



Remember LandAmerica Exchange? They were covered under LandAmerica Title's gigantic bond, (like so many of the title company related Q.I.s claim to be) but when they lost 486 million dollars investing exchange funds in government backed instruments during the last downturn the bond didn't protect their clients from those losses. Instead they sold the title business and LandAmerica Exchange declared bankruptcy, leaving their clients to fight with attorneys and creditors for scraps on the dollar.

A fidelity bond wouldn't have covered that loss, because it wasn't stolen; they just lost the money. The claim that the title company bond would cover any such loss was apparently exaggerated. It seems it was a matter of choice, and they chose not to pay.

As bad as may sound, the record of the fidelity bond insurers is certainly worse. When hard times came some Q.I.s illegally used exchange funds to meet their own expenses and were unable to pay it back in time to buy their clients replacement properties. The fidelity bond is specifically written to protect the public from loss due to theft.

But they also chose not to pay.