

**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 June 24, 2008)**

KPMG Inc., liquidator (the "Liquidator") of the insurance business of Reliance Insurance Company in Canada ("Reliance Canada") will make a motion to this Court on Tuesday, June 24, 2008 at 9:30 a.m., or as soon after that time as the motion can be heard, at 330 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, directing the terms of a call for ordinary creditor claims in the estate of Reliance Canada.

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

THE GROUNDS FOR THE MOTION ARE:

1. This Honourable Court has recently authorized distributions on policy loss claims in this winding-up at a cumulative distribution level of 100 cents on the dollar.
2. There will be funds available to pay ordinary creditor claims. The Liquidator is aware of no ordinary creditor claims other than the potential claims of former agents and brokers of Reliance Canada, however out of caution recommends that a general call for ordinary creditor claims be made at this time.
3. Rules 1.04, 2.03 and 3.02 of the *Rules of Civil Procedure*.
4. Sections 33, 35 and 74 of the *Winding-up and Restructuring Act*.
5. 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 June 19, 2008.

June 19, 2008.

GOODMANS LLP
Barristers & Solicitors
250 Yonge Street, Suite 2400
Toronto, Ontario
M5B 2M6

Graham D. Smith\LSUC #26377D
Tel: (416) 597-4161
Fax: (416) 979-1234

Solicitors for KPMG Inc.,
Liquidator of Reliance Canada

TO: Torys
Suite 3000, Maritime Life Tower
Toronto-Dominion Centre
Toronto, Ontario
M5K 1N2

David P. Chernos
Phone: 416-865-8246
Fax: 416-865-7380

Solicitors for the Property and Casualty Insurance Compensation Corporation

AND TO: Blaney McMurtry LLP
1400 - 20 Queen Street West
Toronto, Ontario
M5H 2V3

Deborah S. Grieve
Phone: 416-593-2951
Fax: 416-593-5437

Solicitors for the Insurance Commissioner of the Commonwealth of Pennsylvania
as Liquidator of Reliance Insurance Company

AND TO: Office of the Superintendent of Financial Institutions
121 King Street West
Toronto, Ontario
M5H 3T9

Norah Love
Phone: 416-973-1102
Fax: 416-952-1662

AND TO: McMillan Binch
Barristers and Solicitors
Suite 3800
South Tower, Royal Bank Plaza
Toronto, Ontario
M5J 2J7

Dan MacDonald
Phone: 416-865-7169
Fax: 416-865-7048

Solicitors for Danieli Corus Construction Services Inc., Successor in interest to
Hoogovens Construction Services

AND TO: Alan L. Bromstein
Suite 4900, Box 438
Commerce Court West
Toronto, Ontario
M5L 1J3

Solicitor for Royal College of Dental Surgeons of Ontario

AND TO: The Colt Companies
400, 10201 Southport Road S.W.
Calgary, Alberta
T2W 4X9

Frank W.B. Morison
Phone: 403-258-8000
Fax: 403-258-5895

AND TO: McInnes Cooper
1300-1969 Upper Water Street
Purdy's Wharf II
P.O. Box 730
Halifax, Nova Scotia
B3J 2V1

Jane O'Neill
Phone: 902-425-6500
Fax: 902-425-6350

Solicitors for Secunda Marine Services Limited

Commercial List Court File No. 01-CL-4313

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

THE HONOURABLE) TUESDAY, THE 24TH DAY
JUSTICE) OF JUNE, 2008

**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**

BETWEEN:

THE ATTORNEY GENERAL OF CANADA

Applicant

- and -

RELIANCE INSURANCE COMPANY

Respondent

ORDER

THIS MOTION made by KPMG Inc., liquidator (the "Liquidator") of the insurance business in Canada of Reliance Insurance Company ("Reliance Canada"), was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the Report of the Liquidator dated June 19, 2008 (the "Report"), filed, and upon hearing the submissions of counsel for the Liquidator, no other party appearing, although properly served as appears from the proof of service, filed:

1. **THIS COURT ORDERS** that the service made of the Notice of Motion and supporting materials herein is good and sufficient notice of this motion, that this motion is properly returnable today, and that any further service or notice of the Notice of Motion and supporting materials be and the same is hereby dispensed with.
2. **THIS COURT ORDERS** that, under Section 74 of the *Winding-up and Restructuring Act*, September 30, 2008 be fixed as the last day on which ordinary creditor claimants may send in their claims, which shall be sent in in the manner set out below.
3. **THIS COURT ORDERS** that by no later than July 14, 2008 the Liquidator shall cause a letter, Notice of Claim and instruction sheet, substantially in the form attached as Schedule "A" hereto, to be (i) sent by ordinary mail to agents and brokers whom it appears from the books and records of Reliance Canada a balance may be due, at their last known address according to the books and records of Reliance Canada, and (ii) posted on the website www.relianceinsurance.ca.
4. **THIS COURT ORDERS** that by no later than July 14, 2008 the Liquidator shall cause a Notice, substantially in the form attached as Schedule "B" hereto, to be (i) published in the national edition of *The Globe & Mail* newspaper, and (ii) posted on the website www.relianceinsurance.ca.
5. **THIS COURT ORDERS** that the Liquidator shall send by ordinary mail or by fax transmission a Notice of Claim and instruction sheet, substantially in the form included in Schedule "A" attached hereto, to any person making a request for such on or before September 30, 2008, at the address or fax number provided by the person, within seven (7) business days of the request being received.
6. **THIS COURT ORDERS** that the Liquidator shall send by ordinary mail a Notice of Allowance of Claim, substantially in the form attached as Schedule "C" hereto, to those ordinary

creditor claimants having sent in claims which are admitted in whole by the Liquidator, at the address provided by the claimants in their respective Notices of Claim.

7. **THIS COURT ORDERS** that the Liquidator shall send by prepaid registered mail a Notice of Disallowance in Part or in Whole (“Disallowance Notice”), substantially in the form attached as Schedule “D” hereto, to those ordinary creditor claimants having sent in claims which are disputed by the Liquidator in whole or in part (the “Disputed Claims”), specifying that such Disputed Claims will be disallowed in whole, or will be disallowed in part and allowed in part, as the case may be, at the address provided by the claimants in their respective Notices of Claim.

8. **THIS COURT ORDERS** that any ordinary creditor claimants wishing to appeal a Disallowance Notice must serve the Liquidator with a Notice of Appeal, substantially in the form attached as Schedule “E” hereto, by prepaid ordinary mail, fax transmission or courier, within thirty (30) days from the date of the Disallowance Notice, failing which the claims of such ordinary creditor claimants shall be deemed to be disallowed and non-admissible in whole, or disallowed and non-admissible in part and allowed and admissible in part, as the case may be, in the winding-up of Reliance Canada.

9. **THIS COURT ORDERS** that this Order has no application to any claim that may be asserted by the Liquidator of Reliance Insurance Company in the winding-up of Reliance Canada.

SCHEDULE "A"

[on the Letterhead of Reliance Insurance Company – Canadian Branch, in Liquidation]

To: [●]

**Re: Ordinary Creditor Claimants of Reliance Insurance Company –
Canadian Branch, in Liquidation ("Reliance Canada")**

On December 3, 2001, the Ontario Superior Court of Justice (the "Court") ordered the winding-up of Reliance Canada and appointed KPMG Inc. as liquidator (the "Liquidator").

Please be advised that the Court has fixed **Tuesday, the 30th day of September, 2008** as the last day for ordinary creditor claimants of Reliance Canada to send in their claims. If you are aware of any claims that you may have arising from your relationship as an agent or broker, or otherwise, other than Policy Loss Claims, please complete the attached Notice of Claim form, which must be submitted by September 30, 2008.

Claims must be sent to the Liquidator at the address noted below by ordinary mail and must be postmarked no later than midnight on September 30, 2008.

Failure to submit to the Liquidator a properly completed Notice of Claim form by September 30, 2008 will result in any distributions being made without regard to any claim not submitted.

If you have questions or require a further Notice of Claim form, please see our website www.relianceinsurance.ca or make your request in writing to:

KPMG Inc., Liquidator,
Reliance Insurance Company - Canadian Branch, in Liquidation
199 Bay Street, Suite 3300
Toronto, Ontario
M5L 1B2

Attention: Ms. Janine Bradley

Tel: 416-777-8487

Fax: 416-777-3683

E-mail: jmbradley@kpmg.ca

Yours very truly,

KPMG Inc.
Liquidator of Reliance Insurance Company – Canadian Branch, in Liquidation

IN THE MATTER OF THE WINDING-UP OF THE INSURANCE BUSINESS IN CANADA OF
RELIANCE INSURANCE COMPANY ("Reliance Canada")

NOTICE OF CLAIM

(ORDINARY CREDITOR CLAIMS)

NOTE: This form is not to be used for the submission of Policy Loss Claims.

