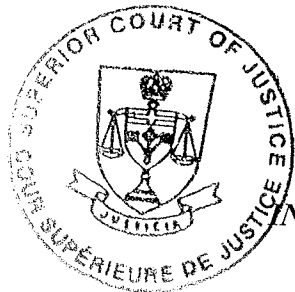


**ONTARIO
SUPERIOR COURT OF JUSTICE
- COMMERCIAL LIST**

THE HONOURABLE MR. JUSTICE)
MORAWETZ)
) FRIDAY, THE 2ND DAY
) OF MARCH, 2012



**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., the liquidator (the “Liquidator”) of the insurance business of Reliance Insurance Company in Canada (“Reliance Canada”), was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the Report of the Liquidator dated February 24, 2012, filed, and upon hearing the submissions of counsel for the Liquidator,


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 of the Notice of Motion and supporting materials be and the same is hereby dispensed with.

2. **THIS COURT ORDERS** that the Liquidator is hereby authorized to deliver to holders of policies with Reliance Canada (the "Policyholders") having loss claims under insurance policies issued by Reliance Canada (the "Policy Loss Claims"), which are disputed by the Liquidator (the "Disputed Claims"), a notice of disallowance, substantially in the form attached hereto as Schedule "A" (the "Notice of Disallowance") by prepaid ordinary mail, courier, personal delivery, facsimile or electronic mail to the address, facsimile number or e-mail address for Policyholders as may be recorded in the books and records of Reliance Canada, as set out in the Policyholder's proof of claim filed with the Liquidator, or to such other address, facsimile number or e-mail address as such Policyholder may request by notice in writing to the Liquidator.


3. **THIS COURT ORDERS** that any Policyholder wishing to appeal a Notice of Disallowance shall deliver to the Liquidator a notice of appeal, substantially in the form attached hereto as Schedule "B" (the "Notice of Appeal"), within sixty (60) days from the date of the Notice of Disallowance by prepaid ordinary mail, courier, personal delivery or facsimile to the address or fax number for the Liquidator as set out in the Notice of Appeal.

4. **THIS COURT ORDERS** that, upon receipt of a Notice of Appeal, the Liquidator may attempt to consensually resolve the amount of the Disputed Claim with the Policyholder.

5. **THIS COURT ORDERS** that if a Policyholder does not deliver a Notice of Appeal in accordance with the provisions of and timeframes provided by paragraph 3 above, then the Notice of Disallowance shall be deemed to be accepted as final and binding on the Policyholder, and the Policyholder shall be and is hereby forever barred from making or enforcing the Policy Loss Claim to the extent that it exceeds the amount, if any, accepted in the Notice of Disallowance (the "Excess Policy Loss Claim") and the Excess Policy Loss Claim shall be forever extinguished, barred and released, and the Policyholder shall be deemed to have fully and finally released and discharged the Excess Policy Loss Claim.



ENTERED AT / INSCRIT À TORONTO
ON / BOOK NO:
LE / DANS LE REGISTRE NO.:

MAR 05 2012 

SCHEDULE "A"

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

NOTICE OF DISALLOWANCE OF CLAIM

Name of Policyholder: _____

Reference #: _____

Pursuant to paragraph 2 of the Order of the Ontario Superior Court of Justice dated March 2, 2012 (the "Policy Loss Claims Order"), KPMG, Inc. in its capacity as the court-appointed liquidator (the "Liquidator") of the insurance business of Reliance Insurance Company in Canada ("Reliance Canada") hereby gives you notice that it has reviewed the Proof of Claim against Reliance Canada filed by [insert name of Policyholder] and has disallowed such claim for the reasons set out below.

Value: _____

Reasons for any disallowance:

If you do not agree with this Notice of Disallowance and you intend to dispute it, you must, **within sixty (60) days from the date of this Notice of Disallowance (as provided for in the Policy Loss Claims Order)**, deliver a Notice of Appeal to the Liquidator by prepaid ordinary mail, courier, personal delivery or facsimile transmission to the address or fax number indicated below. The form of Notice of Appeal is attached to this Notice. **If a Notice of Appeal is not delivered in accordance with this Notice and the Policy Loss Claims Order, the value of the within referenced Policy Loss Claim shall be deemed to be as set out in this Notice of Disallowance.** For your reference, a copy of the Policy Loss Claims Order can be found at: www.relianceinsurance.ca.

Address for service of Notice of Appeal:

KPMG INC., the Liquidator
of Reliance Insurance Company – Canadian Branch
333 Bay Street, Suite 4600
Toronto, Ontario M5H 2S5

Attention: Janine Bradley
Fax: 416.777.3364

IF YOU FAIL TO TAKE ACTION WITHIN THE PRESCRIBED TIME PERIOD, THIS NOTICE OF DISALLOWANCE WILL BE BINDING UPON YOU.

DATED at the City of Toronto, this _____ day of _____, 2012.

**KPMG INC., in its capacity as Liquidator of
Reliance Insurance Company – Canadian
Branch**

Per: _____

SCHEDULE "B"

File No. 01-CL-4313

**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 APPEAL OF DISALLOWANCE OF CLAIM

To: KPMG Inc., liquidator of the insurance business of Reliance Insurance Company
in Canada (the "Liquidator")

Name of Policyholder (Please print): _____

Reference #: _____

Pursuant to paragraph 3 of the Order of the Ontario Superior Court of Justice dated March 2, 2012 (the "Policy Loss Claims Order"), the Policyholder hereby notifies the Liquidator of its intention to appeal the Notice of Disallowance dated ●, 2012, issued by the Liquidator.

Reasons for Appeal (attach additional sheet and copies of all supporting documentation as applicable):

Signature of Policyholder: _____

Date: _____

Telephone Number: _____ Facsimile Number: _____

Full Mailing Address: _____

E-mail Address: _____

THIS FORM AND SUPPORTING DOCUMENTATION MUST BE RETURNED BY PREPAID ORDINARY MAIL, COURIER, PERSONAL DELIVERY OR FACSIMILE TRANSMISSION TO THE ADDRESS OR FAX NUMBER INDICATED BELOW WITHIN SIXTY (60) DAYS FROM THE DATE OF THE NOTICE OF DISALLOWANCE IN ACCORDANCE WITH THE POLICY LOSS CLAIMS ORDER.

Address for service of Notice of Appeal:

KPMG INC., the Liquidator
of Reliance Insurance Company – Canadian Branch
333 Bay Street, Suite 4600
Toronto, Ontario M5H 2S5

Attention: Janine Bradley

Fax: 416.777.3364

**THE ATTORNEY GENERAL OF
CANADA**

and RELIANCE INSURANCE COMPANY

Respondent

Applicant

Commercial List Court File No: 01-CL-4313

ONTARIO

**SUPERIOR COURT OF JUSTICE
– COMMERCIAL LIST**

Proceeding commenced at Toronto

ORDER

GOODMANS
Barristers & Solicitors
333 Bay Street, Suite 3400
Toronto, ON M5H 2S7

Gale Rubenstein\LSUC # 17088E
Cathy Costa\LSUC# 46582L

Tel: (416) 979-2211
Fax: (416) 979-1234

Lawyers for KPMG Inc., the Liquidator of
Reliance Insurance Company – Canadian Branch