners have understood that there is a free replacement available, and that it is urgent, and they should go ahead and take action on the recall notice when they receive it.

In addition, there may be some confusion, things like the class action lawsuit would send out mailers. People think that they need to go to the dealership now.

I will say, when a consumer is contacted, invited to come in and replace their air bag, they should do so as quickly as possible. Not everyone understands the risks and they do not always take action as quickly as they should. But the vehicles are identified.

Senator CORTEZ MASTO. Thank you. I know my time is running out and I will just submit the rest of my questions for the record for Ms. King.

Thank you.

Senator MORAN. Thank you for your cooperation.

Senator Hassan.

**STATEMENT OF HON. MAGGIE HASSAN,  
U.S. SENATOR FROM NEW HAMPSHIRE**

Senator HASSAN. Thank you very much, Mr. Chair.

And welcome, Ms. King. It is good to see you.

As I know you have been discussing, and as I know you are aware, this recall represents one of the largest and most complicated in the history of the United States.

People in my State of New Hampshire are concerned that information about the latest recalls and safety guidelines could be more easily accessible.

The information needs to be provided in a clear and understandable format so that consumers can be empowered to respond appropriately.

How does NHTSA work to pass information to states and local governments to ensure that states and localities have the resources and latest information to help keep them informed?

Ms. KING. Thank you for your question, Senator.

First of all, it is important to recognize that the first responsibility for informing consumers and implementing the recall is with the auto manufacturers, and they are trying many innovative and novel ways to do so. We all would look forward to hearing from you on how best to reach your constituents.

Second, at NHTSA, in our efforts to raise consumer awareness, we are developing programs in Departments of Motor Vehicles. I have done a radio tour. I do not recall whether or not your state was part of the national radio tour.

We are very much open to ideas on how to reach people. So we would look forward to hearing from you. You know your constituents better than we do and we would love to learn how to help.

Senator HASSAN. Well, I would appreciate that partnership and look forward to talking with you about it. That kind of brings me to my second question.

Because I represent New Hampshire, obviously a northern state, a colder state, right now under a whole lot of snow. And it is my understanding that the recall prioritizes vehicles in warmer and more humid states as the high priorities, while vehicle located in colder states are lower ones simply because of what triggers the air bags to explode.

So the problem with the approach or prioritizing warmer states over colder states is that cars move and they change location. And as they change location, the temperatures that they are in change, and that may put drivers at-risk.

Many people in my state of New Hampshire spend their winters down in Florida or other warmer climates, and they drive their cars down there, and they spend several months in the warmer climate, and then they come back home.

So what is being done to raise awareness to consumers that their vehicle may need attention a lot sooner than they initially thought?

Does NHTSA maintain a database of how many recalls are needed in each state?

Ms. KING. Thank you very much for asking that question. It is an important one.

First, I would like to say the priority groups and the assignment of individual vehicles to priority groups takes into account whether a vehicle was ever registered in a warmer state.

Senator HASSAN. OK.

Ms. KING. So a vehicle that maybe at some point was registered in Florida would be recognized as a vehicle from a warmer and more humid place.

Senator HASSAN. But vehicles, the inverse vehicles that are registered in New Hampshire, but driven down to Florida, unless we do a lot of work even in outreach, for instance, to say, "Are you a snowbird?" which a good way to get peoples' attention might be helpful.

Ms. KING. That is right. We have not identified that the risk is elevated quickly. If there is intermittent or periodic exposure to temperatures, it is with the long exposure across time to high humidity, and heat, and temperature cycling.

Senator HASSAN. OK.

Ms. KING. So I will say that the snowbird phenomenon, there is not evidence suggesting that that would be a higher priority group. But that being said, a consumer can and should contact their dealership; they may have replacement parts. There may be parts available even though they are not scheduled yet.

Senator HASSAN. OK.

Ms. KING. So I would encourage them to work with their dealership and their manufacturer.

Senator HASSAN. Well, thank you. That is very helpful. I will look forward to working with you on that.

We had other questions for the other panelists earlier that we will submit for the record.

Thank you very much, Mr. Chair.

Ms. KING. Thank you.

Senator MORAN. Ms. King, I always give the witnesses an opportunity to tell us anything that they would like to add. We are going to conclude this panel and dismiss you, and we will have a second panel momentarily.

But is there anything you want to make sure that is put in the record that you were unable to have the opportunity to say?

Ms. KING. Only that I thank each of the Senators very much for the support on this issue. It is very important. We have more challenges ahead as we improve response rates, consumer awareness is key, continued vigilance is key. And I look forward to working with you.

Thank you.

Senator BLUMENTHAL. Mr. Chairman.

Senator MORAN. Senator Blumenthal.

Senator BLUMENTHAL. I am going to send some questions to you in writing, since we have a deadline of 4:15 for a vote.

Ms. KING. Thank you.

Senator BLUMENTHAL. I am not going to take the time now to ask for a second round. I also have a letter from Safety Advocates, which I would ask be put in the hearing record.

Senator MORAN. Without objection.

[The information referred to follows:]

*March 19, 2018*

Hon. JOHN THUNE, Chairman,  
Hon. BILL NELSON, Ranking Member,  
Committee on Commerce, Science, and  
Transportation,  
United States Senate,  
Washington, DC.

Hon. JERRY MORAN, Chairman,  
Hon. RICHARD BLUMENTHAL, Ranking  
Member,  
Subcommittee on Consumer Protection,  
Product Safety, Insurance, and Data  
Security,  
United States Senate,  
Washington, DC.

Dear Chairman Thune, Ranking Member Nelson, Chairman Moran and Ranking Member Blumenthal:

We are writing to convey our support and gratitude for your leadership in convening tomorrow's hearing, "Update on NHTSA and Automaker Efforts to Repair Defective Takata Air Bag Inflators." The growing death toll on our Nation's highways and the record number of vehicle recalls due to serious safety defects combined with lackluster agency oversight and insufficient industry responses deserve the attention and focus this hearing will provide. As you continue to examine safety problems and remedial actions related to defective Takata airbags, we urge you to also recognize that consumers will likely be victims once again of industry misconduct and government missteps with the mass deployment of experimental autonomous vehicles (AVs) unless Congress acts. The unfortunate news that a pedestrian was killed late Sunday in a crash with an Uber being driven in autonomous mode should serve as a startling reminder that there are real world consequences to prematurely deploying AV technology. We urge you to take heed of this fatal incident during tomorrow's hearing and request that you delay consideration of the AV START Act (S. 1885) until the National Transportation Safety Board (NTSB) has completed its investigations of this recent Uber crash in Tempe, AZ that killed a pedestrian as well as the California crash involving a Tesla and a parked fire truck this past January. The NTSB may have findings and recommendations that should be incorporated into the legislation in addition to our proposals for legislative improvements. We respectfully ask that this letter be submitted into the hearing record.

In 2016, approximately 925 recalls involving more than 53 million vehicles were issued—the largest number in history. This includes deadly defects such as explod-

ing Takata airbags, which have killed at least 20 people worldwide and faulty General Motor (GM) ignition switches that have claimed the lives of over 120 more victims. Unfortunately, these are not the only high profile examples of serious problems and cover-ups. Yet, the National Highway Traffic Safety Administration (NHTSA) still lacks crucial authorities and resources to serve as an effective “cop on the beat.” Furthermore, NHTSA’s budget is woefully underfunded and the agency is in desperate need of both a more robust budget and staff. The agency should be provided with imminent hazard authority to immediately intervene against widespread safety defects. The agency should also be given enhanced penalty authority including removing the cap on civil penalties and adding criminal penalties to ensure manufacturers do not willfully put defective cars into the marketplace. Additionally, there is no requirement that used cars under open recall for a defect be remedied before being sold. With 38.5 million used cars sold in 2016, this is a huge and terrifying loophole that should be closed similar to congressional action related to rental cars.

We should not allow history to repeat itself especially one replete with industry malfeasance affecting millions of consumers and needlessly causing deaths and injuries. Now the same industry is asking the public and the government to “trust them” as they develop and deploy new driverless car technology. Alarming, the U.S. Department of Transportation (U.S. DOT) has been complicit in this approach. By issuing only “voluntary guidelines,” which are grossly inadequate and lack any sort of enforcement mechanism, the U.S. DOT has shirked its safety mission and regulatory duty. The stage is now set for what will essentially be beta-testing on public roads with families as unwitting crash test dummies.

It is for these reasons that it is critically important that improvements be made to the AV START Act. While some changes were made during the Committee markup, the bill still lacks essential safeguards that will assure sufficient government oversight, industry accountability and public safety. This legislation will set AV policy for decades to come. As such, it is imperative that strong protections for consumers and the public be included. We strongly urge the Committee to make the following modifications to the bill.

*The size and scope of exemptions from Federal safety standards must be narrowed.* The AV START Act would allow for potentially millions of unproven AVs to be exempt from current Federal motor vehicle safety standards (FMVSS) and sold to the public. The number of AVs that will be permitted to be exempt from FMVSS should be reduced and the time period between exemption “tiers” should be extended from 12 to 24 months to allow for adequate time to assess the real-world impact on the road safety performance of exempt vehicles. Further, any exemption from FMVSS that would diminish the current level of occupant protection should be prohibited. Moreover, the AV START Act would allow manufacturers to circumvent the exemption process and “turn off” vehicle systems such as the steering wheel and brakes without review and approval by NHTSA. This provision gives unfettered discretion to the industry to unilaterally make safety systems inoperable and should be eliminated.

*Minimum performance requirements must be set to address critical issues with AVs.* Significant safety vulnerabilities need to be addressed through basic safety rules, and the AV START Act should direct NHTSA to issue the following standards.

*Cybersecurity:* Given the recent record of high-profile cyberattacks, protections must be put in place to curb potentially catastrophic hacks of AVs. A plan, as currently required by the bill, is insufficient and should be replaced with a directed rulemaking to be completed within three years.

*Electronics:* Motor vehicles and motor vehicle equipment are powered and run by highly complex electronic systems and will become even more so with the introduction of autonomous driving systems. As the Federal Aviation Administration (FAA) has carried out for aircraft, NHTSA must require minimum electronics standards for all cars. This will be essential to ensure that the electronics that power and operate safety and autonomous driving systems function properly.

*Driver Distraction and Engagement:* In Level 2 and Level 3 vehicles that require a human to take control back from the AV system, the driver must be kept engaged. This need was underscored by the NTSB investigation into the fatal 2016 crash of a Tesla Model S, which found that the Autopilot system facilitated the driver’s inattention and overreliance on the system. NHTSA must be directed to establish a minimum performance standard to address this problem.

*Vision Test:* AVs will need to be able to properly detect and respond to other vehicles, roadway infrastructure, pedestrians, bicyclists, law enforcement, and other common encounters during any given trip. NHTSA should require that AVs pass a “vision test” to guarantee that it can sufficiently “see” and react to its surroundings.

*Consumers need basic safety information about AVs.* As driverless cars are sold to the public, it is necessary that consumers know what they can, and cannot, do. Further, consumers must know from which vehicle safety standards their vehicle may be exempt. While the bill includes a rulemaking for consumer information at the point of sale and in the owner’s manual, the final rule may not be issued for years. Consumers should immediately have access to basic safety information. Additionally, Level 2 vehicles must be included in the consumer information and safety evaluation report (SER) provisions, and the SERs should require documentation of manufacturers’ assertions, not just descriptions, to ensure that NHTSA has enough information to accurately assess the technology. NHTSA should also be directed to establish a website that the public can use to find out safety information about AVs. And, all crashes involving an AV should be reported to NHTSA and that data should be made publicly available.

*The varying needs of disabilities communities must be addressed.* Though AVs are often touted as a panacea for mobility issues facing disability communities, they are certainly not a one-size fits all solution. Specifically, there is nothing in the AV START Act that would remove barriers to wheelchair users such as cost or vehicle design. The way that most vehicles are currently designed do not allow for the integration of a ramp or lift system or for a wheelchair to be properly or safely stored. Simply removing a driver or installing an automated system will not overcome these factors that inhibit mobility. Moreover, in the event of a crash or malfunction, people with certain disabilities may be particularly vulnerable.

*States should not be preempted from acting to protect their citizens.* The bill would preclude states from undertaking regulatory action even though the Federal Government has not yet done so. This is an unprecedented approach to preemption that should be rejected. Until U.S. DOT issues standards and regulations, states must retain their traditional legal authority to maintain public safety.

Compared to the complex systems that will be used in driverless cars, an airbag inflator is a relatively simple technology. As the Committee focuses on the deadly consequences of the failure of just one vehicle component, we urge you to make significant changes to the AV START Act to protect public safety. This Committee has already held five hearings on vehicle defects in the past four years that have revealed critical information about numerous NHTSA mistakes, repeated industry wrongdoing and the unacceptable but frequent breach of public trust.

We urge you to act to ensure that future tragedies like exploding Takata airbags are not repeated with the development and deployment of technology that is still in its infancy. Unfortunately the mistakes of recent history are all too fresh and should not be pushed aside in an inappropriate rush to limit NHTSA’s authority to oversee the safety of autonomous vehicles.

Sincerely,

Jeff Solheim, 2018 President  
Emergency Nurses Association

Bill Newton, Deputy Director  
Florida Consumer Action Network

Melissa Wandall, President  
National Coalition for Safer Roads  
Founder, The Mark Wandall Foundation

Ralf Hotchkiss, Co-Founder  
Whirlwind Wheelchair International

Leah Shahum, Founder and Director  
Vision Zero Network

Paul Schrader, Treasurer  
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Andrew McGuire, Executive Director  
Trauma Foundation

Stephen W. Hargarten, M.D., MPH

Society for the Advancement of Violence and Injury Research	John M. Simpson, Privacy and Technology Project Director, Consumer Watchdog
Jason Levine, Executive Director Center for Auto Safety	Dawn King, President Truck Safety Coalition

cc: Members of the U.S. Senate Committee on Commerce, Science, and Transportation

Senator BLUMENTHAL. Thank you.

Thanks very much.

Ms. KING. Thank you.

Senator MORAN. Thank you.

We will call our second panel. We welcome them to the table.

This panel includes Mr. John Buretta, who is the Independent Monitor for Takata and the Coordinated Remedy Program; Mr. David Kelly, the Project Director for Independent Testing Coalition; Mr. Joe Perkins, Senior Vice President and Chief Financial Officer of Key Safety Systems; Mr. Rick Schostek, Executive Vice President of Honda North America; and Ms. Desi Ujkashevic, Global Director of Automotive Safety Office for Ford Motor Company.

Gentlemen and ma'am, welcome. We will start with you, Mr. Buretta and have 5 minute opening statements.

**STATEMENT OF JOHN D. BURETTA,  
INDEPENDENT MONITOR, TK HOLDINGS, INC.  
AND THE COORDINATED REMEDY PROGRAM**

Mr. BURETTA. Thank you, Chairman Moran, Ranking Member Blumenthal and the other members of the Subcommittee.

I really appreciate the opportunity to testify about this important issue.

As has been noted, the Takata air bag inflator recall is the largest, most complex in U.S. history. Our current count is about 50 million inflators to be repaired; 37 million vehicles; 200 makes and models across 19 automakers. Most of these vehicles are older vehicles; about 75 percent of the vehicles are more than 10 years old.

And to date, tragically as has been noted, there are at least 15 confirmed deaths in the U.S., more than in any other country. Those confirmed fatalities have occurred in nine states. In many additional cases, including in many additional states, there have been numerous injuries and permanent disfigurement.

In the past, many affected vehicle manufacturers were slow to innovate and think strategically about how to maximize these recall repairs.

Further, many automakers relied on boilerplate, exclusively English language letters to consumers. Those letters did not, in the past, always clearly convey the problem or the steps that owners should take.

As part of my mandate to monitor these recalls, I have pursued, together with NHTSA and with the auto-manufacturing community and other stakeholders, numerous activities to drive innovation and intensify focus on effective methods of driver engagement. These activities aim to improve outreach to consumers and get these vehicles repaired despite the numerous challenges.

I have made multiple recommendations about successful means, messaging, and motivation to improve repair rates. Some of these

recommendations include: clear, simple messaging for consumers emphasizing that the repair is free; improving the quality of owner contact information to make sure manufacturers are efficiently and cost effectively contacting the right people; frequent outreach to owners to convey urgency; minimizing the inconvenience to owners by offering free towing, loaner vehicles, and extended service hours; working with independent repair facilities to notify their customers; and intensifying and incentivizing dealer engagement.

Working together with NHTSA and all affected automakers, we are also pursuing industry-wide and industry-driven solutions.

These efforts include a new and innovative batch look-up tool, which will enable auction houses, used car dealers, salvage yards, and insurers to check in one fell swoop a large number of VINs so that they know which vehicles have open recalls.

I am proud to report that as more and more automakers have adopted recommendations, dedicated more resources, and worked together as an industry with NHTSA and myself, there has been marked improvement.

Recently launched priority group campaigns have achieved, in just two quarters, what had previously taken five; and some of the repair rates have doubled or even tripled over the last year.

Our efforts have also focused even more intensively on the highest risk “Do Not Drive” vehicles.

