

**INSURANCE OF SHIPMENTS OF  
CURRENCY, COIN, AND SECURITIES**

To the Member Banks of the  
Eleventh Federal Reserve District:

Unless otherwise stated, all references to the Federal Reserve Bank of Dallas will include the head office and all of its branches.

The Federal Reserve Bank of Dallas holds open insurance policies under which registered mail shipments made to or by this bank may be insured. These policies formerly covered all risks except loss through theft by employes of the sender or of the addressee, but the policies have recently been amended to exclude coverage with respect to war risks. The terms and conditions under which insurance benefits are available are set forth in this bulletin.

**RESPONSIBILITY**

In making shipments of currency, coin, or securities, this bank undertakes merely to make delivery to the post office, express company, or other carrier, and any risk of loss occurring subsequently to such delivery is not assumed by this bank but is on the party ordering such shipment. Similarly, the risk of loss on shipments of currency, coin and securities to this bank occurring prior to the actual delivery thereof to this bank by the post office, express company, or other carrier, is not assumed by this bank but is on the sender.

**INSURANCE OF OUTGOING AND INCOMING SHIPMENTS  
OF CURRENCY AND COIN**

**Shipments by Registered Mail.** Although this bank does not assume the risk of loss on such outgoing and incoming shipments, it will, unless otherwise instructed, arrange for insurance, to the extent permitted under the registered mail policies aforesaid, of shipments of currency and coin made by it to member banks, and will also arrange for insurance, to the extent permitted under such policies, of shipments of currency sent to it by registered mail by member banks.

**Shipments by Express.** Shipments of currency and coin which are made to this bank by express will not be insured under the policies hereinabove referred to as the express company assumes the risk of loss and the rate charged by it is based on the declared value and includes a charge for the risk assumed by the express company under its shipping contract.

**ABSORPTION OF EXPENSE INCIDENT TO SHIPMENTS OF  
CURRENCY AND COIN**

The Federal Reserve Bank of Dallas will absorb the expense of transportation, including costs of insurance obtainable under the registered mail policies aforesaid, incident to shipments of United States currency and coin to and from member banks when such shipments are ordered from this bank or are prepared and forwarded to this bank in accordance with the provisions of this bulletin and Bulletin No. 5.

Where shipments of one and two dollar bills in excess of \$500 and of coin are made to this bank by express, this bank will absorb all expense of such shipments.

### NATURE OF INSURANCE COVERAGE

The insurance provided under the registered mail insurance policies referred to herein covers all risks except so-called war risks and loss through theft by employes of the sender or of the addressee. Risk attaches from the time of leaving the office of the sender until actual delivery has been made to the office of the addressee, whether delivery is effected in whole or in part by employes or agents of the Post Office Department, sender, or addressee, and in the event of nondelivery, covers until returned to the sender. In case of the reforwarding of any shipment, such shipment is covered until delivered at the correct or new address, or until returned to the sender.

The policies contain the following clause eliminating war risk coverage:

“Notwithstanding anything herein contained to the contrary, this insurance is warranted free from capture, seizure, arrest, restraint, detainment, confiscation, preemption, requisition or nationalization, and the consequences thereof or any attempt thereat, whether in time of peace or war and whether lawful or otherwise; also warranted free from all consequences of hostilities or warlike operations (whether there be a declaration of war or not), piracy, civil war, revolution, rebellion or insurrection, or civil strife arising therefrom.”

With respect to losses incurred while property is in transit by messenger to or from the post office, the registered mail policies cover only the excess of any amount which may be recoverable from any other insurance or surety covering such loss.

The liability under such registered mail insurance policies is limited to \$10,000,000 on property dispatched from any one sender to any one addressee on any one train, boat, or other conveyance.

The uniform express receipt contains a provision to the effect that the express company shall not be liable for loss, damage, or delays caused by “the hazards or dangers incident to a state of war.”

