

BITCOIN IS COVERED “PROPERTY” UNDER HOMEOWNER POLICY

In a case of national first impression, an Ohio court has ruled that stolen BitCoin qualifies as lost “property” under a homeowner insurance policy.

Bobby Rutter of Rutter & Russin, LLC in Cleveland represented the insured homeowner in *Kimmelman v. Wayne Insurance Group*, Franklin County Court of Common Pleas, Case No. 18-CV-1041 (Judge Charles Schneider).

The insured submitted a claim to Wayne Insurance Group for \$53,000 worth of stolen BitCoin. Wayne decided that Bitcoin was “money” and paid only the \$500 sub-limit. The insured sued and Wayne moved for judgment on the pleadings, arguing that Bitcoin was “money” and not “property” for purposes of coverage.

The court examined case law from Florida and articles from CNN, CNET, and the New York Times that described BitCoin. It found no helpful case authority and ultimately relied on Internal Revenue Service Notice 2014-21, which describes BitCoin as “virtual currency” and states: “For federal tax purposes, virtual currency is treated as property.”

The court held:

Accordingly, the Court finds BitCoin, although termed “virtual currency,” is recognized as property by the IRS and shall be recognized as such by this Court.

If the problem becomes large enough, the insurance industry will probably react to this coverage construction by defining money to include BitCoin and other types of virtual currency. But for now, coverage exists.