

Danish report of 6 September 2019 – translation made on 16 September 2019

Report under section 125(4) 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

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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 29 May 2018, the report under section 125(2) of the Bankruptcy Act of 7 September 2018 as well as my previous report under section 125(4) of the Bankruptcy Act of 7 March 2019.

The estate's assets 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 which was in force when the bankruptcy order was issued. It means the claimants' claims for damages and the policyholders' claims for returned premium under the insurance contract, see paragraph 2.1 below. The assets also cover the necessary costs relating to closing out the portfolio as specified.

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 still uncertain.

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

1. Deposits

The bankruptcy estate's deposits in the bank as at 8 May 2018 amounted to DKK 61,277,557. On 31 July 2019 the bankruptcy estate's deposits amounted to DKK 314,026,750.

The increase in the deposits in the period is a result of the bankruptcy estate's sale of and terminated securities and interest income of DKK 127,200,000 in total (item 2), payments of reinsurance receivables of DKK 107,500,000 (item 4) and payments of receivables by agents/claims examiners of DKK 69,200,000 (item 5).

Throughout the entire period after the issue of the bankruptcy order expenses relating to continuing the operations of the bankruptcy estate in the amount of approximately DKK 44,700,000 in total have also been paid. DKK 314,026,750.00

2. Securities

As at 8 May 2018 the bankruptcy estate's securities were booked at DKK 659,853,899. On 31 July 2019 the bankruptcy estate's shareholding amounted to DKK 540,808,726.

The difference in the shareholding in the period is a result of the bankruptcy estate's sale of shares and bonds as well as terminated bonds of approximately DKK 109,100,000 in total as well as price adjustment and interest. The proceeds from the sale of securities have been included in the deposits in item 1 above. DKK 540,808,726.00

3. The part of the reinsurance of the provision for unearned premiums and the provision for claims outstanding (expected receivable)

The bankruptcy estate has a booked asset consisting of claims against reinsurers which is the part of the reinsurance of the expected calculated provisions for unearned premiums and the provisions for claims outstanding (paragraphs 23 and 24).

The value of the asset can vary depending on the fluctuations in the calculation of the bankruptcy estate's provisions for unearned premiums and the provisions for claims outstanding (paragraphs 23 and 24) that are made regularly. When a loss has been established and the receivable from the reinsurer has consequently become a fact, the receivable will be included in item 4 below. On 8 May 2018 the receivable amounted to DKK 1,266,860,089. On 31 July 2019 the receivable amounted to DKK 993,581,735.

The primary reason for the difference in the value of the receivable is a reduction in the premium reserve of DKK 156,500,000 (paragraph 23), a reduction in the provisions for claims outstanding of DKK 200,400,000 (paragraph 24) as well as an increase in the provisions for substantial claims outstanding of DKK 83.400.000.

DKK 993,581,735.00

4. Receivables from reinsurers (actual receivable)

The bankruptcy estate has an actual receivable from reinsurers which amounted to DKK -2,315,273 on 8 May 2018. It means that at the time Alpha owed the reinsurers. On 31 July 2019 the receivable amounted to DKK 186,355,546.

The reason for the difference in the period is that the bankruptcy estate's reinsurance receivable relating to returned premiums has increased by DKK 156,500,000 and that the part of the reinsurance relating to the provisions

for claims outstanding has been increased by DKK 139,600,000 (both item 3) because a number of claims have been processed which resulted in the loss on the insurance contracts (the provisions for claims outstanding in paragraph 24 were written down at the same time).

Alpha has also paid a premium of DKK 15,700,000 for keeping the reinsurance contracts in force.

Throughout the period the reinsurers have paid DKK 123,200,000 in total which has been included in the deposits (item 1).

DKK 186,355,546.00

5. Receivables from agents and claims examiners

On 8 May 2018 the receivable amounted to DKK 244,299,656. On 31 July 2019 the receivable amounted to DKK 160,654,514.

