
Marijuana Legalization: Implications for Property/Casualty Insurance

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Abstract: In 2012, two states legalized marijuana for recreational use. An additional 18 states, plus the District of Columbia, had already legalized medical marijuana. Even though marijuana is still illegal at the Federal level, President Barack Obama said very clearly that his administration will not seek to enforce the law in states that have deemed the green plant legal. Further, a majority of Americans indicate that they do not want Federal resources used to arrest and convict marijuana smokers in states that have legalized the substance (Ferner, 2012).

The legalization of marijuana is now a reality. With it comes interesting implications for the property and casualty industry. This paper presents the current status of marijuana's legality, addresses coverage issues that have been litigated, and analyzes the various standard insurance forms on today's market for coverage implications. Finally, areas for future research are presented. [Key words: insurance, marijuana, legalization]

MARIJUANA TODAY

Legal Status and Public Opinions

Currently, marijuana is classified as a "Schedule 1" substance by the Food and Drug Administration (FDA).² As a result of its Schedule 1 status, it is illegal to possess or use marijuana under Federal law. Schedule

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²See Title 21—Food and Drugs, Chapter II—Drug Enforcement Administration, Part 1308.

Table 1. Legal Medical Marijuana States and Possession Limits

State	Year passed	Possession limit
Alaska	1998	1 oz usable; 6 plants (3 mature, 3 immature)
Arizona	2010	2.5 oz usable; 0–12 plants
California	1996	8 oz usable; 6 mature or 12 immature plants
Colorado	2000	2 oz usable; 6 plants (3 mature, 3 immature)
Connecticut	2012	One-month supply (exact amount to be determined)
DC	2010	2 oz dried; limits on other forms to be determined
Delaware	2011	6 oz usable
Hawaii	2000	3 oz usable; 7 plants (3 mature, 4 immature)
Maine	1999	2.5 oz usable; 6 plants
Michigan	2008	2.5 oz usable; 12 plants
Montana	2004	1 oz usable; 4 plants (mature); 12 seedlings
Nevada	2000	1 oz usable; 7 plants (3 mature, 4 immature)
New Jersey	2010	2 oz usable
New Mexico	2007	6 oz usable; 16 plants (4 mature, 12 immature)
Oregon	1998	24 oz usable; 24 plants (6 mature, 18 immature)
Rhode Island	2006	2.5 oz usable; 12 plants
Vermont	2004	2 oz usable; 9 plants (2 mature, 7 immature)
Washington	1998	24 oz usable; 15 plants

Source: <http://medicalmarijuana.procon.org/view.resource.php?resourceID=000881>

1 drugs are defined as “substances that have a high potential for abuse, have no currently accepted medical use in treatment in the United States, and there is a lack of accepted safety for use of the drug or other substance under medical supervision” (US Department of Justice, 2012).

An additional 18 states, plus the District of Columbia, have already legalized medical marijuana (see Table 1). Even though marijuana is still illegal at the Federal level, President Barack Obama said very clearly that his administration will not seek to enforce the law in states that have deemed the green plant legal. In 2009, the Obama Administration instructed Federal prosecutors *not* to target medical marijuana

dispensaries and users in compliance with their respective states laws (Barrett, 2009).

The FDA Schedule 1 classification could very well change, however, as more evidence surfaces that marijuana may have quite tangible medical benefits.

In a recent report, the National Cancer Institute (NCI), part of the Federal government's National Institutes of Health (NIH), stated that marijuana "inhibited the survival of both estrogen receptor-positive and estrogen receptor-negative breast cancer cell lines." The same report showed marijuana slows or stops the growth of certain lung cancer cells and suggested that marijuana may provide "risk reduction and treatment of colorectal cancer" (Federal, 2013).

Further, Pew Research reports that a large majority of people support the legalization of medical marijuana in the U.S., and a growing number of people favor legalization of recreational marijuana (Broad Public Support, 2010). Support for legalization is clearly on the rise, as evidenced by the American Medical Association's (AMA) formal position paper:

Our AMA urges that marijuana's status as a federal Schedule I controlled substance be reviewed with the goal of facilitating the conduct of clinical research and development of cannabinoid-based medicines, and alternate delivery methods. (*Report 3*, 2009).

