

Cannabis Industry Insurance Buyer's Guide

Protect Your Growing Business
Every Step of the Way



A High-Growth Industry Evolves: Managing Risk in the Cannabis Industry

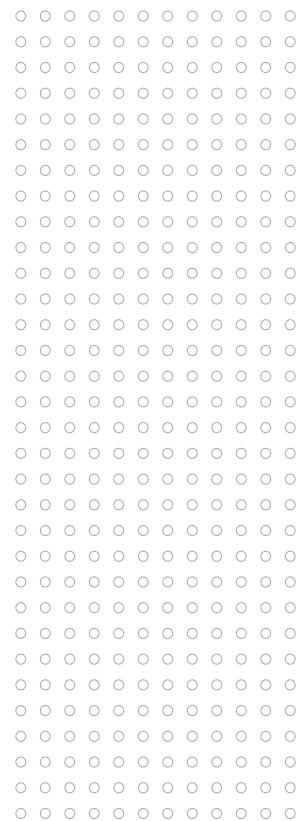
The North American cannabis industry continues to mature, with more states approving its use for medicinal and recreational purposes each year. However, a congested marketplace and changing economic conditions have made it more critical than ever for cannabis companies to craft solid risk management plans.

Legal sales of cannabis are projected to reach more than \$102 billion by 2030 globally,¹ and the industry is poised to grow at a compound annual rate of 25% through the end of the decade. Demand for cannabis remains strong, with retail sales in the U.S. and Canada projected to hit \$72 billion² and \$10 billion,³ respectively, by 2030.

However, annual retail prices have decelerated 20% in the past year,⁴ and the once plentiful pool of capital investors has declined. Venture capitalists apprehensive about the long-term profitability of cannabis are taking a more measured approach to investing, and cannabis mergers and acquisitions decreased \$7 billion between 2022 and 2021.⁵

This difficult economic environment could push more cannabis firms to sell-off assets, liquidate or become insolvent in the near future. And compressed margins due to retail and grower market saturation, elevated inflation and economic uncertainty are increasing exposures.

Cannabis growers and sellers face a unique combination of risks that few understand, and the need for a detailed risk management strategy is more important than ever. This guide will help you identify your business's unique exposures, detail strategies to mitigate your risk and help you find the right broker to procure the policies you need to protect your cannabis company.



¹ Grand View Research, "[Legal Marijuana Market Size Worth \\$102.2 Billion By 2030](#)," April 2022.

² Business News Daily, "[Cannabis Industry Growth Potential for 2023](#)," April 28, 2023.

³ Cantech Letter, "[Canadian cannabis market slowing down, says ATB Capital](#)," October 31, 2022.

⁴ Flowhub, "[Cannabis Industry Statistics 2023: How the industry is performing and where it's headed](#)," accessed June 10, 2023.

⁵ MJ Biz Daily, "[Marijuana M&A: Distressed, smaller and failed deals expected in 2023](#)," January 23, 2023.



Protecting Your Cannabis Company from Product Claims

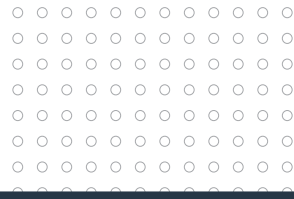
Product liability applies to every business that brings an item to market. Product liability insurance covers your legal defense costs if a cannabis product you create, manufacture, distribute or sell causes harm to others. Even if an injury stems from product misuse, your business could be liable and face potentially high-cost claims.

Without product liability insurance, you may be responsible for such out-of-pocket expenses as medical, legal fees and other costs associated with product defects. However, this protection does not extend to cover the long-term effects of cannabis use, for which no coverage is available.

Product liability insurance can protect producers, processors, packagers, distributors and retailers when they are presented with a third-party claim related to:

- Inhaled, edible or infused products that caused illness.
- Bodily injury or property damage caused by product misuse.
- Manufacturing, contamination or product-related defects that result in a loss.
- Labeling errors and marketing representations.
- Faulty or misused equipment including vape cartridges, batteries and lighters.

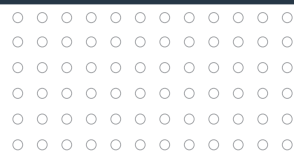
Product liability insurance should be on your list no matter where you are in the cannabis supply chain. It's imperative that cannabis business operators pay close attention to their policy language and thoroughly understand their coverage. An important, related coverage to consider is product recall insurance, also known as withdrawal coverage, that may cover the costs associated with removing a defective product from retail store shelves to prevent third-party claims.



Did You Know?

Retailers can be held liable for a defective product, even if they had nothing to do with the manufacturing process.

Insurance for auto, catastrophe and cyber in the cannabis industry remains expensive, but the industry is feeling some premium relief from lines that have been historically high, such as directors & officers (D&O) insurance, property, product liability and workers' compensation. In addition, more carriers have entered the cannabis marketplace, increasing capacity.



A Cautionary Tale: Mistakes Happen

In 2021, a large multistate operator (MSO) mistakenly put a THC product into the commerce stream labeled as CBD. Several consumers reported illnesses and injuries due to the mix-up and filed suit. Eventually a class action lawsuit was filed.

