

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 Agriculture, 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.

Agricultural firms 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

- Liability associated with local or regional soil and groundwater contamination
 - Includes nitrate contamination primarily from farm fields leaching excessive amounts of applied fertilizers into drainage ditches and from surface runoff from fertilizer fields
 - Remediation including clean-up of neighboring properties (off-site) and owned property (on-site)
 - Includes runoff from factory farms, barnyards, feedlots, croplands, manure fields, nitrates, fertilizers, ammonia, pesticides, livestock waste, oils and toxins from farm equipment, and silt and sediment
- Air emissions or odors arising from agricultural practices – methane gas emissions from livestock or manure digesters, crop stubble burning, odors associated with the operation of confinement hog or poultry farms, constituents at Concentrated Animal Feeding Operations (CAFO), or manure spreading. These can include:
 - Carbon Dioxide or Hydrogen Sulfide
 - Volatile Organic Compounds (VOCs)
 - Other odorants
- Liability arising both on- and off-site from above and underground storage tanks, spills, and residual contamination from small leaks, etc.
 - Leaking fuel storage tanks such as oil, gas, or diesel tanks

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EXPOSURES (CONT'D)

- Fertilizer spills or releases including, but not limited to, anhydrous ammonia or manure
- Improper storage and handling of raw materials or chemical management causing accidental spills or leaks, which cause damage to neighboring properties or contamination. These can include:
 - Anhydrous ammonia or nitrogen based compounds
 - Pesticides or herbicides
- Malfunction of manure digester separators releasing nitrogen contaminated waste into bodies of water or waste streams
- Clean-up and liability associated with crop overspray or chemical drift – ground or air
- Dust, herbicides, pesticides, or fertilizers
- Diminution in value of neighboring properties from CAFOs and farming practices
- Natural Resource Damages as a result of nitrogen pollution from spreading of fertilizer or manure on farm fields resulting in substantial costs for state and federal mandated clean-up requirements and potential fines

TRANSPORTATION EXPOSURES

- Inadvertent transport and subsequent disposal of unknown contaminated soil from onsite activities
- Clean-up and liability associated with the transportation of the farm's manure to another site, whether using the farm's automobiles or rented trucks, and transporting it across country dirt roads, state roads or federal highways
- Loading and unloading of products or material from tanker trucks, rail cars, etc.
- Clean-up and liability associated with chemical leaks to another site or fertilizer spills during transit
- Clean-up costs for material spilled or released while being transported or while being loaded or unloaded, whether by automobile, rolling stock, watercraft, or aircraft

DISPOSAL EXPOSURES

- Wastewater lagoon and impoundment failure causing on- and off-site contamination
- Wastewater lagoon and impoundment overflow due to heavy rains causing on- and off-site contamination resulting from contaminated flood waters
- Clean-up for waste that causes a pollution condition at a licensed non-owned disposal site
- Third-party liability, which includes third-party bodily injury and property damage (i.e. a manure spill that affects local well water) at an owned or non-owned location where manure is applied

AGRICULTURE

Name of Organization: _____

Lasts Updated: _____

SAMPLE ENVIRONMENTAL RISK PROFILE

Below is the start of a sample ERP for Agriculture. 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. Wastewater lagoon failure	<ul style="list-style-type: none"> Liability associated with third-party property damage as well as surface water contamination Costs to remediate contamination Damage to the organizations public image 	<ul style="list-style-type: none"> Site manager, legal counsel, environmental manager or risk manager 	<ul style="list-style-type: none"> Monitoring / inspection program to enhance early detetion of any problems Creation of a buffer zone or berm area around lagoons Environmental insurance to protect from liability associated with on- and off-site contamination 	Company was forced to pay millions of dollars when lagoon waste migrated from the lcoation and contaminated nearby tributaries. Waste lagoons overflowed due to heavy rains, resulting in the overflow and release of millions of gallons of waste and contamination to the potable water supply for a neighboring rural town.
TRANSPORTATION EXPOSURES:				
DISPOSAL EXPOSURES:				

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