

Danish report of 16 April 2020 – translation made on 3 June 2020

Report under section 125(4) of the Danish Bankruptcy 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(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 report under section 125(4) of the Bankruptcy Act of 16 October 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 still uncertain.

The trustee has used the company's own calculations and bookkeeping to a wide extent to calculate the company's assets in this report.

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 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. The company consequently has a total of 17 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. It primarily means the claimants' claims for damages and the policyholders' claims for return of premiums 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 29 February 2020 were booked at:

1. Government bonds

The bankrupt company's government bonds as at 29 February 2020 amounted to DKK 6,896,623, which is why the asset has been included at this value

	DKK	6,896,623
--	-----	-----------

2. Corporate bonds

The bankrupt company's corporate bonds as at 29 February 2020 amounted to DKK 23,532,642. The difference in the shareholding compared to the most recent report is called bonds of approximately DKK 8,789,062 in total as well as price adjustment and interest. The proceeds from the called bonds are included in the company's deposit in paragraph 1.2, item 4, below. The asset has been included at the nominal value.

	DKK	23,532,642
--	-----	------------

3. Shares in subsidiary

The bankrupt company has a booked asset consisting of shares in the subsidiary ASG Forsikringsagentur A/S. The shares were booked at DKK 0 as at 29 February 2020. On 25 February 2019, liquidation proceedings were commenced against ASG Forsikringsagentur A/S, and on 22 May 2019 the bankruptcy division of the Danish Maritime and Commercial High Court declared the company bankrupt. The shares are stated at the book value

DKK 0

4. Deposit

The bankrupt company's deposits were booked at DKK 295,495,949 as at 29 February 2020.

The increase in the deposit of DKK 151,793,729 compared to the most recent report is a result of payments received from the company's reinsurers of DKK 152,268,762 as well as called bonds of DKK 8,789,062. In the period since the most recent report periodical costs have been paid by using the cash and cash equivalents relating to continuing the operations of the bankruptcy estate in the amount of approximately DKK 11,800,000. The asset has been included at the book value

DKK 295,495,949

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 of DKK 1,275,712,162 as at 29 February 2020.

The increase in the company's share of the reinsurance of DKK 75,401,819 is primarily a result of the company having recalculated parts of the company's expected claims for return of premiums (paragraph 2.1, item 1), which has resulted in an increase in the expected claim and thus the share of the reinsurance. To this amount should be added a small reduction as a consequence of the Guarantee Fund for Non-Life Insurers having started to pay out some damages, which results in a reduction in the expected claims for damages and thus also the share of the reinsurance of DKK

1,275,712,162

such amount. The reduction will be equal to a corresponding increase in the receivables regarding reinsurance (paragraph 1.2, item 6). The asset has been included at the book value

6. Receivable, share of the reinsurance (reinsurance)

The receivable regarding the share of the reinsurance as at 29 February 2020 was booked at DKK 156,438,967. The reduction of DKK 43,033,591 compared to the most recent report can be attributed to payments received from reinsurers of DKK 152,268,762 (paragraph 1.2, item 4) and an increase relating to the share of the reinsurance of payouts of damages from the Guarantee Fund for Non-life Insurers of DKK 109,235,171. The receivable has been included at the book value.

	DKK	156,438,967
Registered assets etc in total (provisionally calculated)	DKK	1,758,076,343

It is noted that in the period from the most recent report of 16 October 2019 under section 125(4) of the Bankruptcy Act, the registered assets have increased by DKK 175,155,151, which is primarily because of the payments received from the company's reinsurers (paragraph 1.2, item 4), the increase in the share of the reinsurance of the provision for unearned premiums (paragraph 1.2, item 5) and a reduction 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 various operating expenses and payments to external claims examiners and attorneys for the purpose of securing the collection of the company's assets as well as the work of calculating and limiting the liabilities. These costs have been deducted from the calculation of the registered assets.

The share of the reinsurance of the provision for unearned premiums and the provision for claims outstanding has been discounted in the above calculation (paragraph 1.2, item 5) and the receivables regarding reinsurance (paragraph 1.2, item 6) as at 31 December 2019.

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, see paragraph 2.2 below.

The unencumbered assets as at 29 February 2020 were booked at:

7. Receivable from insurance brokers/agents

When the company went bankrupt it had a booked asset with the company's insurance brokers/agents 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 is currently looking into the receivable. It is noted that before the bankruptcy the receivable had been booked as a partly unencumbered asset. The trustee has started examining whether the receivable is an unencumbered or a registered asset. For the time being the asset has been included as an unencumbered asset at a reminder value of

DKK 1

8. 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 29 February 2020 were booked at DKK 50,000. An extraordinary write-down has been made compared to the book value of the assets when the company went bankrupt as a result of the commencement of bankruptcy proceedings against the company. For the time being the tools and equipment have been included at the book value.

DKK 50,000

9. Receivable from consolidated companies

The bankrupt company has a booked asset consisting of receivables from consolidated companies that were booked at DKK 20,773,896 as at 29 February 2020. The asset has been included, for the time being, at the book value.