Mistakes in packaging happen, and maintaining robust policies to protect your business against claims of actual or alleged bodily injury or property damage is crucial to any risk management strategy. But many product liability policies exclude coverage for class action lawsuits. Make sure you work with a broker who understands the available coverage form options.



Ensure Your Product Stays Safe in Transit

How you choose to get your product to market can expose your cannabis business to significant risk.

If you're using a vehicle to transport cannabis or supplies, you need commercial auto insurance and cargo insurance. Personal auto insurance will not cover your losses for business use. Cargo insurance — the coverage of your product in transit — will ensure your product reaches its destination safely.

If you use a courier service to ship cannabis, cargo insurance should be on your list of insurance needs. A courier's cargo insurance will cover all cargo onboard to a maximum dollar limit that is shared by all cargo owners. Your portion of the shared payout may be far less than the value of your loss.

Cannabis Auto Coverage

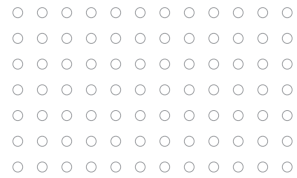
Commercial auto insurance is another crucial coverage, but it comes at a price. Soaring claims litigation and seven-figure verdicts in favor of policyholders have led carriers to restrict capacity and increase premiums an average of 15% to 25% year over year. Factors also impacting premiums include experienced driver shortages, driver history, safety records, vehicle maintenance and updated vehicles with modern safety features.

Having an experienced broker with strong carrier relationships can help you with premium challenges.

Auto Cannabis Transportation Troubles

Use only company vehicles to avoid the risks inherent in using personal automobiles to transport your product. And take these sensible steps to ensure that your product reaches its destination safely.

- **Use unmarked vehicles.** A tempting target is the cash and cargo your employees carry. Don't make it easy for thieves to identify your vehicles.
- **Require driver training.** Safe driving may be your best insurance, but when an accident happens, your drivers must know how to handle themselves on the scene. That includes informing law enforcement of any cannabis in the vehicle.
- **Conduct background checks.** Prevent problems before you hire them. DUI or drug-related offenses are a red flag. And it pays to stay vigilant after hiring. Be aware of driving behavior issues that can be revealed by a simple vehicle check-in/check-out protocol.
- **Review driver motor vehicle records (MVR).** As part of your pre-hire and ongoing driver review process, you should regularly check the accident and violation history of your drivers and take corrective action when needed.

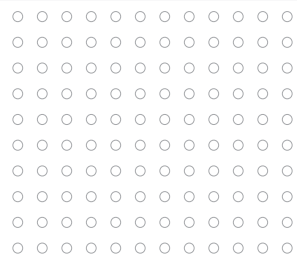


Know the Rules in Your State or Province

States that have legalized cannabis are rolling out strict rules to control its intrastate movement. For example, the California Bureau of Cannabis Control has proposed designated permits for vehicle operators transporting cannabis, detailed tracking for all shipments and felony charges for any cannabis business operator who uses a minor to move cannabis products.

The California Department of Motor Vehicles requires certain filings from your insurance company — and having the wrong insurer can cause unnecessary delays in obtaining the approvals needed to transport cannabis.

Regardless of where you operate, a well-informed insurance broker should know the transportation rules in your area.





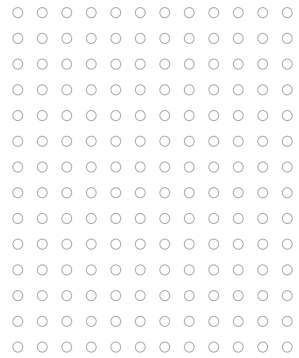
Cover Your Crop and Protect Your Property

Commercial property rates are surging, with economic conditions, rising replacement costs, supply chain delays and weather catastrophes contributing to the tumult.

Rising prices are impacting property valuations, and underwriters are shoring up terms and conditions in policies. For cannabis companies, the unique risks of the industry make it even more imperative to procure the proper policy to ensure you survive calamity.

When evaluating property insurance policies, cannabis companies need to:

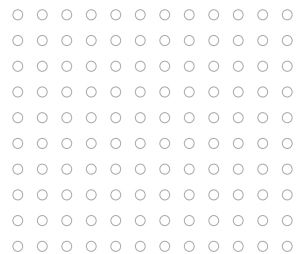
- **Make sure your policy covers cannabis crops.** If you're a grower, your property insurance needs to cover your grow facilities in the event of a loss due to fire or water damage. Make sure your policy includes crop insurance; you will need specific crop coverage to protect the value of any product losses.
- **Pay attention to rental agreements.** Rental agreements generally exclude coverage when tenant activities are illegal under federal law. The state and federal legal landscape can create compliance confusion when it comes to your property insurance. Review agreements carefully to determine if you are exposed.
- **Understand that capacity is limited.** If your total insurance value is greater than \$50 million, your broker may have to layer coverage across multiple carriers to give you the property protection you need.
- **Know that equipment is not covered by property insurance policies.** Equipment and machinery breakdowns can mean a loss of revenue, but property insurance will not replace those losses. Equipment breakdown insurance can help cover the cost to repair or replace your cannabis machinery from such things as mechanical failures, power surges, electrical shortages and motor burnouts, and close that insurance gap.
- **Avoid risk to reduce loss.** Your best protection against property-related losses is to reduce or eliminate risk throughout your operation. Ask your broker what steps you can take to mitigate your risk.



