

Danish report of 8 September 2022 – translation made on 21 September 2022

Report under section 125(4) of the Danish Bank- ruptcy Act

Alpha Insurance A/S in bankruptcy, CVR no 21064440

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(4) of the Danish Bankruptcy Act regarding the affairs of the bankruptcy 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 reports under section 125(4) of the Bankruptcy Act of 7 March 2019, 6 September 2019, 6 March 2020, 8 September 2020, 8 March 2021, 8 September 2021 and most recently of 8 March 2022.

The estate's assets at this point in time are as follows:

1. ASSETS

1.1 Accounts

When the bankruptcy order was issued on 8 May 2018, Alpha Insurance A/S (now in bankruptcy) ("Alpha" or the "bankruptcy estate") had a total of 37 open bank accounts with Sydbank A/S, 13 bank accounts with DNB in Norway, including eight in Norway and five in the UK, and six accounts with UBS in Switzerland.

As the trustee decided to continue the operations in the bankruptcy estate in collaboration with the Guarantee Fund for Non-life Insurers for the purpose of winding up the insurance activities, the trustee decided to keep a number of the bankruptcy estate's bank accounts as payments are still being made to and from the bankruptcy estate's accounts in connection with the day-to-day operations.

Since the issue of the bankruptcy order the trustee has closed 20 bank accounts with Sydbank A/S that the trustee found were no longer relevant to the winding up of the insurance activity. The trustee has opened five new bank accounts with Sydbank A/S for the day-to-day operations. It means that the bankruptcy estate now has 22 open bank accounts (including custody accounts) with Sydbank A/S. The trustee has closed all the accounts with DNB in Great Britain. The bankruptcy estate still has eight open bank accounts with DNB in Norway as well as six open accounts with UBS in Switzerland.

The trustee is assessing on an ongoing basis whether there is any need to keep the individual bank accounts in connection with winding up the insurance activity in the bankruptcy estate.

1.2 Registered assets

The registered assets have been provided as security for the insurance obligations in compliance with section 167(4) of the then current Danish Financial Business Act, see paragraph 2.1 below. The registered assets also cover the necessary costs relating to closing out the portfolio as specified.

The registered assets as at 31 July 2022 were booked at:

1. Deposits

The bankruptcy estate's deposits in the bank as at 8 May 2018 amounted to DKK 61,277,557. As at 31 July 2022, the bankruptcy estate's deposits amounted to DKK 956,681,829.

The payment of DKK 422,423,046.45 in December 2021 to the Guarantee Fund for Non-life Insurers was taken into account when calculating the above amount, see the most recent report.

The increase in the deposits in the relevant period is primarily a result of the bankruptcy estate's sale and maturity of securities, interest income and gains of DKK 53,890,000 (item 2), payments of reinsurance receivables of DKK 73,210.00 (item 4) and payments of receivables by coverholders/claims examiners of DKK 9,110,000 in total (item 5). The reason for the deviation compared to item 5 below is that bigger payments have been made to the bankruptcy estate than what was booked in respect of the individual items. The deviation will presumably be eliminated over time.

Expenses relating to continuing the operations of the bankruptcy estate in the amount of approximately DKK 165,100,000 in total have also been paid throughout the entire period after the issue of the bankruptcy order.

There have also been translation adjustments of DKK 350,000. DKK 956,681,829.00

2. Securities

As at 8 May 2018 the bankruptcy estate's securities were booked at DKK 659,853,899. As at 31 July 2022, the bankruptcy estate's shareholding amounted to DKK 55,570,614.

The reduction in the portfolio of securities in the period is a result of the bankruptcy estate's sale and maturity of shares and bonds of approximately DKK 53,890,000 in total. The proceeds from the sale of securities have been included in the deposits in item 1 above.

DKK 55,571,614.00

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

The bankruptcy estate has a booked asset consisting of expected claims against reinsurers, which is the part of the reinsurance of the expected calculated provisions for unearned premiums and the provisions for claims outstanding (items 28 and 29).

The value of the asset may vary depending on the fluctuations in the calculation of the bankruptcy estate's provisions for unearned premiums and the provisions for claims outstanding (items 28 and 29) 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. As at 8 May 2018, the receivable amounted to DKK 1,266,860,089. As at 31 July 2022, the receivable amounted to DKK 829,827,066.

The primary reason for the difference in the value of the receivable is a reduction in the provisions for claims outstanding of DKK 64,660,000 (item 29) and a reduction in the provisions for substantial claims outstanding of DKK 84,320,000, translation adjustments of

DKK 2,140,000 and adjustment of profit commission of DKK 540,000 in total. DKK 829,827,066.00

4. Receivables from reinsurers (actual receivable)

The bankruptcy estate has an actual receivable from reinsurers which amounted to DKK -2,315,273 as at 8 May 2018. It means that at the time the bankruptcy estate owed the reinsurers. As at 31 July 2022, the receivable amounted to DKK 211,063,611.

The primary reason for the difference in the previous period is that the reinsurers paid DKK 73,210,000 in total to the bankruptcy estate throughout the period which has been added to the deposits (item 1), and that the part of the reinsurance relating to the provisions for claims outstanding has increased by DKK 94,240,000 because a number of claims have been processed which resulted in the loss on the insurance contracts (the provisions for claims outstanding in item 29 were written down at the same time).

Translation adjustments of DKK 440,000 in total have also been made.

DKK 211,063,611.00

5. Receivables from coverholders and claims examiners

On 8 May 2018, the receivable amounted to DKK 244,299,656. As at 31 July 2022, the booked receivable amounted to DKK 0. It is noted that debt to coverholders and claims examiners was previously included in this item. A division has now been made, and the debt can now be found in item 32.

The reason for the reduction in the receivable is that the trustee has made a technical bookkeeping amendment to the bankruptcy estate's booked receivables with the result that the bankruptcy estate's outstanding payable premiums are now being deducted from the provisions (item 30) under section 5, para (4), of the then current Statutory Order on registration of assets in insurance companies and company pension funds. As the bankruptcy estate's outstanding payable premiums are paid to the bankruptcy estate, the funds will be added to the deposits (item 1).

The bankruptcy estate has received payments of DKK 9,120,000 in total (compared to the booked items) which have been included in the deposits (item 1), including, *inter alia*, as a result of the trustee's collection of premiums owed by coverholders of DKK 590,000 in total and claims for contribution of DKK 8,530,000 in total.

The bankruptcy estate has also paid claims handling costs of DKK 6,210,000.

Finally, a number of technical bookkeeping amendments have been made regarding, *inter alia*, loss on receivables, adjustments for time lag and translation adjustments of DKK 7,580,000 in total.

For the time being the asset is included at a reminder value of DKK 1.00

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

7. Unearned coverholder commission

The trustee has assessed that the bankruptcy estate has a claim against the coverholders that previously sold insurance on Alpha's behalf. The trustee has calculated a receivable from the other coverholders relating to unearned coverholder commission of approximately DKK 282,000,000 that the trustee has started to collect. As at 31 July 2022, the bankruptcy estate had collected approximately DKK 6,865,500 which is part of the deposit in the account (item 1). The claims are disputed and the extent to which the former coverholders will be able to pay the bankruptcy estate's claims in full is also uncertain, which is why for now the calculated asset is included at a reminder value of

DKK 1.00

Registered assets etc in total

DKK 2,053,144,122

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 ordinary creditors relating to the operations, as well as the part of the insurance claims not covered by the registered assets, see paragraph 1.2 above.

The unencumbered assets as at 31 July 2022 were booked at:

8. Deposit in client account

As at 31 July 2022, the deposit amounted to DKK 41,513,479. It is noted that the expenses relating to the unencumbered assets have regularly been paid out of the deposit, including payment of the admitted and filed claims under section 94, negative interest as well as the payment of the current expenses relating to the unencumbered assets. It is also noted that the deposit includes paid excess amounts of a total of DKK 172,847.97 (after deduction of paid expenses), and the trustee is still in the process of determining whether the amount relates to the bankruptcy estate's unencumbered or registered assets, see paragraph 5.1.3. It is noted that in the most recent report the trustee incorrectly wrote that a total excess amount of DKK 224,116.00 had been collected (after deduction of expenses paid). The amount should rightly have been DKK 124,116.00. Finally, total expenses of DKK 1,444,669 relating to the administration of the Danish industrial injury portfolio, including the claims handling, have been paid. This amount will subsequently be paid by either the registered assets or by AES (now the Guarantee Fund for Non-life Insurers, see paragraph 5.1.6.3) when it has been finally clarified whether the Guarantee Fund for Non-life Insurers holds a special position in the bankruptcy estate.

