



April 14, 2020

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**Subject:** NSVRP Opinion Letter – NHTSA Recall: **18V016** Manufacturer Recall: **2118A** Period: **2020-1** No: **1**

NSVRP is pleased to provide a comprehensive review and Opinion Letter for the provided VIN sample. This analysis includes the impact of the most recent NHTSA's third amendment to the Coordinated Remedy Order (CRO) that was issued in December 2016.

Contained in this document is the following:

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  - In-Commercial Transit Identification
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### **NSVRP Overview**

The National Salvage Vehicle Reporting Program (NSVRP) is a leading not-for-profit law enforcement support organization dedicated to reducing auto theft, title fraud and abuse and to helping control criminal activities related to the exportation of stolen and fraudulently obtained vehicles. NSVRP works closely with the U.S. Department of Justice (DOJ), the FBI, U.S. Customs and Border Protection, state governments and other parties to help further our mutual objectives.

NSVRP's board is comprised of representatives of local and national law enforcement organizations. NSVRP is recognized by DOJ as creating an independent third-party voluntary standard for the National Motor Vehicle Title Information System (NMVTIS), which was created as a result of the Anti-Car Theft Acts of 1992 and 1996. In the Federal Register USDOJ has strongly encouraged the operator of NMVTIS to follow this standard to the fullest extent possible. In fulfilling our mission, we have coordinated with the federal government on several matters involving usage of NMVTIS such as the Car Allowance Rebate

The National Salvage Vehicle Reporting Program (NSVRP) is a not-for-profit 501 (C) (3). The organization was founded to support law enforcement and to promote and support efforts to advance the National Motor Vehicle Title Information System (NMVTIS). NSVRP's mission is to support initiatives to control auto-theft and title abuse. NSVRP's Board of Directors consists of representatives of major law enforcement groups. The US Department of Justice has applauded NSVRP for developing reporting standards for NMVTIS reporting and has strongly encouraged the operator to adopt these standards as suggested voluntary compliance standards. NSVRP has been recognized both by the Department of Justice and the FBI for 'Exceptional Service in the Public Interest' for its public policy efforts.

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System (CARS), the Insurance Cost Information Regulation, as well as in matters relating to enforcement and administration of the Odometer Act and Hurricane Sandy-related Odometer Act issues.

NSVRP has been active in encouraging the federal government to address the significant gap that exists in communicating recall information to consumers, especially in alerting consumers of safety recalls for older used vehicles. In addition to supporting an FTC requirement via its Used Car Rule that used car dealers actively confirm if a safety recall exists and repair and clear any notices from the recall database before offering the vehicle for sale and providing comments to NHTSA in support of enhancements proposed in the Department of Transportation's Grow America Act draft language that would prohibit vehicles with open safety recalls from being sold by dealers to the retail public and providing additional recommendations that would further support those protections for the public through better dissemination of recall alerts, NSVRP submitted significant comments regarding the potential limitations and unintended consequences of the RECALL Act and offered possible modifications to address those concerns. We have also historically worked with the NHTSA on recall issues, and with the American Association of Motor Vehicle Administrators (AAMVA) to provide input into their various Best Practices Working Groups.

NSVRP has at its disposal many specialized databases – some of which are proprietary to NSVRP and all of which are integrated into a working set of tools that provide unique capabilities in tracking and uncovering vehicle transfers and vehicle conditions. As a result of our capabilities and our being recognized by USDOJ in the 2009 NMVTIS Federal Rule as an independent 3<sup>rd</sup> party voluntary standards body for NMVTIS, we are capable of uncovering significant intelligence on the status of vehicles. We also are capable of providing opinion letters that may be considered having special standing in making determinations regarding the current recall status of some vehicles subject to recall process.

NSVRP has been continuously monitoring progress on the recall completion process and has regularly been updating and refining its best practice standards and procedures as a result of information it has collected during its monitoring efforts<sup>1</sup>.

#### **NHTSA Letter of Support for NSVRP Best Practice Standard for Automotive Recalls and Opinion Letter Process**

As part of the NSVRP standards process, NSVRP produced at NHTSA's request a formal standards document for automotive recalls. NSVRP also has provided to NHTSA a draft opinion letter based on previous vehicle samplings provided to us by various OEMs. NHTSA has reviewed the NSVRP standard and opinion letter as well as recall reporting under the NSVRP standard. NHTSA has provided written confirmation to NSVRP that NHTSA considers the NSVRP process to have import and value, and that NSVRP is able to uncover vehicles that can be removed from active outreach based upon the NSVRP Total Removed standard as highly unlikely to still be in service. NHTSA also has communicated in writing that NSVRP has been able 'to repeatedly demonstrate' that the NSVRP process is able to identify strong additional outreach candidates.

