

May 16, 2023

The Honorable Senator Jeff Merkley
United States Senate
531 Hart Senate Office Building
Washington, DC 20510

The Honorable Senator Steve Daines
United States Senate
320 Hart Senate Office Building
Washington, DC 20510

The Honorable Senator Robert Menendez
United States Senate
528 Hart Senate Office Building
Washington, DC 20510

The Honorable Nydia Velázquez
United States House of Representatives
2302 Rayburn House Office Building
Washington, DC 20515

The Honorable Representative Dave Joyce
United States House of Representatives
2065 Rayburn House Office Building
Washington, DC 20515

The Honorable Representative Earl Blumenauer
United States House of Representatives
1111 Longworth House Office Building
Washington, DC 20515

Dear Senators Merkley, Daines and Menendez and Representatives Velázquez, Joyce and Blumenauer:

On behalf of the National Association of Insurance Commissioners (NAIC)¹, we write to express our support for legislation² that would provide a safe harbor from violations of federal law for those engaged in the business of insuring cannabis industry activity permissible under state law.

As you are aware, the NAIC membership is composed of the chief insurance regulators of all 50 states, the District of Columbia, and the five U.S. Territories. Our members have a variety of views on the broader issue of cannabis legalization and the NAIC defers to each state to decide what is appropriate for them. However, we recognize state legalized cannabis businesses require access to insurance to mitigate risks they face, and that the lack of insurance for the industry adds layers of unnecessary exposure for all market participants.

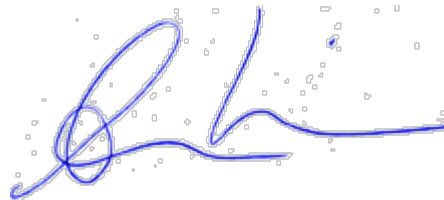
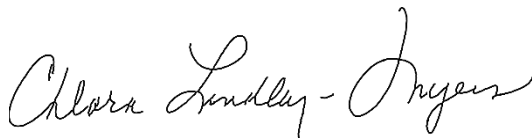
¹ As part of our state-based system of insurance regulation in the United States, the National Association of Insurance Commissioners (NAIC) provides expertise, data, and analysis for insurance commissioners to effectively regulate the industry and protect consumers. The U.S. standard-setting organization is governed by the chief insurance regulators from the 50 states, the District of Columbia and five U.S. territories. Through the NAIC, state insurance regulators establish standards and best practices, conduct peer reviews, and coordinate regulatory oversight. NAIC staff supports these efforts and represents the collective views of state regulators domestically and internationally. For more information, visit www.naic.org.

² The Secure and Fair Enforcement (SAFE) Banking Act of 2023 (S. 1323/H.R. 2891) or the Clarifying Law Around Insurance of Marijuana (CLAIM) Act of 2021 (117th Congress S.862/H.R. 2068).

Through the NAIC, state insurance regulators formed a Cannabis Insurance Working Group, that has been studying insurance issues facing the cannabis industry and developed a white paper in 2019 exploring the types of insurance needed by the cannabis industry, the availability of cannabis business insurance in state insurance markets and the extent of any insurance gaps, among other issues.³ In those states where certain cannabis businesses are permissible under state law, we understand that one of the challenges facing the industry is the different treatment of cannabis under federal and state law and the potential legal risks for those that provide financial services to these businesses. The SAFE Banking Act or the CLAIM Act would help remove federal barriers for insurers to conduct business with any state legalized cannabis-related businesses, thereby helping to provide insurance coverage options for these commercial policyholders that will mitigate their business risks.

Thank you for sponsoring these bills, and we look forward to working with you as the legislative process moves forward.

Sincerely,



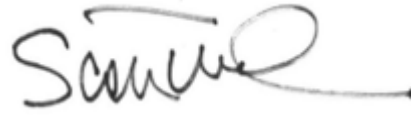
Chlora Lindley-Myers
NAIC President
Director
Missouri Department of Commerce
and Insurance

Andrew N. Mais (*He/Him/His*)
NAIC President-Elect
Commissioner
Connecticut Insurance Department

³ https://content.naic.org/sites/default/files/inline-files/cmte_c_cannabis_wg_exposure_understanding_cannabis_marketplace_0.pdf



Jon Godfread
NAIC Vice President
Commissioner
North Dakota Insurance Department



Scott White
NAIC Secretary-Treasurer
Commissioner
Virginia Insurance Department