Last year, I launched an unprecedented door-to-door canvassing effort for the Honda Alpha “Do Not Drive” vehicles. Teams of canvassers literally went door to door to thousands of owners to advise them of the problem and to schedule a repair right at the owner’s door.

Following the success of that pilot, we were very happy to see Honda adopt canvassing nationwide for all unrepaired “Do Not Drive” alpha vehicles.

In February of this year, 2018, we launched yet another pilot of door-to-door canvassing with three additional automakers: Ford, Fiat Chrysler, and Mazda. This pilot is new and in its infancy, but it is already seeing success with already several hundred repairs scheduled by that knock on the door.

This new canvassing effort also involves innovative mobile repair with vehicle manufacturers doing the repairs right at the vehicle owner’s doorstep.

We have also worked with State DMVs, police departments, and local community groups to provide a clear and urgent message about these highly dangerous vehicles.

But there is still plenty of room for improvement; uneven performance and much work to be done.

I am grateful for the opportunity to work with this Subcommittee on further progress, hope you will not hesitate to call on me if I can be helpful and I look forward to answering any questions you may have.

Thank you again for the opportunity to testify this afternoon.

[The prepared statement of Mr. Buretta follows:]



PREPARED STATEMENT JOHN D. BURETTA, INDEPENDENT MONITOR,  
TK HOLDINGS, INC. AND THE COORDINATED REMEDY PROGRAM

Good afternoon, Chairman Thune, Chairman Moran, Ranking Member Nelson, Ranking Member Blumenthal and members of the subcommittee. Thank you for the opportunity to testify before you today on this important issue.

The Takata airbag inflator recalls are the largest and most complex vehicle recalls in United States history. There are currently 19 affected vehicle manufacturers, with an estimated 50 million unrepaired defective airbag inflators under recall in approximately 37 million U.S. vehicles.

The words “grenade” and “ticking time bomb” accurately convey the lethal potential of these defective inflators. To date, at least 15 people in the United States have been killed by defective Takata airbag inflators—more confirmed fatalities than in any other country. In these fatalities, the Takata airbag inflator, instead of properly inflating to cushion the victim and prevent injury, detonated in an explosion that tore apart its steel inflator housing and sprayed metal shards at high velocity toward the victim. The victims have died from blunt head trauma, severance of the spine at the neck or extreme blood loss from lacerations to the chest, neck or face. The confirmed fatalities have occurred in nine states: California, Florida, Louisiana, Oklahoma, Pennsylvania, South Carolina, Texas, Virginia and West Virginia. In many additional cases, including in many additional states, surviving victims of Takata inflator explosions have been permanently disabled or disfigured.

These are urgent safety recalls, and the combination of over a dozen affected vehicle manufacturers, tens of millions of affected vehicles and risk of potential death or serious injury is unprecedented. As the largest and most wide-reaching set of vehicle recalls in U.S. history, the Takata airbag inflator recalls require vehicle manufacturers to dedicate substantial resources, implement recall initiatives on a significant scale, and think strategically and innovatively to maximize repairs.

One particular challenge is that most affected vehicles are older models. Over 97 percent of the vehicles presently under recall are over five years old and nearly 75 percent of the vehicles are more than ten years old. Older vehicles change hands more through private sales and auctions. Older vehicles’ owners are less likely to have a relationship with a local dealer and more likely to use an independent repair facility for maintenance and repairs. Identifying the correct contact information for current owners of these older vehicles also takes greater effort.

As part of my mandate to oversee, monitor, and assess compliance with the Coordinated Remedy Program, I have pursued a wide range of activities to drive innovation and intensity of focus to get these vehicles repaired despite the challenges posed. That work has included research to identify messaging that clearly communicates the defect’s risk to consumers and motivates them to act, engaging the various stakeholders in these recalls, piloting initiatives to equip vehicle manufacturers with additional tools to execute the recalls with greater success, constantly monitoring progress, and making comprehensive recommendations to provide a recipe for success. The recommendations address in detail specific topics critical to the efficacy of the Takata recalls, including: (1) improving consumer outreach, (2) engaging dealerships, (3) engaging other third parties such as independent repair facilities and outreach vendors and (4) employing salvage recovery services to retrieve scrapped or salvaged inflators. Summaries of recommendations and observations for success are set out at Figures 29 and 55, respectively, of The State of the Takata Airbag Recalls report issued this past November, which treats this subject in greater detail.

Data and experience in these recalls confirms that vehicle manufacturers have greater success when they send frequent outreach in a variety of mediums, including not only mail but also e-mail, telephone, text message and social media, and that repeated reminders are crucial to convey the urgency of the safety risk. The most effective outreach is personalized to the owner and vehicle type, and provides a clear, simple and actionable message, including emphasizing that the repair is free.

For the very highest risk Do-Not-Drive vehicles, outreach efforts have been taken to new levels, including an unprecedented door-to-door canvassing effort, with teams of canvassers literally knocking on the front doors of vehicle owners’ homes. The first canvassing pilot involved Honda’s Do-Not-Drive “Alpha” vehicles and has been a great success. When a canvasser spoke with an individual at the door who was able to schedule an appointment for a repair, an appointment was scheduled more than 80 percent of the time. Knocking on doors has also provided invaluable information about the vehicle’s current location, such as whether the vehicle has been sold and is no longer at that address. Honda has adopted canvassing nationwide for all unrepaired high-risk vehicles. Additional vehicle manufacturers, including Ford,

Fiat Chrysler and Mazda, are now piloting door-to-door canvassing and already seeing success.

Innovative ways for vehicle owners to more easily determine whether their vehicle is subject to any recall, including the Takata recalls, have also been developed, including the launch of the “AirbagRecall.com” website, which provides easy-to-understand information about the Takata recalls, allows vehicle owners to check whether they have an open Takata recall by simply entering their license plate or VIN on the website and provides a phone number and a click-to-call option to a local dealer to immediately schedule a repair. AirbagRecall.com represents the first time license plates have been used to directly check on a vehicle’s open recalls. A mobile app has also been launched, with the capability to scan a license plate for open recalls by simply pointing a smartphone camera at the plate.

In partnership with NHTSA and all 19 affected vehicle manufacturers, four Takata Recalls summits have been hosted to provide a forum for affected vehicle manufacturers to share best practices in recall completion and develop industry-wide strategies. These summits include presentations by the affected vehicle manufacturers on key topics including coordinated communications, innovative outreach strategies and engaging key third parties in the recall process. Working groups comprised of numerous automakers facing similar challenges convene regularly to continue to refine strategies and improve coordination to increase recall repairs.

In the past, many affected vehicle manufacturers were slow to engage meaningfully and think strategically about how to maximize recall repairs and to deploy the kind of innovative recall techniques needed for the Takata recalls. More recently, there has been marked improvement, and the recall completion percentages are beginning to reflect this effort. Affected vehicle manufacturers are more readily exploring multi-touch, layered communications, mobile repair, engagement with independent repair facilities and door-to-door canvassing in order to remove defective inflators from U.S. roadways. Recent campaigns have achieved in just two quarters what previously took more than five, doubling and even tripling the rate of repairs. Vehicle manufacturers using frequent, multi-channel outreach have seen completion percentages nearly twice as high as rates for vehicle manufacturers using traditional letter outreach, when targeting similarly situated vehicles over the same period of time. More intensive dealer engagement is also yielding real improvements in repair rates.

But there is still plenty of room for improvement, much work to be done, greater coordination to achieve, further resources to be deployed and more scale to be brought to initiatives that data and experience demonstrate make a real difference. I look forward to continuing to work with this Committee to identify additional ways to accelerate progress in combating this deadly safety issue.

Chairman Thune, Chairman Moran, Ranking Member Nelson, Ranking Member Blumenthal and members of the subcommittee, thank you again for the opportunity to testify today, and for your continued focus on this critical matter of consumer protection.

Senator MORAN. Thank you, very much, Mr. Buretta.  
Now, Mr. Kelly.

**STATEMENT OF DAVID KELLY, PROJECT DIRECTOR,  
INDEPENDENT TESTING COALITION**

Mr. KELLY. Good afternoon, Mr. Chairman, Ranking Member Blumenthal, members of the Subcommittee.

Thank you for the invitation to appear before the Committee to discuss the activities of the Independent Testing Coalition.

The ITC is comprised of the ten automakers affected by the original NHTSA recall, and is committed to conducting an independent and comprehensive investigation of the technical issues associated with Takata air bag inflators.

We look forward to the results of this process as we focus on ensuring the safety, security, and peace of mind of all affected motorists.

ITC members support a scientific engineering analysis, and we will not prejudge this process or any of the outcomes.

The Coalition began our work a little more than three years ago and the work was designed in two separate tasks.

First, we set out to find the root cause of the problem. In March 2016, we delivered those results to NHTSA, Takata, Congress, and the media. The ITC was the first entity to deliver a definitive root cause, requiring all three of the following factors:

First, the presence of pressed phase-stabilized ammonium nitrate propellant without moisture absorbing desiccant;

Second, long term exposure to repeated high temperature cycling in the presence of moisture;

And finally, an inflator assembly that does not adequately prevent moisture intrusion in high humidity.

The second phase of the project has been dedicated to developing a predictive aging model for certain, desiccated inflators. This part of the project has been ongoing since 2016, and we expect to be able to release our findings soon.

We believe the testing that we are conducting is the most expansive, independent testing to date on desiccated inflators. When we are finished, we will have completed 10,000 tests on more than 1,500 inflators. Engineers at Orbital ATK, our engineering firm, will have completed more than 60,000 hours when this project is concluded.

These inflators come from five different design types, with multiple variants within those inflator types. Our tests have included aging tests, dissection and disassembly, Computed Tomography scanning, and propellant testing.

A couple of points; I think it is important to make several points about what folks should expect in our final report.

First, we will not be making a definitive statement regarding the safety of desiccated inflators. That was never the goal or intent of this phase of the project or of the ITC. What we will do is provide all of our data to automakers, and OEMs, and regulators to allow them to make the proper policy decisions.

Second, since we will be producing a predictive aging model, we are also not going to be making any additional statements about the safety of any particular inflator.

Finally, I want to assure everyone here that we will be publishing all of our test results and data in a final report that will be released to the public. This has been a promise of the ITC from the beginning, and we will follow through on that promise.

I look forward to answering any of your questions.

[The prepared statement of Mr. Kelly follows:]

PREPARED STATEMENT OF DAVID KELLY, PROJECT DIRECTOR,  
INDEPENDENT TESTING COALITION

Thank you for the invitation to appear before the committee to discuss the activities of the Independent Testing Coalition (ITC). The ITC is comprised of the 10 automakers affected by the original NHTSA recall—BMW, FCA U.S. f/k/a Chrysler Group, Honda, Ford, General Motors, Mitsubishi, Mazda, Nissan, Subaru and Toyota. The ITC is committed to conducting an independent and comprehensive investigation of the technical issues associated with Takata airbag inflators. We look forward to the results of this process as we focus on ensuring the safety, security and peace of mind of all affected motorists. ITC members support a scientific, engineering analysis, and will not pre-judge the process or its outcomes.

This coalition began work a little more than three years ago. The work was designed in two separate tasks. First, we set out to find the root cause of the problem.

In March 2016, we delivered those results to NHTSA, Takata, Congress and the media. The ITC was the first entity to deliver a definitive root cause, requiring all 3 of the following factors:

- The presence of pressed phase stabilized ammonium nitrate propellant without moisture-absorbing desiccant,
- Long term exposure to repeated high temperature cycling in the presence of moisture, and
- An inflator assembly that does not adequately prevent moisture intrusion in high humidity.

The second phase of the project has been dedicated into developing a predictive aging model for certain, desiccated inflators. This part of the project has been ongoing since 2016 and we expect to be able to release those findings soon.

We believe the testing we are conducting is the most expansive independent testing to date on desiccated inflators. We will have completed 10,000 tests on more than 1,500 inflators. Orbital ATK engineers will complete more than 60,000 hours when the project concludes. These inflators come from five different design types, with multiple variants within those inflator types. Our tests have included aging tests, dissection and disassembly, computed tomography (CT) scanning and propellant testing. We will continue to share relevant data with NHTSA and Takata as our testing progresses. During this phase of the project, we have already met with NHTSA, Takata and Congress as we had information to report. Because of the nature of the testing, we do not always have a steady stream of data to report.

I think it is important to make several points about what to expect in our final report. First, we will not be making a definitive statement regarding the safety of desiccated inflators. That was never the goal or intent of the ITC. What we will do is provide all of our data to decision makers and allow them to make the proper policy decisions.

Second, since we will be producing a predictive aging model, we will not be making any additional statements about the safety of any particular inflator.

Finally, I want to assure everyone that we will be publishing our test results and data in a final report that will be released to the public. This has been a promise of the ITC from the beginning and we will follow through on that promise.

Thank you.

Senator MORAN. Thank you very much.  
Now, Mr. Perkins.

**STATEMENT OF JOSEPH PERKINS, SENIOR VICE PRESIDENT  
AND CHIEF FINANCIAL OFFICER, KEY SAFETY SYSTEMS, INC.**

Mr. PERKINS. Mr. Chairman, Mr. Ranking Member, members of the Committee.

Good afternoon. My name is Joe Perkins. I am Senior Vice President and Chief Financial Officer for Key Safety Systems, a 100-year-old safety company headquartered in the great State of Michigan. Our company, Key Safety, as our name emphasizes, manufactures and sells safety-critical automotive components to vehicle manufacturers worldwide.

It is an honor to be here today and I am very pleased to be a part of the solution to this crisis.

Thank you for the opportunity to appear today to tell you about Key Safety's efforts to acquire most of the operating business of Takata. This transaction enables us to expand our investment in our core business and, importantly, contribute to the supply of critical safety components for new vehicle production, and recall, and replacement parts.

I was born and raised in Michigan. I have worked in the U.S. auto industry my entire career, nearly 30 years. Two years ago, I was asked to lead an effort by Key Safety to purchase most of Takata's assets through a very complex series of transactions.

Beyond being a good business decision, Key Safety pursued the deal in an effort to stabilize the industry by providing a reliable, ongoing supply of safety parts and recall kits. This transaction also facilitates providing recovery to victims, and very importantly, saving American jobs.

In my role, I became one of Key Safety's lead negotiators in our effort to purchase Takata and to address the issues of all key stakeholders.

At the beginning of the transaction process in July 2016, Key Safety competed with a number of bidders to purchase Takata's assets. After a lengthy and competitive process, Key Safety was ultimately selected as the best fit for the job, having earned the support of nearly all of the worldwide automotive manufacturers.

After months of review, the OEMs, Takata, and a steering committee nominated by Takata selected Key Safety as the chosen purchaser.

I am happy to report to this Committee that, last month, the U.S. Bankruptcy Court in Delaware entered a confirmation order granting approval of the transaction. The bankruptcy proceedings in Canada and Japan have also been addressed.

Beyond the approval of these courts, the Key Safety-Takata transaction requires review from several other government bodies, and satisfaction of very important remaining key conditions to close that we continue to focus on diligently.

First, the U.S. Department of Justice has a Plea Agreement, as you know, with Takata and we needed to work out go forward terms with the DOJ. We did so, and I am happy to report that the \$850 million penalty owed by Takata to DOJ will be paid upon closing of this transaction.

Second, NHTSA has a Consent Order, again, as you know, over Takata, and we needed to work with NHTSA on several issues related to the transaction. We have done so, thanks in large measure to NHTSA Deputy Administrator Heidi King and her team. And thanks again to Heidi.

Third, because Key Safety is ultimately foreign-owned, the parties submitted a joint voluntary notice to the Committee on Foreign Investment in the United States, CFIUS. Clearance by that Committee is a condition to closing of this transaction. I can report that Takata and Key Safety are working closely with CFIUS, and we are hopeful that it will clear the transaction, which will enable us to close sometime in April of this year.

The purchase of most of Takata by Key Safety goes toward addressing the Takata air bag crisis head on. As part of the transaction, certain parts of existing Takata and certain newly created entities, which we refer to as "Reorganized Takata," will emerge from the Takata bankruptcy to continue to address any remaining PSAN air bag issues. We will not buy that piece of the business.

Key Safety will produce critical air bag modules and recall kits. Some of these air bags will use PSAN inflators made by Reorganized Takata. Others will use other inflators. These outputs will enable the OEMs to fulfill the pending Takata air bag recalls and continue their global production.

The deal is also anticipated to provide more than \$130 million to Takata victims, which is in addition to the \$125 million paid as

part of the DOJ Plea Agreement. This was a key foundation of our deal. Absent this deal, these funds would not be available to the victims.

For me, as a proud Michigander who has spent his entire life in the U.S. auto industry, my dad worked there as well, this transaction has become very personal.

This is also reaching for a day when the air bag crisis is fully resolved and when this transaction provides full stability to the industry. This transaction will resolve a critical issue in the industry and facilitate the continuity of supply needed to maintain stability in our industry, which is critical to the backbone of this country.

We at Key Safety are happy to play a role in this solution. We are a problem solver, and we are working to achieve this result.

I want to thank the Committee for inviting me to speak today. It was an honor.

And I am happy to answer any questions.

Thank you.

