
Danish report of 16 April 2019 – translation made on 26 April 2019

Report under section 125(2) of the Danish Bank- ruptcy Act

Qudos Insurance A/S in bankruptcy, CVR no 33956967

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

.....

As the trustee of the above bankruptcy estate I hereby present my report under section 125(2) of the Bankruptcy Act regarding the affairs of the estate.

Firstly, I refer to my previous report under section 125(1) of the Bankruptcy Act of 17 January 2019.

The estate's assets at this point in time are as follows:

1. ASSETS

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 income and claims, including the calculation of the claims in respect of the reinsurance. In addition, certain debtors' ability to pay is unknown.

It is also noted that the calculated values included in the most recent report have been calculated based on the company's own book values, but with corrections as a result of a preliminary review by KPMG. The trustee has decided to use the company's own calculations and bookkeeping to calculate the company's assets in this report. KPMG will assist the trustee with audit assistance at a later stage.

1.1 Accounts

When the bankruptcy order was issued on 20 December 2018 Qudos Insurance A/S (now in bankruptcy) had a total of 27 open bank accounts with Nordea Bank Danmark.

Considering the fact that the trustee has decided to continue the operations in the company in collaboration with the Guarantee Fund for Non-Life Insurance Companies for the purpose of winding up the insurance activities, the trustee has decided to keep a number of the company's bank accounts as payments are still being made to and from the company's accounts in connection with the day-to-day operations. However, the trustee has started to close several accounts which the trustee finds are not relevant to the winding up of the insurance activities.

1.2 Registered assets

The registered assets have been provided as security for the insurance obligations, see section 167(4) of the Danish Financial Business Act, ie primarily the claimants' claims for damages and the policyholders' claims for returned premium under the insurance contract, see paragraph 2.1 below. The assets also cover the necessary costs relating to closing out the portfolio as specified.

The registered assets as at 31 January 2019 were booked at:

1. Government bonds

According to Nordea's valuation, the value of the company's government bonds as at 31 January 2019 was DKK 6,813,359, which is why the asset is included at this value for the time being.

DKK 6,813,359.00

2. Corporate bonds

According to Nordea's valuation, the value of the company's corporate bonds as at 31 January 2019 was DKK 80,441,759, of which the bonds in New Nordic Finco amount to DKK 39,927,000. The reduction in the value of the asset compared to the most recent report is a result of redeemed and called bonds. For the time being the asset has been included at the nominal value.

DKK 80,441,759.00

3. Shares in subsidiary

The company has a booked asset consisting of shares in the subsidiary ASG Forsikringsagentur A/S which was booked at DKK 1,880,998 as at 31 January 2019. ASG Forsikringsagentur A/S entered into liquidation on 25 February 2019, which is why the shares have been included at a reminder value of

DKK 1.00

4. Deposits

The company's deposits as at 31 January 2019 were booked at DKK 127,402,014.36. One of the reasons for the increase is redeemed and called bonds. It is noted that the asset has not been adjusted for a payment of DKK 11,703,131.74 made in the liquidation period. The asset has been included at the corrected value

DKK 115,698,882.62

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 amount of the final asset is not yet known. This is why the receivable is included at the book value as at 31 January 2019.

DKK 1,134,906,705.13

6. Receivables, reinsurance

The receivable as at 31 January 2019 was booked at DKK 115,618,338.71. The receivable has been included at the book value.

DKK 115,618,338.71

Registered assets etc in total (provisionally calculated) DKK 1,465,182,177.20

As stated in the beginning, the final value of the assets is subject to great uncertainty and it must consequently be expected that the registered assets will change considerably during the estate administration. Moreover, the calculation does not take into account the costs of winding up the registered assets and liabilities.

1.3 Unencumbered assets

The unencumbered assets are to be used to pay all the bankruptcy estate's other creditors, including the part of the insurance claims that is not covered by the registered assets. This includes the ordinary creditors, see paragraph 2.2 below.