DKK 20,773,896

10. Rent deposit - Kongevejen 371

Until February 2018, one of the bankrupt company's trading addresses was leased premises at Kongevejen 371, 2840 Holte, Denmark. The rent deposit as at 29 February 2020 was booked at DKK 195,689. The trustee has received documentation from the landlord that the landlord's receivable significantly exceeds the paid rent deposit, see paragraph 6.3 for details. The receivable of the rent deposit is no longer deemed to be of any value to the estate.

DKK 0

11. Rent deposit - Købmagergade

When the bankruptcy order was issued, one of the bankrupt company's trading addresses was leased premises at Købmagergade 22, 3, 1150 DKK

1

Copenhagen K, Denmark. The rent deposit regarding the leased premises as at 29 February 2020 was booked at DKK 1,652,299. 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, see paragraph 6.3 for details. For the time being the rent deposit has been included at a reminder value

12. Rent deposit - London

When the bankruptcy order was issued, one of the bankrupt company's trading addresses was leased premises in London. The rent deposit regarding the leased premises as at 29 February 2020 was booked at DKK 1,175,424. Reference is made to paragraph 6.3 below. For the time being the rent deposit has been included at a reminder value

DKK 1

13. Intangible assets

The intangible assets are software equipment used in the operation of the bankruptcy estate and goodwill. The asset as at 29 February 2020 was booked at DKK 0 as, compared to the book value when the company went bankrupt, an extraordinary write-down 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 the book value

DKK 0

14. Deposit in client account

The deposit as at 29 February 2020 amounts to

DKK 2,906,633

15. Repaid duties from Motor Insurance Bureau of Ireland

The bankruptcy estate has received a repayment of tax previously paid on account from Motor Insurance Bureau of Ireland of DKK 2,557,287. The amount is included in the deposit in the client account (paragraph 1.2, item 14).

DKK 0

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

DKK 5,000,000

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 of premiums

The expected claims for return of premiums as at 29 February 2020 was booked at DKK 427,200,142. 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 of premiums and it is expected that it will be offset by claims for return of premiums raised by policyholders.

The primary reason for the increase of DKK 238,380,264 compared to the most recent report is clarification of the method to be used when returning premiums regarding builders warranties and home warranty insurance which has resulted in an increase in the expected claims for returns of premiums of DKK 116,960,328. In addition, outstanding commission shares regarding agents of DKK 200,807,000 that were previously offset against the claims for returns of premiums have been recognised as an expense and finally the claims for returns of premiums have been reduced by the actual payments from the guarantee funds and recalculation of the reserves in respect of individual agents of DKK 79,387,064 in total. The payouts from the Guarantee Fund for Non-life Insurers and thus the decline in the expected claim for return of premiums are expected to be counterbalanced by a corresponding claim against the estate from the Danish Guarantee Fund for Non-Life Insurers. The liability is included at the book value

DKK	427,200,142
-----	-------------

2. Expected claims for damages

The expected claims for damages are a calculation for the purpose of the bookkeeping of the amount put aside to cover the policyholders'/the insureds' claims for damages. The expected claim for damages 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 damages and may deviate from the actual

claims for damages. The expected claim for damages as at 29 February 2020 was booked at DKK 1,881,194,772.

The amount has been reduced by approximately DKK 221,927,942 compared to the most recent report. The primary reason for the deduction is a recalculation of the expected claim for damages in respect of parts of the company's portfolio. The basis of the recalculation is data received from the company's agents from November 2018 and recalculated as at the date of calculation in respect of this report. In addition, the expected claim for damages because the Guarantee Fund for Non-Life Insurers regularly pays out claims for damages is reduced. The payouts from the Guarantee Fund for Non-life Insurers and thus the decline in the expected claim for damages are expected to be counterbalanced by a corresponding claim against the estate from the Danish Guarantee Fund for Non-Life Insurers.

	DKK	1,881,194,772
Expected liabilities in total	DKK	2,308,394,914.00

It must generally be expected as a consequence of Qudos Insurance A/S's bankruptcy that the number of notified claims and consequent payouts will increase considerably. 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 consequently decided that the existing claims examiners are to continue to process the claims.

2.2 Other liabilities relating to the unencumbered assets

Claims under section 94 of the Bankruptcy Act (secondary administration expenses)	DKK	1,255,939.68
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	135,125,516.40
Liabilities in total	DKK	137,349,370.82

3. INVESTIGATIONS RELATING TO AVOIDANCE

In the past period the trustee has conducted investigations relating to possible voidable transactions in the bankruptcy estate.

The trustee has identified a number of issues in connection with the investigations that have resulted in the bankruptcy estate raising claims for avoidance and/or claims for recovery against a number of related parties and third parties.

The bankruptcy estate has brought five legal actions relating to avoidance or recovery of a number of transactions of approximately DKK 38.5 million in total plus interest.

The individual matters are described in detail in paragraph 6.4 below.

4. CRIMINAL OFFENCES

It is regularly investigated in connection with the estate administration whether there is any basis for filing a police report under section 110(4) of the Bankruptcy Act.

The trustee's investigations in this regard are still being conducted.

