

APR 23 2012

ENTRUSTED



No. A952278
Vancouver Registry

THE MATTER OF THE INSURANCE COMPANIES ACT S.C. 1991, C.47

-AND-

CHANCELLOR REINSURANCE COMPANY OF CANADA

**ORDER MADE AFTER APPLICATION
(CLAIMS PROCESS ORDER)**

BEFORE)	THE HONOURABLE <i>MADAM</i>)	<i>MONDAY</i> , THE ^{23RD} 23RD
)	<i>JUSTICE GROPPER</i>)	DAY OF APRIL, 2012
))	
))	

ON THE APPLICATION WITHOUT NOTICE of KPMG Inc., Liquidator (the "Liquidator") of Chancellor Reinsurance Company of Canada coming on for hearing at The Law Courts on *Monday, the 23RD* of April, 2012; **AND ON** hearing Alan H. Brown, counsel for the Liquidator, **AND ON** having read Affidavit #1 of Mehran Farmanara made February 24, 2012; and the pleadings and proceedings had and taken herein;

THIS COURT ORDERS that:

DEFINITIONS

1. For the purposes of this Order, the following terms shall have the following meanings:
 - (a) **"Active Cedants"** means all cedants, brokers and their representatives listed in Schedule "A" to this Order;
 - (b) **"Cedant"** means a party who has reinsured its liability with Chancellor Reinsurance Company of Canada (**"Chancellor"**);
 - (c) **"Business Day"** means a day, other than a Saturday or a Sunday, on which banks are generally open for business in Vancouver, British Columbia;
 - (d) **"Claim"** shall include any right of any Person against Chancellor, in connection with any indebtedness, liability or obligation of any kind of Chancellor owed to such Person and any interest accrued thereon or costs payable in respect thereof, whether liquidated, unliquidated, fixed, contingent, matured, not matured, disputed, undisputed, legal, equitable, secured, unsecured, present, future, known or unknown, by guarantee, surety, insurance or reinsurance contract or otherwise, and whether or not such right is executory or anticipatory in nature, including the right or ability of any Person to advance a claim of contribution or indemnity or

otherwise with respect to any matter, action, cause or chose in action. Notwithstanding the foregoing, “**Claim**” means any indebtedness, liability or obligation of any kind that, if unsecured, would be a debt provable in bankruptcy within the meaning of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3.

- (e) “**Claims Bar Date**” means 5:00 p.m. (Pacific Time) on June 29, 2012;
- (f) “**Claims Package**” means the document package, which shall include a copy of this Order, the Instruction Letter, a Proof of Claim and such other materials as the Liquidator considers necessary or appropriate;
- (g) “**Claims Procedure**” means the procedures outlined in this Order in connection with the assertion of Claims against Chancellor;
- (h) “**Court**” means the Supreme Court of British Columbia;
- (i) “**Creditor**” means any Person entitled to make a Claim against Chancellor;
- (j) “**Filing Date**” means July 4, 1995;
- (k) “**Initial Order**” means the Initial Order of the Supreme Court of British Columbia made on July 5, 1995 as extended and amended from time to time;
- (l) “**Instruction Letter**” means the letter from the Liquidator regarding completion of a Proof of Claim;
- (m) “**Liquidator**” means KPMG Inc., in its capacity as the Court-appointed Liquidator of the Petitioner;
- (n) “**Notice to Creditors**” means the notice substantially in the form attached hereto as **Schedule “B”**;
- (o) “**Notice of Revision or Disallowance**” means the notice substantially in the form attached hereto as **Schedule “D”**;
- (p) “**Person**” means any individual, partnership, firm, joint venture, trust, entity, corporation, unincorporated organization, trade union, employee or other association, governmental agency, or similar entity, howsoever designated or constituted; and
- (q) “**Proof of Claim**” means the form to be completed and filed by a Creditor setting forth its Claim, which proof of claim shall be substantially in the form attached hereto as **Schedule “C”**;

APPROVAL OF CLAIMS PROCEDURE

2. The Claims Procedure is hereby approved.
3. The Liquidator, in addition to its prescribed rights and obligations under the *Insurance Companies Act* and the Initial Order, shall administer the Claims Procedure provided for

herein and is hereby directed and empowered to take such other actions and fulfill such other roles as are contemplated by this Order.

NOTICE OF CLAIMS PACKAGE

4. The Liquidator shall cause a Claims Package to be sent to all Active Cedants by ordinary mail, facsimile transmission, e-mail message or personal delivery to their most recent address showing on Chancellor's records or known to the Liquidator, by no later than April 30, 2012.
5. The Liquidator shall post this Order, the Notice to Creditors and a Proof of Claim on the Liquidator's web page at www.kpmg.com/ca/en.
6. The Liquidator shall send a Claims Package by ordinary mail to each Person requesting one, and to any other Persons who otherwise notify the Liquidator that they wish to make a claim.
7. If the Liquidator becomes aware of further Claims of Persons after the date of initial distribution, the Liquidator shall forthwith distribute the Claims Package to such Persons, but the entitlement of each Person to receive notice is abridged to the date the Claims Package is distributed to each such Person, subject to further order of the Court.
8. The sending of the Claims Package and publication of the Notice to Creditors, in accordance with the foregoing terms of this Order, shall constitute good and sufficient service of such materials to Creditors and to any other Person who may be entitled to receive notice and no other notice or service need be given or made and no other document or material need be served.

