

FEDERAL RESERVE BANK  
OF NEW YORK

[ Circular No. 2518 ]  
October 8, 1942

WAR RISK INSURANCE ON  
REGISTERED MAIL AND EXPRESS SHIPMENTS

*To all Member Banks, and Others Concerned  
in the Second Federal Reserve District:*

We are transmitting herewith a copy of our Circular No. 2517, dated October 8, 1942, regarding the insurance of shipments of paper currency, coin and securities to and from us. As pointed out in such circular, we assume no responsibility in respect of shipments by us after we have made delivery to the post office, express company or other carrier, and all risk of loss in connection with any shipment to us must fall on the sender until the shipment has actually been delivered to us by the post office, express company or other carrier. Although we do not assume the risk of loss in connection with such outgoing and incoming shipments, we insure all shipments of paper currency and coin sent by us to member banks by mail for the account and risk of the addressee but at our expense. We also insure shipments by member banks to us of paper currency by registered mail at our expense if requested to do so by the senders. Such insurance of outgoing and incoming shipments is against all risks except (1) loss by theft by employees of the sender or of the addressee, and (2) war risks, as more fully described in Circular No. 2517.

The War Damage Corporation, a subsidiary of the Reconstruction Finance Corporation, has made available, effective October 1, 1942, or at any time thereafter, war risk insurance for registered mail and express shipments covering direct loss of or damage to "Money" and "Securities" which may result from enemy attack, including any action taken by the military, naval or air forces of the United States in resisting enemy attack, if such loss occurs while such property is in transit within the territorial limits of the continental United States, Alaska, Virgin Islands, Hawaii, Porto Rico or the Canal Zone. The limits of liability are \$500,000 for money and \$2,000,000 for securities, with respect to any one shipment or to any one consignee on any one day. The premium rates are three cents per \$1000 for money and one cent per \$1000 for securities. The policy is written for a twelve months' period and it is noncancelable. The premium must be paid in advance. The initial premium is based upon the insured's estimate of the total value of shipments of money and securities which are likely to be made under the policy within the twelve months' period.

Coverage under the policy of the War Damage Corporation is divided into two classes; namely, Class A, which includes all shipments made by, to, or for account of the insured, to the extent of the financial interest of the insured, and Class B, which includes shipments made by the insured for the account of others, to the extent of the financial interest of such others. Any bank

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or other person that takes Class A coverage must insure all shipments of money and securities, both incoming and outgoing, in which such person has a financial interest. If Class A coverage is obtained, Class B coverage may also be obtained. However, Class B coverage can not be obtained unless Class A coverage is obtained. Under Class B coverage, outgoing shipments for the account of others may be insured, but no insurance may be obtained with respect to incoming shipments for the account of others.

We do not now maintain any war risk insurance for our own account with respect to registered mail or express shipments of money or securities. Since we do not maintain Class A coverage it is impossible for us to obtain Class B coverage, and even though we were to obtain it, such coverage could only apply to shipments made by us. Accordingly, if a bank wishes to obtain war risk coverage with respect to shipments of paper currency, coin or securities to and from us, it will be necessary for such bank to obtain Class A coverage from the War Damage Corporation. The War Damage Corporation registered mail or express policy may be obtained through your local insurance broker or any agency or branch office of a fire insurance or inland marine insurance company which has been appointed a fiduciary agent of the War Damage Corporation for this purpose.

Additional copies of this circular will be furnished upon request.

ALLAN SPROUL,  
*President.*