

Danish report of 16 October 2019 – translation made on 24 October 2019

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

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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 and the report under section 125(2) of 16 April 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 calculate the company's assets in this report. KPMG will assist the trustee with audit assistance in connection with the calculation of the company's assets at a later stage.

1.1 Accounts

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

Considering the fact that the trustee has decided to continue the operations in the company in collaboration with the Guarantee Fund for Non-Life Insurance Companies for the purpose of winding up the insurance activities, the trustee has decided to keep a number of the company's bank accounts as payments are still being made to and from the company's accounts in connection with the day-to-day operations.

Since the most recent report under section 125(2) of the Bankruptcy Act of 16 April 2019 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.

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.

As for the trustee's most recent report under section 125(2) of the Bankruptcy Act of 16 April 2019, it is especially noted that the summarised value of the registered assets in paragraph 1.2, page 3, had been calculated to amount to DKK 1,465,182,177.20 by a mistake, but the amount should be DKK 1,453,479,045.46.

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

1. Government bonds

The company's government bonds as at 31 August 2019 amounted to DKK 6,908,122.91, which is why the asset has been included at this value

DKK 6,908,122.91

2. Corporate bonds

The company's corporate bonds as at 31 August 2019 amounted to DKK 32,527,947.13.

The difference in the shareholding compared to the most recent report is a result of the bankruptcy estate's sale of New

Nordic Finco bonds and called bonds, etc of approximately DKK 46,900,000 in total as well as price adjustment and interest. The proceeds from the sale and 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 32,527,947.13

3. Shares in subsidiary

The company has a booked asset consisting of shares in the subsidiary ASG Forsikringsagentur A/S. The shares as at 31 August 2019 were booked at DKK 0.00.

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 have been included at a reminder value of

DKK 1.00

4. Deposit

The company's deposit as at 31 August 2019 was booked at DKK 143,702,220.29.

The increase in the deposit compared to the most recent report is a result of the bankruptcy estate's sale, called bonds as well as interest income of approximately DKK 40,400,000 in total. The amount has been adjusted for loss in respect of paragraph 1.2, items 1 and 2 above. Throughout the entire period after the issue of the bankruptcy order 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 12,300,000. The asset has been included at the book value of

DKK 143,702,220.29

5. The part of the reinsurance of the provision for un-earned premiums and the provision for claims outstanding

The company has a booked asset consisting of current and future claims against its reinsurers. The amount is only a calculation for the purpose of the bookkeeping as the amount of the final asset is not yet known. This is why the receivable is included at the book value as at 31 August 2019 of DKK 1,200,310,342.62.

The increase in the reinsurer's share of the company is primarily a result of the company having recalculated parts of the company's expected claims for damages (paragraph 2.1, item 2), which has resulted in an increase in the expected claim and thus the reinsurer's share. To this amount should be added a small reduction as a consequence of the Guarantee Fund for Non-Life Insurance Companies having started to pay out some damages, which results in a reduction in the expected claims for damages and thus also the reinsurer's share of 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 of

	DKK	1,200,310,342.62
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6. Receivables regarding reinsurance

The receivable as at 31 August 2019 was booked at DKK 199,472,558.10. The increase compared to the most recent report is a result of the bookkeeping of the reinsurer's shares with the company's reinsurers as a consequence of the payouts of damages from the Guarantee Fund for Non-Life Insurance Companies. The receivable has been included at the book value.

Registered assets etc in total (provisionally calculated)

	DKK	199,472,558.10
	DKK	1,582,921,192.05

It is noted that in the period from the most recent report under section 125(2) of the Bankruptcy Act of 16 April 2019, the registered assets have increased by DKK 117,739,014.84, which is primarily because of the increase in the reinsurer's share of the provision for claims outstanding (paragraph 1.2, item 5) and an increase in the receivable from the company's insurers (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 are included as a reduction in the registered assets.

The above calculation does not take into account any discounting of the assets.

1.3 Unencumbered assets

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

The unencumbered assets as at 31 August 2019 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 is deposits in accounts with claims examiners for the payment of losses. Considering the fact that the claims examiners did not receive any further funds for the payment of losses in the period of liquidation, the amounts that are still deposited in the accounts with the claims examiners are uncertain. The trustee is currently looking into the matter. For the time being the asset has been included at a reminder value of

DKK 1.00

8. Tools and equipment, etc

The company's tools and equipment consist of various office furniture, computers, monitors and other office supplies. The tools and equipment as at 31 August 2019 have been booked at DKK 50,000.00 as, compared to the most recent report, an extraordinary write-down has been made 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 50,000.00

9. Receivable from consolidated companies

The company has a booked asset consisting of receivables from consolidated companies that were booked at DKK 20,773,896.22 as at 31 January 2019.