The unencumbered assets as at 31 January 2019 were booked at:

7. Receivable from insurance brokers/agents

As at 30 November 2018 the company had a booked asset with its insurance brokers/agents of DKK 84,251,990 (incorrectly registered as DKK 84,521.99 in the most recent report). It is noted that the receivable is deposits in accounts with claims examiners for the payment of claims. Considering the fact that the claims examiners did not receive any further funds for the payment of claims in the period of liquidation, the asset has been included, for the time being, at a reminder value of

DKK 1.00

8. 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 January 2019 were booked at DKK 1,485,499.71. 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

9. Receivable from consolidated companies

The company has a booked asset with its consolidated companies as at 31 January 2019 of DKK 21,108,119.73. The asset has been included, for the time being, at the book value.

DKK 21,108,119.73

10. Rent deposit - Kongevejen 371

Until February 2018, one of the company's trading addresses was leased premises at Kongevejen 317, 2840 Holte, Denmark. The rent deposit as at 31 January 2019 was booked at DKK 317,899.24. The trustee is currently looking into the lease in more detail, which is why for the time being the rent deposit has been included at a reminder value of

DKK 1.00

11. Rent deposit - Købmagergade

When the bankruptcy order was issued one of the company's trading addresses was leased premises at Købmagergade 22, 3. 3., 1150 Copenhagen K, Denmark. The rent deposit as at 31 January 2019 for the leased premises has been booked at DKK 1,652,299. The trustee is currently in dialogue with the landlord about the calculation of the duty of repair of the leased premises, which is why for the time being the rent deposit has been included at a reminder value of

DKK 1.00

12. Rent deposit - London

When the bankruptcy order was issued one of the company's trading addresses was leased premises in London. The rent deposit as at 31 January 2019 for the leased premises has been booked at DKK 1,025,343.71. The trustee is currently looking into the lease in more detail, which is why for the time being the rent deposit has been included at a reminder value of

DKK 1.00

13. Intangible assets

The intangible assets are software equipment used in the operation of the bankruptcy estate and goodwill. The asset was booked at DKK 14,404,947.56 as at 31 January 2019. The asset has been included at a reminder value of

DKK 1.00

Unencumbered assets in total (provisionally calculated following an estimated total write-down)

DKK 5,000,000.00

2. LIABILITIES**2.1 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 1.1 above.

Expected claim for returned premium

The provisions for unearned premiums were booked at DKK 238,283,838.33 as at 31 January 2019. The provisions for unearned premiums are a calculation for the purpose of the bookkeeping of the not yet earned premium. The claims for returned premium are expected to correspond to the provisions for unearned premiums plus an unknown but significant amount as discussions are being held and investigations are being conducted about the calculation method regarding the returned premium of the individual insurance products.

DKK	238,283,838.33
-----	----------------

Expected claims for damages

The provisions for claims outstanding were booked at DKK 1,864,446,717.75 as at 31 January 2019. The provisions for claims outstanding are a calculation for the purpose of the bookkeeping of the amount put aside to cover the policyholders'/the insureds' claims for damages.

DKK	1,864,446,717.75
-----	------------------

Expected liabilities in total	DKK	2,102,730,556.08
--------------------------------------	------------	-------------------------

It must generally 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 still to ensure that the reported claims are handled correctly. In cooperation with the Danish Guarantee Fund for Non-Life Insurance Companies the trustee has consequently decided that the existing claims examiners are to continue to process the claims.

2.2 Other liabilities relating to the unencumbered assets

Proofs of claim lodged under section 93 of the Bankruptcy Act	DKK	4,297.44
Proofs of claim lodged under section 94 of the Bankruptcy Act	DKK	404,911.13
Proofs of claim lodged under section 97 of the Bankruptcy Act	DKK	122,424,033.78
Other liabilities in total	DKK	122,833,242.35

It is noted that the trustee continuously receives a large number of proofs of claim and that the trustee is in the process of making a new register of debts and claims system to handle the proofs of claim lodged against the bankruptcy estate, which is why the above liabilities may not be fully updated as at the date of this report.

3. THE REASON FOR THE BANKRUPTCY

The company Qudos Insurance A/S (now in bankruptcy) was established on 3 October 2011 by the company QIC Holdings ApS. When the company was established its board of directors consisted of Douglas Edgar McIntyre (Chairman), Russell John English (Deputy Chairman), Stephen Michael Dobronyi, Alistair Angus Ross and Per Simon Voldsgaard.

The 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.

When the company went into liquidation its board of directors consisted of Anders Martin Hansen, Nicolai Borchers Hansen, Niels-Ulrik Moustén and Tage Reinert (Chairman). The company's executive board consisted of Managing Director Robert Thørndahl.

