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Auto Recalls in U.S. Top 60 Million This Year on Air Bags

By Jeff Green and Jeff Plungis - Dec 20, 2014

U.S. automobile recalls surpassed the 60 million mark for the first time in a single year, largely because of the rush to prevent more deaths from defective General Motors Co. (GM) ignition switches and Takata Corp. (7312) air bags.

The tally of 60.5 million through today is almost double the previous annual record of 30.8 million recalled vehicles set in 2004, according to an analysis of data on the website of the National Highway Traffic Safety Administration. The number will rise further as recent recalls that have been announced by automakers are recorded in the database.

“I don’t think we’re going to see a year like this for a long time,” said Neil Steinkamp, a managing director at Stout Risius Ross who studies warranty and recall issues.

Recalls may remain above historical levels for a while, he said. The Takata air-bag crisis continues to grow, and following its slow response to GM’s ignition-switch defect, NHTSA has been pressuring automakers to recall cars more quickly when evidence of a flaw is discovered, using subpoena power and the threat of \$35 million fines as motivation.

“Automakers do not want to be accused of dragging their feet, so they’re very quick to issue a recall” now, said Michelle Krebs, a senior analyst at Autotrader.com. “We’re going to see lots of recalls because cars have gotten so complex and there’s so much sharing of parts by all automakers.”

The flood of recalls hasn’t deterred buyers this year. Light-vehicle sales in the U.S. rose 5.4 percent through November, according to Autodata Corp., and are heading for their biggest total since 2006.

GM, Honda

GM alone has recalled almost 27 million cars and trucks in the U.S. this year, a record for any single automaker. The Detroit-based company has issued 10 safety actions of more than 1 million vehicles each, according to the NHTSA database. Defective GM ignition switches in small cars have been linked to at least 42 deaths and 58 injuries.

Honda Motor Co. (7267), the third-largest Japanese automaker, has recalled 5.4 million vehicles to replace Takata air bags. Exploding Takata air bags have been tied to at least 4 fatalities in the U.S. and more than 100 injuries caused by shrapnel.

Other recalls of more than 1 million vehicles this year included those related to steering, cruise control, engines and seat belts, according to the NHTSA data, which is compiled from automaker filings to the agency. NHTSA plans to release its official recall numbers for 2014 next year.

The Takata air-bag flaw investigation led to the recall of more than 8 million vehicles. Unstable propellant in air-bag inflators can cause the devices to explode with too much force and spread shrapnel through the car in a crash. Takata on Nov. 6 widened an annual loss forecast and said it can't estimate the full financial liability of the defect.

Fiat Chrysler

Fiat Chrysler Automobiles NV (FCAU) said Dec. 19 that it would accede to a NHTSA request and expand an existing air-bag recall from hot, humid areas of the U.S., where most failures have occurred, to the entire nation. That will add 2.89 million vehicles to the recall total for the U.S. when reflected in the government database.

GM has said its ignition-switch recalls have cost about \$2.7 billion through the first three quarters of this year. GM has said the switches, which it knew were defective for more than a decade, can shut off when bumped, disabling the vehicle air bag and increasing the risk of death or injury in a crash.

With the focus on more and quicker recalls, 2014 will probably signify a period of elevated safety fixes, Steinkamp said. The average number of recalled vehicles per year from the 2004 through last year was 16.1 million, according to NHTSA data.

"It's a landmark year; it's the start of a new era," he said.