PREFACE

It is truly an honor and a privilege to shepherd this book through its Fourth Edition, which actually is the seventh rendition of what has become the Bible for the fidelity industry. Found on the desk or shelves of every seasoned fidelity professional, and cited more frequently by the courts on the subject than any other source, Financial Institution Bonds has accomplished what the Fidelity & Surety Law Committee set out to do starting in 1979—it provides a “desk reference” for the industry. In a single writing, this book provides a concise history of fidelity bonds, an in-depth and scholarly analysis of each of the key provisions of the Financial Institution Bond, Standard Form No. 24, and an examination of the key cases on each subject, all by the foremost experts in the fidelity industry.

This book began as the brainchild of the Fidelity & Surety Law Committee in 1979, when many of the Godfathers of the fidelity industry joined together to present the first “National Institute on Bankers and Other Financial Institution Blanket Bonds.” That program was chaired by Frank L. Skillern, Jr., a former Chair of the Committee, and was held in both Boston and San Francisco. There were 16 separate “papers” that were combined into a single 5 ½” x 8 ½” “book,” not too dissimilar to the current one. The second National Institute was sponsored by the Committee ten years later, in 1989, but by then the title of the program and the compendium of papers (which reverted to a larger 8” x 11” format) was changed to Financial Institution Bonds, the name of the current book. That program was chaired by Harvey Koch and Hugh Reynolds, Jr. and was held in Washington, D.C. and San Francisco. The last of the so-called National Institutes took place in 1992 in London, England, and was chaired by a truly esteemed group of Committee members: Harvey Koch, David Bordon, James Crowder, Jr., Hugh Reynolds, Jr. and Duncan L. Clore. The program materials had grown to twenty separate topics and comprised a two-volume set. In 1995, the Committee moved away from so-called “National Institutes,” and instead held the first Financial Institution Bonds “Program” in New York City. The materials were again in 8” x 11” format, but a decided effort was made by that Program’s Chair and Editor, Duncan L. Clore, to present a more scholarly set of materials, using footnotes instead of endnotes, and
the authors were politely requested to follow The BlueBook. The original version of the current book, the green Financial Institution Bonds book in 6” x 9” “book” format, was published by the Committee in 1998 and presented at a Program in Philadelphia. It was labeled the Second Edition, though it could just as easily been labeled as the Fifth Edition. A very considerable effort was made by all concerned to create a most scholarly book that could again be used not only as a vital resource for the industry, but also as a true reference manual—a published “book” that could be cited to the courts. The Committee, and indeed the industry as a whole, is indebted to the authors of the eighteen chapters in that book, and perhaps most especially to its Editor, Duncan L. Clore, for insisting on the highest quality scholarly chapters, then unmatched in the industry, and one that succeeded in its goals as courts did indeed quickly take to citing the various articles in the book in favor of industry positions. The Third Edition of the book was published in 2008. It built upon the Second Edition and again was edited by Duncan L. Clore, and was presented at a Program in Baltimore, Maryland.

This Fourth Edition of Financial Institution Bonds again builds upon the contributions of the past authors of the earlier National Institutes and Programs, as well as the numerous articles, published and unpublished, by professionals in the area of fidelity law. The current edition continues many of the earlier chapters of the book, but it combines certain others, such as those on The Potential Income Exclusion and the Loan Exclusion, as case law is decidedly more settled on these and certain other topics than during prior editions of the book. This Fourth Edition also adds new chapters, including one that addresses perhaps the hottest topic of the day, electronic crime claims and the associated coverage forms, and it now addresses each and every key provision in the Standard Form Financial Institution Bond. Similar to past editions, the book concludes with a chapter on Critical Considerations in the Handling of the Claim, and it includes a Master Appendix of current and still relevant earlier forms and filing letters. While the authors of existing chapters were encouraged to update the key cases and citations, they were also asked to use their discretion in maintaining citations to the key older cases and unpublished articles and program materials, the latter of which continue to be available from the law firm of Stradley, Ronon, Stevens and Young L.L.P., which maintains a library of materials as a service to the Committee and fellow practitioners.
Finally, some very important “thank yous.” First, a very sincere thank you to my friend and colleague, Adam Friedman, Chair of the Fidelity & Surety Law Committee, for entrusting this important project to me. Next, on behalf of the Committee, and personally, I want to thank each and every one of the authors, and those who helped them, for their hard work and dedication to this project, and for patiently tolerating my editorial comments and revisions. In keeping with the history of this book, the authors of the 19 chapters of this Fourth Edition are, once again, truly the foremost experts in the field of fidelity law. Without their expertise, dedication, and willingness to devote countless hours to this project, this book would not exist. I also want to personally thank the fine lawyers at Strasburger & Price, LLP who assisted me in editing these materials, over, and over, and over again. Thus, special thanks to Duncan L. Clore, John Riddle, Toni Scott Reed, Carla Crapster, and Andrew Carter. Thanks also goes to Christine Grey, a genius in our Word Processing Department (yes, we still have one) for her considerable efforts in formatting, preparing, and proofing the camera-ready copy of this book. And almost last, but certainly not least, an even extra special thanks to my long-time, trusted, and incredible Administrative Assistant, Marianna Green, first for not shooting me somewhere along the way, and second for all of her hard work without which I might well be working construction somewhere. It was the careful eye of all concerned that has resulted in the polished look of this book. And finally, a most special thanks to Duncan, whom I believe most people correctly associate with the success of this fine book, and who continually reinforced in me over the years the perseverance and attention to fine detail necessary for a project of this magnitude.

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