

## HEAD TO HEAD



# Is the cannabis insurance market working in the US?

How has the insurance industry adapted to the opening up of a whole new market?



**Susan Elter**

Vice president, underwriting  
Professional Program Insurance Brokerage

"The insurance industry, unsurprisingly, has been slow to embrace the cannabis industry. Typically, any reservations to jump in come down to one of three things: federal versus state law, banking or moral issues.

Those in the market often don't have enough capacity to keep up with demand from what are multimillion-dollar businesses with formal boards of directors, multiple corporations that work in various states, and innovative business owners working on solving problems with creativity. Our carrier partners are working to increase capacity and flexibility but need help from other carriers to meet the needs of the industry."



**Norman Ives**

Broker/cannabis property & casualty specialist  
Worldwide Facilities

"The US insurance market continues to perform unevenly regarding coverage options and policy offerings for businesses working in and around regulated cannabis. The casualty market has seen an increase in overall capacity and the number of carriers participating over the last year. However, property, management liability and commercial auto exposures continue to be difficult placements.

With the passage of the 2018 Farm Bill earlier this year, which removed hemp with less than 0.3% THC from the Controlled Substances Act, we expect to see carrier participation and coverage quality continue to improve over the coming months."



**Danny Bozzuto**

Co-founder and president of operations  
Cannabis Connect Insurance Services

"I believe it is. The market is still evolving, but we have a long way to go before we have an insurance product for every avenue of this industry. With each new carrier entering the market, we're seeing better coverage terms and great leniency with industry practices.

For example, insurance for on-site consumption used to be on the wish list, but now we are seeing carriers writing policies for these events. Cannabis businesses are in a better place today with their insurance than they were three years ago, but we're still a ways off from having a complete product."

## RELUCTANCE REMAINS

While more than two dozen carriers across the US and Canada provide coverage to various components of the cannabis industry, others are holding back. Their hesitancy is due in part to the fact that cannabis is still classified as a controlled substance at the federal level in the US, despite being medically and recreationally legal in several states. "Those directly and tangentially involved in the industry need insurance that addresses the specific needs of growers, retailers, distributors, property owners and lab researchers," wrote A.M. Best in a recent report on the sector. "However, despite growing demand from both producers and retailers alike, many carriers are reluctant to embrace the industry, owing to its classification as a Schedule I drug in the eyes of the US federal government."