

Crawford & Company (Canada) Inc.

# Crawford Cannabis Risk & Loss Management Service Solution



**Crawford**<sup>®</sup>

# About Crawford

Crawford & Company (Canada) Inc. is an independent adjusting firm that has specialized in claims and risk management for nearly 50 years. Throughout Canada, we have a branch network of more than 40 locations ensuring that we are able to provide coast-to-coast service to our clients. As a global enterprise, we have an extended network of more than 700 locations, spanning more than 70 countries, through which we offer global capabilities with local expertise and provide a broad suite of customized solutions.

As a leading organization in our field, we have expanded on the depth and breadth of our service offerings to meet the evolving needs of our clients. Our vast portfolio of service offerings positions us well to be the “single solution” provider to our clients, which includes claims management, consulting, professional services, and vendor management programs. Crawford’s services are designed specifically to address the wide-ranging needs of our clientele and benefit them in the following ways: centralization of business services and data management, consistency in quality and delivery of service, as well as primary point-of-contact, and increased cost savings.



# Understanding the Risk

Within Canada, the recreational use of cannabis will be legal as of October 17, 2018. Although federal and provincial regulations and stipulations have been put into place concerning age of use, terms of usage (where it can be used), as well as the growing, distribution and sale of cannabis, there is still a level of risk to be managed and mitigated by employers and the insurance community tied to accessibility and mainstream usage (whether recreational or medicinal usage).

The statistics below help highlight the risk associated with widespread common usage:

- 14% reported using cannabis in the past three months<sup>1</sup>
- 4.2M cannabis users across Canada<sup>2</sup>
- 56% report using cannabis either daily or weekly<sup>3</sup>
- 24% will increase consumption after legalization<sup>4</sup>
- 14% have consumed cannabis within one hour of driving<sup>5</sup>

The implications of cannabis legalization on the insurance community consist of:

- Homeowner losses – property damage, and claims for theft, or damage to cannabis plants
- Automobile losses – accidents that occur as a result of impairment
- Commercial losses – property, equipment, crop and product loss, business interruption and product liability

The implications of cannabis legalization on employers consist of:

- Managing ‘users’ in the workplace (for both medicinal and recreational use)
- Ensuring employee health and safety is maintained and within regulatory compliance (due diligence obligations under both Federal and Provincial Occupational Health & Safety Acts)
- Properly addressing on the job accidents caused by cannabis impairment and the related safety violations consequences

## The Crawford Solution

To assist our clients, Crawford has developed a service solution to address the unique risks tied to the legalization of cannabis, from automobile losses to employee management. Leveraging the various specialties of our professionals, we have assembled a dedicated team to manage the unique losses and risk tied to this recent legal development.



RESIDENTIAL  
LOSSES



COMMERCIAL  
LOSSES



AUTOMOBILE  
LOSSES



FORENSIC  
ACCOUNTING  
SERVICES



LEGAL  
SERVICES



EMPLOYEE  
MANAGEMENT

<sup>1</sup> “National Cannabis Survey, first quarter 2018.” Statistics Canada. April 18, 2018. <https://www150.statcan.gc.ca/n1/daily-quotidien/180418/dq180418b-eng.htm>

<sup>2</sup> Ibid

<sup>3</sup> Ibid

<sup>4</sup> Ibid

<sup>5</sup> Ibid



## Residential Losses

Potential losses tied to the cultivation of cannabis in the home (per the legal amount), can include theft of the plant(s), damage of property as a result of plant cultivation such as water, mould or fire damage claims.

Our claims professionals have been trained to determine causation through effective investigation practices and thus be able to identify the relationship between the presence of cannabis plants in the home and the loss. Being able to identify and understand the policy wording around such matters is imperative as losses of this type are not traditional and therefore, coverage may or may not be in place. For instance, under a “traditional” homeowner’s policy a cannabis plant may be deemed personal property similar to a tree or a shrub and thus may be covered. Having an experienced adjuster who is well-versed in policy language and the nuances of new coverage that has or may come into place as a result of this legislative change is vital to ensure the smooth and successful management of a claim.

