

## **Nevada Passes Law Prohibiting Insurers from Issuing “Burning Limits” Liability Insurance Policies**

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On June 3, 2023, Nevada enacted a law prohibiting insurance companies from issuing or renewing policies of liability insurance that contain depleting limits provisions. Depleting limits provisions are commonly included within professional liability policies as a way to reduce premiums, so we expect that this new law will affect the cost and availability of such policies in Nevada.

In AB398, the legislature amended Chapter 679A of the Nevada Revised Statutes to provide as follows:

Notwithstanding any other provision of law, an insurer, including, without limitation, an insurer listed in NRS 679A.160\*, shall not issue or renew a policy of liability insurance that contains a provision that (1) reduces the limit of liability stated in the policy by the costs of defense, legal costs and fees and other expenses for claims or (2) otherwise limits the availability of coverage for the costs of defense, legal costs and fees, and other expenses for claims.

The act’s provisions do not apply to any contract for liability insurance existing on October 1, 2023, but apply to any renewal of such a contract.

\* NRS 679A.160 lists insurers that are not subject to the Nevada Insurance Code, including risk retention groups and captive insurers.

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