At the general meeting on 27 November 2018 Attorney Anders Martin Hansen was appointed 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 reduce 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.

Against such basis the Bankruptcy Division of the Danish Maritime and Commercial High Court issued a bankruptcy order on 20 December 2018 and appointed Attorney Boris Frederiksen, Law Firm Poul Schmith, as the trustee.

The bankruptcy court's ruling on the appointment of trustee was appealed by Attorney Jesper Høy to the Danish Eastern High Court on 2 January 2019 and an appeal has consequently been pending about the choice of trustee.

By a ruling of 8 February 2018 the Eastern High Court upheld the ruling by the Maritime and Commercial High Court about the choice of trustee and as a consequence Attorney Boris Frederiksen is still the only appointed trustee.

The winding up of the insurance activities in the company, including the claims processing, has continued after the issue of the bankruptcy order by using the bankruptcy estate's employees and the claims examiners that Qudos Insurance A/S in bankruptcy cooperated with before the issue of the bankruptcy order. This work has been done in close cooperation with the Danish Guarantee Fund for Non-Life Insurance Companies which is also expected to be the largest single creditor against the bankruptcy estate.

4. ACCOUNTS

For your information, I enclose a copy of the balance sheet as at 31 December 2017 in the most recently adopted accounts for 2017 ([Appendix 1](#)). The 2017 annual report was adopted by the company's annual general meeting on 3 May 2018.

The 2017 annual report was audited by PwC, Statsautoriseret Revisionspartnerselskab.

It appears from the 2017 annual report that the company's annual results as at 31 December 2017 were negative by DKK 89,807,000. The bankruptcy estate's total assets as at 31 December 2017 amounted to DKK 1,502,926,000.

Out of the total assets the company's intangible assets, including its software, amounted to DKK 2,516,000. The company's tangible assets including the tools and equipment consisting of various office supplies, computers, monitors, furniture, etc amounted to DKK 1,804,000 and the company's fixed asset investments including the unit certificate and bonds amounted to DKK 264,568,000.

The company's receivable from the reinsurers in respect of the provisions for unearned premiums and the provisions for claims outstanding amounted to DKK 638,542,000.

The company's receivables in respect of premiums with policyholders and agents amounted to DKK 121,407,000. In addition, the receivables from other insurance companies amounted to DKK 112,992,000, the receivables from associates amounted to DKK 2,507,000 and other receivables amounted to DKK 4,164,000.

In addition, the company's other assets including the temporary assets, the deferred tax asset and the bank deposit amounted to DKK 330,844,000 and the prepayments to DKK 23,583,000 in total.

The company's liabilities as at 31 December 2017 amounted to DKK 1,502,926,000.

The company's equity amounted to DKK 144,416,000 in total. The provisions for unearned premiums and the provisions for claims outstanding amounted to DKK 1,284,413,000 in total.

The trustee generally notes that there are discrepancies between the most recent annual report and the bankruptcy estate's assets and liabilities listed above. To a certain extent the deviations can be attributed to the operations in the company and to the company stopping to effect insurance on 18 October 2018, which meant that the company did not effect any new insurance. To a certain extent the increase in the provisions for claims outstanding can be attributed to the company's discussions with the Danish FSA and to the orders issued by the Danish FSA. It is also noted in this connection that the company increased the reinsurance of some claims portfolios shortly before the liquidation to reduce the company's risk. This resulted, however, in a strain on the company's liquidity.

As for the company's accounting records, it is noted that the company's bookkeeping has been kept up to date to a certain extent. The trustee is currently in the process of getting an overview of and updating the company's bookkeeping. It is also noted in that connection that KPMG is currently finishing the company's 2018 annual report.

5. VOIDABLE TRANSACTIONS

The trustee's investigations regarding any voidable transactions have started but have not yet been concluded. At this point in time the trustee has discovered a number of issues that need to be looked into in more detail.

6. ANY CRIMINAL OFFENCES

The trustee has not yet started on his investigations of whether there are any issues that could give rise to a request for a police investigation, see section 110(4) of the Bankruptcy Act.

