

ORDINANCE NO. 012-62

AN ORDINANCE AUTHORIZING THE  
PURCHASE OF PROPERTY AND  
EXCESS INSURANCE COVERAGE  
AND PAYMENT FOR INCREASED  
PROPERTY COVERAGE FROM 2011-  
2012 POLICY YEAR

WHEREAS, On November 12, 2008, the Chicago Transit Board authorized a five year contract with Mesirow Insurance Services, Inc., a division of Mesirow Financial ("Mesirow"), to provide professional insurance brokerage services to the Chicago Transit Authority ("Authority"); and

WHEREAS, The Authority in conjunction with Mesirow generated and reviewed a comprehensive list of the Authority's property and assets to determine the level of property insurance needed by the Authority; and

WHEREAS, As it had in the previous three years, Mesirow was directed in 2011 by the Authority to engage in a competitive process resulting in the identification of insurance carriers that could provide property insurance to the Authority and the Authority purchased comprehensive property insurance for policy year 2011-2012; and

WHEREAS, Authority staff and Mesirow recently updated the list of the Authority's property and assets and determined that the current value has increased to Six Billion Two Hundred Twenty-Six Million Dollars (\$6,226,000,000); and

WHEREAS, For policy year 2012 – 2013, staff recommends the purchase of property insurance from Lloyds of London for a one year "base" premium of Two Million Two Hundred Seventy-five Thousand Dollars (\$2,275,000) plus 4.7% for surplus lines and miscellaneous taxes for a total not-to-exceed sum of Two Million Three Hundred Ninety-five Thousand Dollars (\$2,395,000) to cover all property insurance costs for the policy year July 29, 2012 to July 28, 2013; and

WHEREAS, In the event there is a premium increase due to a material event prior to the beginning of the policy year that affects initial pricing or an increase in the value of Authority's property by more than ten percent (10%) during the policy year, Transit Board approval of the increase will be received in advance of payment; and

WHEREAS, Since the value of the Authority's property increased in 2011-2012 by more than the ten percent (10%) increase allowed by terms of the policy, an additional insurance premium of Thirty-seven Thousand Five Hundred Dollars (\$37,500) is due to the insurer for Policy Year 2011-2012; now, therefore:

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BE IT ORDAINED BY THE CHICAGO TRANSIT BOARD  
OF THE CHICAGO TRANSIT AUTHORITY:

SECTION 1. The Chairman of the Board, or his designee, is authorized to enter into an insurance contract for primary and excess property insurance with Lloyds of London for property coverage for all Authority property from July 29, 2012 to July 28, 2013, for a not-to-exceed cost of Two Million Three Hundred Ninety-Five Thousand Dollars (\$2,395,000).

SECTION 2. The Transit Board hereby approves the payment of an additional Thirty-seven Thousand Five Hundred Dollars (\$37,500) to Lloyds of London for Policy Year 2011-2012.

SECTION 3. This ordinance shall be in full force and effect from and after its passage.

APPROVED:

PASSED:

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Chairman

June 13, 2012

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Assistant Secretary

June 13, 2012