

We have been doing research on obtaining an E&O insurance that would cover error/omissions within time specific mail piece that are not re-printable if an error is made on the piece. We current have E&O coverage which, in short, basically covers third party damage and cost to reprint.

Our client's direct mail pieces contain time specific dates within their programs which results in these mail pieces not being able to be reprinted if an error occurs. These programs contain both our production and our client's postage costs. We would like to know what type of insurance others have to protect themselves around this type of error/omission that is not able to be reprinted (similar to a first party loss). Furthermore, what type of insurance do you have in place that covers your client's postage costs on errors in these situations?

We don't use E&O insurance.

Taking this step by step, The first thing to happen would be your error n printing something, with no time to re print. You are out the cost of labor, material. Some E & O forms do not require that you actually re print, just that you will suffer damages by the cost to re print. They need to check their E & O form for Insuring agreement, exclusions, and definitions. Second, if you make an error on the piece, you may catch it before it goes out, in that case no customer postage used, no loss by customer. If mailed out, most E & O forms cover postage used as damages. Again check the E & O form. Their Agent or Broker should be able to answer these questions for them by reviewing forms.

If I understand what you wrote, you print pieces for a singular mailing and you are unable to reprint because it is time sensitive. So without insurance, the damages to you as the printer is the failure of the client to fully pay your invoice, a back charge on the postage, and potential loss of the client's business.

You are correct in that a traditional (third party) E&O policy would pay the client for their actual losses – your invoice, mailing costs, and possibly lost business. What you as the printer will lose is the ability to mitigate damages because you can't reprint AND the ability to be paid for the work that was done in error. If you exclude the mailing costs, would you really expect to be paid for a badly printed piece under your control? So the insurance company would have to decide what you did to mitigate their loss exposure – For example, do you get written approval/signoff for a printed piece? Who provided the file? Are the changes made to an original print file documented? Do you only print the highest version and how do you know it is the highest version? In other words, did you limit their loss?

I checked with our agent who agreed that no Insurance company would be willing to insure such risk because no mitigation to correct is possible. However, if you find someone willing to insure this risk than I would like to know who they are!

I did contact our agent & we are covered for this type of situation under our E&O portion of the policy. Our carrier is Selective Ins.