

Riding the Green Wave: If the Federal Government Ever Gets Around to Legalizing Cannabis, Here Are the Insurance Implications. Risk & Insurance, ft. Jonathan Isaacson

Jonathan B. Isaacson, partner and co-chair of KD's Cannabis Law practice GROUP, was quoted in a recent Risk & Insurance article written by Courtney DuChene.

The SAFE and CLAIMS acts could make it easier for recreational cannabis businesses to open bank accounts and obtain insurance, potentially opening up the marketplace.

In his 2015 stand-up special The Comeback Kid, stand-up comedian John Mulaney joked that the government had “[become] like cool parents” when it came to marijuana.

It's a claim many an onlooker would agree with. Nearly every year since 2012, when Washington and Colorado legalized recreational marijuana use through ballot measures, more and more states have passed laws allowing for medical and/or recreational usage.

Last year, five states passed laws legalizing either recreational cannabis, medical marijuana or both through ballot initiatives, causing some to dub the 2020 election a “Green Wave,” and New York's recent law legalizing recreational marijuana caused Vox to declare weed “has won.”

“The pendulum is really swinging in one direction at this point. States are moving in one direction. Public opinion is moving in one direction. And some of those reputational concerns are really starting to fade.” —Jonathan Isaacson, professional liability partner and co-chair of the cannabis law practice, Kaufman Dolowich and Voluck.

In addition to removing federal penalties, the CLAIM Act would prohibit the federal government from incentivizing insurers to avoid participation in the cannabis sector.

There are currently only upwards of 30 surplus lines carriers and a handful of managing general underwriters with known cannabis-related businesses on their books, The National Law Review reports. If U.S. cannabis businesses were insured to similar levels as other businesses, it would bring \$1 billion in annual premiums to insurers, according to a 2020 report from New Dawn Risk.