

**AUTHORIZE PLACEMENT OF THE BOARD'S PROPERTY INSURANCE,  
MECHANICAL BREAKDOWN INSURANCE, AND CRIME INSURANCE**

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

Authorize Arthur J. Gallagher to place the following insurance policies on behalf of the Board for Property Insurance, Mechanical Breakdown Insurance, and the Board's Crime Insurance in aggregate amounts not to exceed \$1,500,000. These placements were arranged through Arthur J. Gallagher & Company Insurance Brokerage, the Board's property insurance broker. These placements are continuations of existing policies. The policies of coverage constitute the contract between the Board and its carriers and no further written documentation is required. Information pertinent to this matter is stated below:

**Specification No For Property/Mechanical Breakdown Insurance: 00-250639**

**Specification No. for Crime Insurance: 99-250245**

**INSURANCE CARRIERS:**

**1. "All Risk" Property Insurance**

- A. North American Specialty  
Insurance Company  
650 Elm Street-6<sup>th</sup> Floor  
Manchester NH 03101

**2. Mechanical Breakdown Insurance**

- A. Hartford Steam Boiler Inspection  
& Insurance Company  
2443 Warrenville Road  
Lisle IL 60532

**3. Crime Insurance**

- A. Great American  
Insurance Company  
George Lhota  
900 Oakmont Lane, Suite 306  
Westmont, IL 60559

- B. CNA Insurance Company  
Mike Beranek  
CNA Plaza 36 South  
Chicago, Illinois 60685

- C. Travelers  
Debbie Schaffel  
500 West Madison Street  
Chicago, Illinois 60606

- D. Kemper Insurance Company  
William Kraft  
333 W. Pierce Road  
Itasca, Illinois 60143

- E. Hanover Insurance Company  
Insurance Company  
Gail Schroeder  
215 Sshuman Blvd.  
Naperville, Illinois 60563

**VENDOR:**

Arthur J. Gallagher & Company  
Two Pierce Place  
Itasca IL  
Contact Person Walter Larkin  
Phone: 630 285-3624  
Vendor#: 32164

**USER:**

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

**TERM:** The term of the continuation of the "all risk" policy, mechanical breakdown policy and crime policy shall commence on July 1, 2002 and shall end July 1, 2003.

**DESCRIPTION OF POLICIES:**

The aggregate insured value of the Board's property is in excess of \$12.5 billion, on a current replacement cost basis. The coverage is provided on an occurrence basis subject to the following limits and deductibles.

Coverage	Description	Limits	Deductibles	Premium
"All Risk" Property	Blanket coverage for Board property as well as property under construction	\$150,000,000	\$500,000	\$1,240,000
Boiler Machinery	Coverage for sudden and accidental breakdowns of boilers, machinery and electrical equipment	\$50,000,000	50,000	\$68,000
Crime Insurance	Blanket coverage including fidelity	\$50,000,000	\$500,000	\$192,000

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

**PREMIUM:** All premium payments will be made through Arthur J. Gallagher & Company for payment to the appropriate insurance carriers based on premiums reported to the Bureau of Risk & Benefits Management. Allowable premium is outlined below and may be subject to change in the event of a change in property values.

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

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

**FINANCIAL:** Charge to Bureau of Risk & Benefits Management: \$1,500,000 Fiscal Year: 2003  
Budget Classification: 0963-215-000-7068-5490

**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.

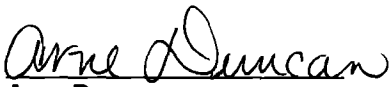
Ethics – The Board's Ethics Code adopted September 27, 1995 (95-0927-RU3), as amended from time to time, shall be incorporated into and made a part of the agreement.

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).

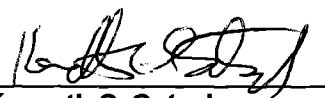
**Approved for Consideration:**

**Approved:**

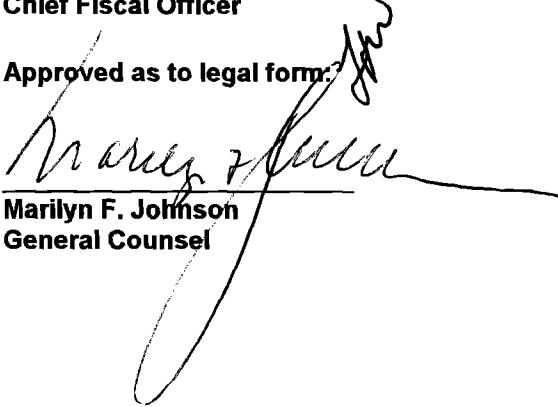
  
Anita Rocha  
Acting Chief Purchasing Officer

  
Arne Duncan  
Chief Executive Officer *by PAID*

**Within Appropriation:**

  
Kenneth C. Gotsch  
Chief Fiscal Officer

**Approved as to legal form:**

  
Marilyn F. Johnson  
General Counsel