Don't Count on Your Landlord's Insurance

If you're leasing your facilities, don't assume your landlord's insurance will protect you in the event of a loss. Also, your landlord's insurance may be nullified for leasing to a cannabis operation.

Review your lease agreement thoroughly and know where your insurance starts and stops with your landlord. Have your broker or attorney review your lease agreement and advise you on any action required to protect your company.





In A Business Where Cash is King, Burglary Risk Grows

When it comes to crime, the cannabis industry is no different than any other business. As legalization and expansion continues, so does the threat of fraud, robbery and theft — both from inside and outside your business walls.

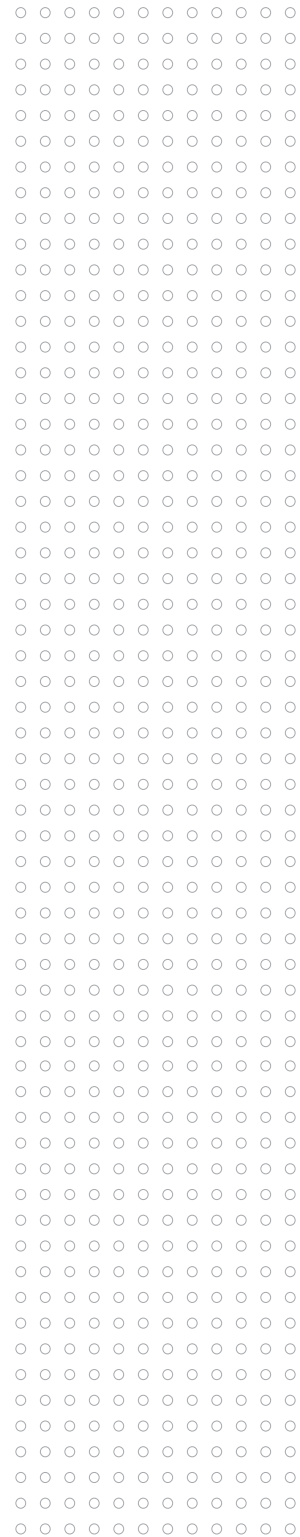
Crime insurance is especially important for cannabis companies because they deal primarily with cash or online payments due to banking regulations. This makes the cannabis business particularly vulnerable to theft, fraud and embezzlement. Crime insurance can protect you against such losses.

In coverage for losses due to cannabis theft, insurance carriers make clear distinctions between business and personal property, and between growing stock and finished stock. Coverage limits and exclusions will vary from carrier to carrier. No two policies are the same, and a careful review of coverage limits is required to ensure that you're protected.

Prevention is the best defense for any business. Take steps to implement standard operating procedures to cover all security protocols for your staff and security team. Your security plan should include an annual operating budget for site security; floor plans, blueprints and landlord site agreements; technology specs; vendor partnership information and vetting; and security training handbooks.

Security and protocols are vital in the cannabis business. All cannabis companies should consider:

- **Lights, cameras and action plans.** Detail where all the lights are on the property and how they contribute to site and perimeter security (fences, walls, etc.). Make sure every point of entry to your facility is secure (doors, windows, garages, bays and rooftops). Keep your electronic security systems updated and in working order. Retain information on your video surveillance equipment; ensure vendor contacts and motion detection/anti-intrusion/fire alarm system information are housed in a safe place.
- **Guard service.** Contracting a third-party security company to keep your dispensary or other cannabis location safe can offload liability. Research potential security companies and ensure their staff has experience and a good record of de-escalating events. If you choose to hire your own guards, ensure they are uniformed and well-trained.
- **Policy and procedures for responding to crime.** Train staff on how to manage incidents and emergencies and handle suspicious activity. Enforce accountability with anti-theft prevention measures, such as check-in and check-out procedures to account for every dollar and ounce of product that passes through your doors.





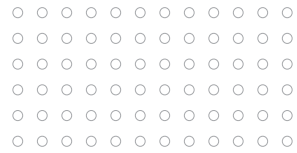
Prevent and Prepare for Data Breaches

The cannabis industry remains a popular target of cyberattacks, and that trend shows few signs of abating. Most cannabis companies employ fewer than 100 workers and lack sophisticated cyber protection systems, making them easier to exploit. The all-cash nature of the business — along with the large amounts of protected health data and personally identifiable information that dispensaries may store — make cannabis businesses a prime target for cyber extortion.

Larger cannabis companies should consider investing in technologies, processes and practices designed to protect intellectual property, customer data and other sensitive information from unauthorized access by cybercriminals. Vulnerabilities in a cannabis company's digital infrastructure can compromise its financial position, threaten its research and development (R&D) and endanger its future.

