



Metropolitan Water Reclamation District of Greater Chicago

100 East Erie Street
Chicago, IL 60611

Legislation Details (With Text)

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Title: Issue purchase order to Mesirow Insurance Services, Inc. for Furnishing Government Crime Insurance Coverage for the District in an amount not to exceed \$36,444.00, Account 101-25000-612290, Requisition 1394104

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3/19/2015	1	Board of Commissioners	Approved	Pass
3/19/2015	1	Committee of the Whole	Recommended	Pass

TRANSMITTAL LETTER FOR BOARD MEETING OF MARCH 19, 2015

COMMITTEE ON PROCUREMENT

Mr. David St. Pierre, Executive Director

Issue purchase order to Mesirow Insurance Services, Inc. for Furnishing Government Crime Insurance Coverage for the District in an amount not to exceed \$36,444.00, Account 101-25000-612290, Requisition 1394104

Dear Sir:

At the Board Meeting of December 18, 2014, in accordance with Contract 14-RFP-33, the Board of Commissioners awarded a purchase order to Mesirow Insurance Services, Inc. (Mesirow) to serve as the District's broker-of-record for Government Crime insurance and related services for a three-year period effective January 1, 2015. In this capacity, Mesirow now has responsibility for securing quotes from the insurance market for Government Crime insurance for the District.

On March 5, 2015, the District received certain bid quotations which Mesirow had solicited pursuant to the detailed specifications and the application for insurance for a three-year period to be effective April 1, 2015. Quotes for Government Crime insurance coverage were requested to provide a minimum of expiring terms and conditions as well as with options for increased coverage and limits up to \$6,000,000.00 per Insuring Agreement and subject to deductible options at \$50,000.00 and \$100,000.00 per occurrence or at other amounts if recommended for consideration.

For the 2015 Government Crime coverage, fourteen insurance companies were approached for quotations. Two insurance companies provided quotations with a variety of options. The incumbent insurance company offered five options and the other insurance company offered two options.

It was determined that optimal program design, coverage and pricing for Government Crime coverage was offered by Fidelity and Deposit Company of Maryland (Part of the Zurich Insurance Group Ltd) with a limit of \$6,000,000.00 each for Employee Theft, Computer Fraud, and Funds Transfer Fraud each subject to a deductible of \$100,000.00; a limit of \$750,000.00 each for Forgery or Alteration, Inside the Premises - Theft of Money and Securities, Inside the Premises - Robbery or Safe Burglary of Other Property, Outside the Premises, Money Orders and Counterfeit Paper Currency each subject to a deductible of \$50,000.00; and a limit of \$100,000.00 for Claim Expense coverage subject to a deductible of \$500.00 at a cost of \$36,444.00 for a three year policy period. The quotations provided by the other insurance company did not include the same full scope of coverage and pricing was higher on both options quoted.

Twelve insurance companies declined to offer a quotation for a variety of reasons including the inability to offer competitive pricing or the inability to provide coverage with expiring terms or limits. A number also declined due to lack of interest in the general class of business (public entities).

For the 2015 Government Crime placement, we recommend placement with the Fidelity and Deposit Company of Maryland (Part of the Zurich Insurance Group Ltd.) for a three year policy period at a cost of \$36,444.00 which is a 0.59% decrease over the expiring three year policy premium. This option also provides increased limits for some existing coverages and provides additional (new) coverages for Funds Transfer Fraud and Claim Expense.

The insurance carrier being recommended for this placement is licensed to do business in Illinois and meets the District's A.M. Best Company insurance ratings requirements of A- VII or better.

In view of the foregoing, it is recommended that the Director of Procurement and Materials Management be authorized to issue a purchase order to Mesirow Insurance Services, Inc. in an amount not to exceed \$36,444.00. The quotations were evaluated by Mesirow and the District's Risk Manager, reviewed by the Director of Human Resources, and a copy provided to Procurement and Materials Management Department.

The estimated expenditures for 2015, 2016 and 2017 for Mesirow Insurance Services, Inc. are \$12,148.00, \$12,148.00, and \$12,148.00 respectively. Funds for the 2015 expenditure in the amount of \$12,148.00 are available in Account 101-25000-612290.

Funds for the 2016, and 2017 expenditures will be budgeted in Account 101-25000-612290 and will be contingent on the Board of Commissioners' approval of the District's budget for those years.

Requested, Denice E. Korcal, Director of Human Resources

Recommended, Darlene A. LoCascio, Director of Procurement and Materials Management

Respectfully Submitted, Barbara J. McGowan, Chairman Committee on Procurement

Disposition of this agenda item will be documented in the official Regular Board Meeting Minutes of the Board of Commissioners for March 19, 2015