

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 Municipalities, 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.

Municipalities confront environmental liability every day. Specifically, they face environmental exposures in three major areas: operational, 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 FACING WATER / WASTEWATER TREATMENT PLANTS

- Liability arising both on- and off-site from historical use, such as improper disposal, underground tanks, residual contamination from small leaks or spills, etc.
- Nuisance associated with odor from operations.
- Release of untreated wastewater damaging operations "downstream;" violations associated with exceeding discharge permits.
- Lack of adequate stormwater management protocol, resulting in exacerbation of contamination.
- Inadequate or improper waste / sludge handling and storage practices, leading to on- and off-site contamination.

- Corrosion of piping systems, leading to underground release of wastewater, etc.

OPERATIONAL EXPOSURES FACING LANDFILLS

- Liability arising from both on- and off-site historical use, depending on the class of landfill, such as improper disposal, underground tanks, residual contamination from small leaks or spills, etc.
- Insufficient screening processes for incoming waste materials, resulting in inadvertent acceptance of hazardous waste such as:
 - Acids / alkalines
 - Batteries
 - Asbestos
 - Lead
 - Pesticides and herbicides
 - Polychlorinated biphenyls (PCBs)

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EXPOSURES (CONT'D)

- Air emissions from methane generation.
- Inadequate monitoring programs (e.g., groundwater monitoring, leachate and methane monitors), allowing adverse environmental conditions to worsen.
- Breach of liner system causing release of leachate directly into subsurface soils and / or groundwater.
- Poor design and / or construction of liner system, allowing leachate release.
- Release of waste from ponds or impoundments, causing contamination.
- Inadequate control or collection of dust, odors or trash.

OPERATIONAL EXPOSURES

- Maintenance Facilities
- Improper housekeeping and preventive maintenance resulting in residual onsite contamination.
- Inadequate underground and aboveground tank inventory and / or management programs can lead to groundwater contamination.
- Improper storage, resulting in release of:
 - Paint
 - Acids
 - Compressed gases
 - Diesel fuel and lubricant oils
 - Flammable compounds
 - Chlorine gases
 - Hydraulic fluids
 - Landscaping chemicals

OPERATIONAL EXPOSURES (OTHER)

- 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.
- Inadequate or improper waste / raw materials storage / handling practices, leading to on- and off-site contamination.
- Natural Resource Damages, resulting in substantial costs for state- and federal-mandated cleanup requirements and potential fines.

TRANSPORTATION EXPOSURES

- Inadvertent transport and subsequent disposal of unknown contaminated sludge in soil.
- 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.
- Clean up 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 – maintenance chemicals.

MUNICIPALITIES

Name of Organization: _____

Lasts Updated: _____

SAMPLE ENVIRONMENTAL RISK PROFILE

Below is the start of a sample ERP for Municipalities. 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: Breach of liner system. Pre existing environmental conditions on acquired property. Potential impact to soil and groundwater from current operations.	<ul style="list-style-type: none"> • Costs to repair the system may be extensive, depending on the volume of material in the area. • Loss of use of that cell. • Liability associated with third party property damage, as well as contamination to potable water supply. • Cost to remediate contamination. • Costs associated with developmental delays, remediation, etc. • Liability associated with contamination as the current owner of property. Possible Superfund liability. 	Site manager, legal counsel environmental manager or risk manager.	<ul style="list-style-type: none"> • Monitoring / inspecting program to enhance early detection of any problems. • Proper screening of incoming material to avoid addition of hazardous wastes. • Creation of a buffer zone around landfill cells. • Self-perform environmental data searches on designated EPA websites to identify potential concerns. • Hire environmental data firm to collect information on the property. • Conduct an environmental assessment • Environmental indemnities in contract of sale. • Environmental insurance to protect from liability associated with on- and offsite contamination. 	City was forced to pay millions of dollars when various contaminants migrated from the landfill site and contaminated the potable water supply for a neighboring rural town.
TRANSPORTATION EXPOSURES:				
DISPOSAL EXPOSURES:				