The Path to Legalization

In 2010, the first attempt was made to legalize marijuana for recreational use. California's Proposition 19 would have allowed adults to have 5' x 5' plots for cultivation of marijuana in their homes and would also have given local governments the right to regulate and tax commercial production and distribution of marijuana (Caulkins et al., 2011). With just 53.5% of the population voting "No," the measure was, by election standards, narrowly defeated (Sanchez, 2010).

In November 2012, voters in Washington and Colorado decided marijuana would be legal for recreational use (Post, 2012). Shortly thereafter, New Mexico voted to severely lower penalties for marijuana possession of under four ounces (Terrell, 2013) and Maryland proposed a bill that would legalize the possession of less than 10 grams of marijuana (Jackson, 2013). Other states will presumably follow.

Projected Impact of Legalization

Although no jurisdiction in the world today has completely legalized unlimited cannabis production, distribution, and possession, there has

been research conducted on the impact of such an occurrence. Research shows that the removal of prohibitions on cannabis production and distribution can dramatically lower the wholesale price of the commodity and, ultimately, increase consumption substantially (Caulkins et al., 2011).

Ceniceros (2010) notes that the cannabis industry's current revenue is estimated to be between \$10 billion and \$100 billion, while others say the industry is still in its infancy. Nonetheless, the demand for marijuana is expected to increase and the price is expected to decrease going forward. The impact of a full-blown legalization of marijuana in America is predicted to take cannabis prices from a wholesale price of \$500–\$1,500 per pound to as little as under \$20 per pound in production costs (Caulkins et al., 2011). While the impact of legalization is expected to increase consumption, researchers are not clear by what factor it would increase. Also, there are several decisions the law would have to make (for example, is home production of cannabis allowed?) that would also impact this factor greatly (Caulkins et al., 2011).

MARIJUANA AND INSURANCE COVERAGE TO DATE

Today's Insurance Market

Even if marijuana is still a blossoming industry, the ever-responsive insurance industry has already responded on a commercial level to meet demand. The insurance coverages available today for medical marijuana facilities include theft coverage for valuable crops, workers compensation coverage for employees of the facilities, and even auto liability coverage similar to that of pizza delivery drivers for employees who deliver marijuana directly to customer homes. Additionally, there are professional liability coverages for doctors who prescribe medical marijuana and product liability policies for the producers and growers of the products themselves. Because marijuana is a "data-driven" industry, there are even electronic data policies for the dispensaries in case their client database is breached or stolen (Ceniceros, 2010). These are the insurance services available now while marijuana is still illegal federally and in all but two states for recreational use.

Life and Health Coverage Litigation

The life and health industry has not fared well with respect to its opposition to marijuana. For example, a 2003 Massachusetts court decision denied a life insurer the right to refuse payment of a claim because the decedent had marijuana in his bloodstream. A policy exclusion would have denied coverage for a drug-induced death, but the wife of the deceased

was able to show that the mere presence of marijuana in his blood stream did not verify how much was in his system, nor did it prove that the marijuana caused or contributed to the accident. The life insurer subsequently paid the claim for \$193,000 (Verdicts, 2003).

Property and Casualty Coverage Litigation

The author finds relatively few court decisions that involve property or liability coverage issues regarding marijuana. One case involving liability insurance concluded that the insured's use of marijuana did not preclude his ability to intend to cause harm to someone else (*Western National*, 1986). The author finds no other germane cases worth mentioning.

In the very small number of cases pertaining to property insurance coverage provided by the homeowner policy, insurance carriers have fared quite well. In 2007, a California man had 12 mature marijuana plants, plus an additional five ounces of marijuana, seized from his home by police. Although he had a prescription for medical marijuana, the legal limit in California was six mature plants per patient. The man filed proceedings against the state to return his marijuana, and also filed a claim with State Farm on his homeowners' policy for theft. In *Barnett v. State Farm* (2001), he asserted that the taking of the plants was illegal because the police conducted an unlawful search of his home, and asked State Farm to pay \$98,000 for the plants.

The criminal charges against him were dropped (although there was no resolution to the issue of whether the search was illegal) and a state court ordered that his property be returned to him. The order came too late to save the marijuana, as it had been destroyed by police in a narcotics burn. A trial judge, and then the California Court of Appeals, denied judgment to the gentleman, concluding that the required criminal intent for "theft" was not present. "Simply put, the required criminal conduct to constitute a 'theft' under Barnett's homeowner's policy resulting in a covered loss for 'stolen' property is missing ... where it is undisputed the officers seized the items pursuant to a search warrant and turned them over under proper police procedure for storage as evidence," the court said.

