

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 Drilling Contractors, 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.

Drilling Contractors 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

- Inadvertent disturbance of pre-existing contamination / product:
  - Naturally-occurring asbestos in subsurface soils / geology
  - Contaminated soils, surface or groundwater
- Release of equipment lubricant oils and other fluids due to improper or inadequate storage.
- Cross-contaminating aquifers by drilling through contaminated soil and into the groundwater.
- Exacerbating existing contamination during dewatering operations such as pulling groundwater from off-site sources (i.e., leaking underground tanks) and into the project site.
- 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).
- Impacting underground utility lines and other underground structures.
- Vicarious exposure from subcontractors on-site performing both environmental and non-environmental work.
- Silica dust from drilling activities.

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## EXPOSURES (CONT'D)

### OWNED PREMISES EXPOSURES

(maintenance garages, fabrication shops, 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).
- Improper disposal of waste materials on site.
- 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 heating, ventilation and air conditioning (HVAC) systems, etc.

### TRANSPORTATION EXPOSURES

- Inadvertent transport and subsequent disposal of unknown contaminated soil.
- Spills of contents (e.g., fuel, lubricants, 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 or contaminated soil on the project site or at unregulated facilities.
- Vicarious liability from subcontractors that transport and dispose of waste materials or soil.

# DRILLING CONTRACTORS

Name of Organization: \_\_\_\_\_

Lasts Updated: \_\_\_\_\_

## SAMPLE ENVIRONMENTAL RISK PROFILE

Below is the start of a sample ERP for Drilling Contractors. 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
<b>OPERATIONAL EXPOSURES:</b> <b>1. Exacerbate existing contamination</b>	<ul style="list-style-type: none"> <li>Financial impact to remediate current conditions or supply alternative sources of potable water if drinking water is impacted.</li> <li>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.</li> <li>Liability associated with resulting third-party bodily injury and / or property damage.</li> <li>Restoration of Natural Resource Damages (NRD).</li> </ul>	Project manager, corporate safety officer, on-site personnel or environmental manager / personnel.	<ul style="list-style-type: none"> <li>Contract documents with owner Environmental disclosure from owner, revealing any known, preexisting pollution on the site.</li> <li>Contract documents with owner or GC holding the firm harmless for preexisting environmental conditions.</li> <li>Environmental data search to identify potential environmental issues at the site.</li> <li>Environmental liability insurance for both subcontractors and the firm for resulting liability and clean up costs – including Natural Resource Damages.</li> </ul>	The firm was building a road in an area where the water table was extremely close to the surface, requiring dewatering operations. After wells were dug and drilled, the foreman smelled petroleum in the extracted groundwater. Unaware that a leaking underground tank from the adjacent property had impacted groundwater, the firm was forced to clean up both soil and groundwater as we had exacerbated the extent of the contamination by pulling the polluted groundwater underneath the project site.
<b>OWNED PREMISES EXPOSURES:</b> <b>1. Batch plants</b>				
<b>TRANSPORTATION EXPOSURES:</b> <b>1. Refueling vehicles</b>				
<b>DISPOSAL EXPOSURES:</b> <b>1. Non-owned disposal sites</b>				