
BILL REQUEST - CODE REVISER'S OFFICE

BILL REQ. #: I-4936.1/25

ATTY/TYPIST: KB:lel

BRIEF DESCRIPTION:

Initiative Measure No. IL25-566

Filed August 12, 2024

AN ACT Relating to mandatory insurance coverage for certain marijuana narcotics

~~AN ACT Relating to mandatory insurance coverage for cannabis or hemp~~ and electricity theft associated with the unlawful production, processing, and sales ~~of cannabis or hemp~~ in residential zoned neighborhoods; adding a new section to chapter 69.50 RCW; creating new sections; and prescribing penalties ~~with schedule I, II, and III marijuana narcotics~~.

BE IT ENACTED BY THE PEOPLE OF THE STATE OF WASHINGTON:

NEW SECTION. **Sec. 1.** A new section is added to chapter 69.50 RCW to read as follows:

(1) Insurance companies shall not issue a policy to a cannabis or hemp producer or processor located within areas zoned primarily for residential use ~~or rural use~~. Insurance companies shall not issue a policy to a real property owner or tax parcel that adjoins a reservation or Indian country if the property is outside the appropriate zoning and bordering residential zoning. When a cannabis plant is growing within a real property zone other than a residential zone, a business license must be obtained with an employer identification number as it is determined the cannabis activity is for commercial use. Federal law has determined all cannabis and hemp activity will be allowed only within appropriate zoned areas. Under no circumstance may a person grow or cultivate cannabis or hemp within a residential zone. All real property that borders an existing

1 licensed cannabis facility or adjacent to another property that is in
2 full compliance, and within appropriately zoned areas, shall not
3 share the license or policy to operate as a cannabis facility or grow
4 within an adjoining tax parcel. All cannabis policies that are in
5 compliance shall be granted to one tax parcel individually not shared
6 with another tax parcel. **All individual or corporate business shall not share licenses or policies.**

7 (2) Marijuana, cannabis, and hemp licensees must obtain insurance
8 coverage. Insurance is required to protect the consumer if any
9 claims, suits, actions, costs, damages, or expenses arise from any
10 negligent or intentional act or omission of the cannabis licensees.
11 Cannabis licensees will provide the board with a certificate of
12 insurance demonstrating that the following types and minimum amounts
13 of insurance have been obtained **under RCW 314-55-082:**

14 (a) Commercial general liability insurance. The licensee must
15 carry and maintain commercial general liability insurance or
16 commercial umbrella insurance for bodily injury and property damage
17 arising out of licensed activities at all times. The limits of
18 liability insurance will not be less than \$1,000,000. Upon board
19 request, a licensee must provide proof of insurance.

20 (i) This insurance must cover such claims as may be caused by any
21 act, omission, or negligence of the licensee or its officers, agents,
22 representatives, assigns, or servants.

23 (ii) The insurance must also cover bodily injury, including
24 disease, illness, and death, and property damage arising out of the
25 licensee's premises/operations, products, and personal injury.

26 (b) Insurance carrier rating. The insurance required in (a) of
27 this subsection must be issued by an insurance company authorized to
28 do business within the state of Washington. Insurance is to be placed
29 with a carrier that has a rating of A - Class VII or better in the
30 most recently published edition of Best's Insurance Reports. If an
31 insurer is not admitted, all insurance policies and procedures for
32 issuing the insurance policies must comply with chapter 48.15 RCW and
33 chapter 284-15 WAC.

34 (c) Additional insured. The state and its employees, agents, and
35 volunteers shall be named as an additional insured on insurance
36 policies required under this section. All policies shall be primary
37 over any other valid and collectable insurance.

38 (d) Failure to maintain or provide proof of insurance as required
39 may result in license cancellation. **Narcotics coverage is not allowed for dwellings.**

1 (e) Under no circumstance will the insurance carrier provide
2 ~~cannabis or hemp~~ coverage within a residential dwelling due to the
3 extreme liability of electricity theft and toxic mixing of Schedule
4 I, II, and III narcotics, **including pill press, encapsulating and tablet machine use and laws.**

5 (3) Insurance companies must provide all records to its customers
6 including, but not limited to, utility locate records following an
7 incident of power theft investigation by police.

8 (4) Electricity is essential for industries and residential
9 dwellings in Washington state. Since the legalization of recreational
10 use of cannabis following the passing of Initiative Measure No. 502,
11 criminal electricity theft associated with bypassing power meters to
12 grow cannabis has continued within residential zoned neighborhoods.
13 Most power transformers are shared with adjoining properties in
14 residential neighborhoods. The offending criminals cause electricity
15 disruptions for homeowners. In addition, the criminals avoid
16 licensing requirements, quality control, and taxation. The power
17 company supplying the resident owner of electricity for normal
18 residential use is standard for all real property owners and expected
19 to be supplied uninterrupted. Moreover, the power company has record
20 of all incidents of power theft by cannabis growers and historically
21 denies access of the incident records without court order or subpoena
22 to the adjoining customer homeowner. Insurance companies also have
23 resources available that the homeowner does not have and therefore
24 must provide the information to its policyholder that adjoins a
25 residential property with a history of unlawful narcotic activity and
26 electricity theft.

27 (5) Failure by the insurance company to disclose the records of
28 violations and power theft incidents will subject the insurance
29 company to a \$2,000 fine held in escrow to support roadway cleanup at
30 and around highways and bridges.

31 NEW SECTION. **Sec. 2.** This act must be liberally construed to
32 carry out its policies, purposes, and intent.

33 NEW SECTION. **Sec. 3.** This act may be known and cited as the
34 ~~cannabis insurance act.~~ **Marijuana Insurance Act.**

35 NEW SECTION. **Sec. 4.** If any provision of this act or its
36 application to any person or circumstance is held invalid, the

1 remainder of the act or the application of the provision to other
2 persons or circumstances is not affected.

--- **END** ---