

Corporate Risks Discussion Retail Cannabis Operators

Executive Summary of Insurance for Retail



Assets



Legal Liabilities



Income and
Expenses

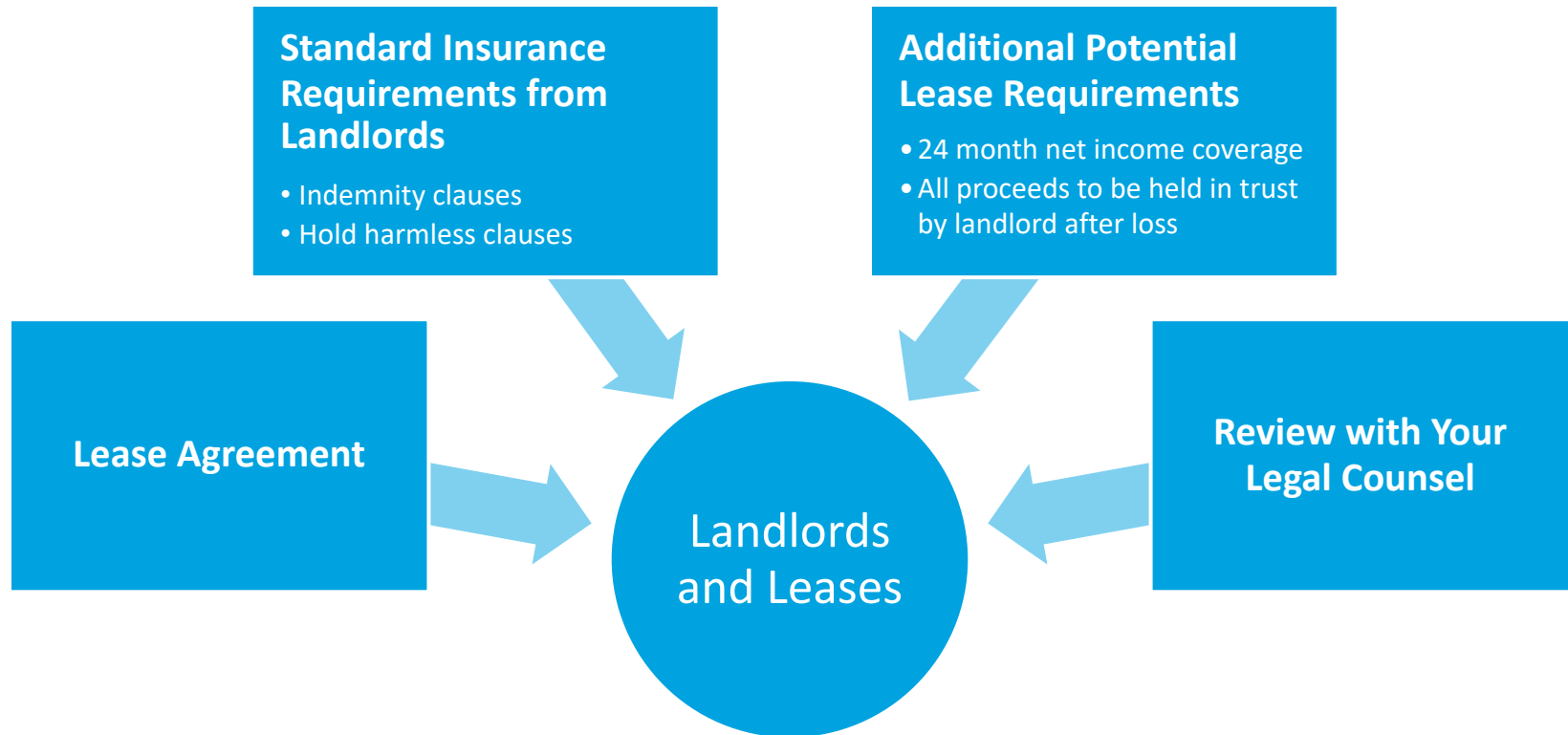


Mechanical
Breakdown



Key Risk and Insurance Issues

Leases and Contracts



Build Outs, Renovations and Construction – Single Location



Build Outs, Renovations and Construction – Multiple Locations

Consider your own insurance program

- Coverage benefits and enhanced protection
- Cost advantages

More sophisticated construction considerations

- Delayed start up
- Soft costs

Business Shutdown, Loss of Profits

Your dispensary is shut down due to flood, fire, burglary, natural disasters, etc.

