

**SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**



IN THE MATTER OF
CONFEDERATION LIFE INSURANCE COMPANY

AND IN THE MATTER OF THE
INSURANCE COMPANIES ACT, S.C. 1991, AS AMENDED

AND IN THE MATTER OF THE
WINDING-UP ACT, R.S.C. 1985, C. W-11, AS AMENDED

B E T W E E N:

THE ATTORNEY GENERAL OF CANADA

Applicant

- and -

CONFEDERATION LIFE INSURANCE COMPANY

Respondent

**REPORT OF KPMG INC., THE LIQUIDATOR OF
CONFEDERATION LIFE INSURANCE COMPANY**

September 30, 1999

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**REPORT OF KPMG INC., THE LIQUIDATOR OF
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September 30, 1999

I. NATURE OF THE MOTION

1. This report is filed in support of a motion by KPMG Inc., liquidator (the “Liquidator”) of Confederation Life Insurance Company (“Confed”) for, among other things, an Order:

- (a) pursuant to section 74 of the *Winding-up and Restructuring Act*, R.S.C., c.W-10, formerly the *Winding-up Act* (references herein to the “*Winding-up Act*” are to

either Act, as appropriate) fixing a certain day or days on or within which the following shall send in their claims:

- (i) persons, wherever located, with debt or other claims against Confed in existence on August 12, 1994, whether certain or contingent, liquidated or unliquidated (the “Ordinary Creditors”), provided that such claims are not claims under policies of insurance and are not subordinated by their terms to all other indebtedness of Confed (“Subordinated Claims”); and
 - (ii) policyholders who held Confed policies on August 12, 1994, other than policyholders whose policies were issued by the United Kingdom (“U.K.”), Cuban or United States (“U.S.”) branches of Confed, who assert that the claims under their policies have not been fully satisfied or recognized through the assumption of their policies by another insurer or payments made by, or in the process of being made by, the Liquidator (the “Additional Policyholder Claims”);
- (b) directing the form and manner in which notice of the day or days so fixed shall be given by the Liquidator;
 - (c) directing the form of the proof of claim to be filed;
 - (d) directing the manner in which the proof of claim must be given to the Liquidator; and
 - (e) appointing representative counsel to represent the interests of Confed’s retired employees, their spouses and dependent children (collectively the “Confed Retirees”) who were entitled to medical benefits, dental benefits and life insurance as of August 12, 1994 (the “Retiree Benefits”).

II. BACKGROUND

A. Confederation Life Insurance Company

2. Confed was the parent of a large group of companies operating in Canada, the U.S., the U.K., Bermuda and Cuba. Confed's life insurance operations outside Canada were conducted primarily through branches rather than through subsidiaries. Approximately two-thirds of Confed's total policyholder liabilities were written through the branch in the United States.

3. At the commencement of the liquidation, the Canadian head office of Confed was located in Toronto, Ontario. Confed also maintained offices in Vancouver, British Columbia, Calgary, Alberta, London and Ottawa, Ontario, Montreal, Quebec, and Halifax and Sydney, Nova Scotia.

B. Winding-Up and Rehabilitation Proceedings

4. On August 15, 1994 this Court ordered that Confed be wound-up pursuant to the *Winding-up Act*. By further order of the same date, the Court appointed the Superintendent of Financial Institutions (the "Superintendent") provisional liquidator of Confed. The Superintendent appointed KPMG Inc. as his agent to assist in the administration of the liquidation. The liquidation was deemed to commence August 12, 1994.

5. On September 10, 1997, this Court discharged the Superintendent of Financial Institutions as provisional liquidator of Confed and appointed KPMG Inc. as permanent liquidator. The Superintendent of Financial Institutions became an Inspector of the estate.

6. On August 12, 1994, the Circuit Court for the County of Ingham, State of Michigan (the "Michigan Court"), ordered that all of Confed's businesses in the U.S., including

its U.S. branch, should cease as of August 12, 1994 and become known as “Confederation Life Insurance Company (U.S.) in Rehabilitation” (“CLIC (U.S.)”), an estate under the management, direction and control of the Commissioner of Insurance for the State of Michigan as rehabilitator (the “Rehabilitator”). By order dated October 23, 1996 and pursuant to a plan of rehabilitation approved by such order, the Michigan Court ordered that CLIC (U.S.) be wound-up and appointed the Rehabilitator as liquidator of CLIC (U.S.). For ease of reference herein, the term “Rehabilitator” refers to the Rehabilitator both in his capacity as Rehabilitator and in his capacity as liquidator of CLIC (U.S.).