The primary reason for the difference in the receivable is that the bankruptcy estate has received payments of DKK 74,700,000 in total which have been included in the deposits (item 1), including as a result of the trustee's collection of premiums owed by agents of DKK 44,100,000 in total and collection of funds in claims examiners' accounts of DKK 12,700,000 in total, payment of settlement amounts as well as reinsurance of DKK 5,200,000 relating to a legal action brought by Alpha before the bankruptcy relating to a loss as well as the payment of a receivable relating to tax on premiums in the amount of DKK 12.700.000.

The bankruptcy estate has also paid claims handling costs of DKK 7,400,000.

The remaining receivables include premiums owed by agents, including a legal action brought against a former agent as well as a legal action brought against a claims examiner (paragraph 4.1.2.7).

DKK 160,654,514.00

6. Fee from Danish Labour Market Insurance for work carried out

The trustee has carried out work relating to Labour Market Insurance in connection with its payments to claimants in the period until Labour Market Insurance was able to arrange for the administration of the industrial injury portfolio.

The trustee has invoiced the work that amounted to DKK 93,750 inclusive of VAT which has been included in the deposit in the account (item 1).

	DKK	0.00
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Registered assets etc in total (provisionally calculated) DKK 2,195,427,271.00

It is noted that in the period from 8 May 2018 to 31 July 2019 the registered assets have been reduced by DKK 34,548,657 which is primarily a result of the payment of costs relating to running the bankruptcy estate, including the payment of various operating expenses and payments to external claims examiners and attorneys for the purpose of securing the collection of the company's assets as also stated in item 1 as well as the calculation of the liabilities.

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

1.2 Unencumbered assets

The unencumbered assets are to be used to pay all the bankruptcy estate's ordinary creditors as well as the part of the insurance claims that is not covered by the registered assets.

The unencumbered assets as at 31 July 2019 were booked at:

7. Deposit in the client account

On 31 July 2019 the receivable amounted to DKK 75,609,188.	DKK	75,609,188.00
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8. Receivable from New Nordic Holding Limited

The bankruptcy estate has received a payment of DKK 68,383,561.64 inclusive of interest as the trustee has entered into a settlement with New Nordic Holding

Limited of DKK 65,000,000 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 and is included in the deposit in the client account (item 7).

DKK 0.00

9. Receivables from consolidated companies

The bankruptcy estate has receivables of DKK 74,047,370 from consolidated companies.

As bankruptcy proceedings have been commenced against both consolidated companies and it is consequently estimated that they are unable to pay, the asset has been included at a reminder value of

DKK 1.00

10. Receivable from Intercede 2408 Limited

The receivable as at 31 July 2019 was booked at DKK 40,523,438 inclusive of interest. For the time being the claim is included at its full book value even though the price that the claim can fetch is unclear as the debtor's parent company, CBL Insurance Limited, has gone bankrupt.

DKK 40,523,438.00

11. Staff loans

The receivable as at 24 August 2018 was booked at DKK 1,515,098 inclusive of interest. Since then an instalment plan has been agreed. Instalments of DKK 400,000 in total had been paid as at 31 July 2019 which are included in the deposit in the client account (item 7). The amount owed consequently amounts to DKK 1,151,745 including accrued interest. The asset is included at the residual value.

DKK 1,151,745.00

12. Receivable from Beta Re AG

The receivable as at 31 July 2019 was booked at DKK 8,000,000. The trustee has agreed to a new instalment

plan with Beta Re AG. For the time being the receivable has been included at the full book value. DKK 8,000,000.00

13. Tools and equipment, etc

The bankruptcy estate's tools and equipment consist of various office furniture, computers, monitors and other office supplies. The tools and equipment as at 31 July 2019 were booked at DKK 258,123. Due to the estate administration the tools and equipment have been included at the book value for the time being. DKK 258,123.00

14. Rent deposit

The bankruptcy estate's offices were rented. The rent deposit as at 8 May 2018 was booked at DKK 2,120,056. The asset as at 31 July 2019 was booked at DKK 1,984,559.

