

**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 the aggregate amount not to exceed \$3.2 million. These placements will be arranged through Arthur J. Gallagher & Company Insurance Brokerage. The policies of coverage constitute the contract between the Board and its insurance carriers.

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

Specification No.: For Crime Insurance 99-250245

**INSURANCE CARRIERS:**

**A. "All Risk" Property Insurance**

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|--|---|
| <p>1. Hartford Fire Insurance Company<br/>Hartford Plaza<br/>Hartford, CT 06115</p>                                    | <p>2. RSUI Indemnity Company<br/>945 E. Paces Ferry Rd.-Suite 1800<br/>Atlanta, GA 30326</p>    |
| <p>3. Clarendon American Insurance Co.<br/>1177 Avenue of the Americas, 45<sup>th</sup> Fl.<br/>New York, NY 10036</p> | <p>4. Arch Capital Group<br/>100 First Stamford Pl, Suite 325<br/>Stamford, CT 06902</p>        |
| <p>5. United States Fire<br/>305 Madison Avenue<br/>Morristown, NJ 07960</p>   | <p>6. Commonwealth Ins. Co. America<br/>1700 Seventh Ave., Suite 1850<br/>Seattle, WA 98101</p> |
| <p>7. Ace Westchester Specialty<br/>500 Colonial Center Parkway<br/>Suite 200<br/>Roswell, GA 30076</p>                | <p>8. Lexington Insurance Company<br/>100 Summer St.<br/>Boston, MA 02110</p>                   |

**B. Mechanical Breakdown Insurance**

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

**C. Crime Insurance**

- |   |   |
|---|---|
| <p>1. Great American<br/>Insurance Company<br/>900 Oakmont Lane, Suite 306<br/>Westmont, IL 60559</p> | <p>2. CNA Insurance Company<br/>CNA Plaza 36 South<br/>Chicago, Illinois 60685</p>      |
| <p>3. Travelers<br/>500 West Madison Street<br/>Chicago, Illinois 60606</p>                           | <p>4. Hanover Insurance Company<br/>215 Shuman Blvd.<br/>Naperville, Illinois 60563</p> |

**VENDOR:**

Arthur J. Gallagher & Company  
Two Pierce Place  
Itasca IL 60143  
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 "all risk" policy, mechanical breakdown policy and crime policy shall commence on July 1, 2004 and shall end July 1, 2005.

**DESCRIPTION OF POLICIES:**

The aggregate insured value of the Board's property is in excess of \$13 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 including property under construction, and terrorism coverage	\$150,000,000	\$500,000/20% 1 <sup>st</sup> \$25 million	\$2,965,780.00
Boiler Machinery	Coverage for sudden and accidental breakdowns of boilers, machinery and electrical equipment	\$100,000,000	\$50,000	\$70,873.00
Crime Insurance	Blanket coverage including fidelity	\$50,000,000	\$500,000	\$141,239.00

**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 premiums are outlined above and may be subject to change in the event of a change in property values.

**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 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 Bureau of Risk & Benefits Management: \$3,200,000.00 Fiscal Year: 2005  
Budget Classification: 0963-215-000-7068-5490 Source of Funds: Tort Liability #215

**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 A. Obora**  
**Chief Purchasing Officer**



**Arne Duncan**  
**Chief Executive Officer**

**Within Appropriation:**



**John Maiorca**  
**Chief Financial Officer**

**Approved as to legal form:** 



**Ruth Moscovitch**  
**General Counsel**