

DAIMLERCHRYSLER

DaimlerChrysler Corporation

Matthew C. Reynolds

Director

Vehicle Compliance & Safety Affairs

March 23, 2001

Mr. L. Robert Shelton
Executive Director
National Highway Traffic Safety Administration
400 Seventh Street, S.W., Room 5220
Washington, D.C. 20590

Re: Standards Enforcement and Defect Investigation
Advanced Notice of Proposed Rulemaking (66 Fed. Reg. 6532; 1/22/01)
Docket No.: NHTSA-2001-8677, Notice 1

Dear Mr. Shelton:

DaimlerChrysler Corporation submits the following comments to the Advanced Notice of Proposed Rulemaking (ANPRM) published in the Federal Register on January 22, 2001. In that ANPRM, the agency presents a variety of proposals aimed at implementing the "early warning" reporting provisions of the Transportation Recall Enforcement Accountability and Documentation (TREAD) Act (P.L. 106-414). The notice solicits comments on these various proposals. DaimlerChrysler supports the intent of the rulemaking -- to implement workable and meaningful reports that may help identify areas for further inquiry without overburdening government and industry resources. The proposal set forth in the comments of the Alliance of Automobile Manufacturers achieves these goals. The Alliance proposal offers industry generated reports that are objective and may assist in identifying issues warranting further inquiry. The Alliance proposal incorporates a vast amount of information that will be culled, collected and reported in a way that can be used by the agency. Finally, the Alliance proposal, even while imposing enormous new burdens, is a balanced approach to collecting data on the numerous elements of an issue detection program without overburdening the Agency with too much information.

We also believe it important for the Agency to caution the public that the information to be reported does not, taken alone, suggest a safety related defect. Rather, the data may provide an indicator of areas warranting further inquiry. Determining whether a safety recall is warranted involves verification of the indicator data through engineering testing and analysis. That additional analysis is necessary to understand what the indicator data may represent. Only when the nature and cause of a potential problem is understood can a manufacturer know whether a defect

determination should be made, and only when an appropriate remedy is developed and a necessary supply of parts produced can a recall be implemented.

Foreign Safety Campaigns

Whether a potential safety issue arises within the United States or in a foreign country, DaimlerChrysler Corporation addresses the issue expeditiously and through a consistent process. The company investigates the circumstances giving rise to field incidents when appropriate, reviews the engineering history, conducts any necessary testing and determines the extent to which additional vehicles (whether at home or abroad) may be at risk. A committee comprised of senior management reviews and makes decisions for all potential safety recalls, regardless of where in the world the vehicles are sold.

In this way, DaimlerChrysler Corporation is assured that all substantially similar vehicles subject to the same field conditions are treated the same. During the past three years, on average about 75% of our safety recalls aimed at addressing defects included vehicles sold in countries other than the United States. Well before the enactment of the TREAD Act, DaimlerChrysler conducted safety related campaigns wherever appropriate throughout the world, whether or not required to do so by local law.

DaimlerChrysler joined the Alliance in the fall of 2000 in voluntarily committing to inform NHTSA of "safety recalls and other safety campaigns that are conducted in a foreign country on a vehicle or component part that is also offered for sale in the United States." Since then, Congress included similar provisions in the TREAD Act. DaimlerChrysler Corporation recently informed NHTSA of two safety actions undertaken in Canada to address unique aspects of Canadian safety standards not required in the United States.

Reporting foreign safety campaigns may be considered an important aspect of the new regulatory regime, but DaimlerChrysler Corporation's approach to these actions is no different in other countries than it is domestically. DaimlerChrysler Corporation supports the Alliance proposal to report foreign safety campaigns on vehicles substantially similar to those sold in the United States. The Alliance proposal will provide NHTSA with reports that may be relevant to vehicles sold in the United States. These reports will also generally include explanations of how and why the vehicle is different than those sold in the United States.