In *Tracy v. USAA* (2012), an even more favorable verdict resulted. Tracy, a resident of Hawaii, asked her homeowner's carrier to pay over \$45,000 for 12 marijuana plants. She asserted that the policy provision regarding "trees, shrubs and other plants" afforded her coverage under the policy. Initially, USAA offered to settle with her for approximately \$8,800. Tracy demanded more money, and USAA decided to contest the claim. Tracy further wanted to hold USAA responsible for bad-faith damages for not paying the amount she demanded.

USAA asserted there was no valid insurable interest in the plants, because of Haw. Rev. Stat. § 431:10E-101, which states:

No contract of insurance on property or of any interest therein or arising therefrom shall be enforceable except for the benefit of persons having an insurable interest in the property insured. Insurable interest means any *lawful* and substantial economic interest in the safety or preservation of the subject of the insurance free from loss, destruction, or pecuniary damage.

Further, USAA argued that because the plants were illegal under Federal law, to enforce the policy coverage for the marijuana would be against public policy. The court agreed with USAA and denied Tracy's claim entirely.

So, to date, the light of the courts has tended to shine favorably on property and casualty insurers, at least with respect to homeowners insurance. But, as this paper will show, there are many other policies with questionable provisions in them, and conflicts between federal and state laws that leave some doubt as to how courts might rule in the future.

The Role of McCarran Ferguson

If the federal government continues to declare marijuana illegal, but an individual state chooses to make it legal, which law prevails? The McCarran Ferguson Act of 1945 (McCarran, 2005) leaves regulation of insurance up to the individual states, and generally guarantees freedom from federal interference as long as the states do something to regulate the insurance transaction:

... state law shall govern the regulation of insurance and that no act of Congress shall invalidate any state law unless the federal law specifically relates to insurance. The act thus mandates that a federal law that does not specifically regulate the business of insurance will not *PREEMPT* a state law enacted for that purpose (McCarran, 2005).

Since the law prohibiting marijuana possession and sales at the Federal level is *not* a law specifically pertaining to insurance, it is more likely than not that the Federal law would supersede any state regulation to the contrary, and thus an insurer might be able to rely on the Federal illegality of cannabis to deny payment of any claims involving marijuana. Of course, as with all things legal, each case is different and depends on the facts, the attorneys involved, and the judge presiding over the matter.

PROPERTY INSURANCE COVERAGE ANALYSIS

The first-party nature of property coverages makes analysis of “what-if” scenarios fairly straightforward and simple in the vast majority of cases, although there are and always will be some creative exceptions. The most important thing that insurers must realize is the concentration of values that can be involved in marijuana property claims. At several hundred dollars an ounce³ and up, a homeowner or business owner could have a very large property claim in the event of a theft or fire.

Although to date the two cases that have tested whether marijuana is a covered property under homeowners insurance gives insurers some hope of not covering the expensive herb in the future, a change in the Schedule 1 status of marijuana by the FDA or a repeal of the federal prohibition on marijuana, in conjunction with a state referendum legalizing marijuana, could result in considerable responsibility for payment on the part of the insurer. Next, we analyze the coverage status of marijuana under several of the major property coverages in existence today, as they are presently worded to see how future cases might be argued, won, or lost by the insurer.

Homeowner and Dwelling Policies

Nowhere in the standard Insurance Services Office (ISO) Homeowner or Dwelling property policies are there explicit exclusions for damage or destruction of contraband, nor any specific mention of marijuana as a covered or excluded property.⁴ However, we would not expect the courts to require the insurer to pay for something that is expressly forbidden by law, which would be against public policy. As long as there is a federal prohibition on marijuana, that may be sufficient justification to deny claims for recreational or medicinal marijuana. However, the industry would be wise, in light of the trend towards legalization, to explore the inclusion of an explicit exclusion unless coverage is intended.

There are two exclusions or limitations in the property coverages that might also apply towards seriously limiting the insurer’s liability for marijuana if coverage were otherwise assumed to exist. The first is regarding the distribution of marijuana for payment or profit. The business personal property limitations of \$1,500 off premises and \$2,500 on premises would preclude collecting for large quantities of marijuana, assuming it is otherwise grown and possessed legally.

³With legalization, the price of marijuana is expected to decline drastically. In such a case, the per-ounce values at risk may be substantially less than they are today.