DKK 41,513,479.00

9. Receivable from New Nordic Holding Limited

The bankruptcy estate has entered into a settlement with New Nordic Holding Limited by New Nordic Holding Limited paying DKK 65,000,000 plus interest of 10% annually in full and final settlement of the outstanding balance. DKK 68,383,561.64 inclusive of interest

was subsequently deposited into the bankruptcy estate's account and is part of the deposit in the client account (item 8). DKK 0.00

10. Receivables from consolidated companies

The bankruptcy estate has receivables of DKK 99,047,370 in total from the consolidated companies, Alpha Holding A/S in bankruptcy, Alpha ApS in bankruptcy and Alpha SPV ApS in bankruptcy. As bankruptcy proceedings have been commenced against all consolidated companies and it is consequently estimated that they are unable to pay, the asset has, for the time being, been included at a reminder value of DKK 1.00

11. Receivable from Intercede 2408 Limited

As at 31 July 2022, the booked receivable amounted to DKK 42,709,725 inclusive of interest. As, according to information given, the company does not have any funds and is in the process of being dissolved in England, the actual value of the asset is still uncertain. For this reason the asset is included for the time being at a reminder value of DKK 1.00

12. Staff loan

An employee with Alpha received a loan from Alpha of DKK 1,500,000 before the bankruptcy. A payment agreement was entered into after the bankruptcy with monthly payments of DKK 25,000 and annual addition of interest of 3%. On 3 November 2020, an agreement was concluded on the payment of DKK 800,000 in full and final repayment of the amount outstanding which the bankruptcy estate has received. DKK 1,575,000 in total has consequently been deposited into the bankruptcy estate's account and is part of the deposit in the client account (item 8). DKK 0.00

13. Receivable from Beta Re AG

The receivable as at 8 May 2018 was booked at DKK 8,000,000. After the bankruptcy the trustee entered into a payment agreement with Beta Re AG about paying off the debt. Instalments of DKK 640,000 in total (DKK 726,844.34 inclusive of interest) had been paid as at 31 July 2022 which are included in the deposit in the client account (item 8). It is noted that bankruptcy proceedings were commenced against

Beta Re AG on 9 March 2021. The trustee has filed the claim against the bankruptcy estate. As it is uncertain whether any dividend will be distributed, the asset is, for the time being, included at a reminder value of

DKK 1.00

14. 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 2022 were booked at DKK 23,485. The assets were valued at DKK 277,600 by FT Group ApS at a forced sale, which is why for the time being the asset is included at the valuation.

DKK 277,600.00

15. Rent deposit

The bankruptcy estate's offices were rented. As at 8 May 2018, the rent deposit was booked at DKK 2,120,056. The asset was booked at DKK 1,044,340 as at 31 July 2022.

The reason for the difference in the period is that the bankruptcy estate had rented out rooms to INSR and ASG Forsikringsagentur A/S (now in bankruptcy) and they both paid deposits for the leased premises. The room that was rented out to ASG Forsikringsagentur A/S (now in bankruptcy) has been deleted from the bankruptcy estate's lease and the deposit has been adjusted. Qudos Insurance A/S in bankruptcy which has sublet a part of the leased premises has also paid a part of the deposit. Moreover, the booked deposit has also increased because Gefion Finans A/S in bankruptcy moved into a sublet part of the leased premises on 1 February and therefore has paid a part of the deposit. 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

16. Receivable regarding sublet premises

Before the bankruptcy Alpha sublet premises to CBL Insurance Services ApS (now in the process of being compulsorily dissolved). No rent was paid for 2018. The receivable as at 8 May 2018 was booked at DKK 86,614. A settlement of a payment of DKK 28,871.40 inclusive of VAT in full and final payment of the receivable was subsequently concluded. The settlement amount has been paid into the bankruptcy

estate's account and is included in the deposit in the client account (item 8).	DKK	0.00
17. 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 exclusive of VAT 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 8).	DKK	0.00
18. Intangible assets		
The intangible assets relate to software equipment used in the operation of the bankruptcy estate. The asset as at 31 July 2022 was booked at DKK 0, which is why it is assessed that the asset has no value.	DKK	0.00
19. Art and designer furniture		
The bankruptcy estate owns designer furniture and art, including paintings. On 4 November 2020, the bankruptcy estate sold art by Maria Rubinke. The bankruptcy estate received proceeds of DKK 13,440.00 exclusive of VAT from such sale. The proceeds are included in the deposit in the client account (item 8).		
The asset was then booked at DKK 70,000 as at 31 July 2022. The assets were valued at DKK 318,600 by SFT Group ApS at a forced sale, which is why for the time being the asset is included at the valuation less the proceeds in connection with the bankruptcy estate's sale.	DKK	305,160.00
20. Sale of various minor assets		
At this point in time the trustee has sold three iPhones X, one iPhone 8, one Google Pixie, one Samsung S7 Edge, one Lenovo ThinkCentre, one Fujitsu Siemens Espresso, two Lenovo ThinkPads, two Dell monitors, two Lenovo ThinkPad Ultra Dock, one Canon printer and mice and keyboards. The bankruptcy estate has received total proceeds of DKK 24,920 exclusive of VAT for the sale of such items which are included in the deposit in the client account (item 8).	DKK	0.00

21. 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 is included in the deposit in the client account (item 8).

DKK 0.00

22. Repayment from Dagbladet Børsen (a Danish newspaper)

The trustee has terminated the bankruptcy estate'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 8).

DKK 0.00

23. 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 included in the deposit in the client account (item 8).

DKK 0.00

24. Repaid fee from the Danish Motor Vehicle Agency

The bankruptcy estate has received a repayment of prepaid fees of DKK 2,402.50 (for the period from 3 April 2018 to 31 August 2018) regarding a previously leased Porsche from the Danish Motor Vehicle Agency. The amount has been paid into the bankruptcy estate's account and is included in the deposit in the client account (item 8).

DKK 0.00

25. Claims for repayment

The bankruptcy estate has raised claims for repayment against the former members of the management and their next of kin for paid private expenses, see paragraph 3 below. DKK 25,710 and DKK 100,000 have consequently been paid into the bankruptcy estate's account and are included in the deposit in the client account (item 8). For the time being the asset is included at a reminder value of

DKK 1.00

26. Legal action against a former coverholder in Great Britain

Prior to the bankruptcy Alpha issued a writ of summons against a former coverholder in Great Britain, claiming payment of DKK 125,151,364.15 (subsequently adjusted to DKK 116,794,647.06) in

consequence of the coverholder, according to Alpha, having breached the parties' contractual relationship. The bankruptcy estate subsequently became a party to the legal action, see paragraph 5.1.4.7 below. The opposing party admitted a claim of DKK 2,151,899.79 during the final hearing, and the amount has been paid into the bankruptcy estate's account and is included in the deposit in the client account (item 8). Appeal proceedings regarding two other subdivided claims are currently pending. For the time being the asset is included at a reminder value of

DKK 1.00

27. Claim for damages against two former members of the management and the company's former auditor

On 7 December 2020, the trustee sent a letter to two former members of the management, claiming payment of a loss suffered by the bankruptcy estate, see paragraph 5.2.4 below. For the time being the asset is included at a reminder value of

DKK 1.00

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

DKK 41,000,000.00

2. LIABILITIES

2.1 Liabilities relating to the registered assets

The liabilities that have a priority right to receive cover from the bankruptcy estate's registered assets are listed below, see paragraph 1.2 above. Below, the starting point is that both the insurance claims and the claims for repayment of premium are covered by the registered assets. But the trustee knows that a decision has been delivered by the EFTA Court regarding Gable Insurance AG in bankruptcy that could possibly change this starting point, see paragraph 5.1.6.2 below. But the consequences and scope of the decision are not yet clear, which is why the classification in the calculation below is maintained for the time being.

28. Expected claims for return 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. As at 31 July 2022, the booked provisions for unearned premiums amounted to DKK 298,407,558.

The primary reason for the difference in the period is accrual of premium until the termination of the policies (11 August 2018), transfers of portfolios and that the various guarantee fund schemes are repaying the premiums. It is expected that these repayments and the consequent decrease in the provisions for unearned premiums will be offset by corresponding claims from the various guarantee fund schemes. Translation adjustments are also to be taken into account.

It is noted for the avoidance of doubt that the trustee's immediate opinion is that the claims for repayment of premiums have become barred by limitation. The trustee does not therefore expect any further claims for return premium. This could obviously be a factor of decisive importance to this item.

DKK 298,407,558.00

29. Expected insurance claims

The provisions for claims outstanding are the amount put aside to cover the policyholders'/the claimants' insurance claims. The claim is a calculated value and may consequently vary depending on the actual insurance claims. The provisions for claims outstanding as at 8 May 2018 were booked at DKK 2,176,518,057. As at 31 July 2022, the booked claims outstanding provisions amounted to DKK 1,808,899,704.

The primary reason for the difference in the amount in the period is that the various guarantee fund schemes have made payments and that the provisions for claims outstanding have been adjusted on an ongoing basis.

It is noted for the avoidance of doubt that there could be expected insurance claims that have also been proved by a creditor under the registered assets (item 31), which is why there may be a certain overlap between items 29 and 31. It is expected that this overlap will be eliminated over time.