Compared to the most recent report the receivable has been reduced by approximately DKK 300,000 because of the payment of recourse relating to the subsidiary ASG Forsikring-sagentur A/S that has been paid directly to the bankruptcy estate. For the time being the asset has been included at the book value.

DKK 20,773,896.22

10. Rent deposit - Kongevejen 371

Until February 2018, one of the company's trading addresses was leased premises at Kongevejen 371, 2840 Holte, Denmark. The rent deposit as at 31 August 2019 was booked at DKK 317,899.24. The trustee is currently looking into the lease in

	more detail, which is why for the time being the rent deposit has been included at a reminder value of	DKK	1.00
11.	Rent deposit - Købmagergade When the bankruptcy order was issued one of the company's trading addresses was leased premises at Købmagergade 22, 3. 3., 1150 Copenhagen K, Denmark. The rent deposit regarding the leased premises as at 31 August 2019 was booked at DKK 1,652,299. The trustee is currently in dialogue with the landlord about the calculation of the duty of repair of the leased premises, which is why for the time being the rent deposit has been included at a reminder value of	DKK	1.00
12.	Rent deposit - London When the bankruptcy order was issued one of the company's trading addresses was leased premises in London. The rent deposit regarding the leased premises as at 31 August 2019 was booked at DKK 1,007,584.83. The trustee is currently looking into the lease in more detail, which is why for the time being the rent deposit has been included at a reminder value of	DKK	1.00
13.	Intangible assets The intangible assets are software equipment used in the operation of the bankruptcy estate and goodwill. The asset as at 31 August 2019 has been booked at DKK 0 as, compared to the most recent report, an extraordinary write-down of DKK 14,404,947.56 has been made as a result of the commencement of bankruptcy proceedings against the company. The asset has been included at the book value of	DKK	0.00
14.	Deposit in client account The deposit as at 31 August 2019 amounted to DKK 258,839.23.	DKK	258,839.23
	Unencumbered assets in total (provisionally calculated following an estimated total write-down)	DKK	5,000,000.00

2. LIABILITIES

2.1 Liabilities relating to the registered assets

The liabilities that have a priority right to receive cover from the registered assets are listed below, see paragraph 1.2 above.

1. Expected claims for return of premiums

The expected claim for return of premiums as at 31 August 2019 was booked at DKK 188,819,877.81. 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 premium paid by the policyholders, but which the company has not yet earned because of the bankruptcy, which is why the amount is expected to be offset by claims for return of premiums raised by policyholders.

The total claim for return of premiums is expected to correspond to the provision for unearned premiums plus an unknown but significant amount as discussions are being held and investigations are being conducted about the calculation method regarding the return of premiums of the individual insurance products.

The reduction in the expected claim for return of premiums compared to the most recent report is primarily a result of a part of the company's insurance policies being in force during the period of bankruptcy, which is why the company has earned a part of the provision for unearned premiums in this period which is consequently not expected to be filed as a claim for return of premiums. There are also policies that were terminated before the company went bankrupt, but where the registration of such terminated policies was only made after the issue of the bankruptcy order. The claims for return of premiums regarding such policies have been paid to the policyholders, which has reduced the provisions for unearned premiums. The liability is included at the book value of

DKK 188,819,877.81

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 could deviate from the actual claims for damages. The expected claim for damages as at 31 August 2019 was booked at DKK 2,103,122,714.34.

The amount has been increased by approximately DKK 238,000,000 compared to the most recent report. The primary reason for the increase 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. Correspondingly, the expected claim for damages because the Guarantee Fund for Non-Life Insurance Companies regularly pays out claims for damages is reduced. As this payout procedure is relatively new, the payouts have not yet had a full effect on the expected claim for damages. The payouts from the Guarantee Fund for Non-life Insurance Companies 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 Insurance Companies.

	DKK	2,103,122,714.34
Expected liabilities in total	DKK	2,291,942,592.15

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 bankruptcy estate'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 Insurance Companies the trustee has consequently decided that the existing claims examiners are to continue to process the claims.

