

**31222**

**ADOPTED – BOARD OF TRUSTEES COMMUNITY  
COLLEGE DISTRICT NO. 508  
NOVEMBER 3, 2011**

**BOARD OF TRUSTEES OF COMMUNITY COLLEGE DISTRICT No. 508  
COUNTY OF COOK AND STATE OF ILLINOIS**

**RENEWAL OF COMMERCIAL INSURANCE POLICIES  
ARTHUR J. GALLAGHER & CO.  
DISTRICT WIDE**

**THE CHANCELLOR RECOMMENDS:**

that the Board of Trustees authorizes the Chairman to execute the option to renew the commercial insurance policies brokered through Arthur J. Gallagher & Co, at the recited limits and deductible/retention levels expressed below, for the period from November 15, 2011 through November 15, 2012 at a total cost not to exceed \$916,240.

**VENDOR:** Arthur J. Gallagher & Co.  
The Gallagher Centre  
Two Pierce Place  
Itasca, IL 60143

**USER:** District Wide

**ORIGINAL TERM:**

The original term of the underlying agreement with Arthur J. Gallagher & Co. commenced on July 1, 2007 and ended on June 30, 2010.

**OPTION/RENEWAL TERMS:**

The first renewal term commenced on July 1, 2010 and ended on June 30, 2011. The second renewal term commenced on July 1, 2011 and shall end on June 30, 2012.

The renewal term for the commercial insurance policies will commence on November 15, 2011 and end on November 14, 2012.

**SCOPE OF SERVICES:**

Arthur J. Gallagher & Co. facilitates the solicitation of competitive insurance premium quotations, the placement of various commercial insurance policies to insure certain risks facing the District in its operations and the delivery of risk management administrative services designed to enhance the Office of Risk Management operations. The insurance carriers will provide various commercial insurance policies to the District as listed below.

**BENEFIT TO CITY COLLEGES OF CHICAGO:**

The District requires commercial insurance coverage to insure certain risks facing the District in its operations.

**VENDOR SELECTION CRITERIA:**

On February 14, 2007, the District issued a Request for Proposal (RFP) soliciting responses from qualified insurance brokerage firms to provide a full range of insurance related services. Solicitations

were offered via direct mail to a number of qualified brokers. District Staff conducted a pre-proposal conference on February 21, 2007. On March 9, 2007, the District received six qualifying proposals from Aon Risk Services, Arthur J. Gallagher & Co., Kaercher/Campbell & Associates, The Owens Group, USI and Willis Group Limited. The staff evaluated all proposals and based upon the scoring and oral presentations, Arthur J. Gallagher & Co. was selected.

The Office of Risk Management, together with its Insurance Broker, Arthur J. Gallagher & Co. and the MBE/WBE partners, engaged in a plan to aggressively market the renewals and solicit competitive quotations from various insurance carriers known to meet the District's criteria with respect to financial stability and service resulting in the following renewal premium quotations on behalf of CCC for commercial insurance policies for the period November 15, 2011 through November 15, 2012. In each instance, the recommended Carrier submitted the lowest and most competitive renewal premium quotation.

