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Via Email

February 11, 2022

Office of the Chief Counsel
NATIONAL HIGHWAY TRAFFIC SAFETY ADMINISTRATION
W41-220 West Building
1200 New Jersey Ave., SE
Washington, DC 20590

Re: Dispositioning of Nonresponsive Owners - Update

As requested by Ashley Simpson in NHTSA's Office of the Chief Counsel, American Honda Motor Co., Inc. (Honda) provides below certain supplemental information and clarifications into its original April 14, 2021 notice (the "April 2021 Notice") of its intent to disposition certain VINs subject to one of several Takata Recall campaigns as "nonresponsive," and thus "unreachable for inspection due to... other reasons." 49 C.F.R. § 573.7(b)(5). Honda also includes in this submission notice of its intent to disposition certain other VINs separately under an "affirmative refusal" accounting category.

These two proposed categories—nonresponsive and affirmative refusal—are addressed in summary, and in the context of the questions posed in the Agency's December 22, 2020, email on this topic. With respect to Honda's nonresponsive accounting proposal, this revised notice incorporates additional information into the substance of Honda's original submission, such that this document supersedes the April 2021 Notice.

Nonresponsive Dispositioning

As first set forth in the April 2021 Notice, Honda seeks to disposition certain VINs impacted by the phenomenon of owner nonresponsiveness, as described in the December 22, 2020, email instructions from Ashley Simpson of NHTSA's Office of Chief Counsel. As detailed in Honda's various communications with the Agency on this topic, these are VINS as to which Honda, following extensive outreach efforts using enhanced, continually refreshed, and multi-sourced data, has determined that current registered owners have not responded to any type of outreach. As such, Honda seeks approval to account for these VINs consistent with the methodology used in quarterly reporting under 49 C.F.R. § 573.7(b)(5), and for the purposes of completion-rate reporting in Honda's dashboard submissions. Honda understands that the completion rate information submitted in its dashboard submissions is reflected in the completion rates published on NHTSA's website.

Before turning to the substance of its nonresponsive proposal below, Honda provides an important point of context. At the time of Honda's original submission in April 2021, Honda sought approval to disposition approximately 315,000 inflators as nonresponsive according to the criteria set forth in that Notice. Due to expected fluctuations in its unrepaired population over the intervening eight months, Honda now seeks approval to disposition 203,573 inflators under the same methodology. A change of this nature and magnitude is consistent with Honda's observations resulting from its ongoing monitoring of other VIN accounting dispositions. With the exception of vehicles that are repaired, Honda has learned that the accounting status of any particular VIN necessarily must be fluid. Particular given the age of many of the remaining unrepaired vehicles in Honda's Takata recall population, the accounting status of those vehicles may change as the vehicles cycle in and out of the in-service population or other accounting categories. In Honda's experience, two primary factors drive this fluctuation.

First, as discussed below, Honda monitors its unrepaired population using data acquired through its Proactive Ownership Initiative (POI), which captures on a weekly basis changes in ownership and in owner addresses for every unrepaired VIN subject to the Takata Recall. To the extent that a new owner is identified through this process for any VIN dispositioned in *any* accounting category, that VIN is removed from its particular accounting status and once again subjected to active outreach.

Second, Honda appreciates that while a VIN only may be dispositioned in one accounting category, any particular VIN may meet the requirements for more than one accounting treatment at any given time. Honda will treat nonresponsive accounting as a method of last resort, such that, if any other accounting option is available for a particular VIN, Honda will utilize that other option. For example, if a VIN qualifies for dispositioning as "nonresponsive" and "scrapped" within the meaning of 49 C.F.R. § 573.7(b)(5), Honda would disposition the vehicle as scrapped within its internal accounting framework. Information as to the availability of alternative accounting paths may not become available until the vehicle already has been dispositioned in the first instance as nonresponsive. However, because Honda actively monitors the data sources that inform the accounting treatment of its entire Takata population, it will move VINs into other accounting treatments based on the data as it is received.

