

**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

**AFFIDAVIT OF GALE RUBENSTEIN**

**(Sworn August 25, 2004)**

I, GALE RUBENSTEIN, of the City of Toronto, in the Province of Ontario **MAKE OATH AND SAY AS FOLLOWS:**

1. I am a partner with the law firm of Goodmans LLP (“Goodmans”), counsel for KPMG Inc. in its capacity as liquidator (the “Liquidator”) of Reliance Insurance Company. As such, I have knowledge of the matters hereinafter deposed to, except where stated to be on information and belief and whereso stated I verily believe it to be true.
2. Attached hereto and marked as Exhibit “A” to this my Affidavit are summary invoices rendered by Goodmans to the Liquidator in respect of these proceedings for the period

October 1, 2003 to June 30, 2004 (the "Three Quarters"). Total fees of \$169,381.50 plus GST were charged by Goodmans for the Three Quarters.


3. Lawyers and staff at Goodmans have expended a total of approximately 492.4 hours in connection with this matter during the Three Quarters, allocated as outlined in the summaries of hours and average hourly rates attached hereto and marked as Exhibit "B".

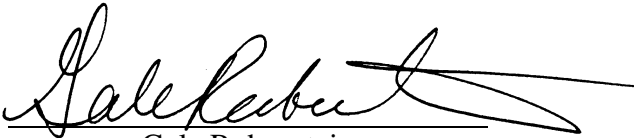
4. At the commencement of the liquidation, Goodmans agreed to a discount from its then current market rates of approximately 15% to 20%, with rates not to be increased for one year. In fact, rates were not increased for the first two years of the liquidation, but were raised by 4.79% since the last passing, effective October 1, 2003, reflecting the change in the Consumer Price Index over the two year period. The discount from current rates is approximately 20% to 40%.

5. Attached hereto and marked as Exhibit "C" is a description of the areas of concentration of each of Goodmans' personnel who dedicated more than 30 hours to the estate.

6. This Affidavit is sworn in connection with a motion by the Liquidator for, among other things, the approval of the fees and disbursements of the Liquidator and of its counsel, Goodmans, and for no improper purpose.

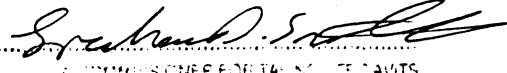
SWORN BEFORE ME at the City of  
Toronto, in the Province of Ontario on  
*August 25*, 2004.

  
Commissioner for taking affidavits

  
Gale Rubenstein

# GOODMANS

This is Exhibit "A" referred to in the  
affidavit of GALE RUBENSTEIN  
dated 24<sup>th</sup> August 2004



COMMISSIONER FOR TAXATION  
KPMG Inc.  
Suite 3300, Commerce Court West  
Stn. Commerce Court  
Toronto, Ontario  
M5L 1B2

Attention: Robert O. Sanderson

250 YONGE STREET  
SUITE 2400  
TORONTO, ONTARIO  
CANADA M5B 2M6  
TEL: 416.979.2211  
FAX: 416.979.1234  
www.goodmans.ca

January 31, 2004

OUR FILE NO. KPMG/016699

Re: Reliance Insurance Company, in Liquidation ("Reliance")

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**TO OUR PROFESSIONAL SERVICES RENDERED** in connection with the above-noted matter for the period October 1, 2003 to December 31, 2003, including the following:

Attendances with respect to claims and liabilities issues, including applications for leave to proceed, liaison and communications with adjusters, defence counsel and plaintiffs' counsel, providing advice on settlement of various claims and preparation of settlement documents, and review of various pleadings;

Attendances with respect to reinsurance issues, including collection of reinsurance proceeds, preparation of trust agreement and set-off issues;

Attendances with respect to liquidation issues, including strategy, communications with various stakeholders, preparation of motion materials and attendance at Ontario Court for passing of accounts, extension of date for policy payments, payment of defence costs and Meridian payments, and fixing the exchange rate at which claims payable in foreign currency are to be converted to Canadian currency, preparation of lease agreement re new Reliance premises, issues regarding third party administrators, liaison and meeting with PACICC, auto dealers issues under the Meridian warranty program and preparation of employment contract;

Attendances with respect to U.S. issues, including U.S. claims issues, identification of non-booked claims, liaison with U.S. Liquidator and monitoring U.S. liquidation.

