

# Report under section 125(2) of the Danish Bankruptcy Act

## Alpha Insurance A/S in bankruptcy

The Bankruptcy Division of the Danish Maritime and Commercial High Court - K 1623/18-B

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

Firstly, I refer to my previous report under section 125(1) of the Bankruptcy Act of 29 May 2018.

The assets of the estate at this point in time are as follows:

### 1. ASSETS

#### 1.1 Registered assets

The registered assets have been provided as security for the insurance obligations, see section 167(4) of the Danish Financial Business Act, ie the claimants' claims for damages and the policyholders' claims for returned premiums under the insurance contracts, 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 24 August 2018 were booked at:

#### 1. Securities

The bankruptcy estate's securities as at 24 August 2018 were booked at DKK 630,785,752. The reason for the write-down of the portfolio of securities is a market value adjustment and discontinued securities.

DKK 630,785,752.00

**2. Deposits**

The bankruptcy estate's deposits as at 24 August 2018 amounted to DKK 116,365,410. The reason for the increase in the deposits is that several of the bankruptcy estate's securities have been discontinued which is why the return has been added to the deposits.

DKK 116,365,410.00

**3. The part of the reinsurance of the provision for unearned premiums and the provision for claims outstanding**

The bankruptcy estate has a booked asset in the form of current and future claims against its reinsurers. The amount is only a calculation for the purpose of the bookkeeping as the final amount of the claim is not yet known. This is why the receivable is included at the book value as at 24 August 2018.

DKK 1,206,327,151.00

**4. Receivables from agents and claims examiners**

The receivables as at 24 August 2018 were booked at DKK 230,793,428. As the bankruptcy estate is paying the periodical claims handling expenses, the receivable is included at the book value as from such date.

DKK 230,793,428.00

**5. Receivables, reinsurance**

The receivable as at 24 August 2018 was booked at DKK 117,170,660. Outstanding premiums of DKK 87,076,221 have been set off against this amount, which is why the asset is included at an estimated

DKK 30,000,000.00

**Registered assets etc in total (provisionally calculated) DKK 2,214,271,741.00**

**1.2 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 24 August 2018 were booked at:

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

The receivable as at 24 August 2018 was booked at DKK 68,383,561.64 inclusive of interest as the trustee has entered into a settlement with New Nordic Holding Ltd. of DKK 65 million plus interest of 10% annually in full and final settlement of the receivable. The

|       |  |     |               |
|-------|--|-----|---------------|
| ..... | settlement amount has been paid into the bankruptcy estate's account.  | DKK | 68,383,561.64 |
|       | <b>7. Receivables from consolidated companies</b>  |     |               |
|       | The bankruptcy estate has a receivable from consolidated companies of DKK 83,547,370. As bankruptcy proceedings have been commenced against both consolidated companies and it is consequently estimated that they are unable to pay, the claims have been included at a value for memory purposes of                | DKK | 1.00          |
|       | <b>8. Receivable from Intercede</b>  |     |               |
|       | The receivable as at 24 August 2018 was booked at DKK 38,593,750 inclusive of interest (DKK 1,118,750). For the time being the claim is included at its full book value, but the price that the claim can fetch is unclear as it is noted that the parent company, CBL Insurance Limited, is in interim liquidation. | DKK | 38,125,000.00 |
|       | <b>9. Staff loans</b>  |     |               |
|       | The receivable as at 24 August 2018 was booked at DKK 1,515,098 inclusive of interest (DKK 15,098). For the time being the receivable has been included at the book value.   | DKK | 1,515,098.00  |
|       | <b>10. Receivable from Beta Re</b>   |     |               |
|       | The receivable as at 24 August 2018 was booked at DKK 8,000,000. For the time being the receivable has been included at the full book value.   | DKK | 8,000,000.00  |
|       | <b>11. Tools and equipment, etc</b>  |     |               |
|       | The bankruptcy estate's tools and equipment consist of various office furniture, computers, monitors and other office supplies. The tools and equipment as at 24 August 2018 were booked at DKK 494,668. Because of the bankruptcy proceedings the tools and equipment have been included at                         | DKK | 150,000.00    |
|       | <b>12. Rent deposit</b>  |     |               |
|       | The bankruptcy estate's offices were rented. The rent deposit as at 24 August 2018 was booked at DKK 2,050,434. However, the bankruptcy estate is obliged to repair the leased premises, which is why for the time being the asset is included at a value for memory purposes of                                     | DKK | 1.00          |
| ..... |  |     |               |

