



**CANNABIS
PROGRAM**





CONTENTS

- Top of the Crop - 03
- Growing Opportunity & Risk - 04
 - The Green Rush - 05
- Why Work With Jencap - 06
 - Key Selling Points - 07
- Site Pollution Liability - 08
- Coverage Products - 09
- Knowledge Checks - 10
- Recently Written Accounts - 12
- Meet the Team - 13

TOP OF THE CROP

As the CEO of Jencap, I receive numerous questions about insurance marketplace trends and coverages from carriers, retailers, regulators and colleagues alike. Having been in the insurance business for over 30 years, I have in-depth knowledge and insight for every aspect of our industry. However, cannabis is the one industry that keeps me green (see what I did there). It is challenging to keep up with the ever-evolving commercial insurance needs of the cannabis industry. Laws are changing, new business types and applications are entering the marketplace, class codes have blurred lines, and insurance needs for this space are a moving target. Jencap proudly extends the power of our “top of the crop” team to our agents and brokers – our in-house cannabis specialists. This dedicated team of underwriters works exclusively on cannabis risks and understands the unique complexities of each risk by state, class of business, legislative landscape, and complexity. This program brochure is a brief introduction of Jencap’s vast market capabilities within this budding industry. Our team is standing by and ready to set you up for success on your next cannabis deal.

