

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
- COMMERCIAL LIST**

**IN THE MATTER OF  
RELIANCE INSURANCE COMPANY**

**AND IN THE MATTER OF THE  
INSURANCE COMPANIES ACT, S.C. 1991, C.47, AS AMENDED**

**AND IN THE MATTER OF THE  
WINDING-UP AND RESTRUCTURING ACT, R.S.C. 1985, C.W-11, AS AMENDED**

**B E T W E E N:**

**THE ATTORNEY GENERAL OF CANADA**

Applicant

- and -

**RELIANCE INSURANCE COMPANY**

Respondent

**NOTICE OF MOTION  
(Returnable November 22, 2004)**

KPMG Inc., liquidator (the "Liquidator") of the insurance business of Reliance Insurance Company in Canada ("Reliance (Canada)") will make a motion before the Honourable Mr. Justice Farley on November 22, 2004 at 9:30 a.m., or as soon after that time as the motion can be heard, at 393 University Avenue, Toronto.

**PROPOSED METHOD OF HEARING:** The motion is to be heard orally.

**THE MOTION IS FOR:**

1. An Order, substantially in the form attached as Schedule "A" hereto, approving the arrangements (the "RBC Arrangements") with RBC Asset Management ("RBC AM") for the purchase by Reliance (Canada) of units of four mutual funds managed by RBC AM (the "Funds") and authorizing the Liquidator to enter therein; and

2. Such further and other relief as this Honourable Court may deem just.

**THE GROUNDS FOR THE MOTION ARE:**

1. At the commencement of the liquidation, assets vested in trust with the Superintendent of Financial Institutions, as required under the *Insurance Companies Act* for Reliance (Canada)'s license, consisted of cash or near cash in the amount of approximately \$171 million. As at June 30, 2004, the cash or near cash was approximately \$155 million.
2. The Liquidator has arrangements with a custodian who held the bonds and securities in which the assets were invested. The Liquidator sold the Reliance bond portfolio and realized a gain of \$7.4 million.
3. The Liquidator has managed the assets to date but, given the amount of cash and the many years the estate will likely be open, is now of the view that it would be in the best interest of the estate that the Liquidator enter into the RBC Arrangements with RBC AM for the purchase by Reliance (Canada) of the Funds.
4. The Liquidator is of the view that the RBC Arrangements will have significant benefits for Reliance (Canada).
5. Rules 1.04, 2.03, 3.02 and 16.04 of the *Rules of Civil Procedure*.
6. Sections 33, 35, 109 and 125 of the *Winding-up and Restructuring Act*.
7. The Orders of this Honourable Court made herein on December 3, 2001 and January 30, 2002.
8. Such further and other grounds as counsel may advise and this Honourable Court permit.

**THE FOLLOWING DOCUMENTARY EVIDENCE** will be used at the hearing of the motion:

1. The Report of the Liquidator dated November 10, 2004; and
2. Such further and other material as counsel may advise and this Honourable Court permit.

November 11, 2004.

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**ONTARIO  
SUPERIOR COURT OF JUSTICE  
- COMMERCIAL LIST**

THE HONOURABLE ) MONDAY, THE 22nd DAY  
 )  
MR. JUSTICE FARLEY ) OF NOVEMBER, 2004

**IN THE MATTER OF  
RELIANCE INSURANCE COMPANY**

**AND IN THE MATTER OF THE  
*INSURANCE COMPANIES ACT, S.C. 1991, C.47, AS AMENDED***

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**B E T W E E N:**

**THE ATTORNEY GENERAL OF CANADA**

Applicant

- and -

**RELIANCE INSURANCE COMPANY**

Respondent

**ORDER**

**THIS MOTION**, brought by KPMG Inc., liquidator (the “Liquidator”) of the insurance business in Canada of Reliance Insurance Company (“Reliance (Canada)”), was heard this day at 393 University Avenue, Toronto, Ontario.

**ON READING** the Report of the Liquidator dated November 10, 2004 (the “Report”), filed, and on hearing submissions of counsel for the Liquidator, no one else appearing although properly served as appears from the proof of service, filed:

1. **THIS COURT ORDERS** that the service of the Notice of Motion and materials herein is good and sufficient service of this motion, that the motion is properly returnable before this Court and that further service thereof upon any interested party other than those parties served be and is hereby dispensed with.

2. **THIS COURT ORDERS** that the arrangements (the “RBC Arrangements”), as discussed in the Report, with RBC Asset Management (“RBC AM”) for the purchase by Reliance (Canada) of units of four mutual funds managed by RBC AM be and they are hereby approved.

3. **THIS COURT ORDERS** that the Liquidator is hereby authorized to enter into the RBC Arrangements with RBC AM.

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**ONTARIO  
SUPERIOR COURT OF JUSTICE  
- COMMERCIAL LIST**

Proceeding commenced at Toronto

**ORDER**

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**ONTARIO**  
**SUPERIOR COURT OF JUSTICE**  
**- COMMERCIAL LIST**  
Proceeding commenced at TORONTO

**NOTICE OF MOTION**

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Our File No. 01.6699  
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