

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



THE HONOURABLE MR.) FRIDAY, THE 31ST DAY
JUSTICE R.A. BLAIR) OF JANUARY, 2003



**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***

BETWEEN:

THE ATTORNEY GENERAL OF CANADA

Applicant

- and -

CONFEDERATION LIFE INSURANCE COMPANY

Respondent

ORDER

THIS MOTION, brought by KPMG Inc., the liquidator (the “Liquidator”) of Confederation Life Insurance Company (“Confed”), was heard this day at 361 University Avenue, Toronto, Ontario.

ON READING the Report of the Liquidator dated January 24, 2003, filed, and upon hearing the submissions of counsel for the Liquidator, of counsel for Montreal Trust Company of Canada and of Parbold Overseas Investments,

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 process for giving notice to creditors and claimants of the claims the Liquidator proposes to admit as set out in paragraphs 2 through 8 of the Order of this Court dated June 20, 2000 is hereby replaced with the process set out in paragraphs 3 through 9 herein.

3. **THIS COURT ORDERS** that the Liquidator is hereby authorized to mail a letter in substantially the form attached hereto as Schedule "A" to each person who has an allowed claim in the estate of Confed or who has filed a proof of claim that has yet to be allowed, disallowed, or reduced by the Liquidator, notifying such persons of the amendment to the Admission Process.

4. **THIS COURT ORDERS** that the Liquidator is hereby authorized to post a list of the claims which it has determined ought to be admitted (the "Allowed Claims") on the Confed website on the first (1st) and fifteenth (15th) day of each month, or the first business day thereafter if those are not business days, setting out the claim number, the claimant's name, the amount claimed and the amount to be allowed.

5. **THIS COURT ORDERS** that any creditor or claimant wishing to object to any Allowed Claim (an "Objecting Creditor") shall have fourteen (14) days from the day that the Allowed Claim is posted on the website to object to any such claim by sending written notice of

the objection, including the reasons the objection is being made, to the Liquidator via e-mail through a link on the website. If any objections are received, the Liquidator shall send written notice to the creditor whose claim is being objected to (the "Subject Creditor") as soon as practicable by means of prepaid registered mail, facsimile or courier.

6. **THIS COURT ORDERS** that the Subject Creditor shall have six (6) days after receipt of notice of an objection to answer the objection in writing and to serve such answer on the Objecting Creditor and the Liquidator by means of prepaid registered mail, facsimile or courier.

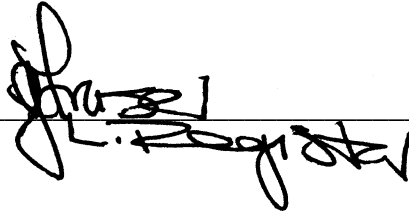
7. **THIS COURT ORDERS** that an Objecting Creditor shall have three (3) days after receipt of an answer from a Subject Creditor to reply in writing and to serve such reply on the Subject Creditor and the Liquidator by means of prepaid registered mail, facsimile or courier.

8. **THIS COURT ORDERS** that where any time period referred to in paragraphs 4 through 7 hereof expires on a day that is a Saturday, Sunday or holiday in the jurisdiction in which the Creditor required to effect service resides, service is to be effected on the next business day thereafter.

9. **THIS COURT ORDERS** that with respect to any Allowed Claim to which no objection is received within fourteen (14) days from the date such was posted on the Confed website, the Liquidator may pay such Allowed Claim as soon as practicable if such Allowed Claim does not exceed \$150,000 and no further objections may be raised to such claim by any creditors or claimants thereafter. If such Allowed Claim exceeds \$150,000, the Liquidator shall

seek approval of the Court with respect to such claim before paying it and no further objections may be raised by any creditors or claimants.

10. **THIS COURT ORDERS** that paragraphs 9 through 14 of the Order of this Court of June 20, 2000 shall continue to apply without modification.



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

JAN 31 2003

PER/PAR: *JA*

SCHEDULE "A"

[LETTERHEAD OF CONFEDERATION LIFE INSURANCE COMPANY]

[Date]

To All Ordinary Creditors/Persons who have filed claims with the Liquidator

Re: Confederation Life Insurance Company, in Liquidation

As set out in our previous correspondence to you, the Liquidator will file a Statement of Claimants and Creditors (“the Statement”) with the Office of the Superintendent of Financial Institutions in accordance with Part III of the *Winding-up Act* (now the *Winding-up and Restructuring Act*) (the “Act”). The Statement includes those persons from whom the Liquidator called for claims pursuant to the Order of the Court dated October 7, 1999 and who filed claims in response. Inclusion on the Statement with a nil amount indicates that the person’s claim has either been disallowed by the Liquidator, is still in the process of being reviewed by the Liquidator or is the subject of a dispute. The Statement has been amended from time to time as further claims have been allowed, disallowed or reduced.

