

March 13, 2013

ITEM NO. B1

AUTHORIZATION TO ENTER INTO CONTRACTS WITH FIRST SPECIALTY INSURANCE, ILLINOIS UNION INSURANCE, AND ALLIED WORLD ASSURANCE COMPANY (US) FOR THE PRIVATE MANAGER INSURANCE PROGRAM'S (PMIP) GENERAL LIABILITY, UMBRELLA LIABILITY, EXCESS LIABILITY INSURANCE COVERAGES

To the Honorable Board of Commissioners:

RECOMMENDATION

It is recommended that the Board of Commissioners ("Board") authorize the Chief Executive Officer, or his designee, to enter into contracts, through AON Risk Services Central, Inc. ("AON"), CHA's Broker of Record, with First Specialty Insurance Corporation ("First Specialty") for general liability insurance in the amount of \$541,828, Illinois Union Insurance Co. ("Illinois Union") for umbrella liability insurance coverage in the amount of \$475,524, and Allied World Assurance Company ("AWAC") for excess insurance coverage in an amount of \$186,480, for an aggregate total amount of premiums of \$1,203,832 for the period of April 1, 2013 through March 31, 2014 for CHA's Private Managers Insurance Program (the "PMIP").

The Executive Vice President of Finance ("EVP"), the Office of the General Counsel and the Department of Procurement and Contracts have completed all necessary due diligence to support the submission of this procurement and recommend the approval of this item accordingly.

CORPORATE GOAL

The CHA must protect its assets by annually evaluating its insurance needs and procuring appropriate insurance coverage to protect its assets, financial interests and make it more fiscally sound by transferring certain operating risks to its insurers.

FUNDING: Funding: General Fund

SOLICITATION SUMMARY

Vendor:	First Specialty Insurance Corporation 5200 Metcalf Ave Overland Park, KS 66202
Contract Type:	Insurance Coverage – General Liability
Contract Amount:	\$541,828
Contract Period:	April 1, 2013 through March 31, 2014
Option Period:	N/A
M/W/DBE Participation:	Waiver Approved
Section 3:	Not Applicable

Vendor: Illinois Union Insurance Co.
535 W. Monroe St.
Chicago, IL 60661
Contract Type: Insurance Coverage – Umbrella Liability
Contract Amount: \$475,524
Contract Period: April 1, 2013 through March 31, 2014
Option Period: N/A
M/W/DBE Participation: Waiver Approved
Section 3: Not Applicable

Vendor: Allied World Assurance Co,
311 South Wacker Drive, Suite 1100
Chicago, IL 60606
Contract Type: Insurance Coverage – Excess Liability
Contract Amount: \$186,480
Contract Period: April 1, 2013 through March 31, 2014
Option Period: N/A
M/W/DBE Participation: Waiver Approved
Section 3: Not Applicable

GENERAL BACKGROUND

The Property Manager's Insurance Program, known as PMIP, is a CHA controlled insurance program that ensures that the Authority has the necessary insurance protection for general liabilities associated with the management of its housing portfolio. This program provides the most cost effective insurance solution for the portfolio, while maintaining coverage standards that are difficult for property management firms to procure individually.

All costs associated with the program (i.e. insurance premiums, claim and broker administration fees), are deducted from the participating Private Property Management Firm's operating budgets.

MBE/WBE/DBE participation has been waived, as currently there are no MBE/WBE/DBE insurance companies that can meet CHA's standard criteria. Insurance providers must possess assets in excess of \$1 billion and carry a minimum rating of "A" by the A.M. Best Rating Guide; this is equivalent to an excellent credit rating for an insurer. These insurers meet this requirement.

The CEO/President recommends approval to enter into contracts, through AON with First Specialty for general liability insurance in the amount of \$541,828, Illinois Union for umbrella liability insurance coverage in the amount of \$475,524, and AWAC for excess insurance coverage in an amount of \$186,480, for an aggregate total amount of premiums of \$1,203,832 for the period of April 1, 2013 through March 31, 2014 for CHA's PMIP.

RESOLUTION NO. 2013-CHA-13

WHEREAS, the Board of Commissioners has reviewed Board Letter dated March 13, 2013, entitled "Authorization to enter into contracts with First Specialty Insurance, Illinois Union, and Allied World Assurance Company, for the Private Managers Insurance Program's General Liability, Excess Liability, and Umbrella Liability Insurance Coverages";

THEREFORE, BE IT RESOLVED BY THE CHICAGO HOUSING AUTHORITY

THAT, the Board of Commissioners authorizes the Chief Executive Officer or his designee to enter into contracts for the Private Managers Insurance Program, through Aon Risk Services, Inc., with: (1) First Specialty Insurance (General Liability) in the amount of \$541,828; (2) Illinois Union (Umbrella Liability) in the amount of \$475,524; and (3) Allied World Assurance Company (Excess Liability) in the amount of \$186,480 (amounts include premiums and surplus lines taxes), for an aggregate total amount of \$1,203,832 for the period April 1, 2013 through March 31, 2014.