- Business interruption coverage triggered by an insured peril causing direct physical loss

Coverage for net income loss

- Loss of profit before tax

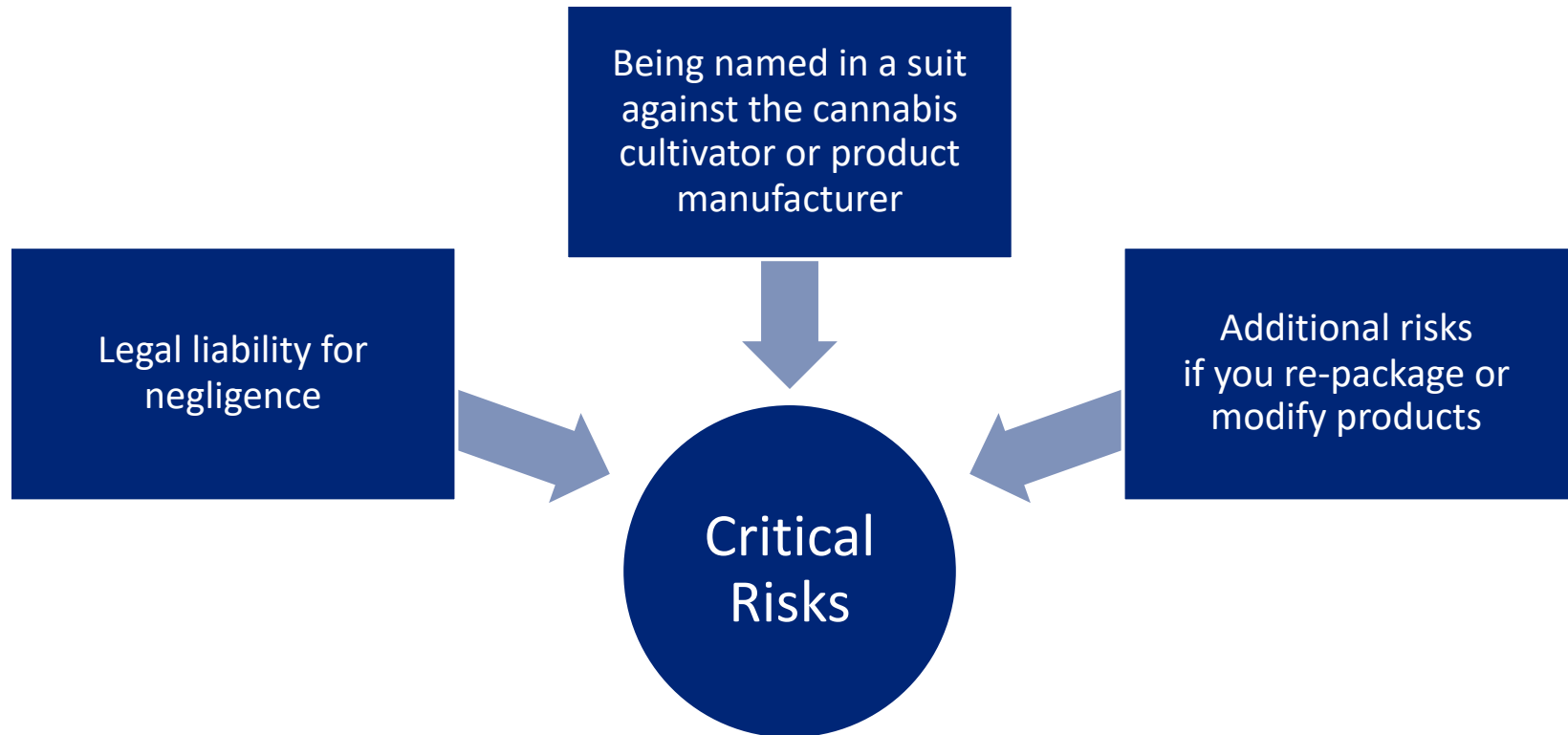
Coverage for continuing expenses

- Salaries
- Payroll
- Rent
- Other fixed contracts

Extra expense – costs to temporarily move locations or maintain operations while minimizing loss of income

- Incremental rents
- Moving costs
- Renting equipment
- Alternate suppliers
- Other incremental costs

Product Liability



Employment Practices Litigation

The most common type of insurance related litigation against owners of private companies

Allegations such as harassment, wrongful termination, discrimination, etc.