5. BANKRUPTCY-RELATED DISQUALIFICATION

The Maritime and Commercial High Court was separately notified in connection with the bankruptcy estate's most recent 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, of the Bankruptcy Act, cf section 160(1), first sentence.

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

6.1 The time spent on the registered assets

The trustee's work relating to the registered assets in the period since 1 September 2019 and up to 29 February 2020 has focused on the following tasks:

6.1.1 *Securities*

The bankruptcy estate's securities portfolio primarily still consist of government bonds and corporate bonds which were booked at DKK 6,896,623 and DKK 23,532,642 respectively on 29 February 2020, see the list of assets in paragraph 1.2, items 1 and 2.

In the past 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 funds to pay the day-to-day operations in the bankruptcy estate.

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

6.1.2 Reinsurance

The bankruptcy estate's most important asset in 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 receivable from the reinsurers (paragraph 1.2, item 6).

The work involving the bankruptcy estate's reinsurance in the past period has been and still is very complicated and time-consuming as the reinsurance is governed by the individual reinsurance contracts entered into between Qudos Insurance A/S (now in bankruptcy) and the various reinsurers. The agreements are also subject to insurance law norms and customs.

In the past period the focus of the trustee's work has continued to be on the investigations of the reinsurance cover, and in this connection the trustee has had discussions with the reinsurers about the continued claims handling, including about the continued reporting to the reinsurers and payment of receivables.

In the past period the trustee has intensified the collection of receivables relating to the reinsurance. In general, the work relating to the collection has consisted of continuing to get an overview of the very large number of contracts and the special clauses and provisions of the individual contracts in order to assess the legal framework for payments of receivables relating to reinsurance.

As previously mentioned, several reinsurers have requested audits of specific claims of importance to the reinsurers in question under the relevant reinsurance contracts and the bankruptcy estate has arranged for audits of such claims in the preceding period, see paragraph 6.1.3.9 for details.

The trustee's work relating to the inspections of specific claims has been extensive and in particular the trustee has facilitated the reinsurers' inspections of substantial claims outstanding and underlying documents both at meetings and on various online platforms.

Due to the unsuitable handling of the substantial claims outstanding in the company before the bankruptcy the trustee has also drafted procedures for notifying substantial claims outstanding which has resulted in a lot of time having been spent on former employees' correspondence for the purpose of

assessing the existing documentation in relation to the substantial claims outstanding. When it turned out that the documentation was insufficient the trustee also spent a lot of time on holding meetings with former employees to determine the facts regarding the substantial claims outstanding.

The trustee has also made preparations for the dispute resolution, including the possible arbitration proceedings relating to disputes with reinsurers.

Specifically, the trustee has had a lot of dealings with the bankruptcy estate's brokers who handled Qudos Insurance A/S's activities with a number of reinsurance companies. The dealings have primarily consisted of meetings in both Denmark and London, a lot of correspondence as well as a large number of conference calls.

Since the most recent report the trustee's work relating to reinsurance has resulted in a payment of approximately DKK 152 million to the bankruptcy estate, see paragraph 1.2, point 4.

Approximately 850 hours have been spent by lawyers on such work since the most recent report.

6.1.3 *The operations*

6.1.3.1 *Claims handling*

Firstly, it is noted that together with the Guarantee Fund for Non-life Insurers the trustee decided to continue the operations of the bankruptcy estate to minimise the bankruptcy estate's liabilities and to secure the funds from the reinsurance.

In the past period the trustee's claims handling related in particular to re-establishing and maintaining the claims handling by the claims handlers attached to the bankruptcy estate in Denmark and abroad. 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. The trustee's work relating to the claims handling also includes securing the bankruptcy estate's most important asset.

In that connection the trustee has had in-depth correspondence and has participated in both meetings over the telephone and in person with a large number of claims examiners both in Denmark and abroad about the framework for the cooperation and the most suitable continuation of the claims handling as well as negotiations of the terms of the claims handling. Some loss portfolios have been transferred to new claims examiners after the company went bankrupt as the claims examiners attached to the company before the bankruptcy did not want to continue the claims handling in accordance with the existing agreement with Qudos Insurance A/S (now in bankruptcy). The trustee has had in-depth correspondence with

the new claims examiners in that connection about the claims handling of the transferred portfolios and has facilitated the replacement of the claims examiners.

It is noted in this connection that in the past period the trustee has continued to have work relating to finding a new claims examiner in Italy as the claims examiner attached to the company before the bankruptcy did not want to continue the claims handling. The trustee has had a lot of correspondence with a potential new claims examiner about handling the loss portfolio in future, including negotiating the fee and the terms for taking over the claims handling of the portfolio. The trustee expects to enter into a new claims handling agreement on the portfolio in April/May 2020, and the loss portfolio of the bankruptcy estate in Italy will then be transferred to the new claims examiner.

The trustee has also had extensive correspondence with the attached claims examiners about the general claims handling, including the procedure for rejecting claims notified after the termination of the policies, the procedure for reporting accepted claims to the Guarantee Fund for Non-life Insurers and/or other national guarantee fund schemes as well as more in-depth discussions about the claims handling of specific claims as several of the open claims are of an amount and complexity that they require the trustee's continuous involvement in the claims handling.

