



ALLIANCE
FOR AUTOMOTIVE
INNOVATION



Transportation Legislation Review Committee

Automotive Recalls

September 25, 2024





• APTIV •



Autoliv

BASF
We create chemistry

BMW GROUP

BOSCH

DENSO



HONDA

HYUNDAI

INEOS
Automotive



ISUZU



KIA



LUMINAR

MAGNA



McLaren

Mercedes-Benz



nuro

Panasonic

PORSCHE

Qualcomm



SAMSUNG
SAMSUNG SDI



STELLANTIS



TEXAS
INSTRUMENTS

TOYOTA

Uber



VINFAST

VOLKSWAGEN
GROUP OF AMERICA

VOLVO

ZOOX



Nick Steingart

Director, State Affairs

Alliance for Automotive Innovation



Chris Freeman

**Director – Government Investigations
and Advocacy**

Stellantis



Craig Orlan

**Director of State & Local
Government Affairs**

American Honda Motor Co, Inc.

Background on Vehicle Safety Recalls

- Federal law requires manufacturers to notify owners of vehicles when there is a safety-related recall and to provide **free repairs**.
- Failure to obtain free repairs puts drivers, passengers, and **all roadway users** at risk.
- More than 67 million defective Takata air bags have been recalled, for example, which are associated with **several deaths and hundreds of serious injuries**.
- **Millions of vehicles are recalled every year**. Automakers send notices to each owner and conduct awareness campaigns.
- Nevertheless, **1 in 5 vehicles** on the road have an open recall.

The Problem

Despite significant outreach from manufacturers and the availability of free repairs, **why do 1 in 5 vehicles on the road still have an open recall?**

Apathy

When manufacturers reach owners, many choose inaction or do not prioritize the repair:

Consumers are suspicious of or immune to information from private companies (need to hear from a trusted source)

Awareness Gap

Manufacturers often unable to find current owners to inform them of a recall / free repair:

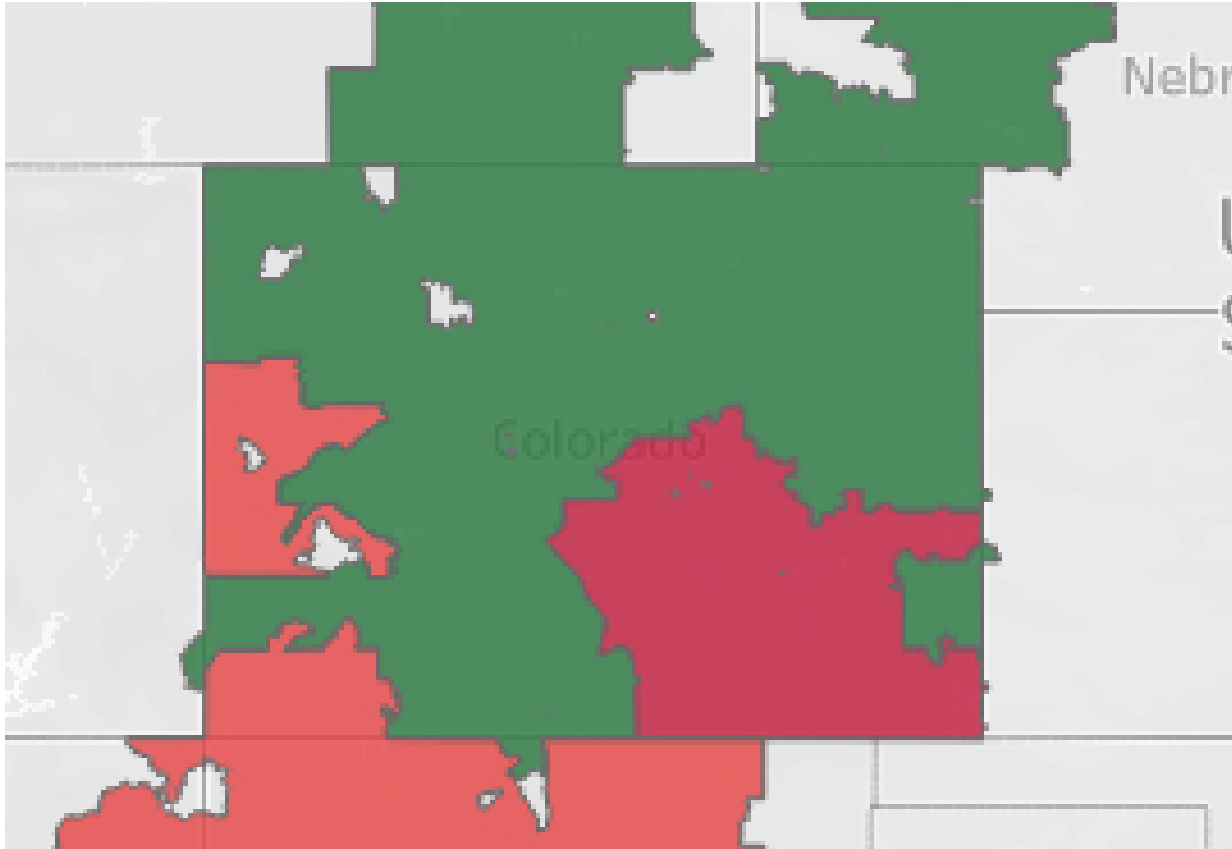
- Lack of updated contact information
- Lack of understanding about what a recall is
- Language barriers

