



Insurance Law Alert

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Nevada Supreme Court Recognizes Right to Independent Counsel

Today, the Nevada Supreme Court recognized for the first time an insured's right to independent counsel. In *State Farm Mutual Auto. Ins. Co. v. Hansen*, the Court ruled that Nevada law requires an insurer to pay for independent counsel, chosen by the insured, when an ethical conflict of interest exists between the insurer and the insured. The Court recognized that Nevada, like California, is a dual-representation state where insurer-appointed counsel represents both the insurer and the insured.

The Court ruled that a reservation of rights by an insurer does not create a per se conflict of interest, but that courts must inquire, on a case-by-case basis, whether there is an ethical conflict. The Court also held that the insurer must pay "reasonable costs" incurred by independent counsel. This is more favorable to the insured than the rate limitations imposed by California Civil Code section 2860.

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