[The prepared statement of Mr. Perkins follows:]

PREPARED STATEMENT OF JOSEPH PERKINS, SENIOR VICE PRESIDENT  
AND CHIEF FINANCIAL OFFICER, KEY SAFETY SYSTEMS, INC.

Mr. Chairman, Mr. Ranking Member, members of the Committee, good afternoon. My name is Joe Perkins. I am Senior Vice President and Chief Financial Officer for Key Safety Systems, a 100 year-old safety company headquartered in Michigan. Our company, Key Safety, as our name emphasizes, manufactures and sells safety-critical automotive components to vehicle manufacturers worldwide.

Thank you for the opportunity to appear today to tell you about Key Safety's efforts to acquire most of the operating business of Takata. This transaction enables us to expand our investment in our core business and contribute to the supply of critical safety components for new vehicle production and recall kits.

I was born and raised in Michigan and have worked in the U.S. auto industry for nearly 30 years.

Two years ago, I was asked to lead an effort by Key Safety to purchase most of Takata's assets through a complex series of transactions. Beyond being a good business decision, Key Safety pursued the deal in an effort to stabilize the industry by providing a reliable ongoing supply of safety products and recall kits. This transaction also facilitates providing recovery to victims and saving American jobs.

In my role, I became one of Key Safety's lead negotiators in our effort to purchase Takata and to address the issues of key stakeholders.

At the beginning of the transaction process in July 2016, Key Safety competed with a number of bidders to purchase Takata's assets. After a lengthy competitive process, Key Safety was ultimately selected as the best fit for the job, having earned the support of nearly all of the world's automobile manufacturers. After months of review, the OEMs, Takata, and a steering committee nominated by Takata selected Key Safety as the chosen purchaser.

I am happy to report to this Committee that last month the U.S. Bankruptcy Court in Delaware entered a confirmation order granting approval of the transaction. The bankruptcy proceedings in Canada and Japan have also been addressed.

Beyond the approval of these courts, the Key Safety-Takata transaction requires review from several other government bodies, and satisfaction of remaining key conditions to close.

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can report that Takata and Key Safety are working closely with CFIUS and we are hopeful that it will clear the transaction which will enable us to close in April 2018.

The purchase of most of Takata by Key Safety goes toward addressing the Takata airbag crisis head-on. As part of the transaction, certain parts of existing Takata and certain newly created entities—which we call RTK, or “Reorganized Takata,” will emerge from the Takata bankruptcy to continue to address any remain PSAN airbag inflator issues. Key Safety will produce critical airbag modules and recall kits. Some airbags will use the PSAN inflators made by RTK. Others will use other inflators. These outputs will enable OEMs to fulfill the pending Takata airbag recalls and continue their global production.

The deal is also anticipated to provide more than \$130 million to Takata victims, which is in addition to the \$125 million paid as part of the DOJ Plea Agreement. Absent the deal, these funds would not be available.

For me, as a proud Michigander who has spent his entire life in the U.S. auto industry, this transaction has become personal. This is also reaching for a day when the airbag crisis is fully resolved and when this transaction provides full stability to the industry. This transaction will resolve a critical issue in the industry and facilitate the continuity of supply needed to maintain stability in our industry. We at Key Safety are happy to play a role in the solution and in achieving this result.

I want to thank the Committee for inviting me to speak today. I am happy to answer any questions. Thank you.

Senator MORAN. Mr. Perkins, thank you for the honor of your appearance.

Let me now turn to Mr. Schostek.

**STATEMENT RICK SCHOSTEK, EXECUTIVE VICE PRESIDENT,  
HONDA NORTH AMERICA, INC.**

Mr. SCHOSTEK. Thank you, Mr. Chairman, and Ranking Member Blumenthal, and members of the Subcommittee.

My name is Rick Schostek, Executive Vice President of Honda North America, and I also thank you for this opportunity to update you on our progress with regard to the Takata recall.

I want to begin by saying that we extend our sincere sympathies to the families and friends of the victims of this Takata recall who have been killed or injured in our vehicles. And I want to acknowledge and apologize to Mr. Brangman, and others, who have suffered from these tragic circumstances.

Mr. Chairman, I want you to know that each and every Honda associate who works on this problem takes this very personally.

The Takata recall, unprecedented in its size and scope, has been met by Honda with unprecedented action as well. Currently, as you have heard, 19 automakers have 50 million Takata inflators under recall. This includes about 18.5 million inflators in our vehicles.

During the past 3 years, a passionate group of people at Honda have made an extraordinary effort to reach out to our customers, to have replacement parts available, and to work with our dealers to quickly repair vehicles.

As a result, we have replaced, or accounted for, nearly 14 million inflators. That is a completion rate of over 72 percent.

We have sent over 150 million communications through an array of methods, including some never used before in recall campaigns. We also have employed door to door canvassing teams, scoured salvage yards, and partnered with State DMV's.

One unique initiative we have undertaken was based on a collaborative relationship that we established with Ms. Stephanie Erdman, who herself was the victim of a Takata inflator rupture

in one of our vehicles, and who also testified before the Committee in 2014.

Last fall, Honda and Ms. Erdman collaborated on a new Public Service Announcement. I would like to share that with you now.

[Video presentation.]

Mr. SCHOSTEK. There have been 13 deaths in our vehicles in the U.S. due to Takata inflator ruptures. The majority of these fatalities were due to the so-called “alpha” inflators that have an alarming rupture rate; as high as 50 percent.

Last year, teams of some 550 Honda representatives began a nationwide, grassroots outreach that has led them to knock on the doors of alpha vehicle owners more than 600,000 times.

So from a population of almost 1.1 million vehicles, and these are 16 to 18 year old vehicles, with the high risk of the alpha inflators, about 62,000 remain on the road. So for the alpha inflators, that is a completion rate of 94 percent.

Still, we have learned a number of lessons along the way. Together with our dealers, we are good at repairing vehicles, but finding and convincing customers of older model vehicles to complete recalls, now that has proved a difficult challenge.

We remain convinced that the single most effective measure to ensure recall completion would be to tie the annual State vehicle registration process to a requirement that safety recalls be addressed. This would be particularly important for older, used models.

Had the requirement that defects be repaired prior to registration been in place, the vehicle that Mr. Brangman’s daughter was driving would have been repaired.

And by the way, I want to take another minute to publicly thank Mr. Brangman for his efforts to raise awareness on this critical issue. I know he traveled across the country to be with us today, and we appreciate the fact that he is here.

So toward this end, later this week, as Mr. Buretta already mentioned, the auto industry will announce a new, high volume batch look-up tool that will make it easier and faster for DMVs, insurance companies, auction houses, repair shops, car dealers, and others to look up vehicles affected by a safety recall.

This new tool will enable stakeholders who have touch points with vehicle owners to look up as many as 10,000 VINs at a time.

This unprecedented public health challenge requires unprecedented action from every stakeholder in the effort to find and notify customers.

Given this Committee’s focused interest on motor vehicle safety, we ask that you encourage the broad array of stakeholders, including insurance companies, DMVs, and others to use the new batch look-up tool to help get customers to fix safety defects.

For our part at Honda, we will continue to dedicate ourselves to honor the relationship we have with our customers.

Thank you.

[The prepared statement of Mr. Schostek follows:]



PREPARED STATEMENT OF RICK SCHOSTEK, EXECUTIVE VICE PRESIDENT,  
HONDA NORTH AMERICA, INC.

Thank you, Mr. Chairman, Ranking Member Blumenthal and members of the subcommittee. My name is Rick Schostek, executive vice president of Honda North America, Inc. It has been more than two and a half years since I last appeared before the full Commerce Committee. I want to thank you for this opportunity to update you on Honda's progress in addressing this serious safety issue within our industry and to address the critical work that remains before us.

I want to begin by saying that we extend our most sincere and heartfelt sympathies to those who have been injured or have lost loved ones due to the rupture of a Takata inflator in one of our vehicles.

The Takata airbag inflator recall, now unprecedented in its size and scope, has been met by Honda with unprecedented action. Currently, the industry has 50 million Takata inflators under recall. This includes about 18.5 million Takata inflators in some 11.9 million Honda and Acura vehicles.

During the past three years, a truly passionate group of people at Honda have attacked this issue relentlessly, with their best thinking and greatest energy, including contacting our customers more than 150 million times to alert them to this recall. Our dealers have also responded to this challenge, working in a productive collaboration with us. As a result, we have replaced or accounted for nearly 14 million of the total inflators under recall, which represents a completion rate of over 72 percent.

This is far ahead of the rest of the industry and reflects our extraordinary effort to reach out to customers, our commitment to have replacement parts available, and the work of our dealers to quickly repair vehicles. Due to our focus on taking care of our customers, we moved quickly to find and locate new sources of replacement inflators, and we have had no backorders on replacement inflators since October 2016. We also are grateful to our customers who have already responded to the recall and had their vehicles repaired. While we are proud of our team's effort, we do not view it as an achievement to celebrate. It is our responsibility as a manufacturer.

Since my last appearance before you, six people have lost their lives in the U.S. due to ruptured Takata inflators in our older model vehicles. One of these incidents involved the rupture of a Takata inflator that was not part of the original equipment installed in the factory and was not installed by one of our dealers. Instead, it was repaired independently, with the inflator sourced from a salvaged vehicle. These incidents bring to 13, the number of deaths that have occurred in our vehicles in the U.S. related to Takata inflator ruptures.

In most recalls, companies tend to rely on one or more letters addressed to the last known address of the vehicle's owner to provide notice of the defect. However, given the risk and breadth of this recall, we have gone far beyond that. This includes:

- A special website dedicated to the Takata inflator recalls and make all materials available in English and Spanish.
- More than 35 million phone calls to customers and sent more than a million text messages targeting owners of affected vehicles.
- A multi-million dollar advertising campaign with full-page, color advertisements in more than 120 newspapers, and 30-second radio announcements in more than 110 markets, targeting 9 southern states that have been identified as representing the greatest risk to affected owners.
- Print, digital and radio advertising campaign in select markets, including Florida's Miami-Dade and Broward counties, one of the identified high risk areas.
- Promoting the recall on scoreboards at Honda-sponsored music concerts targeting young people and other events sponsored by Honda.
- Social media, including Twitter, and a customized Facebook campaign that targeted specific individuals who own affected vehicles.
- A nationwide search of salvage yards to find and purchase recalled inflators that has successfully removed over 119,000 inflators that can no longer be installed as replacement parts in the vehicles of unknowing customers.

We want to thank those companies that have supported these efforts because, despite our request for support from insurance companies and others who are in regular communication with affected customers, the challenge of reaching owners has been left largely to the automakers.

Another unique and important initiative Honda took was based on a relationship that was formed during my first appearance before this committee on November 20,

2014. Just prior to the hearing, I had the humble honor to meet Stephanie Erdman, who was the victim of a Takata airbag inflator rupture in one of our vehicles and sustained serious injuries. What began with an awkward conversation evolved into a joint effort to help save the lives of others.

First, we co-authored an op-ed commentary to encourage legislative action on an important opportunity to increase recall rates. Then, last fall, we collaborated on a new public service announcement in which Ms. Erdman courageously shared the story of her accident and injuries in order to prevent other drivers from having the same horrific experience. Honda used social media to target this PSA to almost seven million owners of unrepaired vehicles, and millions of people have seen it on YouTube. I would like to share one version of this PSA with all of you.

We created several versions of this PSA, of varying lengths and content, as well as in Spanish and English. We also have made it available for use by NHTSA and automakers and other stakeholders free of charge. And a number of companies have already signed agreements allowing them to do so.

This Committee put Ms. Erdman and me together. Since then our relationship has been a unique collaboration that we hope has saved lives. And we all owe her a debt of gratitude for her selfless effort to use a deeply personal tragedy to help others.

It is critical to understand that the majority of the 13 fatalities in our vehicles were due to the so-called “Alpha” inflators, found in certain 2001 to 2003 Honda and Acura models. These Alpha inflators were found by NHTSA and Takata to have an alarming rupture rate of as high as 50 percent.

Given the extreme risk posed by the “Alpha” inflators, last year we began a nationwide grassroots outreach effort to physically locate hard to reach owners of Alpha vehicles who have not responded to our prior recall outreach efforts. This initiative involves sending dedicated teams of Honda representatives nationwide, some 550 in total, who are physically knocking on the doors of customers, already more than 600,000 times, in the effort to assist them with scheduling and completing recall repairs. An effort like this is unique, and we will evaluate its effectiveness in meeting our goals and expectations.

In total, we now have more than 400 people in our customer contact center working on the Takata recalls, and 135 of those agents are dedicated to tracking down vehicles with Alpha inflators. To be clear, that’s all that these people do, day in and day out, in a dedicated effort to save lives and prevent injuries to our customers.

Based on all of these efforts, from a population of almost 1.1 million vehicles with the higher risk Alpha inflators, only about 62,000 remain on the road to be tracked down and repaired. This represents a completion rate of 94 percent. Considering that research shows recall completion rates for vehicles in their 10th year of ownership hover at about 33 percent . . . and the Alpha vehicles in question are 15 to 17 years old . . . our efforts thus far represent an extraordinary accomplishment.

But we aren’t satisfied with this result. We are committed to continuing our effort until we replace or account for all of the defective Alpha inflators.

This recall effort has really been uncharted territory for Honda and for our entire industry. As I have noted, we have tried a number of new ideas and methods in the effort to find customers, to notify them in a way that will get their attention, and then to convince them to complete the recall.

Through the course of our efforts on this unprecedented Takata inflator recall there have been a number of lessons learned. Together with our dealers, I think we are good at repairing vehicles. But finding and convincing customers to complete recalls, especially for older model vehicles that are on their second, third or even fourth customer, is a difficult challenge.

When it comes to ensuring that customers are aware of and complete a safety recall, we remain convinced that the single most effective measure is to tie the annual state vehicle registration process to a requirement that safety recalls be addressed before that registration can be completed. This would be particularly important for vehicles that were recalled prior to the purchase of a vehicle by a subsequent owner who may not even be aware of the presence of an unrepaired safety defect. We believe there are numerous accommodations that can be made so that this requirement would not be overly burdensome to vehicle owners. While I recognize that this is ultimately the function of state governments, I proposed this idea in each of my prior testimonies because we believe it is the best opportunity to save lives.

Toward this end, I am excited to tell you that, later this week, the auto industry will announce the establishment of a new batch look-up tool that will make it much easier and faster to look up affected vehicles to support efforts to reach hard-to-find vehicle owners about an outstanding safety recall. Currently, anyone checking vehicles for a safety recall must look up one VIN at a time, which is inefficient and cumbersome. This new tool can look up large batches of up to 10,000 VINS at a time.

This new batch tool responds quickly, will be offered completely free of charge to DMVs, insurance companies, salvage yards, repair shops, new and used car dealers, and others who have touch points with vehicle owners. With this new batch lookup system, we are hopeful these stakeholders will become more active in helping to locate the owners of recalled vehicles requiring a repair.

Getting cars fixed is our responsibility. But this recall is an unprecedented public health challenge that requires unprecedented action from other stakeholders in the effort to find and notify customers. The insurance industry. The salvage industry. Used car dealers. DMV and state inspection authorities. And, given this Committee's focused interest on motor vehicle safety, we ask that you encourage these industry and government sectors to use the new batch look-up tool to urge or require their customers to get safety defects fixed as soon as possible.

This is not business as usual for Honda. In my first appearance before this committee, I said we would do our very best to repair every car affected by the Takata inflator recall. This remains our commitment. And we will continue to dedicate ourselves to honor the relationship we have with our customers.

Thank you.

Senator MORAN. Thank you very much.

Ms. Ujkashevic.

**STATEMENT OF DESI UJKASHEVIC, GLOBAL DIRECTOR,  
AUTOMOTIVE SAFETY OFFICE, FORD MOTOR COMPANY**

Ms. UJKASHEVIC. Good afternoon, Chairman Moran, and Ranking Member Blumenthal, and Senate Committee members.

My name is Desi Ujkashevic. I am the Global Director of the Automotive Safety Office at Ford Motor Company.

Ford has more than 85,000 employees in the U.S., and we are proud to have more hourly employees and produce more vehicles in the U.S. than any other automaker. The safety of our customer is our top priority, and I appreciate the opportunity to be here with you today to discuss this Takata air bag inflator recall.

The Takata air bag inflator recall is truly unprecedented, as you heard here today. According to NHTSA's data, the Takata recall involves about 50 million inflators in approximately 37 million vehicles. NHTSA is currently tracking Ford's replacement of 1.57 million inflators.

Throughout this process, Ford has fully cooperated with the NHTSA, the Independent Takata Monitor, and the rest of industry. Ford is absolutely committed to taking care of our customers and ensuring the remedy order we deliver.

Ford's strategy is to offer our owners non-Takata, non-ammonium nitrate based inflators. For the vehicles NHTSA has designated as the highest priority—the Mustang, the Ranger, and the GT—we now have replacement parts available for these vehicles. We will also have final replacement parts for Ford vehicles lower on NHTSA's priority in the coming months.

Working with the Monitor and NHTSA, Ford has learned many new and innovative ways to communicate with our customers. Traditional approaches, such as first class mail, are effective with certain populations while others are more responsive to new methods including social media, innovative calling strategies, and unique experiential marketing. We are using data analytics to help tailor responses to unique customer groups.

