

Finally, Something New in the Safe Deposit Box Area

After being in the safe deposit box security field for over forty years as a consultant and trainer, it is rare that I encounter a product or service that I consider new and innovative. Recently however, I was introduced to such a new service, an insurance program offered by Safe Deposit Box Insurance Coverage, LLC (SDBIC). This unique coverage **allows box holders to insure their box contents without the need to disclose the contents or supply written appraisals.**

SDBIC insures against vault burglaries and most manmade or natural disasters. It covers any and all property that could be secured in a safe deposit box; currency, coins, stamps, bonds, jewelry, gold, precious metals and valuable documents, items heretofore difficult, if not impossible, to insure. I believe this novel concept of providing safe deposit insurance to box renters will be very attractive to financial institutions as well as many consumers.

Solving Institution's Problems

For many years I have stressed to financial institutions the importance of clearly and effectively communicating to consumers that box contents are not insured by FDIC, NCUA or any financial institution. To do otherwise creates nationwide consumer misunderstanding, confusion and potential liability for institutions if a loss occurs. Unfortunately, the inclusion of this disclaimer language in the rental agreement has not proven to be an effective disclosure or protection. A recent survey conducted by Survey USA once again suggests that upwards of 50% of our industry's box holders still believe their financial institution or some government agency insures their box contents against loss.

The availability of this new insurance concept now provides financial institutions with their previously missed opportunity to advise box holders that their box contents are not insured and to shift the risk back to them in the event of a loss. This technique has been used in other industries quite effectively. Take our friends at the US Post Office who ask everyone that comes in with a package if they would like to purchase insurance to protect the contents from loss, damage or destruction. This inquiry immediately places these consumers on notice that the Post Office is not responsible if the package is lost, damaged or destroyed and at the same time gives the consumer the option to insure the package against those risks.

Now it's Our Turn

Financial Institutions can now take the same approach. When a consumer arrives to rent a box or when renewal notices are mailed, inform these box holders that their contents are not insured and give them the opportunity to purchase insurance coverage. SDBIC has designed their program to make it as easy as possible for a financial institution to make this offer. They provide a postage paid brochure which describes the product and contains an application which a box holder can complete in minutes and mail directly to SDBIC. There is no staff training required. Once the brochure is given to the box holder, the financial institution has no further involvement in this transaction. Now, when or if there is a loss, each renter was informed that their box contents were not insured and given an easy, convenient opportunity to obtain insurance coverage. This simple cost free step effectively eliminates potential

liability for the financial institution if a vault burglary, explosion, terrorist attack, hurricane, tornado, fire, flood or other natural disaster occurs. ***(NOTE: SDBIC does not insure against mysterious disappearance claims.)***

Additional Benefits

By giving consumers an easy, convenient and affordable option to obtain insurance, a financial institution is providing a value added service to box renters who now have the ability to make an informed decision on whether they need to insure their box contents. Financial institutions can also earn fees from SDBIC, generating extra revenue from their safe deposit operation.

From my perspective, the ability to effectively educate box holders and insulate financial institutions against potential liability is reason enough to be excited about this product. Considering the additional revenue generated from making SDBIC available to consumers, this is a product that I feel many financial institutions will soon embrace.

Information Available

To receive a complimentary "SDBIC Information Package" go to www.SafeDepositBoxInsurance.com and click on the "For Financial Institutions" link located in the left hand corner of their home page.