

Danish report of 15 October 2021 – translation made on 26 October 2021

Report under section 125(4) of the Danish Bankruptcy Act

Qudos Insurance A/S in bankruptcy - CVR no (business registration no) 33 95 69 67

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

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As the trustee of the above bankruptcy estate I hereby present my report under section 125(4) of the Danish 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 report under section 125(2) of the Bankruptcy Act of 16 April 2019 and the reports under section 125(4) of the Bankruptcy Act of 16 October 2019, 16 April 2020, 16 October 2020 and 16 April 2021.

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

1. ASSETS

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.

Because the trustee has decided to continue the operations in the company in collaboration with the Guarantee Fund for Non-life Insurers 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.

Since the issue of the bankruptcy order the trustee has closed ten bank accounts that the trustee found were not relevant to the winding up of the insurance activities. In June 2021, the trustee opened a new bank account that functions as an escrow account for amounts received on behalf of a coverholder. The company consequently has a total of 18 open bank accounts with Nordea Bank Danmark.

The trustee is assessing on an ongoing basis whether there is any need to keep the individual bank accounts in connection with winding up the insurance activities in the bankruptcy estate.

1.2 Registered assets

The registered assets have been provided as security for the insurance obligations, see section 167(4) of the then current Danish Financial Business Act. The assets also cover the necessary costs relating to winding up the insurance company as described.

The registered assets as at 31 August 2021 were booked at the following values:

1. Government bonds

The bankrupt company's government bonds as at 31 August 2021 amounted to DKK 6,852,616, which is why the asset has been included at this value.

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| | DKK | 6,852,616 |
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2. Corporate bonds

The bankrupt company's corporate bonds as at 31 August 2021 amounted to DKK 14,557,834. The difference in the securities portfolio compared to the most recent report is called bonds of approximately DKK 1,994,970 as well as price adjustments and interest. The proceeds from the called bonds are included in the company's deposit in paragraph 1.2, item 4, below. The asset is included at the market value as at 31 August 2021 of

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| | DKK | 14,557,834 |
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3. Shares in subsidiary

The bankrupt company has a booked asset consisting of shares in the subsidiary ASG Forsikringsagentur A/S in bankruptcy. The shares as at 31 August 2021 were booked at DKK 0. The shares are still included at book value.

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| | DKK | 0 |
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4. Deposit

The bankrupt company's deposit as at 31 August 2021 was booked at DKK 435,200,121.

Since the most recent report the deposit has increased by DKK 11,722,677 in total. The reason for the increase is that the bankruptcy estate has received payments from the company's reinsurers of DKK 22,113,716 and that bonds of DKK 1,994,970 were called. Payments from coverholders and subrogation payments in the amount of DKK 329,655 have also been received. In the period since the most recent report periodical costs including price adjustments have also been paid in connection with continuing the operations of the bankruptcy estate which have been deducted from the deposit. The asset has been included at book value.

DKK 435,200,121

5. The share of the reinsurance of the provision for unearned premiums and the provision for claims outstanding

The bankrupt 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 August 2021 of DKK 899,008,727.

The primary reason for the reduction in the company's shares of the reinsurance of DKK 78,586,419 since the most recent report is the following two activities:

A) The Danish Guarantee Fund for Non-life Insurers and other national funds continue the payouts regarding certain losses resulting in a reduction in the expected claims for compensation and therefore also the share of the reinsurance of this amount. The reduction will be counterbalanced by a corresponding increase in the receivables regarding reinsurance (paragraph 1.2, item 6).

B) Since the most recent report the receivable based on compensations has decreased as a consequence of a

reduction in the provisions for a specific substantial claim that is essentially insured by an excess of loss contract. The reason for the reduction in the provisions is that one of the other national guarantee funds has made a payout regarding a specific substantial claim which is why the share of the reinsurance of the payout is reduced in this item. The bankruptcy estate's receivables under the item "Receivable, share of the reinsurance (reinsurance) (paragraph 1.2, item 6) increased at the same time as a consequence of the reduction in this item.

The asset has been included at book value. DKK 899,008,727

6. Receivable, share of the reinsurance (reinsurance)

The receivable regarding the share of the reinsurance as at 31 August 2021 has been booked at DKK 353,025,807. The primary reason for the increase of DKK 48,118,750 compared to the most recent report is the following two activities:

A) A reduction relating to payments received from reinsurers of DKK 22,113,716 (paragraph 1.2, item 4).

B) An increase relating to the shares of the reinsurance of payouts from the Guarantee Fund for Non-life Insurers and other national funds of DKK 66,764,275.

The receivable has been included at book value. DKK 353,025,807

7. Receivable from insurance brokers/coverholders

When the company went bankrupt it had a booked asset with the company's insurance brokers/coverholders of DKK 84,251,990. The receivable consists of outstanding premiums and deposits in accounts with claims examiners for the payment of losses. The trustee included the booked asset in the unencumbered assets in previous reports as the asset had been booked this way in the company's bookkeeping before it went bankrupt. The trustee has subsequently examined whether the asset is to be qualified as a registered asset or as an unencumbered asset. Receivables from insurance brokers and coverholders may, in respect of the bookkeeping, be included by half of the book value as a deduction from the

insurance provisions according to section 5, para (4), of the then current Statutory Order on Registration of Assets in Insurance Companies and Company Pension Funds. It means that the receivable may only be included as an asset at DKK 0 as long as the funds are still with the insurance brokers and coverholders. As the bankruptcy estate's payable premiums are paid to the bankruptcy estate the funds will, however, be added to the deposits under the registered assets (paragraph 1.2, item 4). The trustee notes for the avoidance of doubt that the existence and value of these receivables are subject to great uncertainty, see paragraph 6.1.3 below for details.

DKK 0

8. Unearned coverholder commission

The trustee has established that the bankruptcy estate has a claim against the coverholders that previously sold insurance which was effected by Qudos Insurance A/S (now in bankruptcy) as the insurer. The receivable has been booked on an ongoing basis in Qudos Insurance A/S (now in bankruptcy). So far, the trustee has calculated a receivable relating to unearned coverholder commission against former coverholders of DKK 255,938,103.28 for which the trustee has either raised a claim against former coverholders or which the trustee has started collecting on an ongoing basis. It is noted that it is uncertain whether and the extent to which the coverholders will be able to pay the bankruptcy estate's very significant claims which is why for now the amount is included at a reminder value. Reference is also made to paragraph 6.1.3.3 below.

DKK 1

Registered assets etc in total (provisionally calculated)

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| DKK | 1,708,645,105 |
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It is noted that in the period from the most recent report under section 125(4) of the Bankruptcy Act of 16 April 2021, the registered assets have been reduced by DKK 20,597,007 which is primarily because of the reduction in the share of the reinsurance of the provisions for unearned premiums and the provisions for claims outstanding (paragraph 1.2, item 5) and an increase in the receivables from the company's reinsurers (paragraph 1.2, item 6).

At the same time costs relating to running the bankruptcy estate have been paid, including payments to external claims examiners and attorneys to secure the collection of the company's assets, ie the assets that, in the trustee's opinion, are to be included in the registered assets. This does not only extend to

reinsurance but for example also expenses relating to collecting incorrect payments under a policy because of a claims examiner's repeated breach of contractual obligations regarding an insurance portfolio (so-called claims leakage). There has also been work relating to calculating and limiting the liabilities. These costs have been deducted from the calculation of the registered assets.

