

November 20, 2019

AMEND BOARD REPORT 18-1024-PR10
AUTHORIZE THE FIRST RENEWAL AGREEMENT WITH HARTFORD LIFE AND ACCIDENT
INSURANCE COMPANY AND CANNON COCHRAN MANAGEMENT SERVICES, INC FOR THIRD
PARTY CLAIMS ADMINISTRATION SERVICES AND LIFE INSURANCE

THE CHIEF EXECUTIVE OFFICER REPORTS THE FOLLOWING DECISION:

Authorize the first renewal agreement with Hartford Life and Accident Insurance Company as successor-in-interest to Aetna Life Insurance Company and Cannon Cochran Management Services, Inc. to provide insurance policies and third party claims administration services to the Talent Office and Risk Management Department at an estimated annual cost set forth in the Compensation Section of this report. Written documents exercising this option are currently being negotiated. No payment shall be made to either vendor during the option period prior to execution of their written document. The authority granted herein shall automatically rescind as to each vendor in the event their written document is not executed within 90 days of the date of this Board Report. Information pertinent to this option is stated below.

This November 2019 amendment is necessary to increase the not-to-exceed amount from \$3,940,000 to \$4,505,000 based on changes to rates for Basic Life Insurance and to update the description of the participation goals for the agreement. A written amendment to the agreement is required.

Specification Number : 15-350033

Contract Administrator : Cantero, Mrs. Nanzi / 773-553-2237

VENDOR:

- 1) Vendor # 34983
HARTFORD LIFE AND ACCIDENT
INSURANCE COMPANY
One Hartford Plaza
Hartford, CT 06155
John Choi
312 384-7758
Ownership: ESOP No one employee owns
more than 5%

- 2) Vendor # 69076
CANNON COCHRAN MANAGEMENT
SERVICES, INC
2 EAST MAIN STREET
DANVILLE, IL 61832
Bryan Thomas
312 455-1612
Ownership: No shareholder has greater than
10%

USER INFORMATION :

Project 11010 - Talent Office
Manager: 42 West Madison Street
Chicago, IL 60602
Kirkling, Miss Karla Rae
773-553-1892

Project 12460 - Risk Management
Manager: 42 West Madison Street
Chicago, IL 60602
Lorden, Ms. Ellen C
773-553-2210

ORIGINAL AGREEMENT:

The original Agreements (authorized by Board Report #15-0826-PR12) in the amount of \$6,400,000.00 are for a term commencing January 1, 2016 and ending December 31, 2018, with the Board having two (2) options to renew for two (2) year terms. The original agreements were awarded on a competitive basis pursuant to Board Rule 7-2.

OPTION PERIOD:

The term of each agreement is being renewed for two (2) years commencing January 1, 2019 and ending December 31, 2020.

OPTION PERIODS REMAINING:

There is one (1) option period for two (2) years remaining.

SCOPE OF SERVICES:

Cannon Cochran Management Services, Inc. will provide claims management services for:

1. Workers' Compensation, including Employers Liability

2. 3rd party liability:

- Auto Liability - Bodily Injury
- Auto Liability - Property
- Educators Legal
- Employee Benefit
- Employment Practices (including Sexual Harassment)
- General Liability - Bodily Injury
- General Liability - Property
- Sexual Misconduct
- Personal and Advertising Injury

3. Auto and Property:

- Equipment Breakdown Coverage
- First Party Property Coverage
- Collision
- Comprehensive

4. Interscholastic Sports Injury Medical Benefits Program (Board Report 10-1215-RS11) - Student Accident Health including where applicable, but not limited to, claim investigation, adjustment, notice to carriers, benefit administration, medical management, PPO, bill review, utilization review, litigation management, settlement negotiation, subrogation recovery, information management, management reporting, OSHA compliance services, and daily contact with Board staff. Cannon Cochran Management Services, Inc shall provide certain services, or arrange and administer certain services in addition to vendor administration, which shall be an additional allocated expense charged to the claim file. Such services to be included as allocated expense(s) to the claim file may include, but are not limited to, medical management, PPO, bill review, utilization review, surveillance, field investigations, expert consulting and testimony. Cannon Cochran Management Services, Inc shall receive all reports of accidents to students and visitors, and process them appropriately under guidelines as agreed to by the Board staff. Cannon Cochran Management Services, Inc shall pay claims, settlements and awards through established escrow accounts. The escrow accounts will be funded at intervals agreed upon by the Board staff.