|  |     |                |
|--|-----|----------------|
| <b>13. Receivable regarding sublet premises</b>  |     |                |
| The bankruptcy estate has sublet premises to CBL Insurance Service ApS. No rent has been paid for 2018. The receivable as at 24 August 2018 was booked at DKK 86,614. For the time being the receivable has been included at a value for memory purposes partly because a claim for a set-off has been raised and partly because of doubts about the ability to pay. |     |                |
|  | DKK | 1.00           |
| <b>14. Vehicle</b>   |     |                |
| When the bankruptcy order was issued the bankruptcy estate owned a Mercedes-Benz, model Viano, 3.0 CDI MPV Lang Aut. The vehicle was sold for DKK 150,000 exclusive of VAT on 8 June 2018 and the amount has been paid into the bankruptcy estate's account.   |     |                |
|  | DKK | 150,000.00     |
| <b>15. Intangible assets</b>   |     |                |
| The asset as at 24 August 2018 was booked at DKK 13,236,487. The asset is software equipment relating to the operation of the company, which is why it is included at  |     |                |
|  | DKK | 0.00           |
| <b>16. Art</b>   |     |                |
| The bankruptcy estate owns art, including paintings. The asset as at 24 August 2018 was booked at DKK 115,000. For the time being the receivable has been included at a value for memory purposes of   |     |                |
|  | DKK | 1.00           |
| <b>17. Sale of various minor assets</b>  |     |                |
| At this point in time the trustee has sold two iPhones X, one iPhone 8, one Google Pixie, one Samsung S7 Edge, one Lenovo ThinkCentre and one Fujitsu Siemens Espresso. The assets were sold for DKK 13,950 in total inclusive of VAT and the amount has been paid into the bankruptcy estate's account.   |     |                |
|  | DKK | 13,950.00      |
| <b>18. Sale of furniture</b>   |     |                |
| The bankruptcy estate has sold four desks and five chairs. The assets were sold for DKK 14,375 in total inclusive of VAT and the amount has been paid into the bankruptcy estate's account.  |     |                |
|  | DKK | 14,375.00      |
| <b>Unencumbered assets in total (provisionally calculated following an estimated total write-down)</b>   |     |                |
|  | DKK | 100,000,000.00 |

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

## 2. LIABILITIES

### 2.1 Liabilities relating to the registered assets

The liabilities that have a priority right to receive cover from the registered assets are listed below, see paragraph 1.1 above.

#### Expected claims for returned premium

The provisions for unearned premiums as at 24 August 2018 were booked at DKK 266,690,871. The provisions for unearned premiums are the not yet earned premium, which is why the amount is expected to be equal to the proofs of claim for returned premiums.

|     |                |
|-----|----------------|
| DKK | 266,690,871.00 |
|-----|----------------|

#### Expected claims for damages

The provisions for claims outstanding as at 24 August 2018 were booked at DKK 2,115,413,024. The provisions for claims outstanding are the amount put aside to cover the policyholders'/the claimants' claim for damages. The claim has been calculated based on the book value.

|     |                  |
|-----|------------------|
| DKK | 2,115,413,024.00 |
|-----|------------------|

#### Expected liabilities in total

|            |                         |
|------------|-------------------------|
| <b>DKK</b> | <b>2,382,103,895.00</b> |
|------------|-------------------------|

It must be expected as a consequence of Alpha Insurance A/S's bankruptcy that the number of reported claims and consequent payouts will increase considerably. The trustee's most important task is consequently to ensure that the reported claims are handled correctly. This is why the trustee has decided to continue the claims processing by the existing claims examiners in cooperation with the Danish Guarantee Fund for Non-Life Insurance Companies.

