

A woman with dark hair and bangs, wearing a white lab coat, is shown in a greenhouse setting. She is holding a large, green cannabis plant with serrated leaves and a developing bud. She is looking down at the plant with a focused expression. The background is filled with more green plants, and the lighting is bright and natural. A large, curved blue graphic element is visible in the bottom right corner of the image.

HUB

Advocacy. Tailored Insurance Solutions. Peace of Mind

Insurance Strategies to Help Revenue: From Seed to Sale

Cannabis and Hemp Industries


April 18, 2020



Kelly J. Beaudoin

17 years of P & C experience

Commercial Insurance Broker

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The New Landscape and Strategies

COVID 19 in 2020



The New Landscape



- “Emerging Industry” that has gone from illicit to regulated.
- Cannabis & Hemp Industry was valued at \$11.9 billion in 2018
- Fast-paced growth is expected to reach \$66.3 billion by 2026
- Entrepreneurs who may not understand “Exposure to Risk” in the standard business world.
- Hemp vs. Cannabis
- Growing, Harvesting, Shipping, Retail, Production
- Mergers & Acquisitions
- COVID 19 – Risks for Retail and Production

[Click here](#) to access our **Coronavirus Resource Center.**

What Insurance Carriers look for:

- Strong leadership, with a deep understanding of the cannabis & hemp industry; key players with outside, applicable business experience
- An orderly back-of-house, including regulatory compliance procedures
- Sound, reasonable financial projections
- The right insurance to cover specific risks the company is facing



What do you need: Risk Management



RISK
MITIGATION

RISK TRANSFER

Risk Mitigation Strategies



- Harvesting
- Extreme weather
- Crop storage
- Transportation
- Manufacturing
- Guidance on the latest state, provincial, or federal regulations
- Supply chain