The reason for the difference in the period is that the bankruptcy estate had rented out two rooms and deposits were paid for the leased premises in such connection. It is noted that the bankruptcy estate is obliged to repair the leased premises, which is why, for the time being, the asset is included at a reminder value of DKK 1.00

15. Receivable regarding sublet premises

The company has sublet premises to CBL Insurance Service ApS. No rent has been paid for 2018. The receivable as at 30 April 2019 was booked at DKK 86,614. For the time being the receivable has been included at a reminder value partly because a claim for a set-off has been raised and partly because of doubts about the ability to pay. DKK 1.00

16. Vehicle

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

on 8 June 2018 and the amount has been paid into the bankruptcy estate's account and is included in the deposit in the client account (item 7).

DKK 0.00

17. Intangible assets

The intangible assets are software equipment used in the operation of the bankruptcy estate. The asset as at 31 July 2019 was booked at DKK 0, which is why the asset is stated as having no value.

DKK 0.00

18. Art and designer furniture

The bankruptcy estate owns designer furniture and art, including paintings. The assets as at 31 July 2019 were booked at DKK 115,000. The assets were valued at DKK 318,600 by SFT Group if sold at a forced sale, which is why for the time being the assets are included at the valuation

DKK 318,600.00

19. Sale of various minor assets

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 11,720 in total exclusive of VAT and the amount has been paid into the bankruptcy estate's account and is included in the deposit in the client account (item 7).

DKK 0.00

20. Sale of furniture

The bankruptcy estate has sold four desks and five chairs. The assets were sold for DKK 11,500 in total exclusive of VAT and the amount has been paid into the bankruptcy estate's account and is included in the deposit in the client account (item 7).

DKK 0.00

21. Repayment from Dagbladet Børsen (a Danish newspaper)

The bankruptcy estate has terminated the company's newspaper subscription and has consequently received

a repayment of DKK 6,586.07 which has been deposited into the bankruptcy estate's account and is part of the deposit in the client account (item 7). DKK 0.00

22. Repaid taxes from Italy

The bankruptcy estate has received repaid taxes from Italy of EUR 878,879.39 (translated into DKK 6,557,670.68). The amount of DKK 6,557,670.68 has subsequently been deposited into the bankruptcy estate's account and is part of the deposit in the client account (item 7). DKK 0.00

Unencumbered assets in total (provisionally calculated) DKK 125,861,097.00

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 1.1 above.

23. Expected claims for returned premium

The provisions for unearned premiums have been calculated as a premium paid by the policyholders, but which Alpha had not yet earned because of the bankruptcy which is why the amount is expected to be offset by claims for the return of premiums raised by policyholders. The booked provisions for unearned premiums amounted to DKK 555,790,663 as at 8 May 2018. The provisions for unearned premiums as at 31 July 2019 were booked at DKK 278,034,614.

The reason for the difference in the amount is that the Danish Guarantee Fund for Non-life Insurers has started repaying the premiums. It is expected that these payments and the consequent decline in the provisions for unearned premiums will be offset by a

corresponding claim from the Guarantee Fund for Non-life Insurers that subrogates to the policyholder's claim against the bankruptcy estate.	DKK	278,034,614.00
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24. Expected claims for damages

The provisions for claims outstanding are the amount put aside to cover the policyholders'/the claimants' claim for damages. The claim is a calculated value and may consequently vary depending on the actual claims for damages. The provisions for claims outstanding as at 8 May 2018 were booked at DKK 2,176,518,057. The provisions for claims outstanding as at 31 July 2019 were booked at DKK 1,939,712,351.

The reason for the difference in the amount in the period is that the Guarantee Fund for Non-life Insurers has paid the claims for damages, which is why the provisions for claims outstanding have been reduced. It is expected that these payments and the consequent decline in the provisions for claims outstanding will be offset by a corresponding claim from the Guarantee Fund for Non-life Insurers. Moreover, claims of DKK 91,000,000 have been filed.

