

**APPROVE EXERCISING THE SECOND OPTION TO RENEW THE EMPLOYEE GROUP AND VOLUNTARY LIFE INSURANCE AGREEMENT WITH PRUDENTIAL LIFE INSURANCE COMPANY OF AMERICA**

**THE CHIEF EXECUTIVE OFFICER REPORTS THE FOLLOWING DECISION:**

Approve exercising the second option to renew the Basic Group, and Voluntary Life Insurance and Accidental Death and Dismemberment Agreements with Prudential Life Insurance at a cost not to exceed \$1,300,000 for the Basic Life Insurances. A written document exercising this option is currently being negotiated. The authority granted herein shall automatically rescind in the event a written document is not executed within 120 days of the date of this Board Report. Information pertinent to this option 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-14<sup>th</sup> 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 # 01-0328-25. Prudential Insurance was selected pursuant to a Request for Proposal in 1998.

**OPTION PERIOD:** The term of this agreement is being extended for the period commencing January 1, 2002 and ending December 31, 2002.

**OPTION PERIODS REMAINING:** There are no option periods remaining.

**SCOPE OF SERVICES:** Prudential Insurance Company 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 provide local service to the Board by an account team that includes an account executive, account manager and account consultant. Prudential will provide premium and claim comparisons on a cumulative basis and provide a comprehensive list of death claims and conversions. Prudential will 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 Insurance Company 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:** Provider shall be paid during this option period for the Basic Life Insurance Program as follows: Monthly installments based on the number of active employees, times the premium cost of \$2.21/employee with total compensation not to exceed the sum of \$1,300,000

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

**AFFIRMATIVE ACTION:** The vendor has proposed M/WBE participation for the renewal period and has identified the following firm and percentages:

5.6% African American:  
Owens Group 440 South LaSalle Street, Suite 3600, Chicago, Illinois 60605 \$6,882.00 5.6%

The identified firm is certified by the City of Chicago/Department of Purchases Contracts and Supplies. The identified firm is subject to change upon approval from the division of Compliance and Vendor Services in the Procurement and Contracts Department without further Board approval.

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

**FINANCIAL:** Charge to Risk and Benefits Management \$.1,300,000 Fiscal Year 2002  
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:**

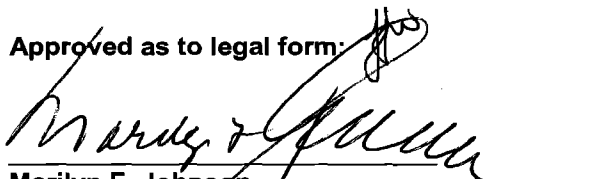
  
Natalye Paquin  
Chief Purchasing Officer

  
Arne Duncan  
Chief Executive Officer

**Within Appropriation:**

**Approved as to legal form:**

  
Kenneth C. Gotsch  
Chief Fiscal Officer

  
Marilyn F. Johnson  
General Counsel