Best,



John F. Jennings

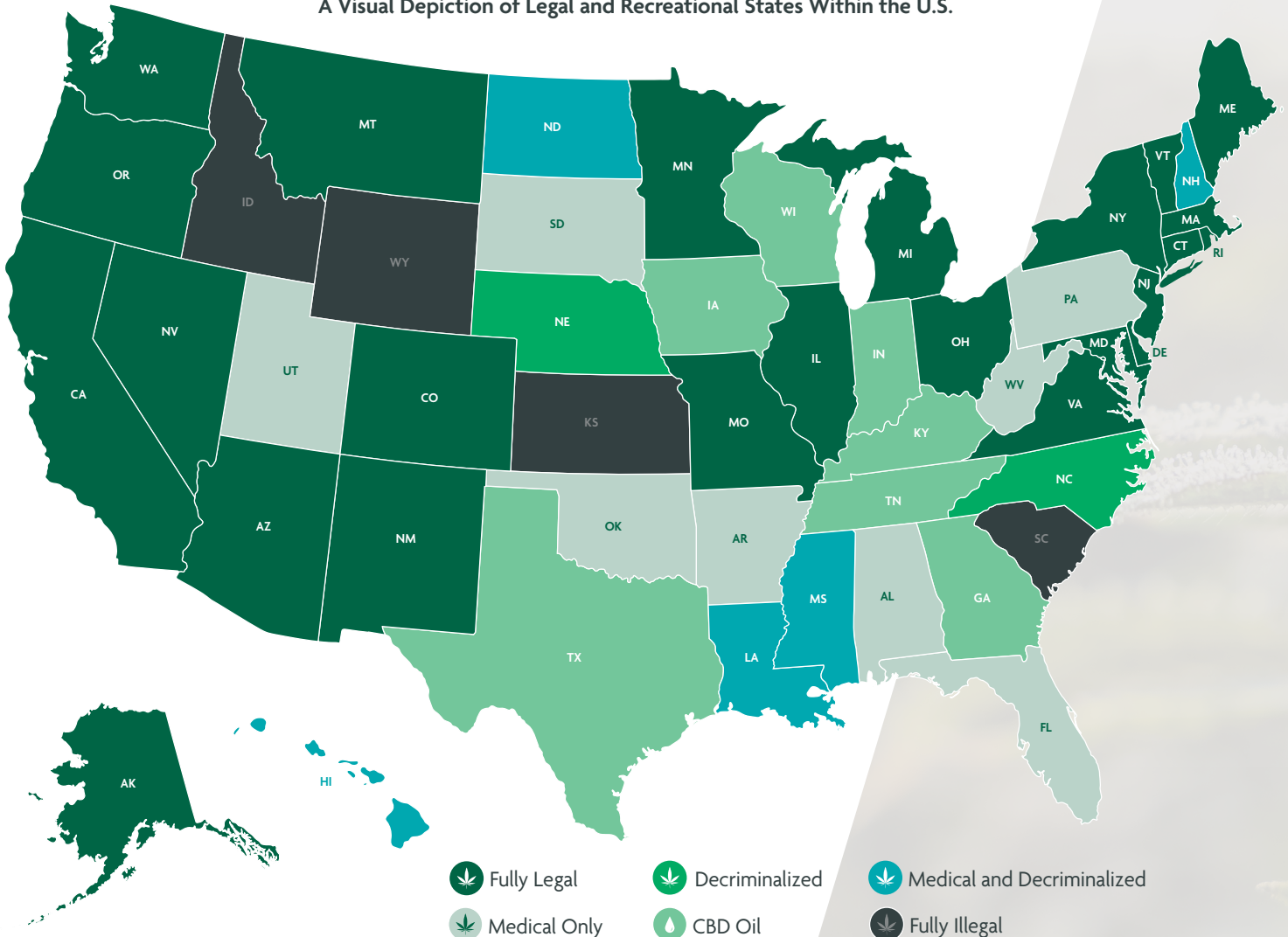
CANNABIS

Growing Opportunity Combined with Ever-Changing Risk

Since the legalized recreational use of cannabis was passed into state law, entrepreneurs and investors are looking to turn the cannabis trade into a full-fledged industry. The domestic market for cannabis insurance is rapidly expanding as more states legalize cannabis and businesses capitalize on the revenue opportunities. The cannabis “green rush” has been a fast ride for all parties involved, including the insurance industry.

STATE BY STATE

A Visual Depiction of Legal and Recreational States Within the U.S.



THE GREEN RUSH

- Legal cannabis sales are projected to reach nearly \$30 billion by 2025.
- 38 states and Washington, D.C. have legal medical cannabis markets, and 19 states (plus D.C.) have legal recreational markets.
- An estimated 38.4 million U.S. adults consume cannabis at least once annually, from either a legal or illicit source.



WHY WORK WITH JENCAP

Jencap's top-of-the-crop team of experts understands each and every unique underwriting intricacy of the cannabis industry. We effectively assess the exposures and needs of our agency partners' cannabis risks and provide tailor-made, winning insurance solutions.

AREAS OF SPECIALIZATION

1 GROWERS & CULTIVATORS

Jencap recognizes that cultivators are confronted with a wide range of dangers including fire, theft and equipment breakdown. Our focus is to provide relevant solutions to address or reduce many of these exposures, including but not limited to, living plant coverage, goods in process, finished stock, product liability and business interruption coverage.

2 DISPENSARIES & RETAILERS

Burglary, vandalism, fire, theft and other hazards can strike a dispensary at any moment. In the event of a disaster, most dispensaries would not be able to survive without financial stress. We offer general and product liability insurance, property coverage and more to mitigate the risk associated with these threats.

3 PROCESSORS & MANUFACTURERS

Processors and manufacturers of cannabis and hemp concentrates and edible products carry many of the same standards and regulatory requirements as vendors of everyday consumer-based products. Understanding the risks associated with those regulations, Jencap provides clients with leading-edge coverage solutions, including but not limited to, product liability and product recall.

4 PROPERTY OWNERS & MANAGERS

There are inherent exposures and challenges that landlords in the cannabis industry face. We have successfully provided coverage for industrial properties, warehouses, greenhouses, strip malls, office buildings and more for landlords leasing to cannabis facilities and other businesses in the legal cannabis industry.

5 TESTING LABS

Local and state involvement in testing cannabis products is increasing every day. Jencap provides insurance against general and professional liability for testing labs.

6 ANCILLARY BUSINESSES


Jencap provides a variety of insurance products to ancillary businesses that serve the legal cannabis industry, such as hydroponic stores, glass blowers, tobacco and smoking device manufacturers and more.

7 SECURE TRANSPORTATION SERVICES

Cannabis transportation is now becoming a key element in the thriving cannabis industry. Cannabis businesses, from cultivators to retailers, need to bring products safely from point A to point B, but there are significant risks related to transportation. Business owners can either carry commercial auto policies for owned vehicles or hired, non-owned coverage for employees using personal vehicles.

8 PROFESSIONAL SERVICES

Every business professional providing their services to a cannabis operation has unique exposures that must be matched with the appropriate insurance coverage. Whether you are a doctor, pharmacist, lawyer, accountant or consultant, Jencap has you covered.

