

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 Marine 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.

Marine 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, fuels and other fluids from field equipment leaking onto the project site or into the waters on which they are performing work, causing surface water, sediment and subsurface contamination.
- Dredging operations could exacerbate the spread down river of contaminants in the sediment (e.g., polychlorinated biphenyls (PCBs), lead, hazardous metals and other contaminants).
- Various waterways, bays and harbors have existing problems from historical operations (everything from manufacturing / ship building to underground tanks / pipe-lines to unauthorized dumping of waste).
- Uncontrolled surface water discharge, releasing sediments and contaminants onto contiguous properties and waterways, resulting in third-party property damage and possible fines for exceeding
 - National Pollutant Discharge Elimination System (NPDES) permits
 - Drilling and excavation work impacting underground materials, utilities (pipelines, cables, etc.).
 - Turbidity issues in the waterway created by various activities in and around the water.
 - Improper disposal of products recovered during barge cleaning and gas-freeing operations.
 - On-site and off-site contamination of wastes recovered during pipe cleaning operations, including Naturally Occurring Radioactive Material (NORM).
 - Silica exposures to employees and third-party contractors from sandblasting operations.
 - Welding fumes that contain manganese, arsenic, lead, etc.

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EXPOSURES (CONT'D)

- Improper disposal of ship and platform parts after decommissioning.
- Accepting fill material of unknown origin or composition, resulting in the exacerbation of contamination on the project site. Additionally, fill leaving the project site and used on another project could subject the organization or Superfund liability.
- Release of various products brought on site and used in various processes in and around the project sites:
 - Creosote for wood preservation
 - Curing compounds, usually contain volatile organic compounds, used for concrete work
 - Cleaning chemicals e.g., degreasers
- Typical commercial ports and harbors have been known for their poor water quality.
- Contractors doing work in these areas face the potential of being tied into lawsuits associated with pre-existing conditions, regardless of whether they contributed to the contamination. In these cases, contractors face substantial defense costs regardless of whether or not they are successfully removed from the suit. Below are some of the “pollutants” associated with historical ship yard operations:
 - Alloying metal compounds (carbon, lead, chromium, tin, etc.)
 - Particulates (metal, paint and abrasives)
 - Paint, paint chips, cleaning solvents, detergents, strippers and cleaners and caustic solutions
 - Oil residues from bilges and cargo tanks
 - Plating metals, cyanide solutions, acid and caustic solutions, rinse water and rust inhibitors
 - Sludge from wastewater treatment, spent plating and cyanide solutions
 - Abrasives - steel shot, lead shot, steel grit, coal slag, copper slag, silica or frozen carbon dioxide pellets.
- Waste cutting fluids and oils
- Lube oils, gasoline, diesel, anti-freeze, oily rags and filters
- Paint booth sump water contaminated with paints and solvents
- Impacting existing production lines during the course of construction operations, resulting in explosion, release of chemicals, fuels or other hazardous substances.
- Inadvertent dumping of waste and materials from barges during the course of performing work on bridges, pipelines and dams.
- All of the previous exposures are associated with Natural Resource Damages (NRDs). Beyond third party property damage claims, marine contractors face NRD claims. These include the cost to restore, rehabilitate, replace or acquire the equivalent of the injured resource; any interim lost use or diminution in value of the injured resource pending restoration; and the reasonable cost of assessing those damages.
- Properties rented or leased and associated with the project site, used for storing equipment, staging materials, stockpiling soils and other materials, could be impacted by what is stored on it if a tank leaks, material is contaminated, etc.
- Regulatory fines associated with the uncontrolled release of materials and waste into the waters or upon the land.

OWNED PREMISES EXPOSURES

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

- Soil and groundwater contamination from:
 - Leaking underground / aboveground storage tanks
 - Residual contamination from minor spills of oils, fuel, lubricants, etc., and poor housekeeping
 - Improper disposal of waste materials on the property
- Unidentified, pre-existing contamination due to previous owners' activities.

EXPOSURES (CONT'D)

- Surface water, groundwater and soil contamination on contiguous properties, resulting from contaminants on the property being “washed” onto neighboring properties or surface waterways via storm water runoff.
- Regulatory fines associated with such discharges.
- Improper storage of product or materials on the property.

TRANSPORTATION EXPOSURES

- Inadvertent transport and subsequent disposal of unknown contaminated soil or other materials.
- Spills of contents (e.g., fuel, solvents, lubricants, etc.) during transport.
- Resulting pollution from collisions with various structures (e.g., pole mounted transformers, aboveground tanks, process piping, etc.)
- Fuel / oil spills / leaks from vandalism.
- Release of fuels, oils, lubricants and “cargo” into the water from barges.

DISPOSAL EXPOSURES

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

MARINE CONTRACTORS

Name of Organization: _____

Lasts Updated: _____

SAMPLE ENVIRONMENTAL RISK PROFILE

Below is the start of a sample ERP for Marine 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. Inadvertently exacerbating existing contaminated sediment during dredging.	Financial impact associated with the cost to clean up the problem, defend our position and any resulting damage to property or injury to others. Furthermore, we could be tied into NRD action that could result in astronomical cost to address. More importantly, 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. Environmental data search to ID problems with the site and around the project site. Acceptance requirements, including lab analysis of suspect material. Environmental insurance for both subcontractors and the organization. 	The state cited us for NRDs. While working on an overpass above the river, embankment soils were inadvertently released into the river. The soil was later found to be contaminated with lead and other “pollutants.” We had to pay \$150,000 to clean up the situation but no third party suits were filed against us.
OWNED PREMISES EXPOSURES: 1. Maintenance facility				
TRANSPORTATION EXPOSURES: 1. Refueling vehicles				
DISPOSAL EXPOSURES: 1. Non-owned disposal sites				

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