

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

RENEWAL OF COMMERCIAL INSURANCE POLICIES
MARSH USA, INC.
DISTRICT WIDE

THE CHANCELLOR RECOMMENDS:

that the Board of Trustees authorizes the Chair to exercise the option to renew the commercial insurance policies brokered through Marsh USA, Inc. at the recited limits and deductible/retention levels expressed below, for the period from November 15, 2012 through November 15, 2013, at a total cost not to exceed \$998,791.

VENDOR: Marsh, USA, Inc.
540 W. Madison – Suite 1200
Chicago, IL 60661

USER: District Wide

ORIGINAL TERM:

The original term of the underlying agreement with Marsh USA, Inc. commenced on July 1, 2012 and shall end on June 30, 2015.

OPTION/RENEWAL TERMS:

The renewal term for the commercial insurance policies will commence on November 15, 2012 and end on November 14, 2013.

SCOPE OF SERVICES:

Marsh USA, Inc. 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:

The Office of Risk Management, together with its Insurance Broker, Marsh USA, Inc. 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 from November 15, 2012 through November 15, 2013. In each

instance, the recommended carrier submitted the lowest and most competitive renewal premium quotation. The Office of Risk Management recommends the addition of a new Environmental Policy to insure certain unknown risk associated with proposed Capital Projects at Malcolm X College and Olive-Harvey College. In addition, expansion of the District's Cyber Policy is proposed as well.

CITY COLLEGES OF CHICAGO COMMERCIAL INSURANCE PORTFOLIO RENEWAL				
Coverage	Carrier	Limits	Deductible/Retention	Annual Premium November 2012
General Liability	United Educators	\$3,000,000/\$750,000	\$250,000/\$750,000	\$135,036
Excess Liability	United Educators	\$15,000,000	\$25,000	\$155,033
Property (RE & Contents)	Affiliated FM Global	\$500,000,000	\$5,000/\$10,000/\$50,000	\$391,304
Boiler & Machinery (1)	Affiliated FM Global	\$500,000,000	\$10,000	Inc.
Commercial Auto(Physical Damage) (2)	Affiliated FM Global	Scheduled Vehicles (69)	\$2,500/\$5,000	Inc.
Environmental (3)	ACE	\$5,000,000	\$25,000	\$21,600
Excess Work Comp	Safety National	Statutory/\$1,000,000	\$500,000	\$83,911
Work Comp Premium Audit (4)	Safety National	n/a	n/a	\$6,500
Educators Legal Liability (incl. D & O)	IL Nat'l Ins Co. (CHARTIS)	\$5,000,000	\$200,000/\$200,000	\$86,235
Blanket Fidelity	Great American	\$5,000,000/\$1,000,000	\$25,000/\$10,000	\$14,025
Treasurer's Bond	Liberty Mutual	\$25,000,000	\$0	\$17,750
Multimedia & Cyber	Chubb	\$1,000,000	\$25,000	\$15,796
Student Malpractice (5)	Liberty Mutual	\$3,000,000/\$1,000,000	\$0	\$15,387
Athletics (5)	AXIS Global	\$5,000,000/\$10,000,000	\$25,000	\$20,210
Student Accident Health (5)	AXIS Global	\$10,000	\$0	\$29,200
Foreign Package	ACE/American Ins. Co.	\$1,000,000	\$1,000	\$2,954
Surety Bond (CDL Program)	Fidelity & Deposit Co.	\$40,000	\$0	(7) \$450
Liquor Liability (Washburne)	Lloyds of London	\$1,000,000	\$0	(7) \$2,500
CCC Foundation D & O Liability (6)	Great American	\$1,000,000	\$1,000	(7) \$900
TOTAL				\$998,791
(1) Boiler & Machinery Premium is included in the Property (RE & Contents) Quotation				
(2) Commercial Auto Physical Damage Premium is included in the Property (RE & Contents) Quotation				
(3) Denotes new Policy in consideration of proposed Capital Projects				
(4) Denotes Estimate due to Audit occurring in January 2013				
(5) Denotes change in Carrier				
(6) Policy is paid from CCC Foundation resources				
(7) Denotes Premium Estimate due to Expiration dates beyond November 15, 2012 Renewal Date				
*** Board Report 31474 of June 7, 2012 previously authorized Fee for Service payable to Marsh USA, Inc. in the amount of \$80,000 annually.				

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 \$998,791 represents a net increase of \$82,551 compared to the current year premium of \$916,240.

MBE/WBE COMPLIANCE:

The Office of M/WBE Contract Compliance has reviewed the agreement renewal option and Marsh USA, Inc. subcontracting with Paradigm Risk Management as its MBE provider and Risk Innovations as its WBE provide, remains in compliance with the Board Approved Participation Plan.

MBE Vendor:

Paradigm Risk Management 205 W. Randolph, Suite 1200 Chicago, IL 60606	Direct Participation 25%	City Certification
--	-----------------------------	--------------------

WBE Vendor:

Risk Innovations 1202 N. 75 th Street # 253 Downers Grove, IL 60516	Direct Participation 7%	City Certification
--	----------------------------	--------------------

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 2, Section 2.7.4(b) of the Board Bylaws.

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.

Contingent Liability – Pursuant to Section 7-14 of the Illinois Public Community College Act, all agreements authorized herein shall contain a clause that any expenditure beyond the current fiscal year is subject to appropriation in the subsequent fiscal year.

FINANCIAL:

Total: \$998,791

Charge To: Department of Risk Management

Source of funds: Liability Protection and Settlement Fund

Respectfully submitted,

**Cheryl L. Hyman
Chancellor**

November 1, 2012 - Office of Risk Management