III. SCHEME OF DISTRIBUTION

A. *Winding-up Act*

7. Section 161 of the *Winding-up Act* sets out the scheme of priorities in the liquidation of insurance companies:

- (a) costs of the liquidation;
- (b) preferred creditors under section 72 of the *Winding-up Act* (the claims of employees for up to three months arrears of wages);
- (c) policyholders. For purposes of this liquidation, the distinctions drawn among policyholders in this section are irrelevant;
- (d) expenses of the liquidation incurred by the Superintendent and assessed against and paid by the insurance industry (the “Industry”) under certain insurance statutes (“Assessed Expenses”); and
- (e) other creditors and policyholders of the company, as described in section 161(2).

8. The *Winding-up Act* was amended in 1996 to include a provision that holders of subordinated debt within the meaning of the *Insurance Companies Act* will only receive payment if all prior claims have been paid.

B. U.S. Settlement Agreement and CTSL Plan

9. As a result of the agreement dated June 11, 1996 reached between the Liquidator and the Rehabilitator (the “U.S. Settlement Agreement”) and the plan of compromise or arrangement under the *Companies’ Creditors Arrangement Act* (the “Plan”) with respect to Confederation Treasury Services Limited (“CTSL”) implemented on November 19, 1998, after payment of costs of liquidation and preferred creditors, the Liquidator will make distributions on the following basis:

- (a) if the Liquidator declares a distribution percentage of 100% to Canadian Policyholders (as defined in the U.S. Settlement Agreement), such portion of any remaining residue as is required to pay the claims of U.S. Policyholders (as defined in the U.S. Settlement Agreement) is payable to the Rehabilitator;
- (b) if the claims of U.S. Policyholders are paid in full, the Rehabilitator is to pay any remaining residue to the Liquidator for distribution to Canadian Policyholders until they are paid in full and, if there are funds available in the estate thereafter (the “Confed Residue”), the balance is to be distributed according to the following formula:
 - (i) the first \$20 million is payable to the Ordinary Creditors;
 - (ii) of the next \$155 million, 75% is payable to CTSL and the balance to the Ordinary Creditors;

- (iii) of any amounts in excess of \$175 million, 50% is payable to CTSL and the balance to the Ordinary Creditors until both are paid in full; and
 - (c) assuming the Subordinated Claims are subordinated to the claims of the Ordinary Creditors in accordance with the terms of their debt instruments, then the balance is payable to the Subordinated Creditors.
10. Pursuant to the Plan, CTSL has issued “Residue Certificates” to the arm’s length creditors of CTSL, being instruments evidencing an entitlement to share in the amounts payable to CTSL from the Confed Residue and any other remaining realization in the CTSL estate in proportion to the proven claims of such arm’s length creditors. Confed has no obligation to the holders of the Residue Certificates (the “Residue Certificate Holders”) in respect of the Residue Certificates. The Residue Certificates do not constitute debt obligations of Confed. Under a court approved trust indenture (the “Trust Indenture”) and the Plan, UBS Warburg Dillon Read LLC was appointed as sole representative (the “Residue Certificate Holders’ Representative”) of the Residue Certificate Holders for the purpose of liaising with the Liquidator with respect to the financial condition of the Confed estate and assisting and advising the Liquidator, as would an inspector of the Confed estate.

C. Current Status

11. In summary:
- (a) Costs of the Liquidation – The accounts of the Liquidator have been passed and approved up to March 31, 1999.
 - (b) Preferred Creditors – According to the books and records of Confed, there are no arrears of salary or wages due and unpaid to any employees as at the time of the

commencement of the winding-up order. The Liquidator will consider any such claim, if one is made.

