

**AUTHORIZE THE PLACEMENT OF EXCESS COMMERCIAL CRIME INSURANCE THROUGH
ARTHUR J. GALLAGHER AND COMPANY**

THE CHIEF EXECUTIVE OFFICER REPORTS THE FOLLOWING DECISION:

Authorize placement of the Board's Excess Commercial Crime Insurance through the Board's Broker, Arthur J. Gallagher and Company, with the following insurance carriers at a cost not to exceed \$108,030.00 annually in the aggregate. These policies of coverage constitute the contract between the Board and its carriers and no further written documentation is required. Information pertinent to this matter is stated below:

Specification No.: 99-250245

INSURANCE CARRIERS:

- | | | |
|--|---|---|
| <p>1. <u>Great American Insurance Company</u>
George Lhota
900 Oakmont Lane, Suite 306
Westmont, IL 60559</p> | <p>2. <u>CNA Insurance Company</u>
Mike Beranek
CNA Plaza 36 South
Chicago, Illinois 60685</p> | <p>3. <u>Travelers Insurance Company</u>
Gail Schroeder
215 Sshuman Blvd.
Naperville, Illinois 60563</p> |
| <p>4. <u>Kemper Insurance Company</u>
Debbie Schaffel
500 West Madison Street
Chicago, Illinois 60606</p> | <p>5. <u>Hanover Insurance Company</u>
William Kraft
333 W. Pierce Road
Itasca, Illinois 60143</p> | |

VENDOR:

Arthur J. Gallagher & Company
Two Pierce Place
Itasca IL
Contact Person Walter Larkin
Phone: 630 285-3624
Vendor#: 32164

USER:

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

TERM: The term of Excess Commercial Crime Insurance policy shall commence on October 1, 2001 and end July 1, 2002.

COVERAGE DESCRIPTION:

Coverage	Limits of Insurance	Deductibles
Employee Theft	\$50,000,000	\$500,000
Forgery or Alteration	\$50,000,000	\$500,000
Theft of Money & Securities Inside Premises	\$50,000,000	\$500,000
Computer Fraud	\$50,000,000	\$500,000

AUTHORIZATION: Authorize the Director of Risk and Benefits Management to execute all ancillary documents required to administer or effectuate the policies.

PREMIUM: All premium payments will be made through Arthur J. Gallagher & Company for payment to the appropriate insurance carriers based on premiums reported to the Bureau of Risk & Benefits Management. Allowable premium is outlined below and may be subject to change in the event of a change in property values.

Insurance Layer		Insurance Limit	Excess of:	Annual Premium	Prorated Premium
1st	Great American	\$10,000,000	\$500,000	\$29,430	\$24,430
2nd	CNA Insurance	\$10,000,000	\$10,500,000	\$28,600	\$23,741
3rd	Travelers	\$10,000,000	\$20,500,000	\$18,000	\$14,942
4th	Kemper	\$10,000,000	\$30,500,000	\$17,000	\$14,112
5th	Hanover	\$10,000,000	\$40,500,000	\$15,000	\$12,452
Total(s)		\$50,000,000	\$500,000	\$108,030	\$89,676

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

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

FINANCIAL: Charge to Bureau of Risk & Benefits Management: \$108,030.00 Fiscal Year: 2002
Budget Classification: 0963-215-000-7068-5490

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 – 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 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, 1995 (95-0726-EX3), as amended from time to time, shall be incorporated into and made a part of the agreement.

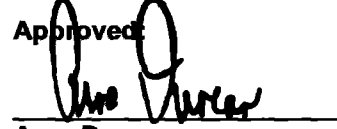
Ethics – The Board's Ethics Code adopted September 27, 1995 (95-0927-RU3), as amended from time to time, shall be incorporated into and made a part of the agreement.

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).

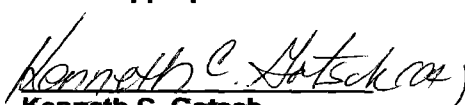
Approved for Consideration:


Natalye Paquin
Chief Purchasing Officer

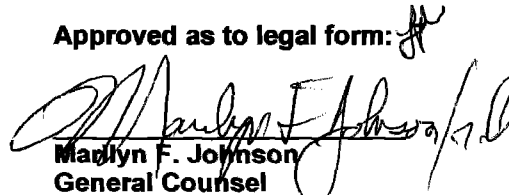
Approved:


Arne Duncan
Chief Executive Officer

Within Appropriation:


Kenneth C. Gotsch
Chief Fiscal Officer

Approved as to legal form:


Marilyn F. Johnson
General Counsel