

# Report pursuant to s.125(1) of the Danish Bankruptcy Act

## Alpha Insurance A/S in bankruptcy

The Maritime and Commercial High Court, Bankruptcy Division - K 1623/18-B

### 1. PARTICULARS

Date of bankruptcy: 8 May 2018

Date of reference: 4 March 2018

Address: c/o Harbour House  
Sundkrogsgade 21  
DK-2100 Copenhagen Ø

Secondary names: Alpha European Insurance A/S  
Beta Insurance A/S  
Capacity Insurance A/S  
Capital Insurance A/S  
Gaia Forsikring A/S  
Gaia Insurance A/S  
Omega Insurance A/S

CVR no.: 21064440

Management : Leif Corinth-Hansen (resigned 4 March 2018)  
Skodsborg Strandvej 39  
DK-2942 Skodsborg

Liquidators: Attorney Boris Frederiksen (4 March 2018 - 8 May 2018)

Vester Farimagsgade 23  
DK-1606 Copenhagen V

Attorney Bjarke Sanbeck Nilsson (4 March 2018 - 8 May 2018)  
Mazanti-Andersen, Korsø Jensen  
Amaliegade 10  
DK-1256 Copenhagen K

Board of Directors: Bo Lundqvist (chairman) (resigned 4 March 2018)  
Birkevej 23  
DK-3460 Birkerød

Niklas Tore Braase Helge (resigned 4 March 2018)  
Strandvænget 29  
DK-2960 Rungsted Kyst

Bjarke Sanbeck Nilsson (resigned 4 March 2018)  
Løvsangervej 6  
DK-2900 Hellerup

Auditors: KPMG Statsautoriseret Revisionspartnerselskab  
Dampfærgevej 28  
DK-2100 Copenhagen Ø

Accounts: Most recent annual report available 2016.

The above company has engaged in insurance activities within non-life insurance.

The company entered into voluntary liquidation on 4 March 2018, following a resolution of the General Meeting on the same date.

Attorney Bjarke Sanbeck of Mazanti-Andersen, Korsø Jensen was elected liquidator by the General Meeting. The Financial Supervisory Authority (*Finanstilsynet*) at the same time appointed attorney Boris Frederiksen, Kammeradvokaten/Poul Schmith, to manage the liquidation of the company, together with attorney Sanbeck.

The background to the liquidation is the company's decision on 3 March 2018 to stop issuing new/renewing insurance contracts, as a consequence of the company's main reinsurer, CBL Insurance Limited, having entered into interim liquidation.

On 8 May 2018, the liquidators filed their own petition for bankruptcy with the bankruptcy division of the Maritime and Commercial High Court, after having established, following an examination of the financial affairs of company, that the company was insolvent.

The winding down of the insurance activities, including claims handling, in the company has continued after the bankruptcy order was made, using the labour of the employees and in

cooperation with the Danish Guarantee Fund for Non-Life Insurance Companies (*Garantifonden for skadesforsikringsselskaber*).

On the basis of an examination of the financial affairs of the company, the following provisional assets and liabilities statement is made:

## 2. ASSETS

### 2.1 Registered assets

The registered assets are, pursuant to s.167(4) of the Danish Financial Business Act (*lov om finansiel virksomhed*), pledged to the insurance liabilities of the company. These are the insureds' claims for compensation and claims for return premiums under the insurance contracts, see clause 3.1 below. The assets also cover the necessary costs related to the winding down of the portfolio as specified.