The share of the reinsurance of the provisions for unearned premiums and the provisions for claims outstanding has been discounted in the above calculation (paragraph 1.2, item 5) and the outstanding reinsurance (paragraph 1.2, item 6) as at 31 March 2021.

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 obligations not covered by the registered assets. This includes the ordinary creditors relating to the operations, see paragraph 2.2 below.

The unencumbered assets as at 31 August 2021 were booked at:

9. Tools and equipment, etc

The bankruptcy estate's tools and equipment consist of various office furniture, computers, monitors and other office supplies. The tools and equipment as at 31 August 2021 were booked at DKK 50,000. The book value of the assets when the company went bankrupt has been extraordinarily written down because of the commencement of bankruptcy proceedings against the company. For the time being the tools and equipment have been included at book value.

DKK 50,000

10. Receivable from consolidated companies

The bankrupt company has a booked asset consisting of receivables from consolidated companies that were booked at DKK 5,547,941 as at 31 August 2021. The reason for the reduction of DKK 2,658,232 since the most recent report is that by a judgment the bankruptcy estate was partly successful in respect of a consolidated company, see paragraph 6.3.4 below for details. The company has paid DKK 1,144,405 into the estate's client account with the trustee, and the remaining receivable of DKK 1,513,826 has been written off. The bankruptcy estate's receivables are therefore included at this new book value by

DKK 5,547,941

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| 11. Rent deposit - Sundkrogsgade 21 | | |
| The bankruptcy estate paid a rent deposit equal to the bankruptcy estate's proportionate share of this rent deposit as part of the merger of the operations of the bankruptcy estate with the operations of the bankruptcy estate of Alpha Insurance A/S, including the agreement between Alpha Insurance A/S in bankruptcy and the bankruptcy estate, see the trustee's report of 16 April 2020, paragraphs 6.1.3.3 and 6.1.3.10. The bankruptcy estate's proportionate share of the rent deposit has been booked at | DKK | 1,066,733 |
| 12. Rent deposit - Kongevejen 371 | | |
| The receivable relating to the rent deposit is no longer deemed to be of any value to the estate as previously stated. | DKK | 0 |
| 13. Rent deposit - Købmagergade 22 | | |
| When the bankruptcy order was issued, one of the bankrupt company's trading addresses was leased premises at Købmagergade 22, 3, 1150 Copenhagen K, Denmark. As previously stated in the trustee's report of 16 April 2021, the trustee has been in contact with the landlord and has raised a claim for repayment of the rent deposit which the landlord has rejected. The rent deposit regarding the leased premises as at 31 August 2021 was booked at DKK 1,502,977. For now, the rent deposit has been included at a reminder value of | DKK | 1 |
| 14. Rent deposit - London | | |
| The receivable relating to the rent deposit is no longer deemed to be of any value to the estate as previously stated. | DKK | 0 |
| 15. Intangible assets | | |
| The intangible assets are software equipment used in the operation of the bankruptcy estate and goodwill. The asset as at 31 August 2021 was booked at DKK 0 as, compared to the book value when the company went bankrupt, an extraordinary writedown of DKK 14,404,947.56 was made as a result of the commencement of bankruptcy proceedings against the company. The asset has been included at book value. | DKK | 0 |
| 16. Deposit in client account | | |
| The deposit in the client account as at 31 August 2021 amounted to | DKK | 3,647,493 |

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| Unencumbered assets in total (provisionally calculated following an estimated total write-down) | DKK | 5,000,000 |
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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 1.2 above.

1. Expected claims for return premium

The expected claim for return of premiums as at 31 August 2021 was booked at DKK 322,307,221. The claim has been calculated according to the same principles used in connection with the calculation of the company's provisions for unearned premiums. The amount is the company's estimate of the claims for return premium and it is expected that it will be offset by claims for return premium raised by policyholders. The reason for the reduction of DKK 26,297,786 compared to the most recent report is the payouts from guarantee funds and other adjustments. The payouts from the guarantee funds and thus the decline in the expected claim for return premium are expected to be counterbalanced by a corresponding claim against the estate from the Danish Guarantee Fund for Non-life Insurers and other national funds. The liability is included at book value by

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| | DKK | 322,307,221 |
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2. Expected claim for compensation

The expected claim for compensation is a calculation for the purpose of the bookkeeping of the amount put aside to cover the policyholders'/the claimants' claims for compensation. The expected claim for compensation has been calculated according to principles corresponding to the previous provisions for claims outstanding. The claim is thus an estimate of the future payouts relating to claims for compensation and may deviate from the actual claims for compensation. The expected claim for compensation as at 31 August 2021 was booked at DKK 1,425,748,068.

The amount has been reduced by approximately DKK 95,113,820 compared to the most recent report. The expected

claim for compensation has been reduced because the Guarantee Fund for Non-life Insurers and other national funds regularly make payouts regarding insurance claims. The payouts from the Guarantee Fund for Non-life Insurers and other national funds and thus the decline in the expected claim for compensation are expected to be counterbalanced by a corresponding claim against the estate from the Danish Guarantee Fund for Non-life Insurers and other national funds. DKK 1,425,748,068

3. Deduction of half of the outstanding payable premiums

Under section 5, para (4), of the then current Statutory Order on Registration of Assets in Insurance Companies and Company Pension Funds the bankruptcy estate is entitled to deduct up to half of the outstanding payable premiums from the insurance provisions. The trustee has previously stated that the value is calculated on an ongoing basis but following a detailed examination the trustee has established that the deduction is half the book value on the date of the bankruptcy. DKK -42,125,995

4. Claims proved so far in respect of the registered assets

As at 31 August 2021, claims proved in respect of the registered assets amounted to DKK 2,945,048,963 in total. It is noted that this is only a provisional calculation of the proved claims as the various guarantee fund schemes are still making payouts, and the trustee therefore expects to receive further proofs of claim.

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|--------------------------------------|------------|----------------------|
| | DKK | 2,945,048,963 |
| Expected liabilities in total | DKK | 4,650,978,257 |

It is noted in respect of the above calculation of the liabilities connected to the registered assets that the expected claims for return premium and the insurance claims later on in the estate administration will be replaced by actual claims (as stated in paragraph 2.1, item 4) as the claims for repayment of premiums and the claims for compensation are calculated and the claims are finalised, including from the Guarantee Fund for Non-life Insurers and other national guarantee fund schemes that are subrogated to the policyholder's and the claimant's respective claims against the bankruptcy estate under the registered assets, see paragraph 6.1.4.4 below for details. The various guarantee fund schemes are still making payouts.

The above calculation therefore contains elements of double registration, which is why overall the registered liabilities are expected to be reduced over time.

As at 31 August 2021, the Guarantee Fund for Non-life Insurers and other national funds had paid a total of DKK 1,264,967,961 to cover both accepted claims for compensation and claims for return premium. The trustee therefore expects that the claims notified so far of DKK 2,945,048,963 under the registered assets will increase in line with the current payouts.