With this context, the basis and parameters of Honda's nonresponsive accounting submission are detailed below, organized around the factors enumerated in the December 22, 2020 email. In summary, Honda proposes to disposition as nonresponsive VINs meeting the following criteria:

1. At least 15 outreach attempts to the current owner as reflected in Honda's enhanced ownership data, as supplemented through data obtained through its Proactive Ownership Information program. This information must include a minimum of five first class mail attempts.
2. VINs subject to nonresponsive dispositioning cannot have experienced a change in ownership or address for at least the last two years.
3. Any indication that the VIN has been registered to a new owner or new address will remove that VIN from nonresponsive dispositioning, placing the VIN again within

Honda's active outreach strategy. This effectively will restart the clock on the two-year minimum before a VIN may be considered for nonresponsive dispositioning.

4. VINs dispositioned as nonresponsive will receive bi-annual mail outreach for a period of two years, after which point Honda will revisit with the Agency the utility of continued outreach to any VIN still remaining in the nonresponsive category.

This framework outlined above was first introduced by Honda in its March 31, 2020 Quarterly Supplement pursuant to Paragraph 37 of the Third Amendment to the Coordinated Remedy Order, and has been discussed in subsequent submissions to the Agency.

Affirmative Refusal Dispositioning

As discussed more fully in Question 4 below, Honda's approach to affirmative refusal accounting has only one requirement: the customer must have communicated unambiguously to Honda their intent not to participate in the Recall. Owner expression of dissatisfaction with having received one particular channel of outreach is not sufficient. Honda deems verbal or physical threats by owners to Honda personnel involved in its former canvassing initiative to be an unambiguous expression of that customer's intent not to participate in the Recall. Using this criteria, Honda proposes to disposition 138 inflators in affirmative refusal accounting.

With this context, Honda turns to the questions posed in the Agency's December 22, 2020 email.

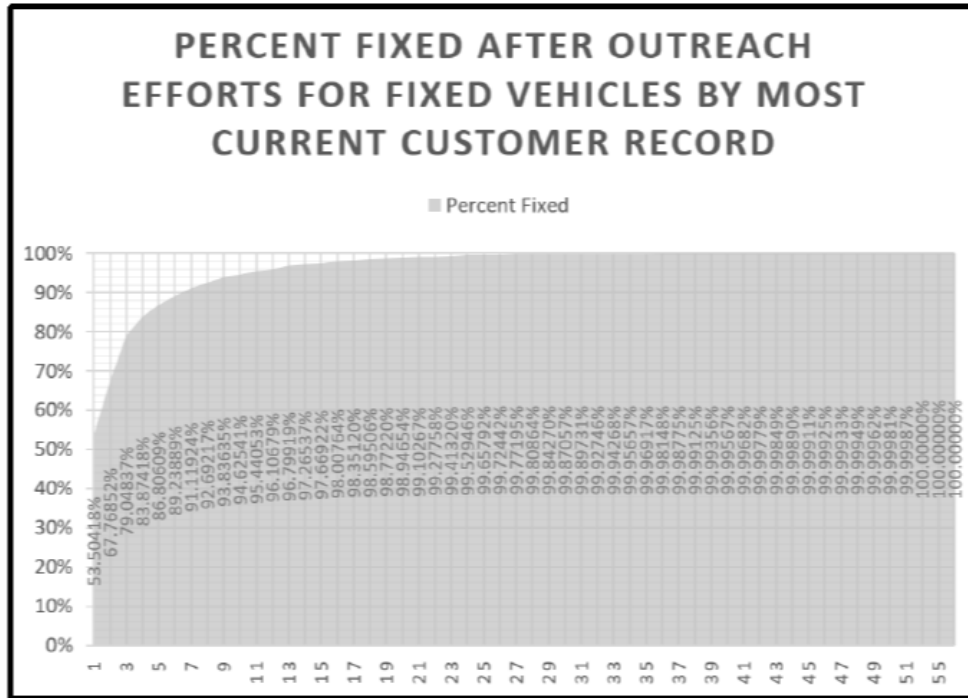
- 1. An explanation of the outreach such current owners will have received. This includes volume, cadence, and type, and any associated data in support.**

Honda's extensive history of outreach in the Takata Recalls has been documented in detail in Honda's Recall Engagement Plan and the various Quarterly Supplements thereto. In short, through the end of 2021, Honda's efforts have produced in excess of 340 million outreach attempts across various channels, including first class and other mail, outbound and inbound calls, email, SMS messaging, and canvassing. These direct outreach attempts include participating in mailings done in conjunction with state motor vehicle authorities in an effort to leverage customer reliance on government bodies as trusted sources for safety messaging. These millions of outreach attempts have been introduced in varying frequencies. Since 2015, Honda's Priority Group 1 through 3 population, and more recently its Priority Group 4 population, received outreach on at least a monthly (if not more frequent) basis. The balance of the recall population has received outreach on at least a quarterly basis.