Finally, the trustee has also had conversations and correspondence about periodically notifying the bankruptcy estate of the claims and the determination of the reserves for the individual claims. It is noted that the claims examiners have not yet started on notifying the bankruptcy estate of the approved claims for damages. The trustee expects that the notification of the approved claims will start in Q2 2020, see paragraph 6.1.4.2 for details.

The claims handling is still taking place.

Approximately 1,570 hours have been spent by lawyers on such work since the most recent report.

6.1.3.2 Portfolio transfers

In the past period the trustee has continued to have talks with the agents and the claims examiners about the transfers of portfolios, including the loss portfolios, so that the bankruptcy estate's total balance sheet can be brought down. The trustee has spent time on calculating the consequences of the portfolio transfers. No portfolios have been transferred from the bankruptcy estate at this point in time as the trustee has only transferred some loss portfolios to new claims examiners, see paragraph 6.1.3.1.

As for Qudos Insurance A/S's (now in bankruptcy) loss portfolio in Norway, the trustee previously assisted with the conclusion of a reinsurance contract where a new insurer offered the portfolio's policyholders

new insurance cover on corresponding terms as the policyholders' original insurance policy with Qudos Insurance A/S (now in bankruptcy). In situations where the policyholder has accepted the offer of new insurance, the new insurer has taken over the entire risk in respect of Qudos Insurance A/S's (now in bankruptcy) previously issued policies and thus also the insurance liability. In the past period the trustee has handled all the subsequent practical matters relating to the contract.

Approximately 10 hours have been spent by lawyers on such work since the most recent report.

6.1.3.3 Position on bilateral agreements

In the past period the trustee has spent time on administering and approving payments regarding the 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.

Because Qudos Insurance A/S in bankruptcy entered into an agreement with Alpha Insurance A/S in bankruptcy at the beginning of 2019 to rent parts of the leased premises belonging to Alpha Insurance A/S in bankruptcy, the trustee has spent time on formalising the sublease between the bankruptcy estates in the past period.

Because Qudos Insurance A/S in bankruptcy is now to pay a proportionate part of the service charges of the leased premises and other operating expenses, the trustee drafted an agreement in the past period on the apportionment of costs between Qudos Insurance A/S in bankruptcy and Alpha Insurance A/S in bankruptcy (the "cost allocation agreement"), see paragraph 6.1.3.10 for details. In that connection the trustee has been in contact with the suppliers about splitting up the individual periodical invoices where possible.

Approximately 125 hours have been spent by lawyers on such work since the most recent report.

6.1.3.4 The bankruptcy estate's employees

In the past period the trustee has taken on new employees for the bankruptcy estate because several employees have left the bankruptcy estate. In this connection the trustee has spent time on going through the applications, holding job interviews and drafting employment contracts.

As the activities in the bankruptcy estate have continued, the trustee is still responsible for the usual aspects relating to the operations concerning the employees' well-being and development as in any other

company. For example, the annual performance reviews have been held and the mandatory workplace assessment has been carried out.

The trustee is regularly assessing the staff situation, including whether there is any need for adding more resources to the bankruptcy estate to continue the operations.

Approximately 120 hours have been spent by lawyers on such work since the most recent report.

6.1.3.5 Talks with guarantee funds

In the past period the trustee has held regular weekly meetings with the Guarantee Fund for Non-Life Insurers and its administration company, Topdanmark Forsikring A/S, about the claims handling and the scope of cover by the Guarantee Fund for Non-Life Insurers, including about the calculation of return of premiums in respect of the various types of insurance as well as the procedure for notifying the bankruptcy estate of claims.

The trustee is still having weekly telephone conferences and is corresponding extensively with the English FSCS (Financial Services Compensation Scheme) about what FSCS covers and has discussions about how the notification of claims and the claims for return of premiums against FSCS are to be handled in respect of the bankruptcy estate and the Guarantee Fund for Non-Life Insurers.

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

The trustee's talks and coordination with the various guarantee funds are still taking place.

Approximately 170 hours have been spent by lawyers on such work since the most recent report.

6.1.3.6 Correspondence with the policyholders and the claimants

In the past period the trustee has had regular correspondence with the policyholders in different countries about their insurance products from Qudos Insurance A/S in bankruptcy, including their claims for return of premiums and claims for damages 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 6,850 times by policyholders, including approximately 950 times since the most recent report and the trustee is dealing with the inquiries.

In the past period the emails were primarily about questions about when the policyholders can expect to receive the payouts from their claims for return of premiums from the guarantee funds and/or the bankruptcy estate as well as questions 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 FSCS repay premiums on a regular basis. The Guarantee Fund for Non-life Insurers and FSCS also make regular payouts of accepted claims to claimants.