(c) Policyholders – The Liquidator is not calling for Additional Policyholder Claims from policyholders whose policies were issued by the U.K., Cuban or U.S. branches because:

- (i) all liabilities of Confed to policyholders of the U.K. branch were dealt with through transactions with Sun Life Assurance Company of Canada which received U.K. regulatory and court approval;
- (ii) the liabilities of Confed to the Cuban branch policyholders resident in Cuba as at October 1998 were assumed by the Government of Cuba, as represented by the Superintendente de Seguros de la Republica de Cuba, pursuant to an agreement dated October 9, 1998. The Liquidator is calling for claims from those policyholders of the Cuban branch who are not resident in Cuba; and
- (iii) pursuant to the U.S. Settlement Agreement and orders of the Michigan Court and of this Court, U.S. Policyholders have been dealt with in the U.S. rehabilitation proceedings by the Rehabilitator. The Rehabilitator closed an assumption reinsurance transaction on July 15, 1999 which will result in U.S. Policyholders being paid in full.

On April 26, 1999, the Liquidator declared a distribution percentage to policyholders of 100% of the benefits to which they are entitled under the terms of their respective policies. The liabilities of Confed to policyholders of the Bermuda branch were assumed by Citicorp International Insurance Company Ltd.

pursuant to an agreement which was approved by this Court on July 25, 1995 and their benefits have now been adjusted to 100%. The liabilities to policyholders holding individual life policies were assumed by the Maritime Life Insurance Company pursuant to an agreement dated March 14, 1995 and their benefits have now been adjusted to 100%. The liabilities to the policyholders and claimants under Confed's group life and health policies have now been assumed and are being paid at 100% by The Manufacturers Life Insurance Company, other than certain claims that are currently in litigation, which remain the responsibility of the Liquidator. There are other policies which provided for periodic payments which have not yet been assumed by other carriers or, in the case of the group pension business, will remain the responsibility of the Liquidator. Policyholders who receive periodic payments are now being paid at 100% of their benefits and have received retroactive adjustments to bring past payments to the 100% level.

As a result of the above, the Liquidator believes that all policyholders have been identified and that their valid claims have been or are being appropriately satisfied. However, the Liquidator wishes to ensure both that any policyholder who believes he has an Additional Policyholder Claim has an opportunity to assert such claim and to achieve certainty in the administration of the estate and is, therefore, proposing to call for Additional Policyholder Claims.

- (d) Assessed Expenses – No Assessed Expenses have been assessed against or paid by the Industry.
- (e) Ordinary Creditors – Based on the information currently available to it, including the books and records of Confed and the Liquidator's experience in the liquidation to date, the general categories of Ordinary Creditors are:

- (i) holders of commercial paper in the approximate amount of \$200,000,000;
- (ii) former employees for various matters including claims of Confed Retirees for Retiree Benefits; and
- (iii) trade and miscellaneous creditors in the amount of approximately \$165,000,000, including claims of creditors resident in the United States.

The Liquidator is proposing to call for the claims of the Ordinary Creditors.

There is no secured debt of which the Liquidator is aware which is either material or not already being dealt with.

- (f) CTSL – Under the Plan and Trust Indenture, the quantum of payment to CTSL has been established, as has the method for making payment by the Liquidator. The Liquidator therefore does not require directions with respect to CTSL.
- (g) Subordinated Debt (“Sub Debt”) – There were two issues of subordinated bonds, one being for £100,000,000 bearing interest at 9 7/8% and due in 2003 and the other for Luxembourg Francs 1,000,000,000 bearing interest at 8 3/8% and due March 28, 2000. The Liquidator has been advised by counsel that the Sub Debt should be treated as subordinated in accordance with its terms. There is no possibility of distribution on the Sub Debt if that is the case. The Liquidator therefore does not propose to call for claims from the holders of the Sub Debt which would be an expensive process and may be prejudicial to Sub Debt holders who wish to preserve their anonymity. The Liquidator will seek a declaration from this Court as to the subordination of the Sub Debt before making a distribution that could be prejudicial to its holders.

IV. CALL FOR CLAIMS

12. Over the course of the liquidation, the Liquidator has compiled and maintained a database of parties who have advised the Liquidator that they have a claim. The Rehabilitator did extensive publishing at the time of the approval of the Plan of Rehabilitation. The Rehabilitator has provided a list of Ordinary Creditors responding to his publication and compiled from the books and records of CLIC (U.S.). The Liquidator proposes to mail by ordinary mail a proof of claim form and instruction letter substantially in the form attached as Schedule "A" to all Ordinary Creditors included in the Liquidator's database, in the books and records of Confed and those provided by the Rehabilitator, all at their last known address according to the records, by no later than October 20, 1999.