Insurance coverage is available

Risk management and loss control

- Policies and procedures
- Business culture
- Employee handbook

Data & Privacy Risks, Cybersecurity

Your risk exposures driven by quantity and sensitivity of Data Being Held

- “Click n’ Pay”
- Personal Health Information breached
- Transferring or outsourcing data storage (cloud/MSP) does not absolve you of responsibility
- Liability of data resides with the owner

Business Interruption of the system or network failure as a result of a cyber incident is insurable

- System shutdown
- Malware, ransomware

PCI Compliance (credit card data)

- “Click n’ Pay” introduces a higher level of risk
- Fines and Penalties

Risks and costs of a cybersecurity event or breach

- Forensic investigation expenses
- Legislation, Fines
- Legal Expenses
- Notification provisions
- Loss of income during business shutdown

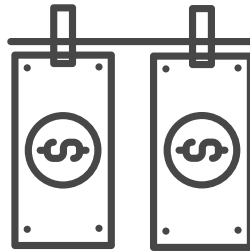
Other Risks



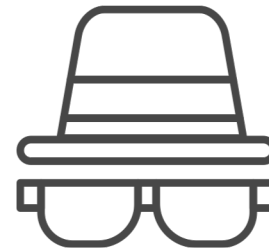
Directors & Officers



Crime



Ransomware

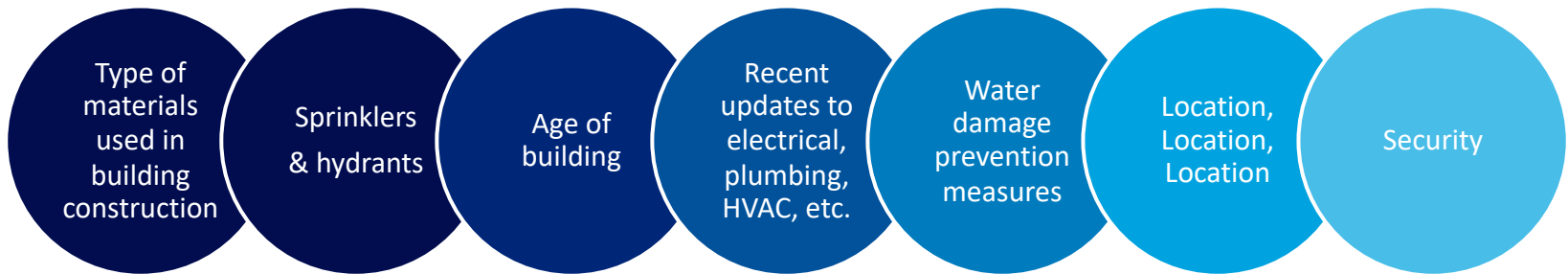


Social Engineering



Risk Management for Cannabis Retailers

Factors That Drive Property Risks and Premiums



Insurance Best Practices/Requirements for Cannabis Retail

- Licensing & Compliance with AGCO cannabis retail regulations
- Physical security
 - Monitored fire and burglar alarm system; 60-day record retention
 - Electronic controlled entrance to dispensing room
 - Masonry or intrusion prevention on adjoining partition walls
 - Bollard/vehicle impact protection
 - Safe bolted to floor
 - Cannabis storage room meets provincial requirements

Insurance Best Practices/Requirements for Cannabis Retail – Cont.

- Staffing and procedures
 - Mandatory Criminal background checks for employees
 - Crime prevention training manual
 - Secure loading dock procedures and inventory controls
 - Security guards during operating hours
 - Greeters/ID check
- Additional questions
 - Fire protection; hydrants, sprinklers, proximity to fire hall
 - Conservative revenue estimates
 - Quantity of inventory