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

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

After the bankruptcy order was issued the trustee together with the bankruptcy estate's employees went through and discussed all current legal actions brought against Qudos Insurance A/S (now in bankruptcy) before the bankruptcy. It is noted that several of the bankruptcy estate's employees had only worked for Qudos Insurance A/S (now in bankruptcy) for a short period of time before the bankruptcy which is why the employees' knowledge of the legal actions is limited in many cases, and the trustee's work of going through the legal actions has consequently been very extensive.

The legal actions are primarily about rejected claims and the trustee consequently 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 previously 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 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 trustee has spent time on drafting pleadings and participating in interim hearings in the legal actions.

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

Legal actions brought against agents:

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 agent and a claims examiner appointed by the agent. 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. The legal action is handled by an English solicitor. Since the most recent report the trustee has spent time on examining a number of facts for the solicitor's drafting of pleadings, including various discussions with the solicitor. The exchange of pleadings has now come to an end.

In the past period the trustee has also issued a writ of summons against an insurance agent in a case about repayment of an excess payment of commission to the agent. The subject-matter is approximately DKK 1.8 million. At this point in time the trustee's work has consisted of initial examinations of the claim and drafting the writ of summons.

The trustee has also spent time on a case brought against Qudos Insurance A/S before the issue of the bankruptcy order about alleged non-payment of commission of approximately DKK 900,000 to an English insurance agent. The trustee decided that the bankruptcy estate should become a party to the case. The trustee subsequently settled the case in return for Qudos Insurance A/S in bankruptcy paying DKK 37,500 to the insurance agent. Time has been spent on drafting the defence and participating in court-based mediation lasting one day in court.

It means that approximately 128 hours in total have been spent by lawyers on litigation against former agents since the most recent report.

Legal actions about subrogation:

In the past period the trustee has brought ten legal actions about subrogation. The subrogation relates to home warranty insurance, builders warranties and houseowner's insurance/project insurance.

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 expert surveys and appraisals and pre-trial reviews in other cases the trustee is still waiting for the other parties' defences. Approximately 170 hours have been spent by lawyers so far on the ten cases relating to subrogation since the most recent report.

It is noted that in addition to the cases mentioned in this paragraph the trustee has also issued a number of writs of summons relating to claims for avoidance and recovery against a number of related parties and third parties. These legal actions and the work in this regard concern the unencumbered assets and are dealt with independently in paragraph 6.4 below.

It means that since the most recent report approximately 298 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.

6.1.3.8 Legal actions brought against the bankruptcy estate

In the past period the trustee has 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 request a dismissal of the cases in compliance with section 141 of the Bankruptcy Act.

Since the issue of the bankruptcy order several legal actions have been brought against the bankruptcy estate by policyholders/claimants that have not received the expected insurance cover. Legal actions have been brought both in Denmark and abroad.

The trustee has asked all claims examiners and attorneys for an annual overview of the claims handling as well as of any legal actions brought against the bankruptcy estate after the bankruptcy order.

The contact between Qudos Insurance A/S and the claims examiners before the bankruptcy was characterised by the claims examiners having a very independent role, including also in relation to any legal actions brought against Qudos Insurance A/S. As a consequence, there are still a number of challenges in connection with receiving all the information about the legal actions brought against Qudos Insurance A/S in bankruptcy.

The clarification of the facts in the individual cases is still taking place and the trustee regularly assists with drafting various pleadings.

As for the legal actions that the trustee is handling himself, a legal action about an insurance claim that the policyholder believes to have against the bankruptcy estate was brought by the policyholder against the bankruptcy estate after the issue of the bankruptcy order before a district court.

The insurance claim that the legal action is about has not been examined by the trustee under the rules of part 16 of the Bankruptcy Act. The trustee has pleaded dismissal of the case by stating that the Writ of Summons was issued after the issue of the bankruptcy order and that the legal action was not brought in compliance with the rules laid down in part 16 of the Bankruptcy Act on claims adjudication proceedings.

The trustee has asked the court to sever the objection on a point of law for a separate hearing under section 351(4) of the Danish Administration of Justice Act. The trial hearing regarding the points of law has been scheduled to take place on 6 May 2020. In the past period the trustee has spent time on going through the plaintiff's pleadings and drafting further pleadings.

Approximately 100 hours have been spent by lawyers on such work since the most recent report.

6.1.3.9 Compliance, GDPR and audits

As part of continuing the activities in the bankruptcy estate the trustee has identified the agreements with the company's business partners including the agents 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 very extensive.

It is the trustee's assessment that it must be expected that the run-off period of Qudos Insurance A/S in bankruptcy will be more than ten years. This is why the trustee decided to carry out a compliance project in Qudos Insurance A/S in bankruptcy at the beginning of the estate administration to ensure that the bankruptcy estate complies with the GDPR.

The work has included identifying the data flow in the bankruptcy estate, a GAP analysis as well as drafting a project implementation plan.

Qudos Insurance A/S in bankruptcy has a large number of agents 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 continued 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 was a need to enter into data processing agreements with a large number of agents and claims examiners to ensure that Qudos Insurance A/S in bankruptcy complies to the widest possible with its GDPR obligations.

