



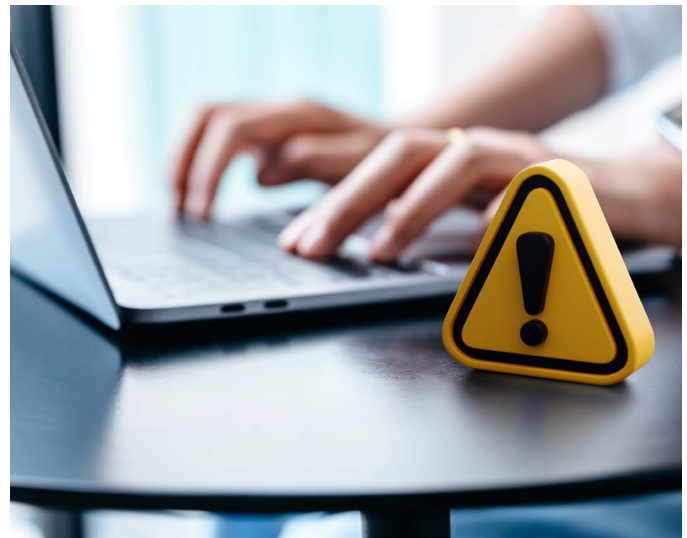
Rash of Social Media-Inspired Thefts Prompt Insurers, 17 States to Urge Recalls of Hyundai and Kia Automobiles

Social media has been a mixed blessing in the lives of Americans. For every ALS Ice Bucket Challenge charity drive or pleasant photo of Aunt Edna’s flower bed, there is a misinformation campaign designed to undermine democracy or a Tide Pod challenge putting gullible kids in the emergency room. Traditionally, these odd and potentially dangerous social media trends have not really impacted the insurance claims industry or law enforcement, but those days are over. Thanks to viral videos on TikTok and other platforms, the whole world now knows how easy it can be to steal Hyundai and Kia automobiles, and a distressing number of people are accepting the challenge to do so. The sheer volume of stolen vehicle claims involving these vehicles has driven several insurers to no longer cover them, and attorneys general in 17 states recently urged the federal government to recall millions of Kia and Hyundai cars because they are too easy to steal.

ANATOMY OF A VIRAL SOCIAL MEDIA TREND

Viral social media behavioral trends all tend to share some fundamental traits. Some enterprising poster promises the bored masses a sense of fun, excitement, and accomplishment through the performance of a distinct behavior or task. The challenge, should the public accept the call, is to act in a way that most never do in their daily lives, and in so doing, experience a rush of adrenaline, a sense of accomplishment, and for every like and comment, a rush of cheap dopamine. In the best-case scenarios, the challenge raises millions for charity or awareness of a worthy social cause. In the less benevolent scenarios, kids spend hours or days in a bathtub, just because, or they eat colorful laundry detergent pods to see if they taste as good as they look.

In recent months, nefarious social media personalities have posted videos demonstrating how one can easily steal a Hyundai or Kia automobile using nothing more than a common household tool and a computer accessory (this column will not encourage the trend further by describing the process any more specifically than this). Unfortunately, the masses have accepted this latest TikTok challenge, leading to an onslaught of stolen Hyundai or Kia automobiles. The



resulting theft claims in turn have devoured the time and attention of stolen vehicle task forces and the claims industry. So much so that the insurance industry increasingly is refusing to insure these makes, and states are demanding the federal government order recalls to improve these makes’ ignition security systems.