DKK 1,808,899,704.00

30. Deduction of half of the outstanding payable premiums

Under section 5, para (4), of the then current Statutory Order on registration of assets in insurance companies and company pension funds the bankruptcy estate is entitled to deduct up to half of the outstanding payable premiums. As at 31 July 2022, the receivable amounted to DKK 38,551,388. As the bankruptcy estate's outstanding payable premiums are paid to the bankruptcy estate the funds will be added to the deposits (item 1). As at 31 July 2022, the deduction amounted to

DKK 19,275,694.00

31. Claims proved so far in respect of the registered assets

As at 31 July 2022, claims proved in respect of the registered assets amounted to DKK 2,385,288,349.99 in total. It is noted that this is only a provisional calculation of the proved claims as the various guarantee fund schemes are still making payouts and updating their proofs of claim on an ongoing basis. In addition, some creditors have proved current claims as well as expected future claims. This creates significant uncertainty as to the final calculation of the claims under the registered assets, and it must also be expected that several claims have been proved twice. The trustee therefore expects to receive additional/adjusted proofs of claim. It is expected that this overlap will be eliminated over time.

DKK 2,385,288,349.99

32. Debt to coverholders and claims examiners

As at 31 July 2022, the bankruptcy estate had booked debt to coverholders and claims examiners of DKK 40,919,037. The debt was previously included in item 5.

DKK 40,919,037.00

Liabilities in total**DKK 4,514,238,954.99**

It is noted in respect of the above calculation that later on in the estate administration the expected claims for the return of premiums and the insurance claims will likely be replaced by actual claims (as stated in items 28 and 29 above) as the claims for repayment of premiums are calculated and the insurance claims are finalised, including from the Guarantee Fund for Non-life Insurers and other national guarantee fund schemes that are subrogated to the policyholders' and the claimants' claims against the bankruptcy estate under the registered assets, see paragraph 5.1.4.4 below. The various guarantee fund schemes are still making payouts.

As at 31 July 2022, the various guarantee fund schemes paid a total of DKK 1,499,909,217 to cover both the accepted insurance claims and the claims for the return of premiums.

As previously mentioned, it is also noted that the trustee assumes that some creditors have proved claims twice which obviously affects the calculation of the expected liabilities. This is why the trustee does not expect that there will be liabilities of DKK 4.5 billion linked to the registered assets when the estate is wound up. It is the trustee's assessment that the liabilities linked to the registered assets will be less than DKK 3.5 billion when the estate is wound up.

2.2 Other liabilities relating to the unencumbered assets

The liabilities covered by the bankruptcy estate's unencumbered assets are specified below, see paragraph 1.3 above.

Claims proved under section 82 of the Bankruptcy Act	DKK	606,217,577.99
Claims proved under section 93 of the Bankruptcy Act	DKK	76,140.00
Claims proved under section 94 of the Bankruptcy Act (paid)	DKK	1,388,181.13
Claims proved under section 95 of the Bankruptcy Act	DKK	34,065,611.74
Claims proved under section 97 of the Bankruptcy Act	DKK	89,237,541.64
<u>Claims proved under section 98 of the Bankruptcy Act</u>	<u>DKK</u>	<u>155,553,209.41</u>
Other liabilities in total	DKK	886,538,261.91

It is noted that the claims proved under section 94 of the Bankruptcy Act were paid to the creditors following the examination of claims on 20 August 2019 when the filed claims were admitted.

It is also noted that one of the reasons for the reduction in the claims under section 97 of the Bankruptcy Act since the most recent report of approximately DKK 37,000,000 is that a creditor has withdrawn a large claim.

Once again, it is generally emphasised in respect of the proved claims that several claims could potentially be included in both the expected insurance claims/the claims for return of premiums under the registered assets, see paragraph 2.1, items 28 and 29, and at the same time have been separately proved against the bankruptcy estate under the unencumbered assets, see paragraph 2.2 above, and could also have been proved under the registered assets, see paragraph 2.1, item 31. It means that the same claim could be included several times in the above calculations. At this point in time the scope of any claims that have been proved twice is not yet clear as, *inter alia*, the unsecured claims have not yet been examined.

3. LITIGATION REGARDING CLAIMS FOR AVOIDANCE AND REPAYMENT

The trustee has concluded the investigations relating to avoidance in the bankruptcy estate.

As stated in the previous reports, the trustee established four general issues in connection with the estate administration that could be voidable and the trustee therefore conducted further investigations into these issues. In that connection the trustee received accounting assistance from an external firm of accountants because of the big business volume in Alpha and the significant number of entries each month.

Based on the conducted 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 were concluded in both matters.

As for the possible claim for avoidance of DKK 60,000,000, the trustee established that according to the information available no party had been preferred over another by the transaction which is why the bankruptcy estate withdrew the claim, and the suspension agreement was terminated.

The suspension agreement regarding the possible claim for avoidance of DKK 562,500 is still in force, but it is noted that the possible claim for avoidance was subsequently reduced to DKK 284,715 as part of the trustee's further examinations. The trustee still has talks and correspondence on an ongoing basis with the beneficiary about the possible claim for avoidance.

As stated in the previous reports, the trustee also established that to a certain extent Alpha seems to have paid expenses of a private nature on behalf of former members of the management or their next of kin. The reason for this conclusion is, *inter alia*, the type of the expenses and the size of the amounts and the fact that according to the information available the expenses do not seem to be connected to the operations of Alpha.

The paid expenses are all of a private nature, but they were nevertheless paid by using the company credit card and booked as company-related expenses. The potential claim for recovery against the former management and some related parties was first calculated to amount to DKK 2,975,552 in total inclusive of interest. The trustee raised the claim against the beneficiaries under section 215 of the Danish Companies Act, see section 210, which is about illegal loans to shareholders and management.

The trustee subsequently corresponded with the beneficiaries about the claims raised and in that connection the beneficiaries have proved to the trustee that a part of the expenses related to the operations of Alpha.

On 9 June 2020, the bankruptcy estate received DKK 25,710 from one of the former members of the management. Moreover, the trustee entered into an agreement with another former member of the management

on 22 December 2020 on payment of DKK 100,000 in full and final settlement of the bankruptcy estate's claim regarding payment of private expenses.

As stated in the most recent report, the trustee lodged a writ of summons on 16 March 2021 on behalf of the bankruptcy estate against a next of kin of a former member of the management, claiming repayment of the payments received of DKK 274,120 in total plus interest as from the various dates of payment. The final hearing has been scheduled for 3 February 2022, which is why the trustee has spent time on preparing for the final hearing. But the final hearing was cancelled due to COVID-19. A new final hearing has been scheduled for 24 October 2022.

As stated in the most recent report, the trustee lodged a writ of summons of 28 April 2021 on behalf of the bankruptcy estate against a next of kin of another former member of the management with a claim for the amounts received of DKK 596,947 in total plus interest as from the respective dates of payment. In the previous period the trustee drafted the reply in the case. The final hearing is scheduled for 4 October 2022.

The pursuit of the claims for repayment continues.

4. CRIMINAL OFFENCES

It is regularly investigated in connection with the estate administration whether there is any basis for the trustee filing a police report under section 110(4) of the Bankruptcy Act. The trustee's examinations in this regard have been concluded for the time being and reference is made to previous reports.

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

The trustee's work in the period since the most recent report (of 8 March 2022) and until 31 July 2022 has primarily focused on the following tasks:

5.1 The time spent on the registered assets and the relating liabilities

5.1.1 *Securities*

The bankruptcy estate's portfolio of securities still primarily consists of corporate bonds and government bonds that were booked as at 31 July 2022 at DKK 55,570,614 in total, see paragraph 1.2, item 2.

In the previous period the trustee managed the portfolio of securities and regularly assessed the bankruptcy estate's securities investment policy, including the need for adjusting the policy which is still done in cooperation with UBS and Sydbank A/S that administer the bankruptcy estate's portfolio of securities.

The trustee is still managing the portfolio of securities and assesses whether the securities investment policy is adequate and ensures that the bankruptcy estate has funds to pay for the operations. It is noted that due to banks charging negative interest the trustee is making sure on an ongoing basis that the bankruptcy estate's sale of a part of the portfolio of securities is sensible considering the need for funds. No part of the portfolio of securities was therefore sold in the previous period.

Since the most recent report approximately DKK 53,890,000 has been withdrawn from the company's custody account which has been added to the deposit.

Moreover, the trustee has looked into the bankruptcy estate's possibilities to invest the bankruptcy estate's cash at bank and in hand. This work is still taking place in dialogue with the relevant parties.

The ongoing management of the portfolio of securities is still taking place.

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

5.1.2 Reinsurance

The bankruptcy estate's most important asset in the registered assets is still the receivables relating to the bankruptcy estate's reinsurance contracts, the reinsurance part of the provisions for unearned premiums and the provisions for claims outstanding respectively, and the receivables from the reinsurers, see paragraph 1.2, items 3 and 4.

The trustee's work relating to the reinsurance has resulted in the payment of approximately DKK 831,470,000 in total to the bankruptcy estate from the reinsurers since the company went bankrupt (calculated as at 31 July 2022). Since the most recent report an additional DKK 73,210,000 has been paid by the reinsurers.

