

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 Hospitality Industry, 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.

The Hospitality Industry confronts 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 arising from both on- and off-site historical use, such as improper disposal, underground tanks, residual contamination from small leaks or spills, etc.
- Liability associated with local or regional soil / groundwater contamination, regardless of the source of contamination.
- Indoor air quality exposures from airborne fungi, mold, bacteria, viral or other biological substances that may exist in the indoor environment. These contaminants could result from a variety of typical hospitality features:
 - Fountains
 - Sauna / spa
 - Pools / hot tubs
 - Heating, ventilation and air conditioning (HVAC)
 - Hot / cold water supply pipes
 - Improper ventilation in hotel rooms
 - Improper use of facility by guests.
- Improper design and / or installation of various systems that lead to water intrusion and an increase in moisture:
 - HVAC
 - Plumbing
 - Roofing
 - Windows
 - EIFS
 - Landscaping
- Laundry operations may include dry cleaning, which utilizes perchloroethylene (Perc or PCE) and other chemicals, wastewater and detergents.

CONTACT

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EXPOSURES (CONT'D)

- Carbon monoxide releases from fossil-fuel fired devices including ovens, boilers, floor buffers and space heaters.
- Exposed asbestos and asbestos insulation on pipes and boiler, tiles and insulation.
- Lead-based paint in structure.
- Poor lead, asbestos or silica disposal practices during site renovation.
- Mercury and other metals in fluorescent lamps and thermostats.
- Fuel sources, such as heating oils, emergency generators fuels, underground storage tanks.
- Chlorofluorocarbons (CFCs) on HVAC system, refrigerators, coolers and ice machines.
- Ammonia in refrigerant systems, releasing anhydrous ammonia.
- Pesticides, herbicides and fertilizers for indoor plant and outdoor landscaping maintenance.
- Renovation and construction activities (e.g., painting, remodeling, HVAC, plumbing) using or affecting materials that could create respiratory hazards for guests (e.g., silica dust).
- Inadequate containment in the vehicle maintenance area may result in the release of oils, solvents, lubricants, antifreeze, battery acids, etc.
- In tradeshow events, exhibitors may be bringing hazardous materials onto the premises without adequate precautions.
- Environmental liability assumed in acquisition and divestiture of property.
- Large parcels of undeveloped property tend to have fewer environmental issues. As a result, many times there are poor or inadequate records of activity on those lands. Phase I environmental assessments are cursory reviews of the site with a “walk-through” of the property to physically identify issues. Environmental reports might not identify illegal or “midnight” dumping of waste or materials on these lands. The contamination may only be revealed during development.
- Errors and omissions in environmental site assessments, especially Phase Is due to their limited scope of work, can lead to unidentified underground structures or contamination.
- Improperly maintained polychlorinated biphenyls (PCB) containing equipment (e.g., light ballasts, hydraulic elevators) and transformers.
- Improper housekeeping and preventive maintenance resulting in residual contamination.
- Malfunctioning pollution control equipment, leading to untreated discharge of air emissions or wastewater.
- Inadequate underground and aboveground tank inventory and / or management programs can lead to groundwater contamination.
- Inadequate or improper waste / raw materials storage / handling practices.
- Improper storage of incompatible materials may lead to on-site releases and / or potential explosion.
- Malfunction of oil / water separators releasing petroleum contaminated water into bodies of water or waste streams.
- Natural Resource Damages, resulting in substantial costs for state- and federal mandated cleanup requirements and potential fines.
- Improper storage, resulting in release of:
 - Cleaning products
 - Compressed gases
 - Diesel fuel and other lubricant oils
 - Flammable paints and solvents
 - Pool, hot tub chemicals
 - Maintenance chemicals

TRANSPORTATION EXPOSURES

- Inadvertent transport and subsequent disposal of unknown contaminated soil / material from onsite activities.
- Spills of contents (e.g., fuel, product, equipment maintenance fluids, process materials, etc.) during transport.

EXPOSURES (CONT'D)

- Resulting pollution from collisions with various structures (e.g., pole mounted transformers, aboveground tanks, etc.)
- Fuel / oil spills / leaks from vandalism during transport.

DISPOSAL EXPOSURES

- Inadequate disposal of waste material from various on-site operations.
- On-site wastewater treatment / sewage disposal.
- Disposal of televisions, computers, monitors, microwaves, refrigerators and other devices.
- Disposal of cooking oils and kitchen grease waste.
- Disposal of radioactive elements in old smoke detectors.
- Clean up and liability associated with the disposal of waste / materials at disposal facilities or recyclers. This may expose the organization to Superfund liability.

HOSPITALITY INDUSTRY

Name of Organization: _____

Lasts Updated: _____

SAMPLE ENVIRONMENTAL RISK PROFILE

Below is the start of a sample ERP for Hospitality Industry. 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. Improper design / installation of HVAC system	<ul style="list-style-type: none"> Financial impact associated with Costs to remediate or replace the HVAC and ventilation systems. Costs to remediate mold growth in the structure. Liability associated with third- party bodily injury or property damage. Negative impact to the reputation, particularly if guests or employees are seriously injured. 	<ul style="list-style-type: none"> Site manager, legal counsel, environmental manager or risk manager. 	<ul style="list-style-type: none"> In addition to typical engineering controls: <ul style="list-style-type: none"> Third-party inspection of the system prior to going ‘on line.’ Review of design plans to ensure viable construction. Carefully review and inspect the qualifications of the design professional and construction firm hired to perform the project. Require architectural and contracting firms to provide copies of professional liability and contractor’s pollution liability endorsement coverage for mold / fungi. Purchase environmental insurance to protect from liability associated with on/off-site contamination. 	<p>A new hotel was built in the Southwest US. Not long after opening, it was determined that improper moisture levels existed in one of the towers. As a result, there was mold growth in various quadrants of the structure and throughout the ventilation system. The issue was exacerbated by the use of vinyl wallpaper that trapped the moisture. The resulting third-party claim expenses were minimal, but the cleanup reached into the range of \$500,000.</p>
OWNED PREMISES EXPOSURES:				
TRANSPORTATION EXPOSURES:				

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