

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 Terminals, 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 Terminals confront 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.
- Liability associated with local or regional soil / groundwater contamination, regardless of the source of contamination.
- 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.
- Residual contamination of soil / groundwater from the use of hazardous and non-hazardous materials. Simple, non-reportable spills that go unaddressed can lead to greater first- and third-party environmental claims.
- Air emissions from various operational processes.
- Improperly maintained polychlorinated biphenyls (PCB) containing equipment and transformers. PCBs tend to be fairly immobile in soil, which may lead to surface contamination at and beyond property boundaries.

### CONTACT

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

## EXPOSURES (CONT'D)

- Inadequate underground and above ground tank inventory and / or management programs (e.g., poor secondary containment, lack of integrity testing) 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.
- Improper treatment or disposal of wastewater and sludge from water treatment operations.
- 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:
  - Acids / alkalines
  - Compressed gases, including cyanide and hydrogen chloride
  - Diesel fuel and lubricant oils
  - Flammable paints and solvents.
- Poor maintenance of product transfer lines and pipes, resulting in leaks or failure, causing soil, surface and / or groundwater contamination.
- Lead and silica related exposure associated with sand-blasting and / or painting operations.
- Spillage of product / materials during loading / unloading. Furthermore, a lack of proper secondary containment around these areas (piers, truck and rail car areas) could exacerbate the contamination.
- Lack of adequate storm water prevention programs, resulting in release of petroleum contaminated runoff into nearby bodies of water.

- Lack of proper emergency response protocol and equipment (e.g., lack of adequate containment barriers around marine terminal operations).
- Exposed asbestos and lead paint in structures on the property.

## TRANSPORTATION EXPOSURES

- Inadvertent transport and subsequent disposal of unknown contaminated soil from on-site activities.
- Loading and unloading of product from rail cars, ships, barges, etc.
- Spills of contents (e.g., fuel, product, equipment maintenance fluids, process materials, etc.) during transport.
- 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 sludge and other waste from wastewater treatment operations.
- Cleanup and liability associated with the disposal of waste / materials at disposal facilities or recyclers. This may expose the organization to Superfund liability.
- Improper "disposal" or sale of production by-products.

# MARINE TERMINALS

Name of Organization: \_\_\_\_\_

Lasts Updated: \_\_\_\_\_

## SAMPLE ENVIRONMENTAL RISK PROFILE

Below is the start of a sample ERP for Marine Terminals. 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 |
|---|--|---|---|-----------------|
| <b>OPERATIONAL EXPOSURES:</b><br><b>1. Pre existing environmental conditions on acquired property.</b>          | <ul style="list-style-type: none"> <li>Costs associated with developmental delays, remediation, etc.</li> <li>Liability associated with contamination as the current owner of property. Possible Superfund liability.</li> </ul> | <ul style="list-style-type: none"> <li>Site manager, legal counsel, environmental manager or risk manager.</li> </ul> | <ul style="list-style-type: none"> <li>Self perform environmental data searches on designated EPA websites to identify potential concerns.</li> <li>Hire environmental data firm to collect information on the property.</li> <li>Conduct an environmental assessment</li> <li>Environmental indemnities in contract of sale.</li> <li>Environmental insurance to protect from liability associated with on- and off-site contamination.</li> </ul> | None            |
| <b>OWNED PREMISES EXPOSURES:</b><br><b>1. Potential impact to soil and groundwater from current operations.</b> |  |   |   |                 |
| <b>TRANSPORTATION EXPOSURES:</b>  |  |   |   |                 |
| <b>DISPOSAL EXPOSURES:</b>  |  |   |   |                 |