RT ENVIRONMENTAL & CONSTRUCTION PROFESSIONAL

ENVIRONMENTAL RISK PROFILE

INTERIOR RENOVATION CONTRACTORS

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 Interior Renovation 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.

Interior Renovation 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

- Fumes, emissions and spills from chemicals (volatile organic compounds) applied during construction (finishers, sealants, curing compounds, floor coatings, adhesives, etc.), and from equipment exhaust, causing respiratory hazards.
- "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.
- Inadvertent disturbance of pre-existing contamination / product:

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EXPOSURES (cont'd)

- 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.
- 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.

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 HVAC systems etc.

TRANSPORTATION EXPOSURES

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

INTERIOR RENOVATION CONTRACTORS

Name of Organization: _____

Lasts Updated: _____

SAMPLE ENVIRONMENTAL RISK PROFILE

Below is the start of a sample ERP for Interior Renovation 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. Fumes, emissions from equipment.** **2. Inadvertent disturbance of unknown contaminated material.**	Liability associated with third-party bodily injury as a result of inhalation hazards. Impact on reputation for causing hazard to third parties or the environment. Cost to remediate the problem.	Project manager, corporate safety officer, on-site personnel or environmental manager / personnel.	Contract documents with owner in the event environmental pollutants are encountered during operations, holding the firm harmless. Request environmental assessments from owner. Environmental insurance for both subcontractors and the firm for resulting liability and clean up costs.	While renovating, the firm used a gas-powered generator and equipment without properly venting emissions. Employees in a nearby area complained of headaches, nausea and respiratory problems. Results from an air quality study concluded that increased carbon dioxide levels resulted from the firm's equipment. The firm faced over 30 bodily injury claims totaling over $250,000. The firm inadvertently disturbed asbestos-containing material (ACM). The ACM was in the door panels. The doors were 'popped," sent out and carried through occupied areas with no protection and then disposed of inappropriately in a construction debris landfill. Costs exceeded $100,000 to remove material from the landfill to dispose of properly. Lawsuits ensued from third parties (including subcontractors) in the building.
OWNED PREMISES EXPOSURES: **1. Refueling vehicles**				
TRANSPORTATION EXPOSURES: **1. Refueling vehicles**				
DISPOSAL EXPOSURES **1. Non-owned disposal sites**				