



When is a check not a check? Understanding electronic check conversion

When you visit your insurance agent to make a SECURA premium payment and they process the payment online, they are in essence converting the check to an electronic funds transfer. Later, when you get the bank statement, that check will not look like the other check transactions. Instead, you'll notice an electronic debit for the amount of the transaction.

Here's what you need to know about electronic check conversion.

What is electronic check conversion?

- Electronic check conversion is a process in which a check is used as a source of information to obtain the account number and the bank routing number of the financial institution.
- The banking information is used to make a one-time electronic payment from that account — an electronic funds transfer processed through the Federal Reserve.

What are some differences between electronic check conversion and check payment?

- Electronic transactions may process faster than a check — as soon as the same day. Therefore, you should be sure you have enough money in your account at the time of the transaction.
- Financial institutions do not return checks that are converted.
- Consumers have different rights with electronic check conversion than with check payments. For example, in an electronic check conversion, you have the right to an investigation by your financial institution within 60 days of the transaction if an error occurs.

What are the federal laws around electronic check conversion?

- The Electronic Funds Transfer Act and the Federal Reserve Board's Regulation E require companies to provide notice before using someone's check to make an electronic payment.
- The original check that was converted must be destroyed within 14 days from the date of the transaction to avoid duplicate processing.
- Under federal law, companies are not required to provide an opportunity to opt out of electronic check conversion, but customers can ask for their checks to not be converted.

If you don't want the check converted, tell your agent. They can process the payment using a different method such as credit card.

If you have any questions about electronic check conversion, please contact your SECURA independent agent.