A photograph of several cannabis plants in black pots, with a large green diagonal overlay on the right side of the page.

Gone are the days when a \$1M/\$2M GL and \$10M property limit are adequate for a schedule of locations. We are seeing brand new, \$50M, fully-integrated facilities coming online and multi-state operators with \$250M+ real estate schedules looking to consolidate dozens of policies into a handful. Our holistic approach to these unique risks sets Jencap apart from your average “plug and play” broker. This is what we do best. We specialize in cannabis risks and our team is standing by to add value to your next cannabis placement.

Erich Schutz, CIC, Cannabis National Practice Leader

KEY SELLING POINTS

- 50+ cannabis markets and growing
- New ventures accepted
- High property TIV's available
- Multi-state operations (including transportation)
- Prior losses accepted
- Excess property coverage available
- National market reach
- Local regulatory expertise
- Occurrence and claims made form options
- Monoline and packaged options available
- Exclusive Site Pollution Liability program

EXCLUSIVE CANNABIS PROGRAMS

SITE POLLUTION LIABILITY

Jencap's Cannabis Site Pollution Liability program is specifically designed for cannabis cultivators, processors, manufacturers, wholesalers, and distributors. It's a non-admitted, A+XII rated program that is available in all U.S. states where hemp or cannabis is legal for recreational and medical use.

Unique coverage features of this program include:

- Automatic Additional Insured where required by written contract
- Automatic Waiver of Subrogation
- Corrective Action Costs include those recommended by an environmental professional
- Coverage included for civil fines, penalties or assessments arising out of a pollution condition where allowable by law
- Natural Resource Damages included in definition of Property Damage
- Mitigation Expense coverage for costs incurred within seven days of a pollution Incident
- Terrorism coverage automatically included
- Defense Expenses for third party bodily injury/property damage liability claims and for corrective action costs
- Illicit abandonment included in definition of pollution incident

- Manuscript cannabis endorsement with broad definition of cannabis products
- Low deductibles (starting at \$5,000 for each pollution incident)

Key advantages of this program include:

- First of its kind product addressing significant gaps in insurance coverage and protection for cannabis operations
- Exclusive cannabis specific form – unique in the marketplace
- Wide cannabis appetite – including high risk operations
- Full binding authority provides quick quoting turnaround times
- Ability to cross-sell all other cannabis lines within Jencap

How to get a quote:

- Complete the [supplemental application](#)
- Send application to CSPL@jencapgroup.com

HIRED AND NON-OWNED AUTO

MiniCo provides an exclusive, monoline Hired and Non-owned Auto program for food and cannabis delivery services on A-rated paper. Our brokers deliver account winning solutions with their industry-leading specialization, quick turnaround time on quotes and competitive rates nationwide (program not available in WV).

Please contact John Ware at john.ware@minico.com to get a quote.

COVERAGE PRODUCTS

General Liability

Protection against claims involving third-party injuries on the premises and property damage resulting from business operations.

Product Liability

Protection against claims of bodily injury and property damage caused by products or services supplied through the business.

Umbrella (Primary/Excess)

Additional liability insurance for when claims exceed the coverage limits of an existing liability policy.

Open Peril or Special Cause of Loss Property

Protection against damage caused by any peril except those specifically excluded in the policy.

Equipment Breakdown

This Coverage applies to the cost to repair or replace the equipment and any other property damaged by an equipment breakdown.

Stock and Inventory

Coverage for manufactured products ready for sale or packaged and sealed inventory containing cannabis buds or its derivatives; no harvested or growing plants fall into this class.

Cyber Liability

Broad first-party and third-party coverage with access to expert cyber security services and claims professionals.

Living Plant (Crop)

Coverage for viable vegetation in a controlled, indoor environment still rooted in a growth medium.

Auto (Primary/Excess/HNOA)

Coverage for physical damage and bodily injury involving a company-owned vehicle or vehicle driven for business-related purposes.

Workers' Compensation

Coverage for the expenses, including wages and benefits, pertaining to work-related employee injury or illness.

Directors & Officers

Coverage for losses arising as a result of wrongful act allegations and lawsuits brought against the directors or officers of a company.

Employment Practices Liability

Protection against claims that an employee's legal rights have been violated as a result of discrimination, wrongful termination, harassment, etc.

