

Danish report of 17 January 2019 – translation made on 22 January 2019

Report under section 125(1) of the Danish Bankruptcy Act

Qudos Insurance A/S in bankruptcy

The Bankruptcy Division of the Danish Maritime and Commercial High Court - K
4368/18-A

1. PARTICULARS

Date of bankruptcy
order: 20 December 2018

Reference date: 27 November 2018

Address: Købmagergade 22, 3. 3.
DK-1150 Copenhagen K

CVR no: 33956967

Executive board: Robert Thornedal (resigned 27 November 2018)
Kløckersvej 28
DK-2820 Gentofte

Liquidators: Attorney Boris Frederiksen (27 November 2018 - 20 December
2018)
Law Firm Poul Schmith
Vester Farimagsgade 23
DK-1606 Copenhagen V

	Attorney Anders Martin Hansen (27 November 2018 - 20 December 2018) Købmagergade 22, 3. 3. DK-1150 Copenhagen K
Board of directors:	Tage Reinert (Chairman) (resigned 27 November 2018) Skovhegnet 3 DK-2920 Charlottenlund
	Nicolai Borch Hansen (Deputy Chairman) (resigned 27 November 2018) 13 Gordon Place - flat 2, W8 4JD London Great Britain
	Niels-Ulrik Mousten (resigned 27 November 2018) Mosehøjvej 50 DK-2920 Charlottenlund
	Anders Martin Hansen (resigned 27 November 2018) Købmagergade 22, 3. 3. DK-1150 Copenhagen K
Auditor:	no auditor registered
Accounts:	the most recent annual report is for 2017

The above company carried on insurance business in the area of non-life insurance.

On 27 November 2018 the company went into voluntary liquidation by a resolution of the general meeting of the same date.

The general meeting appointed Attorney Anders Martin Hansen as the liquidator. At the same time the Danish FSA appointed Attorney Boris Frederiksen from Law Firm Poul Schmith to be responsible for the solvent liquidation of the company together with Mr Hansen.

The reason for the solvent liquidation was that the company's management had not been able to minimise the company's risks after the company stopped to effect insurance on 18 October 2018.

On 19 December 2018 the Danish FSA filed a petition for bankruptcy against Qudos Insurance A/S (now in bankruptcy) with the Bankruptcy Division of the Danish Maritime and Commercial High Court as the Danish FSA had established that the company was insolvent after having gone through the company's finances.

The liquidator, Attorney Boris Frederiksen represented by Attorney Mathias Juul Holter attended the meeting at the bankruptcy court on 20 December 2018 and on behalf of both liquidators he informed the Bankruptcy Court that the liquidators agreed that the company was insolvent and he confirmed that the bankruptcy conditions had been fulfilled.

Attorney Jesper Høy has subsequently appealed against the Bankruptcy Court's appointment of trustee and the appeal is currently pending before the Danish Eastern High Court.

The winding up of the insurance activities, including the company's claims processing, has continued after the issue of the bankruptcy order by using the employees and in cooperation with The Guarantee Fund for Non-Life Insurance Companies.

According to the company's bookkeeping, the preliminary assets and liabilities are:

2. ASSETS

2.1 Registered assets

The registered assets have been provided as security for the insurance obligations, see section 167(4) of the Danish Financial Business Act. That is to say the claimants' claims for damages and the claims for returned premium under the insurance contract, see paragraph 3.1 below. The assets also cover the necessary costs relating to closing out the portfolio as specified.

The registered assets as at 31 November 2018 were booked at:

1. Government bonds

The company's government bonds as at 31 November 2018 were booked at DKK 6,841,000. The asset has been included at the book value from such date

	DKK	6,841,000.00
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2. Corporate bonds

The company's corporate bonds as at 31 November 2018 were booked at DKK 188,289,000. The asset has been included at the book value from such date

	DKK	188,289,000.00
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3. Shares in subsidiary

The company has a booked asset consisting of shares in the subsidiary ASG Forsikringsagentur A/S. The amount is only a calculation for the purpose of the bookkeeping as the final asset is not yet known. This is why the shares are included at the book value as at 31 November 2018

	DKK	1,881,000.00
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4. Deposits

The company's deposits as at 31 November 2018 were booked at DKK 40,260,000. The asset has been included at the book value from such date

	DKK	40,260,000.00
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5. The part of the reinsurance of the provision for un-earned premiums and the provision for claims outstanding

The company has a booked asset consisting of current and future claims against its reinsurers. The amount is only a calculation for the purpose of the bookkeeping as the final asset is not yet known. This is why the receivable is included at the book value as at 31 November 2018

DKK 1,228,540,000.00

Registered assets etc in total (provisionally calculated)

DKK 1,465,812,000.00

2.2 Unencumbered assets

The unencumbered assets are to be used to pay all the bankruptcy estate's creditors, including the part of the insurance claims that will not be covered by the registered assets. This includes the ordinary creditors, see paragraph 3.2 below.

