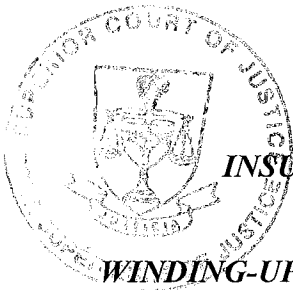


**ONTARIO  
SUPERIOR COURT OF JUSTICE  
- COMMERCIAL LIST**

THE HONOURABLE MR. ) WEDNESDAY, THE 16<sup>TH</sup> DAY  
 )  
JUSTICE CUMMING ) OF DECEMBER, 2009



**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**, brought 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 December 9, 2009 (the "Report"), the Affidavit of Gale Rubenstein sworn December 9, 2009 and the Affidavit of Elizabeth J. Murphy sworn December 9, 2009, filed, and on hearing 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 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 accounts and activities of the Liquidator for the period January 1, 2008 to September 30, 2009 (the "Period"), as reflected in the financial statements of Reliance Canada attached to the Report, be and they are hereby passed and approved as submitted.

3. **THIS COURT ORDERS** that the fees and disbursements of the Liquidator and of its counsel, Goodmans LLP, for the Period, and the fees and disbursements of Elizabeth Pillon and James Grout in their capacity as representative counsel appointed by the Order of this Court made January 29, 2009, be and they are hereby approved as submitted.

4. **THIS COURT ORDERS** that for the purposes of this Order the following terms shall have the following respective meanings:

- (a) "Over-limits Claimants" shall mean holders of (i) policy loss claims which claims were not paid in full as their policy loss claims were settled and allowed in the liquidation, (ii) ordinary creditor claims that were payable at the commencement of the liquidation, and (iii) Disputed Claims, as defined below;

- (b) “Disputed Claims” shall mean alleged policy loss claims in litigation that are ultimately determined in favour of the claimant and would, but for the liquidation, have been eligible for pre-judgment interest;
- (c) “Interim Dividend Payments” shall mean distributions authorized by this Court on policy loss claims and ordinary creditor claims;
- (d) “Authorized Policy Payments” shall mean those payments authorized by this Court on policy loss claims within certain thresholds as they were allowed and settled during the course of the liquidation.

5. **THIS COURT ORDERS** that the Liquidator is hereby authorized to pay a distribution from the estate of Reliance Canada, in payment of the interest entitlement pursuant to subsection 95(2) of the *Winding-up and Restructuring Act*, and declares that such payment is the only entitlement for post-liquidation interest pursuant to said subsection 95(2) or otherwise. The interest shall be paid on the unpaid portion of each Over-limits Claimant’s allowed claim according to the following methodology:

- (i) The interest shall be calculated from the time such claim was settled and allowed (or, (a) in the case of a Disputed Claim, from the time since the commencement of the winding-up that the Disputed Claim would have been eligible for pre-judgment interest, but for the winding-up, but not earlier than the commencement of the winding-up, and (b) in the case of an ordinary creditor claim that was already payable as of the commencement of the winding-up, from the commencement of the winding-up) until such portion was paid;

- (ii) The interest shall be simple interest at an annual rate of 5%;
- (iii) Any payments made to Over-limits Claimants by way of Interim Dividend Payments and/or Authorized Policy Payments during the course of the winding-up are allocated first toward any interest payable hereunder on the claim, and then to the principal portion of the claim.

Dec. 16, 2009 Peter A. Cumming J.

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LE / DANS LE REGISTRE NO.:

DEC 16 2009

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THE ATTORNEY GENERAL OF CANADA  
Applicant and

RELIANCE INSURANCE COMPANY  
Respondent

Court File No: 01-CL-4313

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

Proceeding commenced at Toronto

**ORDER  
(December 16, 2009)**

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Liquidator of Reliance (Canada)

File No. 016699