MODERN VEHICLES SHOULD BE NEARLY IMPOSSIBLE TO STEAL

Today’s Chevrolets are not your grandparents’ Chevrolets. Modern auto makers have designed a variety of effective and inexpensive ignition security systems that render a car inoperable without a factory issued key containing an inexpensive microchip. It is now practically impossible to steal most cars by hotwiring them or physically defeating the ignition lock, and these engine immobilizers are no longer exclusive to luxury makes. The technology is plentiful and so inexpensive that it comes standard on most makes and models. Indeed, a tell-tale characteristic of a fabricated theft-and-burn claim involving most cars manufactured in this century is the policy holder’s continuous possession of all known keys for the vehicle, even after the alleged theft. Putting aside the possibility that an enterprising thief went through the hassle of loading the vehicle



onto a flatbed only to drive it to a nearby abandoned lot and set it on fire without stripping anything of value from the vehicle, a claimant who still possesses all keys for a supposedly stolen vehicle with an engine immobilizer is unlikely to receive a claim check.

SHEER VOLUME OF HYUNDAI AND KIA THEFTS PROMPTS CALLS TO ACTION

Exactly why Hyundai and Kia apparently have manufactured cars that fall below this security standard is beyond the scope of this column. The fact is, their cars are distressingly easy to steal without the use of a factory key, and devotees of TikTok have accepted the challenge to steal tens of thousands of them. This trend has frustrated both law enforcement and the claims industry. Insurers are paying a higher than usual number of stolen and unrecovered Hyundai and Kia claims even when policy holders present with traditional indicia of suspicion, such as financial hardship, material inconsistencies in their narratives and even all known factory issued vehicle keys. Quite simply, it is no longer possible to argue that theft of these cars is impossible.

According to Adam Beam and Tom Krisher in an April 24 article

in the online publication Insurance Journal, attorneys general in 17 states on April 20 urged the federal government to recall millions of Kia and Hyundai cars because they are too easy to steal. In Los Angeles, thefts of Hyundai and Kia cars increased by about 85% in 2022, now accounting for 20% of all car thefts in the city, according to the California attorney general's office.

"The bottom line is, Kia's and Hyundai's failure to install standard safety features on many of their vehicles have put vehicle owners and the public at risk," California Attorney General Rob Bonta said in a news release. "Instead of taking responsibility with appropriate corrective action, these carmakers have chosen instead to pass this risk onto consumers and our communities." Bonta and the other attorneys general sent a letter on Thursday to NHTSA requesting a nationwide recall. The letter also was signed by attorneys general from Arizona, Colorado, Connecticut, Illinois, Massachusetts, Maryland, Michigan, Minnesota, New Jersey, New Mexico, New York, Oregon, Pennsylvania, Rhode Island, Vermont, Washington, and the District of Columbia.

Kia said in a statement that it is focused on the issue, "and we continue to take action to address the concerns these attorneys



general have raised.” The automaker says more than 165,000 customers have had the software installed, and over 2 million owners have been contacted about it. The company says the vehicles comply with federal safety standards, so a recall isn’t necessary.

Hyundai and Kia announced in February that they would provide software updates for vehicles that require the key to be in the ignition switch to turn the car on. The change also updates the cars’ theft alarm software to extend the length of an alarm from 30 seconds to 1 minute. About 3.8 million Hyundai cars and 4.5 million Kia cars are eligible for the software update. But the service campaign by the affiliated Korean automakers is not a recall, which comes with reporting requirements and is monitored closely by NHTSA.

The agency said the Hyundai and Kia thefts involve criminal conduct that falls under the jurisdiction of law enforcement. Even so, NHTSA said it has met with the automakers to discuss theft vulnerability as well as software and hardware in the affected models. The agency said it is getting regular updates on the companies’ plans. “NHTSA will continue to monitor this issue, spread awareness of further updates to local authorities and lend its expertise in efforts to strengthen motor vehicle safety,” the agency said.

CONCLUSION

Insurers, sensibly, are increasingly reluctant to insure these vehicles, but that front-end business decision will not make the lives of claims investigators easier while they continue to handle

the spike in pending Hyundai and Kia theft claims. Investigators should monitor these auto makers’ efforts to catch up to industry standards while they continue to investigate and resolve each claim on the merits. For now, however, some stolen vehicle claims possess merits they should not.

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