7. DISQUALIFICATION

The trustee has not yet started to investigate whether the business conduct of the company management has been grossly irresponsible and if so whether there is any basis for instituting disqualification proceedings, see sections 125(3) and 157 of the Bankruptcy Act.

The trustee's account on this subject will be available in connection with the first report under section 125(4) of the Bankruptcy Act at the latest.

8. THE ESTATE ADMINISTRATION AND THE TIME SPENT IN THE PAST PERIOD

Firstly, it is noted that the trustee has calculated the time spent in the period since the issue of the bankruptcy order and up to 31 March 2019 on work relating to the registered assets, see paragraph 1.1 above, and on the work relating to the unencumbered assets, see paragraph 1.2 above.

The work has generally been characterised by partly the large number of policyholders and partly by the fact that the company was operating in approximately nine different countries and by the majority of the company's employees having limited knowledge of the past activities as they had only worked for Qudos Insurance A/S (now in bankruptcy) for a relatively short period of time.

8.1 The estate administration and the time spent on the registered assets

The trustee's work on the registered assets in the period since the issue of the bankruptcy order and up to 31 March 2019 has focused on the following tasks:

8.1.1 *Claims handling*

Firstly it is noted that Qudos Insurance A/S (now in bankruptcy) did not sell the insurance policies and handled the subsequent claims itself. The insurance policies were sold by external agents in both Denmark and other European countries. The claims were also handled by external claims examiners, some of whom were hired directly by the agent and some by Qudos Insurance A/S (now in bankruptcy). It is also noted in this connection that some agents also handled the claims themselves. It means that Qudos Insurance A/S (now in bankruptcy) had limited knowledge of the individual policyholders, the claims handling and the individual claims.

The lack of data in the company has resulted in significant challenges in respect of the estate administration.

When the bankruptcy order was issued the trustee immediately informed the agents and the claims examiners working with Qudos Insurance A/S (now in bankruptcy) that they were no longer allowed to make payouts in respect of recoverable losses under policies with Qudos Insurance A/S (now in bankruptcy). As the majority of the bankruptcy estate's agents and claims examiners are foreign, the agents and the claims examiners did not have any knowledge of the Danish Bankruptcy Act. The consequence has been that the trustee has had many telephone conversations with the bankruptcy estate's agents and claims examiners about the situation and the effect of the bankruptcy on each agent, claims examiner

and the policyholders. In that connection the trustee has obtained an overview of the various insurance products.

Because Qudos Insurance A/S in bankruptcy did not handle the claims itself, the trustee in cooperation with the Danish Guarantee Fund for Non-Life Insurance Companies decided to continue the agreements with the existing claims examiners wherever possible. The reason was that only the claims examiners had all the information about the insurance claims and would consequently be able to assess whether it was a recoverable loss. It is the trustee's opinion that the bankruptcy estate's liabilities can only be limited to the extent necessary if the existing agreements with the claims examiners are continued. It is noted in this connection that the trustee has started to move three claims portfolios to other claims examiners as the previous claims examiners did not want to continue to handle the claims under the existing agreement with the claims examiners and Qudos Insurance A/S (now in bankruptcy).

In addition, the trustee has participated in telephone conferences with the claims examiners to ensure that they continued the claims handling.

In that connection the trustee has drafted and distributed general letters to the bankruptcy estate's agents and claims examiners containing information about the continued claims handling including about the commencement of the bankruptcy proceedings, the payment for the claims handling and the expenses in such regard as well as specific information about the new legal actions brought after the issue of the bankruptcy order and the legal actions brought before the issue of the bankruptcy order. It is noted that any claims handling expenses are paid in accordance with the existing agreement between the claims examiners and Qudos Insurance A/S (now in bankruptcy).

The talks with the agents and the claims examiners are still taking place.

Approximately 627 hours have been spent by lawyers on such work.

8.1.2 *Position on bilateral agreements*

As Qudos Insurance A/S (now in bankruptcy) has carried on insurance business, the trustee has continued the company's operations for the purpose of winding up the activities.

The trustee has consequently spent time on deciding whether to adopt the company's bilateral agreements, including meetings with the IT suppliers, and has had talks about the company's other IT solutions and telephony, utilities, insurance for the bankruptcy estate's employees, staff canteen, etc. It is noted in this connection that the bankruptcy estate has moved to other premises, which is why the bankruptcy estate has only adopted a few agreements.

