

Welcome to part 2 of the 3 part article on Insurance and Marijuana Industry. As mentioned in the previous article the approved classes for Marijuana Business Insurance are Cultivators, (Indoor, Greenhouse and Outdoor operations), Manufactures of goods and equipment, Wholesalers and Brokers, Retail operations, Laboratories, Property Managers, Landlords, Schools, Transportation and Delivery.

There are several types of business insurance but it always starts with your General Liability. General Liability is priced mainly by 3 factors. Square footage of your operation, Payroll and Gross Receipts.

Yes, how much you make. Now in speaking with many people when I get to this question I sometimes get "this conversation is over" or they just hang up on me. Well...welcome to legitimate business. There are two people you need to level with on how much the company makes. It's your accountant and your insurance broker. If the numbers are not correct then you are going to be underinsured. All of the information you give to your insurance broker is strictly confidential. Insurance companies go to great lengths to keep it that way. We, the brokers, must take approved classes on Privacy, Ethics and Anti-Money Laundering every 2 years in CA. It differs from state to state but California, Florida and New York are the stiffest. No one can get to your information no matter what is. Keep in mind WHY you need to buy insurance...IF YOU GET WIPED OUT, LOOSE EVERYTHING! Insurance will make you whole again. But the numbers have to be right. And for you first time business insurance buyers, there is an audit at the end of your policy year. Example: You estimate on the application you will do 5mil in sales and when they do the audit we find out that you did 8mil in sales. Congratulations on a great year! But you are going to get a bill from the insurance company for the difference in premium between the 5mil and the 8 mil in revenues. Also during underwriting there will be physical inspection of your place by an independent inspector hired by the insurance company to see if what we put down on the application is accurate. Why? Think about it...you put a down payment or premium payment for a few hundred dollars and if you have a legitimate claim the very next day the insurance company could be on the hook for \$1,000,000. This is why your application needs to be complete and accurate. If the insurance company accepts the application they agree to cover you and pay any claims according to the Contract. Yes, Insurance is contract. Once issued you can have your attorney review it if you like. And if your attorney has any problem with it you have a "review" period that you can unwind it without penalty. If you cancel a policy mid-year it may have a cancelation charge.

The audit is the same for Workers Compensation Insurance. If you hire more people during the year and your payroll turns out more you may get a bill.

Marijuana Business insurance is really not much different than insurance for others business. The difference NOW is that the underwriters (the folks that determine eligibility and pricing) know who you are, exactly what your business does and they are willing to cover you. General Liability is normally the foundation for your accompanying products like Product liability, Crop, Transportation and Property. This means you would need to buy the general Liability along with any other policy. There are some policies that are stand-alone like some Product Liability but very few. Workers Compensation can be a stand-alone policy you can get NOW if you already have a General Liability Policy.

It is important to get your insurance quoted ASAP. Currently the industry is taking 2 weeks just to get a preliminary quote out. When it becomes mandatory it's going to take much longer so DON'T WAIT! GET ISSURED!

One thing you will be glad to know is that your business insurance is TAX DEDUCTABLE in most cases.

Yes, many things in the Marijuana Business are not deductible but your Business Insurance is. This information was provided to me by Dawn Stancarone, Co-Chief Executive Officer at Tax Defense Partners. If you have any questions you can contact Tax Defense Partners at 866-TAX DEFENSE.

In closing I just want to address the sceptics that don't truly believe a Marijuana Insurance policy will pay a claim. Well...according to Mike Aberle, Sr. Vice President - Sales and Marketing at Next Wave Insurance Services, LLC, and a true pioneer in Marijuana Insurance, states Claims have been paid on claims to Marijuana Business since its inception over 10 years ago. How **much? Remember it's private!** **Mike also warns about getting the "Right Insurance". Read the exclusions. Every policy has them. They** may be excluding the very thing you bought the insurance for. I hope this was informative. Look for part 3 of this article next month. For more information and to get an application started call 877-315-3443 or email us at [corcap@live.com](mailto:corcap@live.com). Please find our full page ad and check out our new web site at [www.MarijuanaBusinessInsurance.net](http://www.MarijuanaBusinessInsurance.net)

Thanks!