



How DO you insure a Cannabis Business?



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Since dispensaries and grow operations were recently deemed an “essential” business in Colorado, I thought we should spend a little time discussing the how and why of insuring this type of business. As you can imagine, it's not quite as simple as you might think. Marijuana operations are subject to some unusual and specific regulations, so getting insured the right way could be tricky.

Once upon a time, you may remember that marijuana laws were modeled after bar and liquor store policies. Many states didn't have a blueprint to follow when cannabis was

new. So, liquor laws became a good starting point. But now, as more and more states are building new rules for uncharted territory, regulations are becoming stricter for growers and sellers alike.

Setting up Shop

As you might imagine, you can't just sign a lease and open up a dispensary. There are some specific items you'll need to protect you and your customers – and the list is longer than many other businesses. Between the state, city, your landlord, and your insurer, you may be required to have buzzer-activated locking doors, a secure safe room, ID Scanners, on-site security, well-trained staff, and even more.

Your general liability insurance should also include premises liability but don't take anything for granted. Be candid about what you are doing exactly and get adequately insured. In addition to these items listed, you will likely have to have a system to keep 100% accurate records of sales, inventory, products as well as staff and hours worked.

The Actual Shop

If you are renting a space, typically, you will be responsible for anything from the walls inward. Let's say there is damage to the roof; for example, the owner of the property would be responsible for that repair.

However, some leases are not that way. Raise your hand if you know what a "Triple Net Lease" is. This type of arrangement could make you responsible for the entire

building. Yes, you read that correctly. This type of agreement could put you and your business on the hook for any/all repair or rebuild.

It is imperative for a tenant to understand and to inform their insurance company about a triple net lease. Standard tenant policy covers the person or business' property (computers, tables, chairs, fixtures, etc.). Still, if you are in a triple net lease, you have to have the entire building covered for rebuild value. If you and your insurance company are not on the same page, you could be in for some significant expenses if there is damage to the building.

A lot of restaurants, auto shops, bars use this type of leasing agreement. The triple refers to the tenant being responsible for taxes, mortgages, and insurance.

Growing your Business

Let's say you're looking for insurance to protect your grow operation. This could mean even more "nobody told me" moments. For example, you'll have the most straightforward journey insuring your grow operation if it is 100% enclosed in a facility with doors that lock. That seems obvious, right? But did you also know that your insurer might have a harder time with glass greenhouses or grow operations that are entirely out in the open?

If you can have your operation in fully inside, don't forget you'll have to have a licensed electrician and architect sign off on your structure. Don't forget: you'll need a safe

(bolted to the floor) for any finished product as well as ample security.

As with any business, there is A LOT to think about when it comes to insurance. Do your homework before you get too far down the road. And, of course, if you have questions, I have answers!

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Shea Phelan · 1st
Aristocrat Slot Expert

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Man- so much great knowledge in here. Wayyyy too much stuff for a business owner to be expected to know on his/her own. We need more people like you to advise in crucial areas like this. Thanks for fighting the good fight sir!

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