### 2.2 Other liabilities relating to the unencumbered assets

|   |            |                       |
|---|------------|-----------------------|
| Proofs of claim lodged under section 82 of the Bankruptcy Act | DKK        | 471,061,553.00        |
| Proofs of claim lodged under section 94 of the Bankruptcy Act | DKK        | 752,937.50            |
| Proofs of claim lodged under section 95 of the Bankruptcy Act | DKK        | 1,070,242.17          |
| Proofs of claim lodged under section 97 of the Bankruptcy Act | DKK        | 47,574,939.88         |
| Proofs of claim lodged under section 98 of the Bankruptcy Act | DKK        | 152,312,708.46        |
| <b>Other liabilities in total</b>                             | <b>DKK</b> | <b>672,772,381.01</b> |

It is noted that the trustee continuously receives a large number of proofs of claim and that the trustee is in the process of designing a new register of debts and claims system to handle

.....

the proofs of claim lodged against the bankruptcy estate, which is why the above liabilities may not be fully updated as at the date of this report.

### **3. THE REASON FOR THE BANKRUPTCY**

The company Alpha Insurance A/S (now in bankruptcy) was established on 1 July 1998 under the name Entreprise Reinsurance A/S by the former manager Morten Helge. When the company was established, its board of directors consisted of Jonathan Seth Roberts (chairman), Kristian Nikolaj Boysen, Steven Walter Carlsen and Claus Georg Johansson.

The company's object was to carry on insurance and reinsurance business in non-life insurance.

On 16 February 2004 the company changed its name to Imagine Insurance A/S. On 10 July 2006 the company's name was changed to Gaia Insurance A/S. On 29 January 2010 the company changed its name to Alpha Insurance A/S.

On 4 March 2018 the company went into voluntary liquidation by a resolution of the general meeting of the same date.

At the time of the liquidation the company's executive board consisted of the executive officer Leif Corinth-Hansen. The company's board of directors consisted of Bo Lundqvist (chairman), Niklas Tore Braase Helge and Bjarke Sanbeck.

The general meeting appointed Attorney Bjarke Sanbeck from the Danish law firm Mazanti-Andersen, Korsø Jensen as the liquidator. At the same time the Danish FSA appointed Attorney Boris Frederiksen from Law Firm Poul Schmith to be responsible for the solvent liquidation of the company together with Mr Sanbeck.

The reason for the liquidation was that on 3 March 2018 the company decided not to effect any new insurance and not to renew insurance contracts because, among other things, one of the company's reinsurance companies, CBL Insurance Limited, had entered into interim liquidation.

On 8 May 2018 the liquidators filed the debtor's own petition for bankruptcy with the Bankruptcy Division of the Danish Maritime and Commercial High Court as the liquidators had established after having examined the company's financial position that the company was insolvent.

In light of the above the Bankruptcy Division of the Danish Maritime and Commercial High Court issued a bankruptcy order against Alpha Insurance A/S on 8 May 2018.

The winding up of the insurance activities, including the claims processing, has continued after the issue of the bankruptcy order by using the bankruptcy estate's employees and the claims examiners that Alpha Insurance A/S in bankruptcy cooperated with before the issue

.....

of the bankruptcy order. This work has been done in close cooperation with the Danish Guarantee Fund for Non-Life Insurance Companies which is also expected to be the largest single creditor against the bankruptcy estate.

#### 4. VOIDABLE TRANSACTIONS

The trustee's investigations of any voidable issues have not yet started.

#### 5. ACCOUNTS

For your information, I attach a copy of the balance sheet as at 31 December 2016 in the most recently adopted accounts for 2016 (**Appendix 1**). The 2016 annual report was adopted by the company's annual general meeting on 26 April 2017.

