



# 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 NOVEMBER 19, 2020

#### COMMITTEE ON PROCUREMENT

Mr. Brian Perkovich, Executive Director

Issue purchase order to Mesirow Insurance Services, Inc. for Furnishing Marine Liability and Hull Insurance for District marine vessels in an amount not to exceed \$22,725.00, Account 101-25000-612290, Requisition 1546498

Dear Sir:

At the Board Meeting of December 21, 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 the handling of marine 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 to expire on December 31, 2022. The current marine insurance policies will expire on December 11, 2020.

On November 2, 2020, the District received certain bid quotations/market responses which Mesirow had solicited pursuant to the detailed specifications for marine insurance for a one-year period from December 11, 2020 to December 10, 2021 to provide insurance coverage for liability arising out of the District's thirteen marine vessels used for pollution control, monitoring of water quality along Lake Michigan and the District's waterways, and occasionally for tours. An annual aggregate liability limit of \$10,000,000.00 and hull coverage for physical damage to the vessels on an agreed amount basis per original cost subject to a deductible of \$10,000.00 per claim was requested.

For the 2020 placement, eleven (11) insurance carriers were approached. One carrier provided a firm quotation at the limits and retention levels requested. One carrier provided a pricing indication which was higher than the firm quote received from the incumbent. Nine carriers declined to offer a quotation, indicating that the risk is either currently outside of their underwriting guidelines or they cannot be competitive with pricing.

It was determined that the quote offered by The Continental Insurance Company, provides optimal program design, coverage, and pricing for Marine Liability and Hull coverage. The rate is \$22,724.00, which is an increase of \$854.00 (3.9%) in premium over the prior year, due to the continuing hardening of the insurance market and a slight increase in hull values which currently total \$1,210,640.00, a \$3,245.00 (0.27%) increase over the prior year. The Continental Insurance Company policy provides excellent coverage terms and conditions, including physical damage to the District's thirteen vessels up to the values reported for each. It should be noted that changes in the schedule of marine vessels for the District can affect the premium, with the requirement to pay at the time of the change. To administratively accommodate this potential, we have added \$1.00 for 2021.

The quotations/market responses were evaluated by Mesirow, the MWRD Risk Manager, the Director of Human Resources, and a representative from the Procurement and Materials Management Department. It was determined that the District should place this coverage with Continental Insurance Company at the rate of

\$22,725.00.

The company is licensed to do business in Illinois, complied with the terms and conditions of the bid specifications, and has an A.M. Best Company rating of A (Excellent), XV (\$2.0 billion or greater).

The Affirmative Action goals for Contract 17-RFP-32 are 10% Minority Business Enterprises (MBE), 5% Women Business Enterprises (WBE) and 10% Small Business Enterprises (SBE).

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 \$22,725.00.

The estimated expenditures for 2020 and 2021 for Mesirow Insurance Services, Inc. are \$22,724.00 and \$1.00, respectively.

Funds for the 2020 expenditure in the amount of \$22,724.00 are available in Account 101-25000-612290. Funds being requested for 2021 are contingent on the Board of Commissioners' approval of the District's budget for that year.

Requested, Beverly K. Sanders, Director of Human Resources, BKS:RAJ

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 19, 2020

Attachment