	DKK	1,939,712,351.00
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Expected liabilities in total	DKK	2,217,746,965.00
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It must be expected as a consequence of Alpha Insurance A/S's bankruptcy that the number of filed claims and consequent payouts will increase considerably. The trustee's most important task in relation to the calculation of the liabilities is consequently to ensure that the notified claims are handled correctly, which is why the trustee has decided together with the Guarantee Fund for Non-Life Insurance Companies to let the existing claims examiners handle the claims.

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

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 93 of the Bankruptcy Act	DKK	76,140.00

Proofs of claim lodged under section 94 of the Bankruptcy Act	DKK	1,388,181.13
Proofs of claim lodged under section 95 of the Bankruptcy Act	DKK	33,990,381.34
Proofs of claim lodged under section 97 of the Bankruptcy Act	DKK	63,584,710.13
Proofs of claim lodged under section 98 of the Bankruptcy Act	DKK	155,525,277.82
Other liabilities in total	DKK	730,320,788.22

3. VOIDABLE TRANSACTIONS

In the past period the trustee has conducted investigations relating to avoidance in the bankruptcy estate. At the beginning the trustee established four general issues that could be voidable and they were consequently examined in detail.

Due to the business volume of Alpha Insurance A/S (now in bankruptcy) and the many thousands of entries each month the trustee decided that it did not make any sense or was not cost effective to go through the company's statements of account manually, which is why the trustee engaged a big Danish audit firm that could identify financial entries and/or emails by using special electronic search tools which indicated voidable transactions, management liability, etc.

It is noted for the avoidance of doubt that the investigations have also been part of the trustee's management liability examination.

In that connection the trustee has had access to the company's internal IT systems, including the bookkeeping system, and the trustee has had access to and gone through the email accounts of the former management. The investigation included 13,812 transactions consisting of 979,310 entry lines.

The trustee also talked to a number of operators surrounding Alpha Insurance A/S (now in bankruptcy) that could have knowledge about matters of relevance as to the limits of the investigation.

During the investigations the trustee established two issues that could be voidable, including a possible claim for avoidance of DKK 60,000,000 as well as a possible claim for avoidance of DKK 562,500. Suspension agreements have been concluded in both matters.

The trustee also established that the company has taken expenses of a private nature to the profit and loss account. The trustee has consequently decided to go through all invoices for the past three years regarding the former owners. This work is still taking place.

4. 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 reports, see section 125(2) and (4) of the Bankruptcy Act, as the trustee has decided to divide the time spent so that it is easier to attribute the time spent by the trustee to the individual classes of assets and liabilities specified above in items 1 and 2.

4.1 The time spent on the registered assets

The trustee's work on the registered assets in the period since the most recent report and until 1 August 2019 has focused on the following tasks:

4.1.1 *Reinsurance*

The bankruptcy estate's most important asset in the registered assets is the receivables relating to the concluded reinsurance contracts, ie the reinsurance part of the provisions for unearned premiums and the provisions for claims outstanding and the receivable from the reinsurers, see items 3 and 4 in the list of assets and liabilities above in paragraph 1.1.

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 Alpha Insurance A/S (now in bankruptcy) and the various reinsurers and as it is based on insurance practices and customs. In the past period the trustee has held meetings and has had regular conversations with the reinsurers about the continued claims handling, including about the reporting to the reinsurers and the payment of receivables from the reinsurers.

In that connection the trustee has had in-depth conversations with the liquidator of the reinsurer, CBL Insurance Limited, regarding the handling of the bankruptcy estate's receivable from CBL Insurance Limited which was declared bankrupt on 12 November 2018.

The conversations with the reinsurers are still taking place.

Approximately 479 hours have been spent by lawyers on such work since the most recent report.

4.1.2 *The operations*

4.1.2.1 *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's claims handling still took up a lot of time.

In the past period the trustee has had regular conversations with the claims examiners to ensure proper claims handling so that the reporting to the reinsurers is also correct.

The trustee has had in-depth correspondence and conversations with the claims examiners about the general claims handling 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.

Moreover, 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.

Finally, the trustee has spent a lot of time on finding a new claims examiner to handle the insurance portfolio of the French Dommage Ouvrage. It is noted that the existing claims examiner IMS Experts entered into liquidation and went bankrupt on 27 July 2018.