The registered assets as at 30 April 2018 are recorded as follows:

#### 1. Securities

The securities of the company are, as at 30 April 2018, recorded at DKK 659,853,899.-. The asset is included at book value as at the date in question

DKK 659,853,899.00

#### 2. Cash

The company's bank deposit as at 8 May 2018 amounted to

DKK 61,989,354.00

#### 3. The reinsurance share of the provisions for premiums and compensation

The company has an asset on its books in the form of existing and future reinsurance claims. The amount is merely calculated for accounting purposes, the final amount of the asset not yet being known. The receivable is therefore included at book value as at 30 April 2018 at

DKK 1,294,596,342.00

#### 4. Receivable from agents and claims handler

The receivable is, as at 30 April 2018, recorded at DKK 310,451,412.-. Since there is also debt to the business partners concerned, the item is entered net at

DKK 258,111,466.00

#### 5. Receivables (reinsurance)

The receivable is, as at 30 April 2018, recorded at DKK 127,436,046.-. Outstanding premium debt has already been deducted from that amount. In addition, there is premium debt, etc., of approx. 100 million, and the item is therefore included at an estimated

DKK 30,000,000.00

**Total registered assets, etc. (provisionally) DKK 2,304,551,061.00**

## 2.2 Free assets

The free assets are to be used to cover all creditors of the bankruptcy estate, including those insurance claims that do not obtain coverage from the pledged assets.

Among these are the ordinary operating creditors, see paragraph 3.2 below.

### 6. Receivable from New Nordic Holding Ltd.

The receivable is, as at 30 April 2018, recorded at EUR 14,395,835.- including interest (EUR 395,835.-). The claim is provisionally included at its full book value, since the rate that the claim will yield is as yet unclear, as objections have been raised

DKK 107,250,414.00

### 7. Receivables from affiliates

The company has receivables from affiliates of 83,547,370.-. These are assessed to be unable to pay, and the claims are therefore included at reminder value

DKK 1.00

### 8. Receivable from Intercede

The receivable is, as at 30 April 2018, recorded at DKK 38,125,000.- including interest (DKK 650,000). The claim is provisionally included at its full book value, but it is unclear which rate the claim may yield, the parent company being CBL Insurance Limited, which has suspended its payments

DKK 38,125,000.00

### 9. Personnel loans

The receivable is as at 30 April 2018 recorded at DKK 1,503,699.- including interest (DKK 3,699.-). The receivable is provisionally included at full book value

DKK 1,503,699.-

### 10. Receivable from Beta Re

The receivable is, as at 30 April 2018, recorded at DKK 8,000,000.-. The receivable is provisionally included at full book value

DKK 8,000,000.-

### 11. Furniture and equipment, etc.

The company's furniture and equipment consists of office furniture, PCs, monitors and other office supplies. The furniture and equipment is, as at 30 April 2018, recorded at DKK 660,531,162.-. In the light of

the fact that the company is subject to bankruptcy proceedings, the furniture and equipment is provisionally included at

	DKK	150,000.00
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#### 12. Rent deposit

The company operates its business from rented premises. The rent deposit is, as at 30 April 2018, recorded at DKK 2,051,266.-. There is a redecoration obligation, however, and the asset is therefore provisionally included at reminder value at

	DKK	1.00
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#### 13. Receivable from sub-let premises

The company has sub-let premises to CBL Insurance Service ApS. Rent has not been paid for 2018. The receivable is, as at 30 April 2018, recorded at DKK 86,614.-. The receivable is provisionally included at reminder value, partly due to a set-off claim and partly due to doubt as to the ability to pay

	DKK	1.00
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#### 14. Vehicles

The company is the owner of a vehicle type Mercedes-Benz model Viano, 3.0 CDI MPV Long Aut. The vehicle is, as at 30 April 2018, recorded at DKK 253,800.-. In the light of the fact that the company is subject to bankruptcy proceedings, the vehicle is provisionally included at

	DKK	150,000.00
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#### 15. Intangible assets

The asset is entered at DKK 13,985,722.- and relates to software equipment for the operation of Alpha and is therefore entered at reminder value at

	DKK	0.00
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**Free assets in total (provisionally calculated after an estimated en bloc depreciation)**

	DKK	<b>100,000,000.00</b>
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As to the assets, it is generally noted that the amounts are calculated with considerable uncertainty, a large number of estimates having been made of future claims, including the calculation of the reinsurance claims. In addition, the justification of a number of receivables has been challenged and certain debtors' ability to pay is open to doubt.

