

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 Construction Firms, 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.

Construction firms confront environmental liability every day. Specifically, they face environmental exposures in four major areas: operations, owned premises, 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

- Fumes, emissions and spills from chemicals (volatile organic compounds) applied during construction (finishers, sealants, curing compounds, floor coatings, adhesives, etc.), causing respiratory hazards.
- Accepting supposedly "clean" fill from unknown origins, finding later that it was contaminated with petroleum or other hazardous substances – thereby exacerbating the extent of contamination.
- "Toxic" mold exposure, caused by water entering a building's basement or substructure due to improper grading or excavation during site preparation.
- Heating, ventilation, air conditioning (HVAC) construction and / or maintenance errors, causing release of airborne bacteria, mold, fungus or carbon monoxide, or mold growth from water intrusion or moisture encapsulation.
- Other exposures associated with mold:
 - Incomplete or improper remediation of a structure, exposing residents to mold.
 - Misidentification of mold in structure prior to demolition.
- In the event total demolition does not take place, the part of the structure not demolished will be exposed to the "elements," resulting in potential water intrusion.
- "Re-growth" of mold as a result of not addressing potential structural changes needed to reduce / remove moisture and / or water intrusion.
- Over-application of solutions used to remove mold, resulting in inhalation hazards.
- Costs associated with additional required remediation, due to establishment of new regulations.

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EXPOSURES (CONT'D)

- Inadvertent disturbance of pre-existing contamination / product:
 - Asbestos-containing materials
 - Naturally-occurring asbestos in subsurface soils / geology
 - Lead paint
 - Contaminated soils, surface or groundwater.
- Release of equipment lubricant oils and other fluids due to improper or inadequate storage.
- Release from improper or inadequate storage of on-site fuel tanks.
- Release of oils / fuels from tanks / drums as a result of vandalism.
- Site preparation / excavation exacerbating pre-existing contaminated soil (e.g., unknown residual contamination such as petroleum contamination from leaking underground tanks).
- Spills from application of primer oil / tack coat from asphalt operations.
- Impacting underground utility lines and other underground structures.
- Vicarious exposure from subcontractors on-site performing both environmental and non-environmental work.
- Silica dust from demolition.
- Improper disposal of waste materials.
- Unidentified, pre-existing contamination from past owners of the premises.
- If the firm owns commercial structures or habitational structures, there is a major exposure from mold growth. Mold could result from construction defect, inadequate maintenance from both property manager and / or occupant, poor HVAC systems etc.
- If the firm owns or operates landfills: air emissions from uncontrolled methane release, impact of groundwater from leachate, inadequate liner system resulting in release to subsurface soils and groundwater, fines associated the uncontrolled release of discharge and / or surface water, etc.
- Quarrying operations may impact groundwater conditions, as well as create potential exposure to silica dust.

TRANSPORTATION EXPOSURES

- Inadvertent transport and subsequent disposal of unknown contaminated soil.
- Spills of contents (e.g., fuel, asphaltic cement, etc.) during transport.
- Resulting pollution from collisions with various structures (e.g., pole mounted transformers, aboveground tanks, etc.).
- Fuel / oil spills / leaks from vandalism.

DISPOSAL EXPOSURES

- Superfund liability for the inadvertent disposal of waste materials or unknown contaminated soil.
- Improper disposal of waste of contaminated soil on the project site or at unregulated facilities.
- Vicarious liability from subcontractors that transport and dispose of waste materials or soil.

OWNED PREMISES EXPOSURES

(batch plants, maintenance garages, fabrication shops, landfills, offices, etc.)

- Leaking underground / aboveground storage tanks.
- Residual contamination from minor spills of oils, fuel, lubricants, etc., and poor housekeeping during maintenance operations.
- Leaks from vehicles and / or equipment stored on premises.
- Surface contamination from fuels and lubricants stored improperly (without secondary containment).

CONSTRUCTION FIRMS

Name of Organization: _____

Lasts Updated: _____

SAMPLE ENVIRONMENTAL RISK PROFILE

Below is the start of a sample ERP for Construction Firms. 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. Accept / deliver fill material	Financial impact to remediate current conditions and associated liability. There may also be a negative impact on the firm's reputation due to the public's perception of the firm's handling of the incident.	Project manager, on-site personnel or environmental manager / personnel.	Contract documents with owner None. of fill material holding the firm harmless. Environmental data search to identify source of material. Acceptance requirements, including a checklist and lab analysis of suspect material. Environmental insurance for both subcontractors and the firm for resulting liability and clean up costs.	None.
OWNED PREMISES EXPOSURES: 1. Batch plants 2. Maintenance facility				
TRANSPORTATION EXPOSURES: 1. Refueling Vehicles				
DISPOSAL EXPOSURES: 1. Refueling Vehicles				