The 2016 annual report was audited by KPMG.

It appears from the 2016 annual report that the company's annual results as at 31 December 2016 were negative by DKK -17,263,000.

The bankruptcy estate's total assets as at 31 December 2016 amounted to DKK 2,564,078,000.

Out of the total assets the company's intangible assets, including its software system, amounted to DKK 17,982,000. The company's tools and equipment consisting of various office supplies, computers, monitors and furniture amounted to DKK 998,000. The company's assets in associated companies, including the previously wholly owned Nemi Forsikring and the 25% owned Alpha Sales Group, amounted to DKK 161,835,000 in total.

The company's portfolio of securities amounted to DKK 567,064,000 in total. The company's receivable from the reinsurers in respect of the provisions for unearned premiums and the provisions for claims outstanding amounted to DKK 1,077,645,000. The company's receivables in respect of premiums with policyholders and agents amounted to DKK 357,077,000. To this amount should be added additional receivables from other insurance companies and associated companies of DKK 362,547,000 of which the loan to Intercede amounted to approximately DKK 40 million. The company's receivables as at 31 December 2016 amounted to DKK 1,797,269,000 in total. In addition, the deferred tax assets and the prepayments amounted to DKK 17,949,000 in total.

As at 31 December 2016 the company's total liabilities amounted to DKK 2,564,078,000.

The company's equity amounted to DKK 286,617,000 in total. To this amount should be added a subordinate loan of DKK 148,688,000. The provisions for unearned premiums and the provisions for claims outstanding amounted to DKK 1,810,188,000 in total, allocated by provisions for unearned premiums of DKK 182,649,000, future profit of DKK 89,548,000, provisions for claims outstanding of DKK 1,507,889,000 and a risk margin of DKK 30,102,000. To this amount should be added the other provisions of DKK 115,000 and custody accounts from reinsurers of DKK 8,917,000. The debt in addition to the insurance technical provisions amounted to DKK 309,533,000.

The trustee notes in that connection that the wholly owned Nemi Forsikring was sold at the end of 2017 and that the 25% owned Alpha Sales Group was sold at the beginning of 2018.

The trustee also generally notes that the assessment is that there are no significant deviations between the most recent annual report and the bankruptcy estate's assets and liabilities listed above as the deviations can only be ascribed to the continued operations and the write-down of certain receivables and a certain increase in the provisions for claims outstanding in connection with the company's discussions with the Danish FSA in 2017 and 2018. The company did its bookkeeping up to 24 August 2018, which is why the individual transaction traces can be followed. It should also be noted in that connection that KPMG is currently finishing the 2017 annual report.

## **6. ANY CRIMINAL OFFENCES**

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

## **7. DISQUALIFICATION**

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

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

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

Firstly, it is noted that the trustee has calculated the time spent in the period since the issue of the bankruptcy order and up to 31 August 2018 on work relating to the registered assets, see paragraph 1.1 above, and on the work relating to the unencumbered assets, see paragraph 1.2 above.

The work has been characterised by the large number of policyholders, approximately 1,000,000, and the fact that the company was operating in approximately 25 different countries.

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

The trustee's work on the registered assets in the period since the issue of the bankruptcy order and up to 31 August 2018 has focused on the following tasks:

#### **8.1.1 Claims handling**

When the bankruptcy order was issued the trustee immediately informed the agents and the claims examiners working with Alpha Insurance A/S (now in bankruptcy) that they were no longer allowed to make payouts in respect of recoverable loss under policies with Alpha Insurance A/S (now in bankruptcy). It is noted that the majority of the bankruptcy estate's agents



and claims examiners are foreign, which is why the agents and the claims examiners do not have any knowledge of the Danish Bankruptcy Act. The consequence has been that the trustee has had many telephone conversations with the bankruptcy estate's agents and claims examiners about the situation and the effect of the bankruptcy on the individual agent and claims examiner.

