

# Are Safe Deposit Boxes on Their Way Out?

“Safe deposit boxes are obsolete, soon to be history, fading away fast, loss leaders, relics from the past and on their way to oblivion.” These are several of the negative and totally incorrect statements made recently in a news story published by a large New York business news publication.

The reporter who wrote this story called me before publishing his safe deposit box article and requested answers to numerous safe deposit questions. Unfortunately he omitted all of my positive comments and the beneficial aspects of renting safe deposit boxes to consumers. These deletions and numerous incorrect statements caused many of my nationwide clients to suggest that I write a rebuttal article with the proper safe deposit box information.

## Bankers Interviewed

Before writing his article, in addition to me, the reporter also interviewed many New York bankers, primarily from the larger nationwide mega banks. He received nothing but negative comments and an entirely different and incorrect perspective regarding safe deposit boxes. These bankers told him they were phasing out safe deposit boxes because consumers no longer wanted or needed them. Due to this lack of consumer demand, they considered safe deposit boxes as unnecessary, unimportant customer service and not a beneficial profit center. They also decided they would not devote any additional time, money or resources to train their employees or secure these boxes properly. To save money, many of these mega banks have converted their safe deposit box service into a less expensive, but extremely dangerous “Self-Service” vault access system that completely eliminates staffing, renter’s signature identification, historic dual control key locks and proper vault access requirements. Due to these actions, I am aware of at least fifteen very large box renter disappearance claims which will soon create significant losses, large legal fees and very expensive safe deposit box litigations. This is obviously the reason these institutions have decided to discontinue this service.

## Box Contents Not Insured

Fortunately, the reporter did correctly inform his readers that in case of a burglary, fire, flood, hurricane, tornado or a mysterious disappearance, safe deposit box contents are not insured by FDIC, NCUA or any financial institution. Unfortunately, he neglected to mention that, except for flood losses, this box content insurance is readily available and easily obtained from a box renter’s own insurance agent. This is done by requesting a “Personal Article Floater”, which is merely a rider attached to a home owner’s insurance policy and specifies what items are insured. Written property appraisals are usually required by the insurance companies.

Another box content insurance coverage option is also available and reasonably priced through the insurance provider Safe Deposit Box Insurance Coverage ([www.sdbic.com](http://www.sdbic.com)). Their safe deposit box coverage is very unique, does not require the disclosure of a box renter’s contents or any written property appraisals and does insure flood damaged box contents and any other man-made or natural disaster.

## Home Safes Not Safe

Purchasing a home safe and the many advantages of using this type of property protection were covered extensively in this article. Based on the size of the home safe, prices usually range from \$300 to several thousand dollars according to a very large New York safe company owner who was interviewed. He stated, “I think our business has definitely increased by 20% or 25% a year because of robberies, burglaries, disasters and our nation’s current financial crisis.”

Again I totally disagree with this home safe, property protection recommendation. Unfortunately, I am a previous home safe owner who is also a past victim of a home burglary. Even with our substantial home security system, all of my

family's valuable possessions that were stored inside an expensive 300 pound safe disappeared in one very traumatic afternoon. Because of this burglary, I am not a strong proponent of storing valuables in a home safe. The former chief of the FBI's Financial-Crimes Section was also interviewed and agreed with me, that if you do purchase a safe it is only as secure as the good security system that protects your home. He now owns a home safe but he stated; "That's why I don't keep anything terribly valuable in it."

When you compare this home safe protection to existing safe deposit boxes, you will find that most bank and credit union boxes are located inside a solid steel or concrete vault, protected by a thick vault door armed with door contacts, heat, motion and vibration detectors and a security system that is continuously monitored. It is possible that these safe deposit vaults could be compromised, but with over 25 million boxes rented nationwide, police reports indicate that, compared to home burglaries, these vault burglaries do not occur often. When this reporter contacted his local law enforcement experts, a former New York City Police Captain, he stated; "As a place to store valuables, the safe deposit box is the safest option."

### **Disaster Protection**

Recently we have all seen on TV the terrible destructive tornados in Oklahoma and Super Storm Sandy's wind and water damage along the east coast. Mother Nature's disasters have destroyed thousands of homes and businesses in a very short period of time. Our personal property, family heirlooms and many other valuable items can all disappear in a matter of seconds. The graphic TV and newspaper coverage of the strength of Tinker Federal Credit Union's safe deposit vault in Moore, Oklahoma was amazing and definitely saved twenty-four lives. The entire credit union building was completely demolished in a matter of minutes by an EF 5 (250 MPH) tornado. Following the disaster, the vault, the employees, the members and all the valuable property stored inside the safe deposit boxes were still intact.

### **In Conclusion:**

Historically and in our current financial environment, the safe deposit service is still considered a financial institution's best marketing tool. It attracts and enables institutions to cross-sell additional financial services to very affluent consumers. With today's strong push towards automation, on-line bill paying, ATMs, debit cards and many other electronic services, consumers are no longer required to come into a brick and mortar facility. Renting a safe deposit box continues to be the only service that requires individuals and businesses to come through your lobby doors.

Today there are thousands of banks and credit unions nationwide offering this valuable safe deposit box service correctly and they are actively promoting it to their customers and members. Because of this, many financial institutions have 90% to 100% of their boxes rented and there continues to be long waiting lists for their most popular box sizes.

Consumers, banks and credit unions should all be aware, "**Safe Deposit Boxes Are NOT on Their Way Out**" as the recent NY news article predicts. There will never be a better security option available to protect our valuables and safe deposit boxes are going to be around for many years to come.