

CANNABIS INSURANCE (C) WORKING GROUP HEARING, DAY 2

- All audio will be muted upon entry
- Prior to speaking, unmute both **Webex** & **cell phone**
- If joined by phone, press*6 to mute/unmute your line
- Use “Chat” for questions, comments or assistance
- Tech Help: MeetingTechHelp@naic.org or 866 874 4905
- The meeting is being recorded



NATIONAL MEETING
SUMMER 2021



Date: 7/13/21

Virtual Meeting

(in lieu of meeting at the 2021 Summer National Meeting)

CANNABIS INSURANCE (C) WORKING GROUP

Monday, July 19, 2021

2:00 – 4:30 p.m. ET / 1:00 – 3:30 p.m. CT / 12:00 – 2:30 p.m. MT / 11:00 a.m. – 1:30 p.m. PT

Tuesday, July 27, 2021

2:00 – 4:30 p.m. ET / 1:00 – 3:30 p.m. CT / 12:00 – 2:30 p.m. MT / 11:00 a.m. – 1:30 p.m. PT

ROLL CALL

Ricardo Lara, Chair	California	Marlene Caride	New Jersey
Michael Conway, Vice Chair	Colorado	Glen Mulready	Oklahoma
Lori K. Wing-Heier	Alaska	Andrew R. Stolfi	Oregon
Jimmy Harris	Arkansas	John Lacek	Pennsylvania
Michael Gould	Delaware	Elizabeth Kelleher Dwyer	Rhode Island
Angela King	District of Columbia	Christina Rouleau	Vermont
C.J. Metcalf	Illinois	Michael Walker	Washington
Gennady Stolyarov	Nevada		

NAIC Support Staff: Anne Obersteadt/Aaron Brandenburg

AGENDA

Monday, July 19, 2021

SESSION 1: SETTING THE CANNABIS STAGE

- 1:00 – 1:05 p.m. **Opening Remarks**—*Melerie Michael (CA)*
- 1:05 – 1:25 p.m. **Presentation:** Understanding the Geographical Expansion of States Legalizing Cannabis and its Impact at the Federal Level—*Ian Stewart (Wilson Elser)* Attachment A
- 1:25 – 1:45 p.m. **Presentation:** Overview of the Cannabis Business Regulatory and Licensing Landscape—*Norman Birenbaum (Cannabis Regulators Association—CANNRA)* Attachment B
- 1:45 – 2:05 p.m. **Presentation:** Cannabis Insurance Market Segments and Insurance Needs from Seed to Sale for Vertically Integrated and Niche Players—*Michael Hall (Golden Bear) and Summer J. Jenkins (National Cannabis Industry Association [NCIA] and Cannasure)* Attachment C
- 2:05 – 2:20 p.m. **Session Q&A**

SESSION 2: INSURANCE PRODUCT AVAILABILITY

- 2:20 – 2:25 p.m. **Opening Remarks**—*Peg Brown (CO)*

2:25 – 2:45 p.m. **Presentation:** Expanding Commercial Product Options—*Joe Lam (Insurance Services Office—ISO) and Joseph Jonas (American Association of Insurance Services—AAIS)* Attachment D

2:45 – 3:20 p.m. **Panel Discussion:** Admitted and Nonadmitted Coverage Across the Cannabis Business Sectors—*Beth Medvedev (James River), Michael Hall (Golden Bear), Summer J. Jenkins (NCIA and Cannasure), and Norman Ives (Amwins)*

3:20 – 3:30 p.m. **Session Q&A**

Tuesday, July 27, 2021

SESSION 3: BARRIERS TO COVERAGE AVAILABILITY AND AFFORDABILITY

1:00 – 1:05 p.m. **Opening Remarks**—*Peg Brown (CO)*

1:05 – 1:25 p.m. **Presentation:** Balancing Actual and Perceived Risks—*Brenda Wells, Ph.D. (East Carolina University—ECU)* Attachment E

