R-23- 52

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 $355,953.76 (see Proposal attached hereto as Exhibit A); 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 A with Lloyds as the provider.

SECTION 2: That the annual premium in the amount of $355,953.76 has previously been included in the North Little Rock Electric Department's budget for 2023.

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

Mayor Terry C. Hartwick by AF

ATTEST:

Diane Whitbey, City Clerk

APPROVED AS TO FORM:

Amy Beckman Fields, City Attorney

PREPARED BY THE OFFICE OF THE CITY ATTORNEY/kt

FILED 11:00 A.M. _____ P.M.

By A Fields, City Atty

DATE 3/7/23

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

RECEIVED BY BTaylor

HUB

EXHIBIT
A

Commercial Insurance Proposal for

Murray Hydroelectric Power Plant

Presented by:

Eric Herget

March 3, 2023

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

Account Executive
Diane Kern
p918.359.6118
diane.kern@hubinternational.com

Account Manager
Jolynne Denny
p918.712.5240
jolynne.denny@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: 3/15/2023 to 3/15/2024

Loc #	Bldg #	Description and Address	City	State	Zip
1	1	Murray Hydroelectric Power Plant 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	$304,227	$342,263.24
AR 4% Surplus Lines Tax	$12,169	$13,690.52
Total Program Cost	**$316,396**	**$355,953.76**

Exposure Comparison		
Property	$118,211.952	$127,668,909
Business Income	$4,216,050	$4,216,050
Total	**$122,428,002**	**$131,884,959**

Carriers	Quota Share
Aegis	3%
Argenta	10%
HDI	6.7%
Helvetia	9%
QBE	7.5%
Thomas Miller	6.5%
TRV	5.5%
Scor	10%
TMK	9%
Arch	5%
Liberty	15%
Rethink	3.9%
Sompo	8.9%

Policy Term	Premium
2022-2023	$304,227
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

(Per Occurrence Unless Otherwise Stated)

Description	Expiring	Renewal
ACCOUNTS RECEIVABLE	$1,500,000	$1,500,000
BUSINESS INTERRUPTION/EXTRA EPENSE Ordinary Payroll Civil & Military Authority	$5,000,000 120 Days 30 Days & 5 Miles	$5,000,000 120 Days 30 Days & 5 Miles
- CONTINGENT TIME ELEMENT (Named)	$1,000,000	$1,000,000
CLAIMS PREPARATION COSTS	$250,000	$250,000
COURSE OF CONSTRUCTION	$5,000,000	$5,000,000
DEBRIS REMOVAL	$5,000,000 or 25% of Policy limit whichever is less	$5,000,000 or 25% of Policy limit whichever is less
DEMOLITION & INCREASED COST OF CONSTRUCTION	$2,500,000	$2,500,000
ELECTRONIC DATA – EQUIPMENT & MEDIA	$1,000,000	$1,000,000
ERRORS AND OMISSIONS	$5,000,000	$5,000,000
EXPEDITING EXPENSE Extended Period of Indemnity	$2,500,000 30 Days	$2,500,000 30 Days
FINE ARTS	$25,000	$25,000
FIRE DEPARTMENT SERVICE CHARGE	$100,000	$100,000
HAZARDOUS SUBSTANCES – INSURED PROPERTY	$100,000	$100,000
HAZARDOUS SUBSTANCES – LAND & WATER (Annual Aggregate)	$100,000	$100,000
INGRESS/EGRESS	30 Days & 5 Miles	30 Days & 5 Miles
MISCELLANEOUS UNNAMED LOCATION	$1,500,000	$1,500,000
MOBILE EQUIPMENT	$2,500,000	$2,500,000
NEWLY ACQUIRED (90 DAYS)	$10,000,000	$10,000,000
OFFSITE STORAGE	$5,000,000	$5,000,000
PROFESSIONAL FEES	$5,000,000	$5,000,000
PROTECTION & PRESERVATION OF PROPERTY	$2,000,000	$2,000,000
SERVICE INTERRUPTION	$5,000,000	$5,000,000
TRANSIT	$5,000,000	$5,000,000
VALUABLE PAPERS AND RECORDS	$1,500,000	$1,500,000

Descriptions	Expiring	Renewal
BOILER & MACHINERY Including: Ammonia Contamination Consequential Damage Water Damage	Included $100,000 $100,000 $100,000	Included $100,000 $100,000 $100,000
EARTH MOVEMENT in the Annual Aggregate	$50,000,000	$50,000,000
FLOOD in the Annual Aggregate but not to exceed thefollowing limits in the Annual Aggregate	$50,000,000	$50,000,000
Policy Deductible(s)	$100,000 per occ combined Property damage , except	$100,000 per occ combined Property damage , except
	$250,000 per occ in respect of Machinery Breakdown	$250,000 per occ in respect of Machinery Breakdown
Business Interruption	60 Days Waiting Period Per Occ except 72 hour waiting period for Service Interruption	60 Days Waiting Period Per Occ except 72 hour waiting period for Service Interruption
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	$1,176,915	$1,271,068
Roadway Paving Asphalt	$222,591	$240,398
Highway Guardrails	$228,811	$247,116
Dam Embankment (the north to south bank on both sides of the powerhouse) and Containment (whole lock #7 pool)	$1,191,604	$1,286,932
Generators Voith 21.2 MW	$9,987,000	$10,786,608
Turbines	$5,278,000	$5,700,240
Voith Hubs	$6,151,492	$6,643,611
Voith Main Shafts	$2,718,317	$2,935,782
Governor System (including 2 hydraulic pressure vessels, piping, and cooling water system)	$2,567,417	$2,772,810
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	$1,567,830
Speed Increasers	$7,580,202	$8,186,618
Control and Relay Panels	$2,661,286	$2,874,189
Transformer GE	$2,060,000	$2,224,800
Compressed Air System: Gardner-Denver Tandem Units (self-contained with pressure tanks)	$285,985	$308,864
Bridge Crane: double beam Kranco 100/20-ton	$550,000	$594,000
Bridge Crane: double beam Kranco 115/20-ton	$554,989	$599,388
Gantry Crane: double rail Kranco 175-ton	$1,520,000	$1,641,600
5-Story Hydroelectric Plant Class A Fireproof Steel Frame with Wired Smoke Detectors	$71,648,850	$77,380,758
Levy Substation Switch	$376,200	$406,296
Total Reported Value	**$118,211,952**	**$127,668,909**
Current Business Interruption	$4,216,050	$4,216,050
Total Insured Values (per Statement of Values):	**$122,428,002**	**$131,884,959**

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
TMK	Quoted
Arch	Quoted
QBE	Quoted
Argenta	Quoted
TRV (Travelers)	Quoted
SOMPO	Quoted
KILN	Quoted
Korean Re	Declined
Helvetia	Quoted
Convex	Declined
Scor	Quoted
Aegis	Quoted
Munich Re	Declined

Insurance Company	Response
CSL	Declined
Hiscox	Declined
Rokstone	Declined
Everest	Declined
AXA/XL	Declined
HDI	Quoted
Liberty	Quoted

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

HUB

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

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