#### **NSVRP Capabilities**

NSVRP has access to many internal and external databases that are unique to NSVRP and which enable NSVRP to identify current status activity in vehicles beyond that available from state registration information. We maintain information on millions of monthly in-commercial transactions including lease/lien/used/salvage and impound transactions, vehicle activity based upon police inquiry and LPR monitoring as well as current name and address information beyond information in state vehicle registration databases. Coupled with our use of the National Motor Vehicle Title Information System (NMVTIS) NSVRP has access to vast quantities of information both historic and real-time information that helps NSVRP to evaluate the current status for vehicles for recall reporting and outreach.

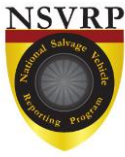
#### **Background for Areas Analyzed**

Consistent with the NSVRP Best Practice Standard for Automotive Recalls, NSVRP processed the VINs against all the NSVRP databases in order to determine the current status of as many of these vehicles as possible.

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<sup>1</sup> Throughout the recall monitoring process NSVRP has been sharing its research with NHTSA and has regularly been providing to NHTSA updates on its findings and any updates to the NSVRP Best Practice Standards for Automotive Recalls.

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As per the NSVRP standard, in order for a vehicle to be identified with certainty, it requires that the information used must determine the status of a vehicle to a high level of confidence before a vehicle can be deemed to be out of service. Only explicit event-based identification of a vehicle's condition or status can provide that level of confidence<sup>2</sup> – and NSVRP has previously provided to NHTSA the guidelines we require for making such a determination. These are codified in the best practice standard that NSVRP created at the request of NHTSA, and which has been provided to NHTSA by NSVRP.

### **Total Removed Identification**

NSVRP evaluates the recalled vehicle population for each class of exemption and as stated above has been able to produce a specific identification and count of records for Total Removed classification.

Classes of vehicles that conform to this profile for exemption include:

- 1) Vehicles that have been branded by a state with a final branding as a Junked/Crushed/Dismantled/or non-repairable designation<sup>3</sup>
- 2) Vehicles that have been reported into the National Motor Vehicle Title Information System (NMVTIS) with a status of Crush or Scrap indicating that the vehicle has been reported as already physically decommissioned as an operating vehicle
- 3) Vehicles which have been sold through a salvage auction and where the physical damage is so severe that the vehicle cannot be put back into service
- 4) Vehicles that have been exported outside of the US and its territories regardless of their condition and are not presently subject to recall
- 5) Vehicles known to be presently registered outside of the US
- 6) Vehicles that are presently active stolen vehicles and cannot be located
- 7) For airbag recalls, a review of salvage auction records is included, and availability of auction photos are included to determine when passenger and driver airbags are deployed and will be identified as Total Removed for purposes of that airbag recall.<sup>4</sup>

Classes of vehicles that do not conclusively determine conformance to this profile for exemption:

- 1) Vehicles that have been classified as an insurance total-loss<sup>5</sup>.
- 2) Salvage branded vehicles<sup>6</sup>.

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<sup>2</sup> A specific event is a documented action such as an export transaction, reporting of a crushed vehicle event. A lack of reporting – such as a non-renewal of registration - does not conclusively identify any specific action, but rather a lack of any reporting of a new transaction. This lack of renewed registration can be indicative of some issues, but it is not specific proof that a vehicle is no longer in use with certainty. USDOT studies have documented that significant numbers of unregistered vehicles operate on public roads.

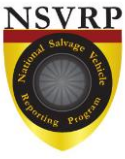
<sup>3</sup> Only a limited number of state title brands signify 'destroyed vehicle' branding, and these definitions vary by state. According to the 2016 NMVTIS annual report, covering over 980 million current and historic titled vehicles, roughly 100 million vehicles had state title brands of which –as per the NMVTIS annual report –19 million met the criteria of being 'destroyed vehicles' under that state's title branding definitions. Overall, based upon the nearly 1 billion current and historic NMVTIS title data records, roughly 10% of titled vehicles have some form of branding, while only 2% of all titled vehicles have a 'destroyed vehicle' branding categorization.

<sup>4</sup> This will enable automakers the ability to report that the originally installed airbags were already deployed and in the unlikely event where a damaged vehicle were to later be repaired and be involved in a subsequent accident, they could provide evidence that the airbag originally installed had been replaced prior to a subsequent accident. Each manufacturer will have to determine if such vehicle – in the cases where a subsequent owner restored the vehicle to road use – should be inspected under a recall program for both a proper repair and for replacement of the non-original airbag.

<sup>5</sup> Insurance total losses are vehicles where an insurance company pays off the claim rather than repairing a vehicle for the insured. This designation should not be confused with title branding. Each state has its own regulations as to how such total loss vehicles are to be branded – or where they are exempted from branding. Many total loss vehicles can have little if any damage – including those stolen vehicles recovered only after the claim has already been paid or with older vehicles having low actual cash values (ACV) and having relatively minor damage.