Approximately 43 hours have been spent by lawyers on such work.

8.1.3 *The previously leased premises*

When the bankruptcy order was issued the trading address of Qudos Insurance A/S (now in bankruptcy) was leased premises at Købmagergade 22, 3. 3., 1150 Copenhagen K, Denmark.

In the period after the issue of the bankruptcy order the trustee has worked on clarifying the company's leases. The trustee has received the lease for the premises which the trustee has reviewed, and the trustee has corresponded with the landlord in such connection.

Based on his investigations it was the trustee's opinion that it was most expedient to move out of the premises at Købmagergade 22, 3. 3., 1150 Copenhagen K, Denmark, and instead continue the operations of the company at leased premises situated at Sundkrogsgade 21, 2100 Copenhagen Ø, Denmark. The company vacated the leased premises at Købmagergade 22, 3. 3., 1150 Copenhagen K, Denmark, at the end of January 2019. For this reason the company has not entered into the lease on the premises at Købmagergade 22, 3. 3., 1150 Copenhagen K, Denmark.

After the trustee vacated the leased premises at Købmagergade 22, 3. 3., 1150 Copenhagen K, Denmark, the trustee has participated in the moving-out inspection and has subsequently corresponded with the landlord about the extent of the repair obligations. The discussions are still being held.

Approximately 32 hours have been spent by lawyers on such work.

8.1.4 *The bankruptcy estate's employees*

Qudos Insurance A/S (now in bankruptcy) was operating when the bankruptcy order was issued. When the bankruptcy order was issued the company employed 22 employees, six of whom were under notice. The six employees left the company in December 2018/January 2019.

In connection with the bankruptcy the trustee has had conversations with each of the company's employees about their primary duties and the implications of the bankruptcy.

The trustee has also received a copy of all employment contracts which the trustee has reviewed.

The trustee has prepared and forwarded notifications to the bankruptcy estate's employees with information about the commencement of the bankruptcy proceedings and the legal effects of such proceedings and provided information about the trustee's forthcoming work. The trustee has had follow-up discussions in such connection with the employees about the contents.

As the trustee has decided to continue the operations of the bankruptcy estate, the bankruptcy estate has adopted the employment contracts as the employees' labour is necessary in order to limit the bankruptcy estate's liabilities.

The trustee has had regular discussions with the bankruptcy estate's employees about the employment situation.

Approximately 61 hours have been spent by lawyers on such work.

8.1.5 *Guarantee funds*

The trustee has held meetings with the Danish Guarantee Fund for Non-Life Insurance Companies and its administration company Topdanmark Forsikring A/S about what the Guarantee Fund for Non-Life Insurance Companies' covers and about how the reporting of reported claims and the claims for returned premiums is to be handled in respect of the Guarantee Fund for Non-Life Insurance Companies.

It must be noted in that connection that the Guarantee Fund for Non-Life Insurance Companies becomes a party to the policyholders' claims against the bankruptcy estate, which is why the trustee has assisted with the drafting of the agreements between the claims examiners and the Guarantee Fund for Non-Life Insurance Companies on receiving funds from the Guarantee Fund for Non-Life Insurance Companies so that the trustee has the documentation necessary for the subsequent examination of claims.

The trustee has also had extensive correspondence and discussions over the telephone with the English FSCS (Financial Services Compensation Scheme) about what FSCS covers and talks about how the reporting of the reported claims and the claims for returned premium against FSCS are to be handled in respect of the bankruptcy estate and the Guarantee Fund for Non-Life Insurance Companies.

There have also been talks on a regular basis with other guarantee funds and public authorities in other European countries.

The discussions are still being held.

Approximately 264 hours have been spent by lawyers on such work.

8.1.6 *The proofs of claims against the estate*

The trustee is expecting a significant number of claims for returned premiums, which is why in cooperation with the Guarantee Fund for Non-Life Insurance Companies the trustee has made a web form

available on the bankruptcy estate's website (www.qudosinsurance.dk) to handle the claims for returned premiums. This web form is to handle the claims for returned premiums against the bankruptcy estate and the Guarantee Fund for Non-Life Insurance Companies.

In cooperation with the Guarantee Fund for Non-Life Insurance Companies the trustee has also made a complaints form available on the bankruptcy estate's website (www.qudosinsurance.dk) where the claimant can lodge proof of its claim if the claims examiners have rejected the claim and the claimant disagrees with the decision.