⁴As examples, see Homeowners 3-Special Form and Homeowners 4-Contents Broad Form.

The second provision lies in Section I, Subsection E, Additional Coverages, item #3:

We cover trees, shrubs, plants or lawns, on the “residence premises,” for loss caused by the following Perils Insured Against:

- a. Fire or Lightning;
- b. Explosion;
- c. Riot or Civil Commotion;
- d. Aircraft;
- e. Vehicles not owned or operated by a resident of the “residence premises”;
- f. Vandalism or Malicious Mischief; or
- g. Theft.

We will pay up to 5% of the limit of liability that applies to the dwelling for all trees, shrubs, plants or lawns. No more than \$500 of this limit will be paid for any one tree, shrub or plant.

We do not cover property grown for “business” purposes.

This Additional Coverage is called “Trees, Shrubs and Other Plants” and does not specify whether or not they must be outdoors for the Additional Coverage to apply—it only specifies they must be on the “residence premises,” defined in the policy as follows:

“Residence premises” means:

- a. The one family dwelling where you reside;
- b. The two, three or four family dwelling where you reside in at least one of the family units; or
- c. That part of any other building where you reside; and which is shown as the “residence premises” in the Declarations.

“Residence premises” also includes other structures and grounds at that location.

So, even though the policy wasn’t written to expressly consider coverage for marijuana of any kind, it does have this limitation that appears to apply to all plants, which could presumably limit the insurer’s liability to only \$500 per individual live plant.

Up to this point, the analysis has focused on actively growing live marijuana plants. But what about harvested marijuana? There is no explicit exclusion or limitation on it in the policy. Just as any other “vice” substance—alcohol or tobacco, for instance—is covered by the policy,⁵ so should be medical marijuana in states where it is recognized as legal. If

insurers do not intend to cover this type of property, the ISO forms will need to be carefully rewritten or endorsed to eliminate coverage.

Identical or very similar language is contained in other Homeowner and Dwelling forms, all of which would need to be reworded to reflect the insurer's intention (if the intention is, indeed, not to cover marijuana supplies).

Personal Auto Policy

The ISO Personal Auto Policy (PP 00 01 01 5) would not be thought of as one that could be affected by legalization of marijuana. However, as more and more growers incorporate vehicles as moving greenhouses (Barlow, 2009), this is an area for auto insurers to consider.

Part D, Damage to Your Auto, does not cover loss or damage to personal property contained in a vehicle. Coverage is restricted to "your covered auto" and any "nonowned auto." Thus, coverage for contents of a vehicle—including marijuana—would also not be expected to have coverage. But in the case of someone using a vehicle as a grow house for plants, there are other coverage issues. While the policy makes it clear that custom furnishings and non-factory-installed items are not covered in a pick-up truck or van, it is silent on this issue with respect to private passenger autos. Special grow houses, grow lights, and other items used for marijuana harvesting might ultimately be powered by the vehicle and could certainly be claimed by the auto owner in the event of a claim.

The other risk exposure related to marijuana is search and seizure losses. The auto policy clearly excludes these, so if the police seize a car due to illegal activity, the insured cannot recover (but the loss payee may, so ultimately the insurer may still have to pay a sizeable portion of the claim even when this type of loss is not intended to be covered). This risk of seizure, however, would largely disappear with the legalization of marijuana for recreational use.

Farm Property Coverage Form

The Farm Property Coverage Form (FP 00 10 09 94) has a general exclusion for coverage on outdoor trees, shrubs, and plants. Then some coverage is returned with a coverage extension:

⁵The author could find no court cases or articles addressing coverage issues for alcohol and tobacco. It is presumed that, given the lack of legal activity regarding these substances, coverage up to now has not been a disputed issue or the amounts at stake have been relatively minor. This would not likely be the case with pricier and more expensive marijuana.

Extension of Coverages A and B or C Trees, Shrubs, Plants and Lawns:

Trees, shrubs, plants and lawns located within 250 feet of a covered "dwelling" are Covered Property but only if loss or damage is caused by or results from any of the following Covered Causes of Loss: fire or lightning, explosion, riot, civil commotion, aircraft, vehicles not owned or operated by a resident of the covered "dwelling", vandalism, or theft. For all damaged or destroyed trees, shrubs, plants or lawns located within 250 feet of a covered "dwelling", the most we will pay under this Extension is:

- (1) 5% of the Coverage A Limit of Insurance shown in the Declarations for the "dwelling"; or
- (2) 10% of the Coverage C Limit of Insurance shown in the Declarations if you are a tenant.

