

WHY IS SAFE DEPOSIT TRAINING IMPORTANT?

The safe deposit system now in general use in this country was inaugurated in 1865 with the establishment of the Safe Deposit Company of New York. The new system was favorably received and was soon adopted by a few banks in various cities. This important service has spread throughout the banking structure and is recognized today by the public as an integral part of modern-day banking facilities.

The innovation at that time of the guard key retained by the bank and the customer's key held by the renter, and both keys required to be used simultaneously to open the box, revolutionized the safekeeping of valuables. It gave the renter privacy in handling his property and vested in him control and possession of the contents of the box. This new relationship offered the renter reasonable protection against the carelessness of the bank, and allowed the bank to protect itself by high standards of operation.

Courts have held that a bank must exercise "reasonable care" in protecting the property of the renter. In determining what "reasonable care" is, they have taken into consideration the manner in which other well-managed vaults are operated, including the type of vault, the alarm system, operating procedures, etc.

In case of litigation due to a claim that property is missing from a box, the bank/defendant has the burden of submitting proof that at all times it exercised due care and diligence in the performance of its safe deposit functions and duties. The renter/plaintiff then has the burden of proving that the bank was in fact negligent and that its negligence caused the loss or contributed thereto.

If the bank has operated in a careless manner, it will be extremely difficult or even impossible to rebut the prima facie case, and upon failure of rebuttal the bank will be held liable for the alleged loss.

In order to meet the requirements of reasonable care as interpreted by different juries according to past record, the bank must operate its safe deposit function with such a high degree of care that it can convince a court that the alleged loss could not have occurred through any negligence on its part.

Considering the nature of the business, a bank cannot persuasively argue that it should not be required to exercise a high standard of care nor can it be convincingly argued that the renter should not have reasonable protection against the bank's negligence.

The protection afforded safe deposit boxes should be equal to the protection given the bank's own property. A bank should not allege that its vaults are burglarproof or fireproof lest it should be construed to be an insurer of box contents.

The benefits of such a positive program are manifold. The high standards will help prevent claims and will afford the strongest possible defense whenever a claim is litigated. This will help protect the capital funds of the bank, and give the renter the high standard of protection to which he is entitled.

REMEMBER: This is the only department of the bank where its liability exposure is totally unknown and unlimited, since it has no knowledge of what is stored in the boxes!

See www.americansafedeposit.com for Power Point Training Material written strictly for safe deposit and YOUR organization's protection.