The Liquidator is continuing to review claims filed in response to the call for claims against the estate of Confederation Life. That process is substantially complete but there remain outstanding claims that have yet to be reviewed and adjudicated by the Liquidator. If your claim has not yet been adjudicated, it does not mean that your claim has been or will be disallowed. You will hear from the Liquidator when your claim has been reviewed and a determination of the merits of the claim has been made. You do not need to take any further steps in the meantime.

In the past, you received mailed listings setting out claims that the Liquidator intended to recommend be approved by the Ontario Court (the “Court”). Given the current status of the estate, the Court has approved the following amended process:

1. The Liquidator will no longer mail listings out to creditors. Instead, the Liquidator will post a list of proposed allowed claims on the Confed website (www.confederationlife.com) on the first and fifteenth of each month. Persons wishing to review new allowed claims must therefore review the claims on-line.
2. Persons wishing to object to any of the proposed claims (an “Objecting Party”) will have fourteen days from the day that the proposed claim is posted on the website to object to any proposed claims by e-mailing written notice of the objection, including the reasons the objection is being made, to the Liquidator through a link on the website.

3. If objections are received, the Liquidator will send written notice to the subject creditor (the "Subject Party") as soon as practicable. Upon receipt of such notice, the Subject Party will have six days to serve a written answer to the objection on the Objecting Party and the Liquidator.
4. The Objecting Party will then have three days to serve a written reply on the Subject Party and the Liquidator.
5. If no objections are received within the relevant time periods, the Liquidator will seek approval of the Court to pay the claim if it exceeds \$150,000. For claims up to \$150,000, the Liquidator will issue payment to the creditor as soon as practicable. Once the fourteen day time period has expired, no further objections may be made.
6. Where any time period referred to in paragraphs 1 through 4 above expires on a Saturday, Sunday or holiday in the jurisdiction in which the creditor required to effect service resides, service is to be effected on the next business day thereafter.
7. Where an objection has been raised and the parties are unable to resolve the objection, the Liquidator may seek further directions from the Court or may advise the creditors in question to bring a motion to have the contestation heard by the Court. If you object to a claim and the matter is heard by the Court, you may be liable for costs. In addition, security for costs may be sought in advance of the hearing.
8. The above process will not apply to claims being adjudicated by the Court.

The address for service on the Liquidator is as follows:

KPMG Inc., Liquidator of Confederation Life Insurance Company
800 Bay Street
8th Floor
Toronto, Ontario
M5S 3A9

Facsimile No. (416) 323-2253

Attention: I. George Gutfreund

With a copy to:

Goodmans LLP
Barristers and Solicitors
Suite 2400
250 Yonge Street
Toronto, Ont.
M5B 2M6

Facsimile No. (416) 979-1234

Attention: Gale Rubenstein

Please note, the fact that you have received this letter does not mean that your claim has been admitted by the Liquidator.

Yours very truly,

CONFEDERATION LIFE INSURANCE COMPANY by
its Liquidator, KPMG Inc.

I. George Gutfreund
Vice-President, KPMG Inc.

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**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

GOODMANS LLP
Barristers & Solicitors
250 Yonge Street
Suite 2400, Box 24
Toronto, Ontario
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Gale Rubenstein\LSUC # 17088E

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

Solicitors for KPMG Inc., the Liquidator of
Confederation Life Insurance Company

CONFEDERATION LIFE INSURANCE COMPANY, IN LIQUIDATION WEBSITE LEGAL DISCLAIMER

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This Site is not an official reporter, and the Liquidator does not guarantee that all information is error free, complete, or accurate. The Site does not purport to provide complete records of all litigation and legal documentation pertaining to Confederation Life Insurance Company, in Liquidation. The Site contains no legal advice and nothing herein shall be taken, implied or construed as an offer to provide, or a provision of, legal advice. The Liquidator may change, modify, suspend, or discontinue the Site at any time without notice.

Based on the fundamental universal condition of the electronic communication process, the Liquidator does not guarantee or warrant the Site will be uninterrupted, without delay, error-free, omission-free, or free of viruses. Therefore, the information is provided "as is" without warranties of any kind, express or implied, including accuracy, timeliness and completeness. In no event shall the Liquidator, its employees, agents, consultants, legal counsel, contractors, or affiliates be liable for any direct, indirect, incidental, special, exemplary, punitive, consequential or other damages whatsoever (including, but not limited to, liability for loss of use, data or profits), without regard to the form of any action, including but not limited to contract, negligence or other tortious actions, arising out of or in connection with the Site, any content on or accessed by use of the Site, or any copying, display or other use hereof.

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The Site is controlled by the Liquidator from its offices within the Province of Ontario, Canada. By accessing the Site, you and the Liquidator agree that all matters relating to access to, or use of the Site shall be governed by the laws of the Province of Ontario and the laws of Canada applicable therein, without regard to the conflicts of laws principals thereof. You and the Liquidator also agree and hereby submit to the exclusive personal jurisdiction and venue of the courts of the Province of Ontario with respect to such matters.