R-22-48

**RESOLUTION NO. _____**

**A RESOLUTION WAIVING FORMAL BIDDING REQUIREMENTS FOR COMPREHENSIVE LOSS AND BUSINESS INTERRUPTION INSURANCE FOR THE MURRAY HYDROELECTRIC PLANT; AUTHORIZING THE MAYOR TO EXECUTE AN INSURANCE AGREEMENT; AND FOR OTHER PURPOSES.**

WHEREAS, Ark. Code Ann. § 14-58-303 requires City purchases exceeding the amount of $35,000 to follow statutory procedures of local advertisement and opening of sealed bids which may only be waived in exceptional situations where bidding is deemed not feasible or practical; and

WHEREAS, insurance coverage for the Murray Hydroelectric Plant ("Hydro Plant") is specialized coverage, and the City Council has determined through experience that the statutory bidding process does not produce economically advantageous prices for insurance on the Murray Hydroelectric Plant; and

WHEREAS, City Council thus defined "insurance consultant" to be a professional service under Ark. Code Ann. § 19-11-801, et seq. through the adoption of Ord. No. 8405 on January 9, 2012; and

WHEREAS, the City selected Mr. Eric Herget to serve as insurance consultant, and as required by Ord. No. 8405, Mr. Herget has disclosed that he is currently employed by Hub International; and

WHEREAS, Mr. Herget has solicited providers of hydroelectric insurance to find the rates most favorable to the City and recommends insurance provided by Lloyds at a cost of $329,737.00 (see Exhibit A attached hereto); and

WHEREAS, Mr. Herget recommended the proposal of Lloyds because its proposal was the lowest bid submitted that included sufficient flood coverage for the Hydro Plant; and

WHEREAS, it is in the best interests of the City to accept the proposal of Lloyds to insure the City's interests in the Murray Hydroelectric Plant.

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF NORTH LITTLE ROCK, ARKANSAS:

SECTION 1: That formal bidding is hereby waived, and the Mayor and City Clerk are hereby authorized to enter into an agreement for comprehensive loss and business interruption insurance coverage for the Murray Hydroelectric Plant with Hub International pursuant to the insurance proposal attached hereto as Exhibit B with Lloyds as the provider.

SECTION 2: That the annual premium in the amount of $329,737.00 has previously been included in the North Little Rock Electric Department's budget for 2022.

SECTION 3: That the provisions of this Resolution are hereby declared to be severable, and if any section, phrase or provision shall be declared or held invalid, such invalidity shall not affect the remainder of the sections, phrases or provisions.

SECTION 4: That this Resolution shall be in full force and effect from and after its passage and approval.

PASSED:

APPROVED:

Mayor Terry C. Hartwick

SPONSOR:

Terry C. Hartwick By AF

Mayor Terry C. Hartwick

ATTEST:

Diane Whitbey, City Clerk

APPROVED AS TO FORM:

Amy Beckman Fields, City Attorney

PREPARED BY THE OFFICE OF THE CITY ATTORNEY/kt

FILED 10:05 A.M. _____ P.M.
By A. Fields
DATE 02 · 22 · 2022

**Diane Whitbey, City Clerk and Collector**
**North Little Rock, Arkansas**

RECEIVED BY S. Ussery

EXHIBIT
A

# Premium Summary (Lloyds London)

| Coverage | Expiring | Renewal |
|---|---|---|
| Annual Premium | $266,312 | $314,170 |
| AR Surplus Lines Tax | $10,653 | $12,567 |
| Brokerage Fee | $7,000 | 0 |
| **Total Program Cost** | **$283,965** | **$329,737** |

| **Exposure Comparison** | | |
|---|---|---|
| Property | $116,906,820 | $118,211,952 |
| Business Income | $4,216,050 | $4,216,050 |
| **Total** | **$121,122,870** | **$122,428,002** |

| Carriers | Quota Share | Base Premium |
|---|---|---|
| ARG | 10% | $ 27,540.00 |
| HEL | 8% | $ 2,203.00 |
| QBE | 7.5% | $ 2,065.00 |
| TRV | 15% | $ 47,126.00 |
| SCOR | 15% | $ 41,310.00 |
| TMK | 10% | $ 27,540.00 |
| ARCH | 5% | $ 13,770.00 |
| SOMPO | 10% | $ 33.000.00 |

| Policy Term | Premium |
|---|---|
| 2021-2022 | $283,965 |
| 2020-2021 | $230,186 |
| 2019-2020 | $183,795 |
| 2018-2019 | $167,951 |
| 2017-2018 | $180,000 |
| 2016-2017 | $215,910 |
| 2015-2016 | $263,176 |
| 2014-2015 | $258,140 |
| 2013-2014 | $275,946 |
| 2012-2013 | $310,500 |

