

Hyundai, Kia Set Aside \$758M To End Suits Over Engine Fires

By **Emily Field**

Law360 (October 11, 2019, 1:01 PM EDT) -- Hyundai and its affiliate Kia on Friday said that they have earmarked up to \$758 million to settle class actions over a defect that allegedly caused engines of cars in the U.S. and South Korea to burst into flames.

The deal covers 4.17 million Hyundai and Kia models equipped with Theta II gasoline direct injection engines and will provide a number of options for cash compensation, lifetime warranties and repairing the engines, the companies said in a statement. The companies also said they would install software in the cars to monitor the engines and will also cover expenses for past repairs, such as towing and rental cars.

"Reflecting our commitment to customer satisfaction, Hyundai is pleased to resolve this class action litigation," Hyundai Motor Co.'s chief legal officer, Jerry Flannery, said in a statement. "This settlement acknowledges our sincere willingness to take care of customers impacted by issues with this engine's performance and recognizes the many actions we are already taking to assist our customers."

One of the suits covered by the settlement was filed in **December 2018**, accusing the companies of failing to warn customers of a defect that can cause the cars to catch fire in "noncollision" circumstances, meaning drivers have an "increased risk of accident, injury or death." **In July**, the Judicial Panel on Multidistrict Litigation passed on consolidating 10 proposed consumer class actions alleging certain Hyundai and Kia vehicles had defective engines that could catch fire, as a number of suits already centralized in California were nearing a settlement.

The consumers **accused** Hyundai and Kia of not disclosing the defects or issuing recalls until January, almost two years after the National Highway Traffic Safety Board began investigating reports of engine fires in multiple car models and two months after company executives were asked to attend a Senate Commerce Committee hearing on the issue.

A California federal judge is expected to review the settlement later this month, according to the companies.

"This is a win for consumers and we look forward to presenting the settlement to the court and getting funds distributed to class members," added Steve Berman of Hagens Berman Sobol Shapiro LLP.

The cars included in the deal include Hyundai model years 2011-2019 Sonata and 2013-2018 Santa Fe Sport vehicles, as well as 1.8 million Kia 2011-2019 model year Sportage, Sorento and Optima vehicles, according to the companies.

The drivers are represented by Steve Berman of Hagens Berman Sobol Shapiro LLP, Matthew D. Schelkopf of Sauder Schelkopf, Adam Gonnelli of The Sultz Law Group and Bonner Walsh of Walsh PLLC.

Kia and Hyundai are represented by Shon Morgan of Quinn Emanuel Urquhart & Sullivan LLP.

The cases are In re: Hyundai and Kia Engine Litigation, case number 8:17-cv-00838, and Flaherty v. Hyundai Motor Company et al., case number 18-cv-02223, both in the U.S. District Court for the Central District of California.

--Additional reporting by Linda Chiem and Hailey Konnath.