DaimlerChrysler Corporation does not support imposing separate reporting requirements on "substantially similar components," primarily because components

should not be deemed "substantially similar" unless they are in substantially similar vehicle environments. Vehicle dynamics differ too dramatically to justify requiring that manufacturers undertake to identify and compare all components throughout their vehicle lines, attempt to track them by components and then to analyze whether the components are acting similarly within similar vehicle environments. Manufacturers like DaimlerChrysler Corporation would need to expend substantial resources to establish new systems to do so, but would obtain little (if any) useful information. Simply put, component reporting is neither objective nor administratively feasible.

Foreign Service Bulletins

DaimlerChrysler Corporation regularly reviews its field experience and repair procedures, and, when appropriate, issues technical service bulletins to alert dealership mechanics of service related issues and to provide repair instructions. Each month DaimlerChrysler Corporation submits these service bulletins and other technical communications to NHTSA pursuant to Part 573.8. Most DaimlerChrysler Corporation vehicles sold in other countries are substantially similar to vehicles sold in the United States (with some exceptions). Accordingly most Technical Service Bulletins issued by DaimlerChrysler Corporation in foreign countries are also issued in the United States.

To the extent necessary, technical service bulletins are translated and issued as well in foreign countries. DaimlerChrysler Corporation does not believe there is any regulatory benefit to ordering those service bulletins translated back into English and submitted as duplicative documents. For the same reason, we do not believe that service bulletins issued in foreign countries should be required to be translated automatically and submitted to NHTSA. Those service bulletins will be duplicative of any similar service bulletins issued in the United States.

Any distinctive TSBs in foreign markets would be due to unique products, systems or operating conditions specific to that market. While these TSBs would be few in number, they go through the same approval system in DaimlerChrysler Corporation as do domestic TSBs.

Claims That Serious or Fatal Injuries Were Caused by a Vehicle Defect

DaimlerChrysler Corporation acknowledges that the TREAD Act requires the submission of allegations of serious and fatal injuries caused by a vehicle defect be reported on a global basis. However, we do not believe that these types of allegations will ordinarily assist the company or the Agency in the early detection of potential defects.

The Agency describes claims as requests for compensation, which we interpret as formal requests typically in the form of written claims or lawsuits. The pleadings rarely specify the alleged vehicle defect with certainty; nor do they often specify the nature of the injury (if not fatal). Indeed, such specificity is often not even alleged until well into the lawsuit, if ever, and often close to or during trial. Merely passing on to the Agency copies of complaints is therefore of no utility to the Agency.

Although lawsuits and legal claims generally allege that serious or fatal injuries arose as a result of an unspecified product defect, frequently the accidents that led to the injury involve occupant conduct contributing to those injuries. This includes factors like alcohol or drug use or the failure to wear seat belts. Because so many lawsuits and claims involve irresponsible driver behavior, which is frequently correlated with driving older vehicles, such claims do not generally arise early in the life of a vehicle. An informal review suggests that most lawsuits and claims arise between 5 and 15 years after vehicles are sold, long after those claims will have any utility from an "early warning" perspective.

DaimlerChrysler Corporation supports the Alliance proposal to define "serious injury" as an injury necessitating overnight admission to a hospital. The suggestion in the ANPRM to use AIS 3 as a guideline is not workable in this context. The AIS system was created for use by medical professionals. It is not feasible to apply the technically oriented AIS guidelines to vaguely articulated allegations contained in legal pleadings. As a result, DaimlerChrysler Corporation would likely err in favor of including all claims, rather than just claims of serious and fatal injuries, when reporting allegations to the Agency, rendering such data less reliable.

We believe that the definition "admission to a hospital for an overnight stay" serves the interest of applying an objective standard to this reporting element. We cannot easily look to our current lawsuits to determine what percentage might fall within this requirement, but prospectively it offers lawyers representing plaintiffs an objective fact to plead should the claim they represent qualify for reporting to NHTSA. This is an objective fact -- an overnight admission to the hospital -- offering the objectivity necessary for compliance.

This definition is necessarily over-inclusive. Not all overnight stays in hospitals involve "serious injuries," nor do they all involve alleged vehicle defects. We nonetheless agree that a rule requiring the reporting of such claims serves the interests of the TREAD Act, is objective and is administratively feasible.