<sup>6</sup> Salvage branded vehicles under virtually all state regulations are eligible to be returned to legal road use. When retitled for road use many states will issue a rebuilt salvage title for the vehicle, however in a few states a clear title may be issued. In cases where there is severe damage some – but not all- states offer a special branding classification of a junk/non-repairable or other such title branding, designating the vehicle as non-repairable. In those states a regular salvage title specifically indicates a vehicle that can be restored to road use. Some states offer salvage safety inspection retitling processes, but others just check for stolen parts used in making any repairs.

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### 3) Vehicles with expired registrations<sup>7</sup>.

In order to provide the most precise and specific Total Removed determination, the source-category for each determination is provided for every vehicle identified as Total Removed. The status reports now provided a breakout for the Total Removed determination by source-category as well as the explicit factor(s) reported by that specific source-category that according to the NSVRP best practice standard met the requirement for Total Removed designation<sup>8</sup>.

#### **In Commercial Transit**

NSVRP also identifies vehicles that are no longer in the possession of the last recorded registered owner, and where the vehicle has subsequently been handled by an identified intermediate party who does not have an obligation to re-register the vehicle in their own name. These vehicles are not Total Removed and are capable of resurfacing once they complete the commercial transfer chain and end up with a final buyer or owner. In-commercial transit analysis can provide leads to outreach to current owners even when they are not recorded with a state as the registered owners of the vehicles. Vehicles that are presently in commercial transit will not be reachable through mailing or other outreach efforts to the last prior registered owner and a manufacturer may reasonably consider suspending outreach efforts to that prior owner until such time that a new owner has been identified.

#### **Visual Inspection and Airbag Analysis**

NSVRP can perform a visual inspection of salvage auction photos and records to identify instances of deployed airbags and for vehicles damaged to such an extent that they are incapable of restoration for road use regardless of the nature of the titling and branding of the vehicle. For this analysis a visual inspection of auction photos for extensive damage and deployed airbags was not undertaken.

#### **Active Vehicle Monitoring**

NSVRP performs comprehensive monitoring on all vehicles classified as Active. Only vehicles previously identified as Total Removed, and vehicles indicated as remedied or closed by the manufacturer will be excluded. Active vehicle monitoring resources include any in commercial transit ownership changes, salvage and wholesale auctions, stolen, impound, online sales, export, CBP activity to identify changes in Total Removed or daily transit, police stops. As the status changes, NSVRP will update that status in its quarterly reporting.

#### **Identification of Vehicles that are Current ZONE A vehicles**

NSVRP identifies vehicles which while presently registered in a ZONE A area. These vehicles should be considered at an enhanced risk for recall priority.

#### **Identification of Vehicles with Prior Zone A History**

Specific to Takata or airbag related recalls, NSVRP identifies vehicles that while presently not registered in a ZONE A area have previously been domiciled in a ZONE A area. These vehicles should be considered at an enhanced risk for recall priority.

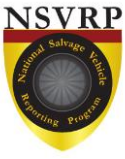
#### **Vehicles with Long Expired Registrations and No Subsequent Identified Activity**

In NHTSA's third coordinated remedy order for Takata recalls, NHTSA has allowed manufacturers to identify vehicles with long expired registrations and lacking subsequent activity to be considered as indicative of a vehicle with a substantially higher likelihood of being permanently out of service. NHTSA allows for use of this classification as an optional method to enhance reporting but places restrictions and additional requirements on its use. Vehicles in this secondary classification grouping are to be labeled as "other" for reporting purposes in the recall statistics. Unlike scrapped, exported, or stolen vehicles where there

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<sup>7</sup> Expired registrations are not proof of out of service vehicles. It is well documented – including in USDOT studies - that many older vehicles are routinely operated with expired registrations. This is especially true for vehicles that are no longer able to pass emissions tests or are owned by lower income or individuals unwilling to document themselves as vehicle owners.

<sup>8</sup> Only those statuses reported by a source that meet the NSVRP standard for Total Removed are included in these reporting columns. Other statuses reported by a source that do not qualify for Total Removed designation are excluded from Total Removed status reporting.



is a specific documented event that confirms these vehicles to be out of service, and where a vehicle can be permanently removed from consideration for a recall, any vehicles included in this “other reasons” category must be monitored and reconfirmed on a continuing basis by the manufacturer. As part of the continuous monitoring of open vehicles, NSVRP will identify vehicles with long expired registrations and where there has been no subsequent activity and is able to monitor that activity on an on-going basis.

NSVRP includes the reporting of this “other” category in its opinion letter to the manufacturer after a monitoring period and after developing a monitoring history and revalidating the title status with the state but leaves it up to the manufacturer to decide whether to include this optional information when the manufacturer reports on recall progress to NHTSA (as per NHTSA’s guidance). NSVRP agrees that a significant percentage of these vehicles are permanently out of service, however NSVRP cautions that it is highly likely that some vehicles are operated on the road under long expired registrations as unregistered vehicles, so it is important to follow NHTSA’s guidance to continually monitor these vehicles for signs of resurfacing for road use in spite of being presently unregistered. NSVRP is able to provide a robust means of monitoring for activity on these vehicles where a manufacturer includes the NHTSA ‘other reasons’ categorization in their recall reporting.