Moving forward, we will continue to explore new approaches, share our experiences with the others, and enhance our outreach programs.

Now, I would like to address our recent “Do Not Drive” warning. First and foremost, we are aware of the two fatalities caused by the Takata air bag inflators that ruptured in our 2006 Rangers. On behalf of everyone at Ford Motor Company, I would like to extend our sincere condolences to those families.

I would like to also assure this Committee that we moved quickly to issue the “Do Not Drive” warning as soon as we understood there was a population of these 2006 Rangers with inflators that posed a much higher risk than other Takata inflators.

When the first fatal accident occurred, all of the data, the testing, and analyses were shared between NHTSA, Takata, and our engineering team. The collective judgment was that this event was consistent with the overall risk that Takata inflators posed.

Then later, on December 22, 2017, we learned of a second fatal accident involving a 2006 Ranger. We immediately took action to inspect the vehicle within days on December 27. We found that it was built with a Takata inflator that was produced on the same inflator lot.

We worked with Takata to understand their production records for these inflators, and then we issued a “Do Not Drive” warning to owners of any Rangers with inflators that were built on that same lot from Takata.

We were not satisfied with our level of understanding to this problem. We worked diligently with NHTSA and Takata running thousands of tests and evaluating this data. The test data clearly showed a production period of higher risk inflators causing Ford to immediately expand the “Do Not Drive” population to vehicles that may have received one of these suspect parts. I am very proud of how quickly our entire team worked and responded to help protect our customers.

We now have non-Takata, non-ammonium nitrate parts for all of these vehicles, and Ford is persistently contacting owners to urge them to not drive these vehicles and to make appointments with their dealers to have these vehicles remedied.

We will continue to use innovative approaches, as was mentioned today, to ensure that we reach every one of these owners.

In summary, this is indeed the largest, most complex automotive recall in history affecting our customers, manufacturers, and suppliers. It has brought NHTSA, the Monitor, and the entire industry together to help resolve this problem.

As you also learned today, there has been much progress made on this topic, but we all recognize there is more work to be done.

Ford remains committed to taking care of our customers and I can assure you that this Takata recall has the full commitment of the entire Ford Motor Company and our leadership.

I want to thank you very much for your time and attention today, and I look forward to addressing your questions.

[The prepared statement of Ms. Ujkashevic follows:]

PREPARED STATEMENT OF DESI UJKASHEVIC, GLOBAL DIRECTOR,  
AUTOMOTIVE SAFETY OFFICE, FORD MOTOR COMPANY

Good afternoon. My name is Desi Ujkashevic. I am the Global Director of the Automotive Safety Office at Ford Motor Company.

Ford has more than 85,000 employees in the U.S., and we are proud to have more hourly employees and produce more vehicles in the U.S. than any other automaker.

The safety of our customers is a top priority, and I appreciate the opportunity to discuss the Takata airbag inflator recall with you today.

As the members of the subcommittee know, the Takata airbag inflator recall is truly unprecedented. According to NHTSA's data, the Takata recall involves about 50 million inflators in 37 million vehicles. NHTSA is currently tracking Ford's replacement of 1.57 million inflators. Throughout this process, Ford has fully cooperated with the NHTSA, the Independent Takata Monitor, third party experts, and the rest of industry, and Ford is absolutely committed to taking care of our customers and remedying the recalled vehicles.

Ford's strategy is to offer our owners non-Takata, non-ammonium nitrate based replacement parts. For the vehicles NHTSA has designated as the highest priority; the Mustang, Ranger, and GT, we now have non-Takata, non-ammonium nitrate replacement parts available. We will have final replacement parts for Ford vehicles lower on NHTSA's priority list in the coming months.

We are working closely with NHTSA and the Monitor to understand and implement the best practices for effectively encouraging owners to complete this recall on their vehicles. The Takata inflator recall demands an unprecedented level of outreach to owners and coordination with the Agency, the Monitor, our dealers, suppliers, and other automakers. This is a critical and collaborative effort that requires all of us across the industry to learn from each other and work together. Today NHTSA tracks Ford's recall completion rate at 46 percent. We are not satisfied and we are committed to contacting every owner.

I am pleased to share with you some of our actions that have helped us to achieve the current completion rate and we are confident will lead to steady progress. Working with the Monitor and NHTSA, Ford has learned new and innovative ways to approach communicating with customers. Many of the traditional approaches such as first class mail are effective with certain populations while others are more responsive to new methods including social media, innovative calling strategies, and unique experiential marketing. In concert with the Monitor and other automakers, we are using data analytics to study the effectiveness of these new approaches and develop tailored responses to unique customer groups. Moving forward, we will continue to explore new approaches, share experiences and work collaboratively with NHTSA and the entire industry to enhance our outreach.

Next, I would like to address our recent "Do Not Drive" warning. First and foremost, we are aware of two fatalities caused by Takata air bag inflators that ruptured when they deployed in 2006 Rangers. On behalf of everyone at Ford, I want to extend our deepest sympathies to those two families.

Second, I would like to assure the members of this Committee that we moved quickly to issue the "Do Not Drive" warning as soon as we understood there was a population of the 2006 Rangers with inflators that posed a much higher risk than other Takata inflators. When the first fatal accident occurred, all of the data, testing, and analyses were shared between NHTSA, Takata, and Ford. The collective judgment was that this event was consistent with the overall risk that Takata inflators posed.

Then, on December 22, 2017, the Friday before Christmas, we learned of second fatal accident involving a 2006 Ranger. We inspected the vehicle on December 27, determined that it was built on the same day as the inflator in the other fatal rupture, worked with Takata to understand their production records for these inflators, and then issued a "Do Not Drive" warning to owners of any Rangers with inflators built on that date.

We were not satisfied with our understanding of this problem. We worked daily with NHTSA and Takata running thousands of tests and evaluating the data. The test data clearly showed a production period of high-risker inflators causing Ford to immediately expand the "Do Not Drive" population to vehicles that may have received one of these higher-risk inflators. I am proud of how quickly our team responded and worked cooperatively with Takata and NHTSA to help protect these owners.

Final replacement non-Takata, non-ammonium nitrate inflators for these vehicles are available, and Ford is persistently contacting owners, leveraging all the outreach learnings we have acquired throughout the Takata recall process, to urge them to stop driving their vehicle and contact their dealer to get it repaired. We will use the innovative approaches I mentioned earlier to reach every affected owner.

In summary, this is the largest, most complex automotive recall in history affecting many of the global auto manufacturers and suppliers. It has brought NHTSA, the Monitor, and the entire industry together to help solve this problem. As you have learned today, there has been much progress made and we recognize there is still more work to be done.

Ford remains committed to taking care of our customers and I can assure you that this Takata recall has the full commitment of our Company and the Company's leadership.

Thank you for attention to this topic and I look forward to addressing your questions.

Senator MORAN. Thank you all for your testimony. We have approximately 15 to 20 minutes remaining before a vote, and we will conclude the hearing when the vote is called.

Let me ask a series of questions and hopefully in a timely fashion. I am not exactly sure who all these questions should be addressed to, but let me start with the two names that are most difficult to pronounce, Mr. Schostek and Ms. Ujkashevic.

Assure me that Ford, and Honda, and other automobile manufacturers, that there is no brand loyalty, no financial incentive to not see the recall quickly completed, notifications given, recall completely completed, and the defect repaired and replaced.

What would be any incentive that you would have not to see that occur quickly?

Mr. SCHOSTEK. Well, Mr. Chairman, speaking for Honda, absolutely.

We, in the auto industry, are all in this together. We have been thankful for Mr. Buretta's guidance with quarterly meetings.

There is no competition or brand loyalty among automakers. We need to get these inflators replaced and fix these vehicles.

One example I can think of for Honda is we prohibit our dealers from selling used cars that have a defect. That applies to the Honda used cars they have on their lot as well as the used cars of other makers. So we certainly do not see this as a competition or as brand loyalty.

We see this as an industry problem created by Takata's deception that needs to be remedied as quickly as possible.

Ms. UJKASHEVIC. I can only make a similar commitment on behalf of Ford Motor Company. We are absolutely committed to not only sharing the information and the test data that we garnered through Takata and NHTSA, but also in sharing our best practices around the outreach programs.

Because as you recognized today, the next part of our journey is to successfully reach these customers and encourage them to make appointments with their dealers and to have these parts remedied.

Senator MORAN. Let me ask, then, about prioritization. So we are making a determination what vehicle needs to be repaired the soonest.

Is that prioritization related to the notification or to the work done? Everyone gets a notice and then the prioritization occurs to the work. Again, I do not know who to look to for this answer.

Mr. SCHOSTEK. So Mr. Chairman, when NHTSA issued their Consent Order and scheduled the recalls, they did that by priority order as was discussed with Deputy Administrator King just a while ago.

So it has called for phases of recalls. The third phase was just completed in January of this year. So each automaker added more inflators to the number to be recalled. There will be another phase, phase four, in January of 2019. As she explained, those are based on age of the vehicle, and also heat, and humidity factors.

Senator MORAN. The prioritization occurs in the notification. It comes a bit in the question or the comment that the Senator indicated earlier. So someone only gets a notice only to arrive at the dealership to discover it is not their turn to have the defect repaired. But that is not the case. They would not get a notice until their priority is reached?

Mr. SCHOSTEK. That is correct. That is not the case. And Mr. Chairman, we have not had a backorder of a replacement inflator for a Takata inflator since October of 2016. We have had adequate parts for all the recalls that have been announced since October 2016, speaking for Honda.

Senator MORAN. And that gets to my question about prioritization. Why is it necessary to prioritize? Why are we incapable of notifying every purchaser of a vehicle that is affected? Why is a prioritization necessary? Is it the part?

Mr. SCHOSTEK. Very good question, Mr. Chairman. And speaking for Honda, this is a global recall. This is a global problem, not just a U.S. problem.

We have 18.5 million inflators recalled in the United States. We have 51 million inflators recalled globally. So while we do have adequate parts for all that have been recalled to date here in the U.S., there are other areas of the world where we need to have capacity for parts supply for the recalls that have been recalled in Japan, or Malaysia, or in other places, Brazil.

So for us, it is a global parts resources issue, but thankfully, here in the U.S., we have not had a replacement-backorder since October 2016.

Senator MORAN. Is that true also for Ford?

Ms. UJKASHEVIC. Let me just back up and answer your question in the context of final remedy.

First of all, we have final remedies available and parts available for all of the priority program as defined by NHTSA. The next batch of priority programs will have parts in the coming months. So I am confident that we are well supporting the priorities as outlined.

But what is also important is that we have final remedy solutions that take us away from both Takata and ammonium nitrate-based Takata systems, which is a significant development.

Senator MORAN. Mr. Kelly's testimony was about testing that has been done to determine the cause of the defect. Is that a good summary of what your mission is?

Mr. KELLY. Correct.

Senator MORAN. And then what is the testing that demonstrates that the defect repair is effective and safe?

Mr. KELLY. So as part of the second phase of the process, what we are doing with our testing is that we are looking at desiccated inflators. We are looking at trying to determine a predictive aging model where manufacturers, and others, can put a lot of inputs into the model to sort of get an idea of how the inflator is going to react and how it will perform in the real world.

When we get done with that model, we are expecting that model to probably take more than a day, possibly up to two days to run all of the different factors. So that is sort of the second phase of what we are going to be releasing here in the next few months.

Senator MORAN. My time has expired and to live up to my admonition about a 4:15 p.m. conclusion, let me ask this question for the record and we would welcome a conversation as well as a response in writing.

The testing that occurred to determine the cause of the defect, I would appreciate it being explained to me why the testing does not occur?

What is the process by which one of the automobile manufacturers makes a determination to purchase a Takata air bag for their vehicle?

What testing would have occurred by Takata, or by the automobile manufacturer, in making a decision that this was an acceptable safety component of a vehicle that we ultimately will manufacture and sell to consumers around the world?

Your testimony strikes me as this is something that should have happened in the manufacturing and supply aspect of the automobile manufacturing process at a time much earlier than after the fact of the defect discovered, and the death and injuries occurred.

I know that is a longer answer than I have time for today for the moment, but I would welcome that description of the process of how it takes place.

Senator BLUMENTHAL.

Senator BLUMENTHAL. Thanks, Mr. Chairman.

We know, Mr. Schostek, that Honda provides loaner vehicles to anyone who has a defective air bag.

Is that correct, as a matter of policy?

Mr. SCHOSTEK. That is correct, Senator. We do have a policy that our dealers are to provide a loaner vehicle to customers.

Senator BLUMENTHAL. Ms. Ujkashevic, why does Ford not do the same?

Ms. UJKASHEVIC. That is a great question, and our policy has evolved. We currently are offering loaner vehicles for our higher risk Ranger programs. We also are offering loaner vehicles to those customers who come in and we do not have a remedy solution for them.

Senator BLUMENTHAL. Will you commit to evolve your policy further and adopt Honda's policy? I do not mean to make it Honda's policy, but provide loaner vehicles to everyone who has a defective and potentially lethal part in their car?

Ms. UJKASHEVIC. I can promise you we assess our customer safety needs and ensure that we offer adequate solutions. I do not have the specifics behind Honda's overall policy, but very specifically to this Takata issue that we are discussing here today, we have loaner policies in place for our customers, and I would encourage our customers to contact their dealers.

Senator BLUMENTHAL. Well, I know you have loaner policies in place. I just want to make sure that Ford—and all of the other automobile makers that have still millions of cars out there with potentially deadly, defective parts—provides these loaners as a matter of policy, as do six, including Honda, already.

I am just asking whether you can commit or go back to your company and answer the question? I am not holding you personally responsible. I know it is a matter of corporate policy. Whether you



can commit that you will follow that approach and you can respond in writing later, if you would like.

Let me ask you, I am told that the allegation has been made—and by the way, I understand that Ford is a member of the United States Council for Automotive Research [USCAR], which has a specification for air bag inflators called USCAR-24 or USCAR-24 Inflator Technical Requirements and Evaluation Specification. The first version appears to have been issued in 2004; the second in 2013.

I know that the allegation has been made that Ford, as a member of that organization, requested to modify the specifications supposedly because they could not be met. And then, according to a complaint in a recent class action lawsuit, Ford in October 2003 sent a fax to Takata asking whether they could avoid meeting those specification for certain air bag inflators. And said, quote, “We found a loophole where we do not need to meet the USCAR since the specification was not released when we signed the Statement of Work.”

Is that true?

Ms. UJKASHEVIC. Senator, without seeing the context of the data that you are referencing, I can give you a summary of what I know is in place.

We are, indeed, participants in the USCAR specification and we have worked with developing a specification that is very stringent around air bags and inflator systems.

Senator BLUMENTHAL. Did the Takata inflators used by Ford deviate from USCAR-24 specifications?

Ms. UJKASHEVIC. The Takata air bag inflators that are being discussed did not deviate to the USCAR spec that would be relevant in the context of the deployment disruptions.

Senator BLUMENTHAL. The latest version of those specifications, I understand, was issued in 2013. I would hope that Ford is planning to update its inflator standards.

Is it?

Ms. UJKASHEVIC. We are working to specifically update the inflator spec and what I was saying earlier is if you look across the inflator providers—Autoliv, TRW, and Takata—they have deviations to part of that USCAR spec.

But I can assure you that none of the deviations were very specific to what we saw here in the explosives.

Senator BLUMENTHAL. Thank you. My time has expired, but I will have additional questions for the record.

Thank you very much to all the folks who are appearing today.

Senator MORAN. Senator Cortez Masto.

Senator CORTEZ MASTO. Thank you.

Thank you all as well for coming today.

Mr. Schostek, let me start with you because you talked about a new system that is being implemented. Just so you can verify, is it true that it is legal for air bag assemblies, or other parts subject to a recall, to be pulled out of wrecked cars and sold by junkyards to repair shops that may not even know the danger of the recall?

Mr. SCHOSTEK. Senator, thanks for the question.

I believe that it is illegal for them to sell them, but it is happening. We have had eight ruptures that had to do with recycled

or harvested air bags, including the one that you mentioned with Ms. Dorado in your state.

Senator CORTEZ MASTO. So it is illegal for them to do that if they know it is subject to recall?

Mr. SCHOSTEK. If it is a defective part, they should not be selling it.

Senator CORTEZ MASTO. OK.

Mr. SCHOSTEK. Or they should not be using it.

Senator CORTEZ MASTO. And so, can you talk about the system you talked about? Would this address it? Would it allow these types of entities to have access to up to 10,000 VINs at a time to check for recalls? Is that the intent here?

Mr. SCHOSTEK. Exactly, Senator. Exactly.

I am glad you are inquiring about this because in the last couple of years, since I appeared before the Committee last, especially with these alpha vehicles which, as I said in my testimony, are 16 to 18 years old. These are older vehicles that have changed hands two, three, four times. And frankly, the data that is available is difficult on some of these vehicles.

We have been trying to work with other organizations, to name two, insurance companies and recyclers, to get some more cooperation from them to avoid the kind of thing that happened to Ms. Dorado.

