VERMONT – CANNABIS COVERAGE

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This endorsement modifies insurance provided under the following:

BUILDING AND PERSONAL PROPERTY COVERAGE FORM  
BUSINESS INCOME (AND EXTRA EXPENSE) COVERAGE FORM  
BUSINESS INCOME (WITHOUT EXTRA EXPENSE) COVERAGE FORM  
CONDOMINIUM COMMERCIAL UNIT-OWNERS COVERAGE FORM  
EXTRA EXPENSE COVERAGE FORM

SCHEDULE

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Coverage** | | | | | | | | | | | | | | **Limit Of Insurance (Per Occurrence)** | | | |
| **Coverage 1 – Your Cannabis Stock** | | | | | | | | | | | | | | **$** | |  | |
| **Coverage 2 – Cannabis Stock Of Others** | | | | | | | | | | | | | | **$** | |  | |
| **Coverage 3 – Cannabis Business Income** | | | | | | | | | | | | | | **$** | |  | |
| **Coverage 4 – Cannabis Extra Expense** | | | | | | | | | | | | | | **$** | |  | |
|  | | | | | | | | | | | | | | | | | |
| **The applicable Causes Of Loss Form is:** | | | | | | | | | | | | | | | | | |
|  | | | | | | | | | | | | | | | | | |
|  | |  |  | **Basic Form** |  |  |  | **Broad Form** | |  |  |  | **Special Form** | |  | | |
|  | | | | | | | | | | | | | | | | | |
| **Endorsements, if any, supplementing or restricting the Covered Causes Of Loss with respect to the** | | | | | | | | | | | | | | | | | |
| **coverage provided under this endorsement:** | | | | | | | | |  | | | | | | | |  |
|  |  | | | | | | | | | | | | | | | |  |
|  | | | | | | | | | | | | | | | | | |
| **Optional Deductible For Cannabis Stock** | | | | | | | | | | | | | | **$** | |  | |
| **Description Of Cannabis Stock Subject To Market Value (Refer to Paragraph E.3.):** | | | | | | | | | | | | | | | | | |
| Information required to complete this Schedule, if not shown above, will be shown in the Declarations. | | | | | | | | | | | | | | | | | |

A. The Building And Personal Property Coverage Form CP 00 10 and Condominium Commercial Unit-owners Coverage Form CP 00 18 are amended as follows:

1. The following is added to Paragraph A.2. Property Not Covered:

"Cannabis"

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. Business Income And Extra Expense

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1. The Business Income (With Extra Expense) Coverage Form CP 00 30, Business Income (Without Extra Expense) Coverage Form CP 00 32 and Extra Expense Coverage Form CP 00 50 do not apply to that part of Business Income loss or Extra Expense incurred, due to a "suspension" of your "operations", which is attributable to "cannabis activity".

2. Paragraph B.1. of this endorsement does not apply to Business Income loss or Extra Expense 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. Coverages

1. Coverage 1 – Your Cannabis Stock

When a Limit Of Insurance is shown in the Schedule for Coverage **1** – Your Cannabis Stock, the Building And Personal Property Coverage Form **CP 00 10** and Commercial Condominium Unit-owners Coverage Form **CP 00 18** are amended as follows:

a. Your Business Personal Property under Paragraph A.1. Covered Property includes your "cannabis" "stock" and we will pay for direct physical loss of or damage to this Covered Property, but only to the extent that such "stock" is:

(1) Permitted under an applicable state or local statute, regulation or ordinance, in the state where such "stock" is located; and

(2) The direct physical loss of or damage to such "stock" is caused by or resulting from a Covered Cause of Loss as provided in Paragraph D. Covered Causes Of Loss of this endorsement.

However, with respect to any of your "cannabis" "stock" that is being cultivated, this Paragraph **1.a.** only applies if such "stock" is being cultivated within a greenhouse or other building designed for the indoor commercial cultivation of "cannabis".

b. For the purpose of Coverage 1 – Your Cannabis Stock:

(1) The following is added to Subparagraph e. of CP 00 10 (Subparagraph d. of CP 00 18) of Paragraph A.2. Property Not Covered:

Contraband does not include your "cannabis" "stock", and

(2) Paragraph A.1. of this endorsement does not apply.

c. For the purpose of Coverage 1 – Your Cannabis Stock, the following is added to Subparagraph h. of CP 00 10 (Subparagraph e. of CP 00 18) of Paragraph A.2. Property Not Covered:

Growing crops does not include your "cannabis" "stock" that is being cultivated within a greenhouse or other building designed for the indoor commercial cultivation of "cannabis".

d. This Coverage 1 does not apply to "hemp".

e. The most we will pay for direct physical loss of or damage to Covered Property under this Coverage 1, in any one occurrence of loss or damage, is the Coverage 1 – Your Cannabis Stock Per Occurrence Limit Of Insurance shown in the Schedule.

f. The Limit of Insurance described in Paragraph e. above, is part of, not in addition to, the Limit Of Insurance stated in the Declarations as applicable to Your Business Personal Property. Therefore, payment under this coverage will not increase the applicable Limit of Insurance on Your Business Personal Property.

