

**APPROVE ENTERING INTO AN AGREEMENT WITH MARTIN BOYER COMPANY  
FOR CLAIMS ADMINISTRATION SERVICES AND AUTHORIZE THE FUNDING OF ESCROW ACCOUNTS  
ASSOCIATED WITH THESE SERVICES**

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

Approve entering into an agreement with Martin Boyer Company for claims administration services for the Board's liability, interscholastic and workers' compensation programs, at a cost not to exceed \$3.6 million for a 36 month term, and authorize the funding of escrow accounts associated with these services in the amount not to exceed \$16.5 million annually. Consultant was selected pursuant to a duly advertised Request for Proposal (Specification No. 03-250060). Martin Boyer has provided and continues to maintain efficient, cost effective, comprehensive claims management services for the last 25 years. A written agreement for vendor's services is currently being negotiated. No payments shall be made to Vendor prior to the execution of the written agreement. The authority granted herein shall automatically rescind in the event a written agreement is not executed within 120 days of the date of this Board Report. Information pertinent to this agreement is stated below.

**Specification Number: 03-250060**

**Contract Administrator: Nanzi Flores  
(773) 553-2273**

**VENDOR:** Martin Boyer Company  
175 West Jackson  
10<sup>th</sup> Floor  
Chicago, Illinois 60604  
(312) 381-8213  
Contact Person: John Rittenhouse

**USER:** Bureau of Risk and Benefits Management  
125 South Clark  
14<sup>th</sup> Floor  
Chicago, Illinois 60603  
(773) 553-2818  
Georgette Hampton, Director

**TERM:** The term of this agreement shall commence on July 1, 2003 and shall end June 30, 2006. This agreement shall have (2) two options to renew for periods of 12 months each.

**DESCRIPTION OF SERVICES:** Martin Boyer Company will 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 annually through the following budget lines:

<b>Escrow Accounts</b>	<b>Maintenance of Escrow Accounts Budget Line</b>	
General Liability	Budget Line: 0963-215-000-7064-5490	\$2,000,000.00 maximum
Interscholastic	Budget Line: 0963-215-000-7250-5490	\$500,000.00 maximum
Workers' Compensation	Budget Line: 0963-215-000-6010-5650	\$14,000,000.00 maximum
Total Amount		\$16,500,000.00 maximum

Martin Boyer's overall claims management will include the following services:

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 wavier and release of all liability claims against the Board of Education
- Review and apply PPO discount to all related medical bills;
- 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 compensable indemnity and medical 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.

**DELIVERABLES:** Martin Boyer shall provide monthly, quarterly, and annual reports, indicating the names of claimants, types of injuries sustained, and total amounts incurred, monthly management meetings with the claims staff, case management staff, prepare comprehensive investigative reports as requested and prepare assessments of the Board liability's in light of statutory and judicial requirements, copies of liens and complaints, and respond to all claimants in writing within 30-45 working days upon receipt of a claim.

**OUTCOMES:** Consultant's services will result in an affordable, comprehensive claims administration program for Chicago Public Schools students, employees and visitors.

**AUTHORIZATION:** Authorize the General Counsel to include other relevant terms and conditions in the written agreement. Authorize the President and Secretary to execute the agreement. Authorize the Director of Risk and Benefits Management to execute all ancillary documents required to administer or effectuate this 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 not to exceed \$3.6 million for the 36-month term.

**AFFIRMATIVE ACTION:** The M/WBE goals for this contract include 35%total MBE, 22%total African American, 10% TOTAL Hispanic, 2% total Asian and 5% total WBE.

However, the Waiver Review Committee recommends that a partial waiver of the M/WBE participation goals for this contracts as required by the Revised Remedial Plan be granted because the contract scope is not further divisible.

The vendor has, however, identified and scheduled the following firms and percentages

**Total MBE 33%**

**Total 23.3% African American**

Corfran, Inc.                      \$33,700 (2.8%)  
 6922 S. Jeffery                      Certification period 8/31/03  
 Chicago, IL.60649

Risk Management                      \$175,000 (14.5%)  
 216 W. Jackson,                      Certification period 7/31/03  
 Chicago, IL. 60606

Insurers Review                      \$64,250 (5.0%)  
 225 N. Michigan Ave.                      Certification period 6/1/03  
 Chicago, IL. 60601

RLW Financial                      \$12,000 (1.0%)  
 9336 South Parnell                      Certification period 8/31/03

**Total 10% Hispanic**

Rolei Financial                      \$109,500 (10%)  
 737 N. Michigan                      Certification period 7/31/03  
 Chicago, IL.60611

**Total 1.7% WBE**

Computer Package                      \$21,050 (1.7%)  
 69 Hawkins Circle                      Certification period 11/30/03  
 Wheaton, IL. 60187

**FINANCIAL:** Charge to Risk and Benefits Management: \$1,200,000.00 for Administrative Fees-Fiscal Year: 2004

0963-215-000-7060-5490                      \$ 540,000.00  
 0963-215-000-6010-5650                      \$ 660,000.00

Charge to Risk and Benefits Management: \$15,900,000.00 fund the Escrow Accounts-Fiscal year: 2004

0963-215-000-7064-5490                      \$ 2,000,000.00  
 0963-215-000-7250-5490                      \$ 200,000.00  
 0963-215-000-6010-5650                      \$13,700,000.00

**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.

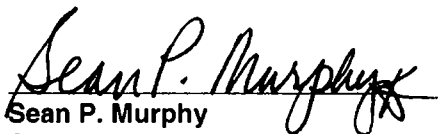
Conflicts – The agreement shall not be legally binding on the Board if entered into in violation of the provisions of 105 ILCS 5/34-21.3 which restricts the employment of, or the letting of contracts to, former Board members during the one year period following expiration or other termination of their 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:**

  
Sean P. Murphy  
Chief Purchasing Officer

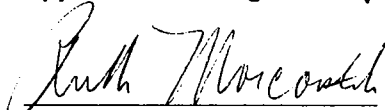
**Approved:**

  
Arne Duncan  
Chief Executive Officer

**Within Appropriation:**

  
David Vitale  
Chief Administrative Officer

**Approved as to legal form:**

  
Ruth Moscovitch  
General Counsel