



Metropolitan Water Reclamation District of Greater Chicago

100 East Erie Street
Chicago, IL 60611

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Title: Issue purchase order to Mesirow Insurance Services, Inc. for Furnishing Excess Casualty Insurance Coverage for the District in an amount not to exceed \$1,016,745.00, Account 101-25000-612290, Requisition 1477440

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Date	Ver.	Action By	Action	Result
11/16/2017	1	Board of Commissioners	Approved	Pass
11/16/2017	1	Committee of the Whole	Recommended	Pass

TRANSMITTAL LETTER FOR BOARD MEETING OF NOVEMBER 16, 2017

COMMITTEE ON PROCUREMENT

Mr. David St. Pierre, Executive Director

Issue purchase order to Mesirow Insurance Services, Inc. for Furnishing Excess Casualty Insurance Coverage for the District in an amount not to exceed \$1,016,745.00, Account 101-25000-612290, Requisition 1477440

Dear Sir:

At the Board Meeting of December 6, 2012, in accordance with Contract 12-RFP-22, the Board of Commissioners awarded a purchase order to Mesirow Insurance Services, Inc. (Mesirow) to serve as the District's broker-of-record for casualty lines of insurance and related services for a three-year period. As allowed by Contract, the District elected to extend the term for an additional two years. In this capacity, Mesirow has responsibility for securing quotes from the insurance market for specified insurance policies. The current excess casualty insurance policies will expire on December 11, 2017.

On October 31, 2017, the District received certain bid quotations which Mesirow had solicited pursuant to the detailed specifications in the excess casualty underwriting submission for casualty insurance for a one-year period to be effective December 11, 2017 to provide a tower of excess casualty insurance, including general liability, public officials liability, employment practices liability, law enforcement/police professional liability, employers liability, automobile liability, and excess liability for marine.

For the 2017 excess casualty program, thirty insurance companies were approached for quotations. Pricing for this coverage is based on payroll, which has increased year over year. Also impacting carrier interest and pricing is the District's loss history, which includes two open claims that are anticipated to be excess of the self-insured retention (SIR) as well as the number of open, large class action law suits for flood/sewer backup. The premium for this coverage is not subject to audit so the premium will not be adjusted at the end of the

term.

For the 2017 excess casualty insurance, we recommend a program with total limits of \$50,000,000.00 over an SIR of \$1,250,000.00 with the exception of an SIR of \$5,000,000.00 for class action suits for flood/sewer back-up at a total program cost of \$1,016,745.00. Coverage will be provided by the following insurance companies:

First Layer: AIG/Lexington Insurance Company: Limit of \$10,000,000.00 with an SIR of \$1,250,000.00 except \$5,000,000.00 for class action suits for flood/sewer back-up at a cost of \$437,034.00.

Second Layer: Allied World National Assurance Company: Limit of \$10,000,000.00 excess of the \$10,000,000.00 first layer at a cost of \$240,900.00.

Third Layer: Arch Insurance Company: Limit of \$10,000,000.00 excess of \$20,000,000.00 at a cost of \$129,000.00.

Fourth Layer: Gemini Insurance Company: Limit of \$10,000,000.00, 50% quota share of \$20,000,000.00 excess of \$30,000,000.00 at a cost of \$106,811.00.

Fourth Layer: Great American Assurance Company: Limit of \$10,000,000.00, 50% quota share of \$20,000,000.00 excess of \$30,000,000.00 at a cost of \$103,000.00.

The quotations were evaluated by Mesirow, the District's Risk Manager, the Director of Human Resources, and a representative from the Procurement and Materials Management Department.

Carriers who declined to offer a quotation cited various reasons, including the lack of competitiveness of their quotations in the prior year, the size of the District, inability to provide required coverages, and the class of business.

All insurance carriers being recommended for this placement are licensed to do business in Illinois and meet 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 \$1,016,745.00.

Funds for the 2017 expenditure in the amount of \$1,016,745.00 are available in Account 101-25000-612290.

Requested, Beverly K. Sanders, 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 November 16, 2017