

32830

**ADOPTED – BOARD OF TRUSTEES
COMMUNITY COLLEGE DISTRICT NO. 508
NOVEMBER 5, 2015**

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

**PLACEMENT OF COMMERCIAL INSURANCE POLICIES
MARSH USA, INC. AND VARIOUS INSURANCE CARRIERS
OFFICE OF RISK MANAGEMENT
DISTRICT WIDE**

THE CHANCELLOR RECOMMENDS:

that the Board of Trustees authorizes the Chair to procure commercial insurance policies brokered through Marsh USA, Inc. at the recited limits and deductible/retention levels expressed below, for the period from November 15, 2015 through November 15, 2016, at a total cost not to exceed \$1,211,689.

VENDORS: Marsh, USA, Inc. (Broker) Various Insurance Carriers (see next page)
540 West Madison Street
Suite 1200
Chicago, Illinois 60661

USER: District Wide

ORIGINAL/RENEWAL TERMS (MARSH, USA):

The original term of the underlying Agreement with Marsh USA, Inc. commenced on July 1, 2012 and expired June 30, 2015. Subsequently, the underlying Agreement was extended for the period from July 1, 2015 through June 30, 2016 under Board Report #32727 adopted by the Board of Trustees on July 9, 2015.

POLICY PLACEMENTS (INSURANCE CARRIERS):

The first policy placement for the commercial insurance policies brokered by Marsh USA, Inc. commenced on November 15, 2012. The second policy placement occurred November 15, 2014. The proposed policy placement for the commercial insurance policies will commence on November 15, 2015 and end on November 15, 2016.

SCOPE OF SERVICES:

Marsh USA, Inc. facilitates the solicitation of competitive insurance premium quotations and the placement of various commercial insurance policies to insure against 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.

VENDOR SELECTION CRITERIA:

Marsh USA, Inc. was selected under a Request for Proposal (RFP) #SH1202 issued February 10, 2012. Eighteen (18) companies were contacted. Six (6) firms responded to the RFP on March 7, 2012. All qualifications were reviewed, evaluated and ranked by staff which included the Offices of Finance, Business

Enterprise, Institutional Advancement, Risk Management, Administrative and Procurement Services and 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.

The Office of Risk Management, together with Marsh USA, Inc. and the MBE/WBE partners, engaged in a plan to aggressively market the District’s Insurance Portfolio 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 premium quotations for the period from November 15, 2015 through November 15, 2016. In each instance, the recommended Insurance Carrier submitted the lowest and most competitive renewal premium quotation.

CITY COLLEGES OF CHICAGO COMMERCIAL INSURANCE PORTFOLIO RENEWAL				
Coverage	Carrier	Limits	Deductible/Retention	Annual Premium November 2015
General Liability	United Educators	\$1,000,000 Occurrence \$3,000,000 Aggregate	\$250,000	\$155,198
Excess Liability	United Educators	\$15,000,000	\$1,000,000	\$161,248
Property (RE, Contents, Boiler & Machinery)	XL Group	\$500,000,000	\$25,000	\$497,371
Commercial Auto (Physical Damage)	RLI Insurance Company	Scheduled Vehicles (78)	\$2,500/\$5,000	\$52,555
Environmental (1)	ACE	\$5,000,000	\$25,000	\$13,731
Excess Work Comp	Safety National	Statutory/\$1,000,000	\$600,000	\$69,136
Work Comp Premium Audit (2)	Safety National	n/a	n/a	\$0
Educators Legal Liability (inc. D & O)	IL Nat'l Ins Co. (AIG)	\$5,000,000	\$200,000	\$125,483
Blanket Fidelity	Berkley	\$5,000,000	\$25,000	\$14,752
Treasurer's Bond	Liberty Mutual	\$25,000,000	\$0	\$17,750
Cyber & Multimedia	Beazley (Lloyds)	\$1,000,000	\$50,000	\$31,001
Student Malpractice	Liberty Mutual	\$1,000,000 Occurrence \$3,000,000 Aggregate	\$0	\$12,222
Athletics	AXIS Global	\$5,000,000 Occurrence \$10,000,000 Aggregate	\$25,000	\$22,554
Student Accident Health	AXIS Global	\$10,000	\$0	\$32,598
Foreign Package	ACE/American Ins. Co.	\$1,000,000	\$1,000	\$2,500
Surety Bond (CDL Program) (3)	Fidelity & Deposit Co.	\$40,000	\$0	\$290
Liquor Liability (Washburne) (3)	Lloyds of London	\$1,000,000	\$0	\$2,500
CCC Foundation D & O Liability (3 & 4)	Great American	\$1,000,000	\$1,000	\$800
TOTAL				\$1,211,689
<i>Less Credits held by Marsh, USA</i>				\$1,040
Net Due at Renewal				\$1,210,649
(1) Applies to Capital Projects at MXC & OHC				
(2) Denotes Estimate due to Audit occurring in January 2016				
(3) Denotes Premium Estimate due to Expiration dates beyond November 15, 2015 Renewal Date				
(4) Policy is paid from CCC Foundation resources				
*** The District has earned a 4% Premium Credit extended by United Educators in recognition of various proactive CCC Risk Management initiatives				
*** The District expects a Dividend from United Educators (Reciprocal Retention Group) in the amount of \$12,025.01 to be paid post November 15, 2015.				
*** Board Report #32727 dated July 9, 2015 previously authorized Fee for Service payable to Marsh USA, Inc. in the amount of \$80,000 annually.				

BENEFIT TO CITY COLLEGES OF CHICAGO:

The District requires commercial insurance coverage to protect the District against losses that could have a significant impact on District operations and its financial condition.

The coverage limits referenced above are at levels consistent with Illinois statutory requirements and are within reasonable levels to insure the District’s requirements, interests and operations. The proposed Insurance Carriers reflect an AM Best Rating Guide of “A-”, VIII or better. The proposed annual premium of \$1,211,689 represents a net increase of \$22,706 compared to the current year premium of \$1,188,983. The net increase is primarily attributable to the addition of the Malcom X College Campus and Parking Garage to the Property scheduled. Staff together with the Broker pursued an aggressive market strategy, productive Premium negotiations with various Carriers, a thoughtful review of Policy Limits as well as Retention levels and an assessment of the Institution’s risk appetite.

MBE/WBE COMPLIANCE:

The Office of MBE/WBE Contract Compliance has reviewed the proposed renewal agreement and Marsh USA, Inc. subcontracting remains in compliance with the Board Approved Participation Plan.

Vendor	MBE or WBE	%	Participation	Certifying Agency
Paradigm Risk Management 205 W. Randolph, Ste. 1200 Chicago, IL 60606	MBE	25	Direct	City of Chicago
Carrington Risk Consultants, LLC 123 Washington St. Ste. 326 Oswego, IL 60543	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 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 Act all agreements authorized herein shall contain a clause that any expenditure beyond the current the current fiscal year is subject to appropriation in the subsequent fiscal year.

FINANCIAL:

Total: \$1,211,689

Charge To: Department of Risk Management

Source of Funds: Liability Protection and Settlement Fund
Unrestricted Fund

Liability & Protection Fund – 05001-0025010-00078-01000-567100 **\$ 1,210,889**

CCC Foundation **\$ 800**

FY16: 560000-05001-0022502-80000

Respectfully submitted,

November 5, 2015 - Office of Risk Management