

Navigating Risk Management for Digital Asset Treasury Companies

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New technologies bring new business opportunities as well as risks. Right now, we're seeing this with the rise of Digital Asset Treasury (DAT) companies. Many companies are pivoting to take advantage of opportunity in the cryptocurrency space – and they need brokers to help them manage the associated risks.

WHAT ARE DIGITAL ASSET TREASURY COMPANIES?

Digital Asset Treasury companies are public companies that strategically accumulate digital assets, such as Bitcoin and other cryptocurrencies. For DATs, digital assets aren't merely a peripheral investment. Instead, cryptocurrency is a core balance sheet strategy.

Below are two common DAT models:

- Companies that adopt a **pure treasury strategy** focus on acquiring and holding a specific digital asset, such as Bitcoin as a longterm strategy reserve. To fund these purchases, they may raise capital through equity or convertible bonds. They do not generate operational revenue from these purchases but instead rely on price appreciation for returns.
- Companies that adopt a **hybrid model** use digital assets as a way to diversify. They still maintain their original operations and core business operations, and they may also hold traditional assets, such as cash and bonds. This method is popular with firms that want to test digital exposure without full commitment."

THE DAT TREND

MicroStrategy (now Strategy) kicked off the DAT trend. According to [Investopedia](#), MicroStrategy was an enterprise software firm selling business intelligence tools before it shifted to digital assets in 2020. These days, the company still provides business intelligence tools, but Bitcoin dominates both its balance sheet and its brand recognition, and it even changed its name to Strategy to reflect this shift.

Other companies have followed suit. [Galaxy](#) says DATs now hold more than \$100 billion in digital assets. Most of this value consists of Bitcoin holdings, which total more than \$93 billion. Ethereum holdings come in at a distant second, at more than \$4 billion.

WHEN COMPANIES CHANGE STRATEGIC DIRECTION

A DAT shift can require an adjustment in corporate philosophy as well as structure. Sometimes, a company will undergo a reverse merger with a private company. A new management team may come in and buy a portion of a public company, or the current management team may simply change its business model to shift from its old core business to its new digital asset treasury strategy.

Communication is key. When a company changes strategy mid-term, insurers must be informed. The company may also need higher limits to provide adequate coverage for its new and heightened D&O exposures.

These are fundamental changes that can have significant insurance implications. While a bold pivot can be a smart business move, from a risk management perspective, it may also create problems. In some cases, a small, lower revenue public company decides to shift to digital assets from something completely unrelated. Suddenly, they have a brand-new business model – and they don't always give their broker a heads up.

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THE NATURE OF DIGITAL ASSETS CREATES D&O EXPOSURES

[Barron's](#) reports that Strategy's market value fell below the value of its Bitcoin holdings in November, and investor enthusiasm for the digital asset strategy appeared to be waning amid declines in the cryptocurrency market.

Since Bitcoin's launch in 2009, cryptocurrency has minted millionaires, and its meteoric rise has attracted the attention of investors who want to get their piece of the crypto pie. However, the cryptocurrency market is also extremely volatile. Between the dizzying rises, there are dips, and no one can say for certain where the cryptocurrency market is headed next.

For DATs, the nature of the digital asset market creates D&O exposures. If a digital asset has a significant drop in value, the company value, and thus the shareholder value, could also experience major losses. Digital asset volatility can also affect the company's reserves and access to liquidity, creating additional stressors and exposures.

For instance, on December 1, a securities class action lawsuit was filed against DeFi Technologies, following the release of its third quarter financial results, showing a revenue decline of close to 20% and an adjusted 2025 revenue forecast. The lawsuit alleges that the defendants made false and/or misleading statements and/or failed to disclose information related to its arbitrage strategy and competition faced from other digital asset treasury (DAT) companies, according to [Rosen Law Firm](#).

Public companies with digital assets should pay attention, as this could be the first of many similar lawsuits to come.

Beyond volatility, the way digital assets are maintained can also pose risks, particularly if DATs do not have adequate controls in place for their wallets. For example, staking losses could occur due to actions taken by third parties, but the DATs that lose value will still experience the consequences, and corporate leaders may be accused of failing to conduct due diligence or of not providing adequate disclosures.