The discussions in this regard and the development of the system are still taking place.

Approximately 155 hours have been spent by lawyers on such work.

8.1.7 *Notifications to the policyholders and the claimants*

The trustee has drafted notifications to the policyholders and the claimants in Qudos Insurance A/S in bankruptcy with information about the commencement of the bankruptcy proceedings, the legal effects of the bankruptcy, information about the continued claims handling, information about what the Guarantee Fund for Non-Life Insurance Companies' covers and information about termination and the possibilities of lodging proofs of claim for returned premiums. As the bankruptcy estate does not have the information about the policyholders and the claimants itself, the trustee has asked the agents and the claims examiners to pass such information on.

The trustee has held discussions with the agents and the claims examiners about the contents of the notifications and about the expenses in connection with the distribution of the information.

The discussions with the agents and the claims examiners are still taking place.

Approximately 37 hours have been spent by lawyers on such work.

8.1.8 *Legal actions brought against the bankruptcy estate*

The trustee has discussed and reviewed the legal actions brought against the bankruptcy estate before the issue of the bankruptcy order against the bankruptcy estate's employees. The legal actions are about rejected claims. The trustee has decided to continue all legal actions brought against the estate before the issue of the bankruptcy order to limit the bankruptcy estate's liabilities.

The legal actions brought against the bankruptcy estate are primarily handled by external lawyers according to the agreements entered into between the respective claims examiners/agents and Qudos

Insurance A/S (now in bankruptcy), which is why the affected claims examiners/agents and the lawyers have received the trustee's permission to continue the legal actions brought against Qudos Insurance A/S (now in bankruptcy) before the issue of the bankruptcy order. The legal actions that Qudos Insurance A/S (now in bankruptcy) previously handled itself are now being handled by the trustee. The trustee has spent time on drafting pleadings in that connection.

The trustee has also prepared and forwarded a letter to the claims examiners and agents about the procedure applying to legal actions brought against the bankruptcy estate after the issue of the bankruptcy estate.

Approximately 180 hours have been spent by lawyers on such work.

8.1.9 *Portfolio transfers*

The trustee has had talks with the agents and the claims examiners about the transfers of portfolios, including the claims portfolios, so that the bankruptcy estate's total balance sheet can be brought down. A number of claims portfolios have been transferred at this point in time. The work of transferring the portfolio is still going on.

The trustee's discussions with the agents, the claims examiners and the Danish Guarantee Fund for Non-Life Insurance Companies about the transfer of the portfolios are still taking place.

Approximately 73 hours have been spent by lawyers on such work.

8.1.10 *Reinsurance*

The bankruptcy estate's most important asset is its reinsurance receivable. The trustee is currently in the process of getting an overview of the company's reinsurance and going through the various reinsurance contracts. It is noted in this connection that before the bankruptcy order was issued the company reduced its risk by increasing the reinsurance in respect of some portfolios. The trustee has had work in such regard and the examinations about the reinsurance cover are still being conducted.

The trustee has also had talks with the reinsurers about the continued claims handling, including about the continued reporting to the reinsurers and the reinsurers' payment of receivables.

The talks with the reinsures are still taking place and they are expected to intensify in the coming months.

Approximately 84 hours have been spent by lawyers on such work.

8.1.11 *Compliance and audits*

The trustee has had talks and has held meetings with the bankruptcy estate's IT suppliers about the bankruptcy estate's processing of personal data. At this point in time the trustee is also in the process of drafting data processing agreements for the bankruptcy estate's business partners, including the agents and the claims examiners.

Because the trustee has decided to continue the operations of the bankruptcy estate, the trustee has prepared procedures for the payment of claims handling expenses and other expenses relating to the operations. The trustee is regularly making sure that the procedures are adequate.

The trustee is also in the process of planning and coordinating the audits by the claims examiners in order to ensure proper claims handling.

Approximately 71 hours have been spent by lawyers on such work.

8.1.12 *Audit and bookkeeping*

The bankruptcy estate is subject to an audit obligation. The trustee has consequently decided that KPMG is to audit the bankruptcy estate. The trustee has regular conversations with KPMG about the bankruptcy estate's financial situation.

