



June 27, 2024

California Department of Insurance  
300 Capitol Mall, 16th Floor  
Sacramento, CA 95814  
Sent via email to: [CDIRegulations@insurance.ca.gov](mailto:CDIRegulations@insurance.ca.gov)

**RE: Proposed Catastrophe Modeling Regulations**

On behalf of Origins Council, representing 800 small and independent cannabis businesses in rural legacy producing counties throughout California, we appreciate the opportunity to comment on the workshop draft of proposed catastrophe modeling regulations under the Department's Sustainable Insurance Strategy.

**Cannabis Farms and Homestead Are Subject to Exceptionally High Fire Risks**

Origins Council is partnered with regional trade associations in Humboldt, Mendocino, Trinity, Sonoma, Nevada County, and the Central Coast that predominantly represent small, homestead cannabis cultivators, many of whom live on the same property where their licensed cannabis cultivation is based.

The small cannabis farmers we represent are uniquely impacted by the proposed regulations, and by insurance issues broadly. All of the regions represented within our membership are located in high fire-risk zones according to the Department's proposed maps, and hundreds of farms have been affected by wildfire over the past several years. Additionally, because many

cannabis farms are located on homestead properties, insurance access issues related to cannabis directly impact both residential and commercial coverages.

### **Lack of FAIR Plan Access for Cannabis Operators**

While cannabis farms are disproportionately located in high fire-risk regions, these same businesses - as well as as well as residences that choose to exercise their legal right to cultivate small numbers of personal and medical use cannabis plants under Proposition 64 and Proposition 215 - are denied access to FAIR Plan insurance due to cannabis' federally illegal status. Consequently, when cannabis operators are unable to access private insurance markets, they have no access to the FAIR Plan backup option available to other Californians, and are required to forgo insurance coverage altogether. Homeowners, including personal use cultivators, who are unaware of the FAIR Plan's restrictions on cannabis further risk the denial of an insurance claim on the basis of any cannabis activity on a property.

This lack of FAIR Plan access affects over 5,600 independent California licensed cannabis businesses in a statewide cannabis market reported to be worth \$5.1 billion in 2023, as well as tens of thousands of homeowners legally cultivating small numbers of personal and medical use under California state law.

### **Recommendations for Addressing Coverage and Affordability Gaps for Cannabis Operators**

Due to the unique geographical and legal dynamics affecting cannabis operators, we request consideration of the following issues in relation to proposed catastrophe modeling regulations, as well as within the broader policy conversation regarding sustainable insurance in California.

First, as the Department considers measures to increase access to insurance, it is critical that these measures address the specific gap in insurance access faced by cannabis businesses. The exclusion of cannabis from FAIR Plan residential and commercial insurance coverage must be addressed, and regulations must further ensure that cannabis operators have access to private insurance markets.

Second, discussions on insurance access and affordability should further consider the exceptional fire mitigation practices employed by many cannabis farmers. Many cannabis cultivators operating under both Proposition 64 and Proposition 215 have invested in fire mitigation over many decades, and the legal cannabis framework includes many cannabis-specific regulations - such as requirements for water storage and road improvements - that have significant dual-use purposes for fire mitigation. Further, many cannabis farmers have trained with and served on local volunteer fire districts for many decades and are committed to enhancing overall fire resilience within their communities.

Thank you for your consideration, and we look forward to continuing to work with you on these important issues.

Sincerely,



Genine Coleman  
Executive Director  
Origins Council



Natalynne DeLapp  
Executive Director  
Humboldt County Growers Alliance



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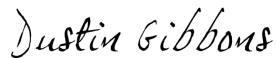
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