1:25 – 2:00 p.m. **Panel Discussion:** Uncovering Obstacles to Offering Coverage—*Ian Stewart (Wilson Elser), Lois J. Massa (GJ Sullivan Co. Reinsurance—GJS Re), Michael Hall (Golden Bear), and Tim McCarthy (ISO)*

2:00 – 2:35 p.m. **Panel Discussion:** Insurance Coverage Challenges—*Summer J. Jenkins (NCIA and Cannasure), Norman Ives (Amwins), Beth Medvedev (James River), Michael Hall (Golden Bear), and Ian Stewart (Wilson Elser)*

2:35 – 2:45 p.m. **Session Q&A**

SESSION 4: MOVING FORWARD

2:45 – 2:50 p.m. **Opening Remarks**—*Melerie Michael (CA)*

2:50 – 3:25 p.m. **Panel Discussion:** What’s on the Horizon? How Can Insurance Regulators Help?—*Summer J. Jenkins (NCIA and Cannasure), Michael Hall (Golden Bear), and Norman Ives (Amwins), Beth Medvedev (James River); Brenda Wells, Ph.D., (East Carolina University)*

3:25 – 3:30 p.m. **Hearing Q&A**

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SESSION 3: BARRIERS TO COVERAGE AVAILABILITY AND AFFORDABILITY

Opening Remarks



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Balancing Actual and Perceived Risks—*Brenda Wells, Ph.D. (East Carolina University)*

Attachment E



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Pricing Variances

- ▶ Cannabis businesses pay several times what other industries pay for insurance.
- ▶ D&O Insurance? Costing well into the six-figure range (for \$1 million in coverage).
- ▶ Small mercantile GL policy might run \$1,000
 - ▶ Cannabis policy, WITHOUT products liability, is \$10,000.



Consumer Concerns/Misconceptions

- ▶ **Belief that coverage is not available**
- ▶ **Believe that insurance is not worth the cost**
- ▶ **Fear that information provided to insurer can be accessed by the federal government or others**
- ▶ **Concerns about deceptive trade practices**
 - ▶ **Being promised coverage, then the insurer tries to deny coverage based on the federal illegality of cannabis**
 - ▶ **See *Green Earth Wellness v. Atain Specialty***



One Major Issue: Lack of Data

- ▶ **While cannabis has been used for thousands of years, the legal industry in the U.S. is in its infancy.**
- ▶ **We know very little about the losses and expenses associated with this industry.**
- ▶ **A cannabis industry Cost of Risk Survey is coming soon!**

Where Do We Begin Underwriting?

- ▶ **Dispensaries**
 - ▶ **Medical → pharmacies**
 - ▶ **Recreational → liquor stores/vape shops**
- ▶ **Processors → Processors**
- ▶ **Growers → Growers/Farmers**
- ▶ **Doctors → Doctors**

Sample Underwriting Factors

- ▶ Third-party inspection results
- ▶ Security systems wired to outside monitoring station
- ▶ Adequate electrical system with proper wattage and circuits
- ▶ Fire suppression systems
- ▶ Type of safe used for storing cash/product (TL-15 or ½ ton minimum)
- ▶ Motion detectors in the room where finished product is stored
- ▶ **Membership in state trade associations**
- ▶ **Education and training of owners/operators**
 - ▶ Use of Cannaregs.com

Panel Discussion: Uncovering Obstacles to Offering Coverage—*Ian Stewart (Wilson Elser), Lois J. Massa (GJS Re), Michael Hall (Golden Bear), and Tim McCarthy (ISO)*



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Panel Discussion: Insurance Coverage Challenges—*Summer J. Jenkins (NCIA and Cannasure), Norman Ives (Amwins), Beth Medvedev (James River), Michael Hall (Golden Bear), and Ian Stewart (Wilson Elser)*



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SESSION : oving orward

Opening Re arks



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Panel Discussion: What's on the Horizon?
How Can Insurance Regulators Help?—
*Summer J. Jenkins (NCLIA and Cannasure),
Michael Hall (Golden Bear), and Norman
Ives (Amwins)*



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Hearing A



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