It must generally be expected as a consequence of Qudos Insurance A/S's bankruptcy that the number of notified claims and the relating payouts will increase significantly. The trustee's most important task is consequently still to ensure that the notified claims are handled correctly. In cooperation with the Danish Guarantee Fund for Non-life Insurers the trustee has continued the claims handling by the existing claims examiners, see paragraph 6.1.4.1 for details.

2.2 Other liabilities relating to the unencumbered assets

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| Claims under section 94 of the Bankruptcy Act (secondary administration expenses) | DKK | 1,670,434.41 |
| Claims under section 95 of the Bankruptcy Act (preferential employee claims) | DKK | 967,914.74 |
| Claims under section 97 of the Bankruptcy Act (general creditor claims) | DKK | 139,045,637.94 |
| Liabilities in total | DKK | 141,683,987.09 |

It is generally noted in respect of the notified claims that several claims could potentially be included in both the expected claims for compensation and the claims for return premium under the registered assets, see paragraph 2.1 above, and at the same time have been separately proved against the bankruptcy estate under the unencumbered assets, see paragraph 2.2 above. It means that the same claim could be included twice in the above calculations. At this point in time the scope of any claims that have been filed twice is not yet clear as the initial work regarding the examination of the filed claims has only just begun.

3. INVESTIGATIONS RELATING TO AVOIDANCE

The trustee refers to previous reports regarding this subject-matter as well as to paragraph 6.3 below.

4. CRIMINAL OFFENCES

The trustee has informed the police under section 110(4) of the Bankruptcy Act. The trustee has had ongoing discussions with the police in this connection.

5. **BANKRUPTCY-RELATED DISQUALIFICATION**

The Maritime and Commercial High Court was separately notified in connection with the bankruptcy estate's report of 16 October 2019 under section 125(4) of the Bankruptcy Act of the trustee's investigation and assessment of whether there was any basis for instituting bankruptcy-related disqualification proceedings against the former management of Qudos Insurance A/S in bankruptcy under section 157(1), first sentence, cf section 160(1), first sentence, of the Bankruptcy Act.

On 21 May 2021, the Danish Maritime and Commercial High Court gave rulings in the cases against the former manager and against two members of the board of directors. The rulings by the Danish Maritime and Commercial High Court have been brought before the Danish High Court where they are currently pending.

6. **THE ESTATE ADMINISTRATION AND THE TIME SPENT IN THE PREVIOUS PERIOD**

6.1 **The time spent on the registered assets**

The trustee's work relating to the registered assets in the period since 1 March 2021 and up to 31 August 2021 has focused on the following tasks:

6.1.1 ***Securities***

The bankruptcy estate's securities portfolio primarily still consists of government bonds and corporate bonds which were booked at DKK 6,852,616 and DKK 14,557,616 respectively on 31 August 2021, see the list of assets in paragraph 1.2, items 1 and 2.

In the preceding period the trustee has managed the bankruptcy estate's securities portfolio and assessed the bankruptcy estate's securities investment policy and considered the need for having funds to pay the day-to-day operations in the bankruptcy estate.

Since the most recent report DKK 1,994,970 has been withdrawn from the company's custody account which has been added to the deposit used for operating the bankruptcy estate.

Approximately five hours have been spent by lawyers on such work since the most recent report.

6.1.2 Reinsurance

As stated in the trustee's recent reports, the bankruptcy estate's most important asset among the registered assets is the receivables relating to the concluded reinsurance contracts, including the share of the reinsurance of the provisions for unearned premiums and the provisions for claims outstanding (paragraph 1.2, item 5) and the receivables from the reinsurers (paragraph 1.2, item 6).

The work involving the bankruptcy estate's reinsurance in the preceding period has been, and still is, very complicated and extensive.

The trustee's handling of the bankruptcy estate's reinsurance in the preceding period still focused on calculating and collecting the bankruptcy estate's receivables from the reinsurers.

In the preceding period the trustee's work has included calculating and collecting a claim against an English reinsurer where the trustee could not agree with the reinsurer about the calculation of the reinsurance claim. The matter has now been handed over to an English solicitor for collection of the claim.

The trustee has continued the direct discussions with the biggest European reinsurer regarding the part of the business that was not handled through an insurance broker prior to the bankruptcy. Since the most recent report the trustee's work regarding the collection of a substantial receivable from the reinsurer in question relating to a substantial return premium amount that has been paid to the policyholders has been extensive. The trustee expected that the bankruptcy estate would have received this significant receivable in this period but due to the reinsurer's situation the process has taken longer than expected. The trustee expects to receive the payment of this receivable in Q4 2021.

In the preceding period the trustee also continued the discussions with and the follow-up in respect of two insurance brokers in England and Singapore that are the intermediaries between the bankruptcy estate and the biggest European reinsurer and the biggest Asian reinsurer as part of the collection of receivables.

The trustee has started reviewing the indexing in the area for substantial claims that has been handled by Qudos Insurance A/S on an ongoing basis prior to the bankruptcy. As a consequence of the significant financial value of insurance payments in the substantial claims area, the correct indexing may have considerable impact on the bankruptcy estate's receivables from the reinsurers in respect of the excess of loss reinsurance contracts. It is expected that the trustee's review of the amounts previously settled could have financial value for the bankruptcy estate as it has turned out that the calculation made in Qudos Insurance A/S prior to the bankruptcy was not correct in several respects.

The trustee is still in dialogue with the German legacy specialist, and the trustee is dealing with the special problems arising in this connection.

As also written in the trustee's most recent report, the insurance broker and the reinsurer in another body of contracts had stopped answering the trustee's letters, which is why it could not be ruled out that the trustee would have to take legal steps against the parties in question to secure the reinsurance asset. As previously stated, the trustee has established contact to the reinsurer that, however, was not willing to find a solution for the purpose of commutating, which is why it is currently the trustee's assessment that it will be necessary to take arbitration steps to collect the reinsurance claim.

The trustee is still focusing on commutating the small reinsurance contracts where the run-off can be determined with a high degree of probability. The trustee has carried out a number of legal analyses in this connection and has set up a working group and obtained actuarial valuations for the purpose of continuing this work.

Moreover, the bankruptcy estate has switched to almost full automated reporting. In the preceding period, the trustee's work has included implementing this automated process and solving the challenges that arose in that connection.

Descriptions of all the procedures regarding the reporting to reinsurers have also been made. The final testing and delivery of the descriptions of procedures were carried out in the spring of 2021.

Moreover, the trustee is still in regular contact with the consultant hired by the bankruptcy estate that handles the English and Irish substantial claims and reporting to the reinsurers.

The work in the recent period regarding the English part of the reinsurance, particularly regarding personal injury, has continued to be challenging due to COVID-19 which has resulted in longer and more comprehensive lockdowns than in Denmark.

Finally, in June 2021 the trustee sent a semi-annual update to the reinsurers containing information about the handling of the reinsurance and the general status of the bankruptcy estate. The next briefing note is expected to be sent in Q1 2022.

DKK 22,113,716 in respect of reinsurance has been paid since the most recent report and until 31 August 2021.

It means that a total of DKK 362,503,516 has been paid to the bankruptcy estate by the reinsurers since the company went bankrupt and until 31 August 2021.

Approximately 650 hours have been spent by lawyers regarding the reinsurance since the most recent report.

