
FORMS/RULES – IMPLEMENTATION

MARCH 6, 2023

| | |
|---------------------------------------------|----------------|
| AGRICULTURAL CAPITAL ASSETS (OUTPUT POLICY) | LI-AG-2023-017 |
| COMMERCIAL PROPERTY | LI-CF-2023-028 |
| COMMERCIAL INLAND MARINE | LI-CM-2023-016 |
| CAPITAL ASSETS PROGRAM (OUTPUT POLICY) | LI-OP-2023-017 |

VERMONT FORMS AND RULES REVISIONS ADDRESSING CANNABIS EXCLUSION ENDORSEMENTS TO BE IMPLEMENTED

KEY MESSAGE

We are implementing forms and rules revisions addressing cannabis exclusion endorsements in Vermont.

Applicable Lines of Business: AG, CF, CM, OP

Filing IDs: [CL-2022-OMJF1](#) (forms), [CL-2022-OMJR1](#) (rules)

Effective Date: 7/1/2023

BACKGROUND

In circular:

- [LI-AG-2022-031](#), et al., we announced the filing of forms filing CL-2022-OMJF1, which introduces various Commercial Lines endorsements for the exclusion of coverage for cannabis in Vermont.
- [LI-AG-2022-032](#), et al., we announced the filing of rules filing CL-2022-OMJR1, which introduces state exceptions to Division Five – Fire And Allied Lines, Division Eight – Commercial Inland Marine, and Division Fourteen – Capital Assets (which includes Agricultural Capital Assets) of the Commercial Lines Manual to instruct on the usage of new optional Vermont-specific endorsements filed under companion forms filing CL-2022-OMJF1. We also announced that we are updating Vermont to the latest edition of the multistate manual in the lines of business in which the filing applies by withdrawing and revising certain state exceptions previously introduced in Vermont.

INSURANCE DEPARTMENT ACTION

We have received the necessary approvals or acknowledgments, as required by state laws and regulations, from the insurance department in Vermont.

EFFECTIVE DATE

Forms and Rules:

The ISO revision is subject to the following rule of application:

These changes are applicable to all policies written on or after July 1, 2023.

COMPANY ACTION

Forms:

If you have authorized us to file on your behalf and decide:

- To use our revision and effective date, you are not required to file anything with the Insurance Department.
- To use our revision with a different effective date, to use our revision with modification, or to not use our revision, you must make an appropriate submission with the Insurance Department.

For guidance on submission requirements, consult the ISO State Filing Handbook.

In all correspondence with the Insurance Department on this revision, you should refer to ISO Filing Designation Number CL-2022-OMJF1 and SERFF Tracking Number ISOF-133498461, not this circular number. Communications with the regulator concerning a filing affecting multiple lines of business (i.e., CL, PL, AL filing designation) should specify the line(s) of business that you are addressing.

Rules:

If you have authorized us to file on your behalf and decide:

- To use our revision and effective date, you are not required to file anything with the Insurance Department.
- To use our revision with a different effective date, to use our revision with modification, or to not use our revision, you must make an appropriate submission with the Insurance Department.

For guidance on submission requirements, consult the ISO State Filing Handbook.

WE WILL SUBMIT THIS REVISION TO THE INSURANCE DEPARTMENT ON MAY 26, 2023. IF STATE FILING REQUIREMENTS DICTATE THAT YOU MAKE A SUBMISSION WITH THE INSURANCE DEPARTMENT, DO NOT SUBMIT IT PRIOR TO THIS DATE.

In all correspondence with the Insurance Department on this revision, you should refer to ISO Filing Number CL-2022-OMJR1 and SERFF Tracking Number ISOF-133498547, NOT this circular number. Communications with the regulator concerning a filing affecting multiple lines of business (i.e., CL, PL, AL filing designation) should specify the line(s) of business that you are addressing.

DIMINUTION OF BENEFITS

In circular [LI-AG-2023-018](#), et al., we provided Advisory Notices to Policyholders which outlined changes being made in filing CL-2022-OMJF1. These Policyholder Notices outlined coverages, conditions or definitions eliminated or modified required by VT Admin. Code R. 21-020-007-1.

RATING SOFTWARE IMPACT

New attributes being introduced with this revision:

- New forms are being introduced.

POLICYHOLDER NOTIFICATION

If you decide to implement this revision, you should check all applicable laws for the state(s) to which this revision applies, to determine whether or not a specific policyholder notice requirement may apply. Please note that circular [LI-CL-2023-005](#) contains the ISO Guide To Renewals With Changed Conditions For Commercial Lines, which is available only as a guide to assist participating companies in complying with various conditional renewal statutes or regulations, for the major commercial lines of insurance serviced by ISO. The information in the Guide does not necessarily reflect all requirements or exceptions that may apply, and it is not intended as a substitute for your review of all applicable statutes and regulations concerning policyholder notification.