HUB

EXHIBIT
tabbies
B

Commercial Insurance Proposal for

# Murray Hydroelectric Power Plant

Presented by:

**Eric Herget**

February 10, 2022

Hub International Mid-America
5312 W. Markham
Little Rock, AR 72205
(501) 773-7468
www.hubinternational.com

# Service Team

Our ability to provide superior service starts with quality people. The key individuals assisting you with your account are:

| Risk Consultant |
| --- |
| **Eric Herget** |
| p501.801.5701 |
| eric.herget@hubinternational.com |

| Senior Account Manager |
| --- |
| **Trish Wright** |
| p501.710.2006 |
| trish.wright@hubinternational.com |

| Account Administrator |
| --- |
| **Jolynne Denny** |
| p918.712.5240 |
| jolynne.denny@hubinternational.com |

| Claims |
| --- |
| **Jeanette Mitchell**, Senior Claims Specialist – Property<br>p 816.839.6659<br>jeanette.mitchell@hubinternational.com |
| **Sue Barnes,** Senior Claims Specialist – Liability, Commercial Auto<br>p 918.359.6112<br>sue.barnes@hubinternational.com |
| **Rhonda McAlister**, Senior Claims Specialist - Workers' Compensation<br>p 918.712.5271<br>rhonda.mcalister@hubinternational.com |
| **Detra Burdine,** Senior Claims Specialist - Workers' Compensation<br>p 918.712.5206<br>detra.burdine@hubinternational.com |

# Named Insureds/Location(s)

Client: Murray Hydroelectric Power Plant
Carrier: Lloyd's of London
A.M. Best Rating: A XV Stable
Policy Term: 3/1/2021 to 3/1/2022

| Loc # | Bldg # | Description and Address | City | State | Zip |
|---|---|---|---|---|---|
| 1 | 1 | Murray Hydroelectric Power Plant<br>4000 Cooks Landing Rd | N. Little Rock | AR | 72115 |

**NOTE: Review Named Insured(s) and Property Owners**

**Please check to ensure all appropriate entities are named.** Any entity (including Partnerships, corporations, joint ventures, individuals, etc.) not listed above is not included as a Named Insured. Entities with limited interests in policies, such as those who are to be included as an Additional Insured, Loss Payee, Lessor, or Mortgagee, are listed in the relevant coverage sections of this proposal

# Premium Summary (Lloyds London)

| Coverage | Expiring | Renewal |
|---|---|---|
| Annual Premium | $266,312 | $314,170 |
| AR Surplus Lines Tax | $10,653 | $12,567 |
| Brokerage Fee | $7,000 | 0 |
| **Total Program Cost** | **$283,965** | **$329,737** |

| **Exposure Comparison** | | |
|---|---|---|
| Property | $116,906,820 | $118,211,952 |
| Business Income | $4,216,050 | $4,216,050 |
| **Total** | **$121,122,870** | **$122,428,002** |

| Carriers | Quota Share | Base Premium |
|---|---|---|
| ARG | 10% | $ 27,540.00 |
| HEL | 8% | $ 2,203.00 |
| QBE | 7.5% | $ 2,065.00 |
| TRV | 15% | $ 47,126.00 |
| SCOR | 15% | $ 41,310.00 |
| TMK | 10% | $ 27,540.00 |
| ARCH | 5% | $ 13,770.00 |
| SOMPO | 10% | $ 33.000.00 |

| Policy Term | Premium |
|---|---|
| 2021-2022 | $283,965 |
| 2020-2021 | $230,186 |
| 2019-2020 | $183,795 |
| 2018-2019 | $167,951 |
| 2017-2018 | $180,000 |
| 2016-2017 | $215,910 |
| 2015-2016 | $263,176 |
| 2014-2015 | $258,140 |
| 2013-2014 | $275,946 |
| 2012-2013 | $310,500 |

