As environmental regulators continue to tighten laws and increase enforcement efforts, many businesses are taking a closer look at their environmental risk. Those in the healthcare industry are no exception.

Healthcare facilities face a unique set of environmental exposures which require risk management teams to have specialized knowledge to adequately address potential loss. Once a thorough evaluation of exposures has been completed and the risks are understood, a comprehensive program can be designed which includes corporate techniques as well as traditional risk transfer.

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Katie is part of Lockton's team of environmental experts who work closely with clients to analyze environmental exposures and design environmental risk management programs. Lockton's environmental team has the global capability, bench strength, and market leverage to deliver effective and affordable solutions tailored to individual client needs.
Healthcare related properties may range in use from large hospital campuses to small medical clinics but all are associated with the use, storage, and disposal of environmentally sensitive materials. If mismanaged, a release of these materials can result in negative financial or reputational impact.

### 10 Environmental Risks Facing Healthcare Facilities

<table>
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<tr>
<th>Risk Description</th>
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<tr>
<td>Release of radioactive or hazardous materials from faulty equipment or devices</td>
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<td>Toxic mold growth resulting from accidental water intrusion</td>
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<td>Airborne Legionella bacteria from saunas, showers, air handling systems, decorative or drinking fountains, cooling towers, etc.</td>
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<td>Facility borne viruses and bacteria</td>
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<td>Unintentional or accidental disturbance of materials containing asbestos</td>
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<td>Gradual leaks from aging underground storage tanks or spills from aboveground storage tanks with inadequate secondary containment</td>
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<td>Discovery of pre-existing contamination during redevelopment or expansion projects</td>
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<tr>
<td>On and off site disposal or incineration of hazardous, chemical, and medical wastes</td>
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<td>Secondary contamination of facilities due to arrival of contaminated patients</td>
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<td>Inadequate environmental liability coverage carried by hired contractors working on site</td>
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Third parties onsite with compromised immune systems are highly sensitive and may result in more serious bodily injury.

Large outbreaks of legionella and mold in healthcare facilities have garnered adverse media coverage, resulting in increased scrutiny of regulatory standards and enforcement.

Irritants or pollutants can be widespread throughout the facility via ventilation systems or water supplies.

Growth of the healthcare industry segment results in redevelopment, expansion projects, and acquisition of real estate.

Disposal of significant amounts of various types of waste such as hazardous, medical, chemical, or biological.

Why does an elevated level of exposure exist for this market segment?

Once exposures are identified and understood, a robust risk management plan will include risk mitigating techniques such as corporate prevention methods, management plans, and personnel training.

- Prevention plans
- Education of management, staff, and safety personnel
- Contractual transfer as a first defense
- Emergency/crisis management plans
- Spill Prevention Control and Countermeasure (SPCC) Plans
- Waste management plans and strategies
- Inventory systems for various chemical and hazardous materials
An environmental insurance policy can provide a backstop to your risk management plan for losses that cannot be managed. While some general lines of insurance may provide a giveback to their pollution exclusions, the language is complex and unclear leading most businesses to find out too late just how narrow the coverage truly is. Today’s insurance marketplace has responded to the need for affirmative and affordable environmental insurance that addresses the unique exposures of the healthcare industry.

Highlights of Coverage

- Automatic coverage for newly acquired properties
- Both sudden/accidental events as well as gradual leaks and spills
- Broad definition of pollutant to include low level radioactive materials, mold, Legionella, virus, bacteria, medical, and pathological wastes
- Competitive premiums
- Coverage for costs related to managing adverse media associated with a pollution event
- Coverage for fines and penalties
- Defense costs
- Disinfection expense
- Emergency response costs
- Evacuation, relocation, and business interruption expense
- First and third party on and offsite cleanup costs
- Low deductibles
- Multi-year terms
- Natural resource damages
- Third party claims for bodily injury
- Third party claims for property damage including diminution in value
- Transportation by or on behalf of the insured
- Under and aboveground storage tanks
- Waste disposal liabilities

Environmental losses are low probability, high impact events which are best covered by insurance. Unlikely as they are, if they happen, the costs are likely to be much higher than imagined. Let Lockton’s team of environmental experts help you feel confident an environmental loss will not prevent your organization from achieving either short-term or long-term goals.

Contact your Lockton Associate to begin a thorough review of your exposures and develop a comprehensive program.