| <b>CITY COLLEGES OF CHICAGO<br/>COMMERCIAL INSURANCE PORTFOLIO RENEWAL</b>   |                            |                          |                             |   |
|--|----------------------------|--------------------------|-----------------------------|---|
| <b>Coverage</b>  | <b>Carrier</b>             | <b>Limits</b>            | <b>Deductible/Retention</b> | <b>Annual Premium<br/>November 2011</b> |
| General Liability  | United Educators           | \$3,000,000/\$750,000    | \$250,000/\$750,000         | 126,618                                 |
| Excess Liability   | United Educators           | \$15,000,000             | \$25,000                    | 148,247                                 |
| Property ( RE & Contents)  | Affiliated FM Global       | \$1,101,480,237          | \$5,000/\$10,000/\$50,000   | 355,695                                 |
| Boiler & Machinery (1)   | 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   | Safety National            | Statutory/\$1,000,000    | \$500,000                   | 93,840                                  |
| Work Comp Premium Audit (3)  | Safety National            | n/a                      | n/a                         | 1,500                                   |
| Educators Legal Liability (inc. D & O) (4)   | IL Nat'l Ins Co. (CHARTIS) | \$5,000,000              | \$200,000/\$200,000         | 71,295                                  |
| Blanket Fidelity   | Great American             | \$5,000,000/\$1,000,000  | \$25,000/\$10,000           | 12,750                                  |
| Treasurer's Bond   | Liberty Mutual             | \$25,000,000             | \$0                         | 18,250                                  |
| Multimedia   | Chubb                      | \$1,000,000              | \$25,000                    | 6,178                                   |
| Student Malpractice  | CNA (Amer. Casualty)       | \$3,000,000/\$1,000,000  | \$0                         | 22,612                                  |
| Athletics  | Mutual of Omaha            | \$5,000,000/\$10,000,000 | \$25,000                    | 19,527                                  |
| Student Accident Health  | US Fire (Crum & Foster)    | \$10,000                 | \$0                         | 32,850                                  |
| Foreign Package  | ACE/American Ins. Co.      | \$1,000,000              | \$1,000                     | 3,849                                   |
| Surety Bond (CDL Program)  | Fidelity & Deposit Co.     | \$40,000                 | \$0                         | (6) 450                                 |
| Liquor Liability (Washburne)   | Lloyds of London           | \$1,000,000              | \$0                         | (6) 1,704                               |
| CCC Foundation D & O Liability (5)   | Great American             | \$1,000,000              | \$1,000                     | (6) 875                                 |
| <b>TOTAL</b>   |                            |                          |                             | 916,240                                 |
| <b>(1)</b> Boiler & Machinery Premium is included in the Property (RE & Contents) Quotation  |                            |                          |                             |   |
| <b>(2)</b> Commercial Auto Physical Damage Premium is included in the Property (RE & Contents) Quotation                                     |                            |                          |                             |   |
| <b>(3)</b> Denotes Estimate due to Audit occurring in January 2012   |                            |                          |                             |   |
| <b>(4)</b> Denotes increase from \$150,000 to \$200,000 in Retention Level for Claims associated with Employment Matters                     |                            |                          |                             |   |
| <b>(5)</b> Policy is paid from CCC Foundation resources  |                            |                          |                             |   |
| <b>(6)</b> Denotes Premium Estimate due to Expiration dates beyond November 15, 2011 Renewal Date  |                            |                          |                             |   |
| *** Board Report 30984 of May 12, 2011 previously authorized Fee for Service payable to Arthur J. Gallagher & Co. in the amount of \$114,400 |                            |                          |                             |   |

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. The proposed Carriers reflect an AM Best Rating Guide of "A-", VIII or better. The proposed annual renewal premium of \$916,240 represents a net increase of \$46,172 compared to the current year premium of \$870,068.

**MBE/WBE COMPLIANCE:**

The Office of M/WBE Contract Compliance has reviewed the renewal option and Arthur J. Gallagher & Co., subcontracting with Lambent Risk Management Services, Inc. as its MBE provider and Risk Management & Information Systems as its WBE provide, remains in compliance with the Board Approved Participation Plan.

**MBE Vendor:**

Lambent Risk Management Services, Inc.  
One N. LaSalle Street, Suite 1130  
Chicago, IL 60602

**WBE Vendor:**

Risk Management & Information Services  
151 N. Michigan  
Chicago, IL 60602

**GENERAL CONDITIONS:**

Inspector General – It shall be the duty of each party to the 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.

Ethics – It shall be the duty of each party to the agreement to comply with the applicable provisions of the Board's Ethics Policy adopted January 7, 1993, and as amended by the Board.

**FINANCIAL:**

**Total:** \$916,240

**Charge To:** Department of Risk Management

**Source of Funds:** Liability Protection and Settlement Fund

Unrestricted Fund

|  |            |
|--|------------|
| Liability & Protection Fund – 05001-0025010-00086-01000-522100 | \$ 95,340  |
| Liability & Protection Fund – 05001-0025010-00078-01000-567100 | \$ 820,025 |
| CCC Foundation   | \$ 875     |

**Respectfully submitted,**

**Cheryl L. Hyman  
Chancellor**

**November 3, 2011 - Office of Risk Management**