# Property Sub-limits and Deductibles

| Description | Expiring | Renewal |
|---|---|---|
| ACCOUNTS RECEIVABLE | $1,500,000 | $1,500,000 |
| COMPUTER SYSTEMS DAMAGE - Aggregate | $1,000,000 | $1,000,000 |
| CONTINGENT TIME ELEMENT - per occurrence but not to exceed a $2,500,000 limit per Direct Dependent Time Element Location | $1,000,000 | $1,000,000 |
| DEBRIS REMOVAL | $5,000,000 or 25% of Policy limit whichever is less | $5,000,000 or 25% of Policy limit whichever is less |
| ERRORS AND OMISSIONS | $5,000,000 | $5,000,000 |
| EXPEDITING COSTS | $2,500,000 | $2,500,000 |
| FINE ARTS | $25,000 | $25,000 |
| FIRE DEPARTMENT SERVICE CHARGE | $100,000 | $100,000 |
| INCREASED COST OF CONSTRUCTION | $2,500,000 | $2,500,000 |
| LAND AND WATER CONTAMINANT CLEANUP, REMOVAL AND DISPOSAL | $2,500,000 | $2,500,000 |
| MISCELLANEOUS PERSONAL PROPERTY | $1,500,000 | $1,500,000 |
| MISCELLANEOUS UNNAMED LOCATION | $1,500,000 | $1,500,000 |
| OFF PREMISES SERVICE INTERRUPTION | $1,000,000 | $1,000,000 |
| PROFESSIONAL FEES | $5,000,000 | $5,000,000 |
| RADIOACTIVE CONTAMINATION | $100,000 | $100,000 |
| TRANSIT | $5,000,000 | $5,000,000 |
| VALUABLE PAPERS AND RECORDS | $1,500,000 | $1,500,000 |
| NEW CONSTRUCTION AND ADDITIONS | $10,000,000 | $10,000,000 |
| OFF PREMISES STORAGE FOR PROPERTY UNDER CONSTRUCTION | $5,000,000 | $5,000,000 |

| | | |
|---|---|---|
| BREAKDOWN OF EQUIPMENT not to exceed:$2,500,000 for AMMONIA CONTAMINATION$2,500,000 for SPOILAGE | $2,500,000 | $2,500,000 |
| Time Element | $4,216,050 | $4,216,050 |
| EARTH MOVEMENT in the Annual Aggregate | $50,000,000 | $50,000,000 |
| FLOOD in the Annual Aggregate but not to exceed the following limits in the Annual Aggregate | $50,000,000 | $50,000,000 |
| GROSS EARNINGS | included | included |
| EXTENDED PERIOD OF LIABILITY | included | included |
| INGRESS/EGRESS | included | included |
| NEWLY ACQUIRED | $10,000,000 | $10,000,000 |
| PROTECTION AND PRESERVATION OF PROPERTY | $20,000,000 | $20,000,000 |
| | | |
| **Policy Deductible(s)** | $100,000 per occurrence combined Property damage , except | $100,000 per occurrence combined Property damage , except |
| | $250,000 per occurrence in respect of Machinery Breakdown | $250,000 per occurrence in respect of Machinery Breakdown |
| **Contingent Time Element** | 72 hour waiting period | 72 hour waiting period |
| | | |
| **Earth Movement** | 2% of the declared value of the location affected by loss, subject to a minimum of $500,000 per occurrence | 2% of the declared value of the location affected by loss, subject to a minimum of $500,000 per occurrence |
| **Flood** | 2% of the declared value of the location affected by loss, subject to a minimum of $250,000 per occurrence | 2% of the declared value of the location affected by loss, subject to a minimum of $250,000 per occurrence |