The most common cyber risks and threats for cannabis businesses include:

- **Data breaches.** Confidential, sensitive or protected information is exposed to an unauthorized person who then views or shares the files without permission. Data breaches occur most often because of weaknesses in technology or in user behavior and are not always caused by an outside hacker.
- **Ransomware.** Bad actors use malicious software to infiltrate a system and gain access to sensitive information, encrypting the data so the user cannot access it, and then demand a financial payout to release the data. Ransomware is typically part of a phishing scam; by clicking a disguised link, the user downloads the infected file.
- **Funds Transfer Fraud.** Hackers redirect funds from the target's account before or during a money transfer so that the fraudsters receive the payment instead of the intended recipient.

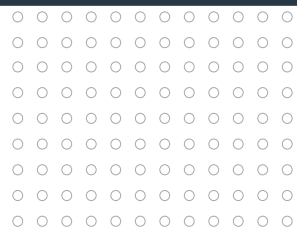


Did You Know?

Cybercrime will cost companies worldwide an estimated \$10 trillion annually by 2025, up from \$3 trillion in 2015. At a growth rate of 15% year over year, cybercrime represents the greatest transfer of economic wealth in history.

Small businesses account for 43% of cyberattacks annually, reporting an average loss of \$25,000. Only 14% of small businesses are prepared to defend themselves.

— *Accenture: Cost of Cybercrime.*





CYBER INSURANCE

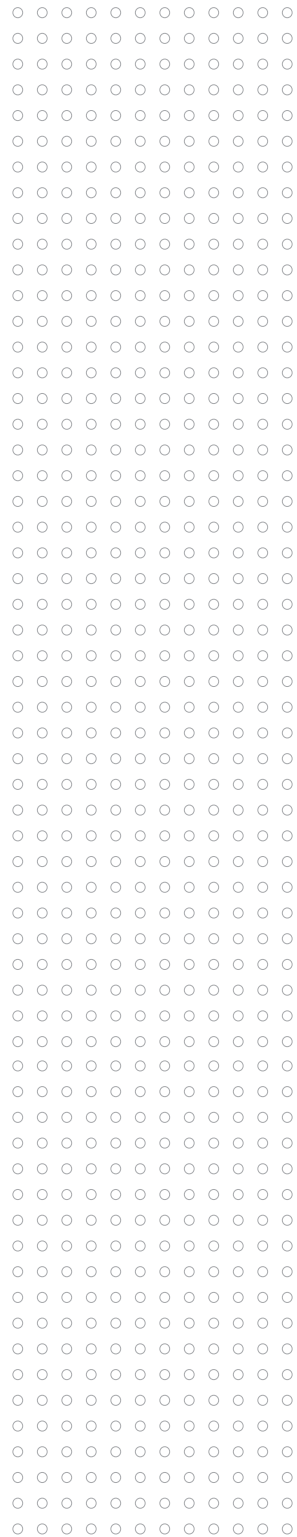
Cyber insurance can protect against many of these risks. Although policies are expensive, prices are beginning to moderate in the space and capacity is gradually improving.

But cyber policy underwriters will do their due diligence and expect potential insureds to adequately train workers on cyber hygiene, detail their cyber controls and explain the types of proprietary information they collect from their consumers, how they store it and who has access to that information. Cannabis companies without the right controls in place may struggle to find sufficient coverage.

By conducting a comprehensive assessment of all cyber risk, cannabis companies can identify their vulnerabilities, implement a cyber defense strategy and develop a plan to show carriers that they've taken steps to reduce exposure.

These seven defensive tactics can help cannabis companies ward off cyberattacks:

1. **Manage the human element.** Train employees on the importance of cybersecurity. Make sure employees undergo phishing training and conduct refresher courses at least annually.
2. **Maintain secure systems.** Make sure customers' data, especially sensitive health information if they are medical marijuana consumers, is protected.
3. **Test employee awareness.** Are employees retaining the information shared in training? Send simulated phishing emails and track performance to determine if training hits the mark.
4. **Establish a corporate policy on passwords.** Drive password management from the top down and require complex passwords that employees must change frequently. Set an automated reminder that enforces the requirement.
5. **Implement a minimum of protective tools.** Among other technical controls, multifactor authentication (MFA) and endpoint detection and response (EDR) are crucial for maintaining a secure network. Most carriers require MFA for remote network access, on email and to protect privileged user accounts. EDR monitoring of devices connecting to the network is also a minimum requirement for insurance coverage.
6. **Develop a backup strategy.** A solid backup plan makes companies less susceptible to ransomware attacks by allowing organizations to restore operations. Perform frequent backups — every day, if possible — and store off-site and off-network. Detail everything from virus protection programs to backup server locations on paper.
7. **Build an incident response plan.** Cannabis companies should have a plan for responding to an attack, a system for validating what happened and the resources to remediate the issue.

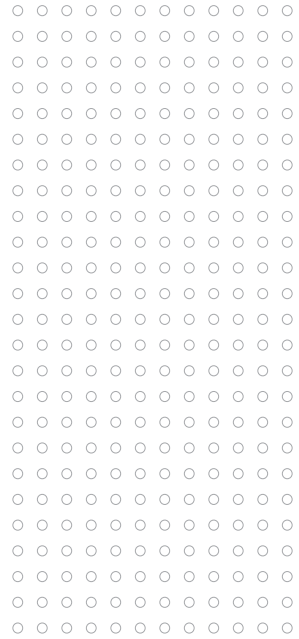




CYBER INSURANCE

In addition, cannabis companies with research and development (R&D) data should take additional steps to ensure it is protected from bad actors, such as:

- Limiting the number of people who have access to your R&D process and proprietary information.
- Storing sensitive, medical and customer information on a separate server, not a third-party cloud service.
- Instituting strong employee oversight rules that limit access to sales history, customer databases, credit card information and personally identifiable information.
- Knowing where and how your buyer information is stored (scanned driver's licenses on a protected network, paper files stored in a secure area off site, etc.).
- Maintaining Health Insurance Portability and Accountability Act (HIPAA) compliance.