On the side of the insurance companies, we figured out that at any one time, insurance companies may own at least 10,000 vehicles that have recalled inflators in them; 10,000. Of course, these are cars that have been in an accident, and then totaled. In this case, the air bag did not deploy. So there is a recalled inflator that the insurance company owns in that wrecked vehicle.

We tried by requesting this information from insurance companies, they did not cooperate with us and provide it to us.

Finally, we had to resort to issuing subpoenas to them. We were able to use the power of the MDL Administrator in the Florida case and issued subpoenas to 13 insurance companies.

All we wanted to know is: tell us the vehicles that you have that may have these defective inflators in them.

We figured out eventually that these vehicles are in different salvage yards or different auction houses. And we finally have got the permission. It took 6 months for one insurance company to answer our subpoena. Some were good, do not get me wrong. Some insurance companies were very, very responsive.

But finally, as of last month, we got the agreement from every insurance company that they are going to notify us if one of those recalled inflators comes into their possession and authorize us to fix the car. We then can seek permission to enter onto that recycler's or junkyard property and repair or remove that inflator. It is a big problem.

So the point, Senator, is that this new batch system that we have will allow insurance companies, State DMVs, auction houses, to check a bunch of VINs at a time. And this is not just for Honda vehicles. It is any defect in any OEM's vehicle that is out there. This is a breakthrough moment for having this batch system available.

We would really like to encourage the Committee to encourage those other stakeholders, again, insurance companies, auction houses, recyclers, and so forth, to use this batch system because it is going to enable us to do things that we could not do before.

Senator CORTEZ MASTO. And this system is to be up and running or online. Do you have a time-frame for it?

Mr. SCHOSTEK. Yes, Senator. It will be publicly announced on Friday of this week at the National Automotive Dealers Association meeting.

There is a process to sign up for use of this new system. Of course, we are very respectful of the privacy of information. So there has to be certain conditions agreed to, to access this system.

But the system will be operational by the middle of April.

Senator CORTEZ MASTO. And so, because I appreciate your lessons learned, and one of the things you had talked about was possibly mandating vehicles be repaired prior to registration or renewal of registration. And so, with this system up and running, it would be much easier for a DMV to also check when somebody comes in to renew a registration or to register a vehicle whether there is a recall that is associated with the VIN.

Mr. SCHOSTEK. Absolutely, Senator. With this system, we think it is possible for a State DMV to check a number of VINs. We would hope that a state would take the strong position that tying recall completion to vehicle registration is the best way to ensure completion, especially for older vehicles.

So we stand ready to work with any state which wants to put that into effect.

Senator CORTEZ MASTO. Thank you. I know my time is running out. Does anybody else have any comments with respect to that discussion, concerns, or disagrees with it?

[No response.]

Senator CORTEZ MASTO. All right. Thank you. Thank you very much.

Senator MORAN. Thank you.

My usual practice, once again, is to allow any of our witnesses to make clear, or to correct, or to say something that they did not have an opportunity to say.

Mr. Perkins, you and Mr. Buretta had fewer opportunities to respond to questions than others.

But does anybody on the panel have something they want to make sure is entered into the record and that we are made aware of?

Mr. Perkins.

Mr. PERKINS. Mr. Chairman, I would just like to add the Government, across a broad range of work streams, has been incredibly collaborative through a very, very complex process. So I thank you for that.

Senator MORAN. Thank you for that comment.

Anyone else?

The hearing record will remain open for 2 weeks. During that time, Senators are asked to submit any questions for the record. Upon receipt, the witnesses are requested to submit their written answers to the Committee as soon as possible.

Let me conclude this hearing by, once again, thanking the witnesses for being here.

Expressing our condolences to those who have lost family or friends, as well as those who have been injured.

I thank the witnesses for appearing.

This hearing is now adjourned.

[Whereupon, at 4:17 p.m., the hearing was adjourned.]

## A P P E N D I X

### RESPONSE TO WRITTEN QUESTIONS SUBMITTED BY HON. TODD YOUNG TO HEIDI KING

*Question 1.* In your testimony, you mention that under the Consent Order, NHTSA and the Independent Monitor are encouraging best practices (*i.e.*, texting, social media, and door-to-door canvassing) to notify consumers of owning a car that needs to be fixed. What lessons have you learned in the process of developing your best practices? What has worked? What has not?

Answer. The required first-class mailing is an important part of official notification, but it is just one step in informing consumers of the risk they face. There are many challenges to successful recall completion. These challenges include obtaining accurate contact information for affected consumers, communicating effectively with those consumers, and ensuring dealer networks are well-informed and actively assisting in the recall process.

Effective outreach by vehicle manufacturers includes communicating in an attention-grabbing, direct manner that the consumer understands; this means frequent and urgent messages delivered with simple, straight-forward language. Personalizing the message, making clear that recall repairs are free, and explaining the steps the vehicle manufacturer is taking to overcome the inconvenience of recall repairs (*i.e.*, free loaner cars or towing) also grab consumers' attention. Unsurprisingly, conducting outreach in a language spoken by the consumer improves awareness and understanding of the problem. It is incumbent upon vehicle manufacturers to work creatively and effectively across their internal teams to develop strategies that accurately locate affected vehicle owners and then effectively communicate the urgent nature of the defect and the free repair.

NHTSA and the Independent Monitor have provided recommendations and best practices, and will continue to provide information to vehicle manufacturers to assist them in achieving the remedy completion targets and 100 percent accounting in the Takata recalls.

*Question 2.* In the development of those best practices, have you consulted with behavioral economists to help identify the most effective methods? If not, do you believe this is the type of problem a behavioral economist might play a constructive role in developing best practices?

Answer. Behavioral economics is a method of economic analysis that applies psychological insights into human behavior to explain economic decision-making. The methods studied by behavioral economists to influence choices have been employed in many consumer-facing initiatives and industries in recent decades to improve awareness and influence individual decision-making. Those methods inform consumer-facing efforts in the Takata air bag recall campaign, including the methods, frequency, and messages employed. The Independent Monitor has attempted to utilize this specialized knowledge, including qualitative and quantitative research on effective outreach. NHTSA is confident that the real-world lessons, data, and research developed have provided robust best practices directly applicable to the Takata air bag recalls. The Agency encourages each vehicle manufacturer affected by the Takata recalls to adopt and implement the existing best practices. Nevertheless, NHTSA continuously seeks input from relevant fields of research and incorporates all lessons learned, to ensure operating guidance best reflects the circumstances and unique nature of each recall campaign.

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### RESPONSE TO WRITTEN QUESTIONS SUBMITTED BY HON. BILL NELSON TO HEIDI KING

*Question 1.* While some automakers have shown recent improvement in their recall completion rates, other automakers' completion rates remain dismal. In his report, the Independent Monitor named a number of new ways that automakers could

improve their recall completion rates. Has NHTSA issued any new orders or guidance within the last year to require automakers to improve recall completion rates?

Answer. NHTSA has provided guidance through regular meetings with the vehicle manufacturers to discuss ways to improve overall recall completion rates, and meets quarterly with the manufacturers and the Independent Monitor to discuss industry best practices and lessons learned for improving recall completion rates. Additionally, NHTSA published the Independent Monitor's State of the Takata Recalls Report in November 2017, which outlines the research, innovative approaches, and coordination efforts across the vehicle manufacturing industry that NHTSA and the Independent Monitor have engaged in with various stakeholders throughout the last year.

*Question 2.* Has NHTSA ordered any automakers to take specific actions recommended by the Independent Monitor? If so, please describe the specific actions NHTSA has ordered.

Answer. Yes. NHTSA's Coordinated Remedy Order incorporates recommendations of the Independent Monitor. The Coordinated Remedy Order requires vehicle manufacturers to take actions to increase remedy completion rates through supplemental owner notifications. The vehicle manufacturers have the option of either using the Independent Monitor's Coordinated Communications Recommendations, or proposing alternative communications messaging or strategies to NHTSA and the Independent Monitor. The Coordinated Communications Recommendations are available on NHTSA's website at <https://www.nhtsa.gov/document/coordinated-communications-recommendations>.

*Question 3.* Has NHTSA encouraged automakers to offer rental or loaner cars, or some other form of alternate transportation, to consumers during the time their vehicles' air bags are pending repair? If so, please detail NHTSA's specific request to automakers. If not, please explain why such a request has not been made.

Answer. Yes. NHTSA has encouraged vehicle manufacturers to take actions to minimize the inconvenience of the Takata recalls to vehicle owners, including providing transportation for consumers during their vehicles' repair. One of the specific strategies the Independent Monitor recommended to vehicle manufacturers was to have a dealer loaner policy, enabling dealers to make loaner vehicles available or provide taxi or car service to customers while a recall repair is being performed. The Monitor also recommended clear customer communications regarding the availability of loaner or rental cars and other policies that address the inconvenience of the recall (such as extended dealer service hours). The Monitor's recommendations are supported by research indicating that free loaner vehicles help overcome the inconvenience of the recalls and motivate owners to have the repair performed. NHTSA has had ongoing and robust dialogue with each of the vehicle manufacturers where the Agency emphasizes the need to reduce inconvenience to vehicle owners. Overcoming owner inconvenience was also one of the key topics of discussion between the vehicle manufacturers, NHTSA, and the Monitor at the October 2017 Takata Recalls Summit hosted by the Monitor.

*Question 4.* Has NHTSA issued any fines or civil penalties in response to the failure of automakers to meet the recall completion requirements in the Takata Orders? If not, please explain why such action has not been taken.

Answer. NHTSA has not issued penalties to manufacturers regarding the completion rate targets outlined in the Coordinated Remedy Order for Priority Groups 1–3. Although manufacturers have yet to meet the ambitious targets, they have made progress in completion rates, parts availability, and consumer outreach. NHTSA maintains robust authority and oversight of recall completion rates and will take additional action as appropriate.

*Question 5.* Will NHTSA issue fines or take enforcement actions if recall completion rates continue to lag?

Answer. NHTSA will take all appropriate action, which may include penalties or other enforcement action. NHTSA evaluates the facts and circumstances to determine whether they indicate that such action would be an effective mechanism to improve recall completion rates and get unsafe air bags out of every affected vehicle, or such action is otherwise warranted.

*Question 6.* The amended Coordinated Remedy Order requires automakers to recall specific categories of impacted vehicles by priority groups based on the risk of rupture. The priority groups are set by vehicle age and location and require that recalls be initiated by set deadlines. Several automakers have sought extensions of these deadlines. How many automakers have sought extensions? Please list each automaker and date of request.

Answer. Eight vehicle manufacturers have sought extension requests across certain vehicles and priority groups. All of these requests are currently available on

NHTSA's website at <https://www.nhtsa.gov/equipment/takata-recall-spotlight#nhtsa-action-related-documents>. The manufacturers and dates of requests are listed below:

- BMW: August 28, 2015; March 17, 2017 (supplemented April 13, 2017); July 31, 2017 (request withdrawn); August 24, 2017 (supplemented September 8, 2017)
- DVUS: September 22, 2016; September 26, 2017 (supplemented December 14, 2017); February 14, 2018
- Ford: September 27, 2016; February 14, 2017 (supplemented April 5, 2017); November 30, 2017 (supplemented February 9, 2018); December 18, 2017; April 11, 2018
- GM: September 16, 2016; August 25, 2017
- Mazda: May 15, 2017; August 15, 2017; December 15, 2018; February 9, 2018
- MBUSA: February 14, 2017 (supplemented April 5, 2017); March 1, 2018
- Nissan: December 21, 2016
- VW: February 15, 2018

*Question 7.* Has NHTSA denied any extension requests? If not, why?

Answer. No. Thus far, NHTSA has not denied any extension requests in the Takata recalls based on the merits of the request and the goal of expeditious replacement of defective inflators. There are, however, extension requests that are currently pending NHTSA review. The research and development involved in redesigning inflators as replacement parts can take time to ensure that the replacement parts themselves are safe. NHTSA assesses the merits of each extension request, including the validity of the engineering and/or supply chain challenges underlying the request and the requesting manufacturer's efforts to timely obtain safe remedy parts, before issuing a decision.

*Question 8.* The two deaths caused by rupturing Takata air bags in Ford Ranger trucks reveal that just one day of bad production can be fatal. What steps has NHTSA taken following the Ford Ranger incidents to ensure these production problems are identified before—not after—a deadly incident?

Answer. NHTSA continues to engage with Takata in review and analysis of test data from inflators returned from the field in the ongoing effort to identify any production periods with inflators that present enhanced risk of rupture. More broadly, NHTSA reviews each vehicle complaint submitted to the agency for potential public safety risk. More than 6,000 complaints are submitted to NHTSA each month, and through this process many defects are identified and resolved prior to any injury.

*Question 9.* Is NHTSA confident that no other Takata propellant lots—including lots produced for other automakers—may contain the same defect that led to the Ford Ranger ruptures?

Answer. One of the greatest frustrations of the Takata phase-stabilized ammonium nitrate (PSAN) inflator recalls is the difficulty in identifying which inflators are affected by various secondary defects that further increase the risk the inflators can rupture. NHTSA continues to engage with Takata in review and analysis of test data from inflators returned from the field in the ongoing effort to identify any production periods with inflators that present enhanced risk of rupture. NHTSA will continue to be vigilant in the ongoing assessment of this matter as well as in the investigation of other defects.

*Question 10.* What is the status of efforts to study the safety of Takata's desiccated ammonium nitrate-based inflators?

Answer. Several expert groups are studying the safety and possible service-life of Takata's desiccated PSAN inflators. NHTSA anticipates receiving briefings and reports from those groups as their research concludes prior to the end of 2019. NHTSA has reserved the right to demand the recall of desiccated PSAN inflators at any time if the test data, or real-world experience, demonstrates that the inflators pose an unreasonable safety risk to consumers.

*Question 11.* The Motor Vehicle Safety Whistleblower Act was passed in December 2015 to protect the public by providing an incentive for employees in the automotive industry to voluntarily provide information relating to violations of vehicle-safety laws to NHTSA and other government agencies. The statute required the Secretary to issue regulations on the requirements of the program within 18 months, or by June 2017 (49 U.S.C. § 30172(i)). To date, NHTSA has not issued these rules or even started the public rulemaking process. What is the status of the rulemaking and when does NHTSA plan to issue final rules?

Answer. NHTSA is actively working on this rulemaking. NHTSA has not currently estimated a time-frame for issuance of a final rule, since that will depend in

part on the nature and extent of public comments the agency receives in response to its notice of proposed rulemaking. While NHTSA acknowledges the statutory deadline for this rule has passed, that does not impact the incentives available to whistleblowers under the law. The FAST Act specifically enabled whistleblowers to qualify for awards for information they provided after the enactment of the FAST Act but prior to the effective date of the regulations issued by the agency. The FAST Act also specified that a whistleblower may receive an award prior to the agency promulgating the regulation.

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RESPONSE TO WRITTEN QUESTIONS SUBMITTED BY HON. RICHARD BLUMENTHAL TO  
HEIDI KING

*Question 1.* Please provide per manufacturer information regarding what percent of vehicles with unrepaired defective Takata airbags have not been repaired because parts are not available.

Answer. In general, recall completion rates reflect launched recall campaigns (*i.e.*, parts are available for repair). In some circumstances, the completion rates include recall campaigns that are launched only in part. The vast majority of the 16.9 million currently unrepaired air bags have parts available for a repair, however, vehicle manufacturers do not report to NHTSA specific information regarding why certain vehicles have not been repaired. NHTSA encourages consumers who have been told that parts are unavailable for their Takata air bag repair, after having received a notice from their vehicle manufacturer notifying them to schedule a repair, to visit [www.nhtsa.gov](http://www.nhtsa.gov) and click "Report a Problem" to file a Vehicle Owner Questionnaire with NHTSA for appropriate follow-up.

*Question 2.* What else can NHTSA do to ensure that parts are available when recalls are issued?

Answer. Vehicle manufacturers are responsible for manufacturing safe vehicles with properly working componentry. In the Takata recalls specifically, NHTSA has phased the recalls in the May 2016 Consent Order with Takata to recall inflators before they present a risk to vehicle occupants, while also enabling vehicle manufacturers to develop and produce sufficient remedy parts shortly after the recalls are issued.

*Question 3.* When consumers must wait for replacement parts, do you agree that automakers should provide consumers with loaner cars at no cost?

Answer. NHTSA has encouraged vehicle manufacturers to take actions to minimize the inconvenience of the Takata recalls to vehicle owners, including providing alternate transportation for affected consumers.

*Question 4.* Please see this staff report I issued with Senator Markey examining the loaner car policies of automakers affected by the Takata airbag crisis: <https://www.blumenthal.senate.gov/imo/media/doc/Blumenthal%20Markey%20Loaner%20Car%20Report.pdf>. This report concluded with a number of recommendations for NHTSA, including calling on the agency to:

- Require information regarding loaner car policies be included in recall notices.
- Create a repository of automakers' loaner car policies on NHTSA's website to increase transparency and reduce confusion for consumers.

Would you be able to commit to implementing these two report recommendations?

Answer. NHTSA encourages all manufacturers to work with consumers who are seeking alternate means of transportation while their vehicle is under recall. The Independent Monitor has long recommended to vehicle manufacturers that their consumer outreach prominently feature the details of all services the manufacturer or its dealers provide that address owner inconvenience associated with the repair, including the availability of loaner or rental cars. NHTSA is committed to working with all stakeholders to continue working to overcome owner inconvenience as a means of improving overall recall completion rates, and to taking actions that further improve the safety of consumers.

