

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 Educational Facilities, 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.

Educational Facilities 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

- Poor indoor air quality, leading to 'Sick Building Syndrome.' This can occur from fungal or mold growth in the building or ventilation system, carbon monoxide emissions from improperly-running systems or bacterial build-up in the air conditioning.
 - Mold and Legionella contamination resulting from water intrusion and standing water in HVAC and drinking water systems.
 - Property contamination from historical usage. Many educational facilities have operated on the same premises for over 100 years. Past improper disposal practices of waste materials may have caused adverse soil and groundwater conditions.
 - Poor or inadequate records of activity on property donated can present the school with potential environmental problems if not properly assessed.
- Therefore, the problems are only identified as the property is developed. Even if environmental assessments are performed, especially Phase I, they are only cursory reviews of the property with a "walk-through" of the property to physically identify issues. In the event of illegal or "midnight" dumping of waste, environmental reports might not identify it.
- Contiguous properties containing existing environmental conditions may contribute to contamination at the school property.
 - Hazardous chemicals (cleaning chemicals, fuels, lubricants, lab chemicals and waste, pesticides / herbicides, paints, solvents and volatile organic compounds) can release indoors or outdoors via improper storage, inadequate containment or vandalism.
 - Improper disposal of chemicals, e.g., chemistry labs "flushing" waste into the septic system.

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EXPOSURES (CONT'D)

- Existence of polychlorinated biphenyls (PCBs) in caulk around windows, doors, joints, etc.
- Existence of lead (paint and pipes), asbestos (insulation and tiles), and PCBs (light ballasts and transformers) creating liability associated with third parties coming onto or working in and around the property.
- Insufficient chemical pretreatment of wastewater discharges to municipal wastewater treatment plants.
- Improperly handled or stored gases, such as oxygen, chlorine and ethylene oxide (in maintenance areas, laboratories, cafeteria, art studios, etc.) can lead to explosions and release of contaminants.
- Improperly controlled air emissions from lab facilities may cause on- and off-site property contamination as well as bodily injury claims.
- Water intrusion, moisture build up and / or mold growth from landscaping errors, poor concrete work in basements / slabs or improperly positioned sprinkler systems.
- Surface water runoff resulting in the spread of contamination to contiguous properties.
- If the educational facility is associated with a hospital, medical school, laboratory and / or biology department, environmental risks may include:
 - Incinerators that could cause air emissions of pathogens if the burn rate or temperature is not properly controlled.
 - Laser smoke, which contains toxic gases such as benzene, hydrogen cyanide, formaldehyde, bio-aerosols, dead / live cellular material (i.e., bone fragments, viruses).
 - Improper disposal or improper use of sterilization unit waste, disinfectants, antiseptics, reagents.
 - Biological and infectious waste (bandages, needle tips, specimen containers, blood bags).
 - Radioactive materials and wastes.
- Liability associated with local or regional soil / groundwater contamination not necessarily created by the prior usage of the site.
- Poor underground and aboveground tank management programs, resulting in surface and subsurface soil and groundwater contamination.
- Natural Resource Damages resulting in substantial costs for state and federal mandated cleanup requirements and potential fines.
- Fines for regulatory violations associated with water discharge, improper storage of hazardous materials, etc.

TRANSPORTATION EXPOSURES

- Inadvertent transport and subsequent disposal of unknown contaminated soil or materials from on-site activities such as small spills resulting in waste product.
- Spills of contents (e.g., fuel, cleaning products, sealants, solvents, acids, lab waste, various gas cylinders, 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 the transport of any materials.

DISPOSAL EXPOSURES

- Inadequate or improper disposal of waste materials such as waste oil, lab waste, cleaning chemicals, fuel, etc.
- Clean up and liability associated with the disposal of waste / materials at disposal facilities or recyclers. This may expose the organization to Superfund liability.
- Such materials might include air conditioning units containing chlorofluorocarbons (CFCs), acids, adhesives, halogen lights, waste oil, batteries, red bag waste and waste sludge.

EDUCATIONAL FACILITIES

Name of Organization: _____

Lasts Updated: _____

SAMPLE ENVIRONMENTAL RISK PROFILE

Below is the start of a sample ERP for Educational Facilities. 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 property that were “willed” to the school.	<ul style="list-style-type: none"> Costs associated with developmental delays, remediation, etc. As the current owner, the school faces liability, potential Superfund implications. Potential impact to “supporters” – Potential impact to enrollment 	<ul style="list-style-type: none"> Property manager, legal counsel, environmental manager or department or risk manager, those responsible for due diligence in property acquisition 	<ul style="list-style-type: none"> Self perform initial environmental data searches on designated EPA websites Hire environmental data firm to collect information on the property Conduct an environmental assessment via standard due diligence protocol of the school Partner with environmental consulting firm Environmental indemnities in agreement of acquisition, if any Environmental insurance protecting the school from past, present and future environmental conditions, on, at, under or emanating from the location or, roll into the schools current environmental insurance program 	<p>The school was required to pay \$1,500,000 to clean up the remains of an old underground tank that was never identified until development of the property. The excavation contractor building the parking garage unearthed the problem that lead to extensive remediation of soil and groundwater.</p>
TRANSPORTATION EXPOSURES:				
DISPOSAL EXPOSURES				