## Automobile Losses

Although driving while under the influence of cannabis is illegal as it slows one’s reaction time and will increase one’s chances of being in a collision (similar to alcohol), we will likely come across instances where cannabis usage is a factor in automobile accidents.

According to the National Cannabis Survey, among the cannabis users surveyed, with valid driver’s licenses, 14% said they had driven within two hours of use<sup>6</sup>. Classifying impairment in such situations has become clearer with Bill C-46 outlining cannabis induced impairment based on the level of THC (the main psychoactive compound in cannabis) found in the bloodstream within two hours of driving.

Our claims professionals are both knowledgeable and experienced in handling automobile claims and have been trained on the intricacies of legislative changes like Bill C-46, and the intricacies of drug testing to assist in their claims assessment and recommendations. Our team of automobile adjusters consist of both desktop and field adjusters to ensure proper allocation of claim assignments and a smooth and efficient claims process.

## Commercial Losses

Organizations that legally grow, process, package and sell cannabis plants and cannabis products can be subject to risk and losses associated with their business such as damage to or theft of property (including living plants, materials and finished products) and/or breakdown of specialized equipment, business interruption losses or product liability, similar to any other type of business, although the nature of their losses may be slightly more unique.

From a landlord/tenant standpoint, there could be potential matters that come across when grow-ops are developed in rented or leased property outside of the knowledge of the landlord which can result in damage to the property or be at risk of theft.

Crawford Global Technical Services (GTS®), division has some of the finest and most experienced property (residential/commercial/tenanted), liability and business interruption claims professionals in the industry that have handled an array of similar losses throughout their professional careers. We also have adjusters on hand who specialize in greenhouse/indoor grow operations and crop losses. Given the unique nature of certain commercial losses, coverage may touch on multiple insurance policies. Having a seasoned adjuster that is able to navigate through the intricacies of multiple insurance policies is vital in order to properly identify coverage and assist in claims settlement. Our GTS adjusters possess such expertise and are able to assist our clients’ efforts in this regard.

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<sup>6</sup> “National Cannabis Survey, first quarter 2018.” Statistics Canada. April 18, 2018. <https://www150.statcan.gc.ca/n1/daily-quotidien/180418/dq180418b-eng.htm>

# Forensic Accounting Services

For commercial, business interruption and general financial losses, Crawford's team of forensic accountants combine their accounting knowledge with investigative skills to analyze financial evidence and determine the extent of a financial loss. Crawford Forensic Accounting Services support the efforts of the adjusters, from first notification of a loss, to simplify pertinent financial documents and to quantify and present the details and extent of a financial loss. They work diligently to provide our clients with a clear understanding of the extent of a loss early on in the claim cycle, enabling them to set appropriate reserves and implement cost control strategies as needed.

# Legal Services

The cannabis industry is changing rapidly to accommodate its legalization on October 17, 2018. With unprecedented, complex issues arising from its legalization, it is paramount to have a legal team that is able to understand the impact and complexities of the cannabis market on the insurance industry as a whole to provide sound and strategic legal advice. Our client-focused approach and combined experience enables us to provide the necessary legal advice and defense work on a timely basis to ensure that our clients are well-served.

Resulting from inherent efficiencies in our work-flow model and professional acumen, our clients can realize up to a 25% reduction in file shelf-life and a 20% decrease in overall legal fees. Our strong experience in insurance-related matters enables us to effectively address the needs of our clients and provide fast and effective resolutions.

# Employee Risk Management

## Cannabis Usage in the Workplace

When managing cannabis usage in the workplace, employers are placed in an interesting position. Their position on the matter should be reflected in their workplace policies that address drug and alcohol use to assist in the management of this risk. Rules for non-medical use of cannabis in the workplace should be established, such as the prohibition of cannabis usage at work or during working hours, and may also prohibit employees from attending work and/or performing certain types of work while impaired. "Workplace rules regarding non-medical use of cannabis may be enforced through the application of the employer's progressive discipline policy."<sup>7</sup>

Employers' *duty to accommodate*, as required by provincial and federal human rights legislation, applies to disabled employees who use medical cannabis. In such circumstances, employees are to be accommodated in the same way as an employer would accommodate any other disabled employee who has been prescribed medication. Disability as a result of addiction, is subject to accommodation as well, although, the duty to accommodate is not without limits as outlined by various provincial human rights legislation.

Whether dealing with a matter of recreational or medical use of cannabis in the workplace, employers have a duty under provincially regulated occupational health and safety legislation to provide a safe work environment and to take all reasonable precautions to protect the health and safety of all employees and others in the workplace. They also have an obligation to the general public to keep them safe from hazards that are resulting from work performed by an employee who is under the influence of cannabis. It is vital for employers to develop clear policies about what is acceptable and not acceptable in terms of cannabis use and the workplace.

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<sup>7</sup> "Marijuana at Work: Six Things Employers Should Know," Go2HR. Accessed October 3, 2018. <https://www.go2hr.ca/legal/marijuana-at-work-six-things-employers-should-know>

## Health & Safety Services

Crawford's health and safety experts are knowledgeable on the obligations of employers in such instances including what actions need to be taken to ensure a safe and healthy workplace, and how to properly deal with offenders and employees in need of accommodation. In leveraging the expertise of Crawford health and safety professionals, our clients can be provided with assistance in:

- Establishing workplace policies and procedures that effectively address cannabis usage and management in the workplace (addressing both medical and recreational usage)
- Audit an employer's existing policies and practices pertaining to the matter and provide recommendations
- Provide management training on how to handle such situations

## Disability Management (Non-Occupational)

Disability claims consist of short-term, long-term or casual employee leaves as a result of an injury sustained outside of work or an illness acquired from non-work related activities. The legalization of cannabis can have an impact on the frequency, duration and management of such claims in situations when cannabis is a contributing factor to the injury or is being used for medical reasons to ease the pain or symptoms of the injury or illness. In such instances, appropriate documentation and investigation is vital in the management of workplace absences.

As your third party administrator, Crawford will proactively manage the claims and rehabilitation process to promote an early, safe and successful return to work. We have expertise in every jurisdiction and discipline across the country as well as internationally. Whether the incident is related to a workers' compensation claim, short-term disability or long-term disability claims or a casual absence, we offer assistance with:

- Individual tasks as well as end-to-end claims management and return-to-work services
- Claims intake and triage using our full service, 24/7 contact centre, CLAIMSALERT®
- Real-time data management and customized tracking and reporting capabilities
- Offered separately, or as an integrated program, Crawford's Human Risk Services can be customized to meet our clients' needs

## Workers' Compensation Claims Management (Occupational)

Workers' compensation claims pertain to work-related injuries and occupational diseases, of which the employer would be liable. In regards to such claims and cannabis usage there are two scenarios that could apply..

- 1) An employee who sustains an injury while at work uses prescribed medical cannabis to treat the pain (in place of an opioid)
- 2) Upon investigation into the circumstances surrounding an employee sustaining an injury at work, there is evidence provided of usage of cannabis by the injured employee or another employee who may have played a role in the injury taking place

These types of situations can be quite challenging for employers to deal with in general, let alone managing the workers' compensation claim component. Crawford's workers' compensation consultants are well-versed in the various stipulations laid out by each provincial workers' compensation board, as well as the intricacies of legislation applying to cannabis usage in the workplace – both in terms of medical and recreational usage, to properly address and administer such claims. With a focus on legislative compliance, cost reduction and expediting sustainable return to work of injured employees, our professionals have the knowledge and experience to provide efficient and reliable service.





# Crawford & Company<sup>®</sup>

One of the world's largest independent providers of claims management and risk management solutions. We offer knowledge, experience, innovation, financial strength and stability, and integrity.

With Crawford, the solution is within your reach.

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