

**AUTHORIZE PLACEMENT OF THE BOARD'S FY 2016 EXCESS LIABILITY AND  
PROPERTY INSURANCE PROGRAMS THROUGH MESIROW INSURANCE SERVICES, INC.**

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

Authorize Mesirow Insurance Services, Inc., to place the following insurance policies on behalf of the Board for liability and property insurance programs in the aggregate amount described in the Premium and Financial Section of this report. These placements will be arranged through Mesirow Insurance Services, Inc. (Mesirow), which was selected on a competitive basis pursuant to Board Rule 5-4.1. The policies of coverage constitute the contract between the Board and insurance carriers.

Specification No.11-250025

Contract Administrator: Sophia Kamberos

<b>Excess Liability Insurance Carriers</b>	
1. Allied World Assurance Company 199 Water Street New York, NY 10038 Ownership: Publically Traded	3. Ironshore Specialty Insurance Company One State Street Plaza, 7th Floor New York, NY 10004 Ownership: Fosun International, Publically Traded
2. Lexington Insurance Company 100 Summer Street Boston, MA 02110 Ownership: An AIG Company, Publically Traded	
<b>Property Insurance Carriers</b>	
1. Lexington Insurance Company 100 Summer Street Boston MA 02110 Ownership: An AIG Company, Publically Traded	
2. Starr Surplus Insurance Co. 399 Park Ave, 8th Floor New York, NY 10022 Ownership: Starr Companies/Starr Investment Holdings/C.V. Starr/Starr International – Privately Held	
3. Steadfast Insurance Company 1400 American Lane Schaumburg, IL 60196 Ownership: Zurich Insurance Group, Publically Traded	
<b>Mechanical Breakdown Insurance Carriers</b>	
1. Federal Insurance Company 15 Mountain View Road Warren, NJ. 07059 Ownership: Chubb Group of Insurance Companies, Publically Traded	
<b>Special Event Liability Insurance</b>	
1. National Casualty Insurance Company 175 Water Street New York, NY 10038 Ownership: Nationwide Mutual Insurance Company – Privately Held	
<b>Fiduciary Liability Insurance</b>	
1. National Union Fire Insurance Company of Pittsburgh, PA ("Chartis") 175 Water Street New York, NY, 10038 Ownership: An AIG Company, Publically Traded	
<b>Student Accident Insurance - Catastrophic</b>	
1. National Union Fire Insurance Company of Pittsburgh, PA ("Chartis") 175 Water Street New York, NY, 10038 Ownership: An AIG Company, Publically Traded	

**INSURANCE BROKER:**

Vendor# 84715  
 Mesirow Insurance Services, Inc.  
 353 N. Clark Street  
 Chicago, Illinois 60654  
 Linda Price, Senior Managing Director  
 (312) 595-7900

Ownership: Mesirow Financial Services, Inc. – 100%

**USER:**

Finance Department/Risk Management  
 42 West Madison Street – 2nd Floor  
 Ginger Ostro, Chief Financial Officer  
 (773) 553-2700

**TERM:** The term of each insurance policy shall commence on July 1, 2015, and shall end on June 30, 2016.

**DESCRIPTION OF POLICIES:**

The excess liability coverage is provided on an occurrence basis subject to the following limits and retentions. The aggregate insured value of the Board's property is in excess of \$21 billion on a replacement cost basis. The coverage is provided on an occurrence basis subject to the following limits, retentions, and deductibles, with an exception for locations which are vacant and scheduled to be demolished.

Coverage	Description	Limits	Retention or Deductible	Not to Exceed
<b>Excess Liability</b>	Wrongful acts, personal injury, property damage liability, school board legal, automobile, employment practices, employee benefit, harassment, sexual abuse and professional liability. Excludes Terrorism Risk Insurance Act (TRIA), and includes Surplus Lines tax.	\$55,000,000	\$10,000,000 Self Insured Retention (SIR)	\$1,300,000
<b>Special Events</b>	Liability for events held off Board premises. Limits Board's liability to insurance requirements in facilities usage contracts.	\$1,000,000 per event, \$5,000,000 if required by contract.	No deductible	\$60,000
<b>Property</b>	Replacement cost property coverage for values in excess of \$21 billion, including but not limited to property under construction.	\$100,000,000	\$5,000,000 SIR	\$2,000,000
<b>Mechanical Breakdown</b>	Coverage for sudden and accidental breakdown of boilers, machinery and electrical equipment.	\$100,000,000	\$50,000 SIR	\$85,000
<b>Fiduciary Liability</b>	Coverage for liability and wrongful acts of employees and administrators of deferred compensation plans.	\$10,000,000	No deductible	\$84,000
<b>Student Accident Insurance-Catastrophic</b>	Required by PA 98-0166, provides catastrophic accident insurance for students in grades 9-12 who participate in athletic events	\$6,000,000	\$25,000 deductible	\$98,000

**PREMIUM:** All premium payments will be made through Mesirow for payment to the appropriate insurance carriers based on premiums reported to Risk Management. Allowable premiums are outlined above and may be subject to change in the event of a change in rates, property values or coverage specifications. Any premium change that causes the premium to exceed the maximum amounts stated above shall require additional Board authority.

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

**AFFIRMATIVE ACTION:** Pursuant to section 3.7 of the M/WBE Plan, this transaction is excluded from M/WBE review because this vendor is merely a conduit of funds and receives no payments under this transaction.

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

**FINANCIAL:**

Charge to Risk Management: \$1,444,000.00 Fiscal Year: 2016  
Budget Classification: 12460.210.54530.231114.000000  
Liability Insurance

Charge to Risk Management: \$2,085,000.00 Fiscal Year: 2016  
Budget Classification: 12460.210.54530.231115.000000  
Property and Mechanical Breakdown Insurance

Charge to Risk Management: \$98,000.00 Fiscal Year: 2016  
Budget Classification: 12460.210.54530.119025.000000  
Student Accident Insurance

**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.

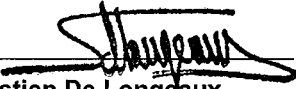
**Conflicts** – Any agreement shall not be legally binding on the Board if entered into in violation of the provisions of 105 ILCS 5/34-21.3 which restricts the employment of, or the letting of contracts to, former Board members during the one-year period following expiration or other termination of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

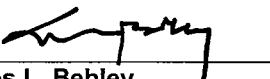
**Ethics** – The Board's Ethics Code adopted June 23, 2004 (04-0623-PO4), as amended from time to time, shall be incorporated into and made a part of the agreement.

**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).

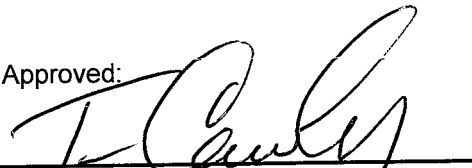
Approved for Consideration:

  
Sebastien De Longeaux  
Chief Purchasing Officer

Approved as to legal form: 

  
James L. Bebley  
General Counsel

Approved:

  
Timothy Cawley  
Chief Administrative Officer