6. Receivable from insurance brokers

The company has a booked asset with its insurance brokers. The amount is only a calculation for the purpose of the bookkeeping as the final asset is not yet known. This is why the receivable is included at the book value as at 31 November 2018

DKK 84,521.99

7. Tools and equipment, etc

The company's tools and equipment consist of various office furniture, computers, monitors and other office supplies. The tools and equipment as at 31 November 2018 were booked at DKK 1,525,420. Because bankruptcy proceedings have been commenced against the company the tools and equipment have for the time being been included at

DKK 50,000.00

8. Receivable from consolidated companies

The company has a booked asset with its consolidated companies. The amount is only a calculation for the purpose of the bookkeeping as the final asset is not yet known. This is why the receivable is included at the book value as at 31 November 2018

DKK 11,963,000.00

9. Rent deposit

The company's offices were rented. The rent deposit as at 31 November 2018 was booked at DKK 314,000. However, the bankruptcy estate is obliged to repair the leased premises, which is why for the time being the asset is included at a value for memory purposes of

DKK 1.00

Unencumbered assets in total (provisionally calculated following an estimated total write-down) DKK 10,000,000.00

It is noted in general about the assets that the calculated amounts are subject to great uncertainty as a large number of estimates have been made about the future claims, including the calculation of the claims in respect of the reinsurance. In addition, the justification of a number of the receivables is disputed and certain debtors' ability to pay is uncertain.

3. LIABILITIES

3.1 Liabilities relating to the registered assets

The liabilities that have a priority right to receive cover from the registered assets are listed below, see paragraph 2.1 above.

Expected claim for returned premium

The provisions for unearned premiums as at 31 November 2018 were booked at DKK 358,169,000. The provisions for unearned premiums are the not yet earned premium, which is why the amount is expected to be equal to the proofs of claim for returned premiums. DKK 358,169,000.00

Expected claims for damages

The claims outstanding provisions as at 31 November 2018 were booked at DKK 1,796,777,000. The provisions for claims outstanding are the amount put aside to cover the policyholders'/the claimants' claim for damages. The claim has been calculated based on the book value. DKK 1,796,777,000.00

Expected liabilities in total DKK 2,154,945,000.00

It must be expected as a consequence of Qudos Insurance A/S's bankruptcy that the number of reported claims and consequent payouts will increase considerably. The bankruptcy estate's most important task is consequently to ensure that the reported claims are handled correctly.

3.2 Other liabilities - other known debt

Creditors

As at 9 January 2019 the creditors with claims that have fallen due amount to DKK 3,986,728.63

Expected liabilities in total DKK 3,986,728.63

To the above should be added other not yet booked creditors that may raise claims because of the bankruptcy.

In addition to the above estimated known creditors, the continuation of the operations will involve substantial costs.

The continuation of the operations is necessary because of the regard for both the policyholders and other creditors as it is the only way that it is possible to correctly determine both the company's liabilities to the policyholders and optimum valuation of the company's receivables in respect of the reinsurance.

The work is done to limit the liabilities relating to the insurance and to sell the relating assets at the best possible terms, which is why the costs in such regard will also be paid by the registered assets in compliance with the principle of section 87 of the Danish Bankruptcy Act as the scope of the work and the relating costs pertain to those issues.

This has been agreed with the biggest creditors against the bankruptcy estate.

As a consequence of the many estimates relating to both the calculation of the assets and the liabilities, it is not yet possible to estimate the expected dividend, including the cover from the registered assets.

4. OTHER INFORMATION

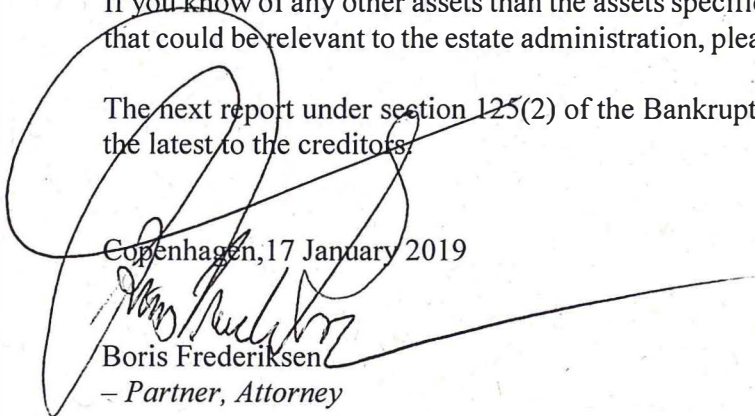
The estate is administered by Attorney Boris Frederiksen (bor@kammeradvokaten.dk), Attorney Jesper Saugmandsgaard Øe (jso@kammeradvokaten.dk), Attorney Mathias Juul Holter (mho@kammeradvokaten.dk), Attorney Trine Irene Brodersen (trbr@kammeradvokaten.dk), Attorney Christian Bo Kolding-Krüger (cbk@kammeradvokaten.dk), Assistant Attorney Sarah Willatzen (sawi@kammeradvokaten.dk) and Assistant Attorney Anne Bro Kristensen (ankr@kammeradvokaten.dk).

You can find additional contact information on the website www.qudosinsurance.dk which is regularly updated with relevant information about the estate administration.

If you know of any other assets than the assets specified above or if you have any information that could be relevant to the estate administration, please contact one of the above individuals.

The next report under section 125(2) of the Bankruptcy Act will be sent on 20 April 2019 at the latest to the creditors.

Copenhagen, 17 January 2019


Boris Frederiksen
- Partner, Attorney