In the previous period the handling of the bankruptcy estate's reinsurance still focused on calculating and collecting the bankruptcy estate's reinsurance receivable. Dealing with the reinsurance still involves complicated issues which the trustee is assessing and handling on an ongoing basis. In that connection the trustee has had discussions with the reinsurers and the bankruptcy estate's employees on a daily basis regarding calculations, reconciliation and payment of receivables from reinsurers to the bankruptcy estate as well as other operational matters.

The trustee is still focused on ensuring that the payments from the reinsurers are made directly to the bankruptcy estate and not through the bankruptcy estate's other insurance brokers to the extent possible.

The trustee has been in dialogue with the bankruptcy estate's insurance brokers about the further cooperation on the reinsurance, and the trustee has agreed with several insurance brokers and reinsurers that in future payments must be made directly to the bankruptcy estate and not through the bankruptcy estate's brokers. The bankruptcy estate has also agreed with most insurance brokers and reinsurers, including the biggest Asian broker, that in future the bankruptcy estate will also deal with the direct communication with the reinsurers itself. In the previous period the trustee has been in dialogue with the broker about one single reinsurer that has not paid directly to the estate as expected. The trustee is still waiting for payment from the reinsurer and is still in dialogue with the broker. Some reinsurers did not want this set-up and have demanded that the insurance broker would still be the link between the reinsurer and the bankruptcy estate.

The trustee has also dealt with all reporting of substantial claims to the reinsurers. In that connection the trustee has implemented a new automated reporting format for reporting substantial claims to the reinsurers. The reporting format facilitates and clarifies the general development in the insurance claims. The reporting format has also made the reporting to the reinsurers easier and at the same time ensures efficient and punctual reporting of substantial claims. In connection with the reporting of substantial claims the trustee has also indexed a number of substantial claims which affect the payments that the reinsurers must make now and in future in different ways.

Several substantial claims must therefore be indexed to take into account the price development from the date of the loss until a payout is made. The trustee has sent out letters of collection to the relevant reinsurers based on the indexation of the substantial claims. The courts have decided that in addition to coverage of the claims concerning a number of English substantial claims the claimants are to be granted a lifelong periodic payment (a periodic payment order (PPO)). The trustee will periodically collect coverage from the reinsurers. The trustee has started to look into the possibility of transferring claims with PPOs due to the very long duration of the PPOs.

As stated in the most recent report, the continued work regarding the reinsurance will increasingly relate to commutation. In the previous period the trustee intensified the work of the commutation of the reinsurance contracts, including primarily the commutation of small reinsurance contracts where the run-off can be determined with a great degree of probability or where the bankruptcy estate is contractually obliged to commute certain years. In the previous period the trustee held status meetings on a regular basis to ensure progress in the commutation process and determine reserves and also started negotiating commutation agreements with a number of reinsurers, including the biggest reinsurer in Asia. At this point in time the trustee is focusing on the commutation of the so-called "quota share contracts". In the previous period the trustee also spent time on calculating the claims reserves, being in dialogue with the reinsurers and on preparing commutation offers.

In the previous period the trustee has also prepared and sent out a semi-annual report to all reinsurers concerning the status of the winding-up of the bankruptcy estate, the status of the collection of the receivable from reinsurers and future processes. This resulted in a number of inquiries from various reinsurers which the trustee has had to deal with on an ongoing basis.

In addition, the trustee is regularly assessing and considering the process relating to the bankruptcy estate's collection of receivables from reinsurers, including also considering the ongoing contractual relationships with the various reinsurers. In the previous period the trustee has participated in a number of meetings in London with relevant reinsurers and insurance brokers for the purpose of solving specific issues relating to the reporting and settlement of the bankruptcy estate's receivable from reinsurers and ensuring ongoing collaboration and communication.

The bankruptcy estate has initiated arbitration proceedings about an old receivable from a reinsurer outside of Denmark. The bankruptcy estate had to deal with a number of formalities in that connection.

Finally, the trustee has spent time on determining how the estate is to deal with reporting and settlement in respect of a Russian reinsurer due to the war in Ukraine and the sanctions against Russia.

Approximately 720 hours have been spent by lawyers on such work since the most recent report.

5.1.2.1 Danish industrial injury

The development in the claims regarding Danish industrial injury is generally negative which is also reflected in the reporting that the bankruptcy estate sends to the relevant reinsurers. Several reinsurers have consequently asked the bankruptcy estate about the reasons for the increases in paid claims and reserves.

In the previous period the estate drafted a report to all industrial injury reinsurers concerning the recent development in industrial injury and the increase in reserves. The report resulted in a number of inquiries from the reinsurers which the trustee has had to deal with and answer on an ongoing basis. The trustee has also participated in a number of meetings with the reinsurers.

As stated in the most recent report, the administration of the portfolio was transferred as at 1 July 2021 from Danish Labour Market Insurance (AES) to the Danish Guarantee Fund for Non-life Insurers.

The trustee has had correspondence and discussions on an ongoing basis with the external claims examiner, including about clarifying the practical and general questions relating to the claims examiner's work for the bankruptcy estate.

In the previous period the trustee held a meeting with the external claims examiner concerning calculating losses with incomplete information, ie unknown losses, losses without a policy number or losses where it has not been possible to identify the claimant.

It is estimated at this point in time that approximately 900 losses are to be manually examined by the trustee's employees. In the previous period the trustee started examining the 900 losses for the purpose of identifying the claimants.

This work is still taking place, and it is expected that it will be finished in the autumn of 2022.

Approximately 110 hours have been spent by lawyers on such work since the most recent report.

5.1.3 *Receivables from coverholders, claims examiners, etc*

The bankruptcy estate's receivables from coverholders and claims examiners under the registered assets as at 31 July 2022 amounted to DKK 0, see paragraph 1.2, item 5, but it is noted that the bankruptcy estate's receivable of DKK 38,551,388 consisting of payable premiums is included by 50% of the value (DKK 19,275,694) of the bankruptcy estate's liabilities attached to the registered assets, see paragraph 2.1, item 30, under section 5, para (4), of the then current Statutory Order on registration of assets in insurance companies and company pension funds.

The item mainly covers the bankruptcy estate's receivable consisting of the premium receivables from coverholders, including the instituted legal proceedings against coverholders and claims examiners.

As written in the most recent report, the trustee has collected all funds in loss accounts. A detailed account of the bankruptcy estate's legal actions has been provided in paragraph 5.1.4.7.

In the previous period the trustee learned of an additional premium receivable from a coverholder where a legal action about a claim for unearned coverholder commission is already pending. It means that there are two premium receivables from two coverholders. It is noted that the trustee has lodged a writ of summons against one of the coverholders (together with a claim for unearned coverholder commission). An account has been provided in paragraph 5.1.3.1.

In the previous period the trustee also collected outstanding excess amounts from policyholders in 42 cases in total. Some of the cases were closed. The trustee has collected a total excess amount of DKK 172,847.97 so far (after a deduction of paid expenses). Please note that in the most recent report the trustee incorrectly wrote that a total excess amount of DKK 224,116.00 had been collected (after deducting paid expenses). The amount should rightly have been DKK 124,116.00.

The collected excess is currently deposited in the bankruptcy estate's client account, see paragraph 1.3, item 8. It is still being investigated whether the amount is a registered asset or an unencumbered asset. If the amount is a registered asset, the amount will subsequently be reclassified.

As stated in the most recent report the trustee has continued the work of determining whether the Guarantee Fund for Non-life Insurers has a right as a secured creditor to the excess amounts of the insurance claims that the Guarantee Fund for Non-life Insurers covers.

The work regarding the bankruptcy estate's receivables is still ongoing.

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

5.1.3.1 Reclaiming unearned coverholder commission

As written in the most recent report, the trustee has raised claims on behalf of the bankruptcy estate for repayment of unearned coverholder commission against a number of the bankruptcy estate's former coverholders.

At this point in time a total of five legal actions have been brought regarding claims for unearned coverholder commission against former coverholders.

1) Legal action brought against a former coverholder in Denmark

On 7 May 2021, the trustee brought a legal action against a former coverholder claiming payment of DKK 6,275,043.76 and NOK 85,570.59 (approximately DKK 63,200).

In the previous period the trustee drafted a pleading in the case, and the trustee received and read a pleading from the opposing party. The trustee has also participated in a number of interim hearings.

The trustee's deadline for filing another pleading is 15 September 2022.

The final hearing in the case has been scheduled for 28 February 2023 and 1 March 2023.

2) Legal action brought against a former coverholder in Great Britain

On 6 May 2021, the trustee brought a legal action against a former coverholder claiming payment of GBP 615,541.28 (approximately DKK 5,500,000).

In the previous period the trustee drafted a pleading in the case, and the trustee received and read a pleading from the opposing party. The trustee has also participated in interim hearings and has started to prepare the questions to be answered by an expert. The deadline for the filing of the questions to be answered by an expert is the autumn of 2022.

