

BOARD OF TRUSTEES OF COMMUNITY COLLEGE DISTRICT NO. 508
County of Cook and State of Illinois

RENEWAL OF COMMERCIAL INSURANCE POLICIES
FOR PROPERTY, BOILER AND MACHINERY, AND COMMERCIAL AUTO

THE CHANCELLOR

REPORTS

That the District requires commercial insurance coverage to insure certain risks facing the District in its operations; and

that Arthur J. Gallagher & Co. (Gallagher) was selected by a Request for Proposal process dated July 20, 2001 and approved by the Board of Trustees as the Broker of Record for City Colleges of Chicago (CCC). Lambent Risk Management Services, Inc. serves as the MBE Vendor Partner and in conjunction with Gallagher actively marketed and secured the following renewal premium quotations on behalf of CCC for commercial insurance policies for the period November 3, 2004 through November 3, 2005 (Property, Boiler & Machinery, Auto expire January 1, 2005); and

that on November 4, 2004 the Board of Trustees authorized procurement of various commercial insurance policies under Board Report Number 26438 as recited below:

Coverage	Carrier	Limits	Deductible/Retention	Annual Premium
General Liability	United Educators	\$3,000,000/\$750,000	\$250,000/\$750,000	\$ 142,543
Excess Liability	United Educators	\$15,000,000	\$25,000	\$ 144,734
Property (RE & Contents)	Travelers	\$768,000,000	\$5,000/\$10,000/\$50,000	\$ 546,521
Boiler & Machinery	Travelers	\$50,000,000	\$10,000	\$ 31,045
Commercial Auto	Travelers	Scheduled Vehicles (54)	\$2,500/\$5,000	\$ 31,919
Excess Work Comp	Safety National	Statutory/\$1,000,000	\$350,000	\$ 46,211
Educators Legal Liability	AIG/National Union	\$15,000,000/\$5,000,000	\$200,000	\$ 88,582
Multimedia	Chubb	\$1,000,000	\$25,000	\$ 7,668
Blanket Fidelity	Travelers	\$5,000,000/\$1,000,000	\$50,000	\$ 19,202
Student Malpractice	CNA (Amer. Casualty)	\$3,000,000/\$1,000,000	\$0	\$ 47,654
Athletics	Mutual of Omaha	\$5,000,000/\$10,000,000	\$25,000	\$ 18,170
Treasurer's Bond	Liberty Mutual	\$25,000,000	\$0	\$ 21,250
TOTAL				\$1,145,499

that following the action of the Board of Trustees upon binding coverage, the Broker received a revised quotation from Affiliated FM Global concerning the proposed annual premium for the Property Policy (Real Estate and Contents), the Boiler & Machinery Policy and the Commercial Auto Policy in the amount of \$500,000; and

that the amended premium quotation from Affiliated FM Global is \$109,485 less than the Travelers Insurance quotation; and

that Affiliated FM Global reflects an AM Best Rating Guide of 'A+', XV; and

that the Affiliated FM Global proposal meets all of the District specifications concerning coverage limits, financial strength and capacity and is recognized as a industry leader with respect to Property Insurance; and

that the comparison reflects the Travelers proposal and the Affiliated FM Global proposal to be substantially the same with the exception of minor coverage differences which the District considers to be a prudent risk on its part; and

that the revised net decrease over the current year combined adjusted premium of \$1,303,858 to the proposed premium of \$1,036,014 represents a net reduction of \$267,844 or 20.54%.

THE CHANCELLOR

RECOMMENDS

that the Board of Trustees approves the procurement of renewal insurance for the Property Policy (Real Estate and Contents), the Boiler & Machinery Policy and the Commercial Auto Policy in the amount of \$500,000 for a period of one year underwritten by Affiliated FM Global at the recited limits and deductible/retention levels expressed below, brokered through Arthur J. Gallagher & Co and Lambent Risk Management Services, Inc.; and

BOARD OF TRUSTEES OF COMMUNITY COLLEGE DISTRICT NO. 508
County of Cook and State of Illinois

RENEWAL OF COMMERCIAL INSURANCE POLICIES
FOR PROPERTY, BOILER AND MACHINERY, AND COMMERCIAL AUTO

Page 2

Coverage	Carrier	Limits	Deductible/Retention	Annual Premium
Property (RE & Contents)	Affiliated FM Global	\$500,000,000	\$5,000/\$10,000/\$100,000	\$ 500,000
Boiler & Machinery	Affiliated FM Global	\$500,000,000	\$10,000	included above
Commercial Auto	Affiliated FM Global	Scheduled Vehicles (54)	\$2,500/\$5,000	included above

that the Chancellor be authorized to issue payment to Arthur J. Gallagher & Co. in the amount of \$500,000 for such commercial insurance coverage.

FINANCIAL

\$500,000 – Unrestricted-Liability & Protection Fund

Respectfully submitted:

Wayne D. Watson
Chancellor

December 2, 2004