13. As at August 12, 1994, there were in excess of 300,000 Confed policyholders plus in excess of 1,000,000 members of group life and health plans. As discussed above, the Liquidator believes there are no unidentified policyholders, that all valid policyholder claims have been or are being satisfied and that, therefore, there are no Additional Policyholder Claims. Given the expense, the Liquidator is not proposing to send an individual notice to each policyholder, but simply to publish a notice. The Liquidator has been advised that there may be claims by some policyholders with respect to a matter known as "vanishing premiums". Depending on evolving circumstances, the Liquidator may require further notice directions from this Court at a later time with respect to this issue.

14. In order to notify persons who wish to assert Additional Policyholder Claims or other claims but who do not appear on Confed's books and records, or who may not receive a mailing from the Liquidator by reason of change of address or otherwise, the Liquidator proposes to publish a notice, in substantially the form attached as Schedule "B" hereto, which indicates that the Liquidator is calling for claims and informs readers that they may contact the

Liquidator to obtain a proof of claim form and instruction letter. The Liquidator proposes that the notice be published once in each of the newspapers and languages set out in Schedule "C" hereto, between the dates of October 13, 1999 and October 22, 1999, inclusive, being:

- (a) at least one newspaper in each of the cities in Canada in which Confed had an office and in two national newspapers;
- (b) those newspapers in the U.S. in which the Rehabilitator advertised, being at least one newspaper having general circulation in the capital city of each state in which Confed did business; and
- (c) The Wall Street Journal, The Financial Times of London and the Luxembourger Wort.

15. The Liquidator will send the proof of claim form and instruction letter by ordinary mail or by telecopier to any person making a request at the address or telecopier number provided by the person, within four business days of the request being received.

16. The Liquidator recommends that December 20, 1999 be fixed as the last day on which Ordinary Creditors and policyholders asserting Additional Policyholder Claims may send in their claims, after which the Liquidator may make distributions.

Retiree Benefits

17. As part of its employee compensation package, Confed provided the Confed Retirees with the Retiree Benefits. As indicated above, the Ordinary Creditors include the Confed Retirees.

18. The Liquidator sought the advice and directions of this Court with respect to, among other things, the issue of whether the claims of the Confed Retirees for the Retiree Benefits were entitled to priority in the estate of Confed. On January 13, 1995, this Court appointed Mark Zigler of the firm of Koskie Minsky as representative counsel to represent the interests of the Confed Retirees on the motion for advice and direction. Susan Rowland assisted him.

19. This Court held that the Confed Retirees' claims for Retiree Benefits ranked as ordinary creditor claims and were not entitled to priority in the estate.

20. There are approximately 600 Confed Retirees. Many are elderly and living on a fixed income. The Retiree Benefits were to continue for the lifetime of the Confed Retirees. Accordingly, the quantum of the claim will be dependent on the age of the Confed Retiree and applicable mortality assumptions. Given all of the circumstances, an individual Confed Retiree may have difficulty in preparing and proving his claim.

21. The Liquidator is of the view that the appointment of representative counsel to help the Confed Retirees prepare and prove their claims would assist the Liquidator and this Court in ensuring that the rights of the Confed Retirees were dealt with both fairly and in a cost-effective manner.

22. As noted above, Susan Rowland acted with her colleague Mark Zigler for the Confed Retirees on the initial motion for advice and directions. Ms. Rowland is also counsel to the Former Confed Employees Association (the "Association"), which was formed to represent employees and former employees of Confed following the commencement of the liquidation. Approximately 2,000 people joined the Association. The Association is managed by an executive committee with Don Woolridge as President. In addition, Ms. Rowland was appointed counsel to representatives appointed pursuant to the *Class Proceedings Act* in proceedings

related to the pension plans sponsored by Confed. Given Ms. Rowland's extensive knowledge of the liquidation proceedings and her representation of numerous former employees of Confed in connection with various claims against the estate, the Liquidator recommends that Ms. Rowland be appointed representative counsel to represent the Confed Retirees in connection with their claims for Retiree Benefits.