# Statement of Values

| Description | Expiring | Renewal |
|---|---|---|
| Diversion Cells | $1,159,522 | $1,176,915 |
| Roadway Paving Asphalt | $219,301 | $222,591 |
| Highway Guardrails | $228,811 | $228,811 |
| Dam Embankment (the north to south bank on both sides of the powerhouse) and Containment (whole lock #7 pool) | $1,191,604 | $1,191,604 |
| Generators Voith 21.2 MW | $9,840,000 | $9,987,000 |
| Turbines | $5,200,000 | $5,278,000 |
| Voith Hubs | $6,151,492 | $6,151,492 |
| Voith Main Shafts | $2,718,317 | $2,718,317 |
| Governor System (including 2 hydraulic pressure vessels, piping, and cooling water system) | $2,567,417 | $2,567,417 |
| Lube Oil System (includes 2 OD boxes with piping; oil tanks and piping to supply oil to speed increaser sump, governor sump, and generator bearing) | $1,451,694 | $1,451,694 |
| Speed Increasers | $7,580,202 | $7,580,202 |
| Control and Relay Panels | $2,661,286 | $2,661,286 |
| Transformer GE | $2,060,000 | $2,060,000 |
| Compressed Air System: Gardner-Denver Tandem Units (self-contained with pressure tanks) | $285,985 | $285,985 |
| Bridge Crane: double beam Kranco 100/20-ton | $550,000 | $550,000 |
| Bridge Crane: double beam Kranco 115/20-ton | $554,989 | $554,989 |
| Gantry Crane: double rail Kranco 175-ton | $1,520,000 | $1,520,000 |
| 5-Story Hydroelectric Plant Class A Fireproof Steel Frame with Wired Smoke Detectors | $70,590,000 | $71,648,850 |
| Levy Substation Switch | $376,200 | $376,200 |
| Total Reported Value | $116,906,820 | $118,211,952 |
| Current Business Interruption | $4,216,050 | $4,216,050 |
| Total Insured Values (per Statement of Values): | **$121,122,870** | **$122,428,002** |

# Confirmation to Bind

**CONFIRMATION TO BIND AGREEMENT**

I, City of North Little Rock, acknowledge that we have reviewed the enclosed proposal and confirm HUB's acknowledgment to bind the programs described within:

***As Proposed***: _____

***Changes as Follows***:

***Binding Subjectivities***:

- 
- 

**Accepted By:** Name & Title_____ Date: _____

# Marketing Summary

| Insurance Company | Response | Reason |
|---|---|---|
| AEGIS | Quoted | 3% of total values - Premium included in total on Premium Summary |
| AIG | Declined | Total Premiums too low for Minimum Premium Requirements |
| Allianz | Declined | Not Competitive |
| ARG | Quoted | 51.5% of total values - Premium included in total on Premium Summary |
| ARK | Declined | Not Competitive |
| Aspen | Declined | Not Competitive |
| AXA/XL | Quoted | 7.5% of total values - Premium included in total on Premium Summary |
| C.N.A. Hardy | Declined | Not Competitive |
| HDI | Quoted | 6% of total values - Premium included in total on Premium Summary |
| Hiscox | Declined | Too Small due to Min Premium Requirement |
| LRE | Declined | Minimum Premiums start at $1 Mil |
| MS Amlin | Declined | Not Competitive plus would need deductible increases |
| Munich Re | Declined | Too Small due to Min Premium Requirement |

| Insurance Company | Response | Reason |
|---|---|---|
| Occam | Declined | Too Small due to Min Premium Requirement |
| Partner Re | Declined | Total Premiums too low for Minimum Premium Requirements plus Higher Deductibles |
| RSA Insurance | Quoted | 20% of total values - Premium included in total on Premium Summary |
| Travelers | Quoted | 7.5% of total values - Premium included in total on Premium Summary |
| Zurich | Declined | Too Small due to Min Premium Requirement |

## MANAGEMENT AND PROFESSIONAL LIABILITY

Your management and professional exposures can be met with:

- Directors and Officers Liability
- Employment Practices Liability
- Fiduciary Liability
- Crime
- Kidnap and Ransom
- Professional Liability
- Network Security/Cyber/Privacy Liability

## EMPLOYEE BENEFITS

When you work with HUB, you'll find yourself at the center of an employee benefits team that enables you to manage your workload and costs, while improving employee engagement.

- Multi-year Strategic Planning
- Cost Management
- Compliance Consulting
- Employee Engagement
- Health & Performance
- HR Technology Solutions
- Client Advocacy
- Employee Retirement Plans

## PERSONAL INSURANCE

We help individuals protect and preserve their personal, family and estate assets. As one of the largest and most sophisticated personal insurance practices in North America, we are a trusted resource for all personal insurance and risk management needs.