In addition to this direct customer outreach, Honda also has taken part in a variety of other initiatives designed to raise awareness of the Takata recall and thereby drive repairs. Honda's activities in this regard include a variety of earned and paid media campaigns, including mass media advertising, industry publications, community-based outreach and social media campaigns, among other activities.

Notwithstanding these significant efforts, Honda understands that outreach volumes alone cannot tell the complete outreach story for any particular VIN or owner. As such, as detailed in Honda’s March 2020 Quarterly Supplement, Honda’s nonresponsive proposal is limited to VINs *as to which the current registered owner* has received 15 or more outreach attempts. Though in many cases there is an extensive outreach record to prior owners of the VIN, those outreach attempts are disregarded for the purposes of this analysis. Stated differently, only outreach to the current owner was considered in formulating this request.

The 15-outreach attempt threshold was developed by Honda following a study of its repaired VIN population, the conclusions of which were detailed in Honda’s prior Quarterly Supplements and in the chart below. In short, over 97% of owners had their vehicles repaired within 15 outreach attempts. At that point, marginal repair rate increases attributable to each additional outreach attempt were less than one-half of one percent.



Further, Honda recognizes that many of the VINs involved in this request have changed hands one or more times over the course of their life. Thus, in an effort to ensure that this exercise focuses only on current owners that have not taken action in response to Honda’s substantial outreach efforts, Honda has removed from this submission any VIN experiencing an ownership change within the last two years. This guarantees a minimum window of two years over which the minimum of 15 outreach attempts would have been issued.

The outreach makeup of the VINs included in this population depends on a variety of factors. As mentioned above, Honda historically has conducted monthly multi-channel outreach—including first class and standard mail, telephone, email, and SMS outreach—to its Priority Group 1 through 3 VIN population provided that the additional contact information (i.e., a telephone number or email address) for those owners could be obtained. Beginning in 2021, Priority Group 4 VINs were subjected to the same outreach cadence. Additionally, as NHTSA knows, Honda’s Priority Group 1 through 3 population was canvassed extensively through Honda’s nationwide canvassing initiative, which resulted in over 3,000,000 canvassing visits prior to its conclusion in 2020. The other VINs in Honda’s lower Priority Groups historically have received quarterly mail outreach.

As NHTSA knows, Honda has employed a wide variety of content strategies for its outreach. Representative copies of all of our outreach have been provided to NHTSA pursuant to 49 C.F.R. § 573.6(c)(10) and the instructions in the December 2016 Coordinated Communications Recommendations (CCRs) promulgated by the Takata Monitor. Many also have been featured in Honda’s various Quarterly Supplements over the years. That content has, at various times, leveraged the use of graphic imagery, escalating messaging, and segment-specific tailored themes to communicate the key messaging behind the recall. And while the particular themes characterizing the outreach varied in an effort to keep the messaging fresh for Honda’s customers, the CCRs provided the baseline for every piece of outreach that Honda commissioned. As such, even a cursory review of Honda’s outreach reveals that the core tenets of the CCRs were reflected in every Honda customer communication. This includes:

- Use of simple language to convey the risk of injury or death (CCR 2(a))
- Bold text to highlight impactful words (CCR 2(c))
- Imagery reinforcing graphically the nature of the risk (CCR 2(d))
- Use of a red headline in letter communications (CCR 2(e))
- Emphasis that repairs are free, can be performed at any authorized dealer, and that the owner will not be charged for other services unless requested (CCR 3(a))
- Addressing owner inconvenience through services like rental cars and towing (CCR 3(b))
- Boxed areas with bullet points with most relevant information (CCR 3(e))
- Personalized communications (CCR 4(a))
- Use of the NHTSA/DOT logos (CCR 4(b))
- Core messaging included in English and Spanish, with additional languages where possible (CCR 5(a))
- Prominently featuring a telephone number that customers may call (CCR 6(a))

A selection of just some the various Takata-specific outreach creatives employed by Honda are included below:



您本田汽车里的安全气囊充气装置存在安全隐患!