23. Ms. Rowland has consented to act.

24. The Liquidator further recommends that:

- (a) the representative counsel be authorized to retain actuarial advice;
- (b) the representative counsel may be required, from time to time, to have her accounts assessed on a solicitor and client basis by the Court; and
- (c) the remuneration, costs and expenses of the representative counsel be treated as part of the costs and expenses of the liquidation of Confed.

V. RELIEF SOUGHT

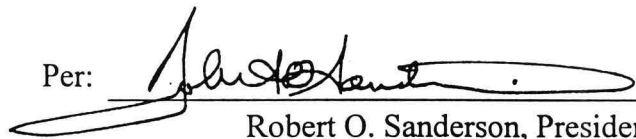
25. The Liquidator therefore seeks an Order, in substantially the form attached as Schedule "D":

- (a) pursuant to section 74 of the *Winding-up and Restructuring Act*, fixing the day or days on which Ordinary Creditors and policyholders asserting Additional Policyholder Claims are required to file proof of their claims;
- (b) directing the form and manner in which notice of the day or days so fixed shall be given by the Liquidator;
- (c) directing the form of the proof of claim to be filed;
- (d) directing the manner in which the proof of claim must be given to the Liquidator;
and
- (e) appointing Susan Rowland as representative counsel to represent the interests of the Confed Retirees with respect to the Retiree Benefits.

ALL OF WHICH IS RESPECTFULLY SUBMITTED

KPMG INC., solely in its capacity as the
Liquidator of Confederation Life Insurance
Company

Per:


Robert O. Sanderson, President

Schedule "A"

IN THE MATTER OF
CONFEDERATION LIFE INSURANCE COMPANY

AND IN THE MATTER OF THE
INSURANCE COMPANIES ACT, S.C. 1991, AS AMENDED

AND IN THE MATTER OF THE
WINDING-UP ACT, R.S.C. 1985, C. W-11, AS AMENDED

PROOF OF CLAIM OF:

(Name of Creditor – please print)

(Address of Creditor to which Notices
should be sent – please print)

I, (*name of creditor or representative of the creditor*),
of (*city and province*), do hereby certify:

1. That I am a creditor of Confederation Life Insurance Company ("Confed"), (or if a corporate entity is the creditor) that I am (*state position or title*) of (*name of creditor*).
2. That I have knowledge of all the circumstances connected with the claim referred to below.
3. That Confed was, at the date of the winding-up, namely the 12th day of August, 1994, and still is, indebted to the creditor in the sum of \$..... (the "Claim").
4. Particulars of the Claim are set forth in the statement attached hereto and marked Schedule "A". (*Attach a sheet of paper, mark as Schedule "A" and initial*).
5. That in respect of the Claim (*Check and complete appropriate category.*)

() A. **UNSECURED CLAIM OF \$.....**

That in respect of this Claim, I do not hold any assets of Confed as security and
(*Check appropriate description below.*)

**KPMG INC. ,
LIQUIDATOR OF CONFEDERATION LIFE INSURANCE COMPANY
4101 Yonge Street
Suite 500
Toronto, Ontario, Canada
M2P 1N6
Telephone No. (416) 228-2512
Fax No. (416) 323-2253**

Attention: I. George Gutfreund

Note 1 – To Confed Retirees:

A “Confed Retiree” includes Confed’s retired employees, their spouses and dependant children. “Retiree Benefits” are the medical, dental and life insurance benefits provided by Confed to Confed Retirees, resulting from its employment package. The Superior Court of Justice of Ontario has appointed Susan Rowland of the firm of Koskie Minsky as your representative counsel to assist you in proving your claim for Retiree Benefits, if you wish. She will contact you or you may reach her at 1-888-353-6661.

Note 2 – To Policyholders:

On April 26, 1999, the Liquidator declared that policyholders will receive 100% of the benefits to which they are entitled under the terms of their policies. The liabilities to policyholders of the Bermuda branch were assumed by Citicorp International Insurance Company Ltd. The liabilities to policyholders holding individual life policies were assumed by the Maritime Life Insurance Company. The liabilities to the policyholders and claimants under Confed’s group life and health policies have been assumed by the Manufacturers Life Insurance Company, other than certain claims that are currently in litigation, which remain the responsibility of the Liquidator. Policyholders who received periodic payment under their policies are now being paid at 100% of their benefits and have received retroactive adjustments to bring past payments to the 100% level. Accordingly, policyholders who are being paid as described above need not file a Proof of Claim. However, policyholders who assert that the claims under their policies have not been fully satisfied or recognized through the assumption of their policies by another insurer or payments made by, or in the process of being made by, the Liquidator should file a Proof of Claim giving full particulars of the claim, including the calculation upon which the claim is based.

