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
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)
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)

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

Attachment E
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.
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)
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)
Q&A
SESSION 4: MOVING FORWARD
Opening Remarks
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)
Hearing Q&A