

**AUTHORIZE THE EXTENSION OF EXISTING INSURANCE POLICIES FOR THE OWNER CONTROLLED
INSURANCE PROGRAM (OCIP)**

THE CHIEF EXECUTIVE OFFICER REPORTS THE FOLLOWING DECISION:

Authorize the extension of the following existing insurance policies: (1) TIG Premier Insurance Company to provide General Liability and Workers' Compensation insurance, (2) Illinois National Insurance Company to provide abatement liability insurance (3) American International Specialty Lines Insurance Company to provide pollution liability insurance coverage's for abatement liability and contractors pollution liability (4) Royal Specialty Underwriting (Royal) to provide excess liability and (5) American National Fire Insurance Company (American) to provide excess liability insurance; all policies at no additional cost to the Board for the extension period. Written endorsements evidencing these extensions will be issued by the respective insurance carriers. Upon submission of the applications, policies will be issued. No other written documentation is required for these transactions.

Specification No.: 01-250023

INSURANCE CARRIERS:

<p>(1) TIG Premier Insurance Company 5205 N. O'Connor Boulevard TX 75039 (714) 937-2700 For: General Liability and Workers' Compensation Insurance</p>	<p>(2) Illinois National Insurance Company 70 Pine Street, 3rd Floor New York NY 10270 (212) 770-7000 For: Abatement Liability</p>	<p>(3) American International Specialty Lines Insurance Irving Company (AIG) Harbourside Financial Center 401 Plaza Three Jersey City NJ 07311 (201) 309-1100 For: Pollution Liability</p>
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(4) Royal Specialty Underwriting (Royal)
Royal Specialty Underwriting
12700 Oxnard St. #1500
Woodland Hills CA 91267
(818) 888-2322
For: Excess Liability Insurance

(5) American National Fire Insurance Company (American)
American National Fire Insurance Company
P.O. Box 2575
Cincinnati OH 45201-2575
(513) 369-5000
For: Excess Liability Insurance

Vendor No.: 23844

(Aon Risk Services of Illinois)

USER:

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

ORIGINAL AGREEMENT: Authorizations for original OCIP insurance policies were represented by separate board reports, as follows: 01-0124-PR22 for General Liability, Workers' Compensation and Excess Liability Insurance, 99-0324-PR39 for a term commencing April 1, 1999 and ending April 1, 2001, and for Environmental Liability Insurance for the term commencing April 1, 1999 and ending April 1, 2001.

TERM: The term of each policy extension shall commence April 1, 2001 and shall end April 1, 2002.

POLICY DESCRIPTIONS:

General Liability and Workers' Compensation

Insure all enrolled contractors and subcontractors for both general liability and workers' compensation/employers' liability. The policies are written on an occurrence basis with a total program deductible of \$9,240,000 adjustable at a rate of 4.65% of contractor payroll. Premiums are based on a contractor payroll estimates over the policy term and are adjustable at a rate of 1.24% of actual payroll. Primary insurance coverage is a follows:

COVERAGE	INSURANCE LIMITS	PER LOSS DEDUCTIBLE
WC/Employers Liability	Statutory/\$1,000,000	\$500,000
General Liability		\$500,000
General Aggregate/Occurrence	\$2,000,000/\$1,000,000	
Personal & Advertising	\$1,000,000	
Products/Completed Ops	\$2,000,000	
Medical Expense	\$10,000	
Fire Damage Legal	\$100,000	

Abatement Liability & Contractors Pollution Liability

These policies provide abatement liability and contractors pollution liability coverage on an occurrence basis. The policies each provide \$10,000,000 coverage per occurrence subject to the following deductibles:

- \$100,000 per occurrence
- \$300,000 aggregate with \$25,000 per occurrence thereafter

Excess Liability Insurance

These policies provide \$100,000,000 of excess insurance in three layers that apply when either a specific loss or aggregate losses exceed the primary insurance limits. These excess policy premiums are flat amounts and are not subject to payroll adjustment.

Insurer	Coverage	Layer	Premium
Royal	\$25,000,000	1 st	\$290,000
Royal	\$25,000,000	2 nd	\$75,000
American National Fire	\$50,000,000	3 rd	\$75,000

DELIVERABLES: The listed insurance companies will issue policies of insurance to the Board. Aon Risk Services of Illinois will assist to make all appropriate and necessary changes to the written policies as per the request of the Board.

OUTCOMES: Workers Compensation/Employers Liability, General Liability, Excess Liability and Environmental Liability insurance covering the contractor participating in the OCIP.

COMPENSATION: The listed insurance companies shall not be paid any additional premium amounts related to these coverages. All premiums have been pre-paid.

AUTHORIZATION: Authorize the Chief Fiscal Officer to execute the application to effectuate the policies. Authorize Director of Risk & Benefits Management to execute all ancillary documents required to administer or effectuate these policies.

AFFIRMATIVE ACTION: Pursuant to Section 3.7 of the M/WBE Plan, since these vendors are a conduit of the funds and receive no payment, this transaction is excluded from M/WBE review.

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

FINANCIAL: No cost to the Board in FY 2001.

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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:

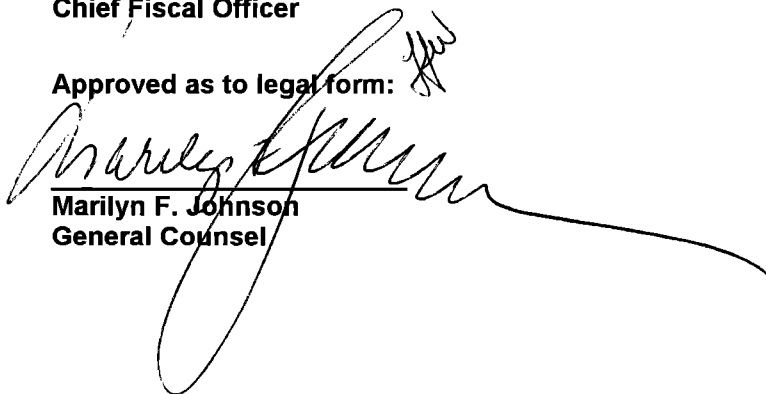

Natalye Paquin
Chief Purchasing Officer


Paul G. Vallas
Chief Executive Officer

Within Appropriation:


Kenneth C. Gotsch
Chief Fiscal Officer

Approved as to legal form:


Marilyn F. Johnson
General Counsel