**Specialties include:**

- Home, Condominium, Auto, Valuable Articles, Collections, Individual and Group Personal Excess, Watercraft and Aircraft
- Individual Life and Disability
- Family Office Practice
- Private Client Advisors (High Net Worth Individuals)

## OUR STRATEGIC SERVICE APPROACH

## RISK CONSULTING

HUB Risk Consultants are board-certified and degreed safety, security, property and environmental professionals with an average of 20 years' experience in a variety of industries.

**Services include:**

- Diagnostics (GAP Analysis, Benchmarking)
- Safety Program Design and Development
- Regulatory Compliance
- Behavioral Safety
- Fleet Safety
- Safety Audits and Inspections
- Productivity Improvement and Ergonomics
- Property Protection Engineering
- Liability Exposures
- Security Consulting
- Crisis Management and Business Continuity Planning
- Cyber Risk/Cyber Security
- Entertainment Risk
- Industrial Hygiene-Indoor Air Quality and Noise
- Driver Training
- Emergency Response Program

We have the knowledge and experience to deliver solutions that are properly scaled to meet your needs regardless of company size, location or industry.

HUB International's Workforce Productivity Casualty practice uses a holistic approach which provides a panoramic view of your organization as it relates to absenteeism and productivity in the workforce.

## CLAIM CONSULTING

Our consultants have broad claim knowledge and experience with a variety of medical, litigation, and coverage issues.

**Services include:**

- Disability Management Program Design
- Claim Data Analysis
- Employer Claim Management Practices
- Medical Case Management Program Design
- Claim Audits
- Claim Review
- Reserve Analysis
- Third Party Administrator (TPA) Selection
- Settlement Evaluation
- Coverage Disputes
- Litigation Management
- Subrogation/Second Injury Fund Recoveries
- Claim reporting guidance
  If you experience a loss, you can count on HUB to be your advocate in the claims management process.

OVERVIEW OF THE

# Risk Services Division

## Risk Services Expertise

As a leading provider of risk management services, the HUB Risk Services Division partners with clients to work towards two common goals:

1. **Reduce a client's Total Cost of Risk (TCOR)**
2. **Make clients more resilient to losses and operational disruptions**

With experts in all functional areas and over 100 industries, our team has the proven knowledge and experience to assist clients in identifying current and potential risks, and implementing controls to reduce exposure to loss, improve productivity. In addition, we partner with clients to create claims management processes and address claim issues, should they occur.

## Consulting Methodology & Approach

Our consulting approach is designed to be timely, result-oriented, and focused where it counts most -- minimizing hazardous exposures and claims:

1. **Identify exposures, hazards, and losses**
2. **Evaluate current controls**
3. **Develop solutions**
4. **Implement solutions**
5. **Perform on-going measurement and evaluation**

### HUB HIGHLIGHTS

- 400+ locations in North America
- Top 7 global insurance broker based on revenue
- 10,000+ employees
- 1M+ clients
- 92% client retention
- 12B+ in premiums

CONTACT YOUR LOCAL HUB to put our expertise to work for you, or visit:

www.hubinternational.com/products/risk-services/

## Risk Services Products & Services

HUB International specializes in a wide variety of risk services products and consultancy services. The HUB Risk Services Division offers solutions that are properly scaled to the client based on size, risk and geographic location. Our team focuses on adding value and servicing clients.

### RISK CONTROL SERVICES

- Property Risk Engineering
- Safety & Environmental Management
- Regulatory Compliance
- Integrated Absence Management Programs

### CLAIMS MANAGEMENT SERVICES

- Claim Management Best Practices
- Loss Analysis & Reporting
- Return-to-Work Planning
- TPA/Carrier Selection & Monitoring
- Premium Audit

### SPECIALTY SERVICES

- Enterprise Risk Management
- Crisis Management
- Business Continuity Management
- Emergency Management
- Security Management
- Cyber Risk Management
- High Net Worth / Family Office Risk Management
- Travel Risk Management
- Clinical Risk Management
- Fleet Risk Management
- Risk Management Information Systems (RMIS)

### STRATEGIC PARTNERSHIPS

- Online Training Systems Providers / Developers
- Web-based Business Continuity Platforms
- Crisis Notification System Providers
- Art Preservation / Recovery Firms
- High-risk Claims Identification Tools
- Pre-hire Screening Tools
- Actuarial / Forensic Accounting Firms
- Driver Accountability Programs
- Online Fleet Risk Management Systems

hubinternational.com