CLAIMS BAR DATE AND CLAIM DISPUTES

9. All Proofs of Claim must be delivered by ordinary mail, registered mail, courier, facsimile, e-mail message or personal delivery and be received by the Liquidator at KPMG Inc., 777 Dunsmuir Street, P.O. Box 10426, Vancouver, B.C. V7Y 1K3, Attention: Ms. Jennifer Kwok, email: jgkwok@kpmg.ca, on or before the Claims Bar Date.
10. Any Creditor that does not file a Proof of Claim as provided for in paragraph 9 of this Order on or before the Claims Bar Date, or such later date as the Liquidator may agree in writing or this Court may otherwise order:
 - (a) shall not be entitled to participate as a Creditor in these proceedings;
 - (b) shall not be entitled to any further notice in these proceedings; and
 - (c) shall be and is hereby forever barred from making or enforcing any Claim against Chancellor, and their Claim shall be forever extinguished.

11. The Liquidator is hereby authorized and directed to use reasonable discretion as to the adequacy of the compliance as to the manner in which any Proof of Claim is delivered, completed and executed and may, where it is satisfied a Claim has been adequately proven, waive strict compliance with the requirements of this Order as to completion and execution of such a form.
12. The Liquidator shall review each Proof of Claim received by the Claims Bar Date. If the Liquidator disputes the Claim for distribution purposes, the Liquidator may attempt to consensually resolve the amount of the Claim with the Creditor. The Liquidator may give notice in writing, by ordinary mail, facsimile transmission, e-mail message or personal delivery to any Claimant at the address, facsimile number or e-mail address shown on the Creditor's Proof of Claim, of the Liquidator's intention to revise or disallow the claim set out in such Proof of Claim for distribution purposes, and if revised or disallowed, the reasons therefore, by delivering to the Creditor a Notice of Revision or Disallowance, which shall be deemed to be delivered on the third Business Day after notice has been sent by the Liquidator by one of the methods aforesaid.
13. The Liquidator shall deliver a Notice of Revision or Disallowance to a Creditor whose claim is being disallowed for distribution purposes, not less than 30 days prior to the distribution of any funds to the Creditors.
14. If a Creditor receiving a Notice of Revision or Disallowance wishes to object to the Notice of Revision or Disallowance the Creditor must, within 21 days of the date of delivery of the Notice of Revision or Disallowance, file at the Courthouse, 800 Smithe Street, Vancouver, British Columbia and serve on legal counsel for the Liquidator, a Notice of Application seeking to set aside the Liquidator's Notice of Revision or Disallowance and an affidavit containing all evidence intended to be relied upon by the creditor in support thereof.
15. In the event the Liquidator receives one or more notices of objection pursuant to paragraph 15 herein, the Liquidator and the objecting Creditor or Creditors shall seek a determination of the Supreme Court of British Columbia solely on the issue of whether such Claim or Claims constitute valid claims against Chancellor, in a manner as agreed to between all such parties as directed by further order of this Court.
16. If no Notice of Application referred to in paragraph 15 herein is served upon the Petitioner's legal counsel within the 21 day period, unless such period is extended by the Liquidator, the Claim in question shall be deemed to have been revised or disallowed in accordance with the Notice of Revision or Disallowance and such shall be final and binding upon the Creditor for all purposes.
17. No proceeding shall be instituted by a Creditor to establish the validity, priority and/or amount of any disputed Claim except as provided in this Order or as the Court may subsequently direct.

GENERAL

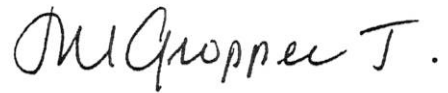
18. The Liquidator may apply to this Court for advice and directions with respect to the implementation of this Order or with respect to any other matter relating to the Claims Procedure.
19. Any party affected by this Order may apply to this Court for an alteration or variation of this Order or direction as to the implementation of this Order upon two days' notice to the Liquidator.
20. Approval of this Order as to form by counsel appearing on this application, other than counsel for the Petitioner, is hereby dispensed with.

THE FOLLOWING PARTIES APPROVE THE FORM OF THIS ORDER AND CONSENT TO EACH OF THE ORDERS, IF ANY, THAT ARE INDICATED ABOVE AS BEING BY CONSENT:



Signature of lawyer for the Liquidator
Alan H. Brown

By the Court



Registrar

