

AUGUST, 1997

WEST VIRGINIA INFORMATIONAL LETTER

NO. 107

**TO: ALL PROPERTY AND CASUALTY INSURANCE COMPANIES LICENSED
TO DO BUSINESS IN THE STATE OF WEST VIRGINIA**

**RE: CANADA NON-RESIDENT INTER-PROVINCE MOTOR VEHICLE
LIABILITY INSURANCE POWER OF ATTORNEY AND UNDERTAKING**

Beginning in 1964, the Canadian government has invited each foreign insurer that offers automobile insurance to submit a Canada Non-Resident Inter-Province Motor Vehicle Liability Insurance Power of Attorney and Undertaking (PAU). A PAU is a standardized legal form. By submitting a PAU, an insurer commits to the following in the event one of its insureds becomes involved in an automobile accident in Canada.

1. The insurer agrees to file an appearance in the Canadian court in which a civil action has been brought against the insured due to the insured's involvement in the accident.
2. The insurer agrees not to set up a defense to the aforementioned action which is not allowed in the jurisdiction in which the action is brought.
3. The insurer agrees to satisfy any judgment rendered in the aforementioned action to at least the amount of liability coverage required in the jurisdiction in which the action is brought.

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The insurer also empowers the superintendent of Financial Institutions for the Province of British Columbia to serve as the insurers agent for service or process in actions brought against its insureds.

Once an insured has submitted a PAU, its insureds are deemed to have adequate automobile insurance coverage for driving in Canada. Upon receiving and processing the PAU, the Canadian government will send the insurer a supply of Canadian Non-Resident Inter-Province Motor Vehicle Liability Insurance Cards, which the insurer may distribute to its insureds. Canadian police will accept this card from an insured as proof of adequate coverage. Absent such a card, an individual who is driving in Canada without motor vehicle insurance obtained from an insurer duly licensed in Canada may be fined, and/or his or her car may be impounded until he or she obtains adequate coverage.

At present, approximately 1100 American insurers have submitted PAUs to the Office of the Superintendent of Financial Institutions for the Province of British Columbia, which maintains a repository of those forms. That office, however, believes that many American insurers have yet to consider whether filing a PAU is in the best interests of the insurer and its insureds. Insurers that wish to obtain a PAU application package should contact Ms. Terri Robertson, of the Office of the Superintendent of Financial Institutions, at (604) 660-0134. Insurers that wish to obtain more information about PAUs and about Canadian motor vehicle insurance requirements should contact Ms. Linda M. Roggeveen at (604) 660-0116.

Hanley C. Clark
Insurance Commissioner