

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 Public Entities, 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.

Public Entities confront environmental liability every day. Specifically, they face environmental exposures in four major areas: property development, construction activities, operations and disposal liabilities and redevelopment of property. 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

### PROPERTY DEVELOPMENT

- Contamination from historical usage 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.

### CONSTRUCTION EXPOSURES

- Completed operations exposures from incomplete heating, ventilation and air conditioning (HVAC) system hook-up, including incomplete line hook-up, improper system construction, improper balancing, etc., which could lead to release of airborne bacteria and fungus.
- Fumes, emissions and spills from chemicals (volatile organic compounds such as finishers, sealants, curing compounds, floor coatings, adhesives, etc.) applied during construction, causing third-party respiratory hazards.
- Accepting supposedly "clean" fill from unknown origins, discovering later that it was contaminated with petroleum or other hazardous substances, in turn, exacerbating the extent of contamination.

### CONTACT

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## EXPOSURES (CONT'D)

- “Toxic” mold exposure from improper grading or excavation during site preparation, resulting in improper drainage, causing water to enter the substructure or basement.
- HVAC construction and / or maintenance errors, causing release of airborne bacteria, mold or carbon monoxide build-up, or mold growth from water intrusion or moisture encapsulation.
- Depending on prior use, inadvertent disturbance of preexisting contamination / product:
  - Asbestos-containing materials
  - Naturally-occurring asbestos in subsurface soils / geology
  - Lead paint
  - Contaminated soils, surface or groundwater
- Release from improper or inadequate storage of lubricant oils and other fluids.
- Release from improper or inadequate storage of on-site fuel tanks.
- Release of oils / fuels from tanks / drums as a result of vandalism.
- Spills from application of primer oil / tack coat from asphalt operations.
- Impacting underground utility lines and other underground structures.
- Polychlorinated Biphenyls (PCBs) in the capacitors of light ballasts.
- Improperly maintained PCB-containing equipment and transformers. PCBs tend to be fairly immobile in soil. This may lead to surface contamination at and beyond property boundaries.
- Poor underground and aboveground tank management programs, resulting in surface and subsurface soil and groundwater contamination.
- Risks associated with asbestos-containing material around piping, ceiling / floor tiles, etc.
- Risks associated with the existence of and / or remediation activities surrounding lead paint in public buildings.

### DISPOSAL EXPOSURES

- Inadequate or improper disposal of waste materials (light ballasts, asbestos containing materials, etc.) on the property.
- Cleanup and liability associated with contracted disposal of waste / materials at disposal facilities or recyclers. This has potential Superfund ramifications for the public entity.

### OPERATIONAL EXPOSURES

- Liability associated with local or regional soil / groundwater contamination, regardless of the source of contamination.
- Natural Resource Damages, resulting in substantial costs for state- and federal-mandated cleanup requirements and potential fines.

# TITLE

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

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

## SAMPLE ENVIRONMENTAL RISK PROFILE

Below is the start of a sample ERP for Public Entities. 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> <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.</li> </ul>	Property manager, legal counsel or risk manager, those responsible for due diligence in property acquisition.	<ul style="list-style-type: none"> <li>Self-perform environmental data searches on designated EPA websites.</li> <li>Hire environmental data firm to collect information on the property.</li> <li>Partner with environmental consulting firm.</li> <li>Conduct an environmental assessment.</li> <li>Environmental indemnities in contract of sale.</li> <li>Environmental insurance to protect from liability associated with the contamination</li> </ul>	None Identified
<b>CONSTRUCTION ACTIVITIES:</b> <b>1. Expansion of Township building</b>				
<b>OPERATIONAL ACTIVITIES:</b> <b>1. Transformer maintained by Township</b>				
<b>DISPOSAL EXPOSURES:</b>				