FUNDRAISING AND GOVERNANCE EXPOSURES

Additional D&O exposures stem from fundraising and governance actions. DATs need to raise capital to purchase digital assets, and there are a couple of ways to go about this. One option is to use an at-the-market offering, issuing additional shares in order to raise capital. Smaller or newer DATs often use private investments in public equity (PIPEs) instead. Investors purchase shares directly from the company, often at a discount. This results in a quick means of raising capital, but it can also dilute shareholder value and create future supply overhangs. When shareholder value drops due to PIPE strategies, corporate leaders may be accused of breaching their fiduciary duty. Other allegations may involve failure to provide adequate disclosure or misrepresentation.

SHIFTING REGULATORY LANDSCAPES

Amid all of the risk at the company-level, DATs have to contend with regulatory uncertainty.

The current regulatory landscape is fairly favorable. In January 2025, President Trump signed an executive order titled Strengthening American Leadership in Digital Financial Technology, indicating a shift to a pro-crypto environment. This was followed by the GENIUS Act, signed into law on July 18, 2025, which created a federal regulatory system for stablecoins. Meanwhile, the SEC has created the Crypto Task Force to provide clarity on how federal securities laws apply to the crypto asset market.

However, regulations can shift, and there are calls for tight regulations to stave off market manipulation, crime, and negative financial repercussions. In one notable example, [Reuters](#) says a global financial crime watchdog called the Financial Action Task Force has called for stronger crypto regulations.

The crypto market has only recently gone mainstream and is still evolving. New regulations could impact value as well as how companies are able to invest in and maintain digital assets, and if DATs see negative results, it could trigger D&O claims.

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HOW INSURANCE BROKERS CAN HELP DATS NAVIGATE THE PIVOT

When a company transitions to a Digital Asset Treasury (DAT) strategy, the insurance landscape can change dramatically. Renewals that were once routine can become complex as carriers reassess risk profiles. Mid-term changes—such as management turnover, balance sheet allocations to digital assets, or changes in control—can trigger a revaluation of current risk mitigation strategies and require rapid adjustments.

For brokers, these shifts benefit from proactive engagement. Early communication with carriers can help avoid surprises at renewal and to secure additional limits for heightened D&O exposures. A comprehensive marketing effort may include outreach to markets in the U.S., London, and Bermuda, coupled with underwriting calls that allow the insured to present its strategy and governance controls directly. By anticipating these challenges and positioning clients effectively, brokers can mitigate disruption and deliver continuity in coverage during a period of significant strategic change.

DAT INSURANCE AND UNCHARTED TERRITORY

The DAT insurance market remains largely uncharted, with limited precedent and evolving underwriting standards. Beyond operational and regulatory uncertainties, there is a striking lack of litigation and claims history. Without historical benchmarks, insurers face significant challenges in pricing and underwriting, often leading to caution or outright exclusions for crypto exposure.

Coverage is available but accessing it requires brokers with deep expertise in digital asset operations and strong carrier relationships. Brokers may have more successful outcomes if they can clearly articulate a client's risk controls, governance practices, and operational safeguards to underwriters. Strategic relationships with carriers actively writing these risks, combined with a nuanced understanding of best-in-class policy terms, can help position clients for positive outcomes. In a market defined by uncertainty, informed advocacy and strong carrier relationships are the broker's most powerful tools.

Do you need assistance navigating DAT insurance? Contact Tom Schaedel at RT Specialty.

HOW RT PROEXEC HELPS BROKERS DELIVER SMART DAT SOLUTIONS

If you have a client who has DAT exposure or is contemplating a significant change in their strategic direction, exposures, reach out to us.

THE RT PROEXEC ADVANTAGE

RT ProExec is a leading specialty insurance practice focused exclusively on Executive, Professional and Transactional Liability. We provide cutting-edge product knowledge, innovative placement methodologies, and exceptional service to support retail clients and their insureds.

Why should you collaborate with us?

We help our retail trading partners retain existing clients, win new prospects, and grow their portfolios. While expert assistance from a wholesale broker can provide a notable competitive advantage anytime, it is particularly crucial during disrupted markets.

RT ProExec delivers market leading scale and depth.

- Dedicated industry verticals
- Proprietary and exclusive products and enhancements
- Creative problem-solving
- Robust educational resources and services
- Claims advocacy and support

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