*Question 5.* I am troubled that it took over two years after the first fatality involving a Ford Ranger, and half a year following the second fatality involving a Ford Ranger, for NHTSA to issue a "Do Not Drive" instruction on 2006 Ford Rangers. It seems as though a lot of attention is placed on the fatalities. But it is just as important to track injuries that have occurred in order to evaluate risks and identify particularly risky vehicles. How many injuries have there been that involved Ford Rangers?

Answer. There have been two confirmed rupture incidents involving Ford Rangers, neither of which involved non-fatal injuries. Both of the confirmed rupture inci-



dents were fatal incidents involving model year 2006 Ford Rangers. Vehicle manufacturers and inflator manufacturers are required to report all allegations of a ruptured inflator to NHTSA within five business days. The manufacturers provide updated information to NHTSA, including when they confirm that a rupture occurred or did not occur. NHTSA tracks all confirmed rupture incidents, including those involving fatalities or non-fatal injuries. NHTSA also notes that rupture allegations are not always immediately reported. Therefore, there may be a time lag between an incident and when the vehicle manufacturer and NHTSA learn of it. In this instance, at NHTSA's urging, Ford initiated a recall for the model year 2004–2006 Ford Rangers in January 2016, following the December 2015 fatal crash. Ford received notice of the second July 2017 fatal crash in late December 2017. Ford's review of information determined that the inflators involved in both fatal incidents, as well as a field return part that produced a test anomaly, were produced by Takata on the same date. Based on this information, and in consultation with NHTSA, Ford decided to issue the "do not drive" warning to address the enhanced risk to certain model year 2006 Ford Rangers.

*Question 6.* What information does NHTSA need to collect to be able to assess whether autonomous vehicles are at least as safe as human-driven vehicles? Does NHTSA currently have the required authority to collect such information?

Answer. NHTSA does have broad authority to collect information. However, NHTSA's collection of information is subject to the Paperwork Reduction Act, a process which typically takes many months because of public notice and comment requirements. In the meantime, NHTSA is collecting information from tools such as our fatality and crash databases, special crash investigations, investigations by other government agencies, research field operational trials, requests from companies for regulatory relief, discussions with manufacturers and technology companies, and quarterly reporting from those companies required to do so. NHTSA is also exploring the possibility of third-party anonymous data sharing and increasing our interaction with States who have active deployments to determine their potential usefulness to evaluate automated vehicle (AV) performance, but such collections of information would be also subject to the Paperwork Reduction Act.

*Question 7.* Takata is currently undergoing bankruptcy and about to cease operation. What is NHTSA doing to ensure the 2015 NHTSA preservation order continues, all documents are preserved, and testing continues to protect the public in the future for vehicles not yet recalled?

Answer. While the Preservation Order contained provisions that continued its applicability in the event of a change in corporate structure, as is happening through bankruptcy and acquisition, NHTSA issued an Amendment to the Preservation Order on April 12, 2018. Among other things, that Amendment specifies that the preservation obligations imposed on Takata continue in full force and effect on the subsequent Takata entity.

*Question 8.* The amended coordinated remedy order recalls inflators through a phased approach factoring in the location ("zone") and age of vehicle. As you noted in your testimony, cars that move from one state to another state must be re-categorized. How long does it take NHTSA to re-categorize a vehicle once it is re-registered in a new state? To what extent is the amount of time a vehicle is in a new or former geographic location factored into the new prioritization designation of a vehicle?

Answer. Vehicles were originally prioritized according to a "sold or ever registered" criteria, so if a vehicle was originally sold or ever registered in an High Absolute Humidity (HAH) or Zone A State it will forever stay prioritized according to that higher-risk factor. If the vehicle leaves the HAH or Zone A it does not move to a lower priority group. However, vehicles that move from a lower risk Zone (B or C) into a higher risk Zone (A or B) or from Non-HAH to HAH/Zone A, the vehicles are reprioritized into the corresponding higher-risk priority group. Each vehicle manufacturer obtains updated vehicle registration information on a recurring basis throughout the year to determine the address of record for mailing recall notifications. In the Takata recalls, each vehicle manufacturer is updating this information at a minimum of twice per year and, accordingly, this process should only take a few months.

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RESPONSE TO WRITTEN QUESTION SUBMITTED BY HON. MAGGIE HASSAN TO  
HEIDI KING

*Question.* It is my understanding that the recall prioritizes vehicles in warmer and more humid states as "high priority," while vehicles located in colder states are

lower priority. The problem with this approach, is that cars move. They change location. As they change location, they change temperatures. And this may put drivers at risk. Many people in my state of New Hampshire, for example, spend their winters down in Florida or other warmer climates. What is being done to raise awareness to consumers that their vehicle may need attention a lot sooner than they initially thought? Does NHTSA maintain a database of how many recalls are needed in each state? If not, why?

Answer. The data collected and examined by NHTSA shows that long-term exposure to combined high heat and humidity creates the risk that a Takata air bag will explode. A vehicle that “winters” in a hot and humid location does not experience the same continuous periods of heat and humidity as a vehicle that has been driven in these conditions year-round for many years. NHTSA prioritized Takata air bag repairs to ensure that vehicles with air bags that pose the highest threat to safety are able to be fixed first, while also working to ensure that parts are available to repair every affected vehicle as quickly as possible. Recall priority groups are based on the make, model, and model year of a vehicle; inflator position (driver or passenger); and the vehicle’s recall zone based on temperature and humidity. There are three recall zones: Zone A, hot and humid; Zone B, less hot and humid; and Zone C, least hot and humid. A vehicle is placed into the highest zone of a State or territory in which it has ever been registered. Vehicle manufacturers inform affected vehicle owners, via first class mail, as soon as the recall for each priority group launches. A vehicle owner who receives a recall notice indicating parts are available should schedule an appointment as soon as possible to get the free repair. Vehicle manufacturers maintain the data on recalls that have been completed and are still needed and report that data to NHTSA and the Independent Monitor. The vehicle manufacturers report information for the Takata recalls at the zip code level, which enables the Monitor and NHTSA to evaluate recall completion rates by state. Detailed completion rate data by priority group is available on NHTSA’s website at <https://www.nhtsa.gov/equipment/takata-recall-spotlight>.

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RESPONSE TO WRITTEN QUESTIONS SUBMITTED BY HON. TODD YOUNG TO  
JOHN D. BURRETTA

*Question 1.* In your testimony, you mention the challenge of not only identifying who owns the vehicles that need to be fixed, but also how to “identify messaging that clearly communicates the defect’s risk to consumers and motivates them to act.” What lessons have you learned in the process of developing communications to consumers that motivates them to act?

Answer. Through focus groups, in-depth interviews, online surveys and a “mystery shopper” program conducted in 2016, as well as additional focus groups and a national quantitative survey conducted in 2017, I learned that awareness among affected vehicle owners as of that time as to the existence of the recall, the scope of the Takata recalls, the severity of the Takata defect and the urgency of the recall was incomplete. Many affected vehicle owners did not understand that many different vehicle makes and models are affected, did not believe the defect is serious and did not know the repair is free and requires little time to be conducted. The research established various points regarding effective recall communications, including:

Outreach materials should unambiguously convey the urgency of the situation and provide a clear and persuasive call to action, using disruptive imagery that captures the attention of affected vehicle owners and ensures outreach materials are not discarded or forgotten.

Communications using bright, attention-grabbing colors, employing words like “kill” and “explode” are likely to effectively drive action.

Sharing concrete facts regarding the Takata recalls, such as the number of vehicles affected or the number of deaths and injuries that have occurred, helps affected vehicle owners understand the urgent safety risk defective Takata inflators pose and the importance of having one’s vehicle repaired immediately.

Sending traditional mailers on one or two occasions does not adequately convey the urgency of the Takata recalls. Repeated reminders are important.

Recall outreach should clearly convey that the repair is free of charge.

Communications should use personalized messages with the vehicle owner’s name and showing pictures of the make, model and model year of the owner’s vehicle.

Communications should convey clearly the availability of services that would minimize inconvenience, such as free towing, free loaner vehicles, extended dealership hours or the availability of mobile repair service.

Communications should clearly convey the availability of replacement parts.

Communications should identify a clear, simple and actionable process through which recipients can take steps to remedy the problem, such as a URL or phone number through which vehicle owners can schedule a repair appointment.

Providing outreach materials in a language affected vehicle owners can understand is key to ensuring they understand the content of the message. Content should be in multiple languages.

Further details regarding this research and resulting findings are set out in my November 2017 report entitled *The State of the Takata Recalls*, which may be accessed at [https://www.nhtsa.gov/sites/nhtsa.dot.gov/files/documents/the\\_state\\_of\\_the\\_takata\\_airbag\\_recalls-report\\_of\\_the\\_independent\\_monitor\\_112217\\_v3\\_tag.pdf](https://www.nhtsa.gov/sites/nhtsa.dot.gov/files/documents/the_state_of_the_takata_airbag_recalls-report_of_the_independent_monitor_112217_v3_tag.pdf).

*Question 2.* In the development of those messages, have you consulted with behavioral economists to help identify the most effective methods? If not, do you believe this is the type of problem a behavioral economist might play a constructive role in developing best practices?

Answer. In the development of my communications recommendations and related pilot initiatives, I consulted with professional communication strategists and research analysts who specialize in consumer perceptions, communications strategy, message refinement and tactical program development. Consistent with behavioral economic theory, our consultants focused on the strategic use of language, imagery and incentives to help vehicle owners overcome the perceived costs, barriers and biases that might inhibit their getting their defective airbags repaired. I believe these approaches effectively address the issues surrounding Takata-related recall outreach.

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RESPONSE TO WRITTEN QUESTIONS SUBMITTED BY HON. BILL NELSON TO  
JOHN D. BURETTA

*Question 1.* What additional steps can automakers take to improve recall completion rates?

Answer. To improve recall completion rates, automakers should:

- Send frequent, multichannel outreach that clearly describes the dangers of defective Takata airbag inflators and conveys a clear path to action;
- Offer services that will minimize owner inconvenience, such as free loaner vehicles and mobile repair service, and clearly communicate the availability of such services in outreach;
- Segment their unrepaired vehicle owner populations and employ different strategies based on the needs of each respective segment;
- Continuously measure the success of the different recall initiatives and tactics employed, so as to avoid expending time and resources on ineffective methods and instead dedicate resources to proven, efficient recall tactics, and strategically forecast anticipated completion rates;
- Engage and motivate dealers, including taking measures to ensure dealer recognition and accountability, expand dealer reimbursement policies, evaluate technician training requirements and host dealer best practices roundtables;
- Engage independent repair facilities to notify affected vehicle owners of open Takata recalls, assist affected vehicle owners with completing repairs and provide affected vehicle owner contact information;
- Transition from local to national strategies once a particular initiative is observed to be effective, making sure to plan strategically and dedicate significant forethought, logistical planning and resources to ensure the national initiative is effective and efficient;
- Use teams with cross-functional expertise and personnel with diverse skill sets, experience and expertise, to allow for development of more sophisticated solutions and strategies to accelerate recall completion;
- Undertake door-to-door canvassing initiatives for higher-risk vehicles and long-term non-compliant vehicle owners later in recall campaigns, to proactively encourage vehicle owners to schedule repairs, verify their contact information and understand in greater detail the barriers vehicle owners face in completing repairs;
- Address the heightened risk posed by certain inflator types with enhanced outreach strategies, including canvassing and multi-touch, multi-node communications that are tailored to affected vehicle owners; and
- Implement my formal recommendations, which provide greater detail on effectively conducting the aforementioned activities.

These initiatives are outlined in greater detail in my November 2017 report *The State of the Takata Airbag Recalls*, which may be accessed at [https://www.nhtsa.gov/sites/nhtsa.dot.gov/files/documents/the\\_state\\_of\\_the\\_takata\\_airbag\\_recalls-report\\_of\\_the\\_independent\\_monitor\\_112217\\_v3\\_tag.pdf](https://www.nhtsa.gov/sites/nhtsa.dot.gov/files/documents/the_state_of_the_takata_airbag_recalls-report_of_the_independent_monitor_112217_v3_tag.pdf). Automakers that have adopted these methods have made substantial progress in improving their completion rates.

*Question 2.* Do you think NHTSA has done enough to push automakers to ensure recall repairs are completed?

Answer. NHTSA is making substantial progress in pushing automakers to ensure recall repairs are completed. I have worked closely with NHTSA to assist automakers in improving their recall completion rates, and NHTSA frequently participates in meetings with automakers and in summits encouraging automakers to undertake enhanced recall techniques. NHTSA also provides feedback directly to automakers and aims to ensure those automakers are seeking to maximize recall repairs. NHTSA implemented the Third Amendment to the Coordinated Remedy Order, dated December 9, 2016, which, through its stepped series of recall repair deadlines, incentivizes automakers to seek to ensure repairs are completed on a timely basis.

*Question 3.* What additional steps can NHTSA take to improve recall completion rates? Have you recommended that NHTSA take enforcement action or other remedial steps against specific automakers whose recall completion rates substantially lag behind the metrics established in the Takata Orders?

Answer. NHTSA has been very supportive in encouraging automakers to improve completion rates and has substantially contributed to and driven success realized in transforming automakers' approaches to automotive recalls. NHTSA can help to further improve recall completion rates by continuing its support of the many ongoing recall initiatives, and by continuing to foster the cross-industry collaboration that has resulted. Where I observe an automaker with recall completion rates substantially behind the metrics established in the Takata Orders, I communicate to NHTSA the need for enhanced scrutiny and engagement and NHTSA has supported and pursued heightened levels of engagement. I do not make recommendations to NHTSA regarding enforcement actions.

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RESPONSE TO WRITTEN QUESTION SUBMITTED BY HON. RICHARD BLUMENTHAL TO  
JOHN D. BURETTA

*Question.* As the Independent Monitor, what are you doing to ensure the 2015 NHTSA preservation order continues, all documents are preserved, and testing continues to protect the public in the future for vehicles not yet recalled?

Answer. Takata and the Independent Testing Coalition continue to test Takata inflators and I receive regular updates on the ongoing testing. Any relevant observations with respect to the protection of the public are communicated to NHTSA for further action. While the 2015 NHTSA preservation order is not within the scope of my authority as Monitor, I have received information in that regard in the ordinary course.

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RESPONSE TO WRITTEN QUESTION SUBMITTED BY HON. MAGGIE HASSAN TO  
JOHN D. BURETTA

*Question.* This recall represents one of the largest and most complicated in U.S. history. It is my understanding that this is the Committee's third hearing on this topic since 2014. I am heart broken when I think of the individuals who have lost their lives, and the families that have been torn apart because of the short-sightedness that put business and profits before human lives. What progress has been made since the Committee's first hearings in 2014 with regard to providing financial relief to those impacted by this tragedy and with regard to getting this recall completed as swiftly as possible?

Answer. Automakers have evolved in their approaches to recall engagement since 2014, when the primary recall strategy was sending boilerplate, highly technical English language-only letters to affected vehicle owners approximately every three months and automakers generally relied on state Department of Motor Vehicles' registration data for vehicle owner contact information. Today many automakers are using a wide range of enhanced outreach strategies to improve completion rates, such as: frequent, multi-channel outreach, communications tailored to unique demographic attributes of unrepaired vehicle owners, using additional sources for vehicle owner contact information, refreshing those sources every few months, offering services to minimize owner inconvenience such as free loaner vehicles and mobile repair,

engaging third parties to conduct recall outreach and canvassing vehicle owners' homes, in-person, to notify them of the issue and schedule repair appointments. Though automakers employ these techniques to varying degrees and there remains much room for improvement, automakers are increasingly embracing these techniques, signaling a positive shift in the industry's approach to automotive recalls. As detailed further in my November 2017 report, *The State of the Takata Airbag Recalls*, even at the initial stages of implementation, these strategies have doubled or tripled repair rates for automakers that employ them.

Automakers are increasingly collaborating with one another to come up with additional innovative recall techniques. Through the Summits that I have hosted in coordination with NHTSA, automakers have effectively cross-pollinated ideas for recall techniques and execution methods.

With regard to providing financial relief to those impacted by this tragedy, funds have been set aside in many Takata-related civil settlements and in Takata's reorganization plan to ensure that those impacted by this tragedy receive financial relief. Civil litigations brought by those who have been injured or whose loved ones have been killed by defective Takata inflators have resulted in the provision of settlement funds to compensate these individuals. In the TK Holdings bankruptcy proceedings, the Bankruptcy Court for the District of Delaware has appointed Roger Frankel as legal representative for future claimant creditors—individuals who may sustain personal injuries after the bankruptcy filing arising from PSAN inflators manufactured by Takata before its emergence from bankruptcy—to ensure the reorganization plan provides adequate financial relief to such individuals. The court also appointed Pachulski Stang Ziehl & Jones LLP to represent a committee of unsecured tort claimant creditors, to ensure the reorganization plan provides adequate financial relief to individuals who currently hold personal injury claims against Takata. The confirmed plan of reorganization sets aside funds to provide financial relief for current, alleged and future personal injury and wrongful death claims, through the PSAN PI/WD Trust. In addition, the criminal settlement agreement between Takata and the U.S. Department of Justice provides for the payment of \$125,000,000 to individuals who have suffered or will suffer personal injury caused by defective Takata inflators.

