

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 Recyclers, 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.

Recyclers confront environmental liability every day. Specifically, they face environmental exposures in two major areas: operations and transportation 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, depending on the class of recycler, such as improper disposal, storage tanks, residual contamination from small leaks or spills, etc.
- Insufficient screening processes for incoming waste materials, resulting in the inadvertent acceptance of hazardous waste such as:
  - Petroleum Related Products
  - Asbestos
  - Lead
  - Pesticides and herbicides
  - Polychlorinated Biphenyls (PCBs)
  - Methyl Ethyl Ketone (MEK)
- Liability associated with local or regional soil /groundwater contamination, regardless of the source of contamination.
- Environmental liability assumed in acquisition and divestiture of property.
- Residual contamination of soil / groundwater from the use of hazardous and nonhazardous materials. Simple, non-reportable spills that go unaddressed can lead to greater first- and third-party environmental claims.
- Smelting of batteries and/or plastics causing release of toxic air emissions (including arsenic, cadmium and chromium).
- Hostile fire causing the release of pollutants and/or toxic smoke.
- Improper storage of waste causing odor violations.
- Improper housekeeping and preventive maintenance resulting in residual contamination.
- Malfunctioning pollution control equipment and/or processing

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## EXPOSURES (CONT'D)

- tanks, leading to untreated discharge of air emissions or discharge water.
- Inadequate underground and aboveground tank inventory and / or management programs can lead to soil and / or groundwater contamination.
- Inadequate or improper waste / raw materials storage / handling practices may lead to on-site releases and / or potential explosion.
- Improper treatment or disposal of wastewater and sludge from water treatment discharge.
- Malfunction of oil / water separators releasing petroleum contaminated water into bodies of water or waste streams.
- Natural Resource Damages, resulting in substantial costs for state and federal mandated cleanup requirements and potential fines.
- Improper storage, resulting in release of:
  - Acids / alkalines
  - Compressed gases, including cyanide and hydrogen chloride
  - Diesel fuel and lubricant oils
  - Flammable paints and solvents
- Contaminant release from processing (e.g., washing and shredding) of plastics – including:
  - Particulates (heavy metals and dusts)
  - Volatile Organic Compounds (VOCs)
- Contaminant release from processing (e.g., shredding and refining) of e-waste – including:
  - Heavy metals (Lead, Mercury, Cadmium)
- Inadequate monitoring programs (e.g., groundwater monitoring, leachate and methane monitors), allowing adverse environmental conditions to worsen.
- Inadequate security, leading to vandalism that could result in damage to liner, tanks and equipment, causing adverse environmental conditions and resulting in fines and cleanup costs.
- 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 (ESAs), especially Phase I ESAs due to their limited scope of work, can lead to unidentified underground structures or contamination.

### 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 sludge and other waste from wastewater treatment operations.
- Cleanup and liability associated with the disposal of waste / materials at disposal facilities which may expose the organization to Superfund liability.
- Improper “disposal” or sale of production by-products.

# RECYCLERS

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

Last Updated: \_\_\_\_\_

## SAMPLE ENVIRONMENTAL RISK PROFILE

Below is the start of a sample ERP for Recyclers. 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. Hostile Fire causing inadvertent release of Pollutants / Toxic Smoke</b>	<ul style="list-style-type: none"> <li>Emergency Response Expenses (including Evacuation Costs).</li> <li>Costs to remediation contamination.</li> <li>Liability arising from off-site Bodily Injury / Property Damage Claims from resulting toxic air emissions.</li> <li>Business Interruption losses (i.e., loss of facility use).</li> </ul>	<ul style="list-style-type: none"> <li>Site manager, legal counsel, environmental manager or risk manager.</li> </ul>	<ul style="list-style-type: none"> <li>Monitoring / inspection program to enhance early detection of any problems.</li> <li>Proper screening of incoming material to avoid addition of hazardous wastes.</li> <li>Environmental insurance to protect from liability associated with on- and off-site contamination.</li> </ul>	
<b>TRANSPORTATION EXPOSURES:</b>				
<b>DISPOSAL EXPOSURES:</b>				

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