



Cannabis Intoxication Liability: A Growing Concern for Businesses

The cannabis industry is experiencing a wave of innovation as [legalization expands](#) and more U.S. consumers embrace cannabis. From edibles and vapes to marijuana-infused drinks, a wide range of products are quickly becoming available. The [passage of the Farm Bill in 2018](#), which legalized the regulated production of hemp, has also contributed to the market's growth.

Cannabis-infused products, including those containing THC and CBD, are being used outside of traditional settings more and more. Just three to five years ago, the only places people could consume cannabis in a commercial setting were dispensaries – mainly to provide a legal option for tourists and individuals who couldn't consume it at home.

Today, due to the increasing social acceptance of cannabis, we are seeing these products becoming available in a wider range of places and social settings. For example, there has been a large spike in low-dosage THC drinks that are now readily available to the general public in convenience stores and local markets.

While the expanding accessibility of these products is a win for the industry, businesses in the cannabis sector are facing escalating liability concerns stemming from cannabis-induced intoxication.

CONTACT

To learn more about how Amwins can help you place coverage for your clients, reach out to your local Amwins broker.

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Cannabis intoxication liability

Cannabis intoxication liability is similar to the concept of liquor liability. Businesses like bars, taverns and entertainment venues are at the highest risk for cannabis intoxication liability. If a venue over-serves cannabis products to an individual, resulting in a loss, the business owner could be held liable for those losses. This liability can also extend to cannabis industry events such as conventions, as vendors may hand out free products and allow for sample consumption.

The effects of THC consumption can vary from person to person. What may be a mild dose for one individual could have significant effects on another. This difference in tolerance levels highlights the complexity of managing the risk of cannabis intoxication for businesses.

As a result, business owners in the cannabis space must prioritize risk management. The first step is to be aware of potential risks and take steps to reduce them. Businesses that sell THC products should spend time learning and understanding any gaps in their insurance coverage and move to address liability related to cannabis.


It's important to note that many event insurance policies do not provide coverage for cannabis intoxication. Similarly, these policies typically have stringent regulations regarding alcohol impairment. It's crucial to consider the implications of cannabis intoxication, especially in states where on-site consumption is permitted at event venues.

More carriers willing to consider cannabis liability risk

Although dependent on the type of risk, carriers are getting more comfortable with the cannabis industry and looking for ways to broaden their coverage. Market participation remains limited – especially when considering options for cannabis intoxication liability – but is expected to grow in the coming year.

The submission process is quite complex. Since it is still a growing industry, there aren't many high-quality supplemental applications available, and carriers will want to know about an insured's risk control processes for serving cannabis products. It's important to thoroughly research the risks and understand the client's operation.





We help you win

Working with experienced wholesale brokers who can navigate the market and find the options that are right for the insured is imperative. Whether you're looking for a carrier to provide monoline coverage or extend coverage from an existing policy for dispensary operations or a licensed cannabis lounge, working with experts at Amwins adds value. From CBD to hemp to cannabis, we ensure that your clients' products are properly covered.

As regulations evolve and change, it's crucial to have the right protection in place. Amwins specializes in providing tailored insurance solutions – our team of experienced professionals will provide you with the advice and guidance needed to make sure your clients have coverage against potential risks. Contact an Amwins broker today.

Insights provided by:

- Norman Ives, EVP with Amwins Brokerage in Seattle, WA