



## Cannabis

Cannabis is a complex crop. Hemp and marijuana are both derived from the cannabis plant. Hemp is commonly found in textiles, while marijuana is consumed by users in various forms. The regulatory environment for cannabis can differ based on the application, product form, city, county, state, and country.

Cannabis plants and cannabis-derived products are susceptible to various perils. Limited funding resources can make it difficult for businesses to restart interrupted operations. We have encountered perils including, but not limited to theft, looting during civil unrest, contamination, product defects and recalls, faulty growing media, shareholder disputes, employee errors & omissions, wind, hail, frost, fire, flooding, equipment failure, nutritional deficiencies, bleaching, and insect damage.

MDD's forensic accountants have the skill set to analyze claims in this unique and complex niche.

As cannabinoid and hemp products continue to enter the market, a vast array of perils awaits insurers. Many entities in the cannabis supply chain can be affected, from dispensaries, processors, cultivators, transporters, co-packers, and laboratories. Claims increase in complexity when extraction processes are involved in creating derivative products.

MDD has experience at all levels of the cannabis supply chain. In addition, we have worked on cannabis claims in markets around the globe. Our real-world experience includes working at a large-scale cannabis producer. MDD is frequently called upon to assist our clients regarding insurance and litigation matters related to hemp and marijuana businesses and products.

As a trusted advisor, MDD can:

- Inquire into the timeline of events and growing cycle notations
- Identify the grow cycle phase (germination, seedling, flowering, cultivation, drying, and

trimming) and the subsequent cost inputs for the impact products

- Evaluate planned and actual yield by strain
- Perform analysis of available product substitutes and potential mitigation
- Perform physical inventory counts and identify available inventory on hand
- Search accounting records for potential incremental costs such as added labor, re-packaging expenses, and further quality control steps
- Validate product sales values at retail or wholesale price
- Confirm the finished product form (flower, shake, edible, oil)
- Examine non-loss-related events and conditions that may have impacted actual sales during the alleged loss period
- Apply our knowledge and understanding of the regulatory environment that often plays a key role in the quantification
- Calculate damages solely attributable to the incident
- Provide expert reports and witness testimony if necessary

Finally, we provide clients with regular updates and accurate, objective, comprehensive, and easy-to-understand reports.

For help in arriving at rapid and equitable damage quantification for hemp and marijuana related claims, hire MDD.