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RESPONSE TO WRITTEN QUESTION SUBMITTED BY HON. BILL NELSON TO  
JOSEPH PERKINS

*Question.* It has been reported that Key Safety Systems will acquire almost all of Takata post-bankruptcy, except for certain assets that deal with Takata's ammonium nitrate-based air bags. Those air bag assets will be left in an entity that will be wound down in the near future. Will that entity have sufficient funding to assist with the production of replacement air bag inflators and maintain records and expertise that may assist NHTSA and other interested parties as the recall process moves forward?

*Answer.* There are no concerns with respect to the questions noted above. First, given the transaction closure extended into April, all inflator production in RTK (reorganized Takata) had been completed by the April 10 close date. All replacement kits going forward will be coordinated by JSS (Joyson Safety—Newco). The inflators for these kits will come from internal non PSAN production or from an outside source (Autoliv, etc). Per the NHTSA consent order, testing and engineering expertise remains in RTK and they will continue its regular interactions with NHTSA. All records are maintained and available.

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RESPONSE TO WRITTEN QUESTION SUBMITTED BY HON. RICHARD BLUMENTHAL TO  
JOSEPH PERKINS

*Question.* Does Key Safety Systems agree to cooperate with all requests with respect to document preservation?

*Answer.* Yes, JSS will maintain all relevant documents in our possession.

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RESPONSE TO WRITTEN QUESTION SUBMITTED BY HON. MAGGIE HASSAN TO  
JOSEPH PERKINS

*Question.* This recall represents one of the largest and most complicated in U.S. history. It is my understanding that this is the Committee's third hearing on this topic since 2014. I am heart broken when I think of the individuals who have lost their lives, and the families that have been torn apart because of the short-

sightedness that put business and profits before human lives. What progress has been made since the Committee's first hearings in 2014 with regard to providing financial relief to those impacted by this tragedy and with regard to getting this recall completed as swiftly as possible?

Answer. The JSS purchase of the non-PSAN assets of Takata was done to protect the industry, preserve public safety with continued production of replacement kits, and to save jobs that would have otherwise been lost had Takata liquidated. We bring a strong compliance approach and focus on quality. The DOJ plea agreement by Takata and certain mechanisms in the closing of the transaction provide certain funds for current and future victims. JSS is focused prospectively on producing high quality products to meet the needs of the consumer.

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RESPONSE TO WRITTEN QUESTIONS SUBMITTED BY HON. TODD YOUNG TO  
RICK SCHOSTEK

*Question 1.* In your testimony, you highlight that Honda has been relentless in contacting consumers to alert them to the recall, and note that you have a 72 percent completion rate that exceeds the industry average. To what do you attribute this success? Have you developed a message that you have found is particularly effective?

Answer. Honda has refined its outreach approach to focus not only on the substance of its messaging to the consumer, but also on the methodology used to find and communicate with the consumer.

Data integrity is a key foundation of any successful outreach strategy. Honda works very closely with our data provider, IHS Markit, to ensure that the customer data we are using is accurate.

This includes employing various data enhancement techniques as well as refreshing the data on a frequent basis.

Honda works with NHTSA, the Takata Monitor and the industry in continuously refining our recall messaging, and sharing outreach strategies and best practices for effective messaging. This includes the use of simple, easy-to-understand language that reinforces the fact that the recall will be performed for free. The great bulk of Honda's outreach also features bi-or multi-lingual messaging on consumer-facing printed communications.

Honda's success comes from employing a combination of complementary strategies rather than a single message or outreach tactic. This includes, but is not limited to, the use of e-mail, text messaging, online advertising and social media posts. This messaging is delivered in a cadenced manner with varying messages and themes; for example, by occasionally including imagery of injuries sustained as a result of a ruptured inflator. Honda is constantly looking for creative ways to reinforce its outreach at a local level through use of respected sources to echo the importance of our recall message.

We have seen increased customer response, for example, when we augment existing outreach with a message from the customer's state DMV office. However, even that will not motivate many customers to seek this important repair. That is why Honda is a strong proponent of encouraging states to tie safety recall repair completion to vehicle registration renewal. DMV tie-in could assure 100 percent of registered vehicles are repaired within a single registration cycle—1 year in most states; and more importantly, it would save lives.

*Question 2.* What lessons have you learned in the process of developing communications to consumers that motivates them to act?

Answer. Honda has learned a significant amount during its outreach activities for the Takata recall. Customers will respond to different types of outreach in different ways, and there is no single outreach method that will motivate all consumers to bring their vehicles in for a repair. As outlined above, using accurate data, Honda continues to reach out to consumers using simple and concise messaging that is delivered across a wide variety of outreach tools.

Even employing this outreach together with other industry best practices, Honda has seen diminishing returns. This led to Honda's decision to conduct door-to-door canvassing for its highest risk vehicle population, often referred to as Alpha VINs. In the last year, Honda representatives have been knocking on the doors of every valid address associated with an on-the-road Alpha VINs. That outreach continues today.

Through Honda's combined outreach efforts to date, we have either repaired or otherwise accounted for 1.03 million Alpha VINs, leaving approximately 55,000, or 5.1 percent of the original population, subject to ongoing outreach efforts. This has proven to be a particularly challenging population, as even intense canvassing

throughout the last year, often involving multiple visits to each Alpha VIN owner, has not yet motivates them to accept the repair. Frequently, these customers feel they are too busy, or simply believe the problem will not happen to them. In other cases, Honda has found that these customers have avoided taking part in the recall as a result of a perceived desire to avoid detection, often driven by personal or legal concerns. These customers in particular have proven to be suspicious of uninvited visitors offering free repair work on their vehicles. In a number of cases, canvassers have even been threatened with violence, which in some cases has required the involvement of local law enforcement.

Within reasonable limits, considering the safety of our canvassers first, Honda will continue to encourage these customers to avail themselves of the recall remedy. It remains important to understand that, despite the 100 percent completion target that NHTSA has promoted, the auto industry possesses no enforcement capacity to compel a customer to complete a repair.

*Question 3.* You also mention the importance of engaging other stakeholders in helping the industry identify and notify customers with outstanding airbag recalls. Can you tell me what successes you have had in engaging with other ancillary industries that ultimately have a touchpoint with consumers?

Answer. Honda has seen localized lift in repair rates when our outreach efforts were supplemented by DMV outreach. For example, both the District of Columbia and the State of Vermont advised vehicle owners if their vehicle contained an unrepaired safety defect at the time of a required vehicle inspection. In a separate pilot, the District of Columbia's DMV actively supported a program to perform Takata Recall repairs to coincide with those required inspections. Honda is eager to broaden these efforts with additional state DMVs.

Honda also has had noteworthy success working with the insurance industry. Over time, Honda has developed a relationship where most insurance companies will permit repairs of salvage vehicles before those vehicles are re-sold at auction. This avoids recalled airbags from entering the secondary use market.

At the same time, Honda has so far been unsuccessful at encouraging these same insurance companies to engage their policyholders by reminding them to get this life-saving repair. To overcome insurance company objections about data availability, the auto industry worked together in the last year to create a bulk VIN recall lookup tool. This tool provides a free single source for looking up open safety recalls on large numbers of VINs from all OEMs. Honda will continue to engage the insurance industry to look for creative ways we might work together to improve completions in the future.

Honda also has worked with CCC, the industry leading supplier of body shop estimating software, to raise awareness of this recall. When an affected customer's VIN is entered into the collision estimating system at a body shop that uses this software, body shop personnel will be shown a pop up message that alerts them that the particular VIN has one or more open safety recalls, including the Takata recall. A printout of this message can then be provided to the customer containing information on appropriate next steps to repair their vehicle.

Honda believes that the most effective means of assuring the repair of vehicles with safety defects is by tying vehicle repair to vehicle registration. This is particularly important for the second, third or fourth owners of vehicles who may not even be aware at the time they purchase the vehicle that it contains an unremedied defect.

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RESPONSE TO WRITTEN QUESTION SUBMITTED BY HON. BILL NELSON TO  
RICK SCHOSTEK

*Question.* About sixty thousand vehicles nationwide—and over three thousand in Florida—contain “alpha” inflators, which pose a fifty percent risk of serious death or injury when they deploy. Have you considered case bounties or just offering to buy these old vehicles, which may not be worth much, to get them off the road?

Answer. With respect to vehicles believed still to be on the road, Honda has employed a variety of strategies to encourage the completion of open Takata inflator recall repairs. Since June 2016, Honda focused over 9 million direct communications to its highest risk VIN population, often referred to as “Alpha” vehicles, with the average unrepaired on-the-road VIN receiving over 45 communications with varying cadence and messaging. Further, in the past year, Honda took the additional unprecedented step of performing door-to-door canvassing of every Alpha consumer, with the goal of engaging them, understanding their specific needs, and addressing those needs to accomplish the recall.

When engaged with consumers regarding vehicles they still have, but which no longer are on the road, Honda endeavors to do what is necessary to repair the airbag inflator taking into account that customer's needs. Depending on the particular circumstances, this has included repairing vehicles expected to return to active service in the future, purchasing the undeployed airbag inflator from vehicles not expected to return to service, and in some cases offering to purchase the whole vehicle. Where the vehicle is still on the road, we have found it very often serves as an important means of transportation for the customer's family, making vehicle disposal an unattractive option compared to repair. For these consumers, Honda offers incentives to meet their specific needs—most often towing, loaner vehicles, local transportation (other than loaner cars) and on-site repairs.

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RESPONSE TO WRITTEN QUESTIONS SUBMITTED BY HON. RICHARD BLUMENTHAL TO  
RICK SCHOSTEK

*Question 1.* Last year, Takata signed a plea agreement with the Department of Justice, which included the payment of a \$25 million criminal penalty, \$125 million restitution for victims of defective Takata airbags, and \$850 million compensation fund for auto manufacturers. Did Honda actively negotiate with DOJ to set the restitution fund for OEMs at \$850 million? Please provide copies of all documents and submissions you provided to DOJ which may have been considered in determining this allocation of restitution funds.

Answer. Honda fully cooperated with the Department of Justice in its investigation of Takata, but did NOT negotiate or otherwise discuss with DOJ the amount of the personal injury victim restitution fund or the OEM victim restitution fund. As no negotiations with DOJ occurred, there are no documents to share on this matter.

In addition to the \$125 million Victim Restitution Fund, an additional fund has been created through negotiations in the Takata bankruptcy. That fund will provide at least an additional \$130 million to compensate individuals injured by Takata PSAN inflator and will be administered by Takata Special Master Eric Green. In addition, and also in conjunction with the Takata bankruptcy, Honda has committed to ensuring that all Honda customers who have been injured due to a Takata PSAN inflator are fairly compensated through an expedited process, also administered by Special Master Green. Honda is presently the only OEM that has made this commitment. Additional information about these funds and claim processes is available at [www.takataspecialmaster.com](http://www.takataspecialmaster.com)

*Question 2.* It is my understanding that the first incident involving defective Takata airbags took place in May 2004 with a 2002 Honda Accord. The victim experienced severe lacerations on both her chin and right side cheek as a result of the inflator rupture. When Honda issued its first recall in 2008, Honda did not include information about this event to NHTSA. It was not until September 2009 that Honda disclosed this first incident with NHTSA. Why wasn't this inflator provided to Takata and NHTSA for inspection soon after the incident? Why did it take until September 2009 for Honda to report this event to NHTSA?

Answer. Honda did not wait until September 2009 to disclose this incident to NHTSA. Honda promptly reported the 2004 incident under the requirements of the TREAD Act in its Early Warning Report to NHTSA in the 2nd quarter of 2004.

The reason the 2004 incident was not also included in the initial 2008 recall disclosure is because Takata had previously advised Honda that the inflator rupture in 2004 was an "anomaly." When Honda learned of the 2004 rupture, it had little or no experience with ruptures. In May 2005, Honda contacted Takata about the potential causes of the rupture and provided photos of the ruptured inflator. From these photos, Takata engineers concluded that deep and localized rust inside the inflator had been present before the rupture, and they believed this rust was probably caused by excessive moisture during manufacturing or a leak in the inflator due to a compromised seal. The inflator itself was not provided to Takata. To our knowledge, it has not been preserved. However, Takata never advised Honda that it was unable to evaluate the inflator from the 2004 event based on the photos of the inflator alone. Takata searched its manufacturing records and verified that the data showed no deviations from Takata's manufacturing specifications. In addition, Takata had seen no other ruptures in the field, and it would be another three years before another took place.

After the 2007 and 2008 ruptures, Takata believed it had pinpointed the problem—it identified a five-week period when its propellant may have been manufactured improperly. The inflator from the 2004 incident, however, used propellant that had been manufactured ten months after the time period in question. Additionally,



as discussed above, Takata told Honda in 2007 that the 2004 event inflator ruptured due to “anomalies” that had nothing to do with the issues that led to the 2008 recall. Honda had no engineering basis to include the 2004 event in its reporting of the 2008 recall to NHTSA.

In July 2007, after three additional ruptures in the field had been reported, Honda initiated a thorough review of the issue. These ruptures occurred in vehicles that were at least six and a half years old at the time of the incident, and all involved inflators that were manufactured within three weeks of each other. In August 2007, Takata presented a tentative conclusion to Honda that “we likely have a cluster of events (the 2007 ruptures) from a common cause and an isolated incident (the 2004 event).”

Takata based its recommendations about the initial November 2008 recall on its conclusion that the ruptures were caused by manufacturing defects in a brief period of propellant manufacture (October through December 2000). The propellant used in the inflator that ruptured in 2004 was made in October of 2001. The logical conclusion, based on the information available at the time, was that the 2004 event was not related to the recall defect, but instead occurred due to a compromise of the seal. As such, the 2004 event was not relevant to the recall and should not have been referenced as a related field event.

In June 2009, after additional ruptures in the field, Honda expanded its Takata airbag recalls, following Takata’s disclosure that PSAN propellant manufactured from the start of production through February 2001 was incorrectly manufactured to below-specification density (low-density propellant). This recall covered inflators containing propellant manufactured up until February 2001. It therefore did not include inflators with propellant manufactured in October 2001 (the 2004 event inflator). Because the cause of the 2004 event was not viewed as related to the low-density propellant defect, neither the event nor the manufacturing period was relevant to the recall.

After the June 2009 event, Honda and Takata continued their root cause investigation. In August 2009, Takata again concluded that the event in 2004 was caused by a different problem than later events. Takata provided Honda with four reasons for this conclusion: (1) The inflator at issue in the 2004 rupture was only two and a half years old, while the other ruptures involved much older inflators; (2) Unlike other inflators, the inflator in the 2004 rupture had deep localized interior rust, which suggested a compromised seal; (3) The propellant manufactured at the same time as the 2004 event propellant was manufactured according to specifications and performed properly in recovered inflators when deployed; and (4) Takata was able to replicate the 2004 event inflator rust and corrosion by testing an inflator with an intentionally compromised inflator seal.

You are correct to point out that in September 2009, as part of a response to a NHTSA Recall Query, Honda again referenced the 2004 event. NHTSA initiated the Recall Query to determine whether the scope and timing of the 2008 and 2009 recalls were appropriate. This was the second time NHTSA was told of the 2004 event. Before the Recall Query was completed, Honda expanded the recall again because Takata could not ensure that additional ranges of propellant were manufactured to the correct density. This expanded recall in February 2010 included the manufacturing range of the propellant in the 2004 event inflator, but was not conducted because of concerns that the 2004 incident, by itself, signaled a problem in those inflators. NHTSA, aware of the three recalls and the 2004 event, concluded that the timing and the scope of the recalls were appropriate.

Finally, in evaluating Honda’s decisions about Takata’s airbag inflators equipped with Phase Stabilized Ammonium Nitrate, it is important to remember that Takata concealed critical test data from Honda during the development of these inflators and during the investigation into ruptures. As Takata has admitted in a criminal guilty plea, Honda would not have installed these inflators in its customers’ cars if Takata had disclosed this information. If this information had been disclosed to Honda in May 2005 or in 2007 when the investigation began, the recall history above would have been vastly different.

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RESPONSE TO WRITTEN QUESTIONS SUBMITTED BY HON. MAGGIE HASSAN TO  
RICK SCHOSTEK

*Question.* 1This recall represents one of the largest and most complicated in U.S. history. It is my understanding that this is the Committee’s third hearing on this topic since 2014. I am heart broken when I think of the individuals who have lost their lives, and the families that have been torn apart because of the short-sightedness that put business and profits before human lives. What progress has

been made since the Committee's first hearings in 2014 with regard to providing financial relief to those impacted by this tragedy and with regard to getting this recall completed as swiftly as possible?

Answer. Significant progress has been made in both of the areas—providing financial relief and recall completion—that are the subject of this question.