M&A Landscape Changing for Cannabis Companies

The days of billion-dollar marijuana mergers and acquisitions (M&A) have slowed over the past few years, prompting the industry to embrace smaller deals. At the same time, cannabis entrepreneurs are more eager to sell now than ever, despite facing lower prices due to an over-saturated market.

Despite this slowdown, industry experts still predict cannabis M&A transactions to reach about \$3 billion in 2023 — about a third of the \$10 billion in M&A activity volume reported in 2021.

Obtaining directors and officers (D&O) insurance is essential to attract professionals to your governing boards and protect your bottom line. D&O can cover your executives' defense costs and damages if they are named in lawsuits that result directly from their decisions.

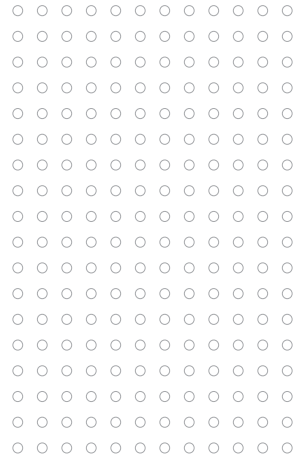
Investors, creditors, regulators, clients, employees, suppliers and even competitors can bring a lawsuit claiming wrongful acts, errors or omissions committed by directors or officers. Without the right D&O coverage, your company won't be able to protect your balance sheet and your officers if they are found liable for damages.

The right D&O policy can also protect your company in a challenging business climate. As cannabis investment interest wanes, more executives are seeking financial relief and/or restructuring or selling opportunities. It's imperative that your D&O policy covers these activities.

New capacity is available through managing general agents (MGAs) and the traditional carriers, with both offering private D&O coverage with aggressive pricing and retention modeling. Public cannabis companies also have the option to take advantage of alternative risk transfer programs — which set aside a pool of money to help indemnify directors and officers in the event of a loss or lawsuit — in lieu of more traditional coverage.

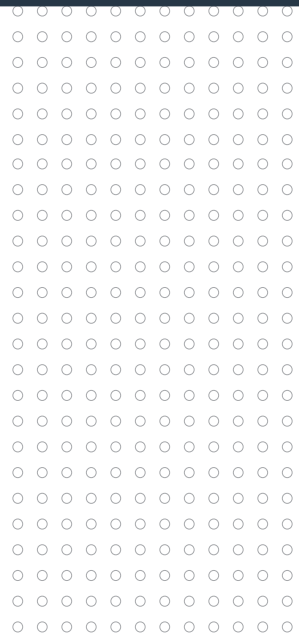
Companies purchasing D&O insurance need to pay close attention to the details and be aware that these policies may not address every exposure. Some policies may contain creditor, bankruptcy or major shareholder exclusions.

Policies should also cover pre- and post-deal coverage, including claims after a financial restructuring is complete. If these activities are excluded from coverage, a runoff insurance policy may need to be procured to protect your directors and officers. Working with a broker who has access to multiple distribution channels increases your chances of finding comprehensive coverage at an affordable premium.



Did You Know?

Entrepreneurs are contemplating psilocybin as the new frontier, with several studies indicating potential medical uses for psilocybin and other psychedelics.





Be Equipped to Manage Your Workforce

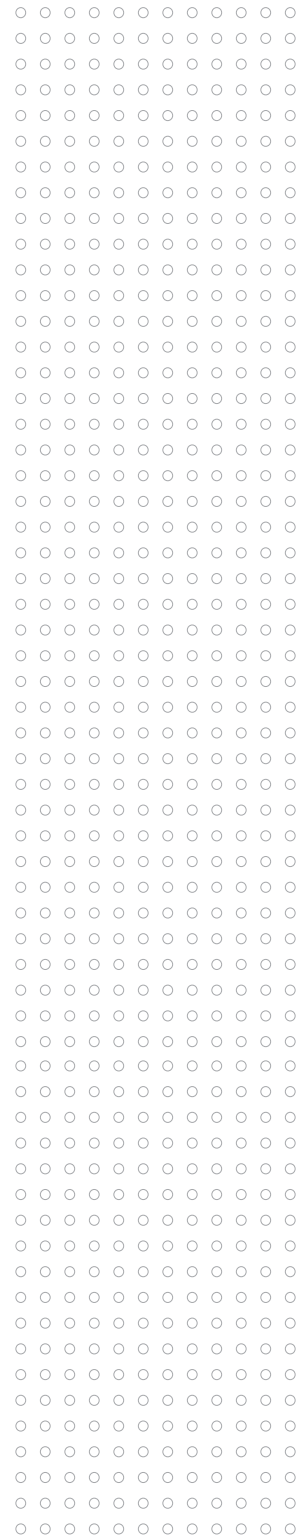
Whether you need to scale up or down, some cannabis businesses are ill-prepared to deal with the legalities that come with hiring, reducing and managing their workforce. A dedicated employment practices liability insurance (EPLI) policy is key to defending your business in the event of a claim of wrongful termination, sexual harassment or discrimination.

