

AMEND BOARD REPORT# 02-0327-PR17
AUTHORIZE PLACEMENT OF INSURANCE FOR THE OWNERS CONTROLLED INSURANCE
PROGRAM WITH AON RISK SERVICES OF ILLINOIS AND AUTHORIZE THE ESTABLISHMENT OF
AN ESCROW ACCOUNT WITH
KEMPER INSURANCE COMPANY

the owners controlled Insurance Program (OCIP) in an aggregate amount not to exceed \$7,000,000 in
the amount of the OCIP. The amount of the OCIP shall not exceed \$1,000,000 for any one
policy. The OCIP shall be placed with Kemper Insurance Company, not to exceed the Kemper dea
act between the Board and its carriers and to further
2002. The policies of coverage constitute the contract
written documentation is required. Information re

to insure the surety bond requirements and to obtain authorization for
An Account as required by Kemper.
This amendment is necessary to em
Reserve Escrow
Specification
INSURANCE

1. Kemper Employ
One Kemper Drive
Long Grove IL 600
815-473-2020

2. Royal Insurance Co.
12700 Oxnard Street, Ste 1500
Woodland Hills, CA 91267
818-338-3822

3. Gulf Insurance
20 Broad Street, Floor
New York NY 10004
For: Second layer excess liability

4. Athena Assurance Company St. Paul
300 West Washington Street
St. Paul MN 55102
For: Third layer excess liability

6. Safeco Insurance Company
Safeco Plaza
Seattle WA 98105

5. AIG/Illinois National Insurance Company
500 West Madison Street
Chicago IL 60606 2544

DESCRIPTION OF POLICIES

General Liability and Workers' Compensation

Provides primary coverage for the Board's enrolled contractors and subcontractors for both general liability and workers' compensation benefits. Coverage is provided for all construction activities performed by the contractor and subcontractors and their employees, independent contractors, and other professional services firms as necessary. Coverage also extends to construction managers and other

Insurance Limits	Per Loss Deductible	Coverage
Contractual/Aggregate: \$2,000,000/\$4,000,000	\$500,000	WC/employers liability General Liability

is included in the event that a single occurrence results in both a WC/EL claim and a general liability claim. A cash provision of \$600,000

claims handling via an escrow account established by the Board. Kemper will provide all claim administration services and management recovery of PPA discounts fraud. All OCIP claim payments will be issued by Kemper Insurance Company via escrow accounts the Board establishes with Kemper Insurance Company. The Department of Risk and Benefits Management will endorse all claims with Kemper. The Department will deposit escrow funds upon receipt of invoice for prior period claim payments and return of funds upon completion of claim.

Abatement Liability & Contractors Liability

Blanket abatement liability coverage for the Board and all abatement contractors for bodily injury and property damage claims due to environmental exposures. Contractor environmental liability coverage for all contractors on the job site for unanticipated pollution exposures.

Excess Liability Insurance

excess policy premiums are specific loss or aggregate losses exceed the primary insurance limits. The Board is responsible for the project term.

Surety

Collateral to be used to secure future claim and premium funding assets.

Escrow funding for losses occurring after April 1, 2002 will be issued directly to Kemper.

Coverage	Premium
General Liability & Workers Compensation	\$3,133,304 subject to upward adjustment based on audited workers compensation payroll.

Environmental Liability	\$C Extension to 4/1/03 at no additional cost to the Board
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\$10 million xs primary

1st Layer

Royal

\$500,000

6th Layer	St. Paul \$275,000 \$25 million xs \$25 million
Surety	Approximately \$135,000 for bonds required
Reserve Escrow Account	75% of maximum anticipated loss under the term of policy. Future funding via OCIP fund issues.
Claims Escrow	\$2,500,000 anticipated over life of program

over three years. OCIP Program over three year from 1% of all future bond

since the vendor are merely a conduit of the funds and receives no payment. This transaction is precluded from M/WBE review 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

AFFIRMATIVE ACTION: Pursuant to Section 3.7 of the WBE Plan, this vendor is merely a conduit of the funds and receives no payment.

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

Premium and

Close P.O. # 124363 and re-allocate \$2,438,605.82 to fund Escrow Account. Allocate 1% all future bond issues be reserved for OCIP claims and expenses.

GENERAL CONDITIONS:

The undersigned hereby agree to the terms and conditions set forth in this contract with the Chicago Board of Education as an authorized agent of the Board of Education for the purpose of providing the undersigned with the necessary information to conduct those investigations necessary to conduct those investigations.

Conflicts — The agreement shall not be legally binding on the Board if entered into in violation of the