2013年09月01日, Stephanie Erdman的人生发生了巨变。当时她正驾驶着本田2002款敞篷车,突然迎面驶来另一辆汽车导致了冲撞事故。

Stephanie车里的安全气囊适时展开,但是并没有保护她,反而因为充气装置炸裂导致了她受到了严重的伤害,图片在另一侧。

劫后余生的Stephanie非常庆幸能活下来。在得到她的许可后,我们将这个故事向您展现出来,以此强调此次召回的重要性,并希望能尽快为您预订免费维修日期。

Bộ Phận Túi Khí Trong Xe Honda CỦA QUÝ VỊ CÓ THỂ KHÔNG AN TOÀN!

Vào ngày 1 Tháng Chín, 2013, cuộc đời của Stephanie Erdman đã thay đổi hoàn toàn. Cô lúc đó đang lái chiếc xe Civic 2002, thì bất chợt bị một chiếc xe khác va chạm ngay trước mặt và đụng mạnh vào chiếc xe của cô.

Túi khí tự chiếc xe của Stephanie bung ra như dự được thiết kế. Tuy nhiên, thay vì bảo vệ cho cô, bộ phận thổi túi khí bị hỏng và gây thương tích nghiêm trọng như được cho thấy trong hình phía bên kia.

Sống sót sau trải nghiệm khủng khiếp này, Stephanie nghĩ là mình thật may mắn khi còn sống. Với sự cho phép của cô, chúng tôi chia sẻ câu chuyện của cô với quý vị để nhấn mạnh tầm quan trọng của việc triệu hồi này và khuyến khích quý vị nên sắp hẹn để đi sửa chữa túi ngay hôm nay.

The Airbag Inflator in Your Honda MAY NOT BE SAFE!



YOUR AIRBAG INFLATOR NEEDS TO BE REPLACED! PLEASE TAKE ACTION TODAY!

Check your VIN at: recalls.honda.com

HONDA

Additional questions? Visit hondaairbaginfo.com or call 888-234-2138

您的安全气囊充气装置需要替换!

请您务必尽快联系官方经销商, 对您的汽车进行维修。此次维修免费, 并且部分车辆可以当日维修完毕。

请立即采取行动!

请登录 recalls.honda.com 查询您的车辆识别码

HONDA

如有其它任何问题? 请访问我们的官网 hondaairbaginfo.com 或者拨打 888-234-2138。

BỘ PHẬN THỔI TÚI KHÍ CỦA QUÝ VỊ CẦN ĐƯỢC THAY!

ĐIỀU QUAN TRỌNG LÀ QUÝ VỊ LIÊN LẠC VỚI MỘT ĐƠN LỰ ĐƯỢC PHÉP VÀ SỬA CHỮA CHO XE CỦA QUÝ VỊ NGAY. VIỆC SỬA CHỮA NÀY ĐƯỢC MIỄN PHÍ, và hiện có các bộ phận để sửa cho chiếc xe của quý vị ngay hôm nay

XIN HÃY HÀNH ĐỘNG NGAY HÔM NAY!

Kiểm tra số VIN của quý vị tại: recalls.honda.com

HONDA

Có câu hỏi nào khác? Xin viếng hondaairbaginfo.com hoặc gọi số 888-234-2138.

2. An explanation of how you will confirm that the current owners will have received the outreach that was sent, including an explanation of the specific data sources that were used.

Honda's confidence that owners of recalled vehicles have received the outreach described above stems from the enhanced IHS Markit customer information data suite that serves as the basis for that outreach. The product starts with DMV-based customer registration as a starting point, but is further enhanced with a number of features that promote deliverability. This includes:

- Enhanced Address Hygiene: Address hygiene normalizes address information received from DMV sources, standardizing and correcting for possible errors and transpositions, reducing the likelihood that typographical and similar errors in the source data will result in returned mail.

- Email and Phone Enhancement: Where available, this information provides Honda critical information enabling multi-channel outreach through email and/or telephone contact.
- Skip Trace Data: On an as-needed basis, Polk supplements its baseline information with Skip Trace data, which can rely on sources other than DMV registration to confirm customer contact information.

