

**AUTHORIZE PLACEMENT OF THE BOARD OF EDUCATION'S LIABILITY INSURANCE  
WITH THE HAYES GROUP**

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

Authorize The Hays Group, The Board's Excess Liability insurance Broker, to place the Board of Education's Excess Liability Insurance policies with various carriers listed below. All of the proceeding coverage's shall not exceed a cost to the Board of \$715,000.00 in premiums annually. The 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.:** 99-250034

**INSURANCE CARRIERS:**

**1. Munich American**

P.O. Box 3210  
Atlanta, GA 30302-3210

**2. Great American**

P.O. Box 2575  
Cincinnati, OH 45201-2575

**3. TIG**

P.O. Box 152870  
Irving, TX 75015-8830

**4. Kemper**

One Kemper Drive  
Long Grove, IL 60049

**5. Crum & Forster**

305 Madison Avenue  
Morristown, NJ 07960

**6. AIG**

70 Pine Street-3<sup>rd</sup> Floor  
New York, NY 10270

**7. Royal & Sun Alliance Insurance**

P.O. Box 1000  
Charlotte, NC 28201-1000

**8. Virginia Surety**

123 North Wacker Drive  
Chicago, IL 60606

**BROKER:**

The Hays Group  
2300 North Barrington Road, Suite 560  
Hoffman Estates, IL 60195  
Contact Person: Wally Kerr  
Phone: (847) 755-5555  
Vendor#: 31890

**USER:**

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

**TERM:** The terms of the policies shall commence on October 31, 2001 and shall end October 31, 2002.

**DESCRIPTION OF POLICIES:**

The coverage is provided on an occurrence and claims made basis subject to the following limits and deductibles.

Coverage	Description	Limits	Deductibles
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.	\$100,000,000 (Sexual Harassment is limited to \$5,000,000 excess of SIR)	\$10,000,000 SIR
Workfare	Covers Board and outside organizations providing non-compensated work experiences for Chicago Public School students.	\$1,000,000	\$0

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

**PREMIUM:** Premiums will be paid to The Hays Group who will place the insurance and pay the insurance companies directly. Allowable premium is outlined below and may be subject to change in the event of a change in rates.

Excess Coverage/Layer	Carrier	Not to Exceed
\$10,000,000 xs SIR	Munich American Risk Partners	\$131,000.00
\$25,000,000 xs \$10,000,000	Great American	\$180,000.00
\$65,000,000 xs \$35,000,000	TIG, Kemper, Crum & Forster, AIG and Royal/Sun Alliance	\$389,000.00
Workfare \$1,000,000	Virginia Surety	\$ 15,000.00

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

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

**FINANCIAL:** Charge to Bureau of Risk & Benefits Management: \$715,000.00 Fiscal Year: 2002  
 Budget Classification: 0963-215-000-7066-5490 charge \$480,000.00  
 0963-215-000-7064-5490 charge \$235,000.00

**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:**



**Approved:**

  
**Anita 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**