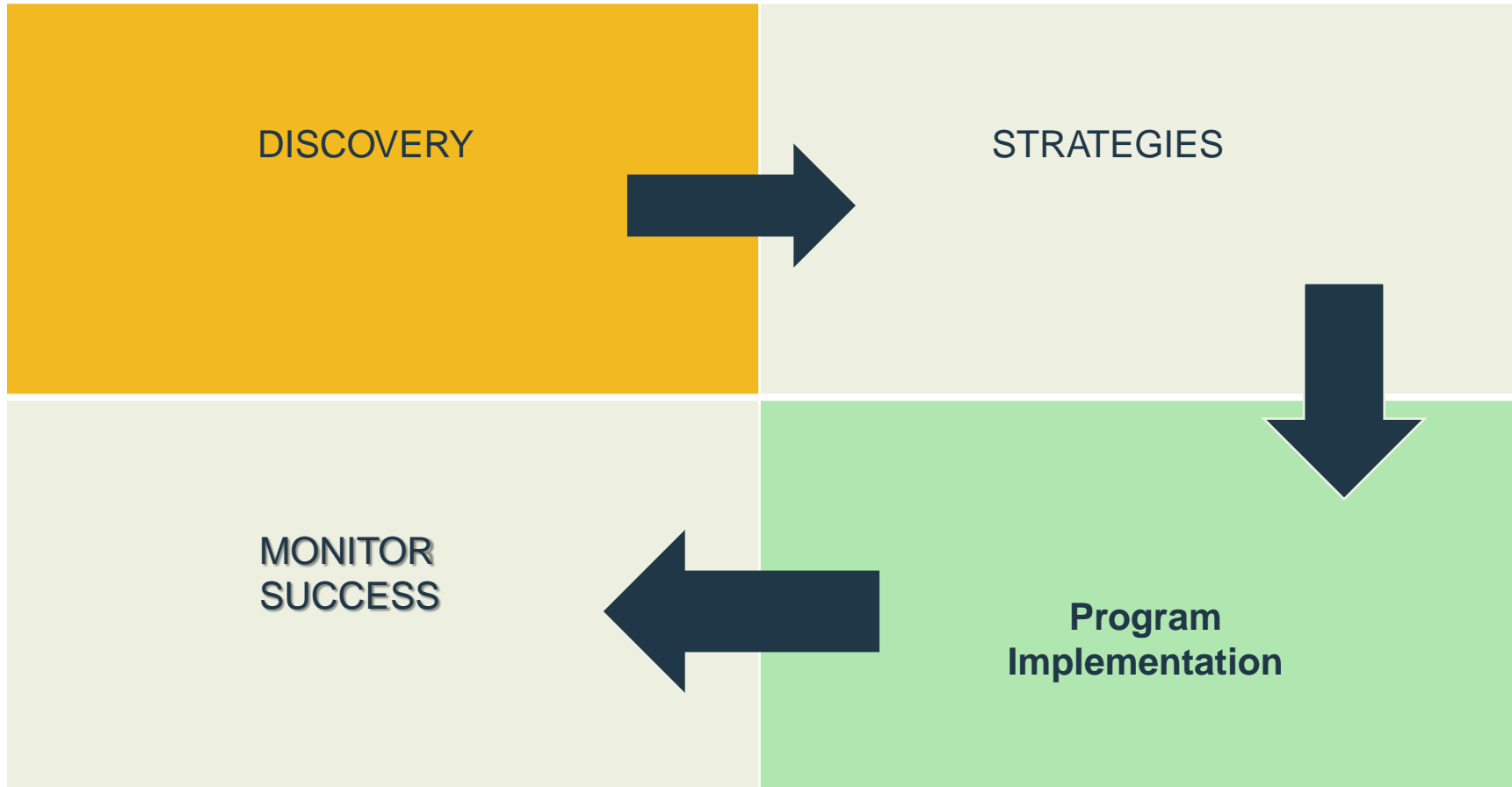


Risk Transfer Strategies



- Regulatory compliance assistance
- Worker safety and security
- Operational hazard and site security assessments
- Business continuity and emergency response planning
- Transportation and fleet safety management
- US/Canada cross-border business challenges
- Claims management and advocacy services

4-Step Process: HUB 365





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There are insurance brokers and risk service consultants who specialize in the cannabis & hemp industry. They help you secure the appropriate coverages and risk mitigation strategies for harvest, extreme weather, crop storage, transportation, manufacturing, along with guidance on the latest state, provincial, or federal regulations. Their goal should be to give you a risk transfer strategy so you can pursue your goals and grow your business.

Kelly J. Beaudoin

Commercial Insurance Broker, HUB International.

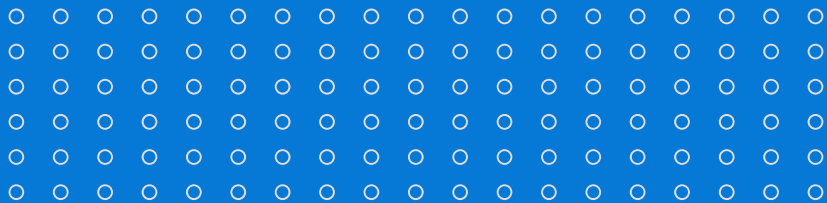
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Which attribute is a carrier looking for when considering a risk?

- a. Sound financials
- b. Leadership in the industry
- c. Regulatory Compliance
- d. All of the above



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Key Insurance Products & Coverage Issues

4 Key Insurance Policies

Directors and Officers (D&O)

Worker's Compensation & Employment Practices Liability (EPLI)

