Cannabis Coverage is Lighting Up the Insurance Industry

By Phil Skaggs | Assistant Counsel | AAIS

An increasing number of states are legalizing the use of medicinal and recreational cannabis, creating the opportunity for new business ventures and the need for reliable insurance coverage as the industry expands and matures.

Supporting a Growing Industry
In 2018, AAIS introduced the Cannabis Businessowner Policy (CannaBOP) in response to a request from the California Department of Insurance for a standardized insurance program specifically designed for commercial cannabis exposures. The program has since evolved into something much bigger as it continues to grow with new endorsements and expansions into new states. Our first-of-its-kind program is now filed and approved beyond the Golden State, and available for use in Nevada and Colorado. AAIS is currently working to expand CannaBOP nationally and anticipates the filing and approval of CannaBOP in Michigan, Illinois, Washington, and Oregon in the coming year.

CannaBOP, CannaWHAT?
CannaBOP focuses on risks for dispensaries, storage facilities, distributors, processors, manufacturers, and private cannabis testing facilities and laboratories located within the coverage territory.
Of course, insuring cannabis comes with complications. Every state has its own rules, regulations, and licensing requirements, directly impacting insurers’ reach. That is why CannaBOP is tailored to each state’s specificities, ensuring coverage beyond a general business owner’s policy. And AAIS will continue to update the CannaBOP program in response to changing regulations, shifting requirements, increasing cannabis activity, and court decisions impacting cannabis policy interpretation.

**Extending CannaBOP**
In addition to regulatory adjustments, AAIS is continuously updating CannaBOP to better fit the needs of this emerging industry. In the near future, the AAIS team plans to add a defense-within-limits option, indoor cultivation coverage, and special events coverage to supplement the initial CannaBOP offering. AAIS is also updating CannaBOP’s manual and loss costs to modernize the program’s components and respond to market advancements.

Meanwhile, AAIS continues to investigate new product offerings and opportunities. AAIS is planning to roll out a farmowners cannabis coverage program later this year, offering additional solutions for the cannabis cultivator. We are also keeping a close eye on the impacts of COVID-19 to evaluate the need for cannabis-specific pandemic endorsements.

**Sparking Conversation**
As leaders in cannabis coverage, AAIS is spreading the word about our CannaBOP program. The team has appeared at numerous conferences as subject-matter experts, including the American Bar Association, MJBizCon, multiple Insurance Journal webinars, the Insurance Business Cannabis Cover Virtual Summit, and the Insurance Business America Cannabis Conference. The AAIS team will also soon be rolling out a new CannaBOP resource website, with articles, videos, and thought leadership around the cannabis insurance space.

The future is bright for CannaBOP and our cannabis coverage programming. To learn more about CannaBOP and other projects we have in store, please reach out to an AAIS Advisor.

*CannaBOP supplies carriers with the tools needed to insure licensed cannabis companies using a packaged property and liability base form and a suite of optional endorsements for added customization.*