

**APPROVE THE RENEWAL OF THE EXISTING AGREEMENT WITH PRUDENTIAL LIFE INSURANCE  
COMPANY OF AMERICA FOR BASIC EMPLOYEE GROUP VOLUNTARY LIFE INSURANCE  
AND ACCIDENTAL DEATH AND DISMEMBERMENT INSURANCE**

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

Approve the renewal of the existing agreement with Prudential Insurance Company of America (Prudential) to provide Basic Group, and Voluntary Life Insurance and Accidental Death and Dismemberment Insurance at a cost not to exceed \$700,000 for a period of 6 months. A written renewal agreement is currently being negotiated. No payment shall be made to Prudential during the renewal period prior to the execution of the written renewal agreement. The authority granted herein shall automatically rescind in the event a written renewal document is not executed within 120 days of the date of this Board Report. Information pertinent to this renewal 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-PR25. The Agreement was renewed for a period commencing January 1, 2002 and ending December 31, 2002, pursuant to Board Report 01-0926-PR27. The Agreement was further renewed for a term commencing January 1, 2003 and ending December 31, 2003, in the amount of \$1,300,000.00 (authorized by Board Report 02-0724-PR28). Prudential Insurance was selected pursuant to a Request for Proposal in 1998.

**RENEWAL TERM:** The Administrative Services Agreement shall be renewed for a term commencing January 1, 2004 and ending June 30, 2004. The six month renewal is needed to complete a Request for Proposal for the Boards Self-Insurance Medical Program to accommodate the re-design of the Program.

**SCOPE OF SERVICES:** Prudential 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 will provide insurance and claims adjudication for fully insured death benefit. Prudential will continue to provide premium and claim details.

**OUTCOMES:** Prudential will provide an enhanced life insurance program that will result in timely, and accurate processing of claims.

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

**COMPENSATION:** Prudential shall be paid a monthly amount based upon enrollment and the rates specified in the renewal agreement, not to exceed \$700,000.

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

Contract amount \$700,000

The Owens Group	African American	\$39,200	5.6%
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**LSC REVIEW:** Local School Council approval is not applicable to this report.

**FINANCIAL:** Charge to Risk and Benefits Management \$700,000 Fiscal Year 2004  
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.

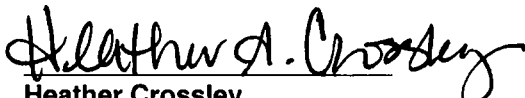
Indebtedness – The Board’s Indebtedness Policy adopted July 26, 1995 (95-0726-EX3), as amended from time to time, shall be incorporated into and made a part of the agreement.

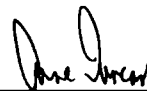
Ethics – The Board’s Ethics Code adopted September 27, 1995 (95-0927-RU3), as amended from time to time, shall be incorporated into and made a part of the agreement.

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:**

  
 Heather Crossley  
 Chief Purchasing Officer

  
 Arne Duncan  
 Chief Executive Officer

**Within Appropriation:**

  
 John Maiorca  
 Chief Financial Officer

**Approved as to legal form:** 

  
 Ruth Moscovitch  
 General Counsel