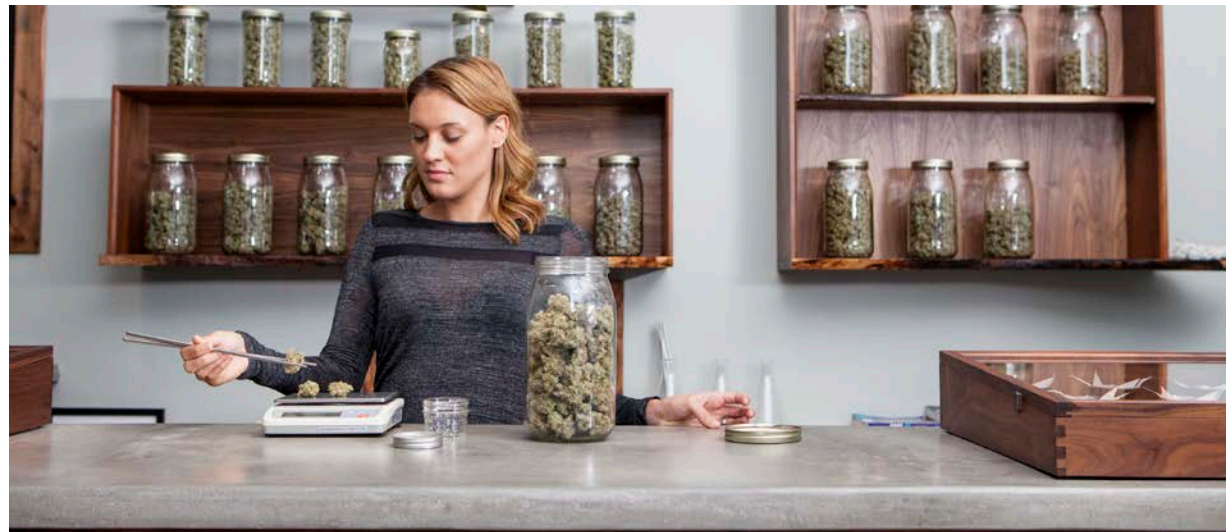
Cyber Liability

Products Liability

Directors & Officers Liability



- D & O liability protects directors for their for decisions and policies
- 30-40% increase on premiums
- Overvaluation of cannabis businesses and reduced earnings
- Allegations of fraud
- Disparity between federal and state laws
- Decisions on COVID19 and employees



Worker's Compensation & EPLI

- Worker's comp. is for employees – no fault medical benefit
- Employer's Liability is for 3rd party – ex. family members
- EPLI – Employment Practices Liability Insurance – alleged or actual hiring and firing of employees (3rd party is for customers/vendors)

- Subcontractor/Independent Contractors/Employee/Volunteer
- Experience modifications (mod)
- Loss runs – close out open claims before 6 month mod snapshot
- Buy EPLI 1st and 3rd party coverage

Cyber Liability



- Cyber Liability has a 1st & 3rd Party Coverage including notification costs, business income loss and data breaches. Crime features.
- It's not a matter of if, but a matter of when!
- Taking Credit card Info - must be PCI compliant
- Business Emails - spearfishing, phishing (social engineering)
- Company Website - ransomware
- Employee Information & Client Information - ransomware, HIPPA compliance



Products Liability



- Product liability policies protect businesses when products they sell fail or hurt consumers.
- Products/Completed Operations
- Numerous vaporizer batteries, cartridges, glass jars and other cannabis components typically imported from other countries have proven defective, causing consumers to get hurt, some even fatally. The resulting lawsuits have led already high product liability premiums to rise and carriers to re-negotiate policies even mid-term with significantly lower limits and interjecting mandatory foreign component and health hazard exclusions.
- Edibles – (look at definitions in the policy)

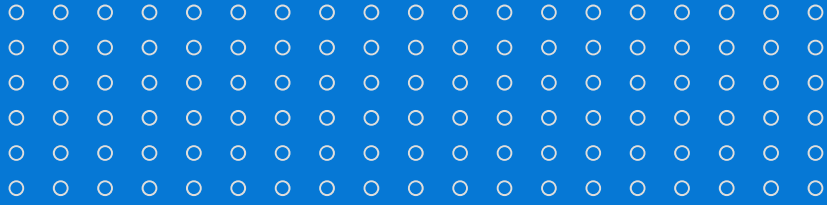
Key Coverage Issues

- GAPS -- General Liability and Commercial Renter's Insurance typically is excluded for cannabis operations
- Warranties
- Exclusions
- Beware of no Products Completed Operations
- Cyber policy exclusions for states
- Claims made policies/ Extended Reporting Periods/ Full prior acts or Prior or Pending Dates
- Contracts that have Additional Insured, Hold Harmless or Waiver of Subrogation wording
- Edibles definitions

Products liability arises out of:

- a. Failure to manufacture, distribute or sell products that hurt a customer.
- b. Retail of defective items to a 3rd party.
- c. Sale of unsafe, dangerous or defective products to a client.
- d. All of the above

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The 4-Step Takeaways

4 Step Takeaways



Tell your story

Build your team

Utilize your Insurance Wisely

Monitor your success !



Kelly Beaudoin

Commercial Insurance Broker

HUB International New England, LLC

1667 Elm Street

Manchester, NH 03101

**Click [here](#) to access our
Coronavirus Resource Center.**

Office: [603-570-0683](tel:603-570-0683)

Mobile: [207-650-5430](tel:207-650-5430)

Toll-free: [800-777-5244](tel:800-777-5244)

Fax: [866-665-1372](tel:866-665-1372)

Claims: [207-829-3450](tel:207-829-3450)

kelly.beaudoin@hubinternational.com

hubinternational.com

Thank you.