

# Cannabis FAQs



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Recreational consumption, growing and possession of cannabis was legalized in Canada on October 17, 2018. While we don't expect legalization to have a large impact on Personal Insurance policies, your clients may have some questions about how this change could affect their premiums or their ability to secure coverage.

Here are answers to five questions that you could encounter about legalized cannabis.

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## Q How will growing cannabis plants affect my home insurance coverage?

A If your clients are growing cannabis plants strictly for recreational use, and they adhere to federal and provincial laws about the size and number of plants permitted—that's four plants per household—they will not experience any impact on their premiums. As a general rule, just stay within the law, and your clients will be fine.

However, if they are growing with the intent to sell cannabis, or if they go over the household limit of plants permitted, it may affect their ability to secure or maintain home insurance. In addition to questions about their legality, dispensaries or grow-ops present a serious fire risk.

## Q Can I insure any home-growing equipment or plants?

A As long as the equipment is for personal use and meets the legal definitions, it will fall under the contents section of their policies. Please make note of any special limits on this kind of equipment. Cannabis plants are treated similarly to other plants or shrubs in the policy and are subject to the same special limits. There are also applicable deductibles on contents losses.

## Q How will auto insurance premiums be affected by people who drive high?

A Driving while impaired is a serious criminal offence. If your clients are convicted of a high-driving offence, they will encounter similar obstacles as someone convicted of driving while under the influence of alcohol: greatly increased premiums and considerable difficulty in finding an insurer willing to write them.

Apart from individuals convicted of high-driving offences, we don't expect overall auto premiums to increase. However, if collisions do rise over time due to high drivers, there could be a knock-on effect to premiums.

## Q I received a warning from my condo about smoking/growing cannabis. Will it affect my insurance?

A There's an important distinction to be made between policies for houses vs. policies for condos: residents and owners must comply with the by-laws established by their condo board; breaking the by-laws can lead to consequences such as dismissal from the condo.

The effects of legalization on condo owners are an emerging issue that the courts have yet to rule decisively on. But so long as they're not breaking any human rights code or infringing on constitutional rights, condo boards have a fairly wide latitude to govern themselves, and this includes rules against smoking indoors. One thing to keep track of will be whether condo boards attempt to limit growing cannabis plants indoors.

## Q Will smoking indoors affect my house insurance premiums?

A There are already accidental fires caused by smoking cigarettes—and this exposure applies equally to smoking cannabis. If these fires increase over time due to cannabis consumption, then home premiums could increase.