Vulnerable Populations and Barriers

Some groups may be harder to reach and thus less likely to obtain a free repair:

- **Military:** frequent moves makes it harder for manufacturers to contact service members and their families.
- **Low income:** more likely to move/change address, and more likely to buy used cars outside of dealer networks, so manufacturers are less likely to have updated contact information.
- **English as a Second Language:** manufacturers conduct multilingual outreach, but non-English speaking populations may still be harder to reach.

Unrepaired Takata Recalls in Colorado



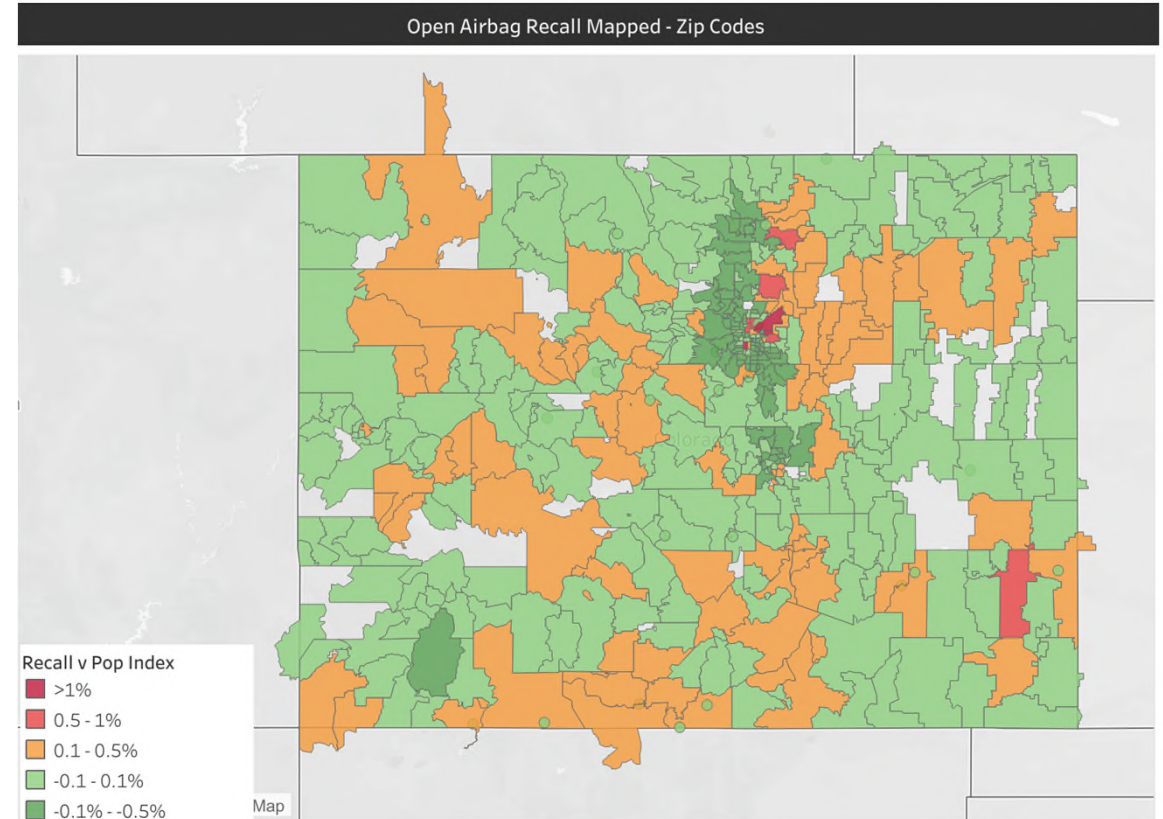
*Figures are based on preliminary industry sample data for illustrative purposes. Additional analysis and research is forthcoming.

While the Denver media market has the highest number of open recalls, it slightly under-indexes compared to its share of Colorado's population.

The remaining markets have a slightly higher than would-be-expected number of open recalls in comparison to their share of the state's population.