Business Interruption

Coverage for loss of income suffered by a business when damage to the premises by a covered cause of loss causes a slowdown or suspension of operations.

Site Pollution Liability

First of its kind product addressing significant gaps in insurance coverage and protection for cannabis growers, processors, warehouses, and retailers.

Crime

Protection against crimes such as employee dishonesty, theft, and fraud.

Professional Liability

Protection against claims that a professional service or product you provided caused a customer financial harm.

Inland Marine

Protection for property or goods in transit.

Product Withdrawal/Recall

Coverage for an instance in which your product is recalled or withdrawn from the market because of known or suspected defects or tampering, which has caused or is reasonably expected to cause injury.

Difference in Conditions

An "all risks" property insurance policy that is purchased in addition to a commercial property policy to obtain coverage for perils not insured against in the commercial property policy.

Goods-in-Process

Coverage for partially completed goods, such as cannabis buds and flowers that have been harvested and are in the curing phase of production, that are not yet ready for sale. No stock or crops fall into this category.

KNOWLEDGE CHECKS

KNOWLEDGE CHECK #1: STATE-SPECIFIC INSURANCE REQUIREMENT

Michigan

XYZ Cultivation is a new venture cannabis cultivation and product manufacturing operation based in Michigan. They have applied for a medical cannabis license from the Michigan Regulatory Agency (MRA). They are reviewing the MRA's insurance requirements and decide to reach out to an independent insurance agency to purchase coverage that satisfies the requirement.

What Coverage Gaps Could Exist

When a medical cannabis applicant/licensee purchases an insurance policy providing product liability coverage, the issuing insurance carrier completes an Attestation J form (Attestation 2-D for adult-use licenses), certifying that “no products liability exclusion exists in the coverage”.

XYZ Cultivation is reviewing the product liability policy they purchased and notices many exclusions apply to the coverage. Some common exclusions found in a typical products liability policy include:

- Specified ingredients or additives exclusions.
- Pollution exclusions.
- Asbestos, lead, silica, mold, fungus, and/or bacteria exclusions.

Although the insurance carrier providing coverage signed the required Attestation J form stating “**no products liability exclusion exists in the liability coverage,**” XYZ Cultivation is concerned because the policy language states otherwise. Did they just purchase a policy that could be deemed inadequate for the purposes of satisfying the MRA's financial responsibility requirement?

The main purpose of the attestation forms is to confirm that the insurance policy has been issued, but it does not alter the coverage provided by the insurance carrier. The insurance

policy itself defines the coverage provided. A policy that is not conforming to the MRA requirements may become a major issue in the event of a claim that is denied by the insurance carrier, but included within the required coverage by the MRA. This could be an E&O exposure for the insurance agent.

How These Exclusions May Apply

Specified Ingredients or Additives Exclusions: Many standard policies exclude coverage for a wide variety of substances that may preclude coverage for bodily injury resulting from ingestion of the cannabis product that may contain the substances.

Pollution Exclusions & Asbestos, Lead, Silica, Mold, Fungus and/or Bacteria Exclusions: These exclusions may preclude coverage for claims arising from the presence of these substances in a cannabis product.

Understanding the MRA's insurance requirement and how commonly found exclusions may expose your clients is vital. Our cannabis specialists understand these nuances and how to properly protect your clients with coverage that specifically meets the MRA's requirement and their unique business needs.

KNOWLEDGE CHECK #2: PROFESSIONAL/MANAGEMENT LINES

Management Liability

123 Acquisition is a specialty purpose acquisition company (SPAC) focused on the cannabis industry. They are required to carry \$10 million in D&O limits along with sufficient Crime & Cyber limits once they have made a qualified transaction. Given the limited direct markets currently offering professional coverage for cannabis companies, their retail broker has contacted Jencap for access to additional carriers. As cannabis remains illegal at the federal level, most insurance carriers are still unwilling to provide coverage in this space.

Through key carrier relationships & access to a majority of the cannabis players, we secured several primary coverage options as well as lock-in carriers to build up to a \$10 million limit tower. With only a handful of available carriers for this coverage, having access to all is vital to ensure a client is provided with the best coverage at the best price.

Professional Liability

ABC Cannabis is a cannabis growing consultant located in Massachusetts. They provide virtual & home-based cannabis-growth consulting to recreational & medicinal users in states and countries where it is legal to grow at home.