### **Recall Completeness – Vehicle Population**

NSVRP Statement: A difference in NHTSA reported counts and VINs provided to NSVRP can be based upon many factors. This count difference may be attributed to vehicles in groups that are remedied, not yet active for recall and changes to NHTSA IDs and/or movement of VINs as the OEM’s also work to reconcile their VIN populations. Other reasons could include vehicles where replacement parts are not yet available, or in cases where initial mailings are in progress, but NSVRP has not yet been assigned those VINs for reporting analysis<sup>9</sup>.

Once a recall has progressed past its first quarter NSVRP will compare the total count of VINs provided by an OEM to NSVRP against the population of VINs reported to NHTSA in the previous quarterly report in order and assess the completeness of the scope of coverage of the NSVRP opinion letter.

At the close-out of the recall it is expected that a final reconciliation will allow NSVRP to provide a consolidated opinion letter for all VINs monitored and remedied for the total population of the recall for submission by the OEM to NHTSA.

### **Recall Completeness – Other Reason**

NSVRP Statement: NHTSA allows for the inclusion of an optional Other Reason categorization of vehicles for recall reporting. NSVRP has implemented this into the NSVRP standard and this categorization may be used by participating OEMs when appropriate. According to the NSVRP standard, a recall must first undergo levels of monitoring and data collection for extended periods of time before the vehicles in that recall can be reported as having a definitive Other Reason status.

Initially, NSVRP classifies the recall as having an Other Reason reporting maturity status of “No”. During this phase of the reporting, NSVRP identifies vehicles with long-term expired registrations that are being monitored for activity and which are potentially eligible for eventual classification of Other Reason long-time expired status. This count of vehicles could be reported only as being monitored for their *potential* eligibility for a final reporting of Other Reason status. Many of these may eventually be disqualified from being finally classified as Other Reason vehicles once a full monitoring regiment has taken place and as additional NMVTIS and state registration data is collected over the course of the recall. *Vehicles in this interim status ought not initially be reported to NHTSA as having a final Other Reason status.*

As the recall matures, NSVRP will determine that the full collected history of information has been collected. At that time, NSVRP will change the Other Reason maturity status to “Yes”. Once the status has been reported as mature, the NSVRP report

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<sup>9</sup> NSVRP will report on a reconciliation between the counts and will sample test the excluded groups, when available, to be able to provide an opinion on the reconciliation between the VINs being monitored by NSVRP and its positioning in the overall status of the recall.



will take the remaining vehicles still being monitored for potential Other Reason status and place them into two categories of Other Reason status.

At the close of the recall those vehicles still being monitored for potential Other Reason status and where there is a preponderance of evidence that they are still long-term expired vehicles and for which there is no observed activity indicating any road use while they were long-term expired vehicles will be designated as "Other Reason" vehicles. If any of these vehicles were remedied while in a final long-term expired status, they will also be flagged as Other Reason vehicles which were subsequently remedied, and which are potential vehicles of interest.

At the close of the recall those vehicles still being monitored for potential Other Reason status where there is a lesser level of evidence that they are still long-term expired vehicles and for which there is no observed activity indicating any road use while they were long-term expired vehicles will be designated as "Provisional Other Reason" vehicles. If any of these vehicles were remedied while still in a final long-term expired status, they will also be flagged as Other Reason vehicles which were subsequently remedied, and which are potential vehicles of interest.

NSVRP will be able to distinguish between these two populations, and will provide to the OEMs a list of these VINs in order to allow the OEM to provide any missing state registration data for these vehicles before completing the analysis. If the missing information is provided to NSVRP, then these vehicles will be evaluated as "Other Reason" vehicles<sup>10</sup>.

#### **Recall Completeness – Addresses**

NSVRP Statement: Overall there is roughly a 14% per year annual rate of national change in address<sup>11</sup>. Furthermore, for individuals in lower income strata because there is a lower percentage of home ownership and multi-year apartment leasing this annual change in address rate is even higher and may be closer to 20% or more per year. The combination of these factors coupled with there being no obligation for former vehicle owners to notify the state of the owner giving up a vehicle or nor is it the normal practice for many current registered owners to directly notify a state of a change in address until such time as they renew their registration result in many state registration addresses to be out of date<sup>12,13</sup>.

#### **Recall Completeness – Outreach**

NSVRP Statement: OEMs focus a great deal of effort on active outreach to existing registered vehicle owners. Many augment these efforts through additional outreach intended to motivate vehicle owners to enable the remediation of their vehicles through door-to-door programs, on-site repairs, loaner programs, crowdsourcing and other efforts to enhance repair rates.

