



## “HURRICANE SEASON IS NOW HERE”

### Flooded Safe Deposit Vault Planning is the Key!

Anyone can be the victim of a flooded safe deposit vault. Believe it or not, defective plumbing, not natural disasters, also accounts for more than 50% of flooded vaults nationwide!

No one is immune to vault flooding and its devastating effects. Does your financial institution have a written Safe Deposit - Disaster Recovery Plan and Manual in place, which specifically details procedures for a fast, effective response to a flood? Recent floods prove yet again that little or no preparedness before an event leads to panic and chaos thus exacerbating the dreadful consequences that follow. It is incumbent upon a institution to have a manual and plan, which facilitates a safe, efficient, and effective recovery effort for both itself and the box renters it serves.

#### Many frantic calls received.

After recent heavy rains, river floods, tropical storms and hurricanes, I have been inundated with many phone calls from nationwide financial institutions. They all asked for advice and guidance concerning the reclamation of boxes that were totally under water.

My advice to them was, first, to protect the health and welfare of those who would be involved in this safe deposit box reclamation, and second, to address the fears, concerns, and frustrations of their renters who, understandably, would be demanding immediate access to their valuables. Most box renters are oblivious to the levels of contamination present in floodwaters. Your box renters must be made aware of these dangers and then given assurance that your institution is doing everything possible to protect and reclaim their boxes and, at the same time, protect all recovery workers and box renters alike from contact with harmful pollutants. You must tell these renters to **Be Patient**. With circumstances this dire, there is no “quick fix”.

#### Flood water and contamination.

One security officer shared a frightening experience that underscores the contamination threat. Without wearing protective breathing masks, rubber gloves, or protective clothing, ten employees were sent into a flood-stricken vault to retrieve a significant cash reserve. Twenty-four hours later, four of them were rushed to the hospital suffering from respiratory distress. X-rays revealed black spots on the employee’s lungs.

Government test results by the EPA and the Center for Disease Control indicate that most flood waters contain bacteria associated with sewer water, sludge, and petrol-chemical toxins at ten times the accepted levels, and levels of E.coli bacteria have been one million times greater than levels found in chlorinated water.

These troubling statistics indicate a contamination situation so serious that relocation of safe deposit boxes to a safer remote area may to necessary.

#### Actions needed before and after a flooded vault disaster.

The following information responds to the top ten questions with condensed explanations of procedures that should be followed. Visit [www.sdspec.com](http://www.sdspec.com) for additional details and expanded answers.

##### Q. What should be done before a flood?

A. Stay calm and don’t panic. Research evacuation routes, purchase a weather band radio with extra batteries, secure the vault and take steps to prevent water from entering this area. Train all personnel to avoid using terms such as “waterproof” when describing your safe deposit vault.

##### Q. What types of legal assistance and documents should be obtained?

A. Contact your attorney, insurance agent and security company to prepare legal affidavits, review current insurance coverage and provide adequate vault and facility security. Caution all personnel to be very careful when answering a renter’s legal, insurance and security questions.

##### Q. After floodwaters recede, what should be done?

A. Tell your renters to **Be Patient!** Health and legal concerns must be addressed immediately before anyone is allowed inside the flooded vault area. For insurance purposes, create a photo or film record of all the damaged

areas before anything is cleaned or removed. All trash removal, restoration, cleaning, and other service companies should be contacted immediately.

**Q. How can my financial institution obtain public assistance?**

**A.** Contact all federal, state, and local assistance organizations to find out what help is available in the flood recovery effort. Ask local hospitals and public health organizations for suggestions for cleaning and decontaminating flooded vault areas. Secure safety inspections from building inspectors and public health officials before allowing vault access.

**Q. What methods can be used to notify renters of the flooded vault status?**

**A.** Renter notification can be given by letter, phone, Internet web sites, TV, radio, newspaper, or other news media. Your disaster recovery plan should contain various sample notification letters to handle box relocations and termination of the renter's contract (first and final notices). These letters and notices should be carefully worded and must be reviewed and approved by your legal counsel and insurance company.

**Q. When should a remote location be selected?**

**A.** If box sections and renter's contents are seriously contaminated, they should be removed from the flooded vault area. If possible, a carefully worded notification letter or notice should be provided to each box renter prior to relocating these boxes or terminating the contracts. Contact other financial institutions in your area to see if they have boxes available for these displaced renters and offer to pay the first year's box rent.

**Q. How is a proper inventory and box surrender form created?**

**A.** If renters come in to remove contents or you must drill these boxes to terminate the contracts, a properly worded legal affidavit must be developed and approved by your legal counsel. This form should be completed under dual control, signed, notarized, and retained as part of your chain of custody documentation.

**Q. Should my institution assist with content replacement?**

**A.** Your efforts to provide all flooded box victims with resources for replacing or drying out their box contents will go a long way toward restoring the good will of these box renters. Information on "drying out" box contents and replacing stocks, bonds, court documents and other legal papers will be needed. Providing local resources for cleaning jewelry, watches, coins and other valuables will also be well received and appreciated.

**Q. What should be done before granting vault access?**

**A.** After the disaster strikes, be prepared for an onslaught of extremely concerned box renters. Most of them will be very upset and in a big hurry. Good public relations, adequate communications, and immediate renter notification will be extremely important for damage control.

**Q. When should vault access be permitted?**

**A.** Renters should be granted SAFE access as soon as possible, by appointment only. After contacting these renters, accurate documentation records must be maintained. If renters do not respond, rental leases must be terminated, and these boxes drilled. Proper notification, dual control, box content inventories and adequate safekeeping of removed box contents must be maintained.

**Conclusion**

If your Disaster Recovery Plan is not in writing, you MUST do this NOW, before another flood, hurricane, or a plumbing disaster! Taking precautions, developing your internal plan, training your employees, and testing your security procedures will minimize your potential liability during a flooded vault situation. If you need assistance in developing a workable flooded vault disaster plan, call (713) 937-9929 or visit [www.sdspec.com](http://www.sdspec.com) .

**About the Author:** David P. McGuinn, President of Safe Deposit Specialists in Houston, TX, is a former bank Senior Vice President and Cashier and past President of the American, Texas and Houston Safe Deposit Associations. He is often referred to nationwide as the safe deposit GURU. In all 50 states he has trained over 350,000 safe deposit personnel since 1969 and has created hundreds of safe deposit manuals, training DVDs, and security, disaster recovery and compliance manuals. McGuinn's "Flood and Fire Disaster Recovery Manuals" have been recognized as the nationally accepted standard for the financial industry.