Although they do not directly sell any cannabis-related products themselves, most professional liability carriers declined to offer terms due to the involvement with cannabis.

Through our vast market access and full understanding of the service being provided, we secured professional liability terms from an AM Best Rated-A+ (superior) carrier at a competitive rate. Without full market access, the insured may have been left uninsured or forced to purchase deficient terms coming in at five times the premium of the binding carrier.

KNOWLEDGE CHECK #3: WORKERS' COMPENSATION

Patrick's Pre-roll Emporium operates a retail cannabis dispensary where pre-rolled cannabis cigarettes are sold on a delivery basis to adult customers. The Emporium does not operate a walk-in retail store location; it only employs inventory management staff and delivery drivers.

What Cannabis Classification(s) Apply?

- Classification 7230, Parcel Delivery and Messenger Service Companies, as less than 10% of the individual parcels and packages delivered weigh in excess of 100 pounds.
- Classification 7720, Armored Transport Services, as they are engaged in the secure transport of valuables to customer designated locations.
- Classification 8017, Stores-Retail, because they are selling to retail customers, and drivers are a general inclusion.
- Classification 7219, Express Companies, because they promise fast delivery.

PROUD MEMBERS OF



RECENTLY WRITTEN ACCOUNTS

Cultivation, Processing, Retail Operation

GL and Products Liability—7m/7m Limits
Premium of \$104,795

Testing Laboratory

GL and Professional Liability
Premium of \$13,940

CBD Products Manufacturer/Distributor

GL and Products Liability
Premium of \$55,795

Lessors Risk—Cultivation Tenant

GL and Property, \$1.5M TIV
Premium of \$5,795

Cultivation & Processing Operation

GL and Products
Premium of \$8,250

Lessors Risk, Warehouse

GL and Property Liability
Premium of \$34,795

Cultivation & Processing Operation

GL and Products Liability
Premium of \$84,795

Retail Dispensary

Workers' Compensation
Premium of \$160,000

Recreational Cannabis Dispensary

Package—Multi Location Operation
Premium of \$37,000

Medical Cannabis Cultivator

Package
Premium of \$9,000

Vertically Integrated Single State Operation

D&O and Employment Practices Liability
Premium of \$65,895

Medical Cannabis Cultivator

Crop Coverage with Losses
Premium of \$42,000

Vertically Integrated Multi-State Operation

Cyber Liability
Premium of \$63,940

Vertically Integrated Multi-State Operation

D&O, EPL, P&C, Excess, Auto, Crime, & WC
Premium of \$6,405,000

Recreational Cannabis Dispensary

Hired Non-Owned Auto
Premium of \$75,000

Cannabis Testing Laboratory

Professional Liability
Premium of \$6,234

Vertically Integrated Multi-State Operation

Motor Truck Cargo
Premium of \$615,000

Farm

Workers' Compensation
Premium of \$14,562

Cultivation & Processing Operation

GL and Products Liability
Premium of \$98,850

Medical Edibles Manufacturer

CGL Claims Made
Premium of \$6,000

Recreational Cannabis Dispensary

Property
Premium of \$16,250

Recreational Cannabis Extractor

CGL Claims Made
Premium of \$3,500

MEET THE TEAM

Looking to really move the needle?

For additional Jencap cannabis resources visit our cannabis landing page at JencapGroup.com/cannabis-insurance-experts to access videos, blogs, case studies, podcasts, and much more.



ERICH SCHUTZ, CIC, Massachusetts

Erich Schutz, CIC, cannabis national practice leader at Jencap, is a broker, underwriter, and risk manager specializing in hard-to-place, multi-state cannabis insurance programs. Erich has more than a decade of experience providing creative solutions to the Excess & Surplus lines insurance industry. Erich spent nearly six years in middle-market Property and Professional Liability, underwriting at the Boston branch of London-based carrier Beazley Group.

In 2015, Erich transitioned to the production side of the business, taking a sales position at a small regional E&S wholesale brokerage servicing independent insurance agents throughout New England. Two years ago Erich became a broker at NIF Group, which recently became a part of Jencap, focusing on the needs of the hemp and cannabis industry nationwide.