2. Coverage 2 – Cannabis Stock Of Others

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When a Limit Of Insurance is shown in the Schedule for Coverage **2** – Cannabis Stock Of Others, the Building And Personal Property Coverage Form **CP 00 10** and Commercial Condominium Unit-owners Coverage Form **CP 00 18** are amended as follows:

a. Personal Property Of Others under Paragraph A.1. Covered Property includes "cannabis" "stock" of others and we will pay for direct physical loss of or damage to this Covered Property, but only to the extent that such "stock" is:

(1) Permitted under an applicable state or local statute, regulation or ordinance, in the state where such "stock" is located; and

(2) The direct physical loss of or damage to such "stock" is caused by or resulting from a Covered Cause of Loss as provided in Paragraph D. Covered Causes Of Loss of this endorsement.

However, with respect to "cannabis" "stock" of others that is being cultivated, this Paragraph **2.a.** only applies if such "stock" is being cultivated within a greenhouse or other building designed for the indoor commercial cultivation of "cannabis".

b. For the purpose of Coverage 2 – Cannabis Stock Of Others:

(1) The following is added to Subparagraph e. of CP 00 10 (Subparagraph d. of CP 00 18) of Paragraph A.2. Property Not Covered:

Contraband does not include "cannabis" "stock" of others", and

(2) Paragraph A.1. of this endorsement does not apply.

c. For the purpose of Coverage 2 – Cannabis Stock Of Others, the following is added to Subparagraph h. of CP 00 10 (Subparagraph e. of CP 00 18) of Paragraph A.2. Property Not Covered:

Growing crops does not include "cannabis" "stock" of others that is being cultivated within a greenhouse or other building designed for the indoor commercial cultivation of "cannabis".

d. This Coverage 2 does not apply to "hemp".

e. Our payment for loss of or damage to "cannabis" "stock" of others will only be for the account of the owner of the property.

f. The most we will pay for direct physical loss of or damage to Covered Property under this Coverage 2, in any one occurrence of loss or damage, is the Coverage 2 – Cannabis Stock Of Others Per Occurrence Limit Of Insurance shown in the Schedule.

g. The Limit of Insurance described in Paragraph f. above, is part of, not in addition to, the Limit Of Insurance stated in the Declarations as applicable to Personal Property Of Others. Therefore, payment under this coverage will not increase the applicable Limit of Insurance on Personal Property Of Others.

3. Coverage 3 – Cannabis Business Income

When a Limit Of Insurance is shown in the Schedule for Coverage **3** – Cannabis Business Income, the Business Income (With Extra Expense) Coverage Form **CP 00 30** and Business Income (Without Extra Expense) Coverage Form **CP 00 32** are extended to apply as follows:

a. With respect to your "operations" which are attributable to "cannabis activity", we will pay for the actual loss of Business Income you sustain due to the necessary "suspension" of such "operations" during the "period of restoration". The "suspension" must be caused by direct physical loss of or damage to property at the premises described in the Declarations. The loss or damage must be caused by or result from a Covered Cause of Loss as provided in Paragraph D. Covered Causes Of Loss of this endorsement. This Coverage 3 applies only to the extent that such "operations" are permitted under an applicable state or local statute, regulation or ordinance, in the state where such "operations" occur.

However, this Paragraph **C.3.a.** does not apply if the "suspension" of your "operations" is caused solely by direct physical loss of or damage to "cannabis" "stock" which does not qualify as Covered Property under Coverage **1** or **2.**

b. For the purpose of Coverage 3 – Cannabis Business Income, Paragraph B.1. of this endorsement does not apply.

c. Paragraph C.3.a. of this endorsement does not apply to Business Income loss which is attributable to "hemp".

d. The most we will pay for loss of Business Income under this Coverage 3, in any one occurrence, is the Coverage 3 – Cannabis Business Income Limit Of Insurance shown in the Schedule.

