

Alabama tornadoes: Banks work with victims to cash checks

Published: Monday, June 27, 2011, 6:00 AM Updated: Monday, June 27, 2011, 6:16 AM



By **Val Walton--The Birmingham News**



Some tornado survivors have complained to the Alabama Department of Insurance that banks are holding their insurance checks for days, but area banks say they are trying to expedite the check-cashing process while protecting the customer and bank from fraud.

Ragan Ingram, chief of staff for the insurance department, said the department has received steady inquiries regarding holds placed on insurance proceeds. The customers are being referred to the state's banking department, he said.

Insurance companies report that claims are being issued across the state as property owners have started the process of rebuilding from the April 27 tornadoes. For example, Mike Switzer, a Nationwide spokesman, said the insurance company anticipates processing and paying about 2,600 claims in Alabama. He said about 99 percent of these customers have received at least one check and 82 percent of the reported claims have been completely settled.

Alfa Insurance has processed 21,700 claims, which includes both home and auto, according to Jeff Helms, a company spokesman. Helms said well over 95 percent of those claims have been paid.

John D. Harrison, superintendent of banks, said he sent a memorandum in May to bank presidents and chief executive officers following the storms, encouraging banks "to work constructively with your borrowers, customers, and non-customers."

Banks, he said, will need to cash Federal Emergency Management Agency checks, Red Cross vouchers and other types of checks to assist tornado survivors. He encouraged banks to consider lessening restrictions on cashing items for non-customers.

So far, the department has not received any complaints, Harrison said, but he encouraged survivors to contact the department with any complaints.

"I'm sure something may have fallen through the cracks," he said.

Representatives of at least three major banks in Alabama acknowledge they have varying policies on placing holds on checks, including those written on out-of-state banks and checks written in large sums, but they said the banks are trying to work with tornado survivors to cash storm-related checks.

Evelyn Mitchell, a Regions spokeswoman, said that Regions has made exceptions to its hold policies on insurance and FEMA checks, though the checks still must be properly endorsed and verified before being deposited or cashed. The bank also is waiving check cashing fees for non-customers on insurance claim checks and FEMA checks.

She said Regions has agreements with some insurance companies who have guaranteed the funds, which expedites the process for some claims checks.

She said banks will often verify the validity of an insurance claim check before processing it by contacting the insurance company issuing the check.

"The goal is to protect the consumer and the bank from fraud," Mitchell said.

In general, if a check is not drawn on Regions and customers do not have funds in their account to cover the check, the bank typically will place a hold on the check for a period of time, Mitchell said in a statement. The amount of time checks are held varies based on, among other things, the customer's account history.

General hold policies are similar at Wells Fargo and BBVA Compass, according to their representatives.

Jay Lawrence, a Wells Fargo spokesman, said Wells Fargo bank is waiving check cashing fees for non-customers with FEMA checks, provided there is proper identification.

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