LEE WOODRUFF, CIC, AU, Michigan

Lee Woodruff is a vice president, broker and underwriter with a specialization in securing coverage solutions for cannabis businesses. Lee brings more than a decade of experience in the Excess & Surplus lines insurance industry and has demonstrated an ability to build strong relationships with both insurance carriers and retail producers to effectively grow a profitable book of business.

In 2017, Lee joined Special Risks (now a part of Jencap) in a production role and now provides expertise and market access for the hemp and cannabis industries. Lee holds Certified Insurance Counselor (CIC) and Associate Underwriter (AU) designations.



JUSTIN SHEERIN, CIC, New Jersey

Justin Sheerin is an Associate Broker and underwriter specializing in all cannabis risk from single state operations to multi-state cannabis insurance programs. Justin brings nearly a decade of experience to his work in cannabis coverages/markets. Throughout his career, Justin has demonstrated strong communication skills and attention to detail by working directly with insureds to obtain coverages from both admitted and surplus lines markets.

In 2023, Justin transitioned to the wholesale side of the industry to provide expertise for the hemp and cannabis industry nationwide. Justin holds the professional designation of Certified Insurance Counselor (CIC).

For more information on our cannabis programs, please contact us at cannabis@jencapgroup.com.

MEET THE TEAM



WILLIAM REYES, California

William Reyes is a casualty broker with a specialization in solutions for tough-to-place business with a focus on the cannabis sector. Bill has over 15 years of experience in the Excess & Surplus lines insurance industry. He began his career at CHUBB, working as a commercial package underwriter before moving into the wholesale space in 2005 for a national outfit in Southern California.

In 2017, Bill joined Wholesale Trading Insurance Services (WTIS) serving as a director. WTIS later became a part of Jencap. Throughout his time at WTIS and now Jencap, he's provided expertise and market access for the hemp and cannabis industries, along with the construction and habitational verticals.



EMILY MULLEN, Colorado

Emily Mullen is a Property & Casualty broker and binding underwriter with a very diverse book of business; ranging from contractors, products, habitational and hospitality to cannabis. She has over 20 years of experience in the Excess & Surplus lines insurance industry. Emily has had success building profitable books of business throughout her insurance career.

In 2019, Emily joined Genesee General which is now part of Jencap. While her specialization to date has been contractors, she has spent the last year and half focused on the cannabis industry and is one of Jencap's cannabis specialists.



LARA TURRINI, CRIS, AINS, ASLI, New York

Lara Turrini is a property and casualty underwriter and broker who focuses on larger habitational; Construction; High-Value Personal Lines; and Cannabis business. With sixteen years in the Excess & Surplus Lines business, Lara has worked her way from entry level to new business production, with a strong emphasis on customer relationships and technical knowledge.

Located in Massachusetts, Lara works with the Jencap Buffalo, NY office, where she started her career after graduating with her Bachelor's Degree. Lara currently holds the Construction Risk and Insurance Specialist designation (CRIS®), and has designations for Associate in General Insurance (AINS), and Association in Surplus Lines Insurance (ASLI).

For more information on our cannabis programs, please contact us at cannabis@jencapgroup.com.

MEET THE TEAM



KRISTI TINKER, New Jersey

Kristi Tinker is a Senior Workers' Compensation Broker at Jencap, specializing in hard-to-place Workers Compensation and USL&H insurance. She most recently joined Risk Innovations in 2015 as a Senior Workers' Compensation Broker, and the company was acquired by Jencap in 2018. Kristi has dedicated the last 15 years to exclusively brokering Workers' Compensation business on the wholesale and carrier side and is a true industry expert. Jencap's retail agents rely on her expertise for larger risks covering industries such as cannabis, construction, healthcare, transportation, manufacturing, environmental, and more. Kristi is also a certified USL&H broker, holding a CMIP designation that puts her in a league of her own.



ANTHONY MANNA, New York

Anthony Manna is the Senior Vice President of Jencap's Specialty Insurance division. Manna is a highly sought after Professional Lines broker with 13 years of experience working exclusively in this space. His industry-leading expertise, trusted carrier and retail partner relationships, and go-getter attitude make him a match for any professional, management, or cyber liability risk. He was recognized by Insurance Business America in 2021 for being a Top Specialist Broker in Professional Lines.

For more information on our cannabis programs, please contact us at cannabis@jencapgroup.com.



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