Mitigating Risks from Slips and Falls

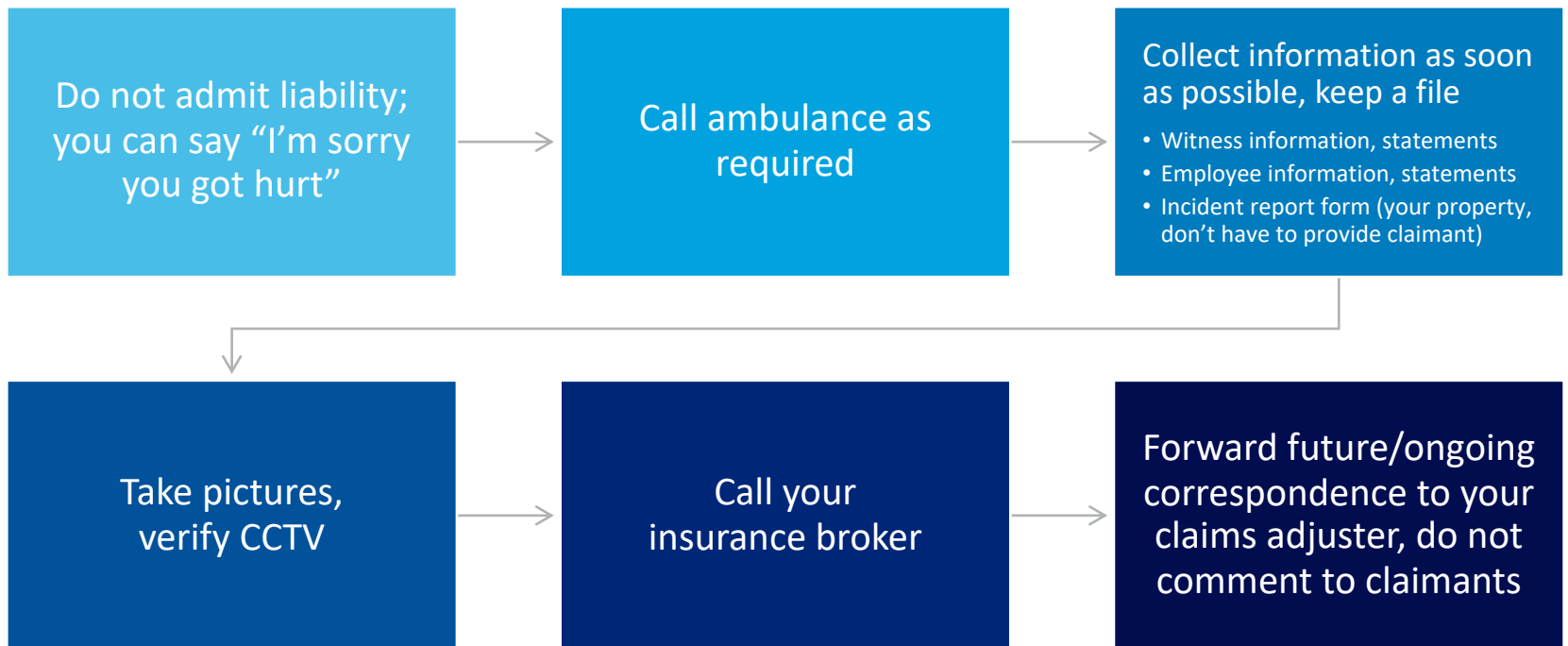
- Standardized protocols and procedures to prevent accidents
 - Have clear assignments and responsibilities for key activities such as shovelling, salting, clean up/housekeeping and incident report forms
 - Training and documentation on protocols and procedures
 - Training acknowledgements and manuals
 - Document tasks being carried out; logs
 - No consumption on premises
 - Verify IDs
 - No intoxicated patrons, etc.
 - Safe consumption signage

Mitigating Risks from Slips and Falls – Cont.

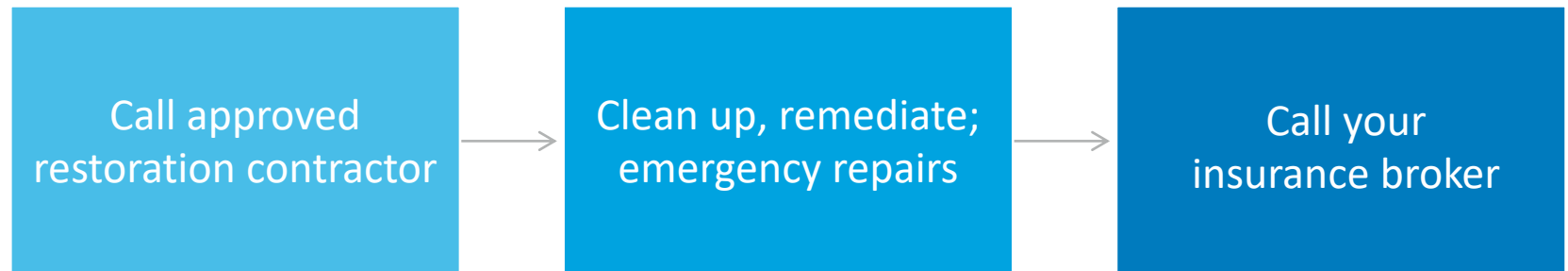
- CCTV
 - Train staff on CCTV protocols
 - Retention protocols
 - Demonstrate your store procedures were working before the incident

What to Do After a Loss

Slip and Fall



Property Loss



Staffing Related Considerations

Staffing Related Considerations

WSIB / Worker's
Compensation

Employee Benefits

- Part of compensation
- Increasingly common for employers to provide these types of benefits
- E.g. extended health, dental, vision; Employment Assistance Program
- Other benefits and offerings



Unique Cannabis Risk Expertise

Comprehensive Cannabis Solutions

Our cross border team insures 5.5 million sq. ft. of cannabis production space across 16 US states and throughout Canada. This includes over 40 cultivation or processing/manufacturing facilities and 100 dispensaries.

- 4000 employees working in 100 offices
- Boots on the ground in every state

US



- Exceptional claims management and technical resources
- Track record bringing new insurers into North American cannabis sector

Canada



- 10,000 insurance professionals in 100 countries
- \$18 bn global premiums
- Specialization in pharma & clinical trials
- Cannabis clients in Colombia, Israel, Jamaica, Germany, Holland, Poland & other EU

Global Network



purves
redmond
limited

Thank you!

prl