

INSURICA ENVIRONMENTAL TIMES

Providing Quality Insight to the Environmental Industry

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“ Meeting a project’s green building standards presents additional risks as compared to traditional ones.

WHAT'S INSIDE

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MANAGING GREEN CONSTRUCTION CONTRACT RISKS

As energy costs continue to rise and building standards become more environmentally rigorous, it’s not uncommon for construction projects to specify sustainable building practices, or “green” building principles. But capitalizing on the trend to build green can quickly turn your profit margin from black to red if you don’t have a clear understanding of your additional contract exposures.

WHAT IS GREEN CONSTRUCTION?

According to the Environmental Protection Agency, green building is the practice of creating structures and using processes that are environmentally responsible and resource-efficient throughout a building's life cycle; from siting to design, construction, operation, maintenance, renovation and deconstruction.

These structures meet specific objectives that protect the occupant’s health, are more energy-efficient, use resources more effectively and provide business tax incentives.

HOW IS CERTIFICATION ACHIEVED?

To uphold green building standards, the U.S. Green Building Council created the LEED (Leadership in Energy and Environmental Design) program, which outlines standards for building using natural resources, recycled or healthy materials.

The LEED system evaluates projects based on design, construction and operation, serving as the voluntary national standard for sustainable buildings. It uses a checklist and point system of recommended practices, achieving various point levels can certify the building as having achieved certified, silver, gold or platinum status. These practices involve such issues as efficient water and energy use, the reuse of waste materials, and the use of renewable and regionally produced products.

The LEED certification standards are rigorous, and a simple misstep, such as not following a project’s material recycling or erosion plan, can put a project’s certification in jeopardy.

MANAGING GREEN CONSTRUCTION RISKS

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HOW CAN I MANAGE MY CONTRACT EXPOSURES?

From managing delays to guaranteeing certification, the following are some common contract considerations and ways to minimize liability risks:

- Limit Contract Warranties
- Reduce Delay Risks
- Define Consequential Damages
- Retain Right to Cure

COUNT ON OUR CONSTRUCTION EXPERTISE

The process of taking a green building project from conception to use is complex. You can count on our firm's well-informed risk managers to help you pinpoint exposures unique to your construction business and the potential ways to manage or transfer those risks.

Contact INSURICA today to learn more about our insurance and construction loss control solutions.

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PURCHASING ENVIRONMENTAL INSURANCE: UNDERWRITER SUBMISSIONS

By Tom Caraway, Practice Leader, INSURICA

When considering the purchase of environmental insurance, one of the first steps is a complete submission to an underwriter. Complete submissions are rare. Those submissions that are graded as "A" submissions are few, but they get the most attention and have better chances of getting better terms, conditions, and pricing. In the environmental insurance arena, a complete submission can be well

over a thousand pages. The winning submission to an underwriter contains:

- Completed supplemental application including areas that do not apply as "not applicable"
- A list of all key people's resumes
- Sample contracts, whether real estate, master service agreements, or construction
- Two years of financial statements that include a balance sheet and profit and loss, including any schedules
- List of the five largest clients and type of work performed for these clients
- Marketing material used in marketing your company to prospects and clients
- A list of your company's awards, achievements, and associations, as well as any positions held within associations and any white papers published
- If site coverage is being applied for, then a characterization study, all reports, phase I, phase II, groundwater testing results, maps, aerial photos, and other site plans must be submitted

It takes time to put together a good submission for your underwriter. In some respects, it's true that your submission competes with other companies' submissions that are also trying to get the best terms, conditions, and pricing. Offering your agent and underwriter all the information they need to tell the story of why your company is best-in-class is essential.

WASTE OIL HEATER SAFETY

Within their operations, a wide range of industrial organizations, including the environmental sector produce waste oil, which is defined as any synthetic or petroleum-based oil (e.g., fuel oil, motor oil, hydraulic oil, or transmission fluid) that can no longer be used for its intended purpose. Such oil typically reaches this state as a result of deterioration over time, the presence of impurities, or overexposure to natural elements.