I, _____, _____, residing in _____,
(name) (relationship to Claimant) (City, town etc)

in the Province of _____, Canada,

DO HEREBY CERTIFY THAT:

1. _____ ("Claimant") has a valid claim ("Claim") in the amount of (Cdn.)
\$ _____ against Reliance Canada.

2. The **address, telephone number, fax number and authorized contact person** for the Claimant for service of any notice or other materials in respect of the Claim are:

Address: _____

Telephone Number: _____

Fax Number: _____

Contact: _____

3. Attached to this Notice of Claim is an accurate and truthful calculation of the Claim and true and accurate copies of supporting documentation establishing the Claim.

NOTE: You are required to provide a calculation of the Claim including supporting documentation, which must be attached to this Notice of Claim.

Dated at _____ this _____ day of _____, 2008.

Witness

Signature

Print Name and position with the Claimant

INSTRUCTIONS FOR COMPLETION OF NOTICE OF CLAIM

It is important that the Notice of Claim be correctly completed. The following points are set out to assist you:

- (a) The form must be completed in its entirety.
- (b) If this form is completed by some person on behalf of the Claimant, that person must state his or her authority and the capacity in which he or she is acting.
- (c) You are required to provide a calculation of the Claim and all supporting documentation.
- (d) The signature of the individual completing the form must be witnessed.
- (e) The form is not to be used for Policy Loss Claims.
- (f) You do not have to submit a form for claims for which you have been paid.
- (g) This form must be mailed to the Liquidator at the address below.

KPMG Inc., Liquidator,
Reliance Insurance Company – Canadian Branch, in Liquidation
199 Bay Street, Suite 3300
Toronto, Ontario
M5L 1B2

Attention: Ms. Janine Bradley

FAILURE TO SUBMIT A PROPERLY COMPLETED NOTICE OF CLAIM BY SEPTEMBER 30, 2008 WILL RESULT IN DISTRIBUTIONS BEING MADE WITHOUT REGARD TO THAT CLAIM.

SCHEDULE "B"

**IN THE MATTER OF THE WINDING-UP OF THE INSURANCE BUSINESS IN
CANADA OF RELIANCE INSURANCE COMPANY ("Reliance Canada")**

**NOTICE TO ORDINARY CREDITOR CLAIMANTS OF RELIANCE
CANADA**

KPMG Inc., as Liquidator of Reliance Canada, under the provisions of the *Winding-up and Restructuring Act*, hereby gives notice that the Ontario Superior Court of Justice has fixed **Tuesday, the 30th day of September, 2008** as the last day for ordinary creditor claimants of Reliance Canada to send in their claims.

**TAKE NOTE THAT FAILURE TO SEND IN A NOTICE OF CLAIM BY
SEPTEMBER 30, 2008 WILL RESULT IN DISTRIBUTIONS BEING MADE WITHOUT
REGARD TO ANY CLAIM NOT SENT IN BY THAT DATE.**

Please note that this is not a call for policy loss claims.

For further information or for a Notice of Claim form, please contact KPMG Inc. as set out below, or visit www.relianceinsurance.ca.

This Notice is being given pursuant to the Order of the Ontario Superior Court of Justice dated the 24th day of June, 2008.

KPMG Inc., Liquidator,
Reliance Insurance Company – Canadian Branch, in
Liquidation
199 Bay Street, Suite 3300
Toronto, Ontario
M5L 1B2

Attention: Ms. Janine Bradley

Fax: 416-777-3683

Tel: 416-777-8487

E-mail: jmbradley@kpmg.ca

SCHEDULE "C"

**IN THE MATTER OF THE WINDING-UP OF THE INSURANCE BUSINESS IN
CANADA OF RELIANCE INSURANCE COMPANY ("Reliance Canada")**

NOTICE OF ALLOWANCE OF CLAIM

TO: (IDENTIFY CLAIMANT)

RE: (DESCRIBE CLAIM)

(CLAIM No. _____)

TAKE NOTICE that we confirm receipt of your Notice of Claim dated _____
_____. The Liquidator has reviewed your Claim and will allow your Claim as an
ordinary creditor claim in the amount of \$ _____, as shown on your Notice of Claim.