# GOODMANS

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<b>OUR FEE:</b>	<b>\$72,764.00</b>
<b>DISBURSEMENTS:</b>	<b>\$ 2,104.54</b>
<b>GST:</b>	<b><u>\$ 5,216.58</u></b>
<b>TOTAL:</b>	<b><u>\$80,085.12</u></b>

**GOODMANS LLP**

E. & O. E.

GOODMANS\5047069.1

July 31, 2004

KPMG Inc.  
Suite 3300, Commerce Court West  
Stn. Commerce Court  
Toronto, Ontario  
M5L 1B2

**Attention: Robert O. Sanderson**

OUR FILE NO. KPMG/016699

Re: Reliance Insurance Company, in Liquidation ("Reliance")

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**TO OUR PROFESSIONAL SERVICES RENDERED** in connection with the above-noted matter for the period April 1, 2004 to June 30, 2004, including the following:

Attendances with respect to claims and liabilities issues, including applications for leave to proceed, liaison and communications with adjusters, defence counsel and plaintiffs' counsel, advising on and preparation of settlement documents, U.S. directors and officers claims, and stay issues;

Attendances with respect to reinsurance issues, including preparation of agreement with reinsurer and U.S. Liquidator to facilitate collection of reinsurance proceeds;

Attendances with respect to liquidation issues, including preparation of motion materials and attendance at Ontario Court re extension of dates for policy payments, payment of defence costs and Meridian payments and payment of claims in foreign currency, privacy issues, securities and investment issues, license and premium tax issues, and liaison with inspectors;

Attendances with respect to U.S. issues, including communications with U.S. Liquidator.

**OUR FEE:** \$55,796.00

**DISBURSEMENTS:** \$ 751.05

**GST:** \$ 3,950.61

**TOTAL:** **\$60,497.66**

**GOODMANS LLP**

E. & O. E.

GOODMANS\5047090.1

April 30, 2004

KPMG Inc.  
Suite 3300, Commerce Court West  
Stn. Commerce Court  
Toronto, Ontario  
M5L 1B2

**Attention: Robert O. Sanderson**

OUR FILE NO. KPMG/016699

Re: Reliance Insurance Company, in Liquidation ("Reliance")

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**TO OUR PROFESSIONAL SERVICES RENDERED** in connection with the above-noted matter for the period January 1, 2004 to March 31, 2004, including the following:

Attendances with respect to claims and liabilities issues, including applications for leave to proceed, liaison and communications with adjusters, defence counsel and plaintiffs' counsel, review and preparation of settlement documents, review of third party action against Reliance, contingent claims issues and issues relating to Section 71 of the *Winding-Up and Restructuring Act*;

Attendances with respect to reinsurance issues, including collection of reinsurance proceeds and attendances re various agreements among reinsurers and Canadian and U.S. Liquidators;

Attendances with respect to liquidation issues including strategy, currency issues, privacy issues and documentation, third party administrator issues, distribution issues, and review of maternity leave and employee benefits issues.

<b>OUR FEE:</b>	\$40,821.50
<b>DISBURSEMENTS:</b>	\$ 846.08
<b>GST:</b>	<u>\$ 2,909.04</u>
<b>TOTAL:</b>	<b><u>\$44,576.62</u></b>

**GOODMANS LLP**

E. & O. E.

GOODMANS\5047083.1

**RELIANCE INSURANCE COMPANY**  
**(in liquidation)**

**LISTING OF GOODMAN'S LLP PERSONNEL  
HOURS AND AVERAGE HOURLY RATE  
THREE MONTH PERIOD ENDED DECEMBER 31, 2003**

is Exhibit "B" referred to in the  
affidavit of GALE RUBENSTEIN  
sworn before me on 2<sup>nd</sup> 5<sup>th</sup>  
day of August 2004  
Graham A. Smith  
A STATE BAR LICENSE FOR THE STATE OF CALIFORNIA