In the past period the trustee has participated in several meetings in Paris and Luxembourg with possible new claims examiners to negotiate the prices and terms for taking over the portfolio and has had meetings with FAGO (the French guarantee fund) as it was interested in the proceedings because the affected policyholders were French citizens. Firstly, a temporary claims handling agreement was entered into with a former claims examiner with IMS to handle/maintain the IMS portfolio until the new claims examiner, ACS Solution, took over the claims handling. The trustee has spent time on transferring and going through the data regarding the claims with ACS Solution.

The claims handling is still taking place.

Approximately 1268 hours have been spent by lawyers on such work since the most recent report.

4.1.2.2 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.

The trustee has also spent time on subletting two rooms belonging to the bankruptcy estate. The trustee has had conversations with the landlord, the sublessees and has spent time on drafting the subleases in that connection.

The bankruptcy estate checks the bilateral agreements on a regular basis.

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

4.1.2.3 The bankruptcy estate's employees

In the past period the trustee has had regular conversations with the bankruptcy estate's employees about the employment situation, including about the employees' retention bonus.

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

Approximately 54 hours have been spent by lawyers on such work since the most recent report.

4.1.2.4 Conversations with guarantee funds

In the past period the trustee has continued to have regular conversations with the Guarantee Fund for Non-Life Insurance Companies and its administrator, Topdanmark Forsikring A/S, and with other national guarantee funds in other countries about the cover of the policyholders' claims, including about the guarantee funds' covers, the procedure for notifying the bankruptcy estate of claims as well as the calculations of the policyholders' claims for the return of premiums.

The trustee still holds weekly meetings with both Topdanmark Forsikring A/S and has weekly telephone conversations with FSCS.

The trustee has also held regular meetings to discuss the current situation with the board of the Guarantee Fund for Non-Life Insurance Companies which follows the estate administration closely.

In the past period the trustee has also had conversations with the Norwegian guarantee fund about the cover to the Norwegian claimants with industrial injuries. It is noted that the Guarantee Fund for Non-Life Insurance Companies does not cover claims regarding neither the Norwegian nor the Danish industrial injury policies, which is why the Norwegian guarantee fund has made a political decision to pay damages to the Norwegian claimants with industrial injuries in return for the Norwegian guarantee fund subrogating to the claimants' claims against the bankruptcy estate. The bankruptcy estate had previously entered into an agreement with the Norwegian guarantee fund on the procedure for the notification of claims.

In the past period the conversations with the Norwegian guarantee fund have primarily been about planning the practical procedure for the notification of claims and the trustee has designed a specific notification format for such purpose.

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

Approximately 213 hours have been spent by lawyers on such work since the most recent report.

4.1.2.5 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. In the preceding reports, see section 125(2) and (4) of the Bankruptcy Act, the time spent was specified under the headlines "*Notifications to the policyholders and the claimants*" and "*Other estate administration*".

Since the issue of the bankruptcy order the trustee has received approximately 5504 emails in this inbox which the trustee's employees are dealing with. The emails are about whether the Guarantee Fund for Non-Life Insurance Companies will cover a claim 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.

The trustee regularly updates the bankruptcy estate's website, www.alphagroup.dk, with relevant information to the policyholders and the claimants about their insurance product.

Approximately 104 hours have been spent by lawyers on such work since the most recent report.

4.1.2.6 Legal actions brought against the bankruptcy estate

In the past period the trustee has spent time on legal actions brought against the bankruptcy estate 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 correspondence and 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. So far the attorneys have received a memorandum containing instructions about dismissing the legal actions brought after the issue of the bankruptcy order.

At this point in time several legal actions have been dismissed, but on 22 August 2019 177 legal actions had been brought against the bankruptcy estate after the issue of the bankruptcy order.

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

Approximately 88 hours have been spent by lawyers on such work since the most recent report.