2.2 Other liabilities relating to the unencumbered assets

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	496,703.88
Claims under section 97 of the Bankruptcy Act (general creditor claims)	DKK	125,930,136.69
Liabilities in total	DKK	127,682,780.25

Since the most recent report the trustee has started on the examination of the claims filed under section 94 of the Bankruptcy Act.

For details, please consult paragraph 6.2

3. VOIDABLE TRANSACTIONS

The trustee has started on his investigations of any voidable transactions. At this point in time a number of possible voidable transactions have been identified, but they are still being investigated.

The trustee's investigations are still being conducted.

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 trustee has looked into and assessed the issue of any bankruptcy-related disqualification. The bankruptcy court will be notified separately.

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

It is noted for the avoidance of doubt that the report on the time spent below is different from the trustee's previous report, see section 125(2), of 16 April 2019, as the trustee has decided to divide the time spent to make it easier to attribute the time spent by the trustee to the individual classes of assets and liabilities specified above in paragraphs 1 and 2.

6.1 The time spent on the registered assets

The trustee's work relating to the registered assets in the period since 1 April 2019 and up to 31 August 2019 has focused on the following tasks:

6.1.1 Reinsurance

The bankruptcy estate's most important asset in the registered assets is the receivables relating to the concluded reinsurance contracts, including the reinsurer's share 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 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 and as it is also based on insurance practices and customs.

In the past period the trustee has continued the investigations of the reinsurance cover and had talks in this connection with the reinsurers about the continued claims handling, including about the continued reporting to the reinsurers and payment of receivables. The investigations also include whether the clauses regarding cover of the reinsurance contracts have been correctly applied in connection with the reporting.

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 has started asking the first reinsurers to pay the receivables.

The work relating to the reinsurance is still taking place and it is expected that it will intensify further in the coming months.

Approximately 191 hours have been spent by lawyers on such work since the most recent report.

6.1.2 Securities

When it went bankrupt the bankruptcy estate owned a large portfolio of securities. The portfolio consisted primarily of government bonds and corporate bonds.

In the past period the trustee has gone through the bankruptcy estate's portfolio of securities. For the purpose of paying the current operating costs of the bankruptcy estate the trustee has sold a part of the company's portfolio of securities as also mentioned in paragraph 1.2, item 2. In that connection the trustee has had several telephone conferences with APEX Fund Services and Pareto Securities which have

assisted with the sale of the bankruptcy estate's securities. The trustee has also coordinated the sale with the company's custodian.

Approximately 43 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*

It is noted that together with the Guarantee Fund for Non-Life Insurance Companies the trustee decided to continue the operations of the bankruptcy estate to minimise the bankruptcy estate's liabilities.

In the past period the trustee has had regular talks with the company's agents and claims examiners about the continued claims handling as Qudos Insurance A/S (now in bankruptcy) did not handle the claims itself before. The purpose of the work is to ensure that the claims are still being properly handled so that the reporting 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.

The trustee has had in-depth correspondence and conversations with the claims examiners about the general claims handling, about the continued claims handling after the termination of the insurance contracts as well as more in-depth conversations about the handling of specific claims, including the procedure for rejecting specific claims, the procedure for notifying the Guarantee Fund for Non-Life Insurance Companies and/or the English guarantee fund, Financial Services Compensation Scheme ("FSCS"), of accepted claims as well as conversations about the cover of specific losses by the individual guarantee fund schemes. The trustee has also had conversations and correspondence about periodically notifying the estate of the claims and conversations about the determination of the reserve 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 at the end of 2019, see paragraph 6.1.4.2 for details.

The trustee has had conversations with the individual claims examiners about their fees, including the determination of their future fees for the claims handling after the date of the bankruptcy considering the claims examiners' possible additional work because of the bankruptcy. The trustee has drawn up new claims handling agreements to a certain extent in this connection.

In the past period the trustee has also transferred a number of loss portfolios to new claims examiners as the previous claims examiners did not want to continue to handle the claims under the existing agreement with the claims examiners and Qudos Insurance A/S (now in bankruptcy).

The trustee has spent a lot of time on finding a new claims examiner to handle the company's loss portfolio in Italy. The trustee has had many telephone conversations and participated in a meeting in Italy 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 as well as discussions about the cover by the Guarantee Fund for Non-Life Insurance Companies. The trustee expects to enter into a new claims handling agreement on the portfolio in October/November 2019.

The claims handling is still taking place.

Approximately 1,765 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.

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

As for Qudos Insurance A/S's (now in bankruptcy) loss portfolio in Norway, the trustee has assisted with the conclusion of a reinsurance contract where a new insurer offers 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 practical matters relating to the contract.

