



Metropolitan Water Reclamation District of Greater Chicago

100 East Erie Street
Chicago, IL 60611

Legislation Text

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TRANSMITTAL LETTER FOR BOARD MEETING OF MARCH 15, 2018

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 \$37,032.00, Account 101-25000-612290, Requisition 1487308

Dear Sir:

At the Board Meeting of December 17, 2017, in accordance with Contract 17-RFP-32, 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, 2018. In this capacity, Mesirow now has responsibility for securing quotes from the insurance market for Government Crime insurance for the District.

On March 2, 2018, 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, 2018. Quotes for Government Crime insurance coverage were requested to provide a minimum of expiring terms and conditions.

For the 2018 Government Crime coverage, fourteen insurance companies were approached for quotations. Four insurance companies provided quotations, with a variety of options. Three companies provided pricing indications.

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 \$37,032.00 for a three year policy period. The quotations provided by the other insurance companies did not include the expiring full scope of coverage required.

Seven 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 2018 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 \$37,032.00 which is a 1.61% increase over the expiring three year policy premium. 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 \$37,032.00. The quotations were evaluated by Mesirow and the District's Risk Manager, and a copy provided to Procurement and Materials Management Department.

The estimated expenditures for 2018, 2019 and 2020 for Mesirow Insurance Services, Inc. are \$12,344.00, \$12,344.00, and \$12,344.00 respectively. Funds for the 2018 expenditure in the amount of \$12,344.00 are available in Account 101-25000-612290.

Funds for the 2019, and 2020 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, 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 March 15, 2018