REVISION DISTRIBUTION

We will issue a Notice to Manualholders with an edition date of 7-23 (or the earliest possible subsequent date), along with any new and/or revised manual pages.

We will issue a Notice to Portfolioholders with an edition date of 7-23 (or the earliest possible subsequent date), along with any new and/or revised forms.

REFERENCE(S)

- [LI-AG-2023-018/LI-CF-2023-029/LI-CM-2023-017/LI-OP-2023-018](#) (03/06/2023) Vermont Cannabis Exclusion Acknowledgements And Advisory Sample Notices To Policyholders Furnished
- [LI-CL-2023-005](#) (02/21/2023) Commercial Lines Revised Lead Time Requirements Listing
- [LI-AG-2022-032/LI-CF-2022-161/LI-CM-2022-032/LI-OP-2022-033](#) (12/23/2022) Vermont Rules Revision Addressing Cannabis Exclusion Endorsements Being Filed
- [LI-AG-2022-031/LI-CF-2022-160/LI-CM-2022-031/LI-OP-2022-032](#) (12/23/2022) Vermont Forms Revision Addressing Cannabis Exclusion Endorsements Being Filed

ATTACHMENT(S)

Final copies of [AG 99 10 06 23](#), [AG 99 11 06 23](#), [CM 99 13 06 23](#), [CM 99 14 06 23](#), [CP 99 07 06 23](#), [CP 99 08 06 23](#), [OP 99 10 06 23](#), and [OP 99 11 06 23](#)

COPYRIGHT EXPLANATION

The material distributed by Insurance Services Office, Inc. is copyrighted. All rights reserved. Possession of these pages does not confer the right to print, reprint, publish, copy, sell, file or use same in any manner without the written permission of the copyright owner. Permission is hereby granted to members, subscribers and service purchasers to reprint, copy or otherwise use the enclosed material for purposes of their own business use relating to that territory or line or kind of insurance, or subdivision thereof, for which they participate, provided that:

- (A) Where ISO copyrighted material is reprinted, copied, or otherwise used **as a whole**, it must reflect the copyright notice actually shown on such material.
- (B) Where ISO copyrighted material is reprinted, copied, or otherwise used **in part**, the following credit legend must appear at the bottom of each page so used:
Includes copyrighted material of Insurance Services Office, Inc., with its permission.

IMPORTANT NOTICE FOR USERS OF ISO PRODUCTS AND SERVICES

Please make sure that your company has authorized your use of this product and has complied with the requirements applicable in the jurisdiction where you plan to use it.

We distribute both state-specific and multistate products and services. We do not distribute all the multistate products and services for use in every jurisdiction due to corporate policy, regulatory preference, or variations or lack of clarity in state laws.

We provide participating insurers with information concerning the jurisdictions for which our products and services are distributed. Even in those jurisdictions, each insurer must determine what filing requirements, if any, apply and whether those requirements have been satisfied.

Now, as in the past, all of our products and services are advisory, and are made available for optional use by participating insurers as a matter of individual choice. Your company must decide for itself which, if any, ISO products or services are needed or useful to its operation and how those selected for use should be applied. We urge that you be guided by the advice of your attorneys on the legal requirements.

CONTACT INFORMATION

If you have any questions concerning:

- The content of this circular, please contact:
Joseph Ameen
Compliance & Product Services – Property
201-469-2589
property@verisk.com
Joseph.Ameen@verisk.com
- Other issues for this circular, please contact Customer Support:
E-mail: info@verisk.com
Phone: 800-888-4476

Callers outside the United States, Canada, and the Caribbean may contact us using our global toll-free number (International Access Code + 800 48977489). For information on all ISO products, visit us at www.verisk.com/iso. To keep abreast of the latest Insurance Lines Services updates, view www.verisk.com/ils.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

VERMONT – CANNABIS EXCLUSION

This endorsement modifies insurance provided under the following:

AGRICULTURAL CAPITAL ASSETS (OUTPUT POLICY) COVERAGE PART

A. Property Not Covered is amended as follows:

"Cannabis" is added to **Property Not Covered**.

B. For the purpose of this endorsement, the following applies to **Business Income And Extra Expense/Dwelling Loss Of Use**:

Coverage under this Policy does not apply to that part of Business Income loss, Extra Expense/Dwelling Loss Of Use incurred, due to a "suspension" of your "operations", which is attributable to the design, cultivation, manufacture, storage, processing, packaging, handling, testing, distribution, sale, serving, furnishing, possession or disposal of "cannabis".

