



Consumer Advisory: Cryptocurrency and Your Homeowners Insurance

As of July 11, 2022

According to a recent survey by the Insurance Information Institute, nearly ten percent of American adults have invested in cryptocurrency since 2009. Often consumers think of Bitcoin when they think of cryptocurrency, but that category includes other forms, including Ethereum, Litecoin, Dogecoin, and many others.

Most homeowners insurance policies protect you against the loss of your personal property if your items are stolen. For example, if a thief breaks into your home and steals items such as a television or laptop, your homeowners insurance policy will generally provide coverage. But what if the thief gains access to your cryptocurrency on your stolen laptop? Or someone hacks into your computer and steals your cryptocurrency?

Your homeowners insurance may not cover such a loss. While the IRS does define cryptocurrency as personal property for income tax purposes, not all personal property is treated in the same way under a standard homeowners insurance policy. Terms and conditions vary between homeowners insurance policies. Many homeowners policies limit the amount of coverage for currency instruments, such as cryptocurrency, to \$1,000 or less while other policies may offer no coverage at all.

It is a good idea to read your homeowners policy to determine if it offers any coverage for loss of cryptocurrency. Marylanders who hold cryptocurrency may also want to consider hot storage options, such as having a commercial third party hold the currency in a digital wallet. These entities can often protect your cryptocurrency with crime or cyber insurance – insurance that is largely unavailable to individuals. Owners of cryptocurrency may also want to consider offline cold storage options, such as securing electronic devices in a theft and fire-proof safe.

If you have more questions, please reach out to your insurer or insurance producer (agent or broker) for details about your specific policy.