3) Legal action brought against a former coverholder in Denmark

On 8 September 2021, the trustee brought a legal action against a former coverholder claiming payment of DKK 970,308.20.

In the previous period the trustee spent time on drafting a reply and reading the opposing party's rejoinder. The trustee has also drafted and filed another pleading.

Moreover, the trustee has participated in a number of interim hearings.

The final hearing has been scheduled for 10 and 11 January 2023. The court has appointed two expert lay assessors to hear the case.

The trustee objected to the appointment of one of the expert lay assessors, but the trustee's objection was unsuccessful.

4) Legal action brought against a former coverholder in Italy

On 7 May 2022, the trustee brought a legal action against a former coverholder claiming payment of EUR 47,032.00 (approximately DKK 350.000).

In the previous period the trustee spent time on settlement negotiations with the coverholder, but the negotiations were unsuccessful.

During the spring of 2022, the trustee learned of an additional claim for premium receivable against the coverholder. In the previous period the trustee spent time on examining and documenting the premium receivable in detail.

On 11 July 2022, the trustee filed the reply in the case where the claim was increased to EUR 576,831.42 (approximately DKK 4,292,000) including both the claim for unearned coverholder commission and premium receivable.

In one of the cases the writ of summons is still to be served on a coverholder resident in French Polynesia.

Suspension agreements have been entered into with three coverholders in England. The trustee has engaged British lawyers to enter into a dialogue with the British coverholders and to clarify whether legal steps are to be taken. In the previous period the trustee spent time on negotiating an extension of the suspension agreements. The negotiations were successful. The trustee has also spent time on talks with the English lawyers and discussing a possible settlement.

As written in the most recent report, the trustee has identified a large receivable against one coverholder and its many sub-coverholders. The bankruptcy estate has still taken on external legal assistance in England to provide legal assistance concerning the matter. In collaboration with the bankruptcy estate's British lawyers the trustee has drafted and filed a witness statement making discovery of documents in England possible. The trustee is currently examining whether there is any basis for raising a claim before the courts against the sub-coverholders. Since the most recent report the trustee has spent time together with the British lawyers engaged by the bankruptcy estate on negotiations with the bankruptcy estate's adverse parties. The trustee participated in meetings with the bankruptcy estate's lawyers, including in England, in that connection.

The trustee's work relating to claiming back the coverholders' unearned commission is therefore still taking place.

Approximately 510 hours have been spent by lawyers on such work since the most recent report.

5.1.4 *The work relating to dealing with the operations*

5.1.4.1 *Claims handling*

As previously stated, the trustee decided after the issue of the bankruptcy order to continue the operations of the bankruptcy estate together with the Guarantee Fund for Non-life Insurers to minimise the bankruptcy estate's liabilities and to secure the bankruptcy estate's receivables from the reinsurers, see paragraph 1.2, items 3 and 4, which are still the bankruptcy estate's most important asset.

It was decided to continue the claims handling by the existing claims examiners to the extent possible so that the ongoing claims handling in compliance with the existing claims handling agreements continued to the widest extent possible. Some loss portfolios were subsequently transferred to new claims examiners.

The trustee's claims handling in the previous period continued to be extensive as the trustee's work consisted of ensuring continuous proper claims handling. This work will be performed as long as there are open claims.

The trustee still has in-depth discussions and correspondence with the attached claims examiners regarding the process of rejecting claims notified after the expiry of the policies, the procedure for notifying the bankruptcy estate of accepted claims, the Guarantee Fund for Non-life Insurers and/or other national guarantee fund schemes as well as the claims handling of specific claims.

Since the most recent report the trustee has started a process to update and structure the way to contact the claims examiners. In the near future the trustee will therefore contact all claim examiners attached to Alpha to follow up on the ongoing claims handling, the reporting to the estate, etc. In the previous period the trustee spent time on obtaining information about the claims examiners and sending introductory letters to the claims examiners.

The trustee held meetings with two of the claims examiners in the previous period and a meeting is expected to be held at the beginning of October with a third claims examiner. The purpose of the process is to have a continued dialogue with the claims examiners, claims handling and reporting of losses to the various guarantee funds and to the register of debts and claims.

It is noted in that connection that currently 64 insurance portfolios out of 90 insurance portfolios in total have open claims as they are run-off cover for claims raised before the company went bankrupt. A significant number of complicated insurance claims is consequently still to be handled.

There are still several open claims of such an amount and complexity that they require the trustee's continuous involvement in the handling of the specific claims, including also in respect of the determination of the reserves.

Approximately 516 hours have been spent by lawyers on such work since the most recent report.

5.1.4.2 Position on other bilateral agreements

In the previous period the trustee continued to spend time on administering and approving payments regarding the contracts to which the bankruptcy estate has become a party because of the continued operations. This work will be performed as long as the bankruptcy estate has operations.

The work includes the payment of various operating expenses such as rent, utilities, insurance covering the bankruptcy estate's employees, staff canteen, etc as in any other business.

Bankruptcy proceedings were commenced against Gefion Finans A/S on 7 June 2021 as stated in the most recent report. On 1 February 2022, Gefion Insurance A/S in bankruptcy moved to Alpha Insurance A/S in bankruptcy and Qudos Insurance A/S in bankruptcy so that the bankruptcy estates could share leased premises, resources, experience, etc.

The trustee carried out a move-in inspection and prepared the move-in report in the previous period in connection with Gefion Finans A/S in bankruptcy moving in. The trustee also dealt with moving the employees of Gefion Finans A/S in bankruptcy.

In the previous period the trustee also continued to spend time on regularly reviewing the costs that Alpha has paid regarding the service charges of the leased premises and other operating expenses because Qudos Insurance A/S in bankruptcy and Gefion Finans A/S in bankruptcy are still to pay a proportionate part of the service charges of the leased premises and other operating expenses because of the sublease with Alpha and the agreement on apportionment of costs between Alpha, Qudos Insurance A/S in bankruptcy and Gefion Finans A/S in bankruptcy (the "agreement on apportionment of costs").

In that connection the trustee has also regularly handled the re-invoicing from Alpha to Qudos Insurance A/S in bankruptcy and from Alpha to Gefion Finans A/S in bankruptcy in respect of the proportionate part of the costs paid in the previous period that Qudos Insurance A/S in bankruptcy and Gefion Finans A/S in bankruptcy are to pay according to the sublease and the agreement on apportionment of costs.

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

5.1.4.3 The bankruptcy estate's employees

In the previous period the trustee has continued to deal with usual employee matters as in any other operating business, including regarding illness, holiday, resignations, etc.

The trustee is regularly assessing the bankruptcy estate's staff, including whether there is any need for adjusting the resources in the bankruptcy estate. One employee resigned in the previous period.

Approximately 35 hours have been spent by lawyers on such work since the most recent report.

5.1.4.4 Talks with guarantee funds

In the previous period the trustee continued to have regular talks with the Guarantee Fund for Non-life Insurers and its administration company, Topdanmark Forsikring A/S, green card agencies, including the

Danish Motor Insurers' Bureau (DFIM), and other national guarantee fund schemes, including the Financial Service Compensation Scheme ("FSCS") (UK), CONSAP-F.G.V.S. (Italy) and the Norwegian guarantee fund.

The talks have primarily been about the payment of the policyholders'/the claimants' claims, including the procedure for exchanging insurance claims/claims for return premium between the various guarantee funds and the bankruptcy estate, talks about the calculation of the policyholder's claim for return premium and the process of notifying the bankruptcy estate of insurance claims/claims for return premium.

It is noted that the various guarantee funds are still examining and paying out insurance claims/claims for return premium to the policyholders/claimants, and the trustee is still involved on an ongoing basis in the guarantee funds' processing and payouts of the reported insurance claims/claims for return premium.

As stated in the most recent report the trustee had in-depth discussions with the various guarantee funds regarding the filing of their subrogation claims against the bankruptcy estate, including in particular in respect of the bankruptcy estate's requirements as to the proof of the trustee's subsequent examination of the claims.

Finally, the trustee has also had talks with the guarantee funds and public authorities in other European countries on a continuous basis. The trustee's talks and coordination with the various guarantee funds are still taking place and will take place as long as there are open insurance claims in the jurisdictions of the various guarantee fund schemes.

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

5.1.4.5 Correspondence with policyholders and claimants

In the previous period the trustee continued to have regular correspondence with the policyholders and the insured about their claims for return of premiums and insurance claims against Alpha.

As at 31 July 2022, the trustee had received approximately 6,394 emails in the inbox that the trustee's office is handling. Add to this a large number of inquiries over the telephone and post and service of documents.

In the previous period the emails were still primarily questions from the policyholders about when they can expect to receive the payouts from their claims for return of premiums from the guarantee funds and/or the bankruptcy estate as well as questions about specific insurance claims handled by the attached claims examiners or attorneys. The trustee coordinates and discusses the status with the various guarantee fund schemes on an ongoing basis, and the trustee is also registering the filed claims in the register of debts and claims.