The work of carrying out risk assessments and drawing up draft data processing agreements with the individual agents and claims examiners (49 in total) and negotiating with the agents and claims

examiners after they had received the draft data processing agreements has been extensive. The work has also involved coordination, including considerations as to erasure dates, issues relating to termination of agreements, return of data, etc. Time has also been spent on assessing the existing data processing agreements entered into with Qudos Insurance A/S in bankruptcy's 18 other providers/supplies and business partners (service providers and IT providers, etc).

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.

The trustee has also planned and coordinated the claims audits of the claims examiners to make sure that the claims handling is carried out properly. In that connection the trustee has assisted with drawing up agreements with the selected external auditors and drafted instructions for the auditors with guidelines for the completion of the claims audits of the claims examiners.

In 2019 several claims audits of all foreign claims examiners were carried out and reporting was made to the bankruptcy estate. The claims audits of the claims examiners in Denmark started in the preceding period. The trustee has spent time on going through the audit reports and has had discussions with the Guarantee Fund for Non-Life Insurers and the claims examiners about the findings.

Approximately 490 hours have been spent by lawyers on such work since the most recent report.

6.1.3.10 Audit and bookkeeping

In the past period the trustee's work has involved presenting the bankruptcy estate's internal annual report for Qudos Insurance A/S in bankruptcy for the financial years 2018 and 2019. The trustee has had discussions with KPMG in that connection which is still assisting the trustee with the financial matters in the bankruptcy estate.

For the purpose of reducing the costs relating to the estate administration of Qudos Insurance A/S in bankruptcy the trustee decided shortly after the issue of the bankruptcy order to combine the operations of Qudos Insurance A/S in bankruptcy with the operations of Alpha Insurance A/S in bankruptcy. Because the operations were combined an agreement was entered into between Qudos Insurance A/S in bankruptcy and Alpha Insurance A/S in bankruptcy about the allocation of the costs between the bankruptcy estates (the "cost allocation agreement"). In the past period the trustee has handled the practical matters relating to the implementation of the cost allocation agreement between the two bankruptcy estates and the trustee has had ongoing discussions with KPMG about the VAT treatment of the re-invoicing between the bankruptcy estates.

It is noted in respect of the bookkeeping that several of the bankruptcy estate's accounts officers had left the company just before the bankruptcy, which is why the trustee has hired external accounting assistance.

It is also noted in respect of the bookkeeping and the declaration of direct and indirect taxes that the trustee's 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 present in person at the company every day.

Approximately 451 hours have been spent on such work since the most recent report of which 206 hours have been spent by the trustee's employees skilled in accounts in the preceding period.

In addition, an additional 161 hours have been spent by the trustee's employees skilled in accounts in the period from 20 December 2018 to 31 March 2019 which were not included in the trustee's report under section 125(4) of the Bankruptcy Act of 16 April 2019 due to an error.

It means that 612 hours in total have been spent on audit and the bookkeeping of which 367 hours have been spent by the trustee's employees skilled in accounts.

6.1.4 *General work on planning the notification process*

In the past period the trustee has spent time on planning the notification process in the estate, including drafted the procedures for handling the claims for return of premiums, admitted claims and complaints regarding rejected claims, see paragraphs 6.1.4.1 to 6.1.4.3 below for details.

The trustee has spent 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 of premiums and the claimants' claims. 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 100 hours have been spent by lawyers on such work since the most recent report.

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

Together with the Guarantee Fund for Non-Life Insurers the trustee has designed a web form for filing claims for return of premium against the bankruptcy estate and the Guarantee Fund for Non-Life Insurers.

As at 29 February 2020 19,363 claims for return of premiums had been filed by using the form. The trustee has also spent time on handling the claims for return of premiums through bulk reporting of claims for return of premiums where, for example, an insurance broker or an agent has been authorised by a power of attorney to bulk report policyholders' claims for return of premiums against the bankruptcy estate.

In the past period the trustee has continued to have regular conversations with the Guarantee Fund for Non-Life Insurers and FSCS about the calculation of return of premiums regarding the various insurance products, see paragraph 6.1.3.5 for details, as the guarantee funds subrogate to the policyholders' claims against the bankruptcy estate when the payments are made to the policyholders.

It is noted that both the Guarantee Fund for Non-life Insurers and FSCS made payouts regarding claims for return of premium to the policyholders in the past period.

Approximately 50 hours have been spent by lawyers on such work since the most recent report.

6.1.4.2 *Notification of claims from claims examiners*

In the past period the trustee has spent time on planning a procedure for the claims examiners notifying the bankruptcy estate of the approved claims. The trustee has designed a notification format that the claims examiners are to use for each approved and final claim and the trustee has also established a procedure for notifying the bankruptcy estate of the claims. The notification procedure has been established with assistance from the trustee's IT experts as well as external IT consultants.

The procedure has been planned in such a way that the admitted and final claims will be registered through a semi-automatic process in the bankruptcy estate's register of debts and claims for claims filed under the registered assets.

As part of the planning of the notification procedure the trustee, with assistance from internal IT consultants, has drafted a technical guide for the file management for the purpose of recording the individual claims in the register of debts and claims.

The trustee expects to start the procedure regarding the claims examiners' notification of approved claims to the bankruptcy estate in Q2 2020, see paragraph 6.1.3.1 for details.

