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APAC's nascent cannabis insurance market navigates a divided region as insurers face steep learning curve

JULY 30 2026 by Marcus Alcock

The fledgling market for insuring the production and distribution of cannabis-related products in APAC continues to be a difficult one to navigate, despite its huge business potential, with producers and insurers still on a learning curve, InsuranceAsia News understands.

Since legislators across several states in the United States and Canada have adopted a more liberal stance to the cultivation of the product for medicinal and recreational use in recent years, the sector has boomed.

This regulatory shift has transformed cannabis from a niche agricultural product into a sophisticated commercial industry supported by advanced cultivation technologies, research, processing facilities, and retail distribution networks.

Producers increasingly utilise climate-controlled greenhouses, automated irrigation systems, LED lighting, precision fertilisation, integrated pest management, and data analytics to optimise yields while meeting strict product quality standards.

The growth of the sector has been impressive, with recent analysis pointing to the continued expansion of the North American cannabis cultivation market, supported by increasing compound annual growth rate (CAGR) of 13.1% since 2020. This is projected to expand to US$26.5 billion by 2030 at a 12.1% CAGR.

Hand-in-hand with the growth has been a steady increase in insurance premium, with policies typically spanning general liability, product liability, commercial property, and directors and officers (D&O) coverage.

According to broker New Dawn Risk, cannabis insurance premiums in North America are significant, with the regional market now writing over US$2.1 billion in gross written premium, with such premium fluctuating in size based on regulatory compliance, risk mitigation protocols, and specific business segment.

Australian approach

Asia, by contrast, has adopted a much more cautious and tightly regulated approach to cannabis production.

Australia is leading the charge, with cannabis cultivation permitted primarily for medicinal and scientific purposes under a federal licensing and permit framework administered by the Office of Drug Control.

Businesses must demonstrate financial stability, operational security, and regulatory compliance before receiving approval to cultivate or manufacture medicinal cannabis.

According to Grand View Research, the Australian legal cannabis market is currently valued at between US$860 million and US$1 billion, with its medical cannabis sector acting as the primary growth driver, and is expanding at a CAGR of roughly 15-26%, with the market projected to exceed US$33 billion by 2033.

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Joel Pridmore, Frontier Global Underwriting

Unlike North America, however, which is now a relatively mature agricultural sector, the Australian cannabis cultivation market is still undergoing growing pains, with some operators struggling to remain commercially viable.

Last year, Sydney-based Cannim Group, an international medical cannabis company, entered voluntary administration.

the Australian cannabis cultivation sector.

“My sentiment is that anything in this space you need to treat as a biotechnology or pharmaceutical company, and that is a tricky space to underwrite. A lot of capital is required in order to commercialise and the sad truth is that a lot of companies don’t make it. There are a lot of challenges to overcome.”

Frontier Global Underwriting had launched its D&O and professional liability offering for cannabis, crypto and Web3 risks in Asia Pacific in June 2022.

Thailand clampdown

One Asian geography that does appear to be increasingly closing its doors with regard to cannabis cultivation is Thailand, which had offered great potential with indications in 2022 that it was considering making it legal for recreational use.

However, Thailand has since backtracked and is now tightening cannabis rules and restricting legal sales to medical use, effectively ending recreational cannabis sales.

According to recent proposals, retailers who wish to continue to sell medical cannabis products will have to obtain a licence and convert into approved health-focused centres, such as clinics, pharmacies, or traditional pharmacies, and staff licensed healthcare providers.

Nonetheless, despite all the teething troubles for the APAC cannabis insurance sector, it continues to be an dynamic space, according to Pridmore.

“A lot has happened in the past five years, and it will be interesting to see what happens over the next five years,” he added.

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