Though the enhanced IHS Markit data suite utilizes customer contact information pulled from traditional state motor vehicle registration-based sources, it also looks to other sources of customer contact information not typically consulted in the context of automotive safety recalls. These other sources include utilities, pay television and wireless communication, magazine subscriptions, financial institutions (such as credit cards) and risk management solutions (such as debt collection). This provides Honda with a more comprehensive set of contact information, which is important given our understanding of the transitory nature of some of the vehicles involved in these campaigns, and our recognition that owners do not always update vehicle registration status with the state authorities.

Though the IHS Markit data suite that has informed Honda's Takata outreach incorporates non-vehicle registration sources, consistent with NHTSA's recommendation, Honda also has utilized alternative data products sourced *entirely* from non-registration sources. As part of a pilot beginning in May 2021, Honda began issuing outreach using ownership contact information purchased from LexisNexis, which relies exclusively on non-registration sources. To the extent that Honda's IHS Markit and LexisNexis data sources indicate distinct addresses for a given VIN, outreach is sent to both addresses. Results from that effort to date were provided in Honda's September 30, 2021 Quarterly Supplement.

In addition to the make-up of the data suite it purchases, Honda ensures that its data is current through its POI process. Developed in conjunction with IHS Markit, the POI program is triggered where there has been a change in the registered owner or a change in the address associated with the current or new owner. Once any such owner or address change is registered by IHS, Honda automatically receives the enhanced data described above (as updated) for each customer. In addition to ownership name and address updates, the POI program also provides Honda with any new phone or email contact information associated with the customer. Any updated information received by Honda through the POI program results in a first class mail notification. Since original launch in September 2018, Honda has received over 3.7 million updates to its customer database through this program.

The efficacy of the IHS Markit data also is borne out by the results of Honda's completion rates with respect to its Alpha population, where outreach premised almost exclusively on the IHS Markit data have produced completion/Alpha mitigation rates approaching 99%.

Finally, as discussed above, first class mail is an important part of Honda's outreach strategy. While data shows that it is an effective means of outreach, use of first class mail also provides Honda valuable data as to when its outreach is *not* delivered. Undelivered

mail is returned to Honda, which then updates its records internally to reflect the non-delivery. Addresses that result in returned mail are designated by Honda as non-deliverable, *see* 49 C.F.R. § 573.6(b)(5) (“failure to receive notification”), and are taken out of Honda’s active mail outreach cycle until a new address can be obtained, at which point outreach to the owner at the new address commences.

Given Honda’s research showing that over 80% of repairing consumers seek repair by the 5th outreach attempt, Honda has imposed a requirement of a minimum of five first class mail attempts to qualify for nonresponsive treatment. This is to ensure that delivery of this outreach channel, and any appended multi-channel outreach derived from this owner/address, is going to the latest owner of record.

To be clear: none of the VINs that Honda proposes to designate as nonresponsive pursuant to this notice are currently in non-deliverable status. Put differently, Honda has not received any indication through returned mail that the current address of record is invalid.

Of course, in the case of affirmative refusal dispositioning, customer receipt of outreach is not in question.

3. An explanation of how much outreach will continue to the current owners, including volume, cadence, and type, and why that level of outreach is reasonable. While this may be less than monthly, outreach should not cease entirely.

Assuming that any VIN remains dispositioned as nonresponsive, Honda proposes to continue first class mail outreach on a bi-annual basis for a period of two years. Following that, Honda currently intends to outreach to the VIN via first class mail annually, but will remain in communication with NHTSA as to the necessity of ongoing outreach to any VIN still dispositioned as nonresponsive. However, as referenced below, Honda will continue to monitor VINs dispositioned as nonresponsive, and any new or changed contact information will result in the VIN being placed in an active, ongoing outreach strategy.

Honda proposes to outreach to VINs currently dispositioned as affirmative refusal twice a year, consistent with its approach to nonresponsive-dispositioned VINs. And as with non-responsive accounting, outreach will commence again if Honda receives information that ownership of the particular VIN has changed.

4. A description of the types of situations involving affirmative refusals (if applicable) for which you would account, including a description of supporting documentation or photographic evidence you intend to gather in support.

Honda first submitted its proposal regarding affirmative refusal accounting in its January 25, 2018, notification of its intent to disposition certain VINs in the 15V-320 and 15V-370 campaigns. That submission is attached and incorporated herein by reference. In Honda’s January 2018 submission, there were 11 VINs subject to affirmative refusal dispositioning; today, there are 138 VINs that Honda would propose to disposition in this category.