6.1.3 *Receivables from coverholders, claims examiners, insurance brokers, etc*

The bankruptcy estate's receivables from coverholders and claims examiners under the registered assets as at 20 December 2018 were booked at a value of DKK 84,251,990 but have been stated at DKK 0, see paragraph 1.2, item 7, as it is noted that the bankruptcy estate's receivable of DKK 84,251,990 consisting of payable premiums is included with a deduction of 50% of the value of the bankruptcy estate's liabilities attached to the registered assets, see paragraph 2.1, item 3, under section 5, para (4), of the then current Statutory Order on registration of assets in insurance companies and company pension funds.

The asset mainly covers the bankruptcy estate's receivable consisting of the premium receivables from coverholders, including the instituted legal proceedings against coverholders and claims examiners. It is noted in respect of the bankruptcy estate's premium receivable that the trustee has intensified the collection process for the bankruptcy estate's receivables from coverholders and claims examiners, including the premium receivables and funds in loss accounts.

The tasks relating to the receivables from coverholders, claims examiners, etc are described more specifically below.

In the preceding period the trustee continued collecting outstanding excess amounts from several policyholders. There were a total of 36 open cases in this connection and the trustee has closed some of those cases. The trustee has collected a total excess amount of DKK 127,312.11 so far (after a deduction of paid expenses).

The trustee is still determining whether the Guarantee Fund for Non-life Insurers should have a special right to payment in advance for excess amounts of the insurance claims for which the Guarantee Fund for Non-life Insurers has paid insurance cover.

6.1.3.1 *Premium receivables*

As stated in the most recent report, the trustee's investigations related to booked premium receivables have shown that receivables often had a lower value than the book value which is why the book values were subject to significant uncertainty. The trustee has continued to deal with the booked receivables in question which to a great extent has primarily resulted in the trustee writing off the booked receivables in question on an ongoing basis.

6.1.3.2 Claiming back insurance premium tax from tax authorities

As previously stated, the trustee has examined whether the bankruptcy estate was entitled to claim back insurance premium tax paid for the part of the insurance cover regarding the period after the cancellation of the policies, see section 26(1) of the Danish Insurance Contracts Act.

In cooperation with the bankruptcy estate's employees and external consultants the trustee has calculated the various claims for recovery against the tax authorities in a number of countries.

The trustee is currently awaiting the processing by the tax authorities of the bankruptcy estate's requests for recovery of premium tax and is contributing to clarifying the case. This work is still taking place.

Approximately 250 hours have been spent by lawyers on collecting the receivables from the coverholders, insurance brokers, tax authorities, etc as well as the work regarding the independent collection of unearned coverholder commission which is described separately in paragraph 6.1.3.3 below since the most recent report.

6.1.3.3 Reclaiming unearned coverholder commission

As written in the trustee's most recent report, the trustee has raised claims on behalf of the bankruptcy estate for repayment of unearned coverholder commission against a number of the bankruptcy estate's former coverholders.

A payment of NOK 81,029 was received from a coverholder in the preceding period.

At this point in time two legal actions have been brought regarding claims for unearned coverholder commission against former coverholders. Both cases await service.

The trustee expects to bring further legal actions in future as the trustee's initial discussions with the company's former coverholders did not result in any settlement regarding repayment of unearned coverholder commission.

In the preceding period the trustee has had significant work regarding the preparation of the collection of the bankruptcy estate's claim for unearned coverholder commission, including drafting claims and writs of summons, preserving evidence and corresponding and negotiating with coverholders and their representatives.

A receivable consisting of unearned coverholder commission of approximately DKK 256,000,000 has currently been calculated. The majority of the claim of more than DKK 210,000,000 in total concerns two coverholders and their sub-coverholders. A claim for a significant amount running into millions regarding unearned coverholder commission has been raised against a big Danish coverholder. The trustee has spent a significant amount of time on calculating the claim and raising it against the coverholder.

The trustee has also raised a claim running into millions against an English coverholder and a reinsurer. The bankruptcy estate has taken on external legal assistance in England to assist with claiming back unearned commission. Since the most recent report the trustee has spent time on preparing the participation in mediation and has had ongoing discussions with the bankruptcy estate's external lawyers.

The trustee expects to refer further cases to external lawyers in England and has therefore spent time on preparing the cases for referral so that legal actions can be brought.

The trustee notes that it is currently unknown whether the coverholders against whom the bankruptcy estate has raised claims for repayment will be able to pay all of the bankruptcy estate's claim.

The trustee is still claiming back the coverholders' unearned commission, and it is not expected that the work will be finished soon as the recovery is made through courts and arbitration tribunals both nationally and internationally.

Approximately 504 hours have been spent by lawyers on the work of collecting/recovering unearned coverholder commission since the most recent report.

6.1.4 *The operations*

Firstly, it is noted that the trustee's work in the previous period of dealing with and adapting various operational issues because of the COVID-19 pandemic that hit Denmark in March 2020 was still extensive. It also affected the operations of the bankruptcy estate.

The work relating to the operations has been described in detail below, see paragraphs 6.1.4.1-6.1.4.9.

6.1.4.1 *Claims handling*

As previously stated, the trustee decided together with the Guarantee Fund for Non-life Insurers to continue the operations of the bankruptcy estate after the issue of the bankruptcy order to minimise the bankruptcy estate's liabilities and secure the funds from the reinsurance, see paragraph 6.1.2 for details.

It was decided in that connection to continue the claims handling by the existing claims examiners so that the ongoing claims handling in compliance with the existing claims handling agreements continued to the widest extent possible.

In the preceding period the trustee's claims handling still took up a lot of time. The purpose of the work is to ensure that the claims are still being properly handled so that the notification to the bankruptcy estate's reinsurers is also correct. Since the most recent report, the trustee has also adjusted and followed up on the claims handling by the claims examiners attached to the bankruptcy estate because of the COVID-19 pandemic.

The trustee still has talks and correspondence with the claims examiners about the general claims handling including the procedure for rejecting claims notified after the termination of the policies, the procedure for notifying the bankruptcy estate of accepted claims, the Guarantee Fund for Non-life Insurers and/or other national guarantee fund schemes as well as the claims handling of specific claims. Several of the open claims still require the trustee's continuous involvement in the handling of the specific claims, including also in respect of the determination of the reserves.

As stated in the trustee's most recent report, the bankruptcy estate introduced a new format for the claims examiners' notification of accepted claims to the bankruptcy estate. In the preceding period the trustee has had an ongoing dialogue with the bankruptcy estate's claims examiners for the purpose of keeping efficient control of the claims handling and reporting in that connection.

As the trustee also stated in the most recent report, Qudos Insurance A/S's (now in bankruptcy) former Italian claims examiner stopped the claims handling and paid out approximately 400 policyholders' insurance claims against the bankruptcy estate without the bankruptcy estate's acceptance despite the fact that only approximately 100 claims had been handled.

Since the most recent report the trustee has entered into an agreement with a new claims examiner on handling the remaining approximately 300 claims that had not been handled. At this point in time the bankruptcy estate awaits the former claims examiner sending all necessary information so that the new claims examiner can assess whether the insurance claims must be notified to the estate and/or the Guarantee Fund for Non-life Insurers and whether the claims are justified.