However, we will not pay more than \$500 for any one damaged or destroyed tree, shrub, plant or lawn. This Extension is additional insurance.

We will not pay for loss of or damage to trees, shrubs, plants or lawns grown for business or farming purposes.

This provision differs from the Homeowner policy in that it specifies that the trees, shrubs, and plants in question are "within 250 feet of a covered dwelling." The policy is silent on the subject of indoor plants. There is clearly no coverage for marijuana plants grown for sale or for business purposes. But if the insured were to grow a legally allowed amount of medical marijuana, there appears to be no exclusion for the damage to that property in the event of loss caused by a covered peril. If the plants were outdoors, the \$500 per plant limit would apply, but indoor plants would likely not have that limitation applied and should be covered in full as the current policy is written.

There is also no exclusion or limitation in the policy for a supply of marijuana that is not actively growing, so if full-blown legalization occurs, the policy would be expected to cover marijuana property losses.

Businessowners Policy

The ISO Businessowners Form (BP 00 03 01 10) excludes coverage for any contraband. Thus, as long as marijuana is illegal at the Federal level, this policy would most likely not provide any coverage for damage, loss, or destruction. Insurers would be safer, however, with an exclusion for all marijuana (live plants or harvested matter).

The policy excludes coverage for outdoor trees, except for a small coverage extension that provides up to \$1,000 per plant or tree, and no more than \$2,500 for any one loss. Then, only a select group of perils are covered (fire, lightning, explosion, riot or civil commotion, and aircraft). The property coverage further excludes coverage for land and growing crops under A.2.d. This would presumably exclude coverage for direct damage to a crop of marijuana product grown outdoors, but does this exclusion intend to exclude crops grown indoors? This is another ambiguity in the coverage wording. Further, what about items already harvested? There is no exclusion in the policy that pertains to that issue other than the one involving contraband.

Building and Personal Property Coverage Form

The Building and Personal Property Form (BPP) (CP 00 10 06 07) covers personal property items inside a building and on the premises. The coverage as it pertains to marijuana provided under the BPP is virtually identical to that described above for the Businessowners Policy. The only difference is that the Outdoor Property Coverage in the BPP is limited to \$250 per item, and up to \$1,000 per occurrence. This would seriously restrict the amount an insurer would have to pay for damaged plants.

Summary

It does appear that insurers may already have to pay for medical marijuana property losses in states that have legalized marijuana on some level. The real deciding factor is whether the fact that marijuana is illegal at the Federal level supersedes state laws to the contrary. Next we turn our attention to the subject of providing liability coverage in case of an injury or damage situation that involved marijuana.

LIABILITY INSURANCE COVERAGE ANALYSIS

The third-party nature of liability coverages, coupled with the fact that liability policies are usually an “all-risks” type coverage—meaning everything that is not excluded must otherwise generally be covered—makes this an interesting issue for analysis. We pay careful attention to the exclusions contained in each of the policies analyzed subsequently.

Homeowner Policies

The ISO Homeowner forms agree to cover bodily injury and property damage for which the insured homeowner is legally liable. The biggest

exclusion that applies to the topic at hand is the exclusion for “controlled substances.” Specifically, Exclusion 8 of Section II, Subsection E, states the following:

“Bodily injury” or “property damage” arising out of the use, sale, manufacture, delivery, transfer or possession by any person of a Controlled Substance as defined by the Federal Food and Drug Law at 21 U.S.C.A. Sections 811 and 812. Controlled Substances include but are not limited to cocaine, LSD, marijuana and all narcotic drugs. However, this exclusion does not apply to the legitimate use of prescription drugs by a person following the lawful orders of a licensed health care professional.

It is clear that insurers have no responsibility to cover any liability for damages caused out of the homeowner’s illegal possession or use of marijuana. Yet the rest of the exclusion says liability will be covered for the “legitimate use of prescription drugs by a person following the lawful orders of a licensed health care professional.” Does that include medical marijuana in a state where it is legal? It appears that it would.

Of course, this personal lines policy provides no business liability coverage. Thus, liability for the sale and distribution of marijuana, regardless of its legality or illegality, is not the insurer’s responsibility.