While it cannot be used for its original purpose, many organizations have attempted to repurpose or recycle this oil by implementing waste oil heaters. These appliances can burn waste oil and convert it into energy, resulting in a more sustainable method of heating commercial properties.

Waste oil heaters, in addition to their environmental benefits, can benefit organizations in a variety of ways, including lower utility costs and lowering the costs associated with waste oil disposal through a third-party service. However, in order to avoid potential hazards, these appliances must be properly designed, installed, used, and maintained. As a result, read on for an overview of waste oil heater safety precautions.

DESIGN AND INSTALLATION PRECAUTIONS

To effectively establish a safe design and installation process for a waste oil heater, follow these tips:

- Refrain from creating a homemade waste oil heater, as it can carry numerous safety risks. Be sure to only purchase such an appliance from a trusted manufacturer.
- Ensure the waste oil heater has been tested, listed and labeled by a nationally recognized safety certification organization—such as Underwriter Laboratories (UL). Further, all waste oil storage tanks should also be approved by UL. In particular:
 - Aboveground storage tanks should be labeled as meeting either [UL 80](#), [UL 142](#) or UL [142A](#) standards.
 - Underground storage tanks should be labeled as meeting either [UL 58](#) or UL [1316](#) standards.
- Make sure the waste oil heater’s design is compliant with any applicable National Fire Protection Association (NFPA) codes—namely, [NFPA 31](#) (Standard for the Installation of Oil-burning Equipment).
- Confirm that the waste oil heater is equipped with the following safety features:
 - Combustion and atomizing air sensors
 - A flame failure device
 - Thermostatic controls
 - Safety shut-off switches and valves
- Select an appropriate location for the waste oil heater to be installed. Specifically, this location should offer adequate ventilation and allow for enough clearance between the heater

and all waste oil storage tanks (at least 5 feet), as well as between the storage tanks and any electrical paneling (at least 3 feet).

- Have the waste oil heater installed by a competent and qualified professional, in accordance with the appliance manufacturer’s instructions.

OPERATION AND MAINTENANCE PRECAUTIONS

In order to safely operate and maintain a waste oil heater, utilize the following best practices:

- Ensure that the operation of the waste oil heater is compliant with any applicable state and local regulations, as well as all relevant Environmental Protection Agency standards.
- Avoid storing combustible materials or flammable liquids in the same location as the waste oil heater.
- Promote responsible waste oil management protocols. This includes:
 - Solely burning waste oil that’s listed as compatible with the heater
 - Never mixing incompatible substances that could cause hazardous reactions, release toxic fumes or otherwise lead to contamination concerns within the waste oil supply (e.g., antifreeze, paint thinner, oil additives, gasoline, chlorinated solvents and cleaning chemicals)
 - Disposing of contaminated waste oil in a safe and timely manner
 - Making sure that all waste oil storage tanks are correctly labeled
 - Utilizing waste oil supply lines that are properly protected from mechanical damages and consist of copper, steel or brass components
- Have all exhaust and combustion gases stemming from the waste oil heater adequately vented to the outside of the commercial property through an effective stack system. Such a system acts as a filtration device, moving potentially harmful gases outdoors and ensuring fresh air indoors.
- Keep the waste oil heater on a regular inspection, maintenance and cleaning schedule, in accordance with the appliance manufacturer’s instructions. Take note that individual elements of the appliance may require varying maintenance and cleaning intervals.
- Only permit trained employees to operate, inspect and clean the waste oil heater. Instruct these employees to wear appropriate personal protective equipment when doing so—including eye, face and respiratory protection.
- Consult a competent and qualified professional to perform any waste oil heater repairs.

For more risk management guidance, contact INSURICA today.

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[Deadline to electronically submit OSHA injury and illness forms \(March 2\)](#)

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