It also appeared from the trustee's most recent report that in addition to the above approximately 300 insurance claims the former claims examiner had also decided to pay approximately 10,000 policyholders' claims for return premium against the estate without the bankruptcy estate's consent, which means that the company subrogated to the policyholders' claims against the bankruptcy estate as written above. In

the preceding period the Guarantee Fund for Non-life Insurers paid out the majority of the approximately 10,000 claims for return premium.

In addition, the trustee awaits notification of an additional 18 insurance claims from the former claims examiner that were handled prior to the bankruptcy. The Danish Guarantee Fund for Non-life Insurers is subsequently to assess whether the claims justify cover from the Fund.

The ongoing claims handling is still taking place.

Approximately 890 hours have been spent by lawyers on such work since the most recent report.

6.1.4.2 Bilateral agreements and contracts

In the preceding period the trustee continued to spend time on administering and approving payments regarding the agreements and contracts to which the bankruptcy estate has become a party, including the payment of various operating expenses such as rent, IT solutions, telephony, utilities, insurance covering the bankruptcy estate's employees, staff canteen, etc.

In the preceding period the trustee has also spent time on regularly reviewing the costs that Alpha Insurance A/S in bankruptcy has paid regarding the service charges and other operating expenses of the leased premises because the bankruptcy estate is still to pay a proportionate part of the service charges of the leased premises and other operating expenses because of the sublease with Alpha Insurance A/S in bankruptcy and the agreement on apportionment of costs between Alpha Insurance A/S in bankruptcy and Qudos Insurance A/S in bankruptcy (the so-called "agreement on apportionment of costs"), see also paragraph 1.3, item 12 above.

In the period the trustee's work also included re-invoicing the time that the bankruptcy estate's employees have spent on the estate administration of Alpha Insurance A/S in bankruptcy as such costs are to be paid by Alpha Insurance A/S in bankruptcy. The costs are re-invoiced every quarter, and the work is therefore ongoing and will continue in future.

Approximately 16 hours have been spent by lawyers on such work since the most recent report.

6.1.4.3 The bankruptcy estate's employees

Since the most recent report the trustee's work has included dealing with the bankruptcy estate's employees on an ongoing basis.

On 1 January 2021, a new Swedish act entered into force that imposes an obligation on all Danish employers to register as an employer in Sweden and pay Swedish tax for cross-border commuters who work more than 50% from home. As the bankruptcy estate employs cross-border commuters, the trustee has conducted examinations and studied the new legislation to make sure that the bankruptcy estate fulfils all tax obligations.

The trustee has therefore assisted the employees in question with obtaining such a statement, and the trustee has also been in contact with the Swedish tax authorities several times.

Moreover, the trustee has continued to spend time on dealing with the employees in respect of COVID-19, including adjusting the COVID-19 guidelines on an ongoing basis for the bankruptcy estate's employees in accordance with the ongoing development in the pandemic. The trustee has participated in conference calls and video conferences on an ongoing basis with the bankruptcy estate's employees to ensure the continued operations and progress of the claims handling and to ensure the well-being of the employees.

The trustee has also dealt with usual employee matters as in any other operating business, including regarding illness, pregnancy, resignations, etc. It is noted in this connection that in the preceding period the trustee received resignations from two key employees, and the trustee has started the recruitment of a new bookkeeper. The trustee has also prepared and negotiated consultancy agreements for some employees.

The trustee is regularly assessing the bankruptcy estate's staff, including whether there is any need for adjusting the resources in the bankruptcy estate.

Approximately 49 hours have been spent by lawyers on such work since the most recent report.

6.1.4.4 Talks with guarantee funds

In the preceding period the trustee continued to have regular talks with the Guarantee Fund for Non-life Insurers and its administration company, Topdanmark Forsikring A/S, green card agencies, including the Danish Motor Insurers' Bureau (DFIM) and other national guarantee fund schemes.

The talks have primarily been about the payment of the policyholders'/the claimants' claims, including the procedure for exchanging insurance claims/claims for return premium between the various guarantee funds and the bankruptcy estate, talks about the calculation of the policyholders' claim for return premium and the process of notifying the bankruptcy estate of insurance claims/claims for return premium.

The trustee has also had discussions with the Guarantee Fund for Non-life Insurers about the status of the Fund's claims in the bankruptcy estate, including whether the Fund is entitled to priority satisfaction for the Fund's claims, see also paragraph 6.1.6.1 below.

It is noted that the guarantee funds mentioned above are still examining and paying out insurance claims/claims for return premium to the policyholders/claimants, and the trustee is involved on an ongoing basis in the guarantee funds' processing and payouts of the reported insurance claims/claims for return premium.

The trustee has also had talks with the guarantee funds and public authorities in other European countries. The trustee's talks and coordination with the various guarantee funds are still taking place and will take place as long as there are open insurance claims in the jurisdictions of the various guarantee fund schemes.

Approximately 95 hours have been spent by lawyers on such work since the most recent report.

6.1.4.5 Correspondence with the policyholders and the claimants

In the preceding period the trustee has continued to have regular correspondence with policyholders in different countries about their insurance products from Qudos Insurance A/S in bankruptcy, including their claims for return premium and claims for compensation against the bankruptcy estate.

Since the issue of the bankruptcy order and up to the time of preparing this report the trustee has been contacted approximately 8,247 times by policyholders and claimants, including approximately 17 times since the most recent report. The trustee are dealing with these inquiries on an ongoing basis.

In the preceding period the inquiries were primarily questions about when the policyholders can expect to receive the payouts for their claims for return premium from the guarantee funds and/or the bankruptcy estate and questions from policyholders and claimants about specific claims handled by the claims examiners or attorneys.

It is noted in this connection that the Guarantee Fund for Non-life Insurers and the English compensation scheme FSCS (Financial Services Compensation Scheme) repay return premium on a regular basis. The Guarantee Fund for Non-life Insurers and FSCS also make regular payouts regarding accepted claims for compensation to claimants.

In order to provide information about the bankruptcy and its legal effects to the affected parties, the trustee is regularly updating the bankruptcy estate's website with relevant information which the policyholders and claimants could need in connection with the handling of their possible claims against the bankruptcy estate.

The trustee has started to go through the complaints from policyholders about claims handling and rejected claims.

Approximately 95 hours have been spent by lawyers on such work since the most recent report.

6.1.4.6 Legal actions to which the bankruptcy estate has become a party or which have been brought by the bankruptcy estate

As written in the trustee's most recent report, the trustee decided to become a party to a number of legal actions that primarily were about rejected claims and which were already handled by external lawyers on behalf of Qudos Insurance A/S (now in bankruptcy).

The legal actions to which the bankruptcy estate has become a party are still primarily handled by external lawyers according to the agreements previously entered into between the respective claims examiners/coverholders and Qudos Insurance A/S (now in bankruptcy), which is why the affected claims examiners/coverholders and the lawyers have received the trustee's permission to continue the current legal actions brought against Qudos Insurance A/S (now in bankruptcy) before the issue of the bankruptcy order.

The trustee has corresponded and has had conversations with the attorneys about the cases.

The legal actions that Qudos Insurance A/S (now in bankruptcy) previously handled directly are now being handled by the trustee. The same predominantly applies to actions brought after the bankruptcy. The trustee has spent time on drafting pleadings and participating in case management conferences and trial hearings in the legal actions.