The Liquidator will at a future date seek the authority of the Ontario Superior
Court of Justice with respect to making a distribution or distributions with respect to your Claim.

**Please keep the Liquidator advised of any change of address or contact
information.**

DATED at Toronto, this _____ day of _____, 2008.

Janine Bradley

KPMG Inc., Liquidator,
Reliance Insurance Company – Canadian Branch, in
Liquidation
199 Bay Street, Suite 3300
Toronto, Ontario
M5L 1B2

Tel: 416-777-8487

Fax: 416-777-3683

Email: jmbradley@kpmg.ca

SCHEDULE "D"

**IN THE MATTER OF THE WINDING-UP OF THE INSURANCE BUSINESS IN
CANADA OF RELIANCE INSURANCE COMPANY ("Reliance Canada")**

NOTICE OF DISALLOWANCE OF CLAIM IN PART OR IN WHOLE

TO: (IDENTIFY CLAIMANT)

RE: (DESCRIBE CLAIM)

(CLAIM NO. _____)

TAKE NOTICE that we confirm receipt of your Notice of Claim dated _____ . The Liquidator has reviewed your Claim and allows your Claim (in part in the amount of \$ _____, and disallows your Claim in part in the amount of \$ _____ /disallows your Claim in whole).

AND FURTHER TAKE NOTICE THAT if you are dissatisfied with the Liquidator's decision in respect of your Claim, you must serve the Liquidator by prepaid ordinary mail, fax transmission or courier, at the address or fax number below, with a properly completed Notice of Appeal in the form attached hereto, **within thirty (30) days of the date hereof**, with any further support for your Claim and setting out the reasons for disputing the decision of the Liquidator.

If no Notice of Appeal is served on the Liquidator within thirty (30) days of the date hereof, then this Notice of Disallowance in part or in whole will be deemed final and conclusive and the Liquidator shall conduct the liquidation and distribute the assets of Reliance Canada or any part thereof among the persons entitled thereto without regard to your Claim, if disallowed in whole, or without regard to the disallowed part of your Claim, as the case may be.

This notice is being served pursuant to the *Winding-up and Restructuring Act* and to the Order of the Ontario Superior Court of Justice dated the 24th day of June, 2008.

DATED at Toronto, this day of , 2008.

Janine Bradley

KPMG Inc., Liquidator,
Reliance Insurance Company – Canadian Branch, in
Liquidation
199 Bay Street, Suite 3300
Toronto, Ontario
M5L 1B2

Fax: 416-777-3683

SCHEDULE "E"

IN THE MATTER OF THE WINDING-UP OF THE INSURANCE BUSINESS IN CANADA OF RELIANCE INSURANCE COMPANY ("Reliance Canada")

NOTICE OF APPEAL OF DISALLOWANCE OF CLAIM

TO: KPMG INC., LIQUIDATOR OF RELIANCE CANADA

FROM: _____

[IDENTIFY CLAIMANT AND FULL CONTACT INFORMATION]

RE: _____ [INSERT CLAIM NUMBER PROVIDED ON THE NOTICE OF DISALLOWANCE IN PART OR IN WHOLE]]

The Claimant herein disputes the Notice of Disallowance of Claim dated the
day of _____, 2008.

REASONS FOR APPEAL FROM DISALLOWANCE OF CLAIM

The Claimant disputes the Notice of Disallowance of Claim for the reasons set out on Appendix "A":

[You must attach an Appendix "A" setting out the reasons for the dispute.]

In support of this appeal, the Claimant submits the evidence and documentation attached hereto as Appendix "B".

[You must attach evidence/documentation to support your claim as Appendix "B".]

DATED at _____ this _____ day of _____, 2008.

CLAIMANT

THE ATTORNEY GENERAL OF
CANADA

Applicant

RELIANCE INSURANCE COMPANY

and

Respondent

Commercial List Court File No: 01-CL-4313

ONTARIO
SUPERIOR COURT OF JUSTICE
- COMMERCIAL LIST

Proceeding commenced at Toronto

ORDER

GOODMANS LLP
Barristers & Solicitors
250 Yonge Street
Suite 2400, Box 24
Toronto, Ontario
M5B 2M6

Graham D. Smith - LSUC# 26377D

Tel: (416) 597-4161

Fax: (416) 979-1234

SOLICITORS FOR KPMG INC.,
LIQUIDATOR OF RELIANCE (CANADA)