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e. The Limit of Insurance described in Paragraph d. above, is part of, not in addition to, the applicable Limit Of Insurance for Business Income shown in the Declarations. Therefore, payment under this coverage will not increase the applicable Limit Of Insurance for Business Income shown in the Declarations.

4. Coverage 4 – Cannabis Extra Expense

When a Limit Of Insurance is shown in the Schedule for Coverage **4** – Cannabis Extra Expense, the Business Income (With Extra Expense) Coverage Form **CP 00 30** and Extra Expense Coverage Form **CP 00 50** are extended to apply as follows:

a. With respect to your "operations" which are attributable to "cannabis activity", we will pay necessary Extra Expense you incur during the "period of restoration" that you would not have incurred if there had been no direct physical loss or damage to property at the premises which are described in the Declarations. The loss or damage must be caused by or result from a Covered Cause of Loss as provided in Paragraph D. Covered Causes Of Loss of this endorsement. This Coverage 4 applies only to expense incurred to avoid or minimize the "suspension" of business and to continue "operations", or to minimize the "suspension" if you cannot continue "operations", but only to the extent that such "operations" are permitted under an applicable state or local statute, regulation or ordinance, in the state where such "operations" occur.

However, this Paragraph **C.4.a.** does not apply if the "suspension" of your "operations" is caused solely by direct physical loss of or damage to "cannabis" "stock" which does not qualify as Covered Property under Coverage **1** or **2.**

b. For the purpose of Coverage 4 – Cannabis Extra Expense, Paragraph B.1. of this endorsement does not apply.

c. Paragraph C.4.a. of this endorsement does not apply to Extra Expense incurred which is attributable to "hemp".

d. The most we will pay for Extra Expense under this Coverage 4, in any one occurrence, is the Coverage 4 – Cannabis Extra Expense Limit Of Insurance shown in the Schedule.

e. The Limit of Insurance described in Paragraph d. above, is part of, not in addition to, the applicable Limit Of Insurance for Extra Expense shown in the Declarations. Therefore, payment under this coverage will not increase the applicable Limit Of Insurance for Extra Expense shown in the Declarations.

D. Covered Causes Of Loss

With respect to the coverage provided under Paragraphs **C.1.a.,** **C.2.a.,** **C.3.a.** and **C.4.a.** when this endorsement is attached to the Building And Personal Property Coverage Form **CP 00 10** or the Condominium Commercial Unit-owners Coverage Form **CP 00 18,** the Covered Causes Of Loss are determined by:

1. An applicable Causes Of Loss Form, as indicated in the Schedule; and

2. Endorsements, if any, which supplement or restrict the Causes Of Loss Form as indicated in the Schedule.

E. Valuation

The following is added to the **Valuation** Loss Condition:

We will determine the value of "cannabis" "stock" at replacement cost (without deduction for depreciation), except as provided in Paragraphs **1., 2.** and **3.** below.

1. With respect to replacement cost on the "cannabis" "stock" of others, the following limitation applies:

If an item(s) of "cannabis" "stock" of others is subject to a written contract which governs your liability for loss or damage to that item(s), then valuation of that item(s) will be based on the amount for which you are liable under such contract, but not to exceed the lesser of the replacement cost of the property or the applicable Limit of Insurance.

2. "Cannabis" "stock" you have sold but not delivered at the selling price less discounts and expenses you otherwise would have had; and

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3. "Cannabis" "stock", which is described in the Schedule as subject to "market value", at "market value" less:

a. Unpaid taxes; and

b. Paid or determined taxes that are refundable pursuant to applicable law.

If any person or organization to or for whom we make payment under this endorsement has rights to recover prepaid taxes that are included in our payment, those rights are transferred to us.

F. Deductibles

The following is added with respect to Coverage **1** – Your Cannabis Stock and Coverage **2** – Cannabis Stock Of Others:

1. If an Optional Deductible For Cannabis Stock is shown in the Schedule, such deductible applies to each occurrence of loss or damage to "cannabis" "stock". If no Optional Deductible For Cannabis Stock is shown in the Schedule, the Property Deductible shown in the Declarations applies to that coverage.

2. If an occurrence of a Covered Cause of Loss results in loss or damage to "cannabis" "stock" and to other Covered Property that is subject to a Deductible, only the largest Deductible will apply.

G. Definitions

For the purposes 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 G.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 **G.1.b.(1).**

2. "Cannabis activity" means the design, cultivation, manufacture, processing, packaging, handling, testing, storage, distribution, sale, serving, furnishing, use, possession or disposal of "cannabis".

3. "Market value", as used in this endorsement, means the price which the property might be expected to realize if offered for sale in a fair market at the time of loss or damage.

4. "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.