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ADOPTED – BOARD OF TRUSTEES
COMMUNITY COLLEGE DISTRICT NO. 508
NOVEMBER 7, 2013

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

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

THE CHANCELLOR RECOMMENDS:

that the Board of Trustees authorizes the Chair to execute the option to renew the commercial insurance policies brokered through Marsh USA, Inc. at the recited limits and retention/deductible levels expressed below, for the period from November 15, 2013 through November 15, 2014 at a total cost not to exceed \$1,219,335.

VENDOR: Marsh, USA, Inc.
540 West Madison, Suite 1200
Chicago, Illinois 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. Marsh USA, Inc. was selected under a Request for Proposal (RFP) #SH1202 issued February 10, 2012. Eighteen (18) companies were contacted. Six (6) responded to the RFP on March 7, 2012. All qualifications were reviewed, evaluated and ranked by staff which included the Office of Finance, the Office of Business Enterprise, Office of Institutional Advancement and Office of Risk Management, Office of Administrative and Procurement Services and the Office of M/WBE Contract Compliance. Based on the evaluation scoring, staff recommended the acceptance of the Marsh USA, Inc. proposal under Board Report #31474, adopted on June 7, 2012.

OPTION/RENEWAL TERMS:

The renewal term for the commercial insurance policies will commence on November 15, 2013 and end on November 14, 2014.

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 November 15, 2013 through November 15, 2014. In each instance, the recommended Carrier submitted the lowest and most competitive renewal premium quotation.

CITY COLLEGES OF CHICAGO COMMERCIAL INSURANCE PORTFOLIO RENEWAL				
Coverage	Carrier	Limits	Retention/Deductible	Annual Premium November 2013
General Liability	United Educators	\$3,000,000	\$250,000	\$149,215
Excess Liability	United Educators	\$15,000,000	\$1,000,000	\$155,033
Property (RE, Contents, Boiler & Machinery) (1)	XL Group	\$500,000,000	\$10,000	\$525,000
Commercial Auto(Physical Damage) (2)	RLI Insurance Company	Scheduled Vehicles (72)	\$2,500/\$5,000	\$47,882
Environmental (3)	ACE	\$5,000,000	\$25,000	\$14,225
Excess Work Comp	Safety National	Statutory/\$1,000,000	\$500,000	\$82,851
Work Comp Premium Audit (4)	Safety National	n/a	n/a	\$0
Educators Legal Liability (inc. D & O)	IL Nat’l Ins Co. (CHARTIS)	\$5,000,000	\$200,000/\$200,000	\$95,883
Blanket Fidelity	Great American	\$5,000,000/\$1,000,000	\$25,000/\$10,000	\$14,556
Treasurer’s Bond	Liberty Mutual	\$25,000,000	\$0	\$17,750
Multimedia	Chubb	\$1,000,000	\$25,000	\$7,173
Cyber	Zurich	\$1,000,000	\$100,000	\$39,218
Student Malpractice	Liberty Mutual	\$3,000,000/\$1,000,000	\$0	\$15,059
Athletics	AXIS Global	\$5,000,000/\$10,000,000	\$25,000	\$29,210
Student Accident Health	AXIS Global	\$10,000	\$0	\$20,210
Foreign Package	ACE/American Ins. Co.	\$1,000,000	\$1,000	\$2,500
Surety Bond (CDL Program) (5)	Fidelity & Deposit Co.	\$40,000	\$0	\$290
Liquor Liability (Washburne) (5)	Lloyds of London	\$1,000,000	\$0	\$2,500
CCC Foundation D & O Liability (5) (6)	Great American	\$1,000,000	\$1,000	\$800
TOTAL				\$1,219,335
Less Credits held by MARSH				(\$25,911)
Net due for 2013 Renewal				\$1,193,424
(1) Denotes change in Insurance Carrier				
(2) Commercial Auto Physical Damage Policy removed from Master Property Policy				
(3) Applies to Capital Projects at MXC & OHC				
(4) Denotes Estimate due to Audit occurring in January 2014				
(5) Denotes Premium Estimate due to Expiration dates beyond November 15, 2013 Renewal Date				
(6) Policy is paid from CCC Foundation resources				
(7) The District has earned a 4% Premium Credit extended by United Educators in recognition of various proactive Risk Management initiatives				
(8) The District expects a Dividend from United Educators (Reciprocal Retention Group) in the amount of \$14,625.77 to be paid post November 15, 2013				
*** 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.

MBE/WBE COMPLIANCE:

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

<u>Vendor</u>	<u>MBE or WBE</u>	<u>%</u>	<u>Direct or Indirect</u>	<u>Certifying Agency</u>
Paradigm Risk Management 205 W. Randolph, Suite 1200 Chicago, IL 60606	MBE	25	Direct	City of Chicago
Risk Innovations 1202 N. 75 th Street # 253 Downers Grove, IL 60516	WBE	7	Direct	City of Chicago

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.

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: \$1,219,335

Charge To: Department of Risk Management

Source of Funds: Liability Protection and Settlement Fund

Unrestricted Fund

Liability & Protection Fund – 05001-0025010-00086-01000-522100	\$ 82,851
Liability & Protection Fund – 05001-0025010-00078-01000-567100	\$ 1,135,684
CCC Foundation	\$ 800

Respectfully submitted,

**Cheryl L. Hyman
Chancellor**

November 7, 2013 - Office of Risk Management