### PROCEDURE FOR MAKING INSURANCE EFFECTIVE ON SHIPMENTS OF CURRENCY TO THE FEDERAL RESERVE BANK

Shipments of currency to this bank by registered mail may be insured under the registered mail insurance policies referred to for the account and risk of the sender, provided the following conditions are observed:

- (a) On the day a shipment is made to this bank an advice should be sent by ordinary mail to the office to which the shipment is addressed, showing the name of the shipping bank, the number of sacks or packages comprising the shipment, a description of the contents, and the amount of insurance to be effected. The advice should also indicate the amount of postage paid when the shipment is sent by registered mail. A copy of the advice should be placed in the shipment.
- (b) The shipment will be insured for the amount reported or declared, which amount may be more or less than the actual value of the property shipped, and in the event of loss, the liability of the insurers shall be the replacement cost of the lost property or the market value thereof at the time of dispatch or at the time the loss becomes

known to this bank, whichever of the foregoing shall be the measure of the actual loss sustained, but in no case shall the liability of the insurers exceed in the aggregate, exclusive of interest, the sum for which the lost property was reported or declared.

- (c) The packing and sealing of the package containing the property insured shall be witnessed by two persons who are employes of the sender, and the sealed package shall be in charge of a responsible person until deposited and registered at the post office, or shall be in the custody of an armored car service in transit from the office of the sender to the post office.
- (d) The contents of all packages must be verified and enclosed in a strong wrapper, envelope, or cloth or canvas bag, well secured and sealed with wax, lead, or paper seals, or with other seals in any manner acceptable to the post office at place of mailing.
- (e) In order for shipments to this bank to be insured, they must be made by registered mail. Under no circumstances can a shipment to this bank be insured when sent by ordinary mail.
- (f) No writing indicating the contents should appear on the outside of packages forwarded by registered mail.
- (g) The post office registry receipt should be carefully preserved by the sender in order that it may be available as evidence in the event of loss.

#### **INSURANCE ON SHIPMENTS OF SECURITIES**

The following securities shipped by a bank to this bank may be insured under the registered mail insurance policies referred to, provided the conditions contained herein with respect to the procedure for making insurance effective on incoming shipments of currency are strictly complied with in connection with the shipment of such securities.

- (a) Coupons and maturing or called bonds forwarded for collection.
- (b) Securities forwarded for sakekeeping, for sale or redemption, to be held as collateral to loans, government deposits or deposits of bankruptcy funds, for exchange of denomination, for exchange for securities in registered form, or for exchange for securities which are not in registered form.

Such shipments will be insured at the expense of the sender.

Where this bank has occasion to ship securities held by it for the purposes indicated above, such shipments will be made by registered mail and unless instructed to the contrary this bank will insure them as provided herein under the registered mail insurance policies referred to at the expense of the member bank.

#### **NOTICE OF LOSS**

In the event of loss of a shipment insured under the registered mail insurance policies referred to, claim will be made on behalf of the member bank for the amount for which the shipment is insured. Prompt notice of loss should be given this bank, together with all available details regarding the loss.

**INSURANCE OF SHIPMENTS OF SECURITIES MADE BY THE FEDERAL RESERVE BANK OF DALLAS AS FISCAL AGENT OF THE UNITED STATES**

United States Government securities upon original issue or in exchange for temporary certificates are shipped at the expense and risk of the United States under the Government Losses in Shipment Act. The interest and responsibility of the United States in such shipments ceases with the delivery by the post office. Therefore, the addressee accepting delivery at the post office must transport such shipments at its own risk from the post office to its place of business and provide for such insurance as it may desire.

Stocks of unissued War Savings Bonds shipped by this bank to issuing agents are the property of the United States. Hence, such shipments are made at the expense and risk of the United States and the interest of the Government does not cease upon delivery by the post office.

**ACCEPTANCE**

Each member bank availing itself of the insurance facilities offered by the Federal Reserve Bank of Dallas under the registered mail insurance policies referred to shall by such action be understood to have agreed to the terms and conditions of this bulletin, and to have understood and agreed that it will arrange to provide whatever protection it may desire to cover so-called war risks.

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The right is reserved to withdraw, add to, or amend at any time any of the provisions of this bulletin.

Respectfully,

R. R. GILBERT

President