

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 Warehousing, 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.

Warehousing firms 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 of waste products, leaking underground tanks (known or unknown), unremediated residual contamination from small leaks or spills, etc.
- 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.
- Select a quality firm to perform the Phase I assessment. The Phase I is the most minimal in scope when it comes to environmental assessments, and quality assurance is important for an accurate risk profile of the property.
- 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.
- Improper housekeeping and preventive maintenance resulting in residual contamination of soil and groundwater.

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EXPOSURES (CONT'D)

- Inadequate underground and aboveground tank inventory and / or management programs can lead to groundwater contamination.
- Improper storage of incompatible materials may lead to on-site releases and / or potential explosion. Owners may not even be aware of what materials are being stored by lessees.
- Malfunction of oil / water separators releasing petroleum contaminated water into bodies of water or waste streams.
- Malfunction of ammonia-based refrigeration systems resulting in air emissions and creating third-party inhalation hazards.
- Natural Resource Damages, resulting in substantial costs for state- and federal-mandated cleanup requirements and potential fines.
- Storage of hazardous and non-hazardous product / materials (e.g., pesticides, paints, solvents, cleaning compounds, etc.)
- Inadequate protection around storm or drainage grates, leading to untreated discharge of stored materials or waste.
- Corroded wastewater / stormwater sewer systems resulting in subsurface contamination over a period of time.
- Depending on the age of the structure, it could contain exposed asbestos, lead paint, etc.
- Poor environmental management protocol, exacerbating an incident or emergency.

TRANSPORTATION EXPOSURES

- Loading and unloading of product from rail cars, trucks, 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 waste materials from on site 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.

WAREHOUSING

Name of Organization: _____

Lasts Updated: _____

SAMPLE ENVIRONMENTAL RISK PROFILE

Below is the start of a sample ERP for Warehousing. 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. Pre-existing environmental conditions on acquired property. 2. Potential impact to soil and groundwater from current operations.	<ul style="list-style-type: none"> 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"> 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 off-site contamination 	None
TRANSPORTATION EXPOSURES:				
DISPOSAL EXPOSURES:				