

**Statement of Rick Schostek, Executive Vice President, Honda North America  
before the U.S. Senate Committee on Commerce, Science and Transportation  
June 23, 2015**

Thank you, Mr. Chairman, Ranking Member Nelson and members of the committee. My name is Rick Schostek, executive vice president of Honda North America, based in Marysville, Ohio.

I appreciate the opportunity to update the committee regarding the efforts made by Honda with respect to the recall of Takata airbag inflators since my last appearance before this committee over seven months ago.

Let me begin by acknowledging that in the past two weeks we have confirmed that two more customers lost their lives – one in September 2014 and the other in April of this year – as a result of Takata airbag inflator ruptures that have occurred in our older model vehicles. This is heartbreaking, and a painful reminder to us of the reason we continue to urgently accelerate our actions to repair the affected vehicles. But of course the real pain is experienced by the families of the victims. We sincerely apologize to them, and extend our deepest and heartfelt sympathies.

We are working very hard to solve this problem. During the past few months, we have been accelerating our efforts to repair vehicles at a level unprecedented in the history of our company.

This is a reflection of the deep commitment our company has undertaken to notify our customers and to increase the supply of replacement inflators available for repairs.

Over and above the required mailed notification to affected customers, we have pursued new and creative ideas and methods to encourage our customers to check their vehicle identification number and recall status in order to increase the rate of response to recall notifications.

We have enhanced our general recalls website and created a new microsite dedicated to this issue to keep our customers informed and to make it easy for them to check their vehicles for open recalls. And our Customer Relations department is set up to receive calls from customers seven days a week.

Honda also voluntarily initiated a bi-lingual regional advertising campaign in March to implore customers to repair their vehicles. This campaign of radio commercials and full-page newspaper ads, represented behind me, was designed to grab the attention of customers in the nine states and two U.S. territories that experience the most consistently high temperatures and absolute humidity and to encourage them to immediately check for open recalls and safety improvement campaigns.

We also are using social media channels in a targeted way – including via Facebook, with good success. Let me add, Mr. Chairman, that whenever we issue a news release or statement on this matter, we specifically request that the news media help us spread the word by directing customers to our recall websites, so they can look up their VIN and get their vehicle repaired. We have appreciated the news media's assistance with this effort.

To accelerate the safety actions and increase the supply of airbag inflators, Honda proactively began searching for alternative supply solutions to more quickly facilitate repairs of our older model vehicles. This effort led to agreements with Daicel, Autoliv and TRW Automotive to provide us with replacement parts in addition to Takata.

As a result of this proactive effort by Honda and the actions taken by our dealers, in recent weeks, we are averaging more than 50,000 repairs per week. We have asked our dealers to expand service hours and to never turn away a customer with an affected vehicle. And we require dealers to check the VIN for every vehicle that comes into their dealership. To support this policy, in February we initiated a new system that alerts dealers whenever their staff fails to check the VIN of a car brought in for service to see if it has an open recall.

We also have reinforced with our dealers Honda's firm policy to provide affected customers with a loaner or rental car free of charge while their vehicle is being repaired or if they are waiting for a replacement part to be delivered. All dealers are authorized to make a vehicle available to a customer without prior approval from Honda. We have been actively monitoring the availability of loaner and rental cars and engaging with our dealers to ensure that they offer such vehicles so we can meet our customers' needs.

Further, to prevent the possibility that any Takata airbag inflators under recall can be used as a replacement part, we've been searching salvage yards nationwide to find and secure recalled inflators. We have already identified many thousands of inflators from salvage yards that now never will be installed in another vehicle.

In some markets, we have enlisted a special investigative firm as part of our effort to contact hard-to-reach owners of older model vehicles affected by the Takata airbag inflator recalls.

Mr. Chairman, for many reasons, it is particularly difficult to locate the owners of older vehicles and get the vehicles repaired. When I testified last November, I suggested that we find a way to tie the annual state vehicle registration process to a requirement that safety defects be addressed before completion of vehicle registration. Subsequently, Ms. Stephanie Erdman, who was injured by a Takata inflator rupture and who also appeared before this committee last fall, joined me in writing an Op Ed in *Automotive News* in support of the idea of such a

registration requirement.

We continue to believe that there is substantial promise with this approach. I want to thank Senators Markey and Blumenthal for introducing S.617, the Repairing Every Car to Avoid Lost Lives Act – the "RECALL" Act. I recognize that there are a number of issues about this concept that require further discussion. But I am convinced that this is the single most significant step we can take to achieve what we all want to accomplish, and that is a 100 percent repair rate. Our company stands ready to work with the Congress to help find a path forward.

Even as we look at new, long-term solutions to improve recall completions, we remain focused on the needs of our customers today. And we are fully mobilized on the effort to complete the recalls and safety improvement campaigns associated with Takata airbag inflators.

Again, I very much appreciate the opportunity to appear before the committee today, and I will be happy to address your questions. Thank you.