The Hartford Life Insurance and Accident Insurance Company will continue to provide Employee Group Basic Life, Voluntary Life, Personal Accident and Disability Insurance. All premium payments will be made to the appropriate insurance carriers based on premiums reported by Hartford Life Insurance and Accident Insurance Company to the Talent Office. Any premium change that causes the premium to exceed the maximum amounts stated below shall require additional Board authority.

DELIVERABLES:

Vendors will continue to provide scope of services outlined above.

OUTCOMES:

Vendors' services will result in an affordable, comprehensive liability, property, interscholastic claims administration long-term disability, and life insurance program for the Chicago Public School employees, students, and visitors.

COMPENSATION:

Vendors shall be paid during this option period as follows:

Estimated annual costs for this option period are set forth below:

\$985,000 FY19

~~\$1,970,000~~ \$2,080,000 FY20

~~\$985,000~~ \$1,440,000 FY21

Not to exceed ~~\$3,940,000.00~~ \$4,505,000 for the two (2) year agreement. A further breakdown of the costs by category is listed in the Financial Section.

AUTHORIZATION:

Authorize the General Counsel to include other relevant terms and conditions in the written option documents. Authorize the President and Secretary to execute the option documents. Authorize the Chief Talent Officer to execute all ancillary documents required to administer or effectuate the option agreements.

AFFIRMATIVE ACTION:

~~Pursuant to the Remedial Program for Minority and Women Owned Business Enterprise Participation in Goods and Services contracts (MAWBE Program), the Business Diversity goals for this pool are 30% MBE and 7% WBE. This vendor pool is comprised of 2 vendors. Cannon Cochran Management Services, Inc. has goals of 30% MBE and 7% WBE, and the Hartford has goals of 25% MBE and 5% WBE. The User group has committed to achieve the Business Diversity goals through the utilization of certified diverse subcontractors.~~

Pursuant to the Remedial Program for Minority and Women Owned Business Enterprise Participation in Goods and Services contract (M/WBE Program), the Office of Business Diversity has granted a partial waiver and the Prime Vendors have committed to the participation goals of 30% MBE and 7% WBE of applicable spend for Cannon Cochran Management Services, and 25% MBE and 5% WBE of applicable spend for Hartford Life.

LSC REVIEW:

Local School Council approval is not applicable to this report.

FINANCIAL:

Fund 210, Talent Office, Unit 12470
For Workers' Compensation with Cannon Cochran Management Services
\$510,000, FY19
\$1,020,000, FY20
\$510,000, FY21
Not to exceed \$2,040,000 for the two (2) year agreement.

Fund 210, Risk Management Department, Unit 12460 FIN
For General Liability and Property with Cannon Cochran Management Services:
\$325,000, FY19
\$650,000, FY20
\$325,000, FY21

Not to exceed \$1,300,000 for the two (2) year agreement.

Charge to all Units/Talent Office manages the Agreements
For the Basic Life Insurance with Hartford Life and Accident Insurance Company
\$150,000 FY19
~~\$300,000~~ \$410,000 FY20
~~\$150,000~~ \$605,000 FY21
Personal Accident Insurance: No cost to the Board
Voluntary Life: No cost to the Board
Voluntary Disability: No cost to the Board
Not to exceed ~~\$600,000~~ \$1,165,000 for the two (2) year agreement.

Not to exceed ~~\$3,940,000~~ \$4,505,000 for the two (2) year term.
Future year funding is contingent upon budget appropriation and approval.

CFDA#: Not Applicable

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 June 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 May 25, 2011 (11-0525-PO2), 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:




JONATHAN MAPLES
Chief Procurement Officer

Approved:



JANICE K. JACKSON
Chief Executive Officer

Approved as to Legal Form: 



JOSEPH T. MORIARTY
General Counsel