

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 Excavation 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.

Excavation 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

- Lubricant oils and other fluids from field equipment leaking onto the project site, causing surface and sub-surface contamination.
- Release of fuels, primer oil or tack coat during paving operations, caused by over application or storm water discharge.
- Uncontrolled surface water discharge, releasing sediments and contaminants onto contiguous properties and into streams, resulting in third-party property damage and possible fines for exceeding National Pollutant Discharge Elimination System (NPDES) permits.
- Impacting groundwater from drilling and excavation work (e.g., dewatering operations, etc.).
- Accepting supposedly "clean" fill from unknown origins, discovering at a later date that it was contaminated with petroleum or other hazardous substances.
- Impacting underground utility lines and other underground structures.
- "Toxic" mold liability due to improper grading of a site, causing water to enter the basements.
- Air emissions from the release of volatile organic compounds (VOCs) in materials such as curing compounds, accelerants, adhesives, sealants, etc.
- Improperly managed application of petroleum-based products used to coat concrete forms resulting in residual contamination.
- Inadvertent disturbance of naturally occurring asbestos.

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EXPOSURES (CONT'D)

- Release of oils / fuels from on-site storage tanks as a result of vandalism.
- Site preparation / excavation work through pre-existing contaminated soil (e.g., petroleum contamination from fuels) and exacerbating the extent of contamination.
- Spills of chemicals and fuels (e.g., mobile refueling tanks, etc.) brought on-site.

OWNED PREMISES EXPOSURES

(maintenance garages, fabrication shops, offices, etc.)

- Soil and groundwater contamination from:
- Leaking underground / aboveground storage tanks.
- Residual contamination from poor housekeeping or spills of oils, fuel, lubricants, etc.
- Improper disposal of waste materials.
- Unidentified, pre-existing contamination from past owners of the premises.
- Air quality issues from quarrying operations such as dust and silica.
- Quarrying operations impacting groundwater quality.
- Air, surface water, groundwater and soil contamination resulting from on-site landfill.
- Improper storage or product or materials at batch plants.

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

- Inappropriate disposal of hazardous waste materials or other products.
- Misdelivery of unidentified contaminated fill.
- Waste materials leaving premises.
- Waste materials being disposed on-site.
- Retroactive liability under Superfund for past disposal practices (i.e., construction debris in a landfill that is now on the Superfund list).

EXCAVATION CONTRACTORS

Name of Organization: _____

Lasts Updated: _____

SAMPLE ENVIRONMENTAL RISK PROFILE

Below is the start of a sample ERP for Excavation 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
OPERATIONAL EXPOSURES: 1. Exacerbation of pre-existing contaminated soil or other material	Financial impact associated with the cost to clean up the problem, legal defense and any resulting damage to property or injury to others. Such claims can have a dramatic impact on our reputation if we were to truly injure someone or cause extensive damage	Project manager or other on-site personnel, environmental manager and/or safety manager.	<ul style="list-style-type: none"> • Contract documents with owner or GC requesting disclosure of existing environmental issues / problems. • Contractual indemnities for pre-existing contamination. • Environmental data search to identify problems with the site and around the project site. • Acceptance requirements, including lab analysis of suspect fill material. • Environmental insurance for both subcontractors and the organization. • Partner with environmental remediation firm. If any problems occur at a job site, we’ll have an expert we can rely on. 	In connection with the construction of a parking structure the drilling operations for the shoring, encountered a black, sludge substance coming from the borehole. Construction was stopped. The owner called in an environmental consultant to assess the situation. The consultant concluded it was an unidentified 55-gallon petroleum drum. We felt we had little to no liability since we only identified the problem and agreed to work with the owner on identifying the problem. We were directed to excavate and remove the drum under the auspices of the environmental firm. When we hit the source it was not a drum rather a 5,000 gallon underground tank apparently used to heat a previous building. After the UST was removed extensive environmental studies were conducted. It was concluded that petroleum leaked for years causing extensive groundwater and subsurface soil contamination that extended off site and underneath a major highway. A multi-million dollar remediation ensued but we were never brought in as a “contributor” because we only found the problem. This was a good example of what could have happened to us.
TRANSPORTATION EXPOSURES: 1. Refueling vehicles				
DISPOSAL EXPOSURES: 1. Non-owned disposal sites				