Overall there is roughly a 12% per year annual rate of change for vehicle ownership<sup>14</sup>. For newer vehicles ownership changes are typically well documented for the period of time when vehicles are still covered by new car warranties. When vehicles are on their second (or later) owner the party giving up the vehicle is typically under no obligation to report to a state that they

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<sup>10</sup> NSVRP is presently able to provide NMVTIS data for all NMVTIS governed jurisdictions. NSVRP is also able to provide current state registration data for a majority of recall vehicles. At the close of the recall there will be a residual subset of the recall population where NSVRP can present a specific list of recall VINs to the OEM to provide current state registration records if they wish to further enhance the final Other Reason closeout data. This may enable some additional vehicles to be reclassified from the category of Provisional Other Reason to either Other Reason vehicles or to be eliminated as eligible for Other Reason classification based upon further updated state registration information.

<sup>11</sup> Based upon 2012 US Census figures, there were 36.5M people who moved out of a total population of 305M. This represents a movement rate of 12%. Previous rates have tended to be higher. As an example, in 2001 there were 41M individuals who were identified as moving out of a population of 278M. This represents a documented moving rate of 14.7%.

<sup>12</sup> NSVRP has used current Takata recalls as a detailed test and has documented that a high percentage of the remaining open and unremediated vehicles in that recall had obsolete and non-forwardable addresses in the state registration systems. NSVRP was able to use an address enhancement process that was able to pull addresses forward from an obsolete and non-forwardable address to a new and different current address on roughly 34% of the remaining open vehicles in that recall.

<sup>13</sup> This address enhancement process uses other resources than state registration data. While NSVRP is presently unaware of any comparable capability from other sources, NSVRP does not represent that it is the only possible source for an address enhancement program.

<sup>14</sup> According to industry sources the average age of a vehicle on the road is about 11.8 years. While the average age varies based upon make, model and type of vehicle the composite average age has been rising over the past years with light trucks having a higher average vehicle age than passenger vehicles. Industry statistics also show that the average duration of vehicle ownership is about 7.9 years. Taken together, the average vehicle has had roughly (11.8 years/7.9 years) 1.5 ownership changes per vehicle after the original owner. Converting to a percentage, the average change in vehicle ownership is (150%/11.8 years) a 12.6% change in ownership per year, which is slightly higher than a 1% change in ownership per month.

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have given up ownership.<sup>15</sup> As vehicles get older, significant fractions of those vehicles are either still listed under the old owner and appear as long-term expired registrations, or else are documented as no longer being owned by the prior owner but with no new owner identified in any state registration system. This creates a challenge for an effective recall outreach program.

### **Solutions in Response to the Independent Monitor of Takata, December 21, 2018**

#### **Findings of Report from Independent Monitor of Takata Recall**

On December 21, 2018 the independent monitor issued a report entitled Update on the State of the Takata Airbag Recalls. The report reviewed the status of the recall progress and identified a number of key takeaways. Several of the key takeaways identified limitations with the address data available from state registration systems and the need to use information from sources other than just from state registration systems<sup>16,17</sup>.

Based upon the guidance from the monitor for additional actions to be undertaken by the OEMs to address these deficiencies in the recall process, NSVRP is able to provide the following as solutions:

#### **Address Enhancement**

**Background:** As previously noted, there is roughly a 14% per year annual rate of national change in address<sup>18</sup>. Furthermore, for individuals in lower income strata because there is a lower percentage of home ownership and multi-year apartment leasing this annual change in address rate is even higher and may be closer to 20% or more per year. The combination of these factors coupled with there being no obligation for former vehicle owners to notify the state of the owner giving up a vehicle or nor is it the normal practice for many current registered owners to directly notify a state of a change in address until such time as they renew their registration result in many state registration addresses to be out of date<sup>19,20</sup>.

- **Recommendation:** NSVRP identifies vehicles that have been retitled in the most recent 6-month period. These vehicles will include some that are in current use on the road and where the manufacturer will be unaware of the current owner. Since the NSVRP recall analysis includes use of current data from the National Motor Vehicle Title Information System (NMVTIS) and direct live access to most state DMV systems, NSVRP is able to include in its analysis results based upon the most current vehicle status. When requested, NSVRP can also support the recall outreach process by providing the current name and address information on many vehicle owners using multiple sources including direct access to state DMV systems under Drivers Privacy Protection Act (DPPA) authorized guidelines.<sup>21</sup>

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<sup>15</sup> Even where the vehicle is registered in a personal property state, and where the prior owner is taxed until such time as they disclose to their state that they no longer own the vehicle, the recognition of the new owner in a state registration system is still dependent upon the next owner disclosing their ownership as part of the act of getting a new title and registration in that state.