Because Alpha Insurance A/S in bankruptcy did not handle the claims itself, the trustee in cooperation with the Danish Guarantee Fund for Non-Life Insurance Companies decided to continue the agreements with the existing claims examiners wherever possible. The reason was that only the claims examiners had all the information about the insurance claims and would consequently be able to assess whether it was a recoverable loss. It is the trustee's opinion that the bankruptcy estate's liabilities can only be limited to the extent necessary if the existing agreements with the claims examiners are continued.

In addition, the trustee has held meetings with the claims examiners, also abroad, to ensure the claims examiners' continued claims handling. It must be noted that one of the claims examiners working with Alpha Insurance A/S in bankruptcy has gone into liquidation, which is why the trustee is currently discussing the handling of this claims portfolio.

The trustee has also prepared and forwarded general notifications to the bankruptcy estate's agents and claims examiners about the continued claims handling, including the remuneration for the claims handling. The claims handling expenses are paid in accordance with the existing agreements between the claims examiners and Alpha Insurance A/S (now in bankruptcy).

The talks with the agents and the claims examiners are still taking place. The trustee is also in the process of planning and coordinating the audits of the claims examiners.

Approximately 612 hours have been spent by lawyers on such work.

#### **8.1.2 Position on bilateral agreements**

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

The trustee has consequently spent time on deciding whether to adopt the company's bilateral agreements, including meetings with the landlord and IT suppliers, and has had talks about the company's other IT solutions and telephony, utilities, insurance for the bankruptcy estate's employees, staff canteen, etc.

Approximately 60 hours have been spent by lawyers on such work.

#### **8.1.3 Handling the bankruptcy estate's employees**

Alpha Insurance A/S (now in bankruptcy) was operating when the bankruptcy order was issued. When the bankruptcy order was issued the company employed 29 employees. The trustee has held conversations with each employee about the bankruptcy's effect on each employee. The trustee has also received a copy of all employment contracts which the trustee has reviewed.

.....

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

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

The trustee has also been in contact with the Danish Employees' Guarantee Fund about how to handle the resigned employees' claims for holiday pay.

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

Approximately 134 hours have been spent by lawyers on such work.

#### **8.1.4 Danish Labour Market Insurance**

The trustee has held meetings and has had several talks with the Danish Labour Market Insurance and its representatives from the Danish law firm Plesner about the handling of the Danish industrial injuries. The bankruptcy estate has also made payouts on behalf of the Danish Labour Market Insurance to the claimants.

The talks with the Danish Labour Market Insurance about the handling of the industrial injuries are still taking place.

Approximately 65 hours have been spent by lawyers on such work.

#### **8.1.5 Compensation funds**

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

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

The trustee has also held meetings in Denmark and abroad and has had extensive correspondence and discussions over the telephone with the English FSCS (Financial Services Compensation Scheme) about what FSCS covers and talks about how the reporting of the reported claims and the claims for returned premium against FSCS are to be handled in respect of the

.....

bankruptcy estate and the Guarantee Fund for Non-Life Insurance Companies. The trustee has also assisted with the drafting of the agreement with FSCS, the bankruptcy estate and the Guarantee Fund for Non-Life Insurance Companies.

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

These talks are still taking place.

Approximately 502 hours have been spent by lawyers on such work.

#### **8.1.6 Handling the proofs of claims against the estate**

The trustee is expecting a significant number of claims for returned premiums (more than 100,000), which is why in cooperation with the Guarantee Fund for Non-Life Insurance Companies the trustee has prepared a web form that is available on the bankruptcy estate's website to handle the claims for returned premiums. This web form is to handle the claims for returned premiums against the bankruptcy estate and the Guarantee Fund for Non-Life Insurance Companies.

In addition, there were approximately 40,000 open insurance cases when the company went bankrupt.

