

APPROVE THE RENEWAL OF THE EXISTING AGREEMENT WITH PRUDENTIAL LIFE INSURANCE COMPANY OF AMERICA FOR BASIC EMPLOYEE GROUP VOLUNTARY LIFE INSURANCE AND ACCIDENTAL DEATH AND DISMEMBERMENT INSURANCE

THE CHIEF EXECUTIVE OFFICER REPORTS THE FOLLOWING DECISION:

Approve the renewal of the existing agreement with Prudential Insurance Company of America (Prudential) to provide Basic Group, and Voluntary Life Insurance and Accidental Death and Dismemberment Insurance at a cost not to exceed \$1,300,000 for these Insurances. Prudential was selected pursuant to a Request for proposal in 1998 and has been rendering these services for the last four years. A written renewal agreement is currently being negotiated. No payment shall be made to Prudential prior to the execution of the written renewal agreement. The authority granted herein shall automatically rescind in the event a written renewal document is not executed within 120 days of the date of this Board Report. Information pertinent to this renewal is stated below.

Specification No.: 00-250465

Provider: Prudential Insurance Company of America
440 South LaSalle Street, Suite 3600
Chicago, Illinois 60605
Susan Maxey Reid
(312) 542-3016
Vendor No: 30475

USER:
Bureau of Risk and Benefits Management
125 South Clark-14th Floor
Georgette Hampton, Director
(773) 553-2818

ORIGINAL AGREEMENT: The original agreement (authorized by Board Report 98-0429-FN9) was for a term commencing May 1, 1998 and ending May 1, 2000, with an option to renew for two one year terms. The agreement was extended for a period commencing May 1, 2000 and ending December 31, 2001, pursuant to Board Report # 01-0328-PR25. The Agreement was renewed for a period commencing January 1, 2002 and ending December 31, 2002, pursuant to Board Report# 01-0926-PR27. Prudential Insurance was selected pursuant to a Request for Proposal in 1998.

RENEWAL TERM: By mutual agreement of the parties, this agreement is being renewed for a period commencing January 1, 2003 and ending December 31, 2003.

SCOPE OF SERVICES: Prudential will continue to provide Basic and Voluntary Life Insurance and Accidental Death and Dismemberment protection for all eligible employees. Prudential will accept liability for claims that meet the criteria outlined in the Group Life Insurance Contract. The Voluntary Life and Accidental Death and Dismemberment Insurance portion of this program is funded through voluntary payroll deductions from participating Chicago Public School Employees.

DELIVERABLES: Prudential Insurance Company will continue to provide insurance, billing, claim adjudication and customer service. Prudential will continue to provide local service to the Board by an account team that includes an account executive, account manager and account consultant. Prudential will continue to provide premium and claim comparisons on a cumulative basis and provide a comprehensive list of death claims and conversions. Prudential will continue to provide booklet certificates for distribution to employees, process and verify waiver of premium claims and offer Portability and Conversion coverage to former employees.

OUTCOMES: Prudential will provide an enhanced life insurance program that will result in the timely and accurate processing of all eligible claims, within a stated objective of 97% of all complete claims processed within 5 business days and thorough reporting of premium and claims activity, which will enable the Board to monitor the program to ensure it continues to meet the needs of its employees.

COMPENSATION: The total cost of the program for this 12-month renewal period shall not exceed \$1,300,000 for the Basic Life Program. Prudential shall be paid a monthly amount based upon enrollment and the rates specified in the renewal agreement.

AUTHORIZATION: Authorize the General Counsel to include other relevant terms and conditions in the written renewal document. Authorize the President and Secretary to execute the renewal document. Authorize Director of Risk and Benefits Management to execute all ancillary documents required to administer or effectuate this renewal agreement.

AFFIRMATIVE ACTION: The vendor has proposed the following M/WBE participation for the contract period and identified the following firms and percentages:

Contract \$1,300,000

The Owens Group	African American	\$72,800	5.6%
-----------------	------------------	----------	------

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

FINANCIAL: Charge to Risk and Benefits Management \$1,300,000 Fiscal Year 2003
Budget Classification: Sundry units, all operating funds, sundry programs, group life insurance (object 5690).

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 – The 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 member during the one year period following expiration or other termination of their terms of office.

Indebtedness – The Board’s Indebtedness Policy adopted July 26, 1995 (95-0726-EX3), as amended from time to time, shall be incorporated into and made a part of the agreement.


Ethics – The Board’s Ethics Code adopted September 27, 1995 (95-0927-RU3), as amended from time to time, shall be incorporated into and made a part of the agreement.

Contingent Liability – The 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:

Approved:

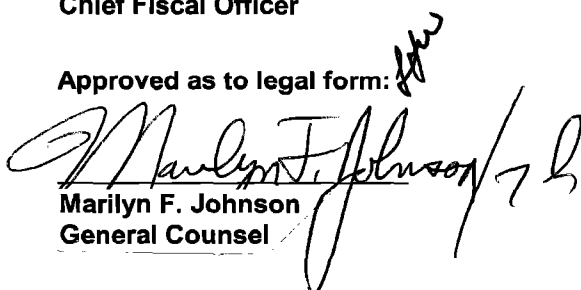

 Arjita Rocha
 Acting Chief Purchasing Officer


 Arne Duncan
 Chief Executive Officer

Within Appropriation:


 Kenneth C. Gotsch
 Chief Fiscal Officer

Approved as to legal form:


 Marilyn F. Johnson
 General Counsel