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July 24, 2012

12V-354
(5 pages)

Ms. Nancy Lewis
Associate Administrator for Enforcement
National Highway Traffic Safety Administration
1200 New Jersey Avenue, SE
Washington, D.C. 20590

RE: Defect Information Report

Dear Ms. Lewis:

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 and Hyundai Motor Manufacturing Alabama
Distributor - Hyundai Motor America

573.6(c)(2)

Model year 2007, 2008 and 2009 Hyundai Santa Fe vehicles produced beginning on April 19, 2006 through July 7, 2008 are affected.

573.6(c)(3)

Approximately 199,118 model year 2007, 2008 and 2009 Hyundai Santa Fe vehicles are affected.

573.6(c)(4)

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

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573.6(c)(5)

The Passive Occupant Detection System (PODS) type of Occupant Classification System (OCS) on the vehicles identified in 573.6(c)(2) above was designed to allow deactivation of the right front passenger advanced airbag based on certain algorithm criteria. When the PODS determines that an airbag should not be allowed to deploy, the passenger frontal airbag is deactivated and the "PASS AIR BAG OFF" light is illuminated to notify the right front passenger and the driver that the front passenger airbag will not deploy in the event of a crash. Hyundai has decided to conduct a safety recall to recalibrate the PODS to allow airbag deployment for certain small stature adults not seated in a manner that presently allows front passenger airbag activation. The lack of airbag deployment could increase the risk of injury in the event of certain frontal crashes.

573.6(c)(6)

The subject vehicles are included within a class action involving various Hyundai vehicles. Although the occupant classification systems (OCS) in the class action lawsuit differ, the class action raises claims about the operation of the OCS in each of the vehicles. Hyundai has agreed in principle to resolve the class action through a settlement that would involve conducting a service campaign with regard to the subject vehicles. As part of the service campaign, Hyundai will offer current owners of the subject vehicles, free of charge, an update of the classification software. The purpose of this update is to ensure that all vehicles in the field have the same classification software.

The software update is consistent with software incorporated into production on July 8, 2008. At that time, Hyundai had received a relatively small number of complaints relating to the capacity of the OCS in the subject vehicles to detect certain adult-sized passengers. The complaint rate to the Hyundai call center was about 0.03% of the subject vehicle population. There was no basis for implementing a software change in the subject vehicles at the time of the production update. The rate at which new complaints have reached the Hyundai call center has remained extremely low, averaging less than 2 per month since the end of 2009, when the class action lawsuit was filed. The low complaint rate is also consistent with the ability to satisfy customers through explanation of the OCS operation or, when necessary for customer relations or in rare circumstances to aid a very small adult occupant, with a replacement seat incorporating the software update. The number of field reports and the warranty claims rate relating to potential misclassification due to the OCS calibration (0.06%) have also remained low. Issues of occupant classification have not been prevalent in the field.

Although the complaint rate is relatively low, Hyundai has decided to conduct the field action as a safety recall in order to be consistent with prior OCS related field actions. Hyundai is therefore voluntarily providing this Defect Information Report and conducting this field action in all respects as a safety recall.

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 to schedule an appointment to return to their Hyundai dealers to have the PODS recalibrated to optimize the classification algorithm for certain small stature adults not seated in a manner that presently allows front passenger airbag activation.

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In accordance with the requirements of Part 573.13, Hyundai will provide for reimbursement as follows:

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

(iii) July 23, 2011, 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 PODS recalibration to address 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 PODS recalibration made under warranty did not remedy the condition addressed by the recall.

(2)(i)(A) Reimbursement is excluded if the pre-notification remedy was not of the same type (recalibration of passenger air bag PODS assembly to optimize calibration when a small stature adult is seated in the front passenger seat in a manner that does not allow front passenger airbag activation) as the recall remedy.

(2)(i)(B) Reimbursement is excluded if the pre-notification remedy did not address recalibration of the passenger air bag PODS assembly to optimize PODS calibration when a small stature adult is seated in the front passenger seat in a manner that does not allow front passenger airbag activation.

(2)(i)(C) Reimbursement is excluded if the pre-notification remedy was not reasonably necessary to recalibrate the passenger air bag PODS assembly to optimize PODS calibration when a small stature adult is seated in the front passenger seat in a manner that does not allow front passenger airbag activation.

(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;

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- (iii) Identification of the recall (105);
- (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 recalibration of the passenger air bag PODS assembly, Hyundai requires that the receipt indicate that the recalibration addressed the calibration of the passenger air bag PODS assembly when a small stature adult is seated in the front passenger seat, and state the total amount paid for the recalibration. 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 recalibration for which reimbursement is sought addressed only the optimization of the passenger air bag PODS assembly calibration when a small stature adult is seated in the front passenger seat.
 - (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 optimize the passenger air bag PODS assembly calibration when a small stature adult is seated in the front passenger seat.

(Hyundai also requests that the name, address and telephone number of the repair facility that conducted the PODS recalibration 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 recalibrated 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 condition addressed by the recall under the warranty or that the warranty recalibration did not address the condition 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 (105)
Hyundai Motor America
PO Box 20850
Fountain Valley, CA 92728-0850

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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 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.

573.6(c)(12)

Hyundai has assigned "Campaign 105" as the designation for the campaign.

Sincerely,



Robert Babcock
Director, HATCI Certification and Compliance Affairs

Attachments: Draft Owner Notification Letter