Reporting the nature of the defect alleged to be involved in the accident presents yet another problem. Many lawsuit pleadings do not specify a particular facet of the

vehicle alleged to have the injury, but rather contain only vague and nonspecific defect allegations. A mandate to update the report is unlikely to lead to more meaningful information -- especially from an "early warning" perspective -- because lawsuits infrequently become more specific until close to or during trial. This is so long after the vehicle is sold, and affects so few of the total vehicles sold, that it could not possibly support an early warning system in any meaningful way.

Consumer Complaints About Vehicle Defects

The Agency properly distinguishes between "claims" and "complaints." Claims involve formal written demands for remuneration for an alleged loss due to a vehicle defect. Complaints are reports of incidents causing some dissatisfaction with the product, not necessarily accompanied by any demand for compensation or reimbursement.

DaimlerChrysler Corporation takes pains to address concerns raised by our customers. We generally record customer contacts -- not for the purpose of any post hoc review -- but instead to assist us in responding appropriately to our customers' concern or answer their questions. We receive customer contacts by phone (generally through our published 800 number), by letter and, increasingly by email. We generally receive over 100,000 contacts each month. About half of those involve questions or comments about our products. Again, about half of those (about a quarter of the total contacts) involve complaints, as opposed to more general information requests and generic comments.

DaimlerChrysler Corporation records customer contacts in terms of the very general nature of the contact and, if product related, the general system involved. We do not record the nature of the customer's reason for calling or writing -- i.e., whether it was to complain about a perceived problem, to seek some redress or to compliment the company. In order to report customer "complaints," we would need first to identify those contacts related to a certain vehicle and component or part, and then review each of those contacts to determine which in fact reported a field occurrence and which involved complaints about the vehicle. A dedicated staff, devoted to identifying which consumer contacts are reportable under TREAD would need to be established solely to serve a reporting function.

While we agree with the Alliance proposal, responding to the suggestion by the Agency, that fires and rollovers be reported on a regular basis, we caution the Agency to consider the causal relationships in these events. While the consequences of fires and rollover events are always deemed significant, vehicle fires rarely result in injury and both rollovers and fires are more often caused by other mitigating circumstances

than by vehicle "defects." We further anticipate the need to accommodate our customer contact systems to identify and record those inputs that are responsive to the need to report claims of serious or fatal injury, fires and rollovers. We do not, however, believe that a generic report of all customer contacts provides meaningful information to indicate a trend affecting a given component or part -- especially given the difficulty of separating complaints from more generic requests for information.

Field Reports

Like all original equipment vehicle manufacturers, DaimlerChrysler Corporation receives inputs from its field personnel relating to the servicing of its products. We also receive field inputs passing customer comments and issues that are unrelated to service issues. The definitions of "field report" and "dealer report" proposed by the Alliance are consistent with the Agency's stated intent of receiving information about field inputs of a technical nature submitted to the manufacturer by authorized technical representatives.

It is important to note that, while field reports (as defined) are prepared by technical representatives, they remain symptomatic reports, not necessarily diagnostic reports. They are useful to the extent they reveal the factual observations of a trained technical representative. Those observations must be reviewed and verified through engineering analysis before any conclusions about an issue raised in a field report can be reached.

It is also important to note that field reports are not focused on the identification of safety related issues. Instead they are reports of any service related activity that a technically minded field representative believes should be brought to the attention of the home office. The vast majority of field reports relate to single occurrences and customer satisfaction concerns. We encourage our field personnel to be inclusive and to provide inputs whenever an unusual circumstance arises or a better way to repair a condition is found. We also encourage our dealers to provide narrative descriptions of warranty claims that do not fit easily into our warranty coding system.

The Agency already receives the output generated by field reports that may affect a larger population of vehicles. If a field report gives rise to a service bulletin or customer satisfaction campaign, those matters are submitted to the Agency monthly pursuant to Part 573.8. To the extent a series of field reports suggest a possible safety issue and a defect determination is made, a Defect Information Report is promptly sent to the Agency.

