

The logo for Cannascore, featuring the word "CANNAScore" in a bold, white, sans-serif font. The letter "S" is replaced by a blue square icon containing a white crosshair symbol.

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Welcome! The webinar will begin shortly.

“COVERED” – A CLAIMS REVIEW WEBINAR

July 27, 2022

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Agenda

2:00-2:05

Welcome + Introductions

2:05-2:50

Claims Deep Dive:

- Products liability, including product recall issues
- Grow lamp failures (subsequent fire damage)
- Business interruption claims
- Protective safeguards

2:50


Q&A

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Claims Deep Dive:
Products Liability - Jenna Keesey + Kelly Yates

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Products Liability

- **Exposure**
 - Injury vs Defense
 - Product Recall
- **Exclusions and Limitations**
 - Defense Inside
 - Health Hazards
 - Product Withdrawal Expense
- **Loss Control and Mitigation**
 - State Regulations and Testing Requirements
 - Standard Operating Procedures and Training
 - Written Recall Plans

CLAIMS – Products Liability

Claim example:

Lawsuit alleging injury due to use of cannabis vaping products


Issues: how does the policy respond?
lessons learned?

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Claims Deep Dive:
Grow Lamp Failures – Kieran O’Rourke + Kelly Yates

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Grow Lamp Failures

- **Perils vs Hazards**
- **Fire – the original peril**
- **Underwriting concerns**
 - High-Intensity Discharge vs Light Emitting Diode
 - HIDs: Metal Halide and High-Pressure Sodium
 - So many bulbs, so little time
 - Risk mgmt culture, maintenance and replacement intervals
 - Sprinkler systems and other safeguards
 - The living plants under the lights
 - Limit adequacy and coinsurance penalties
 - Supplemental applications

CLAIMS – Grow Lamp Failures

Claim example:

Fire at indoor cultivation facility caused by explosive failure of metal halide grow lamp

Issues: claim experience with these types of lighting fixtures
coverage for fire damage, but there can be other coverage issues

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Claims Deep Dive: Business Interruption – Kieran O'Rourke + Kelly Yates

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Business Income

- **Business Income is defined in the form as the sum of net income (net profit before income taxes); and continuing normal operating expenses, including payroll**
- **Rental value**
- **72 hour “time deductible”**
- **Monthly Limitation i.e. 1/3, 1/4, 1/6 vs coinsurance**
- **Causes of Loss form for perils insured against**
- **Underwriting concerns**

CLAIMS – Business Income

Claims examples:

1. ***Discussion: why was there no coverage for business income claims during the COVID-19 lockdowns?***
2. ***Dispensary's outdoor sign knocked over – did they lose income?***

Issues: business income coverage triggered?
proving the income loss

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Claims Deep Dive: Protective Safeguards - Jenna Keesey + Kelly Yates

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Protective Safeguards

- **Warranties**
 - Application vs Insurance Program Requirement
- **Common Protective Safeguards and Warrants**
 - Fire Sprinkler Protected Buildings
 - Fire Extinguisher Servicing for cooking exposures
 - Armed Guard and Contractor Risk Transfer
 - Active Central Station Burglar
 - Control of Industry Material
- **Loss Control and Mitigation**

CLAIMS – Protective Safeguards

Claims examples:

- 1. *Dispensary suffers looting during George Floyd civil unrest, product stolen out of a locked office***
- 2. *Dispensary left product in a locked refrigerator after hours, suffers break-in and theft loss***

Issues: warranty in policy regarding storage or product after hours
what is a “safe”?, what is a “vault room”?



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Q&A

We will be taking questions from the Q&A section of your Zoom control bar. You can reach us after the presentation at info@cannasure.com.

Thank you!