

**AMEND BOARD REPORT 01-1024-PR22
AUTHORIZE PLACEMENT OF THE BOARD OF EDUCATION'S LIABILITY INSURANCE
WITH THE HAYS GROUP**

THE CHIEF EXECUTIVE OFFICER REPORTS THE FOLLOWING DECISION:

Authorize The Hays Group, The Board's Excess Liability Insurance Broker, to place the Board of Education's Excess Liability Insurance policies with various carriers listed below. All of the proceeding coverages shall not exceed a cost to the Board of ~~\$745,000.00~~ \$904,024.00 in premiums annually. The policies of coverage constitute the contract between the Board and its carriers and no further written documentation is required. Information pertinent to this matter is stated below:

This amendment is necessary to reflect the additional cost of \$189,024.00 for excess liability insurance premiums in fiscal year 2002, change insurance carriers due to major fluctuations in the insurance markets and availability of excess coverages, and to decrease the insurance limits from an authorized \$100 million to \$75 million, due to current market conditions. The policies of coverage from the new insurance carriers constitute the contract between the Board and these carriers and no further written documentation is required.

Specification No.: 99-250034

INSURANCE CARRIERS:

1. Munich American

P.O. Box 3210
Atlanta, GA 30302-3210

2. Great American

P.O. Box 2575
Cincinnati, OH 45201-2575

3. ~~TIG~~

~~P.O. Box 152870
Irving, TX 75045-8830~~

3. Lexington Insurance

200 State Street
Boston, MA 02109

4. ~~Kemper~~

~~One Kemper Drive
Long Grove, IL 60049~~

4 Caliber One

Lower Markfield Corp. Center
Yardly, PA 19067

5. ~~Crum & Forster~~

~~305 Madison Avenue
Morristown, NJ 07960~~

5. St. Paul Insurance

Dept. CH 10480
Palatine, IL 60055-0480

6. AIG

7 Pine Street-3rd Floor
New York, NY 10270

7. Royal & Sun Alliance Insurance

P.O. Box 1000
Charlotte, NC 28201-1000

8. Virginia Surety

123 North Wacker Drive
Chicago, IL 60606

BROKER:

The Hays Group
2300 North Barrington Road, Suite 560
Hoffman Estates, IL 60195
Contact Person: Wally Kerr
Phone: (847) 755-5555
Vendor#: 31890

USER:

Bureau of Risk and Benefits Management
125 South Clark Street-14th Floor
Georgette Hampton, Director
(773) 553-2818

TERM: The terms of the policies shall commence on October 31, 2001 and shall end October 31, 2002.

DESCRIPTION OF POLICIES:

The coverage is provided on an occurrence and claims made basis subject to the following limits and deductibles.

Coverage	Description	Limits	Deductibles
Excess	Wrongful acts, personal injury, property damage liability, school board legal liability, employers' liability, non-owned aircraft liability, employment practices liability, employee benefit liability and harassment liability.	\$100,000,000 <u>\$75,000,000</u> (Sexual Harassment is limited to \$5,000,000 excess of SIR)	\$10,000,000 SIR
Workfare	Covers Board and outside organizations providing non-compensated work experiences for Chicago Public School students.	\$1,000,000	\$0 <u>\$1,000</u>

AUTHORIZATION: Authorize the Director of Risk and Benefits Management to execute all ancillary documents required to administer or effectuate the policies.

PREMIUM: Premiums will be paid to The Hays Group who will place the insurance and pay the insurance companies directly. Allowable premium is outlined below and may be subject to change in the event of a change in rates.

Excess Coverage/Layer	Carrier	Not to Exceed
\$10,000,000 xs SIR	Munich American Risk Partners	\$131,000.00
\$25,000,000 xs \$10,000,000	Great American	\$180,000.00
\$65,000,000 xs \$35,000,000	TIG, Kemper, Crum & Forster, AIG and Royal/Sun Alliance	\$389,000.00
Workfare \$1,000,000	Virginia Surety	\$ 15,000.00

Excess Coverage/Layer	Carrier	Not to Exceed
<u>\$10,000,000 xs SIR</u>	<u>Munich American Risk Partners</u>	<u>\$130,654</u>
<u>\$25,000,000 xs \$10,000,000</u>	<u>AIG, Great American and Lexington</u>	<u>\$435,000.00</u>
<u>\$40,000,000 xs \$35,000,000</u>	<u>Caliber One, Royal and St. Paul</u>	<u>\$328,750.00</u>
<u>Workfare \$1,000,000</u>	<u>Virginia Surety</u>	<u>\$9,620</u>
	<u>Grand Total</u>	<u>\$904,024.00</u>

AFFIRMATIVE ACTION: Pursuant to section 3.7 of the M/WBE Plan, since this vendor is merely a conduit of the funds and receives no payments under this transaction, this transaction is excluded from M/WBE review.

LSC REVIEW: Local School Council approval is not applicable to this report.

FINANCIAL: Charge to Bureau of Risk & Benefits Management: \$715,000.00 + \$189,024.00 Fiscal Year: 2002

Budget Classification: 0963-215-000-7066-5490 charge \$480,000.00
0963-215-000-7064-5490 charge \$235,000.00 +189,024.00

GENERAL CONDITIONS:

Inspector General – Each party to the agreement shall acknowledge that, in accordance with 105 ILCS 5/34-13.1, the Inspector General of the Chicago Board of Education has the authority to conduct certain investigations and that the Inspector General shall have access to all information and personnel necessary to conduct those investigations.

Conflicts – The agreement shall not be legally binding on the Board if entered into in violation of the provisions of 105 ILCS 5/34-21.3 which restricts the employment of, or the letting of contracts to, former Board members during the one year period following expiration or other termination of their terms of office.

Indebtedness – The Board's Indebtedness Policy adopted July 26, 1995 (95-0726-EX3), as amended from time to time, shall be incorporated into and made a part of the agreement.

Ethics – The Board's Ethics Code adopted September 27, 1995 (95-0927-RU3), as amended from time to time, shall be incorporated into and made a part of the agreement.

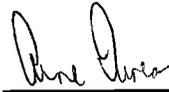
Contingent Liability – The agreement shall contain the clause that any expenditure beyond the current fiscal year is deemed a contingent liability, subject to appropriation in the subsequent fiscal year budget(s).

Approved for Consideration:



Aniza Rocha
Acting Chief Purchasing Officer

Approved:



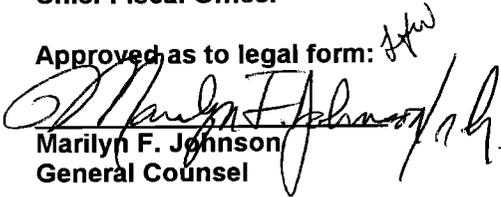
Arne Duncan
Chief Executive Officer

Within Appropriation:



Kenneth C. Gotsch
Chief Fiscal Officer

Approved as to legal form:



Marilyn F. Johnson
General Counsel