C. For the purpose of this endorsement, the following definition is added:

"Cannabis":

1. Means:

Any good or product that consists of or contains any amount of Tetrahydrocannabinol (THC) or any other cannabinoid, regardless of whether any such THC or cannabinoid is natural or synthetic.

2. Paragraph **C.1.** above includes, but is not limited to, any of the following containing such THC or cannabinoid:

a. Any plant of the genus Cannabis L., or any part thereof, such as seeds, stems, flowers, stalks and roots; or

b. Any compound, by-product, extract, derivative, mixture or combination, such as:

(1) Resin, oil or wax;

(2) Hash; or

(3) Infused liquid or edible cannabis;

whether or not derived from any plant or part of any plant set forth in Paragraph **C.2.a.**

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

VERMONT – CANNABIS EXCLUSION WITH HEMP EXCEPTION

This endorsement modifies insurance provided under the following:

AGRICULTURAL CAPITAL ASSETS (OUTPUT POLICY) COVERAGE PART

A. Property Not Covered is amended as follows:

1. "Cannabis" is added to **Property Not Covered**.
2. Paragraph **A.1.** of this endorsement does not apply to "hemp".

However, this Paragraph **A.2.** does not apply to the extent that "hemp" is prohibited under an applicable state or local statute, regulation or ordinance in the state where such goods or products are located.

B. For the purpose of this endorsement, the following applies to **Business Income And Extra Expense/Dwelling Loss Of Use**:

1. Coverage under this Policy does not apply to that part of Business Income loss, Extra Expense/Dwelling Loss Of Use incurred, due to a "suspension" of your "operations", which is attributable to the design, cultivation, manufacture, storage, processing, packaging, handling, testing, distribution, sale, serving, furnishing, possession or disposal of "cannabis".
2. Paragraph **B.1.** of this endorsement does not apply to Business Income loss, Extra Expense/Dwelling Loss Of Use incurred which is attributable to "hemp".

However, this Paragraph **B.2.** does not apply to the extent that "hemp" is prohibited under an applicable state or local statute, regulation or ordinance in the state where such goods or products are located.

C. For the purpose of this endorsement, the following definitions are added:

1. "Cannabis":

a. Means:

Any good or product that consists of or contains any amount of Tetrahydrocannabinol (THC) or any other cannabinoid, regardless of whether any such THC or cannabinoid is natural or synthetic.

b. Paragraph **C.1.a.** above includes, but is not limited to, any of the following containing such THC or cannabinoid:

(1) Any plant of the genus Cannabis L., or any part thereof, such as seeds, stems, flowers, stalks and roots; or

(2) Any compound, by-product, extract, derivative, mixture or combination, such as:

(a) Resin, oil or wax;

(b) Hash; or

(c) Infused liquid or edible cannabis;

whether or not derived from any plant or part of any plant set forth in Paragraph **C.1.b.(1)**.

2. "Hemp" means any goods or products containing or derived from hemp, including, but not limited to:

a. Seeds;

b. Food;

c. Clothing;

d. Lotions, oils or extracts;

e. Building materials; or

f. Paper.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

VERMONT – CANNABIS EXCLUSION

This endorsement modifies insurance provided under the following:

COMMERCIAL INLAND MARINE COVERAGE PART

A. Property Not Covered is amended as follows:

"Cannabis" is added to **Property Not Covered**.

B. For the purpose of this endorsement, the following definition is added:

"Cannabis":

1. Means:

Any good or product that consists of or contains any amount of Tetrahydrocannabinol (THC) or any other cannabinoid, regardless of whether any such THC or cannabinoid is natural or synthetic.

2. Paragraph **B.1.** above includes, but is not limited to, any of the following containing such THC or cannabinoid:

a. Any plant of the genus *Cannabis* L., or any part thereof, such as seeds, stems, flowers, stalks and roots; or

b. Any compound, by-product, extract, derivative, mixture or combination, such as:

(1) Resin, oil or wax;

(2) Hash; or

(3) Infused liquid or edible cannabis;

whether or not derived from any plant or part of any plant set forth in Paragraph **B.2.a.**

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

VERMONT – CANNABIS EXCLUSION WITH HEMP EXCEPTION

This endorsement modifies insurance provided under the following:

COMMERCIAL INLAND MARINE COVERAGE PART

A. Property Not Covered is amended as follows:

1. "Cannabis" is added to **Property Not Covered**.
2. Paragraph **A.1.** of this endorsement does not apply to "hemp".

