

Better Crypto Insurance Is Attainable Amid Regulatory Shifts

By **Walker Newell and Jacob Decker** (October 6, 2025)

The cryptocurrency industry has been around for about 15 years. For much of that time, insurance carriers have found it difficult — sometimes unpalatable — to provide well-tailored insurance to crypto companies.

This was certainly true in 2023 and 2024, when the U.S. Securities and Exchange Commission brought enforcement litigation against many of the most prominent players in crypto for allegedly transacting in unregistered securities.

However, even at that time, insurance coverage could be found for well-run crypto companies, especially those who could successfully translate and differentiate their business models, products, regulatory posture and compliance infrastructure for underwriters. Pricing, however, was high.

A lot can change in a year. Government cases against prominent crypto companies have been dismissed or resolved. Legislative and regulatory frameworks to govern the crypto industry are beginning to come into focus in some areas, with additional changes likely in the coming months and years.

Recent developments like the passage of the Genius Act and the SEC's Project Crypto initiatives suggest that the government is serious about creating a new legal regime for the digital assets and blockchain industry.

While the pace of change has been fast by government standards, the full legislative and regulatory picture will take considerable time to emerge.

In the meantime, are insurance carriers keeping up with the pace of change? And how can well-run crypto companies make sure that they are getting appropriate — and appropriately priced — insurance coverage in a fluid environment?

Crypto Insurance Market Conditions

The insurance market for crypto companies is steadily improving. Until recently, many traditional large insurance carriers were reluctant to underwrite companies with significant exposure to digital assets. Today, these traditional carriers are increasingly participating, driven in part by a wave of crypto firms preparing to go public.

As a result, public company directors and officers coverage options are generally available for well-run crypto companies with strong compliance programs. Still, complexity remains high, with underwriters carefully scrutinizing crypto companies, and pricing coverage at higher levels than seen in legacy industries.

Privately held crypto firms continue to face challenges in obtaining appropriate coverage. Typically, industry-agnostic private company D&O and errors and omissions forms offer lower pricing models and broad coverage insuring the corporate entity against a variety of



Walker Newell



Jacob Decker

risks that are typically excluded or unaddressed in public company forms.

However, unless specifically modified for crypto use cases, these forms may have exclusions that omit some of the key risks facing industry participants.

It may be possible to place tailored D&O coverages using modified public company forms, but this can require a significant financial investment that is sometimes difficult to make for earlier stage companies.

Finally, E&O and crime coverage remain highly complex in the crypto space, though underwriting attitudes are trending in a positive direction.

Securing Crypto Insurance Coverage

With regulatory clarity improving and carriers taking an increasingly constructive approach, how can crypto industry participants improve insurance coverage and pricing outcomes? Here are some simple steps that crypto finance, legal and compliance teams can take.

Understand Insurance Pricing and Coverage.

A focus on responsible cash management means that companies in all industries are focused on keeping insurance costs as low as possible — and this makes sense.

And, as discussed, the specific coverages — down to precise wording — included or excluded from a policy can make a big difference in the actual delivered value of the crypto insurance product.

A growth environment for the crypto industry is a good time for companies to evaluate coverage carefully and refine their approach to communicating with carriers.

Pay attention to what the policy covers and what it excludes. Consider key coverage enhancements mapped to the company's risk profile. Insurance policy negotiation is an iterative process.

Asking the right questions can materially enhance coverage.

Transparently Explain the Business to Insurance Carriers.

In today's crypto insurance environment, there is a premium — no pun intended — on effectively and accurately explaining a crypto company's business to underwriters. Some insurance underwriters have a significant background working with the crypto industry; others do not.

There are many blockchain-related business models and not all of them are created equal when it comes to insurance. A digital asset treasury company does not have the same risk profile as a stablecoin issuer. A legacy crypto exchange does not have the same risk profile as a startup building crypto payments rails.

While underwriters understand these broad distinctions, they will need help to better understand how the company actually operates on a day-to-day basis, how it makes money, how it interacts with retail and enterprise customers, and its road map for growth in a complex and changing industry.

These questions are most effectively answered by making senior leaders available to meet with incumbent and potential insurers on an annual basis as policies come up for renewal. These meetings should be treated similarly to meetings with investors or regulators. Prepare carefully; make senior leadership available to answer questions; be transparent and fulsome.

Transparently Explain the Crypto Company's Regulatory Posture.

Insurance carriers are focused on underwriting mostly good risks and mostly avoiding bad risks — i.e., those that will drive significant losses.

Overhang remains from prominent crypto court and regulatory matters of recent years. Also, while the federal government is moving relatively quickly, the regulatory framework for crypto companies remains unsettled and subject to change.

Under these conditions, it is important for crypto companies to explain to insurance underwriters in compelling terms how they are (1) rigorously complying with the laws on the books; (2) navigating regulatory flux and uncertainty; and (3) planning to comply with new rules as they emerge.

This is an important opportunity to show off legal, compliance and risk management leadership. If anti-money laundering and know-your-customer compliance is a key risk, feature the company's financial crime leader who has a background in traditional finance. If securities laws are a focus area for underwriters, put a spotlight on the former regulators leading the legal team.

Walker Newell is senior vice president at Woodruff-Sawyer & Co. He previously served as senior counsel at the SEC's Division of Enforcement in San Francisco.

Jacob Decker is senior vice president and director of financial institutions, and leader of the national financial institutions and digital asset resource group, at Woodruff-Sawyer.

The opinions expressed are those of the author(s) and do not necessarily reflect the views of their employer, its clients, or Portfolio Media Inc., or any of its or their respective affiliates. This article is for general information purposes and is not intended to be and should not be taken as legal advice.