<sup>16</sup> However, for the remaining pool of unrepaired vehicles, DMV information is often likely to be inaccurate. Owners may have moved without updating their DMV registration information, deliberately or accidentally provided incorrect information to the DMV or purchased their vehicle through private sales or local auctions without updating the DMV registration. Some vehicles may also have been repossessed by insurers and are transiting the auction and restoration process, causing registration information to be outdated until a new owner registers it with a DMV. Other vehicles may have been totaled or scrapped. To make sure the actual owners of these remaining unrepaired vehicles are receiving the recall outreach being sent to them, and to identify those vehicles that are no longer on the road, supplementing DMV information from additional sources is critical. (See monitor's report – page 5)

<sup>17</sup> During a door-to-door canvassing initiative in Houston and South Florida conducted this past year targeting older vehicles subject to the Takata recalls, the Monitor found that nearly 50% of vehicle owner registration information did not accurately identify the correct owner of the vehicle—in 80% of these instances, the vehicle had been sold, while in 20%, the vehicle owner had moved. Frequent refreshing of contact information for older recalled vehicles is also important. For example, one affected vehicle manufacturer received an updated DMV data set and found that 30% of its owner information had changed over the last year. (See monitor's report page 5).

<sup>18</sup> Based upon 2012 US Census figures, there were 36.5M people who moved out of a total population of 305M. This represents a movement rate of 12%. Previous rates have tended to be higher. As an example, in 2001 there were 41M individuals who were identified as moving out of a population of 278M. This represents a documented moving rate of 14.7%.

<sup>19</sup> NSVRP has used current Takata recalls for a detailed test and has documented that a high percentage of the remaining open and unremediated vehicles in that recall had obsolete and non-forwardable addresses in the state registration systems. NSVRP was able to use an address enhancement process that was able to pull addresses forward from an obsolete and non-forwardable address to a new and different current address on roughly 34% of the remaining open vehicles in that recall.

<sup>20</sup> This address enhancement process uses other resources than state registration data. While NSVRP is presently unaware of any comparable capability from other sources, NSVRP does not represent that it is the only possible source for an address enhancement program.

<sup>21</sup> This best practice is consistent with the monitor's recommendations to use non-DMV data sources to overcome the deficiencies in exclusively relying upon DMV sources for name and address information. (See monitor's report page 6).

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## Outreach

**Background:** As previously noted, overall there is roughly a 12% per year annual rate of change for vehicle ownership<sup>22</sup>. For newer vehicles ownership changes are typically well documented for the period of time when vehicles are still covered by new car warranties. When vehicles are on their second (or later) owner the party giving up the vehicle is typically under no obligation to report to a state that they have given up ownership.<sup>23</sup> As vehicles get older, significant fractions of those vehicles are either still listed under the old owner and appear as long-term expired registrations, or else are documented as no longer being owned by the prior owner but with no new owner identified in any state registration system. This creates a challenge for an effective recall outreach program.

- **Recommendation:** NSVRP actively monitors vehicles for in-commercial transit activity in real-time, and for a significant percentage of this activity can provide a live daily outreach feed to an OEM to reach out and physically locate and potentially repair or retire these vehicles which are no longer in the possession of the last recorded prior owner<sup>24, 25, 26</sup>.

These include vehicles that NSVRP has actionable information including the current location of many vehicles that are in-commercial transit and which are no longer in the possession of the last recorded prior owner, as well as impounded vehicles, lease and lienholder vehicles<sup>27</sup>, and vehicles identified as off the road and are presently located.

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<sup>22</sup> According to industry sources the average age of a vehicle on the road is about 11.8 years. While the average age varies based upon make, model and type of vehicle the composite average age has been rising over the past years with light trucks having a higher average vehicle age than passenger vehicles. Industry statistics also show that the average duration of vehicle ownership is about 7.9 years. Taken together, the average vehicle has had roughly (11.8 years/7.9 years) 1.5 ownership changes per vehicle after the original owner. Converting to a percentage, the average change in vehicle ownership is (150%/11.8 years) a 12.6% change in ownership per year, which is slightly higher than a 1% change in ownership per month.

<sup>23</sup> Even where the vehicle is registered in a personal property state, and where the prior owner is taxed until such time as they disclose to their state that they no longer own the vehicle, the recognition of the new owner in a state registration system is still dependent upon the next owner disclosing their ownership as part of the act of getting a new title and registration in that state.

<sup>24</sup> Under current practice, each ownership transfer that is neither a direct to consumer nor direct to insurer transfer is usually a transfer that is not subject to titling and registration in any state. On the average, for each in-commercial transfer resale that ends up being eventually resold to a new documented consumer owner there will be 1-3 intermediate and undocumented ownership changes before the vehicle finally ends up titled and registered to a new consumer owner in a state registration system. The duration of time that the vehicle is still documented as being with the prior owner who is no longer the owner of the vehicle until such time as a new consumer owner titles and registers the vehicle typically can extend for a minimum of several months or longer.