However, this Paragraph **A.2.** does not apply to the extent that "hemp" is prohibited under an applicable state or local statute, regulation or ordinance in the state where such goods or products are located.

B. For the purpose of this endorsement, the following definitions are added:

1. "Cannabis":

a. Means:

Any good or product that consists of or contains any amount of Tetrahydrocannabinol (THC) or any other cannabinoid, regardless of whether any such THC or cannabinoid is natural or synthetic.

b. Paragraph **B.1.a.** above includes, but is not limited to, any of the following containing such THC or cannabinoid:

- (1) Any plant of the genus Cannabis L., or any part thereof, such as seeds, stems, flowers, stalks and roots; or

(2) Any compound, by-product, extract, derivative, mixture or combination, such as:

(a) Resin, oil or wax;

(b) Hash; or

(c) Infused liquid or edible cannabis;

whether or not derived from any plant or part of any plant set forth in Paragraph **B.1.(b)(1).**

2. "Hemp" means any goods or products containing or derived from hemp, including, but not limited to:

a. Seeds;

b. Food;

c. Clothing;

d. Lotions, oils or extracts;

e. Building materials; or

f. Paper.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

VERMONT – CANNABIS EXCLUSION

This endorsement modifies insurance provided under the following:

COMMERCIAL PROPERTY COVERAGE PART
STANDARD PROPERTY POLICY

- A.** When this endorsement is attached to the Standard Property Policy, the terms Coverage Part and Coverage Form in this endorsement are replaced by the term Policy.
- B. Property Not Covered** is amended as follows:
"Cannabis" is added to **Property Not Covered**.
- C.** For the purpose of this endorsement, when Business Income (And Extra Expense) Coverage Form **CP 00 30**, Business Income (Without Extra Expense) Coverage Form **CP 00 32** and/or Extra Expense Coverage Form **CP 00 50** are indicated in the Declarations as being provided under this Policy, coverage under this Policy does not apply to that part of Business Income loss and/or Extra Expense incurred, due to a "suspension" of your "operations", which is attributable to the design, cultivation, manufacture, storage, processing, packaging, handling, testing, distribution, sale, serving, furnishing, possession or disposal of "cannabis".
- D.** For the purpose of this endorsement, the following definition is added:
"Cannabis":
- 1.** Means:
Any good or product that consists of or contains any amount of Tetrahydrocannabinol (THC) or any other cannabinoid, regardless of whether any such THC or cannabinoid is natural or synthetic.
 - 2.** Paragraph **D.1.** above includes, but is not limited to, any of the following containing such THC or cannabinoid:
 - a.** Any plant of the genus Cannabis L., or any part thereof, such as seeds, stems, flowers, stalks and roots; or
 - b.** Any compound, by-product, extract, derivative, mixture or combination, such as:
 - (1)** Resin, oil or wax;
 - (2)** Hash; or
 - (3)** Infused liquid or edible cannabis;
whether or not derived from any plant or part of any plant set forth in Paragraph **D.2.a.**

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

VERMONT – CANNABIS EXCLUSION WITH HEMP EXCEPTION

This endorsement modifies insurance provided under the following:

COMMERCIAL PROPERTY COVERAGE PART STANDARD PROPERTY POLICY

- A.** When this endorsement is attached to the Standard Property Policy, the terms Coverage Part and Coverage Form in this endorsement are replaced by the term Policy.
- B. Property Not Covered** is amended as follows:
1. "Cannabis" is added to **Property Not Covered**.
 2. Paragraph **B.1.** of this endorsement does not apply to "hemp".
However, this Paragraph **B.2.** does not apply to the extent that "hemp" is prohibited under an applicable state or local statute, regulation or ordinance in the state where such goods or products are located.
- C.** For the purpose of this endorsement, when Business Income (And Extra Expense) Coverage Form **CP 00 30**, Business Income (Without Extra Expense) Coverage Form **CP 00 32** and/or Extra Expense Coverage Form **CP 00 50** are indicated in the Declarations as being provided under this Policy:
1. Coverage under this Policy does not apply to that part of Business Income loss and/or Extra Expense incurred, due to a "suspension" of your "operations", which is attributable to the design, cultivation, manufacture, storage, processing, packaging, handling, testing, distribution, sale, serving, furnishing, possession or disposal of "cannabis".
 2. Paragraph **C.1.** of this endorsement does not apply to Business Income loss and/or Extra Expense which is attributable to "hemp".
However, this Paragraph **C.2.** does not apply to the extent that "hemp" is prohibited under an applicable state or local statute, regulation or ordinance in the state where such goods or products are located.
- D.** For the purpose of this endorsement, the following definitions are added:
1. "Cannabis":
 - a. Means:
Any good or product that consists of or contains any amount of Tetrahydrocannabinol (THC) or any other cannabinoid, regardless of whether any such THC or cannabinoid is natural or synthetic.
 - b. Paragraph **D.1.a.** above includes, but is not limited to, any of the following containing such THC or cannabinoid:
 - (1) Any plant of the genus Cannabis L., or any part thereof, such as seeds, stems, flowers, stalks and roots; or
 - (2) Any compound, by-product, extract, derivative, mixture or combination, such as:
 - (a) Resin, oil or wax;
 - (b) Hash; or
 - (c) Infused liquid or edible cannabis; whether or not derived from any plant or part of any plant set forth in Paragraph **D.1.b.(1).**
 2. "Hemp" means any goods or products containing or derived from hemp, including, but not limited to:
 - a. Seeds;
 - b. Food;
 - c. Clothing;
 - d. Lotions, oils or extracts;
 - e. Building materials; or
 - f. Paper.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

