

Honda Reaches \$605M Deal To Exit Takata Air Bag MDL

By [Carolina Bolado](#)

Law360, Miami (September 1, 2017, 1:29 PM EDT) -- [Honda Motor Co.](#) Ltd. agreed to a \$605 million settlement Friday to exit multidistrict litigation over defective [Takata Corp.](#) air bags that will accelerate removal of the dangerous air bag inflators from 16.5 million affected Honda vehicles.

The deal includes a \$200 million fund to expand Takata air bag inflator recall efforts to try to reach owners of affected vehicles who have not been located or have not responded to recall notices, according to the car company. Honda will also set up a fund for class members who had to pay out-of-pocket expenses — such as for lost wages or childcare — to get their cars fixed.

The preliminary settlement, if approved, would make Honda the sixth automaker to be released from litigation, after Toyota, Subaru, Mazda and BMW agreed to pay a [combined \\$553.6 million](#) in May and Nissan [settled for \\$98 million](#) in August.

Under the settlement, class members will be provided with rental or loaner vehicles while they deal with fixing their cars. Remaining funds will be distributed to class members in amounts up to \$250.

Because of Honda's ongoing comprehensive free rental or loaner car policy, the parties agreed that the company would receive a 20 percent discount from the settlement value of \$605 million, so the company's total cash payment is expected to be \$484 million, according to Honda.

“In reaching this agreement, Honda, to its credit and the benefit of its customers, has completed and enhanced its ongoing industry-innovative efforts to remove the defective Takata air bags from its vehicles,” [Podhurst Orseck PA's Peter Prieto](#), lead counsel for the plaintiffs, said in a statement. “This agreement will not only expand awareness of the Takata recalls and improve driver safety by accelerating the removal of defective air bags from our roads, but will provide compensation to affected Honda consumers.”

If the deal is approved by U.S. District Judge Federico A. Moreno, just Ford would remain in the suit.

Consumers first filed suit in 2014, alleging that the cheap but volatile ammonium nitrate that inflates the bags can misfire, especially in humid conditions, blasting chemicals and shrapnel at passengers and drivers. Takata's air bag inflators have been linked to at least 11 deaths in the U.S. and the company has faced massive global recalls.

Takata has pled guilty to wire fraud, agreed to pay \$1 billion in fines and restitution, and acknowledged that it ran a scheme to use false reports and other misrepresentations to convince automakers to buy air bag systems that contained faulty, inferior or otherwise defective inflators. In June, the company filed for bankruptcy in Delaware and Japan.

The plaintiffs are represented by Podhurst Orseck PA, [Baron & Budd PC](#), [Colson Hicks Eidson](#), [Power Rogers & Smith PC](#), [Boies Schiller & Flexner LLP](#) and [Lieff Cabraser Heimann & Bernstein LLP](#), among others.

Honda is represented by [Sidley Austin LLP](#), [Bowman & Brooke LLP](#) and [Sedgwick LLP](#).

The case is In re: Takata Airbag Products Liability Litigation, case number [1:15-md-02599](#), in the U.S. District Court for the Southern District of Florida.

--Additional reporting by Christopher Crosby. Editing by Jack Karp.

Update: A previous version of this story has been updated with additional information about the settlement.