Unrepaired Takata Recalls in Colorado

In Colorado, the household median income is \$87,598. Nearly 75% of all open recalls in the state are concentrated in zip codes that have incomes **below** (8%), **well below** (17.75%), and **significantly below** (49%) the state median. By contrast, 18.3% of vehicle recalls in the state are in zip codes that have incomes **above**, **well above**, and **significantly above** the state median.



Open Recalls Across Zip Codes: Income Levels Compared to Statewide Percent									
no median income	significantly below	well below	below	slightly below	equivalent to state avg	slightly above	above	well above	significantly above
187 (1.0%)	8,972 (49.0%)	3,241 (17.7%)	1,465 (8.0%)	304 (1.7%)	496 (2.7%)	279 (1.5%)	700 (3.8%)	1,137 (6.2%)	1,519 (8.3%)

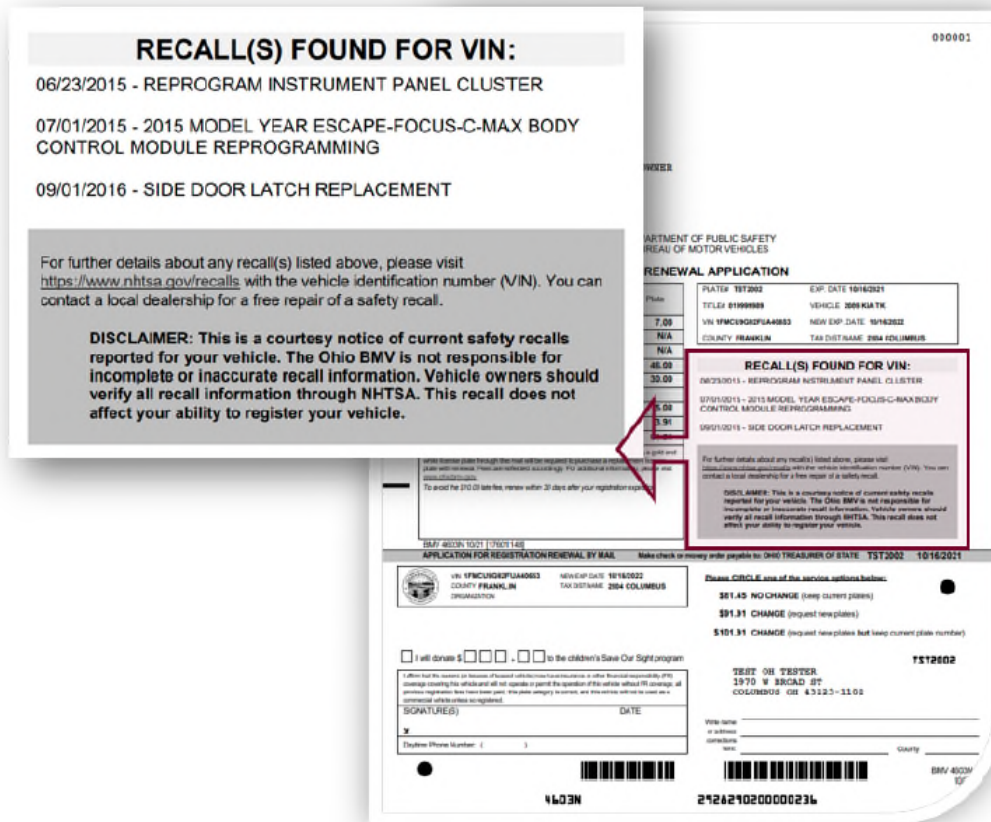
Opportunity for States

States can help influence owners, boost repair rates, and thereby **protect the public**, especially among vulnerable groups like *military* or *low-income families*.

- State licensing and registration authorities have a **direct interface** with the vehicle owner, about their vehicle, at **frequent/repeating touchpoints**.
- These authorities also represent a **trusted source messenger** that consumers rely on.
- Federal funding is also available, with no local cost share, to help cover the cost of setting up a notification system.

Providing a simple recall notification with vehicle registration is a low-cost and effective way to protect the public.

Other States' Activity



Maryland

- 2017: NHTSA launched a pilot program, awarding \$222,300 to Maryland to issue recall notices with registrations/renewals
- Over two years, 4.3M vehicles renewed, 1M with open recalls
- A staggering 37% were repaired

Other States

- California, Texas, Ohio secured federal funding through a second round of the pilot in 2020
- Washington and Connecticut are also implementing recall notifications, among other states exploring this topic

Requests

The Department of Revenue has expressed interest in providing notifications as part of an ongoing overhaul of the agency's IT infrastructure.

The legislature has an opportunity to advance this issue by:

- Collaborating with the Department on this effort
- Providing guidance and resources as needed to achieve completion
- Working with federal partners to secure federal funding to help cover related costs



ALLIANCE
FOR AUTOMOTIVE
INNOVATION



Transportation Legislation Review Committee

Automotive Recalls

September 25, 2024

