

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 Street and Road Construction, 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.

Street and Road 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

- Disturbing naturally occurring asbestos.
- Release of oils / fuels as a result of vandalism.
- Exacerbating the extent of pre-existing contamination in site preparation / excavation work (e.g., petroleum-contaminated subsurface soil).
- Residual lead in site soils, from leaded gasoline and lead chromate (the pigment in paint used to line the roads).
- Accepting "clean" fill that is contaminated with various pollutants such as heavy metals, petroleum products, dioxins and other volatile organic compounds (VOCs).
- Spills of chemicals and fuels (e.g., mobile refueling tanks, etc.) brought on-site.
- Leaks of lubricant oils and other fluids from field equipment.
- Release of fuels / primer oil / tack coat as a result of over-application or storm water discharge.
- Spills and application of asphalt.
- "Toxic" mold exposure from improper grading or excavation during site preparation, resulting in improper site drainage e.g., causing water to enter the substructure or basement.
- Impacting groundwater from drilling and excavation work (e.g., dewatering operations, etc.)
- Dredging operations causing surface contamination downstream of job site.

### 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)

- Fines and penalties associated with pollution events as described above.

### 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.
- Unidentified, pre-existing contamination from past owners of the premises.
- Leaks from vehicles and / or equipment stored on premises.
- Surface contamination from fuels and lubricants stored improperly, i.e., without secondary containment.
- If the organization owns commercial structures or habitational structures, there is a major exposure from mold growth. Mold could result from construction defect and / or inadequate maintenance of the property or HVAC systems from both property manager and / or occupant.
- If the organization owns or operates landfills, they face exposure in:
  - Air emissions from uncontrolled methane release.
  - Impact of groundwater from leachate.
  - Inadequate liner system, resulting in release to subsurface soils and groundwater.
  - Fines associated with the uncontrolled release of discharge and / or surface water.
- If the organization owns a quarry, such operations may cause the following liability issues:
  - Impacting groundwater conditions in the immediate area and regionally.
  - Silica dust may create third party liability if not properly controlled.

### TRANSPORTATION EXPOSURES

- Inadvertent transport and subsequent disposal of unknown contaminated soil.
- Spills of contents (e.g., fuel, asphaltic cement, 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

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

# STREET AND ROAD CONSTRUCTION

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

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

## SAMPLE ENVIRONMENTAL RISK PROFILE

Below is the start of a sample ERP for Street and Road Construction. 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. Exacerbation of pre-existing contaminated soil or other material.</b>	Financial impact to remediate current conditions and associated liability. There may also be a negative impact on the firm's reputation due to the public's perception of the firm's handling of the incident.	Project manager or other on site personnel, environmental manager and / or safety manager.	<ul style="list-style-type: none"> <li>Contract documents with owner or General Contractor requesting disclosure of existing environmental issues / problems.</li> <li>Environmental data search to identify problems with the site and around the project site.</li> <li>Acceptance requirements, including lab analysis of suspect fill material.</li> <li>Environmental insurance for both subcontractors and the organization.</li> </ul>	The company was forced to pay for soil remediation due to improper storage, residual spills and improper maintenance of fuels and lubricants on a bridge project. No liability ensued, because t cleanup limited future liabilities.
<b>OWNED PREMISES EXPOSURES:</b> <b>1. Batch plants</b> <b>2. Maintenance facility</b>				
<b>TRANSPORTATION EXPOSURES:</b> <b>1. Refueling vehicles</b>				
<b>DISPOSAL EXPOSURES:</b> <b>1. Non-owned disposal sites</b>				