Ensuring The Integrity of Auto Parts and Consumer Safety

Moderated By:

Senator Carol Blood (NE)

#WIGSummerSummit

Ensuring The Integrity of Auto Parts and Consumer Safety

Featuring:

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Ensuring the Integrity of Automotive Parts

#WIGSummerSummit

Jennifer Thomas
Vice-President of Government & Industry Affairs for Honda North America
Honda in America

Honda has built 26.1 million cars and light trucks in the U.S. Since 1982.

Honda Product Line

Honda's COVID-19 Actions

Detroit-area Residents will be Transformed to COVID-19 Testing in Modified Honda Odyssey Minivans

- Pressurized front cabin significantly reduces driver exposure to potential pathogens.

Honda's COVID-19 Safety & Health Guidelines

Honda has implemented a number of proactive measures to reduce the potential exposure to, and transmission of, COVID-19.

- Testing associates for COVID-19
- Temperature checks upon arrival at Honda facilities
- Requiring and providing face coverings at all facilities
- Staggering shift start times and lunch times to reduce congestion
- Changing seating layouts in the cafeterias and reducing capacity in all meeting rooms to reduce congestion
- Established a temporary paid personal leave of absence program for associates impacted by COVID-19 circumstances and not eligible for remote work.

For more information on Honda’s response to COVID-19, visit: covid19.honda.com
District Engagement Update

Webinar:

Honda Support of Female Empowerment

Craig Orlan
Senior State Relations Specialist

Honda Safety Leadership

Honda Reaches One Million Vehicles with Honda Sensing® on U.S. Roads

Honda today announced that one million vehicles equipped with the Honda Sensing® suite of advanced safety and driver-assistive technologies has reached the one-million mark.

Counterfeit Auto Parts

Fighting Counterfeit Auto Parts

Summer 2020
Craig Orlan
Senior State Relations Specialist

Automotive
• Airbags
• Air Filters
• Body & Structural
• Brake pads
• Engine & Drivetrain
• Headlights / Taillights
• Pumps
• Suspension System
• Windows / Windshields
• Wheels

Power Equipment
• Generators
• Lawn Mowers
• Etc.
Why focus on airbags

- Critical safety part
- Most commonly counterfeited part
- Complex system dependent on all parts working together
- No aftermarket
- Counterfeiters are not part or brand loyal
- No Aftermarket
- Not a DIY Project

Counterfeit versus Honda Genuine

How counterfeit get into the U.S.

How big a problem is this?

Impact of Counterfeit Automotive Parts

3.3% of international trade (OECD)
Amount has doubled in the past 3-5 years;
expected to double again in next 3-5 years
Auto part consumers are unsuspecting targets

Counterfeit automotive parts have been found in the vehicles of unknowing consumers across the country.
Two types of counterfeits

1) Those that make a half-hearted attempt to replicate OEM airbag technology.

Open HSI Investigation involving a counterfeit airbag:
- 2009 Honda Civic struck another vehicle
- Airbags deployed
- Driver-side Honda airbag deemed to be counterfeit
- Honda driver suffered severe facial trauma and died
- The police report concluded that shrapnel from the counterfeit airbag was the cause of death.

Two types of counterfeits

2) Those that don’t try to replicate OEM technology.

The vast majority of counterfeits are filled with debris never intended to provide protection in the event of a collision:

One such accident was featured on CBS News:
- Accident occurred September 2017:
  - Sarah Loughran’s vehicle struck a tree
  - Replacement airbag was filled with a shop rag covered in silicone putty.
  - Evidence suggests that this accident would have been survivable with properly working airbags.

A lucrative business

According to court records, Borodin sold at least 7,000 counterfeit airbags online, and between February 2011 and May 2012 Borodin earned at least $1.4 million in revenue from eBay sales of counterfeit airbags. Independent testing of a counterfeit airbag sold in September 2011 by Borodin through eBay showed that the airbag did not properly inflate.

American Honda Counterfeit Strategy

Educate consumers, dealers, industry & government:
- Enact State Legislation
  - Provide & assist with investigative leads
  - Identify products at raids & seizures
  - Provide expert testimony in court

Reduce internet listings of counterfeits:
- eBay
- Alibaba.com
- Amazon.com
eCommerce platforms

California AB 3262

American Honda Counterfeit Strategy

Support Law Enforcement:
1. Provide & assist with investigative leads
2. Identify products at raids & seizures
3. Provide expert testimony in court

Reduce Internet listings of counterfeits:

Enact State Legislation

BUSTED!!!
The need for state laws

As prosecutors went after counterfeiters, defense attorneys cited a lack of state laws, and presented this as a civil issue between OEM’s and Aftermarket Part manufacturers, not a criminal case involving consumer fraud.

Counterfeit Examples

Limitations on Federal Authority

- The only authority federal agents have is enforcement of trademark law.
- Unless the product is entering the country with a fraudulent trademark there is no basis to seize it.
- If products don’t have a trademark, they must be released where they can enter the stream of commerce.

Honda’s Model Bill

-本田车模型法案

Honda’s Model Bill

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Honda’s Model Bill

-本田车模型法案
D.Y.K?: Safety Recall Facts:

- Vehicle manufacturers have a legal duty to fix safety recalls per NHTSA requirements BUT no requirement that people actually fix them.
- Most repairs are free, done at dealerships, with appropriate parts & processes to fix the problem for the recall.
- Current U.S. safety recall completion rates saturate at about 60%-70% for newer vehicles less than 5 years old.
- However, when 5 years or older, the number takes a drastic drop to sometimes as low as 20-30%.
- That means 30% are not fixed: Your rideshare, carpool, taxi, rental car, your relative, or THE USED CAR YOU BOUGHT FROM SOMEONE ELSE!

How To Increase Completion Rates?

Change communication from Manufacturer to Owner.

Increase Touchpoints:

- Inspection
- Repair: OEM Look Up Tool
- Insurance renewal
- Registration
Unique Role DMV Has Makes Them A Good Partner In Recall Completion Efforts:

- They have addresses and names of registered vehicles in state
- Updated information on owners/sales/titles
  - Communication with Owner via reminders
  - Renewals
  - Tickets
  - Licenses
- Federal Government Recognizes it
- Some already provide notification b/c they receive information from OEMs.
- Not enough - People still aren’t acting

Jamaica DMV Vehicle Recall Completion Registration Requirement Program

Owner Notification (St. James)
Owners of vehicles registered in St. James, who have not had repaired repaired inflators as of June 14, 2019 will not be registered and the vehicle has been repaired

Next Steps in St. James
- Honda provided a list of vehicles as of June 12, 2019 and will not allow vehicles to be registered until the vehicle is repaired

Owner Notification (St. James)
- Honda provided a list of vehicles as of June 12, 2019 and will not allow vehicles to be registered until the vehicle is repaired

Next Steps for the Registration Tie-In Program
- ITA will perform the same Registration Tie-In program in Kingston, where the number of repairs are expected to be higher
- Program planned for September 2019
- Details to be determined

Carrots Aren’t Working, Will A Stick?

But What Will The People Say?

What if they are angry?
We didn’t know, so we asked them!
Research Methodology

QUANTITATIVE

ONLINE SURVEY
- Distributed to CA drivers
- DKM
- Aimed to ensure response of interested drivers

RESPONDENT QUALIFICATIONS
- 18 years of age and above
- 21 years of age and above
- Have a valid driver's license
- Own and drive a vehicle regularly
- Responsible for renewing vehicle registration
- Primary or shared responsibility for vehicle maintenance
- Live in the state of California

QUALITATIVE

FOCUS GROUPS
- 4 focus groups conducted in Los Angeles and Sacramento, CA
- March 20–21, 2019

OVERALL RESEARCH GOAL

Honda Safety Recalls Quantitative

RESEARCH OBJECTIVES
- Assess driver receptivity to the idea of enforcing safety recall compliance before vehicle registration renewals.
- Identify any barriers to enacting this concept in the State of California.
- Identify the best ways to communicate with drivers about this concept in order to alleviate concerns and maximize acceptance.

Background & Objectives

American Honda Motor is seeking to understand California drivers' receptivity to the concept of DMV oversight for safety recalls, including barriers and communication needs to bring this concept to market.

here's what we did.

Honda Safety Recalls Quantitative

82% Agree safety recalls should be enforced
71% Expect any needed safety recalls would be performed prior to buying a vehicle
73% California drivers see the DMV more positively after learning about emission recall
66% I work most days. It's 12 hours from when I leave for work and get home. I have 3 kids that I want to spend every minute with when I'm not at work. So the idea of having to add another chore [recall repair], even though it's free and easy, is just not a priority.

Recognizing and Mitigating DMV Impact

Recall, Repair, Register
- Basic concept: For safety recalls, when sufficient parts are available, require repairs prior to granting registration. Enable extensions to avoid inconveniencing owners.

Countermeasure Options:
- Integrate with existing tie-in data feed
- Investigate Auto OE support opportunities
- Exclude labeling recalls
- Trigger tie-in provision only after parts are readily available
- Refer calls to OEs
- We and others in the industry are willing to work with the legislature and ask for the needed funding
- We are committed to working with partner DMVs to address challenges and look for opportunities for shared benefit

DMV Challenges:
- Aged DMV Information System structures
- Customer perception of tying registration to a non-urgent repair
- Parts not yet available
- DMV staff workload
- Lack of legislative authority

Recognizing and Mitigating DMV Impact

Countermeasure Solutions:
- Eliminate recall safety recalls
- Incentive fee of $10 for expedited approval
- Include ordering recalls
- Segregate the provisions of other parts per model
- Multiple locations available from 10
- Eliminate call to DMV
- We will be leading the industry in willingness to work with the legislature to overcome the challenges of this concept taking off nationwide.
Summary

- Recalls are an unfortunate reality of today’s complex vehicles
- Despite significant efforts, many Safety Recalls go unrepaired
- People are putting themselves at risk as well as subsequent purchasers
- Auto OEs are responsible but need partners to help compel repairs among unresponsive owners
- DMVs are a proven ally in reaching owners and compelling action
- Honda is seeking State partners
- Registration tie-in programs has proven successful in Europe, Japan, Australia…and in California for Emissions recalls

Questions & Answers

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States CAN help by adopting Honda’s Model Recall Completion Requirement Legislation

Provisions of Draft Legislation:
- DMV notifies owner at time of registration of outstanding safety defect
- Exclude labeling and owners manual defects
- Ideally, customer has defect remedied at that time
- If consumer fails to remedy defect, provided with short term renewal
- If parts are unavailable, further renewals are provided until parts become available
- If parts are unavailable, beyond the control of the owner, six month renewal is provided
- Flexible effective dates to accommodate DMV
Register for #WIGWednesday – resuming next week!

July 22, 2020 -
3:00 pm – 4:00 pm EDT: Getting Serious About Video Games Moderated by Kansas State Representative Stephanie Clayton featuring Tara Ryan, Vice President of State Government Affairs, Entertainment Software Association (ESA), Patricia Vance, President, Entertainment Software Rating Board (ESRB), and Anastasia Staten, Executive Director, Entertainment Software Association (ESA) Foundation

July 29, 2020-
3:00 pm – 3:30 pm EDT: Stepping Up in Times of Crisis: COVID-19 & Kidney Failure moderated by Kansas State Senator Barbara Bollier featuring Wendy Schrag, Vice President State Government Affairs, Fresenius Medical Care North America, Maria Garcia, Director of State Government Affairs, Fresenius Medical Care North America, and Shannon Gately, State Government Affairs Specialist