

# What You Need to Know About... Marijuana Usage



As marijuana use becomes legal in more states, carriers have continued to update their guidelines concerning clients who use marijuana for both medical and recreational purposes. If you have a client who uses marijuana, you may wonder, "Can my client obtain life insurance coverage?" The answer is Yes! However, the rate classification can depend on several factors outlined below.

## What is the purpose of marijuana use?

Does your client use marijuana recreationally or has his/her doctor prescribed medicinal marijuana for a particular ailment? If it is for an ailment, most carriers will base their rate classification on the underlying medical condition for which the marijuana has been prescribed. Rate classifications for recreational marijuana use will depend on several factors as discussed further below.

## What is the client's age?

Many carriers will decline younger age marijuana users as studies have shown that marijuana use can have permanent negative effects on the developing brains of adolescents and young adults. The cutoff age for each carrier varies – ranges anywhere from age 18 to age 26.

## How is marijuana consumed?

The rate classification a carrier can offer is in part determined by the method in which the marijuana is consumed. The carrier will need to know if the marijuana is inhaled (to include vaping through an e-cigarette device or a vaporizer) or ingested as an edible. Some carriers will assess a client a "Smoker" rating for any marijuana use no matter how it is consumed. Other carriers will only assess a "Smoker" rating if the marijuana is smoked or vaporized, but can offer "Non-Smoker" rates for ingestion through edibles. Finally, there are several carriers that can consider "Non-Smoker" rates regardless of how marijuana is consumed.

## How often is the marijuana used?

One of the most important factors carriers consider when deciding how to make an offer on a marijuana user is the frequency of use. A client who uses marijuana infrequently (e.g. one time per month or less) may qualify for Preferred or even Preferred Best "Non-Smoker" rates with certain carriers. However, those who use marijuana more frequently will often qualify for Standard rates at best or can even carry a rating. "Smoker" classifications may also be allocated to clients who use marijuana on a frequent basis. Daily marijuana users are a decline with several carriers, although a few carriers can make a rated offer.

## Does the client use CBD products?

Cannabidiol (CBD) is a non-psychoactive compound derived from the hemp plant and can be sold over-the-counter in the form of gels, gummies, oils, supplements, and extracts to treat various ailments. CBD products may or may not contain Tetrahydrocannabinol

(THC), the main psychoactive compound found in marijuana.

Offers vary for those clients who use CBD products and will be determined based on the reason for the use, frequency, amount used, and whether or not the product used contains THC. Keep in mind that in rare instances even "Non-THC" CBD products can still contain trace amounts of THC depending on the product's quality and composition, which can lead to a positive THC screen on insurance labs.

## What is your client's medical history?

Carriers will closely review any history of psychiatric illness and drug or alcohol abuse in conjunction with marijuana use and may subsequently rate clients with these histories more unfavorably.

## Do carriers test for THC?

While some carriers do not test for THC on insurance labs, many do routinely test for THC or will reflex to THC testing for cause. A positive THC lab result can negatively impact a carrier's underwriting offer and cause a client to receive a rating or "Smoker" rates.

## Can carriers underwrite clients involved in the marijuana industry?

As of now, we have two carriers that are willing to offer coverage for clients involved in the marijuana industry. We have one traditional carrier that can offer personal coverage only (no business coverage). Our other option is through a non-traditional carrier that may be able to offer key person, business loan or buy/sell coverage. Several restrictions apply so it is best to contact your Underwriter for the full details before applying for coverage.

## Questions

If you have a client who uses marijuana, we recommend you contact your Underwriter to discuss the case. Based on the details of your client's marijuana use as noted above, your Underwriter can suggest carriers that will offer the most aggressive underwriting for your client.



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