It is noted that FSCS is still repaying premiums on a regular basis. FSCS, the Guarantee Fund for Non-life Insurers, FGAO, CONSAP-F.G.V.S. and the Norwegian guarantee fund make regular payouts of accepted insurance claims to claimants.

In the previous period the trustee continued to regularly update the bankruptcy estate's website (www.alphagroup.dk) with relevant information to the policyholders and the claimants about their insurance products and other relevant information about the estate administration.

Approximately 75 hours have been spent by lawyers on such work since the most recent report.

5.1.4.6 Legal actions brought against the bankruptcy estate after the issue of the bankruptcy order

In the previous period the trustee spent time on the legal actions brought against Alpha after the issue of the bankruptcy order.

The legal actions have primarily been brought before the claimant's/the policyholder's home court and the legal actions are therefore still primarily being handled by external attorneys in compliance with the agreements entered into with the relevant claims examiners and the bankruptcy estate. It is noted in this connection that several writs of summons are also still being served on the attached claims examiners that previously had a very independent role in handling the legal actions.

In the previous period the trustee and the bankruptcy estate's employees therefore continued to have extensive correspondence and discussions with the attached claims examiners and the lawyers handling the legal actions in question to ensure that the legal actions are being handled in accordance with the bankruptcy estate's instructions.

To the extent that new legal actions are brought against the bankruptcy estate after the issue of the bankruptcy order the trustee is still instructing the attorneys to request a dismissal of the cases by stating that the writ of summons has been lodged after the issue of the bankruptcy order and without the underlying claim having been examined, which is why the legal action has not been brought in compliance with the rules of part 16 of the Bankruptcy Act regarding examination of claims.

In this way the trustee makes sure to the widest extent possible that the creditors against the bankruptcy estate are treated the same way across the various jurisdictions. The trustee is closely following how these legal actions are being dealt with and regularly requests to be informed of the status of the current legal actions. The trustee is also contributing with relevant material and case law in the court cases on an ongoing

basis. Legal proceedings are initiated against the bankruptcy estate on an ongoing basis, including before the French courts in particular.

As stated in the most recent report, a French court referred an issue about interpretation of Article 292 of the Solvency II Directive regulating the choice of law of lawsuits pending to the Court of Justice of the European Union (CJEU).

The Court of Justice of the European Union (CJEU) delivered its judgment on 13 January 2022 and found for the bankruptcy estate and therefore supported the above points of view regarding rejection of legal actions brought abroad after the issue of the bankruptcy order. In the previous period the trustee learned that similar cases are pending and is still in dialogue with external lawyers.

The clarification of the facts in the legal actions brought after the issue of the bankruptcy order is still taking place.

Approximately 60 hours have been spent on such work by lawyers since the most recent report.

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

In the previous period the trustee continued to spend time on the legal actions to which Alpha was a party before the issue of the bankruptcy order and on the legal actions brought by the trustee on behalf of the bankruptcy estate.

The trustee has corresponded and has had talks with the attorneys about the individual cases, and the trustee continues to be involved in the handling of the various legal actions.

1) Legal action brought against a former coverholder and claims examiner in Great Britain before the issue of the bankruptcy order

As stated in the most recent report, Alpha had brought a legal action before it went bankrupt against a former coverholder and claims examiner in Great Britain. The case is generally about damages in contract. On 24 August 2018, the trustee stated that based on an assessment of the subject-matter and the litigation risk the bankruptcy estate would intervene in the action, see section 136(1) of the Danish Administration of Justice Act.

In the case summary the bankruptcy estate raised a claim for payment of DKK 116,794,647.06 plus statutory interest as from the institution of the case. The amount claimed was comprised by three claims in part,

including DKK 95,322,423.53 relating to the agreement on a call for tenders for equipment insurance, DKK 1,765,947.10 relating to the agreement on a call for tenders for motor racing insurance and DKK 19,706,276.43 relating to the agreement on a call for motorcycle insurance.

On 19 January 2021, the Copenhagen City Court delivered its judgment in the case.

The court found that the coverholder had committed material breach of the parties' agreement on a call for tenders for equipment insurance. But the court did not find that the loss suffered by Alpha had been proved, which is why the claim against the coverholder was dismissed. As for the agreement on a call for tenders for motorcycle insurance, the court found that the coverholder had breached the agreement and the coverholder was ordered to pay DKK 9,991,866.65 to the bankruptcy estate and legal costs of DKK 462,500.

On 2 February 2021, the coverholder appealed against the judgment on the agreement on a call for tenders for motorcycle insurance.

On 5 February 2021, DKK 2,151,899.79 was paid into the bankruptcy estate's account for an accepted claim in part regarding the agreement on a call for tenders for motor racing insurance.

On 15 March 2021, the trustee filed the notice of appeal in the case and at the same time requested an expert valuation in light of the bankruptcy estate's loss on the effected equipment insurance.

The case is stayed pending the expert valuation.

2) Legal action brought against a former coverholder in Germany *after* the issue of the bankruptcy order

As stated in the most recent report, the parties entered into an instalment agreement with a former coverholder in Germany on 26 April 2021.

The bankruptcy estate received EUR 72,000 (approximately DKK 537,000) in total in the previous period. The trustee is checking on an ongoing basis whether the bankruptcy estate receives the instalments in compliance with the payment terms of the instalment agreement.

3) Legal action brought against a former coverholder in Great Britain *after* the issue of the bankruptcy order

As stated in the most recent report, the trustee brought a legal action against a former coverholder in England on 26 March 2020. As stated in the most recent report, the trustee has entered into a settlement with

the coverholder on payment of GBP 3,560,000 (approximately DKK 31,630,900) and GBP 600,000 (approximately DKK 5,330,000) of which GBP 600,000 was to be paid by several instalments.

The trustee expects the next instalment on 31 December 2022.

Approximately 10 hours have been spent by lawyers on the above legal actions since the most recent report.

5.1.4.8 Compliance and audits

As stated in the previous reports, the trustee has spent a lot of time as part of continuing the operations of the bankruptcy estate on implementing and carrying out audits of the claims examiners. This work is ongoing as long as the various claims examiners have open claims.

The general purpose of the audits is to ensure proper claims handling by the attached claims examiners and that no insurance claims are accepted for which there is no cover under the insurance policy regardless of whether the insurance claim should be covered by the Guarantee Fund for Non-life Insurers, another national guarantee fund or is to be raised against the bankruptcy estate.

In the previous period the trustee carried out audits of several of the bankruptcy estate's attached claims examiners. Several of the audits had been postponed due to COVID-19.

In the previous period the trustee and the bankruptcy estate's employees had ongoing discussions and correspondence with the claims examiners about coordinating and preparing the audits of the various claims examiners, including drawing up specific instructions for the auditors with guidelines for conducting the audit of the various claims examiners. In addition to focusing on the quality and progress of the claims handling by the claims examiners, the trustee has also drafted the instructions based on the experience gained from the audits that were previously carried out.

Since the most recent report the trustee has spent time on devising a new supervision concept to ensure that Alpha's actions comply with GDPR law.

In the previous period the trustee also continued to draw up and update data processing agreements with the bankruptcy estate's business associates, including the attached claims examiners to make sure that the business partners comply with their obligations under the General Data Protection Regulation to the widest extent possible. The work in this connection of assessing the risk relating to the claims examiners, drawing up the data processing agreements and coordination, including considerations about deletion dates, matters regarding termination of agreements, return of data, etc, has continued to be significant.

The work has continued to consist of assessing existing data processing agreements entered into with the bankruptcy estate's other suppliers and business partners (service and IT providers, etc.)

Approximately 180 hours have been spent by lawyers on such work since the most recent report.

5.1.4.9 Audit and bookkeeping

As stated in the most recent report, the bankruptcy estate stopped collaborating with KPMG P/S at the end of 2020. The bankruptcy estate then entered into an agreement with Deloitte Statsautoriseret Revisionspartnerselskab ("Deloitte") about the future accounting assistance to the bankruptcy estate. But KPMG Accor Tax Partnerskab is still assisting the bankruptcy estate with a number of specific tax matters.

In the previous period the trustee had discussions and correspondence with Deloitte about the bankruptcy estate's accounts.

In the previous period the trustee asked for the VAT and payroll tax for 2019 to be reopened as the bankruptcy estate had received a binding assessment notice from the Danish Tax Agency concerning the conditions for calculating the company's VAT and payroll tax which entail that the bankruptcy estate's reporting of VAT and payroll tax should be changed. The trustee has therefore spent time on going through vouchers and has had ongoing discussions with the bankruptcy estate's employees concerning the request for reopening. Discussions and meetings have been held on an ongoing basis with KPMG about the matters.

It is noted in respect of the bookkeeping that the trustee's employees are assisting with approving payments by the bank and declares direct and indirect taxes.

As for the periodical reporting of direct and indirect taxes abroad, the trustee has continued to correspond with the external tax consultants and tax authorities that handle the declaration of direct and indirect taxes abroad.