The legal actions to which the bankruptcy estate has either become a party or which have been brought by the bankruptcy estate are described in general below.

Legal actions brought against coverholders:

As written in the trustee's most recent report, the trustee together with a co-insurer have brought a legal action in England against a former coverholder, a claims examiner appointed by the coverholder, a sub-

supplier of the previously mentioned claims examiner as well as the coverholder's insurer that issued the professional indemnity insurance which became involved when the coverholder went into administration (liquidation). The subject-matter is payment of approximately GBP 8.9 million. The claim is about insufficient claims handling in connection with an insurance portfolio that was transferred to another claims examiner before the bankruptcy and where the standard of the preceding claims handling did not meet the expected requirements and resulted in incorrect and in certain instances too big insurance payouts (claims leakage). The legal action is being handled by solicitors in England.

Since the most recent report the trustee has assisted the lawyers who have been engaged with the continued preparation for a final hearing, including in particular with selecting experts to review a selection of the insurance payments that is the subject-matter of the case for the purpose of preparing an expert opinion on the loss amount. This review of the insurance payments must be made according to the method determined in the expert report that the trustee wrote about in his most recent report.

In addition, the trustee has also prepared and carried out mediation under the English rules which included discussions with the defendants about the appointment of the mediator, drafting a mediation statement and participating in the mediation.

The mediation did not result in the closing of the case, which is why the case will continue in the court system in England.

Finally, the trustee's work has included fulfilling the extensive English disclosure requirements, including work relating to handing over data and material for such purpose as well as contributing to answers to questions from the opposing parties that have arisen in connection with the process.

The bankruptcy estate has also lodged a writ of summons against a coverholder by which the bankruptcy estate has raised a claim for payment of DKK 1,868,578.49. The claim arises out of an agreement on prepaid profit sharing between the coverholder and Qudos Insurance A/S (now in bankruptcy) which entailed that the coverholder received prepaid profit sharing of DKK 2,756,511.39 in total until 2015. It had been agreed between Qudos Insurance A/S (now in bankruptcy) and the coverholder that the coverholder was subsequently to repay the prepaid profit sharing to Qudos Insurance A/S (now in bankruptcy). The claim raised corresponds to the amount that the coverholder had not repaid to Qudos Insurance A/S when the company went bankrupt and which is still outstanding.

The final hearing was held on 12 April 2021, and the bankruptcy estate was successful in the judgment of 10 May 2021 by the district court as the coverholder was ordered to pay DKK 1,868,578.49 to the bankruptcy estate. The coverholder has appealed the case to the Danish Western High Court. A date for the appeal proceedings has not yet been fixed.

It means that approximately 100 hours in total have been spent by lawyers on litigation against former coverholders since the most recent report.

Legal actions about subrogation etc:

Firstly, the trustee refers to the most recent report in which the trustee gave an account of the work in connection with the legal actions about subrogation etc.

In the preceding period the trustee brought another legal action about subrogation on behalf of the bankruptcy estate.

Judgment has been delivered in three of the legal actions about subrogation since the most recent report, and the bankruptcy estate has been successful in one of the cases and unsuccessful in the other two.

Settlements were entered into in three of the cases.

The legal actions about subrogation vary in terms of scope and complexity and they are at different preparation stages. In some of the cases the trustee has spent time on drafting the writs of summons, going through the other party's defences, participating in trial hearings in part, participating in surveys and appraisals and case management conferences.

At present, one of the legal actions has been set down for trial. The legal action has been set down for trial before the end of 2021, and the bankruptcy estate consequently expects the delivery of the judgment by the court of first instance in January 2022.

One of the legal actions about subrogation has been closed since the most recent report as the court gave a ruling that the case could not be reopened due to security not having been provided.

Moreover, the trustee is still waiting for a date to be fixed for the final hearing of one case about subrogation.

Approximately 171 hours have been spent by lawyers so far on the pending legal actions about subrogation since the most recent report.

As previously stated in the trustee's most recent report, the trustee has also issued a number of writs of summons relating to claims for avoidance and recovery on behalf of the bankruptcy estate against a number of related parties and third parties in addition to the legal actions mentioned in this paragraph.

These legal actions and the work in this regard relate to the unencumbered assets and are dealt with separately in paragraph 6.3 below.

It means that since the most recent report approximately 271 hours have been spent by lawyers on the legal actions brought by the bankruptcy estate or to which the bankruptcy estate has become a party and which relate to the registered assets and where the proceeds will also be part of the registered assets.

6.1.4.7 Legal actions brought against the bankruptcy estate

In the preceding period the trustee spent time on the legal actions brought against Qudos Insurance A/S in bankruptcy after the issue of the bankruptcy order. The legal actions are primarily being handled by external attorneys in compliance with the agreements entered into with the relevant claims examiners and the bankruptcy estate. The trustee has had many conversations with the external attorneys about the cases and has instructed them to make a plea of no case to answer in the cases in compliance with section 141 of the Bankruptcy Act.

As stated in the trustee's most recent report, the bankruptcy estate's Spanish claims examiner has informed the trustee of seven legal actions brought against the bankruptcy estate after the bankruptcy order was issued. In the preceding period the trustee has also clarified a number of issues in the cases.

Since the most recent report four legal actions have been brought against the bankruptcy estate with a request for the taking of evidence out of court.

The trustee has spent time on going through the request for the taking of evidence out of court with exhibits, including the questions. The trustee has also had discussions with the expert and the opposing party. Finally, the trustee has spent time on drafting a submission with comments on the opposing party's request for the taking of evidence out of court as well as drafting his own questions to the expert.

Since the most recent report approximately 80 hours have been spent by lawyers on the legal actions brought against the bankruptcy estate.

6.1.4.8 Compliance, GDPR and audits

As part of continuing the operations of the bankruptcy estate the trustee has continued the process of identifying the agreements with the company's business partners including the coverholders and claims examiners requiring a data processing agreement. The work of making sure that Qudos Insurance A/S in bankruptcy is wound up in compliance with the GDPR to the widest extent possible is still extensive.

Qudos Insurance A/S in bankruptcy has a large number of coverholders and claims examiners that had entered into agreements before the bankruptcy with policyholders and/or handled notifications of claims on behalf of Qudos Insurance A/S (now in bankruptcy). The claims examiners continue to handle the notifications of claims after the bankruptcy which means that to a certain extent they process personal data on behalf of Qudos Insurance A/S in bankruptcy. As a consequence, there has been a need to enter into data processing agreements with a large number of coverholders and claims examiners to ensure that Qudos Insurance A/S in bankruptcy complies with its GDPR obligations to the widest extent possible.

The trustee's work has included determining the need for entering into data processing agreements with the attached insurance brokers and claims examiners.

The continued work of carrying out risk assessments and drawing up data processing agreements with the individual coverholders and claims examiners and negotiating with the coverholders and claims examiners after they had received the draft data processing agreements has been extensive. There has also been a need to update the data processing agreements that have already been drafted. Moreover, the trustee has corresponded on an ongoing basis with the claims examiners to make sure that personal data were returned and deleted.

For the purpose of making sure that the data processors comply with the concluded data processing agreements, the trustee has drafted a supervision concept and has had ongoing discussions with the bankruptcy estate's employees and has gone through supervision forms.