<u>Name</u>	<u>Rank</u>	<u>Area</u>	<u>HOURS</u>	<u>AVG. HRLY RATE</u>
Rubenstein, Gale	Partner	Insolvency	67.90	\$505
Smith, Graham	Partner	Litigation	41.90	\$425
Paquette, Fanny	Sr. Clk	Insolvency	77.50	\$165
Individuals with less than 30 hours			49.20	\$185
			<u>236.50</u>	<u>\$325</u>

**RELIANCE INSURANCE COMPANY**  
**(in liquidation)**

**LISTING OF GOODMAN'S LLP PERSONNEL**  
**HOURS AND AVERAGE HOURLY RATE**  
**THREE MONTH PERIOD ENDED MARCH 31, 2004**

<u>Name</u>	<u>Rank</u>	<u>Area</u>	<u>HOURS</u>	<u>AVG. HRLY RATE</u>
Rubenstein, Gale	Partner	Insolvency	32.30	\$505
Smith, Graham	Partner	Litigation	30.70	\$425
Individuals with less than 30 hours			50.50	\$227
			<u>113.50</u>	<u>\$360</u>



**RELIANCE INSURANCE COMPANY**  
**(in liquidation)**

**LISTING OF GOODMAN'S LLP PERSONNEL**  
**HOURS AND AVERAGE HOURLY RATE**  
**THREE MONTH PERIOD ENDED JUNE 30, 2004**

<u>Name</u>	<u>Rank</u>	<u>Area</u>	<u>HOURS</u>	<u>AVG. HRLY RATE</u>
Rubenstein, Gale	Partner	Insolvency	45.90	\$505
Smith, Graham	Partner	Litigation	48.60	\$425
Individuals with less than 30 hours			47.90	\$250
			<u>142.40</u>	<u>\$392</u>

**GOODMANS LLP**

OFFICE OF THE SUPERVISOR OF FINANCIAL INSTITUTIONS  
OFFICE OF GALE RUBENSTEIN  
SWORN DEPOSED TO: <sup>5~~TH~~</sup> 24~~TH~~  
Day of August 2004  
*Graham Smith*  
A COMMISSIONER FOR TAKING AFFIDAVITS

**GENERAL LIQUIDATION RESPONSIBILITY**

**GALE RUBENSTEIN** is a partner in the insolvency area. She oversees all legal matters and is involved in all major areas of the liquidation. Her particular areas of concentration during the Three Quarters included strategy issues, communications with various stakeholders, including certain policyholders and PACICC, and with the U.S. Liquidator. She advised with respect to claims and liabilities issues, reinsurance issues, U.S. issues, distribution issues, issues relating to the passing of accounts, auto dealers issues under the Meridian warranty program, privacy issues, currency issues, issues re extension of policy payments, payment of defence costs and Meridian payments, investment issues, and issues regarding third party administrators.

**FANNY PAQUETTE** is a senior law clerk in the insolvency area. She drafted basic court documents and prepared materials in connection with applications to the Ontario Court and attended to service of motion materials. She also had responsibility for internal accounting control and meeting the requirements of the Liquidator with respect to accounting and billings.

**LITIGATION**

**GRAHAM SMITH** is a partner in the litigation section. He provided litigation support and acted as liaison with adjusters, defence counsel and plaintiffs' counsel, acted on applications for leave to proceed, and provided advice and prepared settlement documentation on the settlement of various claims.

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

**AFFIDAVIT OF**  
**GALE RUBENSTEIN**

**Goodmans LLP**  
Barristers & Solicitors  
250 Yonge Street  
Suite 2400, Box 24  
Toronto, Ontario  
M5H 2M6

Gale Rubenstein\LSUC #17088E  
Tel: 416.979.2211  
Fax: 416.979.1234

Solicitors for KPMG Inc.,  
Liquidator of Reliance (Canada)