It must be noted in that connection that several of the bankruptcy estate's accounts officers have left, which is why the trustee has retained external consultancy assistance and the trustee itself assists with the bookkeeping of the day-to-day running.

Because of the continued operations the trustee is also reporting data to the Danish tax authorities on a regular basis.

Approximately 163 hours have been spent by lawyers on such work.

8.1.13 *Other estate administration*

The trustee is regularly being contacted by policyholders and claimants about the bankruptcy and asked questions about the termination of insurance, the proofs of claim for returned premiums, the reporting of new losses as well as questions about losses already suffered. At this point in time the trustee has received about 4500 inquiries, etc which the trustee is dealing with on a regular basis. The trustee is regularly receiving new inquiries.

In order to provide information about the bankruptcy and its legal effects to the affected parties to the widest extent possible, the trustee is regularly updating the bankruptcy estate's website with relevant information.

Approximately 190 hours have been spent by lawyers on such work.

8.2 The estate administration and the time spent on the unencumbered assets

The trustee's work on the unencumbered assets in the period since the issue of the bankruptcy order and up to 31 March 2019 has focused on the following tasks:

8.2.1 *Initial estate administration*

Shortly after the issue of the bankruptcy order the trustee paid a visit to the bankruptcy estate and informed the bankruptcy estate's employees about the commencement of the bankruptcy proceedings and gave general information about the legal effects of the bankruptcy.

The trustee immediately informed the agents and the claims examiners working with Qudos Insurance A/S (now in bankruptcy) that they were no longer allowed to make payouts to cover losses.

The trustee has also corresponded with and has held meetings with the bankruptcy estate's banks about how to secure the bankruptcy estate's assets and the continued handling of the bankruptcy estate's facilities.

The trustee has also had an initial meeting with the Guarantee Fund for Non-Life Insurance Companies and its administration company Topdanmark Forsikring A/S about what the Guarantee Fund for Non-Life Insurance Companies covers and a meeting with the Danish FSA.

Approximately 104 hours have been spent by lawyers on the initial estate administration.

8.2.2 *Investigations relating to avoidance*

At this point in time the trustee has started on the initial investigations relating to avoidance and has discovered a number of issues in that connection that need to be looked into in more detail.

The investigations are still being conducted.

Approximately 40 hours have been spent by lawyers on such work.

8.2.3 *Other estate administration*

Approximately 52 hours have been spent by lawyers on the general estate administration, including corresponding with the creditors and the bankruptcy court and on preparing this report.

9. SUMMARY OF THE TIME SPENT

It means that approximately 1980 hours have been spent by lawyers on the estate administration relating to the registered assets, see paragraph 1.1, and that approximately 196 hours have been spent by lawyers on the estate administration relating to the unencumbered assets, see paragraph 1.2.

10. THE FUTURE ESTATE ADMINISTRATION AND THE CLOSING OF THE ESTATE

The estate administration in the next period will focus on the operations as the continuation of the operations is necessary to determine the bankruptcy estate's assets and liabilities.

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 and the unencumbered assets.

11. OTHER INFORMATION

The estate is being administered by Attorney Boris Frederiksen (bor@kammeradvokaten.dk), Attorney Jesper Saugmandsgaard Øe (jsø@kammeradvokaten.dk), Attorney Mathias Juul Holter (mho@kammeradvokaten.dk), Attorney Trine Irene Brodersen (trbr@kammeradvokaten.dk), Attorney Christian Bo Kolding-Krøger (cbk@kammeradvokaten.dk), Attorney Frederik Simmelholt (fsi@kammeradvokaten.dk), Assistant Attorney Sarah Willatzen (sawi@kammeradvokaten.dk), Assistant Attorney Anne Bro Kristensen (ankr@kammeradvokaten.dk), Assistant Attorney Camilla Wiemer (cawi@kammeradvokaten.dk) and Assistant Attorney Camilla Ottilia J. Pedersen (caot@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.

12. NEXT CREDITOR INFORMATION

The next creditor information with a report under section 125(4) of the Bankruptcy Act will be sent on 16 October 2019 at the latest to the bankruptcy court and the creditors.

Copenhagen, 16 April 2019

Boris Frederiksen
– *Partner, Attorney*

In his absence signed by

Jesper Saugmandsgaard Øe