

Chapter 22: Moving Forward – Regulators

Security Reality	Reference(s)	Potential Recommendation(s)
Designated “cannabis friendly” Green Zones are typically located in dangerous, higher crime areas where security needs are high and law enforcement presence and response times are low	Green Zones Chapter 17: Corporate and Other Liability	Allocate grant funds, linked to a true funding program of security assessments and compliance - to provide support for the added expense of operating in Green Zones - and reduce corporate and other forms of liability Establish an allocation of State cannabis tax collections for LCO security enhancement grants
The “Cannabis Security Status Quo” is very real; implementing security services, fortifications, etc. involves a number of pain points and challenges - and is very expensive	Chapter 4: The Status Quo	See Green Zone recommendations above
LCO insurance premiums are very expensive compared to other industries; insurance claims recoveries are often extraordinarily limited due to security exclusions and requirements; limited data indicates many LCOs are underinsured or uninsured; one major security incident or breach with a VERY limited recovery will likely result in a catastrophic loss and potential shut down of operations, abandoning the facility, lost tax revenues, etc.	Insurance Risk Generally Insurance Premiums Security Insurance Considerations	Regulators, including State insurance Regulators, likely need to better understand actual data on LCO coverages and recoveries - much more data and alternative solutions are needed - beginning with a confidential questionnaire / study Regulators may consider a pilot program, via a public-private partnership to provide low cost or subsidized insurance targeted for/at Social Equity Operators



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Limited data indicates insurance carriers are not transparent about releasing the results/reports of Loss Control Inspections	Security Insurance Considerations	Regulators need to consider mandating the results of loss control inspections be provided to LCOs to enhance Security Measures and improve overall compliance
Limited data indicates certain insurance policies contain security provisions which are (arguably) significantly above and beyond regulatory requirement Security Measures	Security Insurance Considerations	Are carriers allowed to have active cannabis insurance policies which contain (arguably) unreasonable Security Measures to minimize or avoid claims payouts? State insurance Regulators need to consider an audit and baseline review of security requirements versus practical realities
Drone Security Services are here/coming soon, representing multiple benefits to the municipality Green Zones in which they operate - as well as LCOs	Chapter 10: Drones as a Security Solution	Regulators can facilitate and support drone security services in their jurisdiction in different ways by beginning with a feasibility study or discovery process to understand the benefits, opportunities and challenges unique to their municipality
Independent 3rd Party Security Assessments, not performed by Law Enforcement (respectfully), can lead to significant cost savings long term, improved compliance, a reduction in liability and a clearer path forward for Security Program goals	Chapter 9: Law Enforcement	Regulators need to consider funding a grant program of independent, confidential, third party security assessments to better understand needed security investments versus existing fortifications and security operations costs, compliance, risks, etc.



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Due primarily to the Status Quo, many LCOs operate with broken, disconnected Security Programs and models, resulting in various forms of corporate and potential personal liability for LCO owners, investors, and directors	Chapter 4: The Status Quo Chapter 17: Corporate and Other Liability Chapter 20: Owners, Investors and Directors	See Green Zone recommendations above
Security Measures established by State and City/Local Regulators are generally not sufficient to establish “security”, especially in Green Zones	Chapter 6: Licensing & Regulatory Requirements Regulatory Security Requirements Do Not = Security	Regulators need to consider more training and awareness around not only core compliance, but expanded Security Measures to truly safeguard personnel and assets
Limited data indicates many LCO security breaches go unreported to authorities for various reasons; Regulators need and want to understand and address the realities of all crimes, including (we hope) improving reporting around cannabis related crimes	Chapter 9: Law Enforcement	See Green Zone recommendations above Regulators need to consider including mechanisms to improve reporting of crimes through the use of Public-Private Partnerships



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Cannabis is not a priority for law enforcement; law enforcement support is limited; training is limited; law enforcement is not able to cost-effectively or efficiently take advantage of new technologies to increase security; and so on; there are multiple consequences to all of this for municipalities	Chapter 9: Law Enforcement	Perform an internal or independent evaluation of creating a Public-Private Partnership - to achieve certain objectives and support certain use cases

