VERMONT – CANNABIS COVERAGE

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This endorsement modifies insurance provided under the following:

COMMERCIAL INLAND MARINE COVERAGE PART

SCHEDULE

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| **This endorsement applies to the following Commercial Inland Marine Coverage Form(s):** | | | |
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| **Coverage** | **Limit Of Insurance (Per Occurrence)** | | |
| **Cannabis Stock** | **$** | |  |
|  | | | |
| **Optional Deductible For Cannabis Stock** | **$** | |  |
| **Description Of Cannabis Stock Subject To Market Value** (Refer to Paragraph **C.3.**): | | | |
|  | | | |
| Information required to complete this Schedule, if not shown above, will be shown in the Declarations. | | | |

A. Property Not Covered

1. The following is added to 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.

This Paragraph **A.** applies only to Coverage Form(s) shown in the Schedule or the Coverage Form(s) whose Declarations indicates the applicability of this endorsement.

B. Cannabis Stock Coverage

When a Limit of Insurance is shown in the Schedule for Cannabis Stock, the following applies only to the Coverage Form(s) shown in the Schedule or to the Coverage Form(s) whose Declarations indicates the applicability of this endorsement:

1. Covered Property includes your "cannabis" "stock" and "cannabis" "stock" of others that is in your care, custody and control, but only to the extent that such "stock" is permitted under an applicable state or local statute, regulation or ordinance, in the state where such "stock" is located.

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

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2. For the purpose of Cannabis Stock Coverage:

a. With respect to any paragraph under Property Not Covered that addresses contraband, the following is added to the end of such paragraph:

Contraband does not include "cannabis" "stock" that is Covered Property under Paragraph **B.1.** above.

b. Paragraph A.1. of this endorsement does not apply.

3. For the purpose of Cannabis Stock Coverage, the following is added to Property Not Covered:

Growing crops,except this does not include "cannabis" "stock" that is being cultivated within a greenhouse or otherbuilding designedfor the indoor commercial cultivation of "cannabis".

4. This coverage does not apply to "hemp".

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

6. The Limit of Insurance described in Paragraph 5. above, is part of, not in addition to, the Limit Of Insurance stated in the Declarations as applicable to Covered Property. Therefore, payment under this coverage will not increase the applicable Limit of Insurance on Covered Property.

C. Valuation

The following is added to General Condition **F.** **Valuation** in the Commercial Inland Marine Conditions:

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

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.

D. Deductibles

The following is added with respect to Cannabis Stock Coverage:

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.

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

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(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 **E.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. "Stock" means merchandise held in storage or for sale, raw materials and in-process or finished goods, including supplies used in their packing or shipping.

5. "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.