06-0927-PR13

September 27, 2006

AUTHORIZE PLACEMENT OF THE BOARD'S EXCESS LIABILITY INSURANCE THROUGH MESIROW INSURANCE SERVICES, INC.

THE CHIEF EXECUTIVE OFFICER REPORTS THE FOLLOWING DECISION:
Authorize Mesirow Insurance Services ("Mesirow"), the Board's Excess Liability Insurance Broker, to place the Board's Excess Liability Insurance policies with the insurance carriers listed below. The preceding coverage shall not exceed an aggregate cost to the Board of $1,295,000 in premiums. These placements will be arranged through Mesirow, selected on a competitive basis pursuant to Board Rule 5-4.1 (Specification No. 05-250055). The policies of coverage constitute the contract between the Board and its insurance carriers; and no other written documentation is required. Information pertinent to this matter is stated below:

INSURANCE CARRIERS:

1. Princeton E & S
   555 College Road East
   Princeton, NJ 08543

2. Westchester/Surplus Lines Ins. Co.
   P.O. Box 21284
   Philadelphia, PA 19106

3. Great American Assurance Co.
   P.O. Box 2575
   Cincinnati, OH 45202

4. Lexington Insurance Co.
   200 State, 4th Floor
   Boston, MA 02110

5. Firemen's Fund Insurance Company
   777 San Marin Drive
   Novato, CA 94998

BROKER:
Mesirow Insurance Services, Inc.
321 North Clark
Chicago, Illinois 60601
Michael Mackey, Senior Managing Director
(312) 595-7900
Vendor#: 84715

USER:
School Financial Services/
Bureau of Risk Management
25 South Clark Street-14th Floor
John Maiorca, Chief Financial Officer
(773) 553-2725
Eileen Ryan, Assistant Risk Manager
(773) 553-2828

TERM: The terms of the excess liability policies shall commence on October 31, 2006 and shall end October 31, 2007.

DESCRIPTION OF POLICIES:
The coverage is provided on an occurrence and claims made basis subject to the following limits and retention.

Coverage	Description	Limits	Retention
Excess	Wrongful acts, personal injury, property damage liability, school board legal liability, employers' liability, non-owned aircraft liability, employment practices liability, employee benefit liability and harassment liability, TRIA & Surplus Lines Tax.	$75,000,000 (Sexual Harassment is limited to $5,000,000 excess of SIR)	$10,000,000 Self Insured Retention (SIR)

AUTHORIZATION: Authorize the Chief Financial Officer to execute all ancillary documents required to administer or effectuate the policies.

PREMIUM: All premium payments will be paid to Mesirow who will pay the appropriate insurance carriers based on premiums reported to the Bureau of Risk Management. Allowable premiums are outlined below and may be subject to change in the event of a change in rates, provided premiums do not exceed $1,295,000. Any premium change that causes the premium to exceed the maximum amounts stated shall require additional Board authority.

Coverage/Layer	Carrier	Not to Exceed
$10,000,000 xs 10 SIR	Princeton C&S	$400,000
$15,000,000 xs $10,000,000	Westchester	$290,000
$15,000,000 xs $25,000,000	Great American	$240,000
$15,000,000 xs $40,000,000	Lexington	$215,000
$20,000,000 xs $55,000,000	Firemen's Fund	$150,000
	Grand Total	**$1,295,000**

AFFIRMATIVE ACTION: Pursuant to section 3.7 of the M/WBE Plan, this transaction is excluded from M/WBE review because this vendor is merely a conduit of funds and receives no payments under this transaction.

LSC REVIEW: Local School Council approval is not applicable to this report.

FINANCIAL: Charge to Bureau of Risk Management: $1,295,000 Fiscal Year: 2007
Budget Classification: 0963-215-000-7066-5490

GENERAL CONDITIONS:
Inspector General – Each party to the agreement shall acknowledge that, in accordance with 105 ILCS 5/34-13.1, the Inspector General of the Chicago Board of Education has the authority to conduct certain investigations and that the Inspector General shall have access to all information and personnel necessary to conduct those investigations.

Conflicts – Any agreement shall not be legally binding on the Board if entered into in violation of the provisions of 105 ILCS 5/34-21.3 which restricts the employment of, or the letting of contracts to, former Board members during the one-year period following expiration or other termination of their terms of office.

Indebtedness – The Board's Indebtedness Policy adopted July 26, 1996 (96-0626-PO3), as amended from time to time, shall be incorporated into and made a part of the agreement.

Ethics – The Board's Ethics Code adopted June 23, 2004 (04-0623-PO4), as amended from time to time, shall be incorporated into and made a part of the agreement.

Contingent Liability –Any agreement shall contain the clause that any expenditure beyond the current fiscal year is deemed a contingent liability, subject to appropriation in the subsequent fiscal year budget(s).

Approved for Consideration:

Heather A. Obora

Heather A. Obora
Chief Purchasing Officer

Approved:

Arne Duncan

Arne Duncan
Chief Executive Officer

Within Appropriation:

John Maiorca
Chief Financial Officer

John Maiorca

Approved as to legal form:

Patrick J. Rocks
General Counsel