In cooperation with the Guarantee Fund for Non-Life Insurance Companies the trustee has also prepared a web form that is available on the bankruptcy estate's website where the claimant can lodge proof of its claim if the claims examiners have rejected the claim.

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

Approximately 361 hours have been spent by lawyers on such work.

#### **8.1.7 Notifications to the policyholders and the claimants**

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

The trustee has held discussions with the agents and the claims examiners about the contents of the notifications. The trustee has also drafted notifications regarding specific types of insurance, including letters specifically regarding the Danish and Norwegian industrial injury insurance, the English taxi motor insurance as well as letters about the English and French builders warranties.

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

Approximately 425 hours have been spent by lawyers on such work.

#### **8.1.8 Legal actions brought against the bankruptcy estate**

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

It is noted that the legal actions brought against the bankruptcy estate are primarily handled by external lawyers according to agreements entered into between the respective claims examiners and the bankruptcy estate, which is why the affected claims examiners and the lawyers have received the trustee's permission to continue the legal actions brought against the bankruptcy estate before the issue of the bankruptcy order.

The trustee has also prepared and forwarded notifications to the claims examiners and agents about the procedure applying to legal actions brought against the bankruptcy estate after the issue of the bankruptcy estate. At this point in time 26 legal actions have been brought against the bankruptcy estate after the issue of the bankruptcy order. The clarification of the facts in the specific cases is still taking place and the trustee assists with the drafting of the defence.

Approximately 142 hours have been spent by lawyers on such work.

#### **8.1.9 Legal actions brought by the bankruptcy estate**

The trustee has reviewed and has had talks with the bankruptcy estate's employees about the legal actions brought by the bankruptcy estate before the issue of the bankruptcy estate so that the trustee is able to take a position on whether to become a party to the legal actions. In that connection the trustee has examined the subject-matter of the cases, assessed the litigation risk, including the opposing party's ability to pay and the likelihood of being successful in the claims. The trustee has also had talks and held meetings with the lawyer who previously handled the legal actions.

At this point in time the bankruptcy estate has become a party to one legal action.

Approximately 94 hours have been spent by lawyers on such work.

#### **8.1.10 Portfolio transfers**

The trustee has had talks with the agents and the claims examiners about the transfers of portfolios, including the claims portfolios, so that the bankruptcy estate's total balance sheet can be brought down.

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

Approximately 87 hours have been spent by lawyers on such work.

.....

#### **8.1.11 Reinsurance**

The trustee has held meetings and has had talks with the reinsurers about the continued claims handling, including about the reinsurers' payment of receivables. The trustee has also had discussions with CBL Insurance Limited about its situation and the handling of the bankruptcy estate's receivable from CBL Insurance Limited.

The talks with the reinsures are still taking place.

Approximately 295 hours have been spent by lawyers on such work.

#### **8.1.12 Compliance**

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

Approximately 90 hours have been spent by lawyers on such work.

#### **8.1.13 Audit and bookkeeping**

The bankruptcy estate is subject to an audit obligation. The trustee has consequently decided that KPMG is to continue to audit the bankruptcy estate.

The trustee holds regular meetings and has regular conversations with KPMG about the bankruptcy estate's financial situation.

It must be noted in that connection that several of the bankruptcy estate's employees have left, which is why the trustee assists with the bookkeeping of the day-to-day running. The trustee is also reporting data to the Danish tax authorities on a regular basis.

Approximately 175 hours have been spent by lawyers on such work.

#### **8.1.14 Other estate administration**

The trustee is regularly being approached by policyholders and claimants about the bankruptcy, including questions about the termination of insurance, proofs of claim for returned premiums, reporting of new losses as well as questions about losses already suffered. At this point in time the trustee has received about 5,000 approaches which the trustee is dealing with on a regular basis. The trustee is regularly receiving new approaches.

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, including with specific information for the various countries.

Approximately 612 hours have been spent by lawyers on such work.

.....