Approximately 60 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.

Approximately 35 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.

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

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

6.1.3.5 Conversations with guarantee funds

In the past period the trustee has held regular meetings with the Guarantee Fund for Non-Life Insurance Companies and its administration company, Topdanmark Forsikring A/S, about the claims handling and the scope of cover by the Guarantee Fund for Non-Life Insurance Companies, 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 has extensive correspondence with the English FSCS (Financial Services Compensation Scheme) about what FSCS covers and talks 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 Insurance Companies.

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

The trustee's conversations with the various guarantee funds are still taking place.

Approximately 65 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.

In the preceding report under section 125(2) of the Bankruptcy Act of 16 April 2019 the time spent was specified in paragraph 8.1.7 "*Notifications to the policyholders and the claimants*" and in paragraph 8.1.13 "*Other estate administration*".

Since the issue of the bankruptcy order and up to the time of preparing this report the trustee has been contacted approximately 5,900 times by policyholders, including approximately 1,400 times since the most recent report and the trustee is dealing with such inquiries, et. The emails/telephone conversations, etc are about whether the Guarantee Fund for Non-Life Insurance Companies will cover a loss or repay a premium, how to notify a claim and about when it is expected that the bankruptcy estate and/or the Guarantee Fund for Non-Life Insurance Companies will repay a premium.

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 90 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 went through and discussed all current legal actions brought against Qudos Insurance A/S before the bankruptcy with the bankruptcy estate's employees. 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 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 itself are now being handled by the trustee. The trustee has spent time on drafting pleadings and participating in interim hearings in the legal actions.

After the company went bankrupt the trustee together with a co-insurer brought a legal action in England against a former agent and a claims examiner appointed by the agent about the 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. The trustee is helping the solicitor clarifying specific issues in the matter and the trustee is also contributing to the drafting of pleadings. Pleadings are currently being exchanged in the case and the trustee has received the Defence. The Reply will be submitted in the middle of October 2019.

Approximately 82 hours have been spent by lawyers on such work since the most recent report.

6.1.3.8 Legal actions brought against the bankruptcy estate

In the past period the trustee has spent time on legal actions brought against Qudos Insurance A/S (now 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.

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 against the bankruptcy estate after the issue of the bankruptcy order before a district court in Denmark by a policyholder.

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. Pleadings are currently being exchanged in the case and in the past period the trustee has spent time on reviewing the Writ of Summons and drafting the Defence.

Approximately 25 hours have been spent by lawyers on such work since the most recent report.

6.1.3.9 Compliance, GDPR and audits

In the past period the trustee continued the work of identifying the agreements with the company's business partners including the agents and claims examiners that require a data processing agreement. The work has involved going through all Qudos Insurance A/S's (now in bankruptcy) cooperation agreements and extensive discussions with the bankruptcy estate's employees. At this point in time the trustee is in the process of drafting data processing agreements for the situations where such an agreement is found to be required. The work in this connection is extensive.

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

The trustee has also planned and coordinated the claims audits by 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 by the claims examiners.

The first claims audit has been carried out of all the foreign claims examiners and the results have been reported to the bankruptcy estate in the past period. The trustee has spent time on going through the audit reports and has had discussions with the Guarantee Fund for Non-Life Insurance Companies and the claims examiners about specific issues. The trustee is still planning and coordinating the first claims audits of the claims examiners residing in Denmark.

Further claims audits of the foreign claims examiners have started and are expected to be completed in the autumn of 2019.

Approximately 270 hours have been spent by lawyers on such work since the most recent report.

6.1.3.10 Audit and bookkeeping

The trustee has decided that KPMG is to assist with handling the financial affairs of the estate. In the past period the trustee has had regular conversations with KPMG about the bankruptcy estate's financial affairs.

For the purpose of reducing the costs relating to the estate administration of Qudos Insurance A/S in bankruptcy the trustee decided to combine the operations of Qudos Insurance A/S in bankruptcy with the operations of Alpha Insurance A/S in bankruptcy as the trustee found that it would create a large number of positive synergies and have a positive influence on the winding up of the bankruptcy estates.

The trustee has drafted an agreement on the apportionment of costs relating to the bankruptcy estates' joint costs and the trustee has held several meetings with KPMG that has handled the VAT treatment of the apportionment of costs 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 467 hours have been spent on such work since the most recent report. A significant part of the hours have been spent by the trustee's employees skilled in accounts.

