

## Honda Agrees to \$605 Million Takata Air Bag Settlement

*Catherine Wilson, Daily Business Review*



Deployed Takata airbag.

Honda Motor Co. Ltd., the biggest player left in the Takata air bag multidistrict litigation, weighed in Friday with a \$605 million settlement offering compensation to 16.5 million current and former Honda and Acura owners and lessees of vehicles made since 2001.

Honda, which made the most recalled vehicles with Takata air bags, will be entitled to a 20 percent discount by offering a free rental or loaner car policy, bringing its total cash payout down to \$484 million. The agreement comes "without any admission of liability or wrongdoing."

The proposal filed with U.S. District Judge Federico Moreno in Miami comes with a program intended to accelerate the removal of defective air bag inflators, which generated the largest vehicle recall in U.S. history affecting nearly two dozen brands, plaintiffs attorneys said.

The settlement plan is similar to others previously announced with Toyota for \$279 million, BMW for \$131 million, Nissan for \$98 million, Mazda for \$76 million and Subaru for \$68 million. Preliminary approval was granted for all but Nissan, and a final hearing on the first four is set for Oct. 25.

But Honda was in a precarious position because of potential testimony from a company engineer who was prepared to discuss a 1999 air bag inspection when an inflator ruptured. The engineer compared himself to Edward Snowden and called himself "a witness in the dark." In July, a court-appointed special master recommended compelling the engineer's testimony about a plot to hide decades-old reports.

"Honda, to its credit and the benefit of its customers, has complemented and enhanced its ongoing industry-innovative efforts to remove the defective Takata air bags from its vehicles," said Peter Prieto, court-appointed plaintiffs chair lead counsel, who helped negotiate the settlement. "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."

The settlement terms offer compensation for motorists' economic losses resulting from the recall, including reimbursement for reasonable out-of-pocket expenses, a possible residual distribution payment of up to \$500, rental car coverage for class members awaiting their recall remedies, a customer support program for repairs and adjustments on replacement inflators and an extended warranty.

Owners and lessees also would be part of an outreach program overseen by an independent administrator to expand on Honda's recall efforts and boost part replacement rates. Class members will be contacted by direct mail, phone calls, email, internet ads and social media.

American Honda Motor Co. Inc. spokesman Chris Martin in Torrance, California, issued a company statement saying Honda agreed to create a fund valued at nearly \$200 million to augment its "already robust" recall efforts and reach out to nonresponsive owners.

If Moreno gives final approval, the claims process will be open to eligible class members pending any appeals. Personal injury claims based on air bag malfunctions are not covered by the agreement.

Prieto, a partner at Podhurst Orseck in Miami, is already looking ahead to other defendants, saying, "We will continue prosecuting our claims against Ford and other automobile manufacturers to ensure that our clients receive the relief they deserve."

Ford is the last automaker in the original round of litigation, and further litigation is expected against General Motors, Chrysler, Mercedes-Benz and Volkswagen. The plaintiffs settlement website is [www.autoairbagsettlement.com](http://www.autoairbagsettlement.com).

"It's been hard-fought litigation with all of the defendants, and especially the automakers, for more than two years now," Prieto said. "Our goal has always been to ensure that as many defective inflators as possible are removed from our roads and that our class members obtain the relief they deserve, including compensation. We believe we've met that goal, and that much good will come from these settlements."

Takata declared bankruptcy in June and gained a stay in the MDL under bankruptcy filings in Tokyo and the U.S.

The company agreed the same month to a \$1.6 billion takeover of most assets by Detroit-based competitor Key Safety Systems, a subsidiary of China's auto parts supplier Ningbo Joyson Electronic Corp., under the prepackaged bankruptcy filing in Delaware. Some of the proceeds would be used to reimburse automakers who bought the defective parts.

Key Safety would avoid liability for Takata's air bags, which represent 36 percent of its sales. Twelve deaths in the United States and 17 worldwide have been blamed on faulty inflators inside the Takata air bags. The mass recall involved up to 69 million inflators and 42 million vehicles.