As stated in the most recent report, the trustee has prepared procedures for the payment of the claims handling expenses and other expenses relating to the operations, and the trustee ensures on an ongoing basis that the procedures are adequate.

Moreover, the trustee's work in relation to planning and coordinating the ongoing claims audits of the claims examiners to make sure that the claims handling continues to be carried out properly has continued. The work in this regard has been extensive because of the many claims examiners.

Approximately 195 hours have been spent by lawyers on such work since the most recent report.

6.1.4.9 Audit and bookkeeping

As previously stated, the trustee has taken on external accounting assistance to assist the bankruptcy estate.

It is also noted in respect of the bookkeeping and the declaration of direct and indirect taxes that the trustee's own employees are assisting with the bookkeeping of the day-to-day running of the bankruptcy estate, approving all payments by the bank and declaring direct and indirect taxes on a regular basis. The consequence is that the trustee's employees are also at the company most days.

Eliminations between the unencumbered and registered assets have been carried out since the most recent report which has been time consuming for the estate's accounts officer.

Approximately 150 hours have been spent on such work since the most recent report of which 125 hours have been spent by the trustee's employee skilled in accounts.

6.1.5 *General work regarding planning the notification process*

In the preceding period the trustee has continued to spend time on planning the notification process in the estate, including handling the reporting sheet for the claims examiners as well as maintaining and developing the functions of the register of debts and claims. The trustee has also prepared a number of internal processes for the notification of claims, see paragraphs 6.1.5.1 to 6.1.5.3 below.

The trustee has continued to spend time on developing and maintaining the new register of debts and claims for the purpose of registering the claims under the registered assets, including the policyholders' claims for return premium and the claimants' claims for compensation. In that connection the trustee has continued to hire external consultancy assistance.

In addition, the trustee registers the received notifications of claims in the bankruptcy estate's register of debts and claims for registered assets on an ongoing basis.

Approximately 15 hours have been spent by lawyers on such work since the most recent report.

6.1.5.1 *Web form, repayments of premium (claims for return premium)*

In the previous period the trustee continued to spend time on handling the claims for return of premiums against the bankruptcy estate and the Guarantee Fund for Non-life Insurers filed via the web form designed by the bankruptcy estate in collaboration with the Guarantee Fund for Non-life Insurers and its administration company Topdanmark Forsikring A/S.

As at 31 August 2021, 37,885 claims for return premium had been filed by using the form. The trustee has also spent time on handling the claims for return premium through bulk reporting of claims for return premium as mentioned in the trustee's most recent report.

In the preceding period the trustee has continued to have regular discussions with the Guarantee Fund for Non-life Insurers and FSCS about the calculation of return premium regarding the various insurance products, see paragraph 6.1.4.4 for details, as the guarantee funds subrogate to the policyholders' claims against the bankruptcy estate when the payments are made to the policyholders.

The Guarantee Fund for Non-life Insurers and FSCS made payouts regarding claims for return premium to the policyholders in the preceding period.

Approximately five hours have been spent by lawyers on such work since the most recent report.

6.1.5.2 Notification of claims from claims examiners

In the preceding period the trustee continued to spend time on developing a procedure for the claims examiners' notification of the accepted insurance claims to the bankruptcy estate as well as maintaining and developing the new register of debts and claims to handle the claims filed under the registered assets.

The trustee refers to previous reports describing the notification of claims by claims examiners.

Approximately five hours have been spent by lawyers on such work since the most recent report.

6.1.5.3 Web form for complaints

As stated in the previous reports, the trustee has designed a web form to handle complaints. The claimant can give notice of an insurance claim by using the form if the claims examiner has refused to process the claim if, for example, it is a claim under a terminated insurance policy (loss made after 28 March 2019) and/or the claimant disagrees with the claims examiner about the amount of the claim that has been awarded.

When the bankruptcy estate receives a complaint through the complaint form, the claim is registered in the bankruptcy estate's register of debts and claims.

As at 31 August 2021, a total of 48 complaints had been made against the bankruptcy estate by using the complaint form.

In the preceding period the trustee has dealt with the complaints opened through the complaint form with assistance from the bankruptcy estate's employees.

The trustee intends to start examining the rejected complains in 2022/2023.

Approximately three hours have been spent by lawyers on such work since the most recent report.

6.1.6 Examination of claims

In the previous period the trustee started the preparations for the examination of the filed claims for return premium and insurance claims.

In the previous period the trustee therefore also started to examine in detail when the policyholders' claims for return premium, the claimants' insurance claims respectively could be deemed to have become barred by limitation, including which national statute of limitations that regulates the two types of claims.

The initial examination of claims work is still taking place.

Approximately 15 hours have been spent by lawyers on such work since the most recent report.

6.1.6.1 The creditors' special status, if any, in relation to receivables from reinsurers and other assets

In the preceding period the trustee had talks and corresponded with the Guarantee Fund for Non-life Insurers about whether the Guarantee Fund for Non-life Insurers has a special legal status in the bankruptcy estate.

This issue is still the subject of discussions and correspondence between the parties.

Approximately 43 hours have been spent by lawyers on such work since the most recent report.

It means that 3,216 hours in total have been spent on work relating to the registered assets of which 125 hours have been spent by the trustee's employees skilled in accounts.

6.2 Time spent on the unencumbered assets

The trustee's work relating to the unencumbered assets in the period since 1 March 2021 and up to 31 August 2021 has focused on the following tasks:

6.3 Investigations relating to claims for avoidance and repayment and legal actions

The trustee has concluded his investigations of any possible voidable transactions. The trustee has identified a number of possible issues that have given rise to raising claims for avoidance and recovery.

The individual cases are described below.

6.3.1 *Claims for avoidance and recovery against a foreign company*

The trustee has established a claim for avoidance and/or a claim for recovery against a foreign company.

The trustee has lodged a writ of summons against the company in Guernsey.

The defendant foreign company made an objection on a point of law as to proper forum and choice of law in its defence. The objection was considered by the courts of Guernsey on 11 December 2020 after which the case was set down for judgment, but with the possibility of the parties making further submissions. A final decision on the objection on a point of law has still not been made.

The work in the period has included dialogues on an ongoing basis with the bankruptcy estate's external lawyers and going through the submissions from the bankruptcy estate's external lawyers.

Approximately 38 hours in total have been spent on such work.

6.3.2 *Legal action about claims for recovery and compensation against Qudos Insurance A/S's parent company and other consolidated companies about illegal funds generated from operations*

The trustee has established a claim for recovery and compensation against Qudos Insurance A/S's parent company and two other consolidated companies.

On 22 December 2020, the trustee lodged a writ of summons against Qudos Insurance A/S's ultimate parent company and two other consolidated companies claiming payment of DKK 52,825,500 to the bankruptcy estate plus interest under the Danish Interest Act and section 215(1) of the Danish Companies Act.

The subject-matter of the case is the bankruptcy estate's claim for recovery and compensation in relation to financial funds that Qudos Insurance A/S made available for the acquisition of Qudos Insurance A/S by Qudos Insurance A/S's ultimate parent company from Echelon Financial Holdings Inc. on 7 March

2017 that in the trustee's opinion is contrary to the prohibition against funds generated from operations laid down in section 206(1) of the Danish Companies Act.