Although these policies cover defense costs and can include coverage for government-imposed fines, EPLI policies vary. A broker can help determine what defense limits your cannabis company should retain to protect itself.

What You Need to Know

Regardless of the EPLI policy chosen, maintaining best practices at your workplace is the best strategy for reducing employment risk. Cannabis companies should:

- **Build out a formal onboarding process.** Take your hiring process out of the hands of a single individual and create a uniform process that can be replicated as you grow. Make sure the process is consistent, whether you're hiring a cultivation technician or an accountant. Consult your state's EPLI laws for regulations you're required to uphold. If you are a multi-state operator, your policies and procedures will have to include those of all states in which you operate.
- **Compose an employee handbook — and follow it.** Employees want and need to know what's expected of them. A good employee handbook will detail required protocols for timekeeping and vacation as well as behaviors that are grounds for dismissal — all of which can help you when questions and legal issues arise. Handbook templates are available online, but obtaining advice from legal counsel can ensure your handbook is appropriate for your workforce.
- **Properly maintain personnel records.** Personnel records must be kept secure. Ensure all information, including background check results, onboarding and training information is retained, safeguarded and up to date.
- **Train your managers.** Your leaders must be trained on everything from recognizing and addressing sexual harassment to enforcing timekeeping and consistently managing breaks. Your human resources team, regardless of size, should be running reports monthly and annually to ensure the business is meeting state standards in all areas of employment liability. Also, make sure management knows that handbook policies must be applied evenly across the workforce.
- **Set up a formal and fair termination procedure.** You need a well-planned review process, including how employee performance is evaluated and what happens when those standards aren't met.





Employee Benefits

Make Employee Well-being A Cornerstone of Your Cannabis Company

Taking care of your employees is vital to growing your business, and healthcare benefits continue to be the second most important factor for employees in all sectors, trumped only by salary.

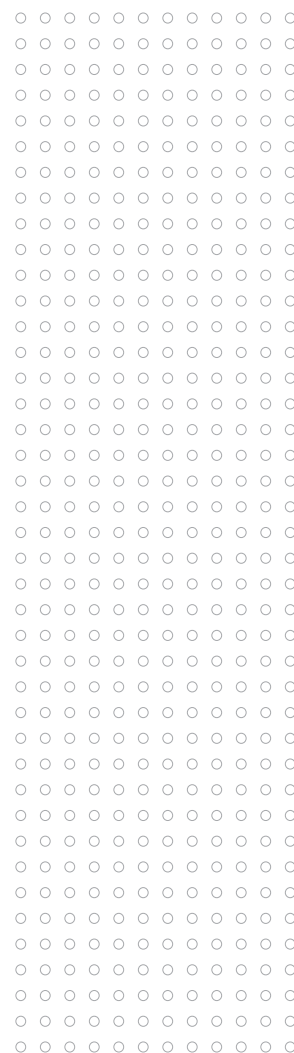
In fact, nearly half of all workers said they would leave their job for another that had better employee benefits.⁷ The cannabis sector employs more than 420,000 full-time workers — a 25% increase over the past two years — and nearly three-quarters of cannabis companies today offer healthcare benefits and provide paid time off to their employees.⁸

Today’s job seekers want prospective employers to offer competitive benefits that can adapt to their changing needs. Just like other businesses, cannabis companies should review their employee benefits plan to make sure they are meeting the needs of their employees. That not only shows that they value their workers, but it also helps recruit and retain top talent.

As the cannabis industry continues to evolve and scale, companies looking to recruit and retain talent will need to focus more time and energy on providing benefits that meet the needs of the workforce. One way to ensure your benefits hit the mark is through persona analysis, a data-driven approach to benefits strategy that addresses employees’ needs at the various stages of their lifecycles.

By analyzing workforce personas, companies can view their benefits from multiple perspectives. This allows companies to better customize benefits and prioritize spend — which often leads to a 5% to 8% return on investment compared with a one-size-fits-all approach.

In addition to healthcare benefits, employers with strong financial wellness programs will see improved worker emotional and financial health, which directly correlates to greater happiness, productivity and a quality employee experience. Workers who have quality experiences are far more likely to be loyal to their organization, and companies that create that experience make themselves highly attractive to potential employees.



⁷ Forbes, “Best Employee Benefits in 2023,” February 6, 2023.

⁸ Forbes, “New Report Details Salaries in the Legal Marijuana Industry,” March 10, 2022.