As background, in Honda's analysis, affirmative refusal dispositioning is a limited-purpose accounting category that covers situations in which current owners of VINs under recall have unambiguously communicated their refusal to take part in the recall. Though these situations are sporadic, they have been a consistent reality of Honda's outreach experience.

There are essentially two situations included in this accounting category. The first are situations where the customer has provided a clear and unequivocal indication that they do not wish to participate in the recall. These cases are a product of Honda's nationwide canvassing activity. During the course of that initiative, a number of customers expressed their intent not to participate in the Takata Recall, despite Honda's many efforts to educate the owner and thereby secure the recall repair.

A second, smaller subset of the affirmative refusal category encompasses situations in which members of Honda's field canvassing team received physical or verbal threats from, or were physically assaulted by, canvassed customers.

Honda has incorporated in its processes a number of features to ensure that use of this category is reserved only for extreme cases. Each one of these cases was reviewed by Honda management with responsibility over different aspects of the execution of the Takata Recall. Though it is a time-consuming process, it imposes an exacting level of scrutiny designed to verify that affirmative refusal accounting is justified by the facts of the particular scenario. Ambiguous cases are not included in the affirmative refusal category, and any uncertainties in the form or substance of the customer's communication are resolved against affirmative refusal classification. Management review also provides Honda a real-world opportunity to assess the effectiveness of its outreach in a multitude of real-world settings. Where it appears from the review that the particular customer's participation in the recall might be secured by altering the outreach strategy (for example, follow-up by telephone), Honda directs follow-up to the appropriate department, and the particular VIN will only be reconsidered for affirmative refusal categorization after that follow-up has occurred, and if necessary.

As with nonresponsive VINs, VINs that Honda seeks to disposition through affirmative refusal accounting also are subject to constant monitoring, any change of ownership will disqualify a VIN from affirmative refusal accounting unless and until the new owner expresses a clear and unambiguous demand to stop all forms of outreach.

Finally, also similar to its proposed treatment of nonresponsive VINs, affirmative refusal dispositioning will be used only when other accounting category—namely, destroyed, exported, stolen, not-in-service/off-the-road, and RAS/salvage—are unavailable. In other words, to the extent that a particular VIN is eligible for affirmative refusal accounting and an alternate accounting category, the alternate is utilized.

Honda has a record of every affirmative refusal case currently submitted for consideration, including case notes and, where applicable, other documentation indicating the specifics of the customer's refusal to take part in the recall.

5. **The number of vehicles for which you would intend to account as of the date of your submission, if any (report nonresponsive and affirmative-refusal counts separately).**

Nonresponsive	
PG	Inflator Count
1	29,676
2	16,781
3	159
4	98,002
5	23,409
6	1,205
7	3,987
8	10,483
9	11,341
10	324
11	11
Total	203,573

Affirmative Refusal	
PG	Inflator Count
1	124
2	14
Total	138

6. **An explanation of how VINs accounted for in this manner will be monitored for an ownership change (which should occur at least quarterly). As with other categories, change in ownership must re-disposition the vehicle into the unrepaired population (unless the vehicle can be accounted for in another category).**

Honda plans to continue operation of its POI program over the entirety of the Takata Recall. To the extent that any VIN is re-registered to a new owner, or to a new address, that VIN no longer will be categorized as nonresponsive or affirmative refusal. The VIN will be returned to active outreach or a different accounting category, as applicable. VINs returned to active outreach will remain in that category until the nonresponsive or affirmative refusal criteria set forth above independently are met as to the new owner at the new address.

7. An affirmation that all underlying records will be documented and subject to audit by NHTSA.

Honda will maintain all underlying records with respect to its election to disposition VINs as nonresponsive and/or affirmative refusal and will make those records available to the Agency upon request.

If you have any questions, please feel free to contact me.

Respectfully,

AMERICAN HONDA MOTOR CO., INC.

A handwritten signature in black ink, appearing to read 'Jeff Chang', written in a cursive style.

Jeff Chang
Senior Manager
Product Regulatory Office

JC:wvt

Cc: Alex Ansley, NHTSA
Ashley Simpson, NHTSA
Nick LaBruna, NHTSA
Stephen Hench, NHTSA