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

The trustee's work on the unencumbered assets in the period since the issue of the bankruptcy order and up to 31 August 2018 has focused on the following tasks:

### **8.2.1 Initial estate administration**

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

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

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

The trustee has also had an initial meeting with KPMG about the bankruptcy estate's financial situation, an initial meeting with the Guarantee Fund for Non-Life Insurance Companies and its administration company Topdanmark about what the Guarantee Fund for Non-Life Insurance Companies covers, an initial meeting with the Labour Market Insurance about the handling of the Danish industrial injuries and a meeting with the Danish FSA.

Approximately 145 hours have been spent by lawyers on the initial estate administration.

### **8.2.2 The receivable from New Nordic Holding Limited**

The trustee has had discussions with New Nordic Holding Limited about the bankruptcy estate's receivable of EUR 14,395,823 inclusive of interest. On 11 June 2018 the trustee entered into a settlement with New Nordic Holding Ltd. on the payment of DKK 65 million plus interest of 10% annually in full and final settlement of the receivable. The settlement amount of DKK 68,383,561.64 was subsequently paid into the bankruptcy estate's account.

Approximately 310 hours have been spent by lawyers on such work.

### **8.2.3 Sale of assets**

The trustee has sold furniture and mobile phones for which the bankruptcy estate has received DKK 28,325 inclusive of VAT in total.

Approximately 8 hours have been spent by lawyers on such work.

### **8.2.4 Other estate administration**

Approximately 18 hours have been spent by lawyers on the general estate administration, including corresponding with the creditors and the bankruptcy court and on preparing this report.

## 9. SUMMARY OF THE TIME SPENT

It means that approximately 3654 hours have been spent by lawyers on the estate administration relating to the registered assets, see paragraph 1.1, and that approximately 463 hours have been spent by lawyers on the estate administration relating to the unencumbered assets, see paragraph 1.2.

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

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

As a consequence of the many estimates relating to both the calculation of the assets and the liabilities it is not yet possible to estimate the expected dividend, including the cover from the registered assets and the unencumbered assets.

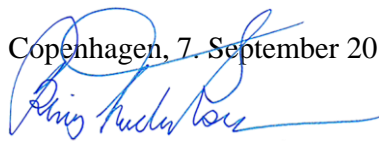
## 11. OTHER INFORMATION

The estate is administered by Attorney Boris Frederiksen ([bor@kammeradvokaten.dk](mailto:bor@kammeradvokaten.dk)), Attorney Jesper Saugmandsgaard Øe ([jso@kammeradvokaten.dk](mailto:jso@kammeradvokaten.dk)), Attorney Mathias Juul Holter ([mho@kam-meradvokaten.dk](mailto:mho@kam-meradvokaten.dk)), Attorney Christian Bo Kolding-Krøger ([cbk@kam-meraadvokaten.dk](mailto:cbk@kam-meraadvokaten.dk)), Attorney Louise Buchter ([lobu@kammeradvokaten.dk](mailto:lobu@kammeradvokaten.dk)), Attorney Vibe Marlene Hougaard Guldborg ([vigu@kammeradvokaten.dk](mailto:vigu@kammeradvokaten.dk)), Attorney Amalie Therese Grammelstorff ([amgr@kammeradvokaten.dk](mailto:amgr@kammeradvokaten.dk)), Assistant Attorney Sarah Willatzen ([sawi@kam-meradvokaten.dk](mailto:sawi@kam-meradvokaten.dk)), Assistant Attorney Ida Nordland ([idno@kammeradvokaten.dk](mailto:idno@kammeradvokaten.dk)) and Assistant Attorney Kasper Østergård Sørensen ([kaso@kammeradvokaten.dk](mailto:kaso@kammeradvokaten.dk)).

## 12. NEXT CREDITOR INFORMATION

The next creditor information with a report under section 125(4) of the Bankruptcy Act will be sent on 7 March 2019 at the latest to the Bankruptcy Court and the creditors.

Copenhagen, 7. September 2018



Boris Frederiksen  
– Partner, Attorney