

27037

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

RENEWAL OF COMMERCIAL INSURANCE POLICIES
FOR ALL COLLEGES AND DISTRICT OFFICE

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 engaged in an aggressive marketing effort to solicit competitive quotations and secured the following renewal premium quotations on behalf of CCC for commercial insurance policies for the period November 3, 2005 through November 15, 2006; and

Coverage	Carrier	Limits	Deductible/Retention	Annual Premium
General Liability	United Educators	\$3,000,000/\$750,000	\$250,000/\$750,000	\$ 141,549
Excess Liability	United Educators	\$15,000,000	\$25,000	\$ 143,650
Property (RE & Contents)	Affiliated FM Global	\$781,313,477	\$5,000/\$10,000/\$50,000	\$ 500,000
Boiler & Machinery	Affiliated FM Global	\$50,000,000	\$10,000	* inc. above
Commercial Auto (Physical Damage)	Affiliated FM Global	Scheduled Vehicles (54)	\$2,500/\$5,000	* inc. above
Excess Work Comp	Safety National	Statutory/\$1,000,000	\$400,000	\$ 42,787
Educators Legal Liability (inc. D & O)	AIG/National Union	\$5,000,000	\$200,000	\$ 82,800
Multimedia	Chubb	\$1,000,000	\$25,000	\$ 7,683
Blanket Fidelity	Chubb	\$5,000,000/\$1,000,000	\$50,000/\$10,000	\$ 16,100
Student Malpractice	CNA (Amer. Casualty)	\$3,000,000/\$1,000,000	\$0	\$ 35,503
Athletics	Mutual of Omaha	\$5,000,000/\$10,000,000	\$25,000	\$ 17,865
Treasurer's Bond	Liberty Mutual	\$25,000,000	\$0	\$ 21,250
Foreign Package	AIU Insurance	\$1,000,000	\$1,000	\$ 2,500
Surety Bond (CDL Program)	Fidelity & Deposit Co.	\$20,000	\$0	\$ 200
Liquor Liability (Washburne) ***	Lloyds of London	\$1,000,000	\$0	\$ 3,586
Work Comp Audit (annual)	Safety National	n/a	est. additional premium:	\$ 500
TOTAL				\$1,015,973
* Boiler & Machinery Premium is included in the Property (RE & Contents) Quotation				
* Commercial Auto Physical Damage Premium is included in the Property (RE & Contents) Quotation				
*** New Policy this period				

that the above referenced coverage limits are at levels consistent with Illinois Statutory requirements and are within reasonable levels to insure the District's requirements, interests and operations; and

that the Office of Risk Management together with the two Brokers engaged a plan to aggressively market the renewals and solicit quotations from various Carriers known to meet the District's criteria with respect to financial stability and service; and

that the proposed Carriers reflect an AM Best Rating Guide of "A", VII or better; and

that the proposed annual renewal premium represents a net decrease over the current year premium of \$1,039,330 to the proposed premium of \$1,015,973 (a net reduction of \$23,357 or 2.25%); and

that this procurement represents an opportunity to establish a uniform expiration date of November 15, 2006 which is expected to enhance future procurements and that the associated additional extension premium impacting five polices equals \$12,931; and

that the Office of M/WBE Contract Compliance has reviewed the above referenced Commercial Insurance Opportunity and has determined that Arthur J. Gallagher & Co and Lambent Risk Management Services, Inc. continue to be in compliance with the Board approved Participation Plan.

THE CHANCELLOR

RECOMMENDS

that the Board of Trustees approves the renewal of insurance policies for a period of one year with the Carriers referenced above, at the recited limits and deductible/retention levels expressed above, brokered through Arthur J. Gallagher & Co and Lambent Risk Management Services, Inc.; and

that authority be granted for payment to Arthur J. Gallagher & Co. in the amount not to exceed \$1,028,904 for such commercial insurance coverage; and

that the District seek reimbursement from the Public Building Commission of Chicago (PBCC) in the amount of \$425,000 which represents the Property Insurance portion of the above referenced comprehensive insurance procurement inasmuch as the periodic lease payments to PBCC are inclusive of property insurance expense.

FINANCIAL

\$1,015,973 – Unrestricted-Liability & Protection Fund
\$ 12,931 – Unrestricted-Liability & Protection Fund
\$ 425,000 – Reimbursement from the PBCC (Property Policy – RE only)
\$ 603,904 – Net Expense to the District

Respectfully submitted:
Wayne D. Watson
Chancellor

November 3, 2005