If you hold a policy issued by the United Kingdom, United States or Cuban branches of Confed, you should NOT file a claim as your claim is being satisfied through another procedure.

INSTRUCTION LETTER FOR COMPLETING PROOF OF CLAIM

In order to have a valid claim in the winding up of Confederation Life Insurance Company (“Confed”), the enclosed Proof of Claim form must be properly completed and delivered to the Liquidator of Confed.

This instruction letter is provided to assist you in preparing the accompanying Proof of Claim form in a complete and accurate manner. Please specifically check each requirement.

General

- The claim must be signed personally by the individual completing it and dated.
- Creditor must state the full and complete legal name of company or firm.
- If the individual completing the Proof of Claim is not the creditor himself/herself, he/she must state his/her position or title.
- The signature of a witness is required.
- Give the complete address to which all notices or correspondence is to be forwarded.

Statement of Debt

- A detailed statement of account must be attached to the Proof of Claim and must show the date, the number and the amount of all outstanding invoices or charges; together with the date, the number and the amount of all credits or payments. A statement of account is not complete if it begins with an amount brought forward.
- The statement of account must be complete and must include supporting documents.
- The amount claimed is to be as at the date of the winding up of Confed, namely August 12, 1994.

Confed Retirees

- By order of the Court, Susan Rowland of the firm Koskie Minsky in Toronto has been appointed as representative counsel to assist Confed Retirees in proving their claims for Retiree Benefits. She will contact you or you may reach her at 1-888-353-6661.

Claim of Policyholders

- If you hold a policy issued by the United Kingdom, United States or Cuban branches of Confed, you should NOT file a claim.

- Otherwise, you should only file a claim if you believe that the claim under your policy has not been fully satisfied or recognized through the assumption of your policy by another insurer or payments made by, or in the process of being made by, the Liquidator.
- If you believe you have a claim, you must provide full details of the policy you are making a claim under together with the basis for the claim.
- State whether you are a named insured of the policy, a beneficiary under the policy, or what other basis you have for making the claim under the policy.
- State the name of any other parties who may have an interest in such policy.

Delivery of Proof of Claim to the Liquidator

- **The Proof of Claim must be properly completed and received by the Liquidator at the address set out below on or before December 20, 1999, failing which the Liquidator may distribute the assets of Confed or any part thereof among the persons entitled thereto without reference to your claim.**
- The Proof of Claim should be delivered to the Liquidator at the following address:

KPMG Inc.
Liquidator of Confederation Life Insurance Company
4101 Yonge Street, Suite 500
Toronto, Ontario, Canada
M2P 1N6
Tel. No.: (416) 228-2512
Fax No.: (416) 323-2253
Attention: I. George Gutfreund
- If there are any questions in completing this Proof of Claim, please write the Liquidator at the above address or telephone (416) 228-2512.

Schedule "B"

**IN THE MATTER OF THE WINDING-UP OF
CONFEDERATION LIFE INSURANCE COMPANY
("CONFED")**

On October [*], 1999 the Ontario Superior Court of Justice (the "Court") made an order establishing a procedure (the "Claims Procedure") whereby persons with claims against Confed may submit their claims to the Liquidator of Confed. Under the Claims Procedure, the Court-appointed Liquidator of Confed, KPMG Inc. (the "Liquidator") will mail to all claimants who register with the Liquidator in accordance with this Notice a package containing a Proof of Claim form and an Instruction Letter telling them how to complete and submit the Proof of Claim. Completed Proofs of Claim must be received in accordance with those instructions on or before December 20, 1999. **If you do not file a properly completed Proof of Claim on or before December 20, 1999 the Liquidator may distribute the assets of Confed or any part thereof among the persons entitled thereto without reference to your claim.**

If you are an employee of Confed or the spouse or dependent of such a person ("Confed Retirees") who was entitled to medical, dental and life insurance benefits as at August 12, 1994 provided by Confed to the Confed Retirees ("Retiree Benefits"), the Court has appointed Susan Rowland as representative counsel to assist you in proving your claim for Retiree Benefits, if you wish. She will contact you or you may contact her at 1-888-353-6661.

