

**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 and approved by the Board of Trustees as the Broker of Record for City Colleges of Chicago (CCC) on June 20, 2007 (Board Report 28103). Lambent Risk Management Services, Inc. serves as the Certified MBE Vendor Partner and Risk Management & Information Systems serves as the Certified WBE Vendor; and

that coordinated by Gallagher, the firms 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 15, 2010 through November 15, 2011; and

| CITY COLLEGES OF CHICAGO | | | | |
|--|----------------------------|--------------------------|-----------------------------|---|
| COMMERCIAL INSURANCE PORTFOLIO RENEWAL | | | | |
| Coverage | Carrier | Limits | Deductible/Retention | Annual Premium November 2010 |
| General Liability | United Educators | \$3,000,000/\$750,000 | \$250,000/\$750,000 | 124,500 |
| Excess Liability | United Educators | \$15,000,000 | \$25,000 | 145,757 |
| Property (RE & Contents) (1) | Affiliated FM Global | \$1,043,898,723 | \$5,000/\$10,000/\$50,000 | 347,280 |
| Boiler & Machinery * | Affiliated FM Global | \$500,000,000 | \$10,000 | inc. |
| Commercial Auto(Physical Damage) (2) | Affiliated FM Global | Scheduled Vehicles (78) | \$2,500/\$5,000 | inc. |
| Excess Work Comp (3) | Safety National | Statutory/\$1,000,000 | \$500,000 | 64,339 |
| Educators Legal Liability (inc. D & O) | IL Nat'l Ins Co. (CHARTIS) | \$5,000,000 | \$150,000/\$200,000 | 62,005 |
| Multimedia | Chubb | \$1,000,000 | \$25,000 | 6,178 |
| Blanket Fidelity (4) | Great American | \$5,000,000/\$1,000,000 | \$25,000/\$10,000 | 12,750 |
| Student Malpractice | CNA (Amer. Casualty) | \$3,000,000/\$1,000,000 | \$0 | 23,411 |
| Athletics | Mutual of Omaha | \$5,000,000/\$10,000,000 | \$25,000 | 19,261 |
| Treasurer's Bond | Liberty Mutual | \$25,000,000 | \$0 | 18,250 |
| Foreign Package | ACE/American Ins. Co. | \$1,000,000 | \$1,000 | 4,052 |
| Student Accident Health | US Fire (Crum & Foster) | \$10,000 | \$0 | 36,135 |
| Surety Bond (CDL Program) (5) | Fidelity & Deposit Co. | \$40,000 | \$0 | (6) 450 |
| Liquor Liability (Washburne) | Lloyds of London | \$1,000,000 | \$0 | (6) 3,300 |
| CCC Foundation D & O Liability (7) | Great American | \$1,000,000 | \$1,000 | (6) 900 |
| Work Comp Premium Audit (8) | Safety National | n/a | n/a | 1,500 |
| Truman College Admin. & Parking Structure (9) | Affiliated FM Global | 52,000,000 | \$5,000/\$10,000/\$50,000 | see below |

| | | | | |
|---|------------------------|--|--|------------------|
| Subtotal | | | | 870,068 |
| ARTHUR J. GALLAGHER & CO. | Fee for Service | | | 114,400 |
| TOTAL | | | | \$984,468 |
| (1) Boiler & Machinery Premium is included in the Property (RE & Contents) Quotation. Excludes old KKC. | | | | |
| (2) Commercial Auto Physical Damage Premium is included in the Property (RE & Contents) Quotation | | | | |
| (3) Denotes change in Deductible from \$425,000 to \$500,0000 | | | | |
| (4) Denotes change in Carrier from Chubb to Great American | | | | |
| (5) Denotes Statutory increase from \$20,000 to \$40,000 | | | | |
| (6) Denotes Premium Estimate due to Expiration dates beyond November 15, 20010 Renewal Date | | | | |
| (7) Policy is paid from CCC Foundation resources | | | | |
| (8) Denotes Estimate due to Audit occurring in January 2011 | | | | |
| (9) Truman College Administrative Bldg. & Parking Structure Premium anticipated at approximately \$18,700 annually. Inclusion at completion. | | | | |

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 its vendor partners 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-”, VIII or better; and

that the proposed annual renewal premium of \$870,068 represents a net decrease of \$24,038 compared to the current year premium of \$894,106; and

that the fee of \$114,400 payable to Arthur J. Gallagher & Co. for the year 2011 was negotiated to remain the same as the amount paid in the year 2010; and

that the District expects the Truman Administrative Building and Parking Structure (Project) to be completed by the Illinois Capital Development Board during the midterm of the Policy Period, therefore necessitating the need for an endorsement to the Property Policy with an associated Annual Premium of \$18,700 (Premium shall be pro-rated) and such endorsement shall be included at the completion of the Project; 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., utilizing Lambent Risk Management Services, Inc. as the Certified MBE and Risk Management & Information Systems as the certified WBE, is in compliance with the Board Approved Participation Plan ; and

that it shall be the duty of each party to any agreement to cooperate with the Inspector General for City Colleges of Chicago in any investigation conducted pursuant to the Inspector General’s authority under Article II, Section 2.6.4(b) of the Board Rules for Management and Government.

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, Lambent Risk Management Services, Inc. and Risk Management & Information Systems; and

that authority be granted for payment to Arthur J. Gallagher & Co. in the amount not to exceed \$888,768 for such commercial insurance coverage and for payment of the Annual Fee in the amount of

\$114,400 as previously authorized under Board Report 28103 as referenced above for a total amount not to exceed \$1,003,168.

FINANCIAL

| | | |
|----|-------------|--|
| \$ | 65,839 | – Liability & Protection Fund – 05001-0025010-00086-01000-522100 |
| \$ | 803,329 | – Liability & Protection Fund – 05001-0025010-00078-01000-567100 |
| \$ | 18,700 | – Liability & Protection Fund – 05001-0025010-00078-01000-567100 |
| \$ | 114,400 | – Liability & Protection Fund – 05001-0025010-00086-01000-532100 |
| \$ | 900 | – CCC Foundation |
| | \$1,003,168 | - TOTAL |

Respectfully submitted,

**Cheryl L. Hyman
Chancellor**

November 4, 2010 – Human Resources/Risk Management