Finally, if the FDA should reclassify marijuana to a different drug schedule, the exclusion would need to be modified to make it unambiguous what the insurer’s intentions are with respect to coverage. Will the insurer cover any use of marijuana, or only legal use, or only medical use, or some combination of those?

Personal Umbrella Liability Policy

The ISO’s Personal Umbrella Liability Policy (DL 98 01 10 06) contains language very similar to the HO-3 policy with respect to excluding liability for controlled substances. Also, the Personal Liability Form (DL 24 01 02) contains language identical to that found in the HO forms. These forms could all benefit from clarification as marijuana becomes legal in more jurisdictions.

Personal Auto Policy

The Personal Auto Policy’s Liability coverage (Part A) has no mention of exclusions for driving under the influence of marijuana, alcohol, or any other mind-altering substance. Nor does it address any other type of liability that might arise from the possession or use of marijuana, other than to say that there is no coverage for using the auto as a public or livery conveyance. Thus, if transporting marijuana for a fee as a delivery service,

the insurer might be able to exclude coverage for any accident that results. The same is probably true for automobiles used as grow houses, although that is debatable. Otherwise, this policy is completely silent on the issue of marijuana, thus resulting in a default decision of “covered” in the event of any loss involving a covered person and a covered vehicle.

Farm/Ranch Policies

The Farm Liability Coverage Form (FL 10 20 10 06) is quite similar to the HO forms in terms of the exclusion regarding liability for controlled substances. However, the Farm policy does not exclude business pursuits that involve farming. So if the FDA reclassified marijuana to a different schedule, and/or if the states legalized it, the policy would imply that coverage existed for growing and selling crops of marijuana.

Businessowners Policy

The Businessowners Policy (BP 00 03 07 13) has an exclusion for the rendering of professional services as a pharmacist. So any medical marijuana dispensary utilizing this form would need to add on professional liability coverage for that exposure.

Otherwise, this policy has no exclusion for the sale or distribution or possession of marijuana and any bodily injury or property damage that it might cause to a third party. The wording implies that coverage might exist if marijuana is legal.

Commercial General Liability Form

The ISO Commercial General Liability Form (CG 00 01 12 07) is virtually identical to the Businessowners Policy in wording and intent and presents substantially the same issues.

Workers Compensation

The Workers Compensation and Employers Liability Policy (WC 00 00 01 A) has two coverage parts. The first, the Workers Compensation coverage, agrees to pay whatever benefits are mandated by state law. Insurers would need to then examine the workers compensation law in each state to understand the liability exposure for job-related injuries sustained while under the influence of marijuana.

Virtually all states presently exempt an employer from paying for injuries sustained while under the influence of alcohol or illegal drugs. If marijuana were deemed a legal substance in a given state, the respective workers compensation law would need fine-tuning to reflect the state’s

wishes. This is especially true where medical marijuana is used to treat work-related injuries.

The Employers Liability coverage part does not specifically exclude any responsibility for marijuana (or any other drug, for that matter). It does exclude payment for fines and penalties imposed due to a violation of law, but claims made against the insurer for worker injuries sustained under the influence of marijuana appear to be covered by this policy today.

CONCLUSION AND AREAS FOR FUTURE RESEARCH

As states legalize marijuana for medical purposes, and/or for recreational purposes, ISO standard forms will need to be modified to preclude coverage for marijuana supplies, stock, and growing crops. While the current Federal law against marijuana as a Schedule 1 substance may possibly give insurers a break from paying for property claims that result from loss or destruction of marijuana, if the Federal law were to be changed, and/or the Schedule classification changed, coverage might be a given unless the industry is proactive in inserting appropriate and relatively simple policy exclusions and limitations.

As time marches on, researchers will want to pay attention to how the property and casualty insurance contract is treated by the legal system, as well as any consistencies or inconsistencies in how other “vice” items (i.e., tobacco and alcohol) are treated. Also, if coverage will be required and enforced, an underwriting model that could predict which insurance applicants are most likely to use or distribute marijuana would certainly be valuable. It is very unlikely that accurate underwriting of the marijuana exposure could be accomplished with routine questions on an application, so pricing for the risk would be next to impossible without some sort of predictive model. Further, any reliable correlation between marijuana use and specific insurance losses should be fleshed out. Approaches to valuing the covered marijuana property losses would be absolutely necessary for proper pricing of any insurance product, if coverage will be provided.

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