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BULLETIN NO. 2023-03

TO: All property and casualty insurers admitted or doing business in Alabama

**FROM: Mark Fowler
Commissioner of Insurance**

DATE: May 4, 2023

RE: Creation of a medical cannabis insurance market in Alabama

EFFECTIVE: Immediately

Through the Darren Wesley 'Ato' Hall Compassion Act passed in 2021 [Ala. Act No. 2021-450, effective May 17, 2021] and codified as Ala. Code §§ 20-2A-1 *et seq.*, the Alabama Legislature has created an Alabama statutory process for use of medical cannabis as defined in Ala. Code § 20-2A-3(14), including creation of the Alabama Medical Cannabis Commission, and providing for licensure and regulation of integrated facilities and independent facilities in the categories of cultivator, processor, dispensary, secure transporter, and testing laboratory. This statutory scheme is administered by the Medical Cannabis Commission and the Alabama Department of Agriculture and Industries.

Medical cannabis license applications for integrated facilities, cultivator, processor, dispensary, secure transporter, and testing laboratory started on September 1, 2022, and the license application window closed on December 31, 2022. Applications have been submitted to and will be decided upon at some future point by the Medical Cannabis Commission and the Department of Agriculture and Industries. The 2021 act states, as a license requirement, that license applicants demonstrate they have "a minimum of two million dollars (\$2,000,000) of liability and casualty insurance . . ." [Ala. Code § 20-2A-53(a)(2)].

At this date, the Alabama Department of Insurance has had difficulty determining whether such "liability and casualty insurance" in the medical cannabis area is available in the Alabama market. The Department, however, is receptive to the creation of an insurance market that will aid in implementation of the Darren Wesley 'Ato' Hall Compassion Act. The Department encourages property and casualty insurers to submit rates and forms to implement the Darren Wesley 'Ato' Hall Compassion Act. In order to facilitate this, the Department advises as follows:

1. All commercial property and casualty medical cannabis-related rate, rule, or combination filings will be under the File and Use System as defined in Department rule 481-1-123-.03(3), except workers compensation insurance, which falls under the Prior Approval System as defined in rule 481-1-123-.03(5).

2. All commercial property and casualty medical cannabis-related form filings will be under the File and Use System as defined in Department rule 481-1-123-.03(3), except workers compensation insurance, which falls under the Prior Approval System as defined in rule 482-1-123-.03(5).

3. The filing fee for all commercial property and casualty medical cannabis-related filings is \$100.00 per form, rate, rule, or combination filing, with a maximum of \$5,000 per submission.

4. Medical cannabis-related file and use for rates will continue for three (3) years or until the Department's staff actuary is able to properly forecast rates based on attained statewide experience.

For purposes of this Bulletin, the Department of Insurance's Rates & Forms Division can be contacted through Erick Wright at erick.wright@insurance.alabama.gov or by telephone at (334) 241-4174.