
INSURANCE INSTITUTE FOR HIGHWAY SAFETY

January 4, 2001

Mr. William H. Walsh
Associate Administrator for
Plans and Policy
National Highway Traffic Safety Administration
Room 5208
400 Seventh Street, SW
Washington DC 20590

Docket No. NHTSA-8446, TREAD Insurance Study

Dear Mr. Walsh:

At the recent meeting with National Highway Traffic Safety Administration (NHTSA) staff on the insurance study mandated by the Transportation Recall Enhancement, Accountability and Documentation Act, the Highway Loss Data Institute (HLDI) presented information on the types of insurance data it collects. In addition, the Insurance Institute for Highway Safety (IIHS) discussed the information it provides to NHTSA on possible safety-related defects identified in its vehicle testing. You asked IIHS and HLDI to submit additional information about the data HLDI collects on noncrash fires, about the data HLDI has on subrogation claims, and about the types of vehicle defects identified by IIHS crash testing.

Noncrash Fires

Among the data collected by HLDI are insurance claims for motor vehicle fires that did not occur in crashes (noncrash fires). Such claims, paid under comprehensive coverage, are identified by a specific code assigned by the individual insurance companies that supply data to HLDI.

During several NHTSA investigations into possible vehicle defects leading to noncrash fires, HLDI provided the agency, at its request, with information on noncrash fire claim frequencies and costs for specific makes and models. To assist the agency in conducting future defect investigations, HLDI now will provide NHTSA with a quarterly report on noncrash fire claims.

The relevance of noncrash fire claims to motor vehicle safety defects is unique among insurance claims data. Insurance claims

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related to crashes are much more common than noncrash fire claims and have multiple causes. Even if safety defects cause some crashes they are never a leading cause, so the role of defects in crash-related claims, if any, are always small. Consider, for example, insurance claims for vehicle damage and/or occupant injuries in Ford Explorers; these number in the hundreds of thousands by now, but the rollover cases identified by NHTSA number only a few hundred. Noncollision fires, however, do not have multiple causes. The possible causes of such claims are limited to defects, poor repairs, arson, etc., so safety defects will play a much greater role in noncollision fire claims than in crash-related claims. This means that significantly elevated rates of noncollision fire claims for particular makes and models can be indicators of defects.

Subrogation

The insurance claims data provided to HLDI contain coding that indicates whether an insurer has received a payment for a particular claim from a third party (a subrogated claim). However, these data have limitations. They only contain information on subrogated claims that have been paid; there are no data on subrogated claims that have been made but rejected; and they do not identify the third parties who paid the subrogation claims.

Virtually all subrogation payments are between insurers making claims adjustments after "fault" has been determined in two-vehicle collisions, not between insurers and vehicle manufacturers, which would involve adjustment because there was a vehicle "fault" or defect. As we discussed in our meeting, if NHTSA is interested in the number of claims made to vehicle manufacturers for reimbursement due to vehicle defects, it is much more efficient to directly query the manufacturers rather than attempt to sift through voluminous insurance subrogation claims to find the few that are vehicle-related.

IIHS Vehicle Testing

IIHS routinely inspects and tests vehicles at its Vehicle Research Center. If an inspection or test identifies a potential defect related to motor vehicle safety, IIHS notifies the vehicle manufacturer and NHTSA. We make available to manufacturers and NHTSA the test data and other relevant information collected during the test. We also offer manufacturers and NHTSA the opportunity to inspect the tested vehicle. IIHS will continue to assist NHTSA in carrying out its defect investigation

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responsibilities by sharing information from our testing with vehicle manufacturers and the agency.

The information identified by IIHS has directly resulted in manufacturer-initiated recall campaigns. For example, after a 40 mph frontal offset crash test of a 1999 Volkswagen Jetta, activation of the pyrotechnic seat belt crash tensioner ignited the sound-absorbing material behind the B-pillar trim panel. As a result, Volkswagen initiated a recall campaign to remove the sound-absorbing material (NHTSA campaign ID number 99V022000).

After 40 mph frontal offset crash tests of 2000 and 2001 Isuzu Troopers, IIHS discovered fuel line problems that resulted in leaks of Stoddard fluid. As a result of these tests, Isuzu initiated two recall campaigns to remedy the problems (NHTSA campaign ID numbers 00V253000 and 00V376000). The Trooper recalls are an especially good example of how IIHS testing has assisted NHTSA in carrying out its motor vehicle defect recall responsibilities. Although we informed NHTSA of the two test failures, the agency decided not to begin a defect investigation because there was no evidence from real-world crashes of a problem. As a direct result of the Institute's tests, however, Isuzu took the action to correct the problem before it resulted in fires in real-world crashes.

IIHS will continue to share data with NHTSA on potential safety-related defects in vehicles.

Sincerely,



Stephen L. Oesch
Senior Vice President

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