If you believe that you have a claim and you wish to receive a Proof of Claim and Instruction Letter, you must register with the Liquidator by (i) calling and leaving a message spelling your full name, mailing address and telephone number or (ii) sending a letter containing your name, address and telephone number and stating that you wish to receive a Proof of Claim, to:

KPMG Inc.
Liquidator of Confederation Life Insurance Company
4101 Yonge Street, Suite 500
Toronto, Ontario, Canada
M2P 1N6
Tel. No. (416) 228-2512
Fax No. (416) 323-2253
Attention: I. George Gutfreund

Your request for materials must be received by December 13, 1999.

If you held a Confed policy on August 12, 1994 and you believe that the claim under your policy has not been fully satisfied or recognized through the assumption of your policy by another insurer or payments made by, or in the process of being made by, the Liquidator, you must file a claim. If you held a policy issued by the U.S., the U.K. or Cuban branches of Confed you should not file a claim as your policy has been dealt with in other proceedings.

By Order of the Court.

Schedule “C”
Canadian Publications

Location		Publication	Language
British Columbia	Vancouver	Vancouver Sun	English
Alberta	Calgary	Calgary Herald	English
	Edmonton	Edmonton Journal	English
Saskatchewan	Regina	The Leader Post	English
Manitoba	Winnipeg	Free Press	English
Ontario	Ottawa	Le Droit	French
		The Citizen	English
	Toronto	Toronto Star	English
Quebec	Montreal	The Gazette	English
		La Presse	French
	Quebec	Le Soleil	French
New Brunswick	Fredericton	Daily Gleaner	English
Nova Scotia	Halifax	The Chronicle-Herald	English
Prince Edward Island	Charlottetown	The Guardian	English
Newfoundland	St. John’s	The Evening Telegram	English
National		The National Post	English
National		The Globe and Mail	English

United States Publications

STATE	NEWSPAPER
Alabama	The Montgomery Advertiser
Alaska	The Juneau Empire
Arizona	The Arizona Republic/The Phoenix Gazette
Arkansas	The Arkansas Democrat-Gazette
California	The Sacramento Bee
Colorado	The Denver Post
Connecticut	Hartford Courant
Delaware	Delaware State News
Florida	The Tallahassee Democrat
Georgia	The Marietta Daily Journal The Atlanta Journal/The Atlanta Constitution
Hawaii	The Honolulu Advertiser/The Honolulu Star-Bulletin
Idaho	The Idaho Statesman
Illinois	The State Journal-Register
Indiana	The Indianapolis Star
Iowa	The Des Moines Register
Kansas	The Topeka-Capital Journal
Kentucky	The State Journal
Louisiana	The Advocate
Maine	Kennebec Journal
Maryland	The Capital-Gazette
Massachusetts	The Boston Globe
Michigan	The Lansing State Journal
Minnesota	The St. Paul Pioneer Press
Mississippi	The Clarion-Ledger
Missouri	The Post Tribune
Montana	The Independent Record
Nebraska	The Lincoln Journal Star
Nevada	Nevada Appeal
New Hampshire	Concord Monitor
New Jersey	The Times
New Mexico	The Santa Fe New Mexican

STATE	NEWSPAPER
New York	The Albany Times Union The New York Times
North Carolina	The News and Observer
North Dakota	The Bismarck Tribune
Ohio	The Columbus Dispatch
Oklahoma	Daily/Sunday Oklahoman
Oregon	Statesman Journal
Pennsylvania	The Patriot/The Evening News
Rhode Island	The Providence Journal-Bulletin
South Carolina	The State
South Dakota	The Capital Journal
Tennessee	Nashville Banner/The Tennessean
Texas	Austin-American Statesman
Utah	The Salt Lake Tribune/Deseret News
Vermont	The Times Argus
Virginia	Richmond Times-Dispatch
Washington	The Olympian
Washington, D.C.	The Washington Post
West Virginia	Charleston Gazette/Charleston Daily Mail
Wisconsin	The Wisconsin State Journal/The Capital Times
Wyoming	Wyoming Tribune-Eagle
Puerto Rico	The San Juan Star