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

In the past period the trustee has spent time on the legal actions to which Alpha Insurance A/S (now in bankruptcy) was a party before the issue of the bankruptcy order. It is noted that after the issue of the bankruptcy order the trustee has studied the legal actions brought against Alpha Insurance A/S (now in bankruptcy) before the issue of the bankruptcy order. Against such background the trustee decided to become a party to all legal actions brought against the bankruptcy estate before the issue of the bankruptcy order to minimise the bankruptcy estate's liabilities. The trustee has corresponded and has had conversations with the attorneys about the cases.

The trustee has also spent time on the legal action against a former agent brought by Alpha Insurance A/S (now in bankruptcy) before the issue of the bankruptcy order. The claim is payment of DKK 125,151,364.15 plus statutory interest. The legal action is pending before the Copenhagen City Court. In the past period the trustee has had in-depth conversations with the bankruptcy estate's employees about the legal action and the trustee has also spent time on drafting the reply in the case. It is noted that the trustee is in the process of uncovering further facts in the case and expects to submit an additional pleading in the case in autumn 2019.

Finally, the bankruptcy estate has brought a legal action after the date of the bankruptcy against the former agent, claiming payment of EUR 891,073 for not paying the insurance premium to Alpha Insurance A/S (now in bankruptcy). It must be noted that the full amount has not been claimed as the agent has previously accepted part of the liability. The trustee has drawn up a writ of summons and has corresponded with the opposing counsel with a view to settling the part of the case that is not part of the legal action and about entering into an instalment plan.

Approximately 76 hours have been spent by attorneys on such work since the most recent report.

4.1.2.8 Compliance and audits

In the past period the trustee has drawn up new data processing agreements with external business partners. As part of continuing the operations of the bankruptcy estate the trustee has spent a lot of time on implementing audits of the claims examiners. The purpose has been to ensure proper claims handling by the claims examiners and that no claims are accepted for which there is no cover under the policy regardless of whether the claim should be covered by the Guarantee Fund for Non-Life Insurance Companies, another national guarantee fund or is to be raised against the bankruptcy estate.

In the past period the trustee has assisted with drawing up agreements with the selected external auditors, drafted instructions to the auditors with guidelines for the completion of the audits and has participated in the planning and coordination of the audits of the claims examiners.

The first audits of the claims examiners were carried out in autumn 2018. The second audit of the claims examiners has started.

Approximately 273 hours have been spent by lawyers on such work since the most recent report.

4.1.2.9 Audit and bookkeeping

The trustee has decided that KPMG is to audit the bankruptcy estate.

In the past period the trustee has had regular conversations with KPMG about the bankruptcy estate's state of affairs. KPMG is currently assisting the bankruptcy estate with calculating the bankruptcy estate's VAT and the future calculation of the tax on labour costs. In the past period the trustee has held regular meetings with KPMG about this subject-matter to ensure a correct calculation of the bankruptcy estate's VAT and the calculation of tax on labour costs.

The trustee has also had regular conversations with the external tax consultants and the foreign tax authorities.

It is noted in respect of the bookkeeping that the trustee's employees are still assisting with the bookkeeping of the day-to-day running of the bankruptcy estate and that the trustee's employees approve all payments by the bank. The consequence is that the trustee's employees are also present in person at the company every day.

Approximately 488 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.

4.1.3 *General work on planning the notification process*

It is noted that in the preceding reports, see section 125(2) and (4) of the Bankruptcy Act, the time spent was specified under the headline "*Handling 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 handling the claims for the return of premiums, admitted claims and complaints regarding rejected claims, see paragraphs 4.1.3.1 to 4.1.3.3 below.

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 the 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 is still in process.

Approximately 24 hours have been spent by lawyers on such work since the most recent report.

4.1.3.1 *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 premium against the bankruptcy estate and the Guarantee Fund for Non-Life Insurance Companies. On 23 August 2019 17,149 claims for the return of premium had been filed by using the form.

In the past period the trustee has had regular conversations with the Guarantee Fund for Non-Life Insurance Companies and FSCS about the calculation of the returned premium regarding the various

insurance products as the guarantee funds subrogate to the policyholders' claims against the bankruptcy estate when the payments are made to the policyholders. The trustee has also had in-depth conversations with the Guarantee Fund for Non-Life Insurance Companies and FSCS about the notification of the claims for the return of premiums between the parties so that no payments are made twice.