### 3. LIABILITIES

#### 3.1 Liabilities related to the registered assets

The liabilities with a preferential right to coverage from the registered assets are set out below.

**Expected claims for return of premiums**

The provisions for premiums are, as at 30 April 2018, recorded at DKK 309,021,000.-. The provisions for premiums are unearned premiums and the amount must therefore be expected to counterbalance the claims for return of premiums

DKK 309,021,000.00

**Expected claims for compensation**

The provisions for compensation are, as at 30 April 2018, recorded at DKK 2,143,993,000.-. The provisions for compensation are the provisions made for coverage of the insured's/the injured party's claim for compensation. The claim is calculated on the basis of the book value at

DKK 2,143,993,000.00

**Expected liabilities, total**

**DKK 2,453,014,000.00**

As a consequence of the bankruptcy of Alpha Insurance A/S, the number of claims notices, and thereby claims settlements, is expected to increase significantly. The most significant task of the bankruptcy estate will therefore be to ensure the proper processing of the notified claims.

**3.2 Other liabilities – other known debt****Operating creditors**

Operating creditors with claims due amount, as at 8 May 2018, to DKK 2,044,016.95

**Preferential claims**

The bankruptcy estate has entered into the employment relationship of the employees, and the employees' claims for wages and holiday pay are therefore paid by the estate, including outstanding holiday pay. The preferential claims therefore solely constitute claims for holiday pay for resigned employees, estimated at

DKK 775,000.00

**Expected liabilities, total**

**DKK 2,819,016.95**

To this should be added other ordinary, not yet recorded, operating creditors who may raise claims, as a consequence of the bankruptcy, as well as a significant subordinate loan pursuant to s.98 of the Danish Bankruptcy Act.

Apart from the estimated known creditors above, there will be significant expenditure involved in the continuing operation of the company.

The continuing operation of the company is necessary to safeguard the interests of the insureds and other creditors, since this is the only way to correctly establish the company's liabilities to the insureds and to optimally state the value of the company's reinsurance receivables.

The work is carried out for the purpose of limiting the insurance-related liabilities and in order to realise the related assets as best possible. The expenses thereof will, therefore, be defrayed by the registered assets, in accordance with the provisions of s.87 of the Bankruptcy Act to the extent that the work and expenses relate to these matters.

This is in accordance with agreement with the largest creditors of the estate.

As a consequence of the many estimates involved in the calculation of the assets and liabilities, it is not yet possible to estimate the expected dividend, including coverage under the registered assets.

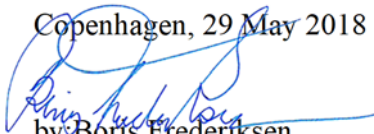
#### 4. OTHER INFORMATION

The estate is administered by attorney Boris Frederiksen ([bor@kammeradvokaten.dk](mailto:bor@kammeradvokaten.dk)), attorney Jesper Saugmandsgaard Øe ([jso@kammeradvokaten.dk](mailto:jso@kammeradvokaten.dk)), attorney Agnete Brus Krusell ([abk@kammeradvokaten.dk](mailto:abk@kammeradvokaten.dk)), attorney Christian Bo Kolding-Krüger ([cbk@kammeradvokaten.dk](mailto:cbk@kammeradvokaten.dk)), attorney Amalie Therese Grammelstorff ([amgr@kammeradvokaten.dk](mailto:amgr@kammeradvokaten.dk)), assistant attorney Sarah Willatzen ([sawi@kammeradvokaten.dk](mailto:sawi@kammeradvokaten.dk)) and assistant attorney Kasper Østergård Sørensen ([kaso@kammeradvokaten.dk](mailto:kaso@kammeradvokaten.dk)).

If you are aware of any assets other than those listed above or otherwise hold information that may be relevant to the administration of the estate, please contact one of the above.

The next report will be submitted to the creditors pursuant to s.125(2) of the Bankruptcy Act not later than 8 September 2018.

Copenhagen, 29 May 2018

  
by Boris Frederiksen  
– Partner, Attorney