Other

LOCATION	NEWSPAPER
London, U.K.	The Financial Times of London
Luxembourg	The Luxembourger Wort
United States	Wall Street Journal

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**SUPERIOR COURT OF JUSTICE
- COMMERCIAL LIST**

THE HONOURABLE MR.) THURSDAY, THE 7th DAY
JUSTICE ROBERT A. BLAIR) OF OCTOBER, 1999

**IN THE MATTER OF
CONFEDERATION LIFE INSURANCE COMPANY**
**AND IN THE MATTER OF THE
INSURANCE COMPANIES ACT, S.C. 1991, AS AMENDED**
**AND IN THE MATTER OF THE
WINDING-UP ACT, R.S.C. 1985, C.W-11, AS AMENDED**

B E T W E E N:

THE ATTORNEY GENERAL OF CANADA

Applicant

- and -

CONFEDERATION LIFE INSURANCE COMPANY

Respondent

O R D E R

THIS MOTION made by KPMG Inc., the Liquidator (the "Liquidator") of Confederation Life Insurance Company ("Confed"), was heard this day at 393 University Avenue, Toronto, Ontario.

ON READING the Report of the Liquidator dated September 30, 1999 (the "Report"), filed, and upon hearing the submissions of counsel for the Liquidator, and Susan Rowland, the proposed representative counsel, 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 of the Notice of Motion and supporting materials be and the same is hereby dispensed with.

2. **THIS COURT ORDERS AND DIRECTS** that the Liquidator send by ordinary mail on or before October 20, 1999, a proof of claim and instruction sheet in substantially the form attached hereto as Schedule "A" (the "Proof of Claim") to all persons, wherever located, with debt or other claims against Confed in existence on August 12, 1994, whether certain or contingent, liquidated or unliquidated (the "Ordinary Creditors"), provided that such claims are not claims under policies of insurance and are not subordinated by their terms to all other indebtedness of Confed, at their last known address as set out in the books and records of Confed.

3. **THIS COURT ORDERS AND DIRECTS** that the Liquidator publish a notice in substantially the form attached hereto as Schedule "B" on one occasion between the dates of October 13, 1999 and October 22, 1999 inclusive, in each of the newspapers and languages set out in the attached Schedule "C".

4. **THIS COURT ORDERS AND DIRECTS** that the Liquidator send by ordinary mail or by telecopier a Proof of Claim to any person making a request, at the address or telecopier number provided by the person, within four business days of the request being received.

5. **THIS COURT ORDERS AND DIRECTS** that, in accordance with Section 74 of the *Winding-up and Restructuring Act*, December 20, 1999 be fixed as the last day on or before which Ordinary Creditors and policyholders who held Confed policies on August 12, 1994, other than policyholders whose policies were issued by the United Kingdom, Cuban or United States branches of Confed, who assert that the claims under their policies have not been fully satisfied

or recognized through the assumption of their policies by another insurer or payments made by, or in the process of being made by, the Liquidator must file their Proofs of Claim with the Liquidator.

6. **THIS COURT ORDERS** that Susan Rowland be appointed as representative counsel (the “Representative Counsel”) to represent the interests of Confed’s retired employees, their spouses and dependent children who were entitled to medical benefits, dental benefits and life insurance as of August 12, 1994 for the purposes of preparing and proving their claims in respect of such benefits.

7. **THIS COURT ORDERS** that the Representative Counsel be and is hereby authorized to retain actuarial advice.

8. **THIS COURT ORDERS** that the remuneration, costs and expenses of the Representative Counsel be treated as part of the costs and expenses of the liquidation of Confed and that the Representative Counsel may be required, from time to time, to have her accounts assessed on a solicitor and client basis by the Court.

**THE ATTORNEY GENERAL OF
CANADA**

and

**CONFEDERATION LIFE INSURANCE
COMPANY**

Commercial List Court File No: 97-BK-000543

Applicant

Respondent

**SUPERIOR COURT OF JUSTICE
– COMMERCIAL LIST**

Proceeding commenced at Toronto

ORDER

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Confederation Life Insurance Company

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