

# EXPOSING

## Your Exposure

*by Andrew Fereday, CLS*

## Emerging environmental concerns are making headline news on a regular basis – and the corporate world is paying attention! Many are learning that the consequences of an environmental loss can spread far beyond their own pocketbooks.

Recent disasters (such as the British Petroleum oil spill and the Tennessee Valley Authority toxic sludge spill) have demonstrated the devastating impact a pollution incident can have, both from a cost-of-business and a community responsibility standpoint. While incidents that catch the media's attention are prompting risk management departments to take a hard look at the emerging environmental exposures they face, it is important that companies also pay continued attention to environmental threats that have been known for decades.

### Old News, Still Hazardous

Although it is critical for business owners to anticipate unidentified exposures their companies could potentially face, it is equally important that they maintain sight of exposures that have already been recognized. Simply because an environmental risk was identified decades ago doesn't mean it no longer poses a threat. Early detection can facilitate greater prevention methods, but it doesn't guarantee that the risk has been eliminated and can be forgotten. A great example of this type of exposure is mold.

Mold growth has been a problematic exposure impacting indoor air quality for decades. In the 1970s, architectural design evolved to accommodate a more air-tight construction in an attempt to reduce energy costs for consumers. The new design technique reduced drying potential and, consequently, resulted in a higher prevalence of moisture problems in construction projects across the country.<sup>1</sup> The existence of mold within any building is hazardous

to the health of those who occupy it. It can cause a number of respiratory problems, including allergic reactions, asthma episodes and sinus congestion, as well as irritation to the eye, nose and throat. In serious cases it can cause life-threatening infections. Despite its lengthy history, mold is still a current concern for business owners that can create a financial collapse for any company if not given proper attention. Consider the following case:

*In Mobile, Alabama, general contractor Volker & Associates paid the Mobile County Public School System \$9 million to settle a lawsuit involving several schools for which they oversaw the construction. The suit was brought after 5 schools developed leaky roofs which resulted in water and mold damage. An additional \$600,000 in settlements was paid out by architects and contractors who were also involved in the projects.<sup>2</sup>*

Mold is just one established exposure among many that business owners should be on the lookout for. Another set of exposures that have an extensive risk legacy are known as "miracle chemicals." These products started out as sensations in the market but were later deemed harmful for those who used them. For example, asbestos was recognized as an effective fire barrier and was used in the construction of numerous buildings and homes. Decades later, its use was banned when data surfaced that the agent caused fatal lung problems.

Although many chemicals perform perfectly, it is sometimes discovered that the long-term effects on human health prove much more detrimental than the intended benefits. There is a long list of toxic "miracle chemicals" to avoid, including:

- PERC (Dry Cleaning Solvent)
- TCE (Degreasing Solvent)
- PCBs
- CFCs

This list will continue to grow and, therefore, will need continued attention to recognize newly identified hazardous products.

### Breaking News

Time has proven that environmental concerns will continue to emerge as our world evolves. While it is necessary to protect against exposures that have long since been identified, it is also critical for company owners to be on alert for new issues that could have damaging repercussions for their businesses and the communities in which they operate. A recent cause for concern among industries (the result of technological advancements) involves "eWaste." With each passing year, the technology we use on a daily basis is being replaced with newer, more sophisticated devices. This begs the question: Where do the old machines go? The Environmental Protection Agency (EPA) estimates that 60 million pieces of electronic devices are recycled each year, and that number is on the rise.<sup>3</sup> These devices contains heavy metals and chemicals that will not break down in a landfill. Instead, the chemicals are left to migrate through soil and possibly into the groundwater stream. Because this concern is still developing, there are unforeseen liability issues that could have significant consequences for companies who fail to dispose of their old electronics properly.

### A Developing Story

Businesses across all industries should regularly assess their environmental exposures. It is important to look ahead and prepare for potential, unidentified risks while remaining familiar with those already recognized. The list of environmental risks is extensive and will only continue to grow; therefore, seeking professional assistance to address your exposures is recommended. SilverStone Group's Environmental Risk Services Team has the knowledge and skills to create a risk management program that is customized to fit your unique situation. Protect your company and the community in which you operate – contact one of our professionals today.

<sup>1</sup> Cohen, Allison. "Airtight Homes Eye'd as Mold Issues Grow." *Los Angeles Times*. October 3, 2004. Accessed on December 14, 2011 at <http://articles.latimes.com/2004/oct/03/realestate/re-airtight3>

<sup>2</sup> Phillips, Rena. "Volkert & Associates to Pay Mobile School District \$9 Million." *The Alabama Live, LLC website*. February 18, 2010. Accessed on December 14, 2011 at [http://blog.al.com/live/2010/02/volkert\\_associates\\_to\\_pay\\_mobi.html](http://blog.al.com/live/2010/02/volkert_associates_to_pay_mobi.html)

<sup>3</sup> Schmit, Julie. "USA's Trashed TVs, Computer Monitors Can Make Toxic Mess." *USA Today*. December 29, 2008. Accessed on December 14, 2011 at <http://abcnews.go.com/Business/story?id=6546158&page=1#TuipzbJFtl>

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