As to the former, Honda can point to several important developments that have made financial relief more available to consumers impacted by the Takata airbag recall, including those that have suffered injuries resulting from Takata airbag ruptures. First, on February 27, 2017, Takata Corporation entered into a plea agreement with the United States in connection with charges relating to certain of its airbags. The plea agreement created a \$125 million restitution fund for persons who have suffered or will suffer wrongful death or personal injury caused by the malfunction of a Takata airbag inflator. The Takata Victim Restitution Fund is administered by Takata Special Master Eric Green.

An additional fund also has been created through negotiations in the Takata bankruptcy. That fund will provide at least an additional \$130 million to compensate individuals injured by Takata products and also will be administered by Special Master Green. In addition, and also in conjunction with the Takata bankruptcy, Honda has committed to ensuring that all Honda customers who have been injured due to a Takata PSAN inflator are fairly compensated through an expedited process, also administered by Special Master Green. Honda is presently the only OEM that has made this commitment. Additional information about these funds and claim processes is available at [www.takataspecialmaster.com](http://www.takataspecialmaster.com).

Finally, on or about February 28, 2018, Honda entered into settlement of the economic loss class action claims in the multidistrict litigation captioned *In Re: Takata Airbag Products Liability Litigation*, No. 15–MD–2599–FAM (the “MDL Settlement”). The MDL Settlement was valued at \$605 million and includes a number of different components, including an Outreach Program, a Rental Car/Loaner Program, and a claims process that allows customers to submit claims for cash payment for out-of-pocket losses.

Turning to the second topic of the question, recall completion, Honda again is able to report significant progress. Specifically, Honda has the highest Takata recall completion percentage in the industry and, perhaps even more significantly, that completion percentage has been achieved on industry-leading volumes of airbag inflator repairs.

These repair statistics have come as a result of hard work and ingenuity by Honda and its associates. The foundation of Honda's strategy is a multi-channel outreach program that thus far has produced over 160 million Takata recall-related communications to affected customers. Honda has learned that its customers sometimes respond differently to distinct modes of communication, so its outreach is comprised of a varied mixture of mail, telephone, e-mail, SMS message and social media communications. The messaging, normally provided in multiple languages, emphasizes both the urgency of the recall and the availability of a free repair.

Honda has instituted a number of programs designed to maximize customer participation in the recall remedy. To that end, Honda has instituted a loaner car program for customers needing alternative transportation while their vehicle is being repaired. Vehicle towing also is an option in many cases. Perhaps most noteworthy, Honda has instituted a nationwide canvassing initiative targeted to its highest-risk vehicle populations. To date, Honda canvassers have made over 600,000 in-person visits to owners associated with its Alpha vehicle population. The scope of the canvassing program has just been expanded, and Honda anticipates that this will have an additional positive impact on its completion percentage. Honda also has begun supplementing some of its canvassing teams with trained technicians that, where feasible, offer the possibility of completing an on-the-spot repair at the customer's home or place of business.

Honda has employed a number of other innovative tactics in support of its Takata recall program. By partnering with certain auction services, Honda has devised new ways to repair recalled vehicles registered to insurance companies. Honda likewise has made efforts to increase awareness among independent repair businesses and collision/body shops so that, where appropriate, personnel from these aftermarket sources can promote the recall to their customers. Honda also has worked with several state DMVs to leverage their stature in underscoring to Honda customers in those states the importance of having the recall completed. These activities are emblematic of Honda's commitment to the Takata recall and, more fundamentally, to the safety of its customers.

*Question 2.* I have heard from the auto industry that one major issue with implementing a recall of this magnitude, is waiting for replacement parts. Is this actually

the case, and if so, what more can be done to ensure manufacturing and shipment of replacement parts is occurring as quickly as possible?

Answer. Honda has worked very closely with suppliers of airbag inflators in the industry to ensure there is a sufficient supply of inflators available within its parts supply chain. The result of these efforts is that Honda has not experienced a back order on a driver's or passenger's side inflator since October of 2016. Honda's "decision to act quickly and comprehensively to find a solution" to the Takata airbag crisis was recognized in a recent article published in Automotive News: "Once it was clear the Takata episode was going to affect numerous brands across the industry—thus putting a strain on supplies of inflators—Smith pushed Honda to pursue buying additional inflators from new suppliers and helped get those companies online with Honda's supply chain." Bruce Smith Named Automotive News All-Star, at <http://www.autonews.com/article/20171126/OEM02/171129908/bruce-smith-all-star-service-and-parts-honda> (Nov. 26, 2017). The Automotive News article is enclosed herewith for reference.

Honda does not anticipate any issues with inflator parts supplies that would inhibit its customers from receiving the appropriate repair for any vehicle involved in the Takata recall.

*Question 3.* Another, more pressing issue with the recall it seems, is the difficulty people in my state and across the country have in getting an appointment at a dealer or repair center that works with their schedule. While getting car parts is a problem for the manufacturer, dealer recall appointment schedules seem to be a problem for everyone. What specific steps are you taking to make this process easier for all recalls?

Answer. Honda has taken a number of steps to facilitate prompt Takata recall repairs for consumers. First and foremost, Honda acted early to secure a robust supply of replacement parts, as detailed in Honda's response to the previous response. Honda also focused its attention on assuring the robustness of our foundational business processes, for example, by lowering the minimum age for loaner car eligibility and assuring our scheduling system prominently presents open safety recall information to the consumer, thus encouraging the repair. Honda also educated its dealer body to prepare them for added workload; in response, many dealers of their own initiative took additional steps based on their local needs, including adding personnel as needed and offering extended business hours and—in some cases—special weekend repair days.

Honda monitors a number of feedback channels, including our Customer Relations department, Dealer feedback, daily repair volume, parts supply and mystery shopper calls, among others. While appointment availability might be a challenge for some manufacturers, our customer feedback demonstrates that Honda is able to meet customer recall appointment scheduling expectations—and has been for some time.

4/17/2018

Automotive News

# Automotive News

2017 ALL STAR | SERVICE AND PARTS

**Bruce Smith**

Senior vice president of parts, service and technical operations, American Honda



**Bruce Smith was instrumental in American Honda's decision to act quickly and comprehensively to find a solution to the Takata airbag crisis.**

Automotive News | November 26, 2017 - 12:01 am EST

*Editor's note: Bruce Smith's job title has been corrected.*

It was a scenario every automaker fears: the realization that your vehicles are made with a part that could injure or even kill your customers. As executives at American Honda were learning the true scope of the Takata airbag inflator crisis in 2014, Bruce Smith, then the vice president of parts and service, was instrumental in his company's decision to act quickly and comprehensively to find a solution.

Once it was clear the Takata episode was going to affect numerous brands across the industry — thus putting a strain on supplies of inflators — Smith pushed Honda to pursue buying additional inflators from new suppliers and helped get those companies online with Honda's supply chain.

He also worked to expand Honda's loan program to include a wide range of customers (such as extending the eligibility age below 21) so as many affected customers as possible were provided loaner cars.

Smith, 58, also was a voice for Honda dealers. He put together a communications strategy and numerous videos to relay to dealers the status of all things related to the *automaker's* Takata-related recalls and service campaigns.

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## RESPONSE TO WRITTEN QUESTIONS SUBMITTED BY HON. TODD YOUNG TO DESI UJKASHEVIC

*Question 1.* In your testimony, you highlight that you are working closely with NHTSA and the Monitor to implement best practices to encourage consumers to replace their airbags. You also note that you are using data analytics to study the effectiveness of various approaches to accomplish that task. What lessons have you learned as a result of your data analytics?

*Answer.* The use of data analytics is ongoing and new information is identified by the monitor, other OEMs and Ford as the recalls progress. Some of the key learnings from the use of data analytics include:

Segmentation of recall populations (older vehicles, customer demographics, geographic influences (*e.g.*, urban and rural customer locations) require different owner contact approaches to be effective

Identification of vehicles that are currently owned by a subsequent owner (sometimes the third or fourth owner) and vehicles that are no longer in service

Analysis of different types of notification (*i.e.*, e-mail, phone calls, first class mail, FedEx packaging, post cards, etc.) and the frequency of notification for optimal methods to cause different owner populations to respond to the recalls

*Question 2.* Has Ford consulted behavioral economists to help understand that data and more effectively tailor a message? If not, do you believe a behavioral economist might play a constructive role in developing a more effective message?

Answer. The Takata Independent Monitor has employed a number of resources to consult with the OEMs including experts on integrated marketing communications programs and all aspects of digital, social and mobile media strategy, development and execution. Feedback from those experts has been provided to all of the OEMs and their guidance is being implemented in customer outreach messaging, including owner letters, social media outreach, and targeted experiential events as examples. Ford is also using its sales marketing partner to identify and coordinate messaging in customer outreach for the recall notifications.

*Question 3.* Has Ford had success engaging with other ancillary industries that have a touchpoint with consumers?

Answer. Ford, along with all of the affected OEMs, are using unprecedented outreach methods for the Takata related recalls. Some examples of those include mobile repair services, salvage yards and auto auctions, automotive insurance companies, automotive finance companies (*e.g.*, Ford Motor Credit), enthusiast groups (*e.g.*, Mustang Clubs of America) and private repair facilities such as body shops to make sure customers are aware of the recalls and the importance of having the recall repairs completed. Also, some state motor vehicle authorities are allowing OEMs to coordinate messaging in their facilities (*e.g.*, video messaging in waiting areas, and letters to customers with government agency letterhead).

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RESPONSE TO WRITTEN QUESTIONS SUBMITTED BY HON. BILL NELSON TO  
DESI UJKASHEVIC

*Question 1.* The two deaths caused by rupturing Takata inflators in Ford Rangers reveal that just one day of production at Takata can be fatal. How can Ford be sure that other vehicles will not need a “do not drive” warning?

Answer. Ford and Takata, in coordination with NHTSA, continue to test parts returned from the field. To date all of the inflators that have demonstrated an elevated risk of rupture for special causes outside the commonly accepted causes associated with exposure to moisture, high temperature cycling, and time in service have been addressed. As we have shared with your staff, if additional data is identified that suggests additional action should be taken, we will.

*Question 2.* Ford has identified three injuries caused by rupturing Takata airbags in 2005–2007 Ford Mustangs—two of which occurred in Florida. Can you describe these injuries, and should drivers of these vehicles stop driving them until they are fixed?

Answer. The injuries reported to Ford were non-life threatening. Based on data available to Ford, we believe the cause of rupture in these three Mustangs is the same condition affecting the broader population of recalled Takata inflators; namely exposure to moisture, high temperature cycling, and time in service. While no special causes have been identified in this population of inflators, we will continue to monitor all field and test data and make adjustments as necessary.

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RESPONSE TO WRITTEN QUESTIONS SUBMITTED BY HON. RICHARD BLUMENTHAL TO  
DESI UJKASHEVIC

*Question 1.* Please document all injuries that have occurred due to defective Takata airbags in Ford Rangers.

Answer. As you are aware, there are two fatalities attributed to the single stage driver inflators in two 2006 model year Ford Rangers. On April 28, 2018, NHTSA informed Ford of an event that occurred in March 2017 involving a 2006 Ford Ranger where the driver reported an injury to their chest from an inflator rupture.

*Question 2.* I understand that Ford is a member of USCAR—the United States Council for Automotive Research. USCAR has a specification for airbag inflators called USCAR–24, Inflator Technical Requirements and Validation Specifications. When did USCAR first begin developing these specifications?

Answer. Ford believes that development of the USCAR specifications began in 1999.

*Question 3.* Did Takata inflators used by Ford deviate from USCAR-24 specifications?

Answer. As Ms. Ujkashevic testified, “The Takata air bag inflators that are being discussed did not deviate to the USCAR spec that would be relevant in the context of the deployment disruptions.”

*Question 4.* When does USCAR anticipate it will have updated inflator specifications and do you expect updated standards would allow for the use of ammonium nitrate?

Answer. There is not an established completion target for the USCAR updates. The specification is a performance based specification, not a design directive; however, Ford is not currently utilizing ammonium nitrate as a primary gas generate in current production vehicle airbag inflators and has no plans to do so in the future.

*Question 5.* We know that Honda vehicles with so-called “Alpha” inflators, found in certain 2001–2003 Honda and Acura models, have an alarming rupture rate of as high as 50 percent, according to NHTSA and Takata. Mr. John Buretta, the Independent Monitor of Takata, has documented in his 2017 report that such statistics can be helpful in conveying to consumers the importance of repairing open recalls. Do you have similar failure rate statistics that you can share with consumers regarding the Ford Rangers, and, if you do not, when do plan to have such statistics?

Answer. Ford is continuing to analyze and compare the potential rupture rate in the Honda “Alpha” population and our “Do Not Drive” population. If we identify a similar failure rate projection, we would certainly use that to help motivate owners to have their vehicles repaired. We are concerned that if the projected rupture rate of the “Do Not Drive” population is lower than the “Alpha” population, owners might take that to mean the risk is lower and somehow acceptable. Whatever the projected rupture rate is in the “Do Not Drive” population, it is unacceptably high and we want all owners to stop driving their vehicles and have the Takata air bag inflators replaced now.

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RESPONSE TO WRITTEN QUESTIONS SUBMITTED BY HON. MAGGIE HASSAN TO  
DESI UJKASHEVIC

*Question 1.* This recall represents one of the largest and most complicated in U.S. history. It is my understanding that this is the Committee’s third hearing on this topic since 2014. I am heart broken when I think of the individuals who have lost their lives, and the families that have been torn apart because of the short-sightedness that put business and profits before human lives. What progress has been made since the Committee’s first hearings in 2014 with regard to providing financial relief to those impacted by this tragedy and with regard to getting this recall completed as swiftly as possible?

Answer. Our sympathies go out to those individuals who have been injured and the family of those who lost loved ones as a result of Takata air bag inflator ruptures.

Ford is taking extraordinary efforts to encourage all owners with defective Takata air bag inflator to have their vehicles repaired. While the normal recall letter mailings continue to be effective in driving increased completion rates, we are reaching owners in a number of creative ways including:

- Outbound live phone calls—we are adding Call Center Agents to enable 1 million outbound calls per year
- Certified letter with surveys to help us assess what type of outreach is most effective
- Facebook targeted campaign
- Pandora targeted campaign
- Owner letters including additional languages in targeted zip codes
- Engaging the nationwide network of Mustang Owner Clubs

We are also offering rental vehicle assistance for those owners who need alternative transportation to have their vehicles repaired or those who are waiting for replacement parts.

For the 2006 Ranger population affected by the “Do Not Drive” order, we have made eight contacts per vehicle on average including:

- US Mail—110,000
- E-mail—44,000

- Robo Calls—43,000
- Live Phone Calls—41,000
- Text Messages—11,000

We continue to use new sources of customer contact data to help us identify current owners. We are providing additional incentives to dealers to expand their efforts to complete the recall including financial incentives that help dealers reach into their local communities to find these inflators, competitive assessments to motivate dealers to understand opportunities to complete recalls, and providing a dealer dashboard to help them track their successful efforts to complete the recall. Ford is also using advanced data analytics tools to help target specific populations that need additional help to complete the recall.

We are investigating other outreach actions including canvassing, mobile repairs, using independent service repair providers in more remote locations, and salvage yard recovery of recalled inflators.

*Question 2.* I have heard from the auto industry that one major issue with implementing a recall of this magnitude, is waiting for replacement parts. Is this actually the case, and if so, what more can be done to ensure manufacturing and shipment of replacement parts is occurring as quickly as possible?

Answer. While Ford cannot speak for other manufacturers, Ford's approach to the remedy parts for these recalls is to develop solutions that do not use ammonium nitrate. This approach requires identifying non-ammonium nitrate based inflators that provide adequate protection to vehicle occupants. In some instances alternate inflators have been identified that can be modified slightly to perform with the existing airbag cushion and vehicle system. In other instances, an inflator-only solution could not be identified, and a new inflator and airbag module system were developed. Ford's approach to developing the recall remedy parts is to work with existing suppliers to identify potential solutions that are then completely tested and validated through Ford's processes to ensure the remedy parts perform as required and provide adequate occupant protection. Ford worked with (and continues to work with) the existing inflator supply base to identify remedies that also have adequate production capacity available. In some instances, Ford pre-purchased production capacity at suppliers before a remedy part was finalized to ensure that parts could be expeditiously produced when a solution was identified. Ford continues to work closely with the suppliers to expedite parts to customers within the limits allowed by regulation of shipping hazardous material.

*Question 3.* Another, more pressing issue with the recall it seems, is the difficulty people in my state and across the country have in getting an appointment at a dealer or repair center that works with their schedule. While getting car parts is a problem for the manufacturer, dealer recall appointment schedules seem to be a problem for everyone. What specific steps are you taking to make this process easier for all recalls?

Answer. Ford is working closely with its dealer network to identify and implement processes to reduce the inconvenience to customers. Examples of actions to date include providing shuttle services for owners, and providing loaner or rental vehicles to owners while their vehicle is being serviced. Ford is asking dealers to consider conducting weekend airbag replacement events to improve owner convenience. Finally, Ford is exploring the use of mobile repair service and Independent Body Shop support to complete repairs where driving distance or drive time makes it difficult for owners to get to a dealership to have airbags replaced. If someone is struggling with setting an appointment, we encourage them to contact our Customer Relationship Center.

