

Money Talk

SAFETY DEPOSIT BOXES' CONTENTS NOT ALWAYS INSURED

Thursday, October 27, 1988

Stephen N. Blaising

An erudite friend of mine collects "oxymorons." No, these are not mentally retarded beasts of burden, but rather figures of speech expressing contradictory ideas like thunderous silence, sweet sorrow or enlightened Aggie.

Unfortunately, safe deposit boxes may have a rightful, frightful place in his unusual collection.

Shocked? Probably not nearly as shocked as a client who contacted me earlier this year.

He had just learned that his safe deposit box- along with many others at his bank, had been robbed. Irreplaceable family papers, securities, personal medals and some jewelry had been stolen.

To his surprise and dismay, he also learned the bank carried no insurance on the contents of the boxes and would not pay for his loss. He appealed to the Federal Deposit Insurance Corporation which politely, but firmly, informed him that the government agency only insures money deposited with the bank not the contents of safe deposit boxes.

He turned to the bank's parent, a major holding company, for restitution but was informed that its bonding company could not make good on the loss unless a court of law proves a bank employee was responsible for the actual theft.

His only recourse was to file a claim with his homeowner's insurance policy. But since he had never separately listed or appraised the contents of the box, the most he could collect from the entire loss was \$500 - considerably less than the estimated \$5,000 in valuables in the box.

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Careful Accounting Required

This sad account underscores that safe deposit boxes are not 100 percent safe. Neither the banks nor the federal government are responsible for the contents.

You must insure the contents or valuables you store by attaching them to your list of insured items under your homeowner's or tenant's insurance policy. Receipts for the items, photographs or even videotapes are also helpful, should it become necessary to prove the existence of those items.

You also can take out a separate personal property policy on those items deposited in the box, but make sure the items are insured for full replacement value.

It also is not advisable to keep life insurance policies in your safe deposit box, since the contents are subject to being frozen and personal access blocked until a will is officially probated. A copy of the policy or a listing of the policy numbers, amounts and insurers is a wise alternative in the event of a family catastrophe, but keep the originals in an accessible location.

Alternate Safekeeping

Some banks have waiting lists for safe deposit boxes, particularly mature banks whose customer bases have expanded faster than the institution's desire to commit to construction of additional boxes, which must meet stringent regulatory guidelines.

If you are interested in installing a lock box or personal vault in your home, contact the National Association of Private Security Vaults (3562 North Ocean Blvd., Fort Lauderdale, FL 33308) for additional suggestions on quality and placement.

You also might look into private safe deposit companies. They are not connected with banks, but do insure the contents against loss and so provide elaborate screening processes for access.

Make it a habit to check selected items into safe deposit when you are checking out for vacation, just as you would board the dog, put the lights on timers and alert your patrol officer.

But adhere to the insurance precautions. Sentimental value cannot be recovered, but you can at least avoid a financial loss.

Stephen N. Blaising, president of Financial Dynamics, Inc., of Dallas, is a private economist and financial planner. He is a registered investment advisor residing in Highland Park. (If you have a financial question for Mr. Blaising, submit it to this newspaper or contact him directly at 361-6291.)

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