6.1.4 General work on planning the notification process

In the preceding report under section 125(2) of the Bankruptcy Act of 16 April 2019 the time spent was specified in paragraph 8.1.6 "*The proofs of claims against the estate*".

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 also spent time on developing a new register of debts and claims for the purpose of registering the claims under the registered assets, ie the policyholders' claims for return of premiums and the claimants' claims. In the past period the trustee has hired external consultants to develop the register of debts and claims.

The development of the register of debts and claims was finished in the past period. However, there are still some improvements to be made to the system and the system is also to be maintained.

Approximately 30 hours have been spent by lawyers on such work since the most recent report.

6.1.4.1 Web form, repayments

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

On 30 September 2019 7,157 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.

In the past period the trustee has also had regular conversations with the Guarantee Fund for Non-Life Insurance Companies 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.

Approximately 10 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 examiner notifying the bankruptcy estate of 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.

The trustee expects to start the procedure regarding the claims examiners' notification of approved claims to the bankruptcy estate at the end of 2019, see paragraph 6.1.3.1 for details.

Approximately 45 hours have been spent by lawyers on such work since the most recent report.

6.1.4.3 Web form, complaint form

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 and/or the claimant disagrees with the claims examiner about the amount of the claim.

As at 30 September 2019 a total of 59 complaints had been made against the bankruptcy estate by using the complaint form. 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.

The complaints are dealt with on a regular basis with assistance from the bankruptcy estate's employees.

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

6.2 Examination of claims

In the past period the trustee has examined a number of claims filed against the bankruptcy estate under section 94 of the Bankruptcy Act.

During the company's preceding liquidation period the liquidator decided to hire IT and accounting assistance to get an overview of the company's financial position as this was required to assess the company's financial affairs and to make sure that the operations of the company continued in a responsible manner. It is claims filed by such suppliers that the trustee has examined in the past period.

In connection with the examination of claims the trustee has spent time on examining the individual claims, drafted letters of recommendation and held an examination of claims meeting.

Approximately 4 hours have been spent by lawyers on such work since the most recent report.

6.3 Time spent on the unencumbered assets

The trustee's work relating to the unencumbered assets in the period since 1 April 2019 and up to 31 August 2019 has focused on the following tasks:

6.4 The previously leased premises

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

In the past period the trustee has had talks with Qudos Insurance A/S's former landlord about the company's previous leased premises at Købmagergade 23 as the landlord has refused to repay 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.

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

6.5 Investigations relating to avoidance

In the past period the trustee has started the investigations relating to possible voidable transactions. The trustee has identified a number of possible voidable transactions that the trustee will look into in more detail.

The trustee's investigations are still being conducted.

Approximately 62 hours have been spent by lawyers on such work since the most recent report.

6.6 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.

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

6.7 Investigations relating to management liability

In the past period the trustee has started the investigations relating to management liability. In connection with his work in the bankruptcy estate 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 reason for raising a claim for damages against the former management of the company.

The trustee's investigations are still being conducted.

Approximately 198 hours have been spent by lawyers on such work since the most recent report.

6.8 Other estate administration

Approximately 76 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, exchange of pleadings in a case about access to the company's petition in bankruptcy as well as on preparing the report under section 125(2) of the Bankruptcy Act and this report.

7. SUMMARY OF THE TIME SPENT

It means that approximately 3,655 hours in total have been spent on the estate administration, including approximately 3,260 hours on work relating to the registered assets, see paragraph 1.2, and approximately 395 hours relating to the unencumbered assets, see paragraph 1.3, in the period from 1 April 2019 and up to 31 August 2019.

8. THE 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), Assistant Attorney Camilla Wiemer (cawi@poulschmith.dk), Assistant Attorney Anne Bro Kristensen (ankr@poulschmith.dk), Assistant Attorney Sara Lysemose Sørensen (saso@poulschmith.dk) and Junior Commercial Law Consultant Louise Irene Pedersen (lped@poulschmith.dk).

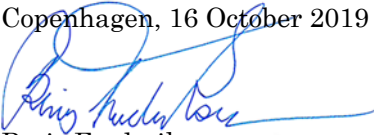
You can find additional contact information on the website www.gudosinsurance.dk which is regularly updated with relevant information about the estate administration.

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 2020 at the latest to the bankruptcy court and the creditors.

Copenhagen, 16 October 2019


Boris Frederiksen
Partner, Attorney