

CITY OF COALINGA

INSURANCE REQUIREMENTS FOR COMMERCIAL MARIJUANA OPERATIONS

In accordance with Section 9-5.128 of the Coalinga Municipal Code, prior to occupation or opening for business, the Business Owner of a commercial marijuana operation (“Marijuana Operation”) approved to operate in the City of Coalinga shall take out and maintain, at its own expense, the following insurance which shall at all times be maintained while the Marijuana Operation is occupied or otherwise open for business. All insurance shall be placed with insurance companies that are licensed to conduct business in the State of California and are rated at a minimum with an "A" by A.M. Best Company.

a. Minimum Limits of Insurance. The Business Owner shall maintain limits no less than:

(i) General Liability Insurance (including operations, products and completed operations coverages) in an amount not less than \$1,000,000 per occurrence for bodily injury, personal injury and property damage. If Commercial General Liability insurance or other form with a general aggregate limit is used, either the general aggregate limit shall apply separately to this project/location or the general aggregate limit shall be twice the required occurrence limit.

If the Business Owner maintains higher limits than the minimums shown above, the City shall be entitled to coverage at the higher limits maintained.

b. Other Insurance Provisions. The general liability policy is to contain, or be endorsed to contain, the following provisions:

(i) The City, its officers, agents, employees, and volunteers are to be covered as insured's with respect to liability arising out of work or operations performed by or on behalf of the Business Owner in connection with the Marijuana Operation, including materials, parts or equipment furnished in connection with the Marijuana Operation. General liability coverage can be provided with two endorsement forms: 1) in the form of an additional insured endorsement to the Applicant's insurance, or as a separate owner's policy (CG 20 10 11 85 or its equivalent language) and 2) a CG 20 37 10 01 endorsement form or its equivalent language.

(ii) For any claims, the Business Owner's insurance coverage shall be primary insurance as respects the City, its officers, agents, employees, and volunteers and non-contributing to any insurance or self-insurance maintained by the City, its officers, agents, employees, or volunteers.

(iii) The insurance shall include a waiver of subrogation against the City, its officers, agents, employees, and volunteers.

(iv) Each insurance policy required by this section shall be endorsed to state that the City shall receive written notice at least thirty (30) days prior to the cancellation, non-renewal, or material modification of the coverages required herein.

(v) Products liability insurance shall also be required and shall specifically identify “cannabis” or “marijuana”, including cannabis products, as well as any manufacturing operation associated with cannabis and cannabis products, as covered. Cannabis and marijuana shall have the meaning set forth in California Business and Professions Code section 19300.5(f). Cannabis and marijuana may be used interchangeably, but shall have the same meaning. Marijuana products shall mean cannabis that has undergone a process whereby the plant material has been transformed into a concentrate, including, but not limited to, concentrated cannabis, or an edible or topical product containing cannabis or concentrated cannabis and other ingredients. No distinction shall be made between medical cannabis and recreational cannabis.

c. Evidence of Coverage. The Business Owner shall deliver to City written evidence of the above insurance coverages, including the required endorsements prior to occupation or opening for business; and the production of such written evidence shall be an express condition precedent, notwithstanding anything to the contrary in City approvals allowing the Marijuana Operation to open. City's failure, at any time, to object to the Business Owner's failure to provide the specified insurance or written evidence thereof (either as to the type or amount of such insurance), shall not be deemed a waiver of City's right to insist upon such insurance later.

d. Maintenance of Insurance. The Business Owner shall maintain all of the foregoing insurance coverages during the entire time that the Marijuana Operation is occupied or open for business. If the Business Owner fails to furnish and maintain the insurance required by this section, City may (but is not required to) purchase such insurance on behalf of the Business Owner, and the Business Owner shall pay the cost thereof to City upon demand, and City shall furnish the Business Owner with any information needed to obtain such insurance.

e. Indemnity and Defense. Except as otherwise expressly provided, the insurance requirements shall not in any way limit, in either scope or amount, the indemnity and defense obligations separately owed by the Business Owner under Section 9-5.128.