The Alliance proposal would provide the Agency with substantial information about field inputs from which the Agency could identify issues warranting further review. By providing quarterly reports with the number of field inputs generated over the prior months in the four major vehicle systems from which most safety recalls arise, the Agency will be able to look for potential trends in those systems arising in the field. The data will also assist in weeding out isolated incidents that do not give rise to potential trends and do not warrant further review.

This reporting requirement will necessitate significant alterations in the field reporting systems of manufacturers, including: developing and incorporating coding systems which do not currently exist, training staff on the use of coding systems and generating programs that would collect and collate the required information into a reportable format. Existing systems are focused on review of information that is not typically codeable into a database or separated into particular systems because its value is in providing feedback to engineers in the form of imaged documents about how parts are operating in the vehicles in the field.

Internal Investigations

DaimlerChrysler Corporation believes that the mass of information which will be reported to NHTSA will enable the Agency to identify issues it believes warrant further review. The Agency may respond to the information similarly as the manufacturer does, and seek more information about an identified issue that also led the manufacturer to a more in depth review. The Agency may also identify issues for further review that manufacturers do not believe are significant, and the normal investigation process will reconcile these different views.

However, any mandate to report on "internal investigations" begs the question of what constitutes an "internal investigation." As part of their daily activities, engineering, field and service personnel, quality managers, manufacturing personnel (to name just a few) routinely monitor vehicle experiences and processes, and respond to issues and further continuous improvements. An "internal investigation" can be as simple as an engineer running a warranty check on a part he has released.

Defining when the daily business activity of designing, engineering and manufacturing motor vehicles becomes an "investigation" is an impossible task. The review of vehicle performance is inexorably intertwined with the routine business activities of a motor vehicle original equipment manufacturer. Reporting data on such regular and frequent activities would overburden both the agency and the company and provide no useful information.

Nor do we believe focusing on the involvement of a specific or designated department within a company, such as the vehicle safety office in the Regulatory Affairs Department at DaimlerChrysler Corporation, is a viable definitional line. Our vehicle safety office contains a group dedicated to engaging in cooperative investigations with the Agency and to assisting other engineers in reviewing potential safety issues. The vehicle safety office is not directly responsible for any particular vehicle program, but instead provides support for any questions or concerns brought to its attention. The vehicle safety office helps formulate recommendations on what actions may be appropriate in response to particular issues, such as recalls or customer satisfaction notifications.

DaimlerChrysler Corporation believes the Agency should employ public policy aimed at encouraging the open and frank discussion of potential issues within companies themselves. Any effort to create any bright line definition of an "internal investigation" (for example, tied to the involvement of the vehicle safety office) may have the unintended consequence of detracting from such candor in the preliminary stages of understanding the nature or causes of a potential issue. We do not believe such a public policy is in the interests of the public or consistent with the spirit of the TREAD Act.

Product and Process Changes

Engineers at DaimlerChrysler Corporation routinely review the parts and proposals for components for which they are responsible. Suppliers regularly communicate new materials and part changes that may make their products more efficient. Engineers also frequently try to commonize parts amongst their applications. Continuous improvement is not just a mantra, it is a normal and everyday event in the motor vehicle manufacturing business.

Product and process changes do not necessarily relate to motor vehicle safety. The vast majority of product changes are intended to address manufacturing issues, customer satisfaction concerns, competitive benefits and administrative consistency. There is simply no basis for any assumption that product changes in the regular course of business suggest a safety related concern.

To be sure, the Agency will receive an immense amount of information should it include product changes in this rulemaking. Each vehicle has thousands of parts and each manufacturer's product line likely contains tens of thousands of parts. There could be hundreds of thousands of product changes associated with each manufacturer's products. In addition, while this compendium of changes could be limited to only the selected systems, an actual understanding of any one change would be necessary to

determine its impact. In order to comprehend the significance of any change, a complete design description, consisting of drawings, standards, specification and tests, would be necessary. To find within that vast amount of material particular changes that could potentially affect safety is to find the proverbial needle in the haystack.

Nor will reporting product changes significantly enhance the Agency's ability to detect potential issues warranting further review. To the extent that product changes reflect field experiences that may suggest a safety issue, that issue will be revealed through field report trends and/or warranty data. Any associated product changes will then be highlighted through the normal defect investigation process.