Insurance Solutions for Cannabis Dispensaries

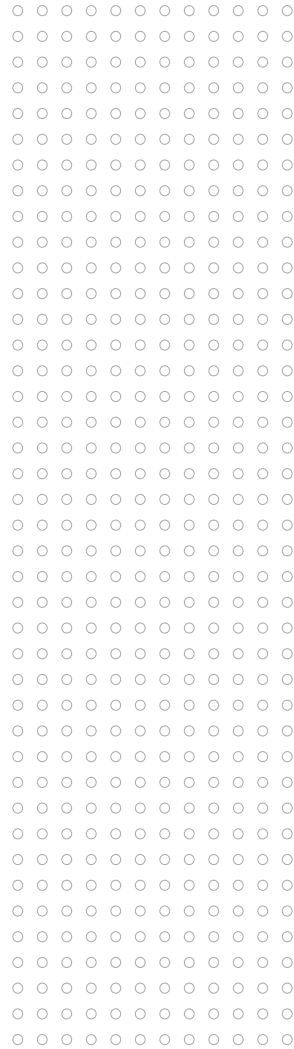
The legal status of cannabis at the federal level in the U.S. continues to hinder growth of the cannabis insurance marketplace. However, commercial online insurance platforms are now available, allowing dispensaries to procure policies specifically written to protect cannabis companies within minutes.

Since there is not a large, robust insurance market and dispensaries are popping up quickly, new online options provide legal dispensaries with an efficient, responsive and fast way to buy coverage, not only to obtain and maintain their license, but also to secure a retail location.

Smaller dispensary owners in the U.S. can obtain the necessary insurance coverage to operate within hours — vs. days — by providing proof of licensure in the state where they operate and answering some questions about their business operations.

In addition to finding a small business commercial package policy for cannabis that includes general liability, product liability and commercial property coverage, dispensaries can also add other coverages, such as commercial crime insurance.

It's crucial that dispensaries purchase insurance meant for the cannabis industry. Given the federal illegality of cannabis, insurance policies are less standardized and often contain exclusions. Dispensary owners and operators need to make sure they understand the coverages they are purchasing and read actual policy wording carefully to ensure they are properly protected.



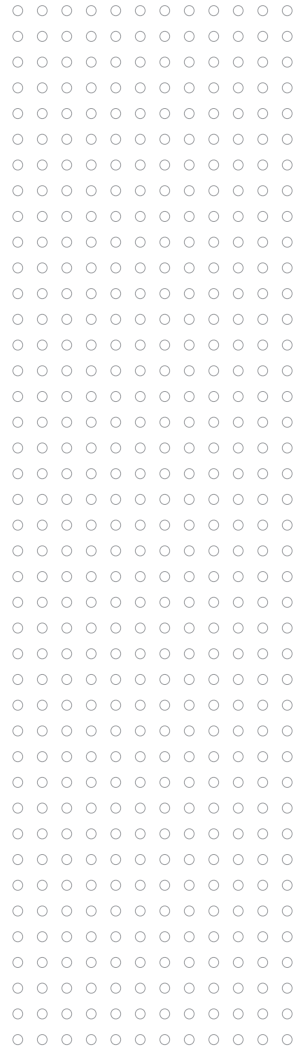


Manage the Risks You Can Control

You can take concrete steps to protect your cannabis business and manage insurance premiums and deductibles with a solid risk management program. Carriers are more likely to provide a policy to cannabis businesses that are doing what they can to minimize risk.

Engaging in the following risk management practices will help reduce costs, minimize exclusions and make your cannabis company a better risk:

- If you are a retailer, have a plan to prevent or respond in the event of a robbery.
- Know how to use vaults and safes properly.
- Install alarms, cameras and other safeguards.
- Depending on the nature of the business, consider installing and testing fire sprinklers onsite to make sure they are in working order.
- Consider hiring a third-party security service that is properly insured and trained to safeguard your storefront.
- Institute best practices for high-risk manufacturing processes, like oil extraction.
- Avoid using personal vehicles to transport cannabis.
- Hire qualified drivers to transport cannabis and check their driving records on a regular basis for any changes.
- Know the specific rules for transporting cannabis, particularly when crossing state lines in the U.S.





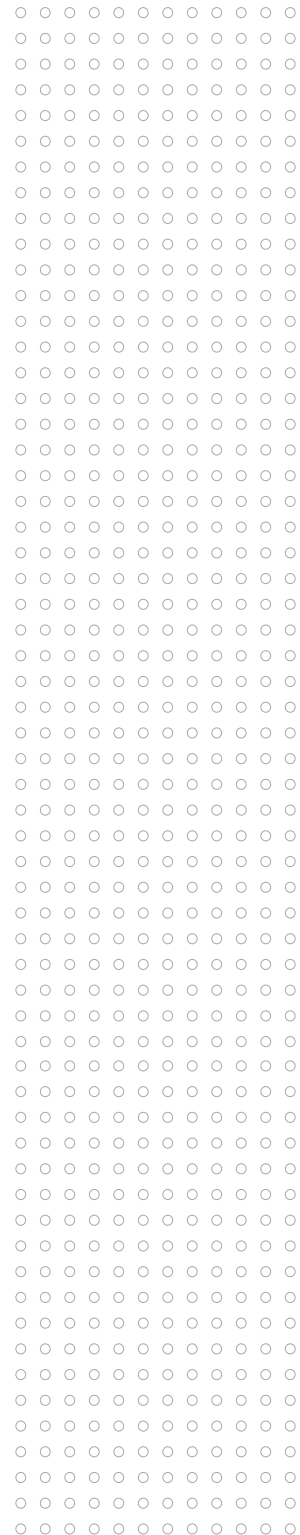
Create a Best-in-Class Risk Management Program

To best position yourself in the insurance marketplace, cannabis companies should strive to create a best-in-class risk management program. Start small and build on your best practices as your cannabis business grows and operations become more complicated. If your cannabis business operates across multiple states, consider conforming all operations to the most stringent state requirements to streamline processes and procedures.

