



Court File No. CV-85-RE001780-0000

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

THE HONOURABLE
JUSTICE CAMPBELL

) WEDNESDAY, THE 30TH DAY
OF NOVEMBER, 2011

**IN THE MATTER OF
NORTHUMBERLAND GENERAL INSURANCE COMPANY**

**AND IN THE MATTER OF THE *CANADIAN AND BRITISH
INSURANCE COMPANIES ACT*, R.S.C. 1970, c.I-15, AS AMENDED**

**AND IN THE MATTER OF THE
WINDING-UP ACT, R.S.C. 1970, C.W-10, AS AMENDED**

B E T W E E N:

THE ATTORNEY GENERAL OF CANADA

Applicant

- and -

NORTHUMBERLAND GENERAL INSURANCE COMPANY

Respondent

**O R D E R
(Post-Liquidation Interest Motion)**

THIS MOTION made by PricewaterhouseCoopers Inc., the liquidator (the “Liquidator”) of Northumberland General Insurance Company (“Northumberland”), was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the Report of the Liquidator dated November 17, 2011 (the “Report”), filed, the fee affidavits of Robert Chapman and Gale Rubenstein, filed, and upon hearing the submissions of counsel for the Liquidator and the Representative Counsel for each of the Policy Loss Claimants and the Unearned Premium Claimants, no other party appearing,

1. **THIS COURT ORDERS** that capitalized terms not otherwise defined herein have the meaning given to those terms in the Report.
2. **THIS COURT ORDERS** that the service of the Notice of Motion and materials herein is good and sufficient service of this motion, that this motion is properly returnable before this Court, and that any further service thereof upon any interested parties other than those parties served is hereby dispensed with.
3. **THIS COURT ORDERS** that the accounts and activities of the Liquidator for the period February 1, 2010 to September 30, 2011 (the “Period”), as reflected in the Statement of Receipts and Disbursements attached to the Report, be and are hereby passed and approved as submitted.
4. **THIS COURT ORDERS** that the fees and disbursements of the Liquidator for the Period be and are hereby approved as submitted.
5. **THIS COURT ORDERS** that the fees and disbursements of Goodmans LLP for the Period be and are hereby approved as submitted.
6. **THIS COURT ORDERS** that the settlement reached between the Representative Counsel, as detailed in paragraph 36 of the Report (the “Settlement”), be and is hereby approved, such that:
 - (a) the September 2011 Surplus shall be distributed as follows:
 - (i) each Policy Loss Claimant and each Unearned Premium Claimant with a claim on account of post-liquidation interest (“PLI”) of an amount less

than \$100 shall be paid 100 cents on the dollar on account of their PLI claims to September 30, 2011;

- (ii) remaining Policy Loss Claimants shall be paid 78 cents on the dollar on a *pro rata, pari passu* basis on account of their PLI claims to September 30, 2011; and
- (iii) remaining Unearned Premium Claimants shall be paid 50 cents on the dollar on a *pro rata, pari passu* basis on account of their PLI claims to September 30, 2011; and

(b) any Future Surplus shall be distributed as follows:

- (i) first to Policy Loss Claimants to 100% of their remaining PLI claims;
- (ii) thereafter to Unearned Premium Claimants to 100% of their remaining PLI claims; and
- (iii) thereafter to ordinary creditors on account of their PLI claims.

7. **THIS COURT ORDERS** that policyholders with a Policy Loss Claim and an Unearned Premium Claim under the same policy are entitled to claim on a *pro rata, pari passu* basis on account of their PLI on each claim.

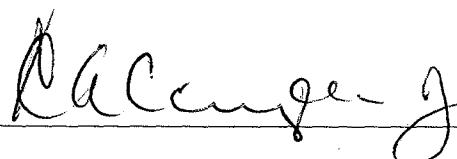
8. **THIS COURT ORDERS** that for the purposes of the Settlement, PLI is to be calculated on the methodology and basis directed by this Court in its decision dated July 14, 2009, in the winding-up of Reliance Insurance Company.

9. **THIS COURT ORDERS** that the Liquidator is authorized to make a distribution of approximately \$27,000,000, to be distributed to the Policy Loss Claimants and the Unearned Premium Claimants in accordance with the Settlement.

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LA SORBONNE
/ DANS LE PRESTIGE NO.:

NOV 30 2011

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THE ATTORNEY GENERAL OF
CANADA

and

NORTHUMBERLAND GENERAL
INSURANCE COMPANY

Applicant

Respondent

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SUPERIOR COURT OF JUSTICE
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Proceeding commenced at Toronto

**ORDER
(Post-Liquidation Interest Motion)**

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