



RICARDO LARA
CALIFORNIA INSURANCE COMMISSIONER

April 30, 2021

The Honorable Ed Perlmutter
Member, U.S. House of Representatives
1226 Longworth House Office Building
Washington, DC 20515

**RE: H.R. 1996: The Secure and Fair Enforcement (SAFE) Banking Act of 2021 –
SUPPORT**

Dear Representative Perlmutter,

I am writing in strong **SUPPORT** of your **H.R. 1996**, which would protect financial institutions, including insurance companies, serving legitimate cannabis businesses from federal government reprisal.

The cannabis industry is not the only business sector impacted by an industry that has unfairly been deemed “unbankable.” There are other business professionals such as insurance agents, brokers, and companies that support the cannabis industry and provide them with critical products and services that help eliminate the illegal cannabis market in order to protect consumers. Passage of this narrowly-tailored bill that works for businesses – small and large -- that are helping this industry flourish is crucial work that needs to be accomplished.

As Chair of the Cannabis Insurance Working Group for the National Association of Insurance Commissioners (NAIC), I've learned that this is not a partisan issue or even a regional issue. The matter of banking the cannabis industry has an impact nationwide, with operations spread across the United States and only continuing to grow. In 2020, the state-legal cannabis industry employs more than 240,000 people and, in 2019, it is estimated to have generated \$10.6 billion-\$13 billion in annual sales.¹ The NAIC published a cannabis white paper in 2019 and one of the issues discussed is the increasing need to ensure public safety with nearly non-existent banking services available to the industry as well as the impact that legal uncertainty is having on availability of insurance from admitted insurance carriers.

Simply put, this is an issue of fairness and consumer safety. Because of the absence of national banking reform that keeps pace with the federal hemp reforms and state-level regulatory, medical, and adult use reforms, many cannabis businesses struggle to obtain and maintain bank accounts. Yet, banking is a crucial element for this burgeoning industry to operate safely. Without banking

¹ Barcott, Bruce, Downs, David, and Chant, Ian (2020 February 7) “2020 Cannabis Jobs Report: Legal cannabis now supports 243,000 full-time American jobs” *Leafly*. Retrieved from <https://www.leafly.com/news/industry/243700-marijuana-jobs-how-many-in-america>; Harper, Jennifer (2020 July 16) “The grass grows greener: Annual sales of legal marijuana is \$13 billion nationwide” *The Washington Times*. Retrieved from <https://www.washingtontimes.com/news/2020/jul/16/annual-sales-of-legal-marijuana-hit-13-billion-nat/>

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services, these U.S. businesses, including some insurance companies, will continue to operate in a cash environment because of federal inaction that endangers employees and the general public across America.

For these reasons, I am in strong **SUPPORT** of your **H.R. 1996**. Please do not hesitate to contact me or Mel Michael, Deputy Legislative Director, at (916) 492-3565 if we can be of assistance.

Thank you very much for reintroducing this important landmark legislation.

Sincerely,

A handwritten signature in black ink, appearing to read "Ricardo Lara". The signature is fluid and cursive, with a prominent vertical line on the left side of the first letter.

RICARDO LARA
Insurance Commissioner, State of California

cc: Members, NAIC Cannabis Insurance Working Group