In the previous period the trustee intensified the dialogue with the tax authorities in Great Britain, Germany and France for the purpose of reclaiming premium tax. Since the most recent report the various tax authorities have acknowledged the receipt of the bankruptcy estate's letter concerning reclaim of premium tax and in that connection they have sent a number of questions and/or asked for further proof of the bankruptcy estate's reclaim. The trustee has answered such questions in collaboration with the bankruptcy estate's employees. The dialogue with the tax authorities is still taking place and is expected to take up more time in the next period.

It is noted in respect of the reclaim of premium tax in Germany that the trustee has been informed by the German tax authorities that a German coverholder has already requested repayment of premium tax and that it cannot be ruled out that this request relates to the same premium tax period as the period for which the trustee has also requested a reclaim. The trustee has therefore contacted the German agent to clarify whether the German coverholder's request relates to the same premium tax as the bankruptcy estate's request. The dialogue with the German coverholder is still taking place.

In the previous period the trustee's work also included work regarding the Norwegian industrial injury portfolio, including discussions with the Norwegian claims examiner and the Norwegian authorities about how to treat and calculate the Norwegian RTV tax.

Approximately 223 hours have been spent by lawyers on such work since the most recent report of which 147 hours have been spent by one of the trustee's employees skilled in accounts.

5.1.5 General work on planning the notification process and the examination of claims process

In the previous period the trustee continued to spend time on developing and maintaining the new register of debts and claims for the purpose of registering the claims under the registered assets, including the policyholders' claims for return of premiums and the claimants' insurance claims against the bankruptcy estate. In that connection the trustee has continued to hire external consultancy assistance in this regard. IT experts from the trustee's office have also continued to provide assistance.

In the previous period the trustee with assistance from IT experts from the trustee's office and external IT consultants spent time on the development of relevant functions in the register of debts and claims, including functions to facilitate the process of updating/adding more information about a large amount of data (for example if the same statement is registered for 5,000 different claims filed in the register of debts and claims) as well as functions to ensure that the same claim is not registered several times in the register of debts and claims.

In the previous period the trustee completed the tests and the functions are now available in the register of debts and claims. The trustee has continued to spend time on drafting detailed procedures to prevent any incorrect recordings/adding incorrect information.

The work has been described in detail below, see paragraphs 5.1.5.1-5.1.5.3.

5.1.5.1 *Web form, repayments*

In the previous period the trustee continued to spend time on handling the claims for return of premiums against the bankruptcy estate and the Guarantee Fund for Non-life Insurers filed via the web form designed by the bankruptcy estate in collaboration with the Guarantee Fund for Non-life Insurers and its administration company Topdanmark Forsikring A/S. The web form is hosted by Topdanmark Forsikring A/S.

At the beginning of July 2022, 22,887 claims in total for the return of premium had been filed by using the form. To this number should be added mass reporting of claims for return of premium, so-called bulks, where for example a coverholder reports bulks of claims by the policyholder against the bankruptcy estate and perhaps the Guarantee Fund for Non-life Insurers in connection with moving a portfolio to a new insurer.

In the previous period the trustee had in-depth discussions with Topdanmark Forsikring A/S, including their associated IT consultants, about the transfer of recorded data from the web form to the bankruptcy estate's register of debts and claims, including with a calculation of the size of the claim for return premium, whether coverage has been provided by FSCS and/or the Guarantee Fund for Non-life Insurers, the status of the processing of the claim, etc.

The trustee has participated in several planning meetings with assistance from his own and external IT consultants, and the trustee has also defined the format for recording data in the register of debts and claims by a semi-automated newly developed function. The work in this connection is still going on.

The trustee expects that all data from the web form will be recorded in the trustee's register of debts and claims at the beginning of 2023.

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

5.1.5.2 *Notification of claims from claims examiners*

In the previous period the trustee continued to spend time on going through and adjusting the procedure for the various claims examiners notifying the bankruptcy estate of the accepted claims. Moreover, the trustee has spent time on maintaining and developing the new register of debts and claims to handle the claims filed under the registered assets.

As written in the previous reports, the trustee has designed a specific notification format for the claims examiners to be used when notifying the bankruptcy estate of accepted insurance claims. With assistance from the trustee's IT experts as well as external IT consultants, the trustee has also made a guide for notification by the claims examiners.

The notification procedure has been planned in such a way that the admitted and final insurance 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 is assessing the need for adjustments and development of the notification process on a regular basis.

476 insurance claims had been notified by using the form as at 31 January 2022, which is why the trustee expects a significant number of proofs of claim in future.

In the previous period the trustee continued to correspond and have talks with the individual claims examiners about the process for notifying the accepted insurance claims, including also in respect of the interaction with the existing ongoing notification to the bankruptcy estate.

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

5.1.5.3 Web form for complaints (complaint form)

In the previous period the trustee dealt with complaints submitted by use of the complaint form on the bankruptcy estate's website (www.alphagroup.com). The complaints are recorded in the bankruptcy estate's register of debts and claims on an ongoing basis.

The complaints have mainly been complaints about situations where the claims examiner has rejected to process the claim, including because it was a claim based on a terminated policy (a loss suffered after 11 August 2018) and/or that the claimant disagrees with the claims examiner about the payout.

In the previous period the trustee dealt with the complaints with assistance from the bankruptcy estate's employees. The processing of the complaints is planned in such a way that at first the complaints are considered by the bankruptcy estate's employees who, if necessary, will get input from the claims examiner in question about the specific complaint to determine whether the complaint is justified and is therefore to be referred to the claims examiner with instructions for re-processing, or whether the complaint is unjustified and must therefore be formally rejected at the trustee's future examination of claims. The bankruptcy estate's employees will then prepare a recommendation for each complaint, and the trustee will subsequently formally examine the claims in compliance with the rules of part 16 of the Bankruptcy Act.

It is noted that the trustee has prepared specific procedures for the processing of the complaints so that the trustee has ensured that the processing of the complaints is efficient and consistent.

As at 31 July 2022, a total of 83 complaints had been made against the bankruptcy estate by using the complaint form. It is registered that the bankruptcy estate's employees have finished the processing of 78 of them. The processing of complaints is therefore still taking place.

The trustee started the preparations for the examination of the rejected complaints in the previous period, see also paragraph 5.1.7.

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

5.1.6 *The creditors' special status, if any, in relation to receivables from reinsurers and other assets*

5.1.6.1 *The Danish Guarantee Fund for Non-life Insurers*

In the previous period the trustee continued to have talks with the Guarantee Fund for Non-life Insurers about whether the Guarantee Fund for Non-life Insurers has a special legal status in the bankruptcy estate and about how to handle the issue during future claims adjudication proceedings.

Essentially, the issue is about whether the Guarantee Fund for Non-life Insurers has a right of priority/a right as a secured creditor to the amounts that have already been paid out or which will be paid out in future through Alpha's reinsurance programme in relation to the losses where the Guarantee Fund for Non-life Insurers has paid or will pay compensation to policyholders or claimants.

In this connection the Danish Guarantee Fund for Non-life Insurers has filed a preliminary claim against the bankruptcy estate of approximately DKK 1.8 billion. In the same connection the Guarantee Fund for Non-life Insurers has claimed that the filed claim takes precedence over the other insurance creditors' claims against the bankruptcy estate with the result that the Guarantee Fund for Non-life Insurers must be paid before such insurance creditors.

As agreed with the Guarantee Fund for Non-life Insurers the trustee has planned a process for the purpose of examining the filed claim as the trustee disagrees with the points of view made by the Guarantee Fund for Non-life Insurers, including the interpretation of current law.

In the same period the trustee was in contact with a number of the foreign guarantee funds about the issue, and the trustee can establish against this background that the point of view of the Guarantee Fund for Non-life Insurers is not supported by these guarantee funds that are of the same opinion as the trustee that the point of view is fundamentally in conflict with the principle of equal treatment under bankruptcy law and is not supported by any authority.

The trustee has informed the Guarantee Fund for Non-life Insurers that at a future examination of claims the trustee will reject the Guarantee Fund's point of view of a right of priority/right as a secured creditor. It is expected that the claim will be examined in October 2022 and that there will be claims adjudication proceedings before the Danish Maritime and Commercial High Court.

Approximately 157 hours have been spent by lawyers on such work since the most recent report.

5.1.6.2 The EFTA Court

As written in the most recent report, the trustee learned that a court in Liechtenstein had asked the EFTA Court for an advisory opinion about the interpretation of the Solvency II Directive, including the issue of whether claims for return premium raised after the commencement of bankruptcy proceedings should be deemed to be a preferential claim within the meaning of the Directive. The EFTA Court delivered its decision in the case on 10 March 2020 in the case.

In its decision the EFTA Court ruled that claims for return premium raised after liquidation has started (the bankruptcy proceedings) are not covered by the definition of an insurance claim in the Solvency II Directive.

As the decision affects a number of central subjects for the estate administration, the trustee spent time in the previous period on studying the decision and the importance of the decision to the estate administration of the notified claims for return premium against Alpha Insurance A/S in bankruptcy, including an assessment of the importance of the decision to the bankruptcy estate and the legal status of the creditors. The work in this regard has not yet been concluded.

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

5.1.6.3 Danish Labour Market Insurance (AES)

As stated in previous reports, the bill on the acquisition by the Guarantee Fund for Non-life Insurers of the Danish industrial injury portfolio from AES was passed on 1 June 2021 with effect from 1 July 2021.

In the previous period the trustee had discussions about the Danish industrial injury portfolio with the Guarantee Fund for Non-life Insurers.

The time spent by lawyers has been included in paragraph 5.1.2.1 above.

5.1.7 Examination of claims

Since the most recent report the trustee has started the preparations for the examination of the filed complaints.

The complaints have mainly been complaints about situations where the claims examiner has rejected to process the claim, including because it was a claim based on a terminated policy (a loss suffered after 11 August 2018) and/or that the claimant disagrees with the claims examiner about the payout.

In the previous period the trustee went through a number of the complaints to determine whether there is sufficient documentation to support the assessment of claims examiners and whether there is enough documentation to be able to draft a final recommendation to the complainant.

The trustee has also spent time on drafting processing guidelines to ensure that all complaints are dealt with in the same way and correctly.

The trustee expects to be able to examine the complaints at the end of 2022/at the beginning of 2023.

Approximately 70 hours have been spent by lawyers on such work since the most recent report.

It means that approximately 2,939 hours in total have been spent on work relating to the registered assets of which approximately 147 hours have been spent by the trustee's employee skilled in accounts.

5.2 The time spent on the unencumbered assets and the claims filed in respect of the unencumbered assets

5.2.1 Receivable from Intercede 2408 Limited

As written in previous reports, Intercede 2408 Limited ("Intercede") owes the bankruptcy estate an amount of DKK 42,709,725 according to a loan agreement of 21 December 2012 between the parties.

Intercede is a subsidiary of CBL Corporation Limited that entered into solvent liquidation on 18 February 2018 and which was subsequently declared bankrupt on 19 May 2019 and whose subsidiaries also include the reinsurer CBL Insurance Limited that went bankrupt on 12 November 2018.

It has been established in connection with the estate administration that on 21 December 2012 CBL Insurance Limited (now in bankruptcy) issued a guarantee in security of Intercede's repayment of the loan to Alpha.

In the previous period the trustee, in consultation with the estate's British lawyer, spent time on getting a liquidator of Intercede appointed for the purpose of being able to examine Intercede's possible assets. The work has consisted of finding a suitable liquidator in England. In this connection the trustee has spent time on forwarding certified documents from the Danish courts to the liquidator, corresponding with the liquidator about the fee and the expectations for the collaboration as well as ongoing discussions with the trustee's British lawyers.

The trustee is currently waiting for a liquidator to be appointed by the Insolvency Service in England. As a consequence, the trustee's work regarding collecting the receivable continues.

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

5.2.2 *Receivable from Beta Re AG*

As stated in previous reports, Beta Re AG owes the bankruptcy estate DKK 11,817,420.24 which, however, has been included at a reminder value of DKK 1, see paragraph 1.3, item 13.

It is noted that bankruptcy proceedings were commenced in Switzerland against Beta Re AG on 9 March 2021.

Before Beta Re AG's bankruptcy, the trustee had tried to reconcile the bankruptcy estate's receivable in cooperation with Beta Re AG which, however, was unsuccessful.

In the previous period the trustee was in dialogue with the Swiss authority that handles the administration of the bankruptcy estate of Beta Re AG. It was decided based on a general examination of the payments to and from Beta Re AG in the period leading up to the company going bankrupt that the payments to and from Beta Re AG were to be examined further. The result of this examination has been that the Swiss authority has raised a claim for repayment against the former management and owner of Beta Re AG. It is noted that according to information received the Swiss bankruptcy authority and the former management and owner of Beta Re AG are still in dialogue about the exact amount of the claim.

It is currently not possible for the trustee to say whether the above will result in the estate receiving any assets.

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

5.2.3 *Litigation regarding claims for avoidance and repayment*

In the previous period the trustee conducted further investigations of the payment of expenses of a private nature which resulted in the trustee lodging two writs of summons against the next of kin of two former members of the management. An account of the trustee's work can be found in paragraph 3.

The trustee's work is still taking place.

Approximately 13 hours have been spent by lawyers on such work since the most recent report.

5.2.4 *Investigations relating to management and auditor liability*

As stated in previous reports, the trustee identified a number of issues at the beginning of the estate administration that gave rise to further investigations. The trustee has been in regular dialogue with the Guarantee Fund for Non-life Insurers regarding the identified issues and has also obtained external expert accounting assistance for the investigations.

It is the trustee's general opinion based on the conducted investigations that unwarrantable/incorrect recognition and valuations of a number of assets and liabilities have systematically been made that have had a decisive effect on Alpha's financial ratios and solvency ratio. It is also the trustee's opinion that the operations in Alpha continued beyond the point of no return, which has resulted in Alpha, and ultimately the creditors, having suffered a significant loss.

As stated in the previous report, the trustee lodged a writ of summons on 3 March 2021 on behalf of the bankruptcy estate against two former members of the management and the company's former auditor with a preliminary claim for payment of an amount of approximately DKK 208 million. The case was brought before the Copenhagen City Court and is still pending, see immediately below.

A defence was filed in the case on 30 June 2021 which the trustee has read. In the previous period the trustee drafted the reply and prepared draft questions to be answered by an expert which were filed with the court on 8 April 2022. An interim hearing in the case was held on 29 August 2022 when a deadline was set for the filing of the defendants' rejoinder of 1 February 2023. At the same interim meeting the court announced that it was expected that the trial hearing in the case would take place in the first six months of 2025.

In the previous period the trustee also drafted the complaint to the Danish Disciplinary Board on Auditors regarding the former auditor's endorsement of Alpha's annual reports for 2016. The complaint was lodged

with the Danish Disciplinary Board on Auditors on 11 April 2022. According to an agreement with the Danish Disciplinary Board on Auditors, it is expected that the respondent's defence will be filed together with the rejoinder in the liability case on 1 February 2023.

The work relating to management and auditor liability is consequently still taking place.

Approximately 452 hours have been spent by lawyers on such work since the most recent report.

5.2.5 Examination of claims

The Danish Guarantee Fund for Non-life Insurers has filed a number of claims against the bankruptcy estate of Alpha, including a claim for income from the reinsurance.

A part of the income from the reinsurance concerns pending "substantial claims" where a final insurance claim has not yet been assessed, which is why the claims handling is still taking place. The claim regarding the income from the substantial claims has consequently not been determined at this point in time.

In the previous period the trustee started the examination of the claim of the Guarantee Fund for Non-life Insurers, see paragraph 5.1.6.1.

The time spent by lawyers has been included in paragraph 5.1.6.1 above.

5.2.6 Other estate administration

Since the most recent report approximately 139 hours have been spent by lawyers on the general estate administration, including corresponding with the creditors and the bankruptcy court, registering the proved claims in the bankruptcy estate's register of debts and claims under the unencumbered assets and on preparing this report.

It means that approximately 624 hours have been spent by lawyers on the unencumbered assets since the most recent report.

6. SUMMARY OF THE TIME SPENT

It means that approximately 3,563 hours in total have been spent on the estate administration, including approximately 2,792 hours by lawyers and approximately 147 hours by members of the finance department on work relating to the registered assets, see paragraph 1.2, and approximately 624 hours by lawyers

relating to the unencumbered assets, see paragraph 1.3, in the period from 1 February 2022 and up to 31 July 2022.

7. THE FUTURE ESTATE ADMINISTRATION AND THE WINDING-UP OF THE BANKRUPTCY 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 still necessary to secure the bankruptcy estate's assets and limit its liabilities. It is noted in this connection that there are still significant open insurance claims that must be processed before the bankruptcy estate can be wound up.

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 wound up.

8. PAYMENT TO THE DANISH GUARANTEE FUND FOR NON-LIFE INSURERS

In December 2021, the bankruptcy estate paid DKK 422,423,046.45 to the Danish Guarantee Fund for Non-life Insurers, see the most recent report.

The reason for the payment was that the Guarantee Fund is the biggest single creditor against the bankruptcy estate and considering the payments already made by the Guarantee Fund there is no doubt that the Guarantee Fund will have a large claim when the estate is wound up.

By contrast, the bankruptcy estate has substantial deposits on which it pays negative interest due to the low level of interest.

A right was reserved in connection with the payment for full recovery and the payment was made subject to a supplementary term of a guarantee by the Guarantee Fund (Danske Bank). The wording of the guarantee was approved in advance by the trustee.

The payment made will be set off against the final dividend to be received by the Guarantee Fund from the Bankruptcy Estate.

9. INTERIM FEE

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

10. NEXT CREDITOR INFORMATION

The next creditor information under section 125(4) of the Bankruptcy Act will be sent on 8 March 2023 at the latest to the bankruptcy court and the creditors.

Copenhagen, 8 September 2022

Boris Frederiksen
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