

**APPROVE EXERCISING THE OPTION TO RENEW THE AGREEMENT WITH MARTIN BOYER COMPANY
FOR CLAIMS ADMINISTRATION SERVICES AND AUTHORIZE THE FUNDING OF THE ESCROW ACCOUNTS
ASSOCIATED WITH THESE SERVICES**

THE CHIEF EXECUTIVE OFFICER REPORTS THE FOLLOWING DECISION:

Approve exercising the option to renew the agreement with Martin Boyer Company to continue providing claims administration services for the Board's liability, interscholastic and workers' compensation programs, at a cost not to exceed \$674,000 for a 12 month term, and authorize the continued funding of escrow accounts associated with these services in the amount of \$16,300,000.00. A written renewal agreement for vendor's services is currently being negotiated. No payment shall be made to vendor prior to the execution of the written renewal agreement. The authority granted herein shall automatically rescind in the event a written renewal agreement is not executed within 120 days of the date of this Board Report. Information pertinent to this renewal agreement is stated below.

SPECIFICATION NO. 00-250589

VENDOR: Martin Boyer Company
230 West Monroe
Chicago, Illinois 60603
(312) 456-6213
Contact Person: John Rittenhouse
Vendor# 20908

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

ORIGINAL AGREEMENT: The original agreement (authorized by Board Report # 00-0726-PR17) in the amount of \$789,832.00 is for a term commencing February 1, 2001 and ending March 31, 2002, with the Board having the option to renew the agreement for an additional 12-month period. Martin Boyer was selected on a non-competitive basis because of its ability to continue to maintain efficient cost effective, comprehensive claims management services for the last 22 years.

RENEWAL TERM: The Agreement shall be renewed for a term commencing on April 1, 2002 and ending March 31, 2003

RENEWAL OPTIONS: There are no renewal options remaining.

DESCRIPTION OF SERVICES: Martin Boyer Company will continue to receive all reports of accidents to students, visitors and employees, and process them appropriately under the guidelines of each self-insured plan. Martin Boyer Company shall pay claims and settlements through established escrow accounts. The funds will be encumbered annually, and the escrow accounts will be funded by periodic invoicing. The invoicing amounts are determined by the prior period volume and expected future losses. The amount transferred to the escrow account for each invoice shall not exceed \$300,000.00 for General Liability, \$55,000.00 for Interscholastic and \$500,000.00 for Workers' Compensation. The escrow accounts will be funded through the following budget lines:

Maintenance of Escrow Accounts

Escrow Accounts

Budget Line

General Liability	Budget Line: 0963-215-000-7064-5490	\$2,000,000.00
Interscholastic	Budget Line: 0963-215-000-7250-5490	\$300,000.00
Workers' Compensation	Budget Line: 0963-215-000-6010-5650	\$14,000,000.00
Total Amount		\$16,300,000.00

Martin Boyer's overall claims management will continue to provide the following:

Liability Claims Administration

- Receive and review the Report of Accident/Injury to Student/Visitor forms for general liability claims;
- Provide a risk management information system for student/visitor accidents and claims;
- Adjust general liability claims and disburse funds (medical, expense and settlements) from the Board's escrow account.
- Provide the Bureau of Risk Management with a journal of check register reports, and current data reflecting insurance liability loss information.

Interscholastic Medical Claims Administration

- Provide medical expense, disability income and accidental death benefits of up to \$1,000,000 per student in exchange for a waiver and release of all liability claims against the Board of Education
- Investigate and determine whether claims are in the category defined as an athletic injury, Reserve Officers and Training Core and Student Travel.
- Investigate other insurance agencies involved with the claims process and subrogate benefits;
- Maintain an escrow account for liability claims, and
- Should a catastrophic loss occur, a separate payment will be created and processed to meet the student's specific needs to avoid impairment of the escrow account.

Workers' Compensation Claims Administration

- Receive and review for compensability all employee accident claims;
- Review and apply PPO discount to all related medical bills;
- Pay all indemnity costs for compensable claims;
- Review all indemnity claims to determine the need for case management;
- Provide claim statistics to establish safety initiatives; and
- Maintain Board's escrow account.

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

COMPENSATION: Martin Boyer Company shall be paid an administrative fee of \$674,00 for the 12-month renewal term.

Administration Fees

General Liability	0963-215-000-7060-5490 An annual lump sum, not to exceed the sum of \$257,000.00
Interscholastic:	0963-215-000-7060-5490 An annual lump sum, not to exceed the sum of \$55,000.00
Workers' Compensation:	0963-215-000-6010-5650 An annual lump sum, not to exceed the sum of \$362,000.00
Total Administrative Fees	\$674,000.00

AFFIRMATIVE ACTION:

Contract Extensions/Renewals:

Based upon a review and analysis of the vendor's compliance with the M/WBE goals from the initial contract term, this contract is in full compliance with the original M/WBE participation goals required by the Revised Remedial Plan for Minority and Women Business Enterprise Contract Participation (M/WBE Plan). The original M/WBE participation goals for the contract include:

Total MBE, 33 % total African American, 23 % total Hispanic, 10 % total 0 %Asian and 5 %total WBE.

The vendor has identified and scheduled the following original M/WBE firms and percentages:

Total 33% MBE

Total 23.1% Black

Insurers Review Services 225 North Michigan Chicago, Il. 60601 \$64,250.00 9.5% 2/28/07

Risk Management Solution of America 216 W. Jackson, Ste. 900 \$79,640.00 11.8% 8/31/02

RLW Financial 9336 South Parnell Chicago, Il. 60620 \$12,100.00 1.8% 2/28/07

Total 9.7% Hispanic

Rolei Financial 737 North Michigan Chicago, Il. 60611 \$65,520.00 9.7% 7/31/06

Total 5% WBE

CoraFran, Inc. P.O. Box 498-495 Chicago, Il. 60649 \$33,700.00 5% 1/31/07

The City of Chicago Department of Procurement Services certifies each identified firm. The identified firms are subject to change upon approval from the Procurement and Contract's Division of Compliance and Vendor Services without further Board approval.

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

FINANCIAL: Charge to Risk and Benefits Management: \$674,000.00 for Administrative Fees-Fiscal Year: 2003

0963-215-000-7060-5490 \$300,000.00

0963-215-000-6010-5650 \$374,000.00

Charge to Risk and Benefits Management: \$16,300,000.00 to fund the Escrow Accounts-Fiscal year: 2003

0963-215-000-7064-5490 \$2,000,000.00

0963-215-000-7250-5490 \$300,000.00

0963-215-000-6010-5650 \$14,000,000.00

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:



Anita Rocha
Acting Chief Purchasing Officer

Approved:



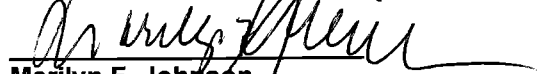
Arne Duncan
Chief Executive Officer

Within Appropriation:



Kenneth C. Gotsch
Chief Fiscal Officer

Approved as to legal form:



Marilyn F. Johnson
Attorney to General Counsel