Approximately 80 hours have been spent by lawyers on such work since the most recent report.

6.1.4.3 Web form for claims

The trustee has designed a web form to handle complaints. The claimant can give notice of a 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 automatically registered in the bankruptcy estate's register of debts and claims.

As at 29 February 2020 a total of 65 complaints had been made against the bankruptcy estate by using the complaint form.

In the past period the trustee has dealt with the complaints opened through the complaint form with assistance from the bankruptcy estate's employees. In that connection the trustee has drafted internal procedures for the bankruptcy estate's employees about obtaining input from the various claims examiners about the relevant complaint.

Approximately 18 hours have been spent by lawyers on such work since the most recent report.

It means that 4,733 hours in total have been spent on work relating to the registered assets of which 367 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 September 2019 and up to 29 February 2020 has focused on the following tasks:

6.3 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, 1150 Copenhagen K, Denmark.

As stated in the most recent report the trustee has had talks with Qudos Insurance A/S's (now in bankruptcy) former landlord about the company's previous leased premises at Købmagergade 22 as the landlord has refused to pay back a deposit of DKK 2,103,006.88. In the trustee's opinion Qudos Insurance A/S in bankruptcy has assigned the lease, which is why the deposit previously paid must be released to the bankruptcy estate. The trustee has spent time on correspondence and various discussions with the landlord's representative.

The trustee has not reached an agreement with the landlord. As it is the trustee's assessment that the trustee could be disqualified from examining whether there is any basis for pursuing a possible claim against the landlord, the trustee asked the bankruptcy court to appoint an ad-hoc trustee on 10 February 2020. On 2 April 2020, the bankruptcy court appointed Attorney Nete Weber as the ad-hoc trustee to deal with this issue.

When Qudos Insurance A/S went bankrupt, it also had trading addresses at Kongevejen 371, 2840 Holte, Denmark, and 40-44 Newman Street, London, Great Britain.

It is noted in respect of the leased premises at Kongevejen 371, 2840 Holte, Denmark, that Qudos Insurance A/S (now in bankruptcy) terminated the lease with effect from 1 July 2018. The trustee discovered that Qudos Insurance A/S (now in bankruptcy) had booked a deposit concerning these leased premises of DKK 195,689.24 which is a receivable from the landlord. The trustee has started the collection proceedings regarding the receivable and the landlord has forwarded documentation of there being no receivable.

As for the leased premises at 40-44 Newman Street, London, Great Britain, it is the trustee's opinion that the bankruptcy estate has a claim against the consolidated company New Nordic Capital LLP (now NNAM LLP, now in liquidation) of approximately GBP 322,000 because of prepayments made partially on behalf of New Nordic Capital LLP.

New Nordic Capital LLP has rejected the claim. The trustee is looking into the possibilities of collecting/recovering the receivable.

Approximately 40 hours have been spent by lawyers on such work since the most recent report.

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

In the past period the trustee finished his investigations into possible voidable transactions. The trustee has identified a number of possible issues that in the trustee's opinion has given rise to raising claims for avoidance and recovery.

The individual cases are described below.

6.4.1 *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 prepared a draft writ of summons which was sent to the company in December 2019. The bankruptcy estate has entered into a suspension agreement for the purpose of further discussing the claim established by the trustee.

The discussions are still being held.

6.4.2 *Claims for avoidance, repayment and damages against a person attached to Qudos Insurance A/S and the person's company*

The trustee has established a number of claims against a person associated with Qudos Insurance A/S (now in bankruptcy) and the person's company.

In that connection the bankruptcy estate issued a writ of summons against both parties on 20 December 2019 and the case is currently pending before the district court.

The trustee's work has consisted of the initial investigations relating to avoidance, drawing up the writ of summons and going through the other parties' defences.

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

The trustee has established that shortly before Qudos Insurance A/S went bankrupt a number of write-downs/eliminations were made in an intercompany account with a consolidated company.

It is the trustee's opinion that the eliminations are voidable, and the bankruptcy estate has therefore raised a claim against the company which, however, was rejected by the related party. The bankruptcy estate therefore issued a writ of summons against the related party and on 17 January 2020 the trustee received a defence in the case. The case is consequently still pending before the district court.

The trustee's work has consisted of the initial investigations relating to avoidance, drawing up the writ of summons and going through the other party's defence.

6.4.4 *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 issued writs of summons against the parties on 20 December 2019, and on 13 March 2020 the trustee received the defence. The case is currently pending before the district court.

The trustee's work has consisted of the initial investigations relating to avoidance, drawing up the writ of summons and going through the defence.

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

The trustee has established that shortly before Qudos Insurance A/S went bankrupt a number of write-downs/eliminations were made in an intercompany account with a consolidated company.

It is the trustee's opinion that the eliminations are voidable, and the bankruptcy estate has therefore raised a claim against the company which was rejected by the related party. The bankruptcy estate therefore issued a writ of summons against the related party on 19 December 2019. The trustee is still waiting to receive the final defence.

The case is currently pending before the district court.

