

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 Fire Alarm & Sprinkler System 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.

Fire Alarm & Sprinkler System 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

- Fire Alarm and Sprinkler installation and / or maintenance errors, causing release of airborne bacteria, mold, fungus or carbon monoxide, or mold growth from water intrusion or moisture encapsulation.
- Release of welding fumes that contain manganese, exposing workers and subcontractors to adverse neurological disorders such as Manganism.
- Other exposures associated with mold:
 - Misidentification of mold in structure prior to work performed.
 - "Re-growth" of mold due to failure to address changes needed to remove moisture and / or water intrusion.
- Over application of solutions used to remove mold resulting in inhalation hazards.
- Establishment of regulation that may lead to additional remediation of structures.
- Bacterial release, (e.g., legionella) from improper installation of sprinkler systems.
- Inadvertent disturbance of pre-existing contamination.
- Costs associated with additional required remediation, due to establishment of new regulations.
- Incomplete or improper installation, exposing residents to mold.

CONTACT

RT ECP | 2465 Kuser Road, Suite 202 | Hamilton, NJ 08690
Phone: (609) 298-3516 | Fax: (609) 298-6254 | Email: rtecp@rtspecialty.com
Or contact your local RT Specialty Broker.
rtspecialty.com

EXPOSURES (CONT'D)

- Responsibility for damages and / or pollution releases arising from power cut off on client's facility pollution control equipment, fire sprinkler systems, electronic monitoring devices, etc.
- Inadvertent disturbance of pre-existing contamination / product including but not limited to asbestos or lead-based paint:
- 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.
- Vicarious exposure from subcontractors on-site performing both environmental and non-environmental work.

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.
- 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

- Resulting pollution from collisions with various structures (e.g., pole mounted transformers, aboveground tanks, etc.).
- Fuel / oil spills / leaks from vandalism.
- Inadvertent transport and subsequent disposal of unknown contaminated materials (e.g., asbestos shingles, etc.).
- Spills of contents (e.g., fuel, lubricants, etc.) during transport.
- Release of contents or cargo during transportation.

DISPOSAL EXPOSURES

- Vicarious liability from subcontractors that transport and dispose of waste materials.
- Accidents during transport and disposal of hazardous waste materials or other construction activity by-products.
- On-site disposal of waste materials.
- Retroactive liability under Superfund for past disposal practices (i.e., debris in a landfill that is now on the Superfund list).
- Superfund liability for the inadvertent disposal of waste materials or unknown contaminated material.
- Improper disposal of waste or contaminated material on the project site or at unregulated facilities.