Approximately 8 hours have been spent by lawyers on such work since the most recent report.

4.1.3.2 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 an automated process in the bankruptcy estate's register of debts and claims for claims filed under the registered assets.

The trustee has also spent time on drafting letters to the bankruptcy estate's claims examiners describing the notification procedure regarding the admitted and final claims. The trustee has had conversations and has corresponded with the bankruptcy estate's claims examiners in such regard.

Approximately 21 hours have been spent by lawyers on such work since the most recent report.

4.1.3.3 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. So far 16 complaints have been received.

The complaints are dealt with on a regular basis with assistance from the bankruptcy estate's employees and they are being registered in the bankruptcy estate's register of debts and claims.

Approximately 6 hours have been spent by lawyers on such work since the most recent report.

4.2 Time spent on the unencumbered assets

4.2.1 Receivables

In the past period the trustee has gone through and started the collection of the company's receivables.

4.2.1.1 Receivable from Intercede 2408 Limited

The bankruptcy estate has a receivable of DKK 40,031,250 from Intercede 2408 Limited which is a subsidiary of the reinsurer CBL Insurance Limited that went bankrupt on 12 November 2018.

In the past period the trustee has read the loan agreement and the addendum from which it appears that the loan will mature on 1 November 2020. The trustee consequently awaits the payment.

Approximately 14 hours have been spent by lawyers on such work since the most recent report.

4.2.1.2 Receivable from Beta Re AG

The bankruptcy estate has a receivable of DKK 8,000,000 from Beta Re. In the past period the trustee has held meetings and corresponded with Beta Re about the receivable and has agreed repayments and about Beta Re's continued assistance to the bankruptcy estate regarding the bankruptcy estate's reinsurance receivable. In the past period the trustee has assisted with drawing up a new agreement that contains an instalment plan. Both parties have now signed the agreement.

Approximately 71 hours have been spent by lawyers on such work since the most recent report.

4.2.2 Investigations relating to avoidance

In the past period the trustee has conducted investigations relating to avoidance. The investigations relating to avoidance have been completed and the trustee has established possible voidable transactions. A detailed account has been provided in paragraph 3.

Approximately 498 hours have been spent by lawyers on such work since the most recent report.

4.2.3 INVESTIGATIONS RELATING TO MANAGEMENT LIABILITY

In the past period the trustee has conducted investigations relating to management liability. The trustee has established a number of issues to be investigated further and consequently filed a preliminary claim under the directors and officers insurance.

The trustee's detailed investigations of the established issues have not yet been concluded and the investigations are still being conducted.

Approximately 661 hours have been spent by lawyers on such work since the most recent report.

4.3 Examination of claims

In the past period the trustee has examined the claims filed under section 94 of the Bankruptcy Act. The trustee has consequently spent time on examining the individual claims, drafted letters of recommendation and held an examination of claims meeting.

Approximately 41 hours have been spent by lawyers on such work.

4.4 Other estate administration

Approximately 157 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.

5. SUMMARY OF THE TIME SPENT

It means that approximately 4569 hours in total have been spent by lawyers on the estate administration, including 3127 hours on work relating to the registered assets, see paragraph 4.1, and approximately 1442 hours relating to the unencumbered assets, see paragraph 4.2, in the period since the most recent report and until 1 August 2019.

6. 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.

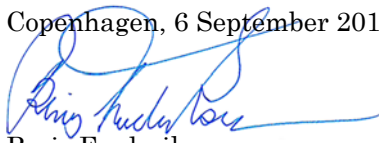
7. INTERIM FEE

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

8. NEXT CREDITOR INFORMATION

The next creditor information with a report under section 125(4) of the Bankruptcy Act will be sent on 6 March 2020 at the latest to the Bankruptcy Court and the creditors.

Copenhagen, 6 September 2019



Boris Frederiksen

Partner, Attorney