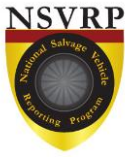
<sup>25</sup> This best practice is consistent with the monitor's recommendations to use non-DMV sources to accurately identify the vehicle's current owner and location. (See monitor's report page 7).

<sup>26</sup> While NSVRP is presently unaware of any comparable capability from any other source, NSVRP does not represent that it is the only possible source for an in-commercial transit, out-of-service and active road monitoring recall outreach program.

<sup>27</sup> According to Federal Law, leaseholders of vehicles are responsible parties for notifying vehicle operators of open safety recalls. NSVRP (through its affiliate agency) is the primary repository of lease and lienholder information for the financial industry and is presently the sole party capable of identifying and outreaching to a substantial majority of active lease and lienholders of vehicles in the United States. *This role is especially important in the case of liens and leases covering used vehicles.* [See page 16 of the NHTSA Safety Recall Compendium - Leased Vehicles Motor vehicle manufacturers must not only notify registered owners and/or last known purchasers but must also notify any lessors of its vehicles. Lessors that receive a notification from the manufacturer have an independent obligation to notify their respective lessees and must do so by first class mail within ten days of their receipt of the manufacturer's notification (unless the manufacturer has an agreement with a lessor to directly notify that lessor's lessees, in which case notification of the lessees becomes the manufacturer's responsibility). This obligation holds for both the initial lessee letters concerning a defect or noncompliance, and for any follow-up notifications that may occur. The manufacturer has the responsibility for reminding lessors of their obligation in the letters it sends to them.]

The National Salvage Vehicle Reporting Program (NSVRP) is a not-for-profit 501 (C) (3). The organization was founded to support law enforcement and to promote and support efforts to advance the National Motor Vehicle Title Information System (NMVTIS). NSVRP's mission is to support initiatives to control auto-theft and title abuse. NSVRP's Board of Directors consists of representatives of major law enforcement groups. The US Department of Justice has applauded NSVRP for developing reporting standards for NMVTIS reporting and has strongly encouraged the operator to adopt these standards as suggested voluntary compliance standards. NSVRP has been recognized both by the Department of Justice and the FBI for 'Exceptional Service in the Public Interest' for its public policy efforts.





### Recall Closeout and Maintenance Monitoring

**Background:** As recalls progress there is a residual population of vehicles that cannot be accounted for and which remain as a long-term open recall risk. These primarily are vehicles for which there are no current registrations on file and which include vehicles that are out of service but are undocumented, vehicles in-commercial transit, vehicles being operated by different owners than the last registered owner but are being operated undocumented, and some that continue to be operated under expired registrations by existing owners including ones now domiciled at new addresses unreachable with state registration mailings. As noted by the monitor, these vehicles represent challenges for outreach and cannot be easily reached or accounted for through current methods. There is a need for a highly effective and cost-efficient means to manage these residual populations to maximize public safety.

- **Recommendation:** NSVRP can perform a baseline closeout on vehicles in a recall and then provide a basis for a maintenance monitoring for all remaining at-risk vehicles. The closeout process will identify those vehicles in a recall that remain at greatest risk and those that are no longer of material concern and not needing to be subject to continued mailing and outreach<sup>28</sup>. For the remaining at-risk vehicles NSVRP is able to continuously and robustly monitor for activity and provide actionable intelligence to identify if any other these vehicles are spotted in service, newly total removed or reachable for remedy or removal. This process can be done both broadly and efficiently<sup>29</sup>. This outreach process can also be scaled so that once these vehicles have been located a consolidated outreach process can be implemented that allows multiple OEMs to take advantage of cost sharing or using a common outside vendor to minimize ongoing costs.

By using this closeout and maintenance process an OEM could provide a final report documenting the completion status of their recall to NHTSA as well as an ongoing effective and cost-efficient best practice means to continue to protect the public from the risks of residual vehicles that were not fully accounted for at the end of the main phase of the recall process.

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<sup>28</sup> Vehicles that are of low risk will include those that have designated by an OEM as remedied under a recall, and those that that NSVRP has determined to be total-removed or other reason total-removed vehicles.

<sup>29</sup> NSVRP is able to monitor road activity as well as in-commercial transit activity and has already demonstrated to NHTSA that it can identify large numbers of matches for open safety recall vehicles that have not otherwise been able to be identified and located.

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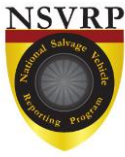


## **Analysis Results**

**Identified:** Overall, NSVRP was able to uncover information on vehicles representing **25** out of the population of **25** vehicles that were submitted to NSVRP under this recall as follows:

1. **Total Removed:** We have identified **2** vehicles to be out of service domestically and could be considered exempt from a recall and classified as Total Removed.
  - a. There are also **0** additional VIN that had both airbags deployed. NSVRP considers these vehicles to be out of domestic circulation and falling under the category of Total Removed. Consistent with the NSVRP standard and guidance provided by NHTSA in a letter to NSVRP we believe these vehicles allow the manufacturer to “move focus from further pursuit of recalls completion on vehicles that data shows are more likely no longer in issue”.
  - b. There were **0** additional vehicles that were identified as only having their driver front airbag deployed and could also be considered Total Removed for the driver side airbag recall.
  - c. There were **0** other vehicles that were identified as only having their passenger front airbag deployed. No supplemental visual inspection of salvage auction photos was included in this analysis to determine deployed airbags or uneconomical to repair damage.
2. **“Other Reason Total Removed”:** Presently this recall is classified by NSVRP as not being mature for Other Reason reporting. An additional **10** vehicles were identified as being monitored for potential other reason status. These are vehicles which are not identified as out of permanently out-of-service but which appear to have registrations expired for at least 3 years and will undergo a monitoring period to identify other subsequent activity. These vehicles can be reported to NHTSA as vehicles being monitored for potential Other Reason status. They do not yet qualify for final reporting as Other Reason vehicles.
3. **Active-Previous ZONE A:** An additional **1** vehicles which are not identified as out of service and which are either last registered as being in an ZONE A region or previously registered in an ZONE A area. Of this count, **1** VINs now show residing in a ZONE A state. These are a higher risk vehicle for airbag recalls and should be prioritized for recall completion. The active-previous Zone A count is **0** if the manufacturer recognizes and implements the NHTSA allowed long term expired registration provision ‘Other Reasons’.
4. **Active-In Commercial Transit:** Vehicles which are no longer in the possession of the last registered owner but which are in commercial transit. These vehicles have been transferred or resold and have not yet been acquired by an entity who has subsequently registered the vehicle. NSVRP has identified **2** such vehicles not permanently removed from service by the latest buyer and may still be potentially available for reregistration for road use.
5. **Active-Recent Registration:** Of the VIN population, there are **10** vehicles where NSVRP is aware of the most recent state of registration and titling dates for these vehicles. Out of this population of vehicles, there are **0** vehicles that were re-titled in the most recent 6-month period.
6. **Remedied Vehicles:** The manufacturer has not provided to NSVRP details on **0** vehicles remedied by the manufacturer under this recall or inspected and determined as not needing the recall repair. NSVRP can only report on the recall repair status of vehicles to the extent that the manufacturer has provided the recall repair status information to NSVRP that would then be included in its reporting.

NSVRP’s analysis only extends to the population of VINs submitted to NSVRP and we can make no claim as to the status of any vehicles for which the manufacturer did not submit VINs to NSVRP.



**Analysis Results**

Period: 2020-1

No:1

NHTSA Recall: 18V016 Mfg.#: 2118A Date Processed: April 14, 2020

VIN Count:25

**Immediate Action: For NHTSA Reporting**

Total Removed Category	VIN Count	% of Population
• Total Removed w/o Airbags	2	8.00 %
• Both Airbags Deployed	0	0.00 %
<b>Total Removed Vehicles</b>	<b>2</b>	<b>8.00 %</b>

**Immediate Action: For Outreach Awareness and Update**

Priority Outreach Total of Active	VIN Count	% of Population
• Current Zone A & Prior A	1	4.00 %
• In Commercial Transit	2	8.00 %
• Active Recent Registration	0	0.00 %

**Deferred Action: During Monitoring Periods (Prior to Final Closeout Certification)**

Monitored for Potential Other Reason Classification	VIN Count	% of Population
• Potential 'Other Reason'	10	40.00 %

**Final Closeout: Including Closeout Data Consolidation for Final Other Reason Certification**

Final Closeout Other Reason Classification	VIN Count	% of Population
• Other Reason (Primary)	0	0.00%
• Other Reason (Provisional)	0	0.00%

Population Overview	VIN Count	% of Population
Total Population Reviewed	25	100.00 %
Vehicles with Authoritative Information	25	100.00 %
Vehicles with State Title Information	25	100.00 %
Vehicles with State Registration Information	10	40.00 %

In the analysis of the 25 VINs provided, NSVRP determined that 2 of these VINs were identifiable as being monitored for Total Removed vehicles inclusive of any supplemental vehicles based upon deployed airbags for NHTSA reporting. Subsequent to monitoring of active vehicles and ongoing identification of additional Total Removed and Remedied vehicles, NSVRP will certify a count of 'Other Reasons' vehicles for reporting. Due to ongoing activity, it is expected that this initial count of vehicles 'monitored for potential other reasons' vehicles may change prior to NSVRP making a final identification of Other Reason vehicles with designations of 'Other Reason' and 'Provisional Other Reason'.

Sincerely,

Howard Nusbaum, Administrator,  
National Salvage Vehicle Reporting Program  
[administrator@nsvrp.org](mailto:administrator@nsvrp.org)

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