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CVR no. 33039018

26. October 2021
File no. 1042774

Circular letter no. 3 to creditors pursuant to section 125(2) of the Danish Bankruptcy Act

Gefion Finans A/S under konkurs (in bankruptcy)

Name:	Gefion Finans A/S
Former name:	Gefion Insurance A/S
Address:	Østergade 10, 4., DK-1100 Copenhagen K
Company reg. (CVR) no.:	36016493
VAT registration:	The bankruptcy estate is separately registered for VAT
Trustees:	Boris Frederiksen, Poul Schmith Søren Aamann Jensen, Accura Advokatpartnerselskab
Reference date:	4 June 2021
Date of bankruptcy order:	7 June 2021
Bankruptcy Court ref. no.:	Danish Maritime and Commercial High Court, K 2157/21-A

As trustees of Gefion Finans A/S under konkurs (in bankruptcy), we send with this circular letter a list of the assets and liabilities of the estate and an account of the central reasons for the bankruptcy.

Reference is also made to:

- Circular letter no. 1 to creditors pursuant to section 124(1) of the Danish Bankruptcy Act, which was sent to all known creditors and the Bankruptcy Court on 9 June 2021.
- Circular letter no. 2 to creditors pursuant to section 125(1) of the Danish Bankruptcy Act, which was sent to all known creditors and the Bankruptcy Court on 28 June 2021.

1 List of assets and liabilities

In general, as regards the list of assets and liabilities referred to below, it should be noted that the estimated values and carrying amounts in the list are likely to be adjusted substantially, which will occur in connection with the following circular letter pursuant to section 125(4) of the Danish Bankruptcy Act.

1.1.1 Bank balance at the date of the bankruptcy order

Credit balance from the liquidation

At the date of the bankruptcy order, the company's accounts showed a credit balance of	DKK	41,395,657.72
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1.1.2 Funds from reinsurance and other receivables

The company has assets in the form of current and future claims against reinsurers and other receivables, recognised at EUR 221,878,000 at 31 December 2020. The value as of today must be determined by an actuarial calculation, which has not yet been completed. These assets have therefore provisionally been stated at a reminder value, it being noted that the actual value is expected to be substantial

DKK	1.00
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1.1.3 Receivables

Debtors – policyholders

The company's receivables from policyholders related to outstanding premiums were DKK 89,185,194.53 at 31 December 2020. The books have not yet been closed at the date of the bankruptcy order. As it is uncertain whether the asset represents any actual value to

the estate in regard to the commencement of bankruptcy proceedings, the receivables have provisionally been stated at a reminder value of

DKK 1.00

Receivables from insurance agents/brokers

At 31 December 2020, the company's receivables from insurance agents/brokers amounted to DKK 329,535,224.36. Receivables at the date of the bankruptcy order have as yet not been determined and have therefore been stated at a reminder value of

DKK 1.00

Account receivable

At 31 December 2020, the company had a small receivable from GICA Insurance Solutions ApS of DKK 30,652.85. The company was dissolved by liquidation on 5 May 2021 without sufficient funds to pay creditors and/or Gefion Finans A/S as its sole owner, and the asset, being of no value to the estate, is therefore stated at

DKK 0.00

Possible receivables from contracting parties

The trustees have identified a number of possible receivables from certain contracting parties of the bankrupt company, totalling approximately DKK 16.41 million. All contracting parties have objected to the claims. No payments have as yet been received in respect of any part of these claims, and the trustees are currently assessing the objections and whether further attempts should be made to collect or recover the receivables, including, where appropriate, by filing civil lawsuits. The receivables have therefore been stated at a reminder value of

DKK 1.00

1.1.4 Furniture, fixtures and equipment, IT, plant and machinery and operating equipment

The company's furniture, fixtures and equipment consist of office furniture, office supplies and IT equipment. The furniture, fixtures and equipment have been valued during the liquidation, and a contract of sale has been concluded in this respect. At this point, the furniture, fixtures and equipment have not been transferred, and the bankruptcy estate has not yet received the purchase price. The furniture, fixtures and equipment have provisionally been stated at a reminder value of

DKK 1.00

1.1.5 Furniture, fixtures and equipment in storage

The company is keeping old furniture, fixtures and equipment in storage outside the main leased premises. These items primarily comprise desks and older electronics. The trustees are exploring the possibilities of selling these items. The furniture, fixtures and equipment have therefore provisionally been stated at a reminder value of

DKK 1.00

1.1.6 Deposits

The company operates from leased premises. At 31 May 2021, the rent deposit was booked at DKK 441,286.36. The lease agreement provides for a longer period of non-terminability and also imposes a renovation obligation on the company. The deposit has provisionally been stated at a reminder value of

DKK 1.00

1.1.7 Pending lawsuits

A number of lawsuits filed by/against Gefion prior to the bankruptcy are still pending. Of these lawsuits, the trustees have chosen, inter alia, to intervene in a larger lawsuit involving a litigation value in the order of GBP 8.8 million. Discussions on the possibility of settling the lawsuit are currently in progress. Moreover, the bankruptcy estate has chosen to appeal against a second instance court order in Germany, involving a litigation value of EUR 26 million, as further described in section 7.9.1. Various lawsuits for the enforcement of subrogation rights in respect of claims payments are also pending, where the trustees continuously assess whether or not to pursue these lawsuits. The lawsuits have provisionally been stated at a reminder value of

DKK 1.00

Total assets (preliminary)

DKK 41,395,665.72

1.2 Liabilities

1.2.1 Pre-preferential claims etc.; see section 93 of the Danish Bankruptcy Act

DKK 405,040.86

1.2.2 Preferential claims; see section 97 of the Danish Bankruptcy Act

DKK 260,367,178.88

1.2.3 Deferred claims; see section 98 of the Danish Bankruptcy Act

DKK 151,839,266.35

Total liabilities (preliminary)

DKK 2.897,57

The list set out above is preliminary as claims continue to be filed against the bankruptcy estate, including claims filed by policyholders and injured parties whose claims have not yet been recorded in the estate's register of debts and claims. Moreover, the valuation of certain assets is based on a preliminary estimate. Furthermore, the costs of the bankruptcy proceedings cannot be calculated at this stage, and the value of outstanding claims provisions is not included in the list above. It should be noted that outstanding claims provisions at 31 December 2020 were approximately DKK 1.6 billion. Outstanding claims provisions are thus expected to be counter-balanced by corresponding claims against the bankruptcy estate.

2 Reason for the bankruptcy

Gefion Finans A/S, company reg. (CVR) no. 36016493, ("Gefion" or the "Company") was founded on 2 June 2014. In mid-2015, the Company was licensed to undertake insurance business under the Danish Financial Business Act and, from that time, undertook non-life insurance business under the name of "Gefion Insurance A/S".

On 10 July 2019 and 10 February 2020, the Danish Financial Supervisory Authority (FSA) ordered Gefion not to expand the business area, cf. section 350(1)(i) of the Danish Financial Business Act, as a result of Gefion experiencing cash-flow difficulties and as the Danish FSA found that Gefion's capital base was inadequate to meet the solvency requirement.

As the Danish FSA found that Gefion's financial situation had deteriorated since the last order and that a recovery plan prepared by Gefion did not establish/render probable that Gefion was able to adequately secure the policyholders, the Danish FSA issued an order on 26 March 2020 by which it ordered Gefion to cease writing insurance under section 350(1)(i) of the Danish Financial Business Act. After this date, Gefion has not written any new business, but insurance offers made but not yet accepted were maintained in accordance with local legislation applicable in the different jurisdictions. At the time of bankruptcy, there was one active insurance policy, while all other policies had either been terminated or had expired without being rewritten.

On 24 June 2020, the Danish FSA withdrew Gefion's licence to operate as an insurance company in pursuance of section 224(7) of the Danish Financial Business Act.

At that time, the Board of Directors of the Company consisted of Jørn Anker-Svendsen (Chairman), Robert Aron Robertson and Nancy Hasley Corbett. The Executive Board of the Company consisted of CEO Tonny Anker-Svendsen.

On 13 July 2020, the Company's owners decided that the Company should enter into voluntary liquidation in order to wind up its insurance operations. At the general meeting on 13 July 2020, Troels Knut Rørbæk Askerud and attorney Søren Aamann Jensen were appointed as liquidators. At this time, the Company also changed its name to Gefion Finans A/S.

On 19 May 2021 Gefion lost a large lawsuit in Germany. The amount in dispute was EUR 26 million and resulted in additional 18,000 claims being notified to Gefion.

Given these circumstances – combined with the financial position of the Company in general – the liquidators filed a debtor’s petition for bankruptcy on 4 June 2021. On 7 June 2021 the Bankruptcy Division of the Danish Maritime and Commercial High Court issued a bankruptcy order against Gefion and appointed attorney Boris Frederiksen, Poul Schmith, and attorney Søren Aamann Jensen, Accura Advokatpartnerselskab, as trustees on the recommendation of the Danish FSA.

As a matter of form, it should be noted that Gefion had primarily written insurance for terms of one year or less, and the insurances had therefore lapsed by the time of bankruptcy. The completion of the remaining claims handling process and the handling of the pending lawsuit have continued under the auspices of the bankruptcy estate.

3 Key financial figures for the period since the most recent annual report

The most recent annual report is for the period 1 January – 31 December 2019, and the annual report was approved at a general meeting on 15 October 2020.

The table below shows Gefion’s assets and liabilities according to the most recent annual report, the balance sheet at 31 December 2020 and the latest accounting balance sheet at 31 May 2021. As the balance sheet at 31 May 2021 contains the figures that have most recently been updated in the Company’s bookkeeping records, these figures are assumed to reflect the current status of the bankruptcy estate.

In general, it should be noted that the table below includes expected income from reinsurance which has not yet been realised and, furthermore, includes expected payments of claims that have not been filed against the estate. There will consequently be substantial discrepancies between the assets and liabilities of the bankruptcy estate as shown in section 1, which only include realised values and filed claims, and the figures in the table below.

		31 December 2019	31 December 2020	31 May 2021
Reinsurance of technical reserves	DKK	2,110,163,000	1,133,412,894	1,041,518,974
Receivables	DKK	586,627,000	345,591,038	290,481,923
Other assets, including cash and cash equivalents	DKK	75,020,000	24,681,641	43,210,991
Total assets	DKK	2,771,810,000	1,503,685,572	1,375,211,887

		31 December 2019	31 December 2020	31 May 2021
Technical reserves (total)	DKK	2,574,471,000	1,629,819,130	1,529,215,314

Payables	DKK	115,926,000	-164,832,948	-143,501,569
Total liabilities	DKK	2,690,397,000	1,464,986,182	1,385,713,745

The trustees expect to gain a more detailed overview of reserves and expected receivables during 2021/2022, from the actuarial calculations.

From an overall perspective, it should be noted that Gefion's equity at 31 May 2021 was negative at DKK 10,501,858, whereas its equity at 31 December 2020 was positive at DKK 38,699,390.

At the moment, the trustees are looking into the discrepancies in the accounting figures.

4 Voidable transactions

A pari passu principle applies to creditors and related parties. Depending on the nature of the bankruptcy estate, investigations into the estate are therefore conducted to identify i.e. any preference transactions towards creditors and, thereby ensure that the order of priority between the creditors and other parties related to the estate is maintained.

The trustees' investigations concerning voidable transactions have started, but have not yet been completed.

5 Criminal offences, if applicable, and notification to the police

In the context of ordinary bankruptcy proceedings, the bankruptcy estate is under an obligation to assess whether to notify the police pursuant to section 110(4) of the Danish Bankruptcy Act.

The trustees' investigations are under way, but have not yet been completed.

6 Disqualification

In the context of ordinary bankruptcy proceedings, the bankruptcy estate is under an obligation to assess whether to initiate disqualification proceedings against any person who, later than one year prior to the reference date, has taken part in the management of the now bankrupt business if it must be assumed that the person concerned, due to gross misconduct, is unfit to take part in the management of a business.

The trustees' statement regarding disqualification will be available before or at the time of the next circular letter to creditors under section 125(4) of the Danish Bankruptcy Act.

7 Duties performed by the trustees until now

In addition to the above, the trustees has performed the below-mentioned duties from the date of the bankruptcy order until and including 31 August 2021.

The total time spent on the administration of the estate at 31 August 2021 is about 2,748 hours, and these hours have been allocated to the duties outlined below.

7.1 Overall claims handling

Prior to the bankruptcy, Gefion offered insurance products in various European jurisdictions, including the UK, Ireland, France, Germany, Poland, Italy and Denmark. The insurance products were sold through external agents engaged by Gefion. The agents therefore had all contact with policyholders, and it was also the agents who possessed all information relating to the insurance contracts.

The subsequent handling of claims notified under the policies was also primarily undertaken by external claims handlers. The claims handlers were either the agent himself, which means that the agent's services in actual fact included both the sale of insurance and claims handling, or an external claims handler engaged either directly by the agent or by Gefion.

In all cases, the notified claims were initially handled by the claims handlers, who, of their own initiative, obtained all relevant material for the claims handling process, including but not limited to medical records, expert opinions, etc. The claims were then reported to Gefion on an Excel sheet called "*claims bordereau*", after which the claims were paid from the funds in a "*claims fund*" when the processing of these claims was finalised. Prior to the bankruptcy, Gefion had thus limited knowledge of the insurance written and the notified claims.

Considering that Gefion has not previously carried out claims handling, coupled with the fact that only the claims handlers were in possession of all information relating to the claims and, accordingly, would be able to assess whether a claim was eligible for cover, the trustees chose in cooperation with the largest creditors of the bankruptcy estate – to the extent possible – to continue the agreements with the existing claims handlers. In some jurisdictions, however, legal regulations prescribe that claims handling be taken over by public guarantee funds, which has been a decisive factor in the claims handling process in these jurisdictions. The handling of claims is therefore based on the circumstances of the individual jurisdictions in which Gefion has written insurance, which is described country by country below.

The purpose of the continued claims handling is to limit the liabilities of the bankruptcy estate and to secure the estate's receivables from reinsurers.

To a wide extent, Gefion had hedged its insurance risks by entering into reinsurance contracts with various reinsurers. The reinsurance entails that the continued claims handling will bring additional funds to the bankruptcy estate through the realisation of receivables from reinsurers,

consisting of the amounts paid out by the reinsurers in respect of approved claims to the extent that claims are correctly reported from the claims handling process.

Immediately after the date of the bankruptcy order, the trustees therefore gave Gefion's agents and claims handlers a briefing on the bankruptcy and its legal effects and also requested that the claims handling process be continued. At the same time, the claims handlers were instructed to stop all claims payments as it is currently not possible to make claims payments out of the bankruptcy estate.

There have been extensive discussions, correspondence and negotiations with claims handlers, guarantee funds in the various jurisdictions and agents reporting to the reinsurers in relation to the continued operations and claims handling options. It should be noted in this respect that most of the bankruptcy estate's agents and claims handlers are foreign, and the agents and claims handlers consequently had no knowledge of the Danish Bankruptcy Act, which has engendered a need for quite extensive discussions. Moreover, there have been discussions on the commencement of the bankruptcy proceedings, on the framework for payment of claims handling fees and related costs as well as specific information about new lawsuits filed after the date of the bankruptcy order and lawsuits filed before the commencement of the bankruptcy proceedings (for more details, see section 7.9).

The progress and status of the process in the individual jurisdictions are outlined below. Discussions with agents and claims handlers are still ongoing.

The time spent on this work is about 976 lawyer hours, spread over the seven jurisdictions.

7.1.1 Denmark

Initially, it should be noted that at the time of bankruptcy, there were about 175 open claims related to motor insurance written in Denmark.

During the past period, the trustees held meetings and ongoing discussions and corresponded with the bankruptcy estate's Danish claims handlers, including in relation to the continued claims handling – both on a general level and in relation to specific claims. The outstanding/open claims primarily constitute motor third party liability and comprehensive motor insurance claims.

Furthermore, the trustees held discussions and corresponded with the Danish guarantee fund (the Danish Guarantee Fund for Non-life Insurers) and the claims handler concerning the process of paying the eligible claims that fall within the scope of cover of the guarantee fund.

Discussions are still ongoing.

7.1.2 United Kingdom

Initially, it should be noted that at the time of bankruptcy, there were about 12,200 open claims related to motor insurance written in the UK.

During the past period, the trustees held discussions and corresponded with the bankruptcy estate's claims handlers in the UK, including in relation to the continued claims handling – both on a general level and in relation to specific claims. The outstanding/open claims primarily constitute motