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September 8, 2011

11V-472
(6 Pages)

Mr. Daniel Smith
Associate Administrator for Enforcement
National Highway Traffic Safety Administration
1200 New Jersey Avenue, SE
Washington, D.C. 20590

RE: Defect Information Report

Dear Mr. Smith:

Pursuant to Part 573 of Title 49 of the Code of Federal Regulations, Hyundai America Technical Center is submitting information concerning a recall that is being voluntarily initiated. Specific information as required by Section 573.6 is as follows:

573.6(c)(1)

Manufacturer - Hyundai Motor Company

Distributor - Hyundai Motor America

573.6(c)(2)

Model year 2007 and 2008 Hyundai Veracruz vehicles produced beginning on December 26, 2006 through March 21, 2008 and model year 2007 and 2008 Hyundai Santa Fe vehicles produced beginning on April 19, 2006 through March 20, 2008 are affected.

573.6(c)(3)

Approximately 26,548 model year 2007 and 2008 Hyundai Veracruz vehicles and approximately 178,685 model year 2007 and 2008 Hyundai Santa Fe vehicles are affected.

573.6(c)(4)

All of the vehicles identified above in 573.6(c)(2) are potentially affected.

Hyundai-Kia America Technical Center Inc.
6800 Geddes Road, Superior Township, MI 48198
TEL: 734-337-9499 FAX: 734-483-5919
www.hatci.com

HATCI is an authorized representative of both Hyundai Motor Company and Kia Motors Corporation; which are separate and distinct automotive manufacturers.

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573.6(c)(5)

The clock spring contact assembly for the driver's air bag supplemental restraint system (SRS) on the vehicles identified in 573.6(c)(2) above may become damaged through usage over time. If the clock spring contact assembly becomes damaged, the driver's air bag electrical circuit will experience a high resistance condition, potentially causing the driver's air bag to not deploy in an accident when air bag deployment is appropriate. High resistance in the driver's air bag clock spring contact assembly will cause the "AIR BAG" warning lamp on the instrument panel to illuminate and notify the driver that the air bag system requires service. The "AIR BAG" warning lamp illuminates at a lower resistance than the resistance level that would affect driver's air bag deployment.

The above condition may increase the risk of injury in an accident if the driver's air bag does not deploy in an accident when air bag deployment is appropriate.

573.6(c)(6)

In August 2011, NHTSA informally requested Hyundai to comment concerning warranty claim data submitted under EWR component category AirBags-14 for 2007 model year Hyundai Veracruz vehicles. During the course of gathering and evaluating information to respond to NHTSA's request, Hyundai identified that warranty claims are increasing in category AirBags-14 for the reason described in 573.6(c)(5) above. Hyundai also identified that the high resistance condition occurred on 2007 and 2008 model year clock spring contact assemblies produced through March 21, 2008, after which time there was a clock spring supplier change. There have been 1,083 warranty claims and 3 customer complaints related to the Veracruz clock spring contact assembly on the affected vehicles. The clock spring warranty claims are primarily related to high resistance for the second stage circuit. Additionally, Hyundai identified that the same supplier as for the Veracruz also produced clock spring contact assemblies installed in Santa Fe vehicles. Hyundai's investigation revealed that the high resistance condition has also occurred on 2007 and 2008 model year Santa Fe vehicles produced through March 20, 2008 after which time there was a clock spring supplier change. There have been 6,730 warranty claims and 13 customer complaints related to the Santa Fe clock spring contact assembly on the affected vehicles. Again, the clock spring warranty claims are primarily related to high resistance for the second stage circuit.

This information led Hyundai to decide to conduct a recall to replace the driver's air bag clock spring assemblies in model year 2007-2008 Hyundai Veracruz vehicles that were manufactured through March 21, 2008 and Santa Fe vehicles that were manufactured through March 20, 2008.

Hyundai is not aware of any accidents or injuries as a result of the clock spring contact assembly high resistance condition.

573.6(c)(8)

All owners of record of the affected vehicles described in 573.6(c)(2) above will be contacted by first class mail and instructed how to ensure that their driver's air bag will operate properly and how to have the driver's air bag clock spring contact assembly replaced if necessary.

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Owners will be instructed that if the "AIR BAG" warning lamp is ON, they should call their Hyundai dealer to schedule an appointment so the dealer may diagnose and repair the cause for the "AIR BAG" warning lamp illumination and replace the clock spring contact assembly.

Owners will be instructed that if the "AIR BAG" warning lamp is NOT ON, their driver's air bag will operate properly and we ask that they do not schedule an appointment to have this recall repair performed at this time because sufficient quantities of the necessary parts are not yet available for all vehicles. They will be instructed to keep the owner notification letter in the vehicle with other important vehicle documents and if the "AIR BAG" warning lamp is ON, they should call their Hyundai dealer to schedule an appointment so the dealer may diagnose and repair the cause for the "AIR BAG" warning lamp illumination and replace the clock spring contact assembly.

Hyundai will provide a lifetime warranty for the clock spring contact assembly for all affected vehicles and that warranty coverage will be clearly stated in the owner notification letter.

Hyundai is not able to supply sufficient quantities of replacement parts to service all affected vehicles in a short period of time. Therefore Hyundai wishes to quickly repair affected vehicles that experience "AIR BAG" warning lamp illumination and work to increase the part supply so additional affected vehicles may be serviced if they later experience "AIR BAG" warning lamp illumination.

Hyundai is currently reviewing the availability of the replacement parts necessary to begin conducting this recall campaign and will provide NHTSA with the owner notification schedule as soon as it has been developed.

In accordance with the requirements of Part 573.13, Hyundai will provide for reimbursement to vehicle owners eligible for pre-notification remedies as follows:

573.13(c)(1) Reimbursement Period Beginning Date:

- (iii) September 8, 2010, which is one year prior to the date of this Part 573 notice to NHTSA.

573.13(c)(2) Reimbursement Period Ending Date:

- (i) Ten calendar days after the last owner notification has been mailed. This date will be determined based upon the actual final owner notification date and NHTSA will be provided with that date when it becomes available.

573.13(d) Reimbursement Conditions:

(1) Reimbursement is excluded for costs incurred within the period during which Hyundai's original or extended warranty (where Hyundai provided written notice of the terms of the extended warranty to owners) would have provided for a free repair of the condition addressed by the recall, without any payment by the consumer, unless a franchised dealer or authorized representative of Hyundai denied warranty coverage or the repair made under warranty did not remedy the problem addressed by the recall.

(2)(i)(A) Reimbursement is excluded if the pre-notification remedy was not of the same type (replacement of the driver's air bag clock spring contact assembly) as the recall remedy.

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(2)(i)(B) Reimbursement is excluded if the pre-notification remedy did not address replacement of the driver's air bag clock spring contact assembly.

(2)(i)(C) Reimbursement is excluded if the pre-notification remedy was not reasonably necessary to correct air bag warning light illumination by replacement of the driver's air bag clock spring contact assembly.

(2)(ii) It is not required that the pre-notification remedy be identical to the remedy elected by Hyundai as described in this Part 573 notice to NHTSA.

(4) Reimbursement is excluded if the claimant does not submit adequate documentation to Hyundai at an address or location designated pursuant to § 573.13(f). The plan requires that the following documentation be submitted:

(i) Name and mailing address of the claimant;

(Hyundai also requests that claimants provide telephone numbers at their option.)

(ii) Identification of the product that was recalled:

Make, model, model year, vehicle identification number, and a copy of the current vehicle registration

(iii) Identification of the recall (**103**);

(iv) Identification of the owner or purchaser of the recalled motor vehicle at the time that the pre-notification remedy was obtained;

(v) A receipt for the pre-notification remedy, which may be an original or copy:

(A) If the reimbursement sought is for a repair, Hyundai requires that the receipt indicate that the repair addressed air bag warning light illumination related to the driver's air bag clock spring contact assembly, and state the total amount paid for the repair of that condition. Itemization of a receipt of the amount for parts, labor, other costs and taxes, may not be required unless it is unclear on the face of the receipt that the repair for which reimbursement is sought addressed only the pre-notification remedy concerning air bag warning light illumination related to the driver's air bag clock spring contact assembly.

(B) If the reimbursement sought is for the replacement of a vehicle part, Hyundai requires that the receipt identify the item and state the total amount paid to replace the driver's air bag clock spring contact assembly.

(Hyundai also requests that the name, address and telephone number of the repair facility or seller of the replacement driver's air bag clock spring contact assembly be provided on the receipt, and that the receipt be marked "Paid in Full" or that a cancelled check or credit card receipt be provided.)

(vii) If the pre-notification remedy was obtained at a time when the vehicle or equipment could have been repaired or replaced at no charge under a Hyundai original or extended warranty program, documentation indicating that Hyundai's dealer or authorized facility either refused to remedy the problem addressed by the recall under the warranty or that

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the warranty repair did not correct the problem addressed by the recall.

573.13(e) Amount of Costs to Be Reimbursed:

(1)(i) The amount of reimbursement shall not be less than the lesser of:

- (A) The amount paid by the owner for the remedy, or
- (B) The cost of parts for the remedy, plus associated labor at local labor rates, miscellaneous fees such as disposal of waste, and taxes. Costs for parts may be limited to Hyundai's list retail price for authorized parts.

(1)(ii) Any associated costs, including, but not limited to, taxes or disposal of wastes, may not be limited.

573.13(f) Address and Authorized Facility for Reimbursement Claim Submittal

ATTN: Hyundai Customer Connect Center (103)
Hyundai Motor America
PO Box 20850
Fountain Valley, CA 92728-0850

573.13(g) Hyundai Response to Request for Reimbursement

(1) Hyundai shall act upon a claim for reimbursement within 60 days of its receipt. If Hyundai denies the claim, Hyundai must send a notice to the claimant within 60 days of receipt of the claim that includes a clear, concise statement of the reasons for the denial.

(2) If a claim for reimbursement is incomplete when originally submitted, Hyundai shall advise the claimant within 60 days of receipt of the claim of the documentation that is needed and offer an opportunity to resubmit the claim with complete documentation.

573.13(h) Reimbursement Form

Reimbursement shall be in the form of a check.

573.13(i) Reimbursement Plan Availability to the Public

This reimbursement plan is available to the public upon request.

573.6(c)(10)

The Technical Service Bulletin containing the service procedure for performing the recall campaign repair procedure will be provided to NHTSA when available. Other relevant communications will also be forwarded when they are available.

573.6(c)(11)


A draft of the owner notification letter is attached.

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573.6(c)(12)

Hyundai has assigned "Campaign 103" as the designation for the campaign.

Sincerely,

A handwritten signature in black ink that reads "Robert Babcock". The signature is written in a cursive style with a large, prominent 'R' and 'B'.

Robert Babcock
Senior Manager, Regulation and Certification Department

Attachments: Draft Owner Notification Letter