On 19 March 2021, the defendants filed the defence in the case where the defendants pleaded dismissal of the case, in the alternative dismissal of the claim, and in the second alternative dismissal of the claim against payment of a lesser amount.

The bankruptcy estate filed the reply in the case on 31 August 2021 in which the bankruptcy estate also requested an expert valuation of the bankruptcy estate's statement of loss.

Approximately 343 hours have been spent on such work.

6.3.3 *Claims for avoidance, repayment and damages against a person with a connection to Qudos Insurance A/S and this person's company*

The trustee has established a number of claims against a person with a connection to Qudos Insurance A/S (now in bankruptcy) and this person's company. The bankruptcy estate issued a writ of summons against both parties on 20 December 2019.

The District Court of Lyngby delivered its judgment in the case on 30 June 2021 by which the defendant person attached to Qudos Insurance A/S and this person's company were ordered to pay DKK 15,640,942 plus statutory interest as from 20 December 2019 and pay the legal costs of the case of DKK 633,000 to the bankruptcy estate. The judgment was appealed to the Danish Eastern High Court where it is currently pending.

Since the most recent report the trustee has filed additional pleadings, prepared for and participated in a final hearing for four days in court and has drafted a statement of defence in appeal proceedings and gone through additional submissions from the defendants in the case.

Approximately 353 hours have been spent on such work since the most recent report.

6.3.4 *Claims for avoidance and recovery against a related party*

The trustee has established that shortly before Qudos Insurance A/S (now in bankruptcy) went bankrupt a number of writedowns/eliminations were made in an intercompany account with a consolidated company.

As previously stated, it was the trustee's opinion that the eliminations were voidable, and the bankruptcy estate therefore lodged a writ of summons against the company as the claim was rejected.

Since the most recent report a final hearing has been held in the case and a judgment was delivered on 17 August 2021 in which the Copenhagen City Court found that the defendant company was to pay DKK 1,144,405.37 plus statutory interest as from 16 December 2019 to the bankruptcy estate as the Court found that it had been proved that the defendant company had a number of counterclaims that partially eliminated the bankruptcy estate's claim on which an action had been brought.

The case was heard for two days in court.

Approximately 131 hours have been spent by lawyers on such work since the most recent report.

6.3.5 *Claims for avoidance and recovery against a third party and a consolidated company*

The trustee has established a claim for avoidance and/or a claim for recovery against a third party and a consolidated company.

The bankruptcy estate has consequently raised a claim against the parties, but they have both rejected the claim. The bankruptcy estate therefore lodged a writ of summons against the parties on 20 December 2019, and on 13 March 2020 the trustee received the defence.

An expert valuation has been made since the most recent report. The final hearing is scheduled to take place on 27, 28 and 29 October 2021.

Approximately 40 hours have been spent by lawyers on this case since the most recent report.

6.4 *Investigations relating to management liability*

As stated in previous reports, the trustee has identified a number of issues in connection with his work in the bankruptcy estate that gave rise to further investigations into whether the bankruptcy estate had any basis for raising a claim against the former management of Qudos Insurance A/S as a consequence of the management having engaged in actionable conduct.

The trustee finds that the management of Qudos Insurance A/S has recognised assets and liabilities that should either not have been recognised or which had been valued incorrectly with regard to the accounts and solvency which had a decisive effect on the company's accounting figures and solvency ratio.

It is the trustee's opinion based on the conducted investigations that the operations in Qudos continued beyond the point of no return which, in the trustee's opinion, was 3 May 2018 at the latest and Qudos Insurance A/S, and consequently ultimately the creditors against the bankruptcy estate, has therefore suffered a significant loss.

It is also the trustee's opinion that the audit of the company's 2017 annual report by the former external auditor of Qudos Insurance A/S is criticisable.

As a consequence, the trustee lodged a writ of summons on 3 May 2021 on behalf of the bankruptcy estate against the former management and the company's external auditor, claiming payment of DKK 110,000,000. The legal action was brought before the District Court of Lyngby where the case is currently pending.

Approximately 3,464 hours have been spent by lawyers on such work since the most recent report.

6.5 Other costs paid by Qudos Insurance A/S contrary to the rules on illegal funds generated from operations

The trustee has also established that Qudos Insurance A/S paid advisor costs of more than DKK 15 million in connection with the acquisition of the shares in Qudos Insurance A/S mentioned in paragraph 6.3.2. It is the trustee's opinion that Qudos Insurance A/S should not have paid advisor costs relating to the company's own acquisition. The trustee has raised claims against the parent company and another consolidated company and has entered into a suspension agreement with the company.

Approximately 20 hours have been spent by lawyers on such work since the most recent report.

6.6 Other estate administration

Approximately 130 hours have been spent by lawyers on the general estate administration, including corresponding with the creditors relating to the operations and the bankruptcy court, registering the proofs of claim in the register of debts and claims of the bankruptcy estate and on preparing this report under section 125(4) of the Bankruptcy Act since the most recent report.

It means that 4,519 hours in total have been spent on the unencumbered assets.

7. SUMMARY OF THE TIME SPENT

It means that approximately 7,735 hours in total have been spent on the estate administration, including approximately 3,216 hours on work relating to the registered assets, see paragraph 6.1, and approximately 4,519 hours relating to the unencumbered assets, see paragraph 6.2, in the period from 1 March 2021 and up to 31 August 2021.

8. FUTURE ESTATE ADMINISTRATION AND THE WINDING-UP OF THE ESTATE

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

As a consequence of the many estimates relating to both the calculation of the assets and the liabilities, it is still not yet possible to estimate the expected dividend in the bankruptcy estate, including the cover from the registered assets and the unencumbered assets. It is also not possible to estimate when it can be expected that the bankruptcy estate will be wound up.

9. INTERIM FEE

The trustee has not asked the bankruptcy court to pay any interim fee since the most recent report.

10. OTHER INFORMATION

The estate is being administered by Attorney Boris Frederiksen (bor@poulschmith.dk), Attorney Jesper Saugmandsgaard Øe (jso@poulschmith.dk), Attorney Mathias Juul Holter (mho@poulschmith.dk), Attorney Trine Irene Brodersen (trbr@poulschmith.dk), Attorney Christian Bo Kolding-Krøger (cbk@poulschmith.dk), Attorney Frederik Simmelholt (fsi@poulschmith.dk), Attorney Camilla Wiemer (cawi@poulschmith.dk), Attorney Sarah Willatzen (sawi@poulschmith.dk), Attorney Jens Laurbjerg Nielsen (jnli@poulschmith.dk), Assistant Attorney Mikkel Vesterskov Koch (miko@poulschmith.dk), Assistant Attorney Christina Ziegler Beck-Nyling (chbn@poulschmith.dk), Assistant Attorney Humayun Zia Choudhary (hcho@poulschmith.dk), Assistant Attorney Maria Zinckernagel Nielsen (mazn@poulschmith.dk) and Assistant Attorney Frederik Vigand Svendsen (fsvs@poulschmith.dk).

You can find additional contact information on the website www.gudosinsurance.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.

11. NEXT CREDITOR INFORMATION

The next creditor information with a report under section 125(4) of the Bankruptcy Act will be sent on 16 April 2022 at the latest to the bankruptcy court and the creditors.

Copenhagen, 15 October 2021

Boris Frederiksen
Partner, Attorney