

A risk profile is a structured management tool for identifying the various exposures associated with an operation. Typically, a risk profile will encompass a review of an organization's operations with a focus on administrative strategies / protocol for reducing or managing particular risks. Environmental risk should not be exempt from this process. In fact, many organizations create stand-alone Environmental Risk Profiles (ERPs) to specifically address the area of environmental liability. This process adds to an organization's ability to systematically identify environmental risk and effectively manage it. Below is an excerpt from an ERP for Healthcare Facilities, which identifies some major exposures. A completed ERP can show the impact such exposures can have on the organization, as well as the risk management strategies available.

Healthcare Facilities confront environmental liability every day. Specifically, they face environmental exposures in three major areas: operations, transportation and disposal liabilities. Each area must be explored to identify risks that may expose the organization to environmental liability. This hypothetical ERP identifies some of the major exposures and associated claims.

EXPOSURES

OPERATIONAL EXPOSURES

- Poor indoor air quality, leading to "Sick Building Syndrome" occurring from fungal or mold growth in the building or ventilation system, carbon monoxide emissions from improperly running systems or bacterial build-up (legionella) in the air conditioning or drinking water systems.
- "Toxic" mold phenomenon (aspergillus, stachybotrys, etc.) due to poor maintenance of ventilation systems.
- MRSA, H1N1 and other facility-borne infectious viruses or bacteria confirmed by the Centers For Disease Control (CDC) or local health professional.
- Large parcels of property that are "donated" to the hospital / health care facility can present the owners with potential environmental problems if not properly assessed. Many times, there are poor or inadequate records of activity on these properties so there are many unknown problems associated with them that are only identified when the property is developed.
- Even if environmental assessments are performed, especially Phase Is, they are only cursory reviews of the property with a "walk-through" of the property to physically identify issues. In the event there was illegal or "midnight" dumping of waste, environmental reports would not identify it.
- Property contamination from historical usage. Many healthcare facilities and hospitals have operated on the same premises for over 30 years. Past improper disposal practices of waste materials may have caused adverse soil and groundwater conditions on-site and to neighboring properties.

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EXPOSURES (CONT'D)

- Contiguous properties containing existing environmental conditions, contributing to contamination on the property.
- Hazardous chemicals (cleaning chemicals, fuels, lubricants, red bag waste, lab chemicals and waste, pesticides / herbicides, paints, solvents and volatile organic compounds) can release in- or outdoors via improper storage, inadequate containment or vandalism.
- Improper disposal of chemicals, (e.g., chemistry labs “flushing” waste into the septic system).
- Existence of lead (paint and pipes), asbestos (insulation and tiles), and polychlorinated biphenyls (light ballasts and transformers) creating liability associated with third parties coming onto or working in and around the property.
- Insufficient chemical pretreatment of wastewater discharge to municipal wastewater treatment plants.
- Improperly handled or stored gases such as oxygen, chlorine and ethylene oxide at any one of many potential sites (maintenance areas, laboratories, cafeteria, etc.) can lead to explosions and release of contaminants.
- Improperly controlled air emissions from lab facilities may cause on- and off-site property contamination as well as bodily injury claims.
- Water intrusion, moisture build up or mold growth from landscaping errors, poor concrete work in basements / slabs or improperly positioned sprinkler systems.
- Surface water runoff resulting in the spread of contamination to contiguous properties.
- Incinerators that could cause air emissions of pathogens if the burn rate or temperature is not properly controlled.
- Release of Laser smoke, which contains toxic gases such as benzene, hydrogen cyanide, formaldehyde, bio-aerosols, dead / live cellular material (bone fragments, viruses).
- Improper disposal or improper use of sterilization unit waste, disinfectants, antiseptics, reagents.
- Current or historical practices of improper disposal of biological and infectious waste (bandages, needle tips, specimen containers, blood bags).
- Radioactive materials and wastes not stored or disposed of properly.
- Liability associated with local or regional soil / groundwater contamination not necessarily created by the prior usage of the site.
- Poor underground and aboveground tank management programs, resulting in surface and subsurface soil and groundwater contamination.
- Natural Resource Damages resulting in substantial costs for state- and federal-mandated cleanup requirements and potential fines.
- Fines for regulatory violations associated with water discharge, improper storage of hazardous materials, etc.

TRANSPORTATION EXPOSURES

- Inadvertent transport and subsequent disposal of unknown contaminated soil or materials from onsite activities such as small spills resulting in waste product.
- Spills of contents (e.g., fuel, cleaning products, sealants, solvents, acids, lab waste, various gas cylinders, etc.) during transport.
- Resulting pollution from collisions with various structures (e.g., pole mounted transformers, aboveground tanks, etc.).
- Fuel / oil spills / leaks from vandalism during the transport of any materials.

DISPOSAL EXPOSURES

- Inadequate or improper disposal of waste materials such as waste oil, lab waste, cleaning chemicals, fuel, etc.
- Clean up and liability associated with the disposal of waste / materials at disposal facilities or recyclers. This may expose the organization to Superfund liability. Such materials might include air conditioning units containing chlorofluorocarbons (CFCs), acids, adhesives, halogen lights, waste oil, batteries, red bag waste and waste sludge.

HEALTHCARE FACILITIES

Name of Organization: _____

Lasts Updated: _____

SAMPLE ENVIRONMENTAL RISK PROFILE

Below is the start of a sample ERP for Healthcare Facilities. A complete ERP can be added to provide a detailed profile: reference documents, website links, details on prior claims / incidents and the organization’s response.

A complete ERP can be used to help risk and insurance managers better identify, manage, reduce and even eliminate the organization’s exposures to environmental liability and the related costs.

EXPOSURE	IMPACT ON ORGANIZATION	RESPONSIBILITY	RISK MANAGEMENT TECHNIQUE	PRIOR INCIDENTS
OPERATIONAL EXPOSURES: 1. Pre-existing environmental conditions on property that was purchased and developed by the hospital.	<ul style="list-style-type: none"> • Costs associated with developmental delays, remediation of the existing conditions, etc. • Liability associated with contamination as the current owner of the property. • Potential Superfund implications. • Potential impact to investors, “supporters,” volunteers, etc. This could have dramatic impact in the event someone is actually injured as a result of the conditions. • Potential impact to patients / clients. • Potential impact to reputation and incoming business. 	<ul style="list-style-type: none"> • Property manager, legal counsel, environmental manager or department or risk manager, whomever is responsible for due diligence in property acquisition 	<ul style="list-style-type: none"> • Self perform initial environmental data searches on designated EPA websites. • Hire environmental data firm to collect information on the property. • Conduct an environmental assessment via standard due diligence protocol of the school. • Partner with environmental consulting firm. • Environmental indemnities in agreement of acquisition, if any. • Environmental insurance protecting the facility from past, present and future environmental conditions, on, at, under or emanating from the location or, roll into the facility’s current environmental insurance program. This may or may not supplement exclusions on Directors and Officers’ insurance, in the event a pollution exclusion exists on that policy. 	
TRANSPORTATION EXPOSURES:				
DISPOSAL EXPOSURES:				