Key components of a best-in-class program include:

- **Identifying a responsible leader** to manage the implementation and maintenance of the program.
- **Creating a compliance system** to ensure employees comply with safe and healthful work practices and have a voice in the process.
- **Setting up a communication system** to distribute safety information to employees. This should include meetings, training programs, posted or written notifications and any other means to ensure effective communication with employees. Employees must be encouraged to inform their employer of hazards at the worksite without fear of reprisal.
- **Implementing hazard assessment and correction** procedures to identify and evaluate all workplace hazards. Instituting periodic inspections will help correct identified hazards in a timely manner, including unsafe or unhealthy work conditions. Include procedures for the abatement of imminent hazards and the removal of exposed employees from the area if the hazard can't be immediately abated. Make sure employees have the right gear and safeguards.
- **Documenting accident/exposure investigation procedures** that can be followed by anyone investigating workplace injuries or illnesses.
- **Instituting an effective training program** to instruct employees and their supervisors on safe work practices and hazards specific to each job assignment. Additional training must also be given when required by OSHA or your state plan.
- **Maintaining adequate records** and other written documentation of the steps taken to establish and maintain the employer's best practices program, including training and inspection records.

And always obtain the right insurance to protect your business against events you can't control.



Additional Insurance Options

Insurance Options Growing Fast for Cannabis

The early years weren't easy for a budding cannabis industry. The once-cautious insurance world is now providing the protection the cannabis industry deserves.

Insurance products continue to evolve as new coverage options are introduced to meet the needs of a dynamic industry. As companies grow and expand their workforce, they're not only looking to mitigate risk but to offer tailored employee benefits, retirement, 401(k) and financial wellness plans for their employees.

Business insurance options to consider include:

- Alternative Risk Transfer Captives
- Cannabis Employee Benefits
- Cargo Insurance
- Commercial Auto Insurance
- Crime Insurance
- Crop Insurance
- Cyber Insurance
- Directors & Officers Insurance
- Disability, Critical Illness and Life Insurance
- General Liability
- Employment Practices Liability Insurance
- Kidnap & Ransom Insurance
- Product Liability
- Product Withdrawal
- Property Casualty Insurance
- Special Event Insurance
- Surety Bonds
- Umbrella Liability
- Workers' Compensation

Be aware that insurance carriers use different definitions, policy exclusions and coverage language. A broker who knows the unique risks in the cannabis industry will help you understand how the fine print can impact your business.



CHECKLIST

Choosing the Right Insurance Broker

Most insurance brokers are not yet up to speed on the unique risks that threaten your cannabis business. Don't get caught without the coverage your business deserves. Ask these important questions before choosing your insurance broker.

- Does the broker have other cannabis business clients?**
You don't want to be the first. Your business is risky enough.

- How many experienced insurance carriers can the broker bring to the table?**
The number of carriers underwriting the risks in the cannabis industry is growing. A broker should be able to explain to you how they vet the carriers they recommend. An experienced broker that is well regarded by insurance carriers has the best chance of securing optimal coverage and pricing for your cannabis business.

- Does the broker offer expertise and services in addition to insurance?**
Your broker should introduce you to employee benefit consultants and certified risk managers who know the cannabis industry and will work with you to develop a holistic approach to risk and benefits management.

- What risk management resources does the broker offer?**
The best brokers know how to help you reduce your risk and prevent losses with risk management services that address workplace safety, fleet operations, cybersecurity and more.

- Can the broker review your contracts and advise you on risk exposures?**
Experienced brokers will be able to recommend attorneys who specialize in your business.

- What experience does the broker's claims staff have when it comes to cannabis?**
When you must file a claim, both your broker and your account management team should be committed to advocating on your behalf with the insurance carrier.

- As the market expands, what other services or expertise can the broker offer?**
If you are planning to conduct cross-border business (i.e. U.S. and Canada), an insurance broker who is structured to handle your needs in a seamless manner can help you avoid gaps in coverage. Working with a single brokerage firm with knowledge and experience on both sides of the border reduces your risk and your administrative workload.

- What cannabis industry associations is the broker involved in?**
A broker that is truly committed to your success stays on top of all the developments in your industry.

If your policies have been issued on a state-by-state basis, you may be paying more than you need to for administrative and account management services. Ask us to review your current policies to determine if we can reduce complexity and consolidate coverage into fewer policies that give you the protection you need.

[Contact HUB International's cannabis insurance specialists to learn more.](#)

Get Started

The right insurance, a solid risk management program and the right employee benefits are three important pillars in your strategy for success in the cannabis industry.

Contact HUB today for a no-obligation assessment of your current exposures.

hubinternational.com/cannabis

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