

October 22, 2003

**APPROVE THE RENEWAL OF THE EXISTING POLICY WITH STANDARD INSURANCE COMPANY  
TO PROVIDE VOLUNTARY GROUP LONG TERM DISABILITY INSURANCE  
FOR CHICAGO PUBLIC SCHOOL EMPLOYEES**

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

Approve the renewal of the existing policy with Standard Insurance Company (Standard) to provide Voluntary Group Long Term Disability Insurance for Chicago Public School Employees. Standard was selected on a non-competitive basis because it offers a 100% employee-pay group long-term disability plan with a rate schedule for employees. This coverage has been in place with Standard since September 1996. There are currently 20,250 active participants. The insurance policy and its binder shall constitute the Board's contract with this carrier. Information pertinent to this insurance matter is stated below.

**Specification No.: 00250568**

**INSURANCE CARRIER:** Standard Insurance Company  
900 S.W. Fifth Avenue  
Portland, Or. 97204  
(503) 321-8693  
Contact Person: Kelly Cushing  
Vendor# 30450

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

**RENEWAL TERM:** The renewal term for this insurance shall commence on January 1, 2004 and shall end June 30, 2004. This 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.

**DESCRIPTION OF POLICY:** Standard Insurance Long term Disability (LTD) Benefits is an Income Replacement System for employees who are unable to work due to a long-term illness or injury. A physician determines the employee's disabilities. These benefits provide 60% of the employee's earnings. The Board offers two LTD options to choose from; (1) 90 day waiting period and (2) 180 day waiting period. The waiting period is the length of time before LTD benefits began. The longer the waiting period, the lower the premium to the employee.

**DELIVERABLES:** Standard Insurance will provide fully insured disability coverage, and quarterly insurance reports.

**OUTCOMES:** Standard Insurance will provide an enhanced disability program that will result in timely, accurate, processing of eligible claims

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

**COMPENSATION:** This is a 100% employee-pay group long-term disability plan, with no cost to the Board of Education.

**AFFIRMATIVE ACTION:**

Pursuant to Section 3.7 of the Revised Remedial Plan for Minority and Women Business Enterprise Contract Participation (M/WBE Plan) this contract is exempt from review because the nature of the service is a unique transaction.

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

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**FINANCIAL:** This is a 100% employee-pay group long-term disability plan, with no cost to the Board of Education. Fiscal Year: 2004

**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.

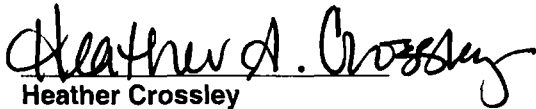
Indebtedness – The Board's Indebtedness Policy adopted July 26, 1995 (95-0726-EX3), as amended from time to time, shall be incorporated into and made a part of the agreement.

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.

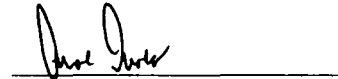
Contingent Liability – The agreement shall contain the clause that any expenditure beyond the current fiscal year is deemed a contingent liability, subject to appropriation in the subsequent fiscal year budget(s).

**Approved for Consideration:**

**Approved:**



Heather Crossley  
Chief Purchasing Officer



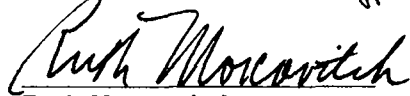
Arne Duncan  
Chief Executive Officer

**Within Appropriation:**



John Maiorca  
Chief Financial Officer

Approved as to legal form: 



Ruth Moscovitch  
General Counsel