VERMONT – CANNABIS EXCLUSION

This endorsement modifies insurance provided under the following:

CAPITAL ASSETS (OUTPUT POLICY) COVERAGE PART

A. Property Not Covered is amended as follows:

"Cannabis" is added to **Property Not Covered**.

B. For the purpose of this endorsement, the following applies to **Business Income And Extra Expense**:

Coverage under this Policy does not apply to that part of Business Income loss or Extra Expense incurred, due to a "suspension" of your "operations", which is attributable to the design, cultivation, manufacture, storage, processing, packaging, handling, testing, distribution, sale, serving, furnishing, possession or disposal of "cannabis".

C. For the purpose of this endorsement, the following definition is added:

"Cannabis":

1. Means:

Any good or product that consists of or contains any amount of Tetrahydrocannabinol (THC) or any other cannabinoid, regardless of whether any such THC or cannabinoid is natural or synthetic.

2. Paragraph **C.1.** above includes, but is not limited to, any of the following containing such THC or cannabinoid:

a. Any plant of the genus Cannabis L., or any part thereof, such as seeds, stems, flowers, stalks and roots; or

b. Any compound, by-product, extract, derivative, mixture or combination, such as:

(1) Resin, oil or wax;

(2) Hash; or

(3) Infused liquid or edible cannabis;

whether or not derived from any plant or part of any plant set forth in Paragraph **C.2.a.**

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

VERMONT – CANNABIS EXCLUSION WITH HEMP EXCEPTION

This endorsement modifies insurance provided under the following:

CAPITAL ASSETS (OUTPUT POLICY) COVERAGE PART

A. Property Not Covered is amended as follows:

1. "Cannabis" is added to **Property Not Covered**.
2. Paragraph **A.1.** of this endorsement does not apply to "hemp".

However, this Paragraph **A.2.** does not apply to the extent that "hemp" is prohibited under an applicable state or local statute, regulation or ordinance in the state where such goods or products are located.

B. For the purpose of this endorsement, the following applies to **Business Income And Extra Expense**:

1. Coverage under this Policy does not apply to that part of Business Income loss or Extra Expense incurred, due to a "suspension" of your "operations", which is attributable to the design, cultivation, manufacture, storage, processing, packaging, handling, testing, distribution, sale, serving, furnishing, possession or disposal of "cannabis".
2. Paragraph **B.1.** of this endorsement does not apply to Business Income loss or Extra Expense which is attributable to "hemp".

However, this Paragraph **B.2.** does not apply to the extent that "hemp" is prohibited under an applicable state or local statute, regulation or ordinance in the state where such goods or products are located.

C. For the purpose of this endorsement, the following definitions are added:

1. "Cannabis":

a. Means:

Any good or product that consists of or contains any amount of Tetrahydrocannabinol (THC) or any other cannabinoid, regardless of whether any such THC or cannabinoid is natural or synthetic.

b. Paragraph **C.1.a.** above includes, but is not limited to, any of the following containing such THC or cannabinoid:

- (1) Any plant of the genus Cannabis L., or any part thereof, such as seeds, stems, flowers, stalks and roots; or
- (2) Any compound, by-product, extract, derivative, mixture or combination, such as:

(a) Resin, oil or wax;

(b) Hash; or

(c) Infused liquid or edible cannabis;

whether or not derived from any plant or part of any plant set forth in Paragraph **C.1.(b)(1).**

2. "Hemp" means any goods or products containing or derived from hemp, including, but not limited to:

a. Seeds;

b. Food;

c. Clothing;

d. Lotions, oils or extracts;

e. Building materials; or

f. Paper.