

**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 August 3, 2010: Call for Policy Loss Claims)**

KPMG Inc., liquidator ("Liquidator") of the insurance business of Reliance Insurance Company in Canada ("Reliance Canada") will make a motion to this Court on Tuesday, August 3, 2010 at 10:00 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 policy loss claims ("Policy Loss Claims") in the liquidation of Reliance Canada; and
2. Such further and other relief as this Honourable Court may deem just.

**THE GROUNDS FOR THE MOTION ARE:**

1. To date in the liquidation the policy liabilities of Reliance Canada have continued to be run-off in the normal course, without a call for Policy Loss Claims;
2. The Liquidator is now recommending a call for Policy Loss Claims for the following reasons:
  - The last claims-made policy of Reliance Canada had a policy period that expired March 31, 2007 (with an extended reporting period expiring May 30, 2007), and so any claims under claims-made policies can no longer be reported;
  - The long tail exposure under Reliance Canada occurrence-based policies is now at a maturity level such that the likelihood that any asserted claims or prospective or potential claims under those policies would be known to insureds has significantly increased, along with the likelihood that there would be significantly fewer future or contingent claims;
  - The Liquidator still employs experienced Reliance Canada claims personnel and other staff with significant corporate memory and understanding of the policies issued by Reliance Canada and of the types of claims that may be made under these policies pursuant to a call for claims;
  - The Liquidator is of the view that it is in the best interests of the estate to have greater certainty as to the universe of Policy Loss Claims, including knowing whether there are any claims being asserted of a future or contingent nature, or any claims at all other than those already reported to and known to Reliance Canada and the Liquidator;
  - Achieving greater certainty will assist in the determination whether to continue the run-off mode for policy liabilities or whether a claims determination process

would be appropriate, will provide data to inform the actuarial exercise of valuating the ultimate expenses and surplus in the estate, and will assist the Liquidator in determining if policy buy-backs and/or commutation of Reliance Canada's reinsurance and/or a marketing program would be in the interests of the estate and its stakeholders;

3. Rules 1.04, 2.03 and 3.02 of the *Rules of Civil Procedure*;
4. Sections 33, 35, 71 to 75 and Part III of the *Winding-up and Restructuring Act*; and
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 July 26, 2010.

July 26, 2010.

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

THE HONOURABLE ) TUESDAY, THE 3RD DAY  
JUSTICE )  
) OF AUGUST, 2010

**IN THE MATTER OF  
RELIANCE INSURANCE COMPANY**

**AND IN THE MATTER OF THE  
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**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  
(Call for Policy Loss Claims)**

**THIS MOTION** made by KPMG Inc., liquidator ("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 July 26, 2010 ("Report"), filed, and upon hearing the submissions of the lawyers 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*, December 17, 2010 is hereby fixed as the last day on or before which policyholders, insureds or other claimants with claims, whether existing, certain or uncertain, new, future, contingent, known or unknown, matured or not matured, reported or unreported, and liquidated or unliquidated, under or arising out of policies issued by Reliance Canada ("Policy Loss Claims"), may send in such claims.
3. **THIS COURT ORDERS** that, on or before August 17, 2010, the Liquidator shall cause:
  - (i) a copy of the package, substantially in the form attached as Schedule "K" to the Report, to be sent by ordinary mail to (a) the policyholders of occurrence-based policies written by Reliance Canada, other than those described in subparagraph (ii) below, and (b) the Liability Reinsureds (as defined in the Report), at the last known address of each such policyholder and Liability Reinsured as shown on the books and records of Reliance Canada;
  - (ii) a copy of the package, substantially in the form attached as Schedule "L" to the Report, to be sent by ordinary mail to the policyholders of occurrence-based

policies of Reliance Canada written through Family Underwriting Management Limited ("FUML"), as further described in the Report, at the last known address of each such policyholder as shown on the books and records of FUML;

- (iii) a copy of the package, substantially in the form attached as Schedule "M" to the Report, to be sent by ordinary mail to the brokers or managing general agents that brokered or managed insurance programs for Reliance Canada's business, at the last known address of each such broker or managing general agent as shown on the books and records of Reliance Canada; and
- (iv) a copy of the package, substantially in the form attached as Schedule "N" to the Report, to be sent by ordinary mail to the policyholders, insureds or claimants, or representatives as the case may be, with Open Claims (as defined in the Report), at the last known address of each such policyholder, insured, claimant or representative as shown on the books and records of Reliance Canada.

4. **THIS COURT ORDERS** that the Liquidator shall cause:

- (i) a notice substantially in the form of Schedule "O" to the Report (the "General (English) Publication") to be published in the national edition of *The Globe and Mail* and in *The Toronto Star* once on or before September 10, 2010 and once after September 30, 2010 but on or before November 10, 2010;
- (ii) a notice substantially in the form of Schedule "O" to the Report as translated into French (the "General (French) Publication") to be published in *La Presse* once on

or before September 10, 2010 and once after September 30, 2010 but on or before November 10, 2010

- (iii) a notice substantially in the form of Schedule "P" attached to the Report (the "FUML Publication") to be published in *The Vancouver Sun*, on or before September 10, 2010;
- (iv) the General (English) Publication, General (French) Publication and FUML Publication to be published in the *Canada Gazette* and the official Gazette of each of the Provinces, on or before November 10, 2010;
- (v) the General (English) Publication, the General (French) Publication and the FUML Publication to be posted on the website [www.relianceinsurane.ca](http://www.relianceinsurane.ca) on or before August 17, 2010;
- (vi) the General (English) Publication, General (French) Publication and the FUML Publication to be published in the *Canadian Underwriter* on or before September 15, 2010.

5. **THIS COURT ORDERS** that the Liquidator shall send by ordinary mail, e-mail or by fax transmission a copy of the General Proof of Claim Package or the FUML Proof of Claim Package, as the case may be, to anyone making a request for such on or before December 17, 2010, at the mailing address, e-mail address or fax number, as the case may be, provided by the requesting party, within seven (7) business days of the request being received by the Liquidator.

6. **THIS COURT ORDERS** that a Policy Loss Claim shall be considered to have been sent in accordance with this Order and Section 74 of the *Winding-up and Restructuring Act* only if:

- (i) the Policy Loss Claim has been sent in, by ordinary mail, on the Proof of Claim for Policy Loss Claim form ("POC") as contained in the packages above-referenced, and in accordance with the "Instructions for Completion of the Proof of Claim for Policy Loss Claim" contained therein;
- (ii) such POC has been postmarked no later than midnight, December 17, 2010; and
- (iii) the person or entity submitting such POC has either (a) received an Acknowledgment of Filing, substantially in the form attached as Schedule "Q" to the Report, within one month of sending in the POC, or (b) notified the Liquidator in writing, within 6 weeks of sending in the POC, of non-receipt of such Acknowledgment of Filing.

For greater certainty, if a person submitting a POC has not received an Acknowledgement of Filing within one month of submitting the POC to the Liquidator, and has not, within 6 weeks of submitting the POC to the Liquidator, notified the Liquidator in writing of the non-receipt of such Acknowledgment of Filing, the POC shall be deemed for all purposes not to have been sent in or filed.

7. **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.

8. **THIS COURT ORDERS** that the allowance, disallowance, appeal, and/or claims determination procedures in respect of any Policy Loss Claims that may be filed pursuant to the call for Policy Loss Claims directed by this Order shall be as determined by this Court upon further motion of the Liquidator.

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Applicant

Respondent

**ONTARIO  
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Proceeding commenced at Toronto

**ORDER  
(Call for Policy Loss Claims)**

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**THE ATTORNEY GENERAL OF CANADA**  
Applicant

**RELiance INSURANCE COMPANY**

and

Respondent

Court File No: 01-CL-4313

**ONTARIO**  
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Proceeding commenced at TORONTO

**NOTICE OF MOTION**  
**(Motion Returnable August 3, 2010:**  
**Call for Policy Loss Claims)**

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