Warranty Data

The Alliance proposal offers a balanced solution for warranty information, yet one which will itself require a substantial commitment of additional new resources. Given the ambiguities inherent in warranty information, the report should focus on those areas identified by NHTSA as most likely ultimately to involve a safety related issue -- restraint systems, brake systems, steering systems and fuel systems. A reasonable threshold, that accounts for the fact that these systems include many components and frequently involve non-safety related repairs, should be established. The threshold should be a percentage of the number of vehicles of that make and model year produced. And the format should be simple and easy to use, such as that suggested by the Alliance.

DaimlerChrysler Corporation views warranty claims information as data which helps to confirm, but does not independently suggest, the existence of a vehicle repair issue. Warranty data is not directly product related, in that there are many reasons customers bring their vehicles in for repair. It is inherently ambiguous, in that dealer technicians may try different types of repairs to address the way in which any particular owner describes his perception of a problem. Warranty data systems are not diagnostic. They are merely a claims system through which dealers submit claims and manufacturers pay or reject them.

No two manufacturers have the same, or even substantially similar, warranty claim payment systems. Some are based on parts numbers, some are based on labor operations, and most are based on some combination of the two. As to any type of system, a company will need to force into its warranty claims payment system a whole new system of slicing data. The more complex the reporting requirements, the more complicated, time consuming and costly that burden will be.

The burden to manufacturers under NHTSA's TREAD rulemaking is potentially much greater than that manufacturers which have incurred under California's Air

Resources Board directives. While CARB identifies particular components to track within California, as part of this rulemaking companies will presumably need to track warranty rates on broadly defined systems or any large numbers of parts within those systems. Since DaimlerChrysler Corporation's warranty claims system is premised on labor operations, should NHTSA choose to base its reporting on defined parts, we would need to translate labor operations to parts. The warranty data received from DaimlerChrysler Corporation would not provide meaningful information.

Property Damage Claims

DaimlerChrysler Corporation believes that the term "aggregate statistical property damage" within the section of the TREAD Act referring to warranty data was intended by Congress to refer to warranty claims. We believe that the TREAD mandate was in fact to require the submission of warranty information on an aggregate statistical basis to be decided by the Agency. We do not believe, as the ANPRM seems to suggest, that the aggregate statistical property damage referred to property damage other than warranty information.

The submission of "property damage" claims is likely to be duplicative of other reports and to provide little, if any, value to identifying serious vehicle issues. Vehicle repairs to the four major systems will be provided through warranty claims. Serious accidents that have involved serious personal injury (including death) will be provided through the submission of those allegations. Technical issues experienced in the field will be provided through the identification of trends involving technical field reports. And reports of particular issues identified by the Agency, such as rollovers and fires, will also be provided should the Agency choose to require it. In sum, the addition of reports of "property damage" claim adds nothing of value.

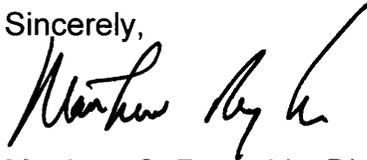
Another problem is the application of the Agency's definition of "claim" to allegations about property damage. While the distinction in the ANPRM between claims and complaints is a reasonable one, that distinction becomes inherently blurred when applied to customer complaints about repair. The definition of property damage propounded by the Alliance is intended to ensure that the Agency does not inadvertently rebuild into this rulemaking a requirement to supply it with the mass of the customer contact database. The Agency and we agree that such information is not a valuable resource to serve the government's early detection function.

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DaimlerChrysler Corporation looks forward to working with the Agency and other constituencies as we move forward in this rulemaking. We are confident that, if the Agency accepts the Alliance proposal, government, industry and the public will benefit from a workable early issue detection process.

Sincerely,

A handwritten signature in black ink, appearing to read "Matthew Reynolds". The signature is written in a cursive style with a large, sweeping initial "M".

Matthew C. Reynolds, Director
Vehicle Compliance and Safety Affairs