The trustee's work has consisted of the initial investigations relating to avoidance and drawing up the writ of summons.

6.4.6 *Claims for recovery against a related party*

The trustee has discovered that Qudos Insurance A/S (now in bankruptcy) had booked a balance with a related party in the intercompany account.

It is the trustee's opinion that there was a claim against the related party which was in the process of being liquidated at the time. The trustee therefore filed the claim with the liquidator at the time, but the liquidator rejected the claim. The bankruptcy estate therefore issued a writ of summons against the related party on 21 November 2019.

Bankruptcy proceedings were commenced against the related party on 6 March 2020 and the matter is currently pending on the trustee's decision of whether to become a party to the legal action brought by Qudos Insurance A/S in bankruptcy.

The trustee has received a public records request in respect of a number of the above writs of summons. It is the trustee's opinion that large parts of the contents of the writs of summons are subject to the trustee's duty of confidentiality under section 117 of the Danish Financial Business Act, and the trustee has therefore spent time on extracting and anonymising information subject to the duty of confidentiality in connection with the Copenhagen City Court granting the public records request.

Approximately 700 hours in total have been spent by lawyers since the most recent report on the legal actions relating to the unencumbered assets.

6.5 Investigations relating to bankruptcy-related disqualification

In connection with the estate administration the trustee has looked into whether the business conduct of the former management of Qudos Insurance A/S has been grossly irresponsible and if so whether there is any basis for initiating bankruptcy-related disqualification proceedings under section 157(1), first sentence, of the Bankruptcy Act, cf section 160(1), first sentence.

The investigations have included going through the company's financial affairs, including issues relating to the operations, management control, bookkeeping, presentation of accounts, any illegal withdrawals of funds, transactions changing the order of priority of creditors as well as the declaration and payment of direct and indirect taxes.

The bankruptcy division of the Danish Maritime and Commercial High Court was separately notified in connection with the bankruptcy estate's most recent report under section 125(4) of the Bankruptcy Act of 16 October 2019 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.

Approximately 115 hours have been spent by lawyers on such work since the most recent report.

6.6 Investigations relating to management liability

In the past period the trustee has conducted further investigations into whether the former management's actions have been actionable.

In connection with the estate administration the trustee has identified a number of issues that give reason for further investigations. The trustee has spent time on clarifying and describing relevant facts to assess whether the identified issues could give rise to raise a claim for damages against the former management of the company. The investigations are very complex and extensive and they include a large number of complicated transactions over a long period of time.

The trustee's investigations are still being conducted.

Approximately 1,436 hours have been spent by lawyers on such work since the most recent report.

6.7 Other estate administration

Approximately 352 hours have been spent by lawyers on the general estate administration, including corresponding with the creditors and the bankruptcy court, registering the proofs of claim in the register of debts and claims of the bankruptcy estate and on preparing the report under section 125(4) of the Bankruptcy Act.

The trustee has also written a report about the continued operations in the bankruptcy estate according to the Danish Statutory Order on Supervision of Bankruptcy Estates. The report was sent to the bankruptcy division of the Danish Maritime and Commercial High Court on 16 April 2020.

Finally, the trustee's employees skilled in accounts have spent approximately 115 hours on reconciling the account of receipts and payments and on quality assurance of the bankruptcy estate's bookkeeping.

It means that 2,758 hours in total have been spent on the unencumbered assets of which 115 hours have been spent by the trustee's employees skilled in accounts.

7. SUMMARY OF THE TIME SPENT

It means that approximately 7,491 hours in total have been spent on the estate administration, including approximately 4,733 hours on work relating to the registered assets, see paragraph 1.2, and approximately 2,758 hours relating to the unencumbered assets, see paragraph 1.3, in the period from 1 September 2019 and up to 29 February 2020.

8. FUTURE ESTATE ADMINISTRATION AND THE CLOSING 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 closed.

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 (iso@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 Ottilia Dybdahl (caot@poulschmith.dk), Attorney Camilla Wiemer (cawi@poulschmith.dk), Assistant Attorney Sarah Willatzen (sawi@poulschmith.dk), Assistant Attorney Sara Lysemose Sørensen (saso@poulschmith.dk), Assistant Attorney Mie Bloch Gundersen (migu@poulschmith.dk), Junior Commercial Law Consultant Louise Irene Pedersen (lped@poulschmith.dk), Assistant Attorney Jacob Sauerbrey Pers (japs@poulschmith.dk) and Assistant Attorney Ida Nørgaard Hansen (idnh@poulschmith.dk).

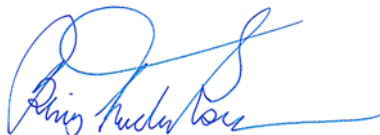
You can find additional contact information on the website www.qudosinsurance.dk, which is regularly updated with relevant information about the estate administration.

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.

11. NEXT CREDITOR INFORMATION

The next creditor information with a report under section 125(4) of the Bankruptcy Act will be sent on 16 October 2020 at the latest to the bankruptcy court and the creditors.

Copenhagen, 16 April 2020



Boris Frederiksen

Partner, Attorney