

**APPROVE AGREEMENT WITH MESIROW INSURANCE SERVICES, INC. TO PROVIDE  
INSURANCE BROKER AND CONSULTING SERVICES**

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

Approve agreement with Mesirow Insurance Services, Inc. (Mesirow) to provide insurance broker and consulting services to the Bureau of Risk Management at a cost not to exceed \$400,000. Mesirow was selected on a competitive basis pursuant to Board Rule 7-2 (Specification No. 11-250025). A written agreement is currently being negotiated. No payment shall be made to consultant 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 No. 11-250025

Contract Administrator: Demetra Knowles (773) 553-3256

**INSURANCE BROKER:**

**Mesirow Insurance Services, Inc.**

353 North Clark

Chicago, Illinois 60610

Linda Price, Senior Managing Director

(312) 595-7260

Vendor# 84715

**USER:**

Risk Management

125 South Clark Street, 7th Floor

Celeste Sullivan, Risk Manager

(773)553-2244

**TERM:** The terms of this agreement shall commence on March 1, 2012 and shall end February 28, 2014.

**OPTION TO EXTEND:** The Board shall have (2) options to extend for twenty-four (24) months each.

**SCOPE OF SERVICES:** Mesirow will provide the following services to the Board:

Insurance Broker Services - Mesirow will provide insurance broker services to the Board, including placement of excess liability and property insurance programs. Using a single broker combined program results in a 20% reduction in fees. Mesirow will analyze Board operations and loss experience, develop insurance specifications with Risk Management, prepare marketing submissions, seek quotes from viable insurance markets, negotiate modifications, bind and place insurance programs. Mesirow will support Risk Management further with loss trending and forecasting services, contractual risk transfer assistance, certificate of insurance issuance, loss control consulting, actuarial services, and other broker services as needed.

Risk Management Consulting Services - Risk Management will have the option to assign Mesirow to provide loss control services to analyze and make recommendations/solutions for critical exposures of the Board for fee of \$12,500 for 100 hours of services. Risk Management/Finance will also have option to have actuarial services signed off as certified at cost of \$5,000 per signoff.

**DELIVERABLES:** Mesirow shall also provide the following deliverables:

- Submit final underwriting proposals to Risk Management within the prescribed timeframe to meet Board deadlines.
- Place insurance coverage upon Board approval.
- Place program on a fixed-fee basis without commission.
- Identify any and all entities that may benefit from the placement of each program, identify any commissions, contingencies, wholesale commissions, reinsurance, etc.
- Review and validate the accuracy of invoice statements, billings, and any premium adjustments in compliance with negotiated insurance wording.
- Review all policies and certify as accurate, in writing, upon delivery to Board.
- Issue endorsements and insurance certificates as needed or required.

- Submit a written report categorizing the Board's risk exposures.
- Prioritize Board's risk exposures and develop solutions.
- Prepare annual stewardship report.
- Use of Risk Pro computer program
- Actuarial Services without signoff.
- Written claim procedures
- Prepare insurance analysis with other system used by Board.

**OUTCOMES:** A comprehensive, cost-effective insurance program.

**COMPENSATION:** Mesirow shall be paid an annual brokerage administrative fee of \$155,000. Half of the fee will be paid upon assignment of services; the second half will be paid upon delivery of accurate insurance policies. Risk management loss control services will be paid at a flat annual rate of \$6,250. Certified actuarial reports will be billed at flat \$5,000 per signed report. Other consulting projects will be billed at rate of \$150 per hour thereafter and shall not exceed \$22,000 annually. Insurance programs must be placed on a fixed fee basis without commissions, and will be reported separately to the Board.

**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 Chief Financial Officer to execute all ancillary documents required to administer or effectuate the policies.

**AFFIRMATIVE ACTION:** This contract is in full compliance with the goals required by the Revised Remedial Plan for Minority and Women Business Enterprise Contract Participation. The M/WBE participation goals for the contract include: 25% total MBE, and 5% WBE.

The vendor has identified and scheduled the following firms and percentages during the renewal period:

**TOTAL MBE 25%**

**African American**

Insurers Review Services  
225 North Michigan Avenue, Suite 902  
Chicago, IL 60601

CS Insurance Strategies, Inc.  
542 S. Dearborn Street, 8<sup>th</sup> Floor  
Chicago IL 60605

**Hispanic**

Rolei Financial Services Corporation  
737 N. Michigan Ave Suite 1300  
Chicago, IL 60611

**TOTAL WBE 5%**

**WBE**

Risk Innovations, Inc.  
1202 N. 75<sup>th</sup> St.  
Downers Grove, IL 60516

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

**FINANCIAL:**

Charge the Bureau of Risk Management: \$200,000  
Budget Classification: 12470-210-54530-000-23111  
Charge the Bureau of Risk Management: \$200,000  
Budget Classification: 12470-210-54530-000-23111

Fiscal year 2012

Fiscal Year: 2013

Since the School code of Illinois prohibits the incurring of any liability unless an appropriation has been previously made, expenditures beyond the current FY12 are deemed to be contingent liabilities only, subject to appropriation in subsequent fiscal year budgets.

**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 – Any 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, 1996 (96-0626-PO3), as amended from time to time, shall be incorporated into and made a part of the agreement.


Ethics – The Board’s Ethics Code adopted June 23, 2004 (04-0623-PO4), as amended from time to time, shall be incorporated into and made a part of the agreement.

Contingent Liability –Any 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:**


  
Opal Walls  
Chief Purchasing Officer

  
Jean Claude Brizard  
Chief Executive Officer

**Within Appropriation:**

  
David G. Watkins  
Chief Financial Officer

**Approved as to legal form:**

  
Patrick J. Rocks  
General Counsel