

ORDINANCE NO. \_\_\_\_\_

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

WHEREAS, Ark. Code Ann. § 14-58-303 requires City purchases exceeding the amount of \$20,000 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 \$286,216.00 (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 \$286,216.00 has previously been included in the North Little Rock Electric Department's budget for 2021.

SECTION 3: That all ordinances or parts of ordinances in conflict herewith are hereby repealed to the extent of the conflict.

SECTION 4: That the provisions of this Ordinance 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 5: It is hereby found and determined that the insurance on the Murray Hydroelectric Plant will lapse at the end of this month and must be replaced immediately to maintain continuous coverage and being necessary for the immediate preservation of the public health, safety and welfare; THEREFORE, an emergency is hereby declared to exist, and this Ordinance shall be in full force and effect from and after its passage and approval.

PASSED:

APPROVED:

\_\_\_\_\_

\_\_\_\_\_

Mayor Terry C. Hartwick

SPONSOR:

ATTEST:

Terry C. Hartwick  
Mayor Terry C. Hartwick

\_\_\_\_\_  
Diane Whitbey, City Clerk

APPROVED AS TO FORM:

Amy Beckman Fields  
Amy Beckman Fields, City Attorney

PREPARED BY THE OFFICE OF THE CITY ATTORNEY/kt

FILED	11:10	A.M.	_____	P.M.
By	<u>A. Fields</u>			
DATE	<u>3-2-21</u>			
<b>Diane Whitbey, City Clerk and Collector North Little Rock, Arkansas</b>				
RECEIVED BY	<u>S. Usery</u>			



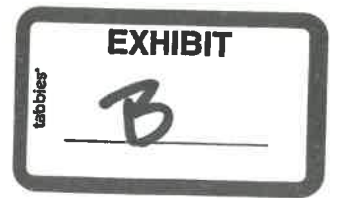
## Premium Summary (Lloyds London)

Coverage	Expiring	Renewal
Annual Premium	\$214,602	\$268,477
AR Surplus Lines Tax	\$8,584	\$10,739
Brokerage Fee	\$7,000	\$7,000
<b>Total Program Cost</b>	<b>\$230,186</b>	<b>\$286,216</b>

Exposure Comparison		
Property	\$116,906,820	\$116,906,820
Business Income	\$4,216,050	\$3,157,103
<b>Total</b>	<b>\$121,122,870</b>	<b>\$119,063,923</b>

Carriers	Quota Share	Base Premium
ARG	51.5%	\$127,563.44
HDI	6%	\$ 18,000.00
TRV	7.5%	\$ 23,625.00
RSA	20%	\$ 63,033.60
AEGIS	3%	\$ 10,005.00
AXA/XL	7.5%	\$ 26,250.00

Policy Term	Premium
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



## Commercial Insurance Proposal for **Murray Hydroelectric Power Plant**

Presented by:

**Eric Herget**

February 15, 2021

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

[www.hubinternational.com](http://www.hubinternational.com)

# Service Team

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

<b>Risk Consultant</b>
<b>Eric Herget</b>
p 501.801.5701
<a href="mailto:eric.herget@hubinternational.com">eric.herget@hubinternational.com</a>

<b>Senior Account Manager</b>
<b>Denise Waller</b>
P 501.664.6587
<a href="mailto:Denise.waller@hubinternational.com">Denise.waller@hubinternational.com</a>

<b>Account Administrator</b>
<b>Melissa Sutton</b>
p 918.491.8508
<a href="mailto:melissa.sutton@hubinternational.com">melissa.sutton@hubinternational.com</a>

<b>Claims</b>
<b>Jeanette Mitchell</b> , Senior Claims Specialist – Property p 816.839.6659 <a href="mailto:jeanette.mitchell@hubinternational.com">jeanette.mitchell@hubinternational.com</a>
<b>Sue Barnes</b> , Senior Claims Specialist – Liability, Commercial Auto p 918.359.6112 <a href="mailto:sue.barnes@hubinternational.com">sue.barnes@hubinternational.com</a>
<b>Rhonda McAlister</b> , Senior Claims Specialist - Workers' Compensation p 918.712.5271 <a href="mailto:rhonda.mcalister@hubinternational.com">rhonda.mcalister@hubinternational.com</a>
<b>Detra Burdine</b> , Senior Claims Specialist - Workers' Compensation p 918.712.5206 <a href="mailto:detra.burdine@hubinternational.com">detra.burdine@hubinternational.com</a>

## 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 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 79proposal

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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
<b>Policy Deductible(s)</b>	\$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
<b>Contingent Time Element</b>	72 hour waiting period	72 hour waiting period
<b>Earth Movement</b>	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
<b>Flood</b>	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	\$1,159,522
Roadway Paving Asphalt	\$219,301	\$219,301
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	\$9,840,000
Turbines	\$5,200,000	\$5,200,000
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 Increaseers	\$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	\$70,590,000
Levy Substation Switch	\$376,200	\$376,200
<b>Total Reported Value</b>	<b>\$116,906,820</b>	<b>\$116,906,820</b>
<b>Current Business Interruption</b>	<b>\$4,216,050</b>	<b>\$4,216,050</b>
<b>Total Insured Values (per Statement of Values):</b>	<b>\$121,122,870</b>	<b>\$121,122,870</b>

# 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

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

## 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/](http://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](http://hubinternational.com)