

DiCanio and Halprin in NYLJ: Navigating Insurance Coverage for Crypto-Related Loss

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PRACTICES Digital Assets, Blockchain and Cryptocurrency, Insurance Recovery

Haynes Boone Partners [Carrie DiCanio](#) and [Peter Halprin](#) co-authored an article for *New York Law Journal* exploring insurance coverage considerations for cryptocurrency-related losses. The article examines emerging case law involving digital assets, including disputes over crime coverage, physical loss requirements, securities classifications and valuation challenges, while offering practical guidance for policyholders seeking to mitigate risk and secure effective insurance protection.

Read an excerpt below:

Digital assets and blockchain technology are here to stay. As adoption accelerates—from decentralized finance platforms to crypto-based employee compensation—insurers are looking to provide coverage to these emerging sectors.

History, however, provides little guidance as to how claims involving cryptocurrency will be addressed as there are few decisions addressing cryptocurrency losses and the policy language is ever evolving. This article reviews typical loss scenarios, key rulings to date, and provides focused guidance for insurance of digital assets.

Cryptocurrency and Crime Coverage Bitpay, Inc. v. Massachusetts Bay Insurance Co., 315 F.R.D. 698 (N.D. Ga. 2016), provides an example of a typical crime loss scenario.

In *Bitpay*, the CFO of Bitpay, Inc., a cryptocurrency payment processing service, received an email from a fraudster presenting to be a journalist at yBitcoin.[1] The email directed the CFO to a website controlled by the fraudster wherein the CFO provided the credentials for his Bitpay corporate email account. After capturing the credentials, the fraudster used that information to hack into the CFO's Bitpay email account. The fraudster then illegally used the CFO's computer to send false authorizations to Bitpay resulting in the transfer of Bitcoin valued at \$1,850,000.

Bitpay made a claim for the loss under its commercial crime insurance policy's Computer Fraud coverage part. That coverage part stated that the insurer, Massachusetts Bay Insurance Company (MBIC), would "pay for loss of or damage to 'money... resulting directly from the use of any computer to fraudulently cause a transfer of that property from inside the 'premises' or 'banking premises' ... To a place outside those 'premises'." The policy included an endorsement, which added Bitcoin to the definition of "money."

MBIC denied coverage. It argued that the Bitcoin was not transferred from inside Bitpay's "premises" to outside the "premises," noting that the policy defined "premises" as "the interior of that portion of any building you occupy in conducting your business." MBIC asserted that, because the Bitcoins were solely held and transferred online, there was no transfer of property from inside to outside the "premises."

Although Bitpay went to court to fight the denial, the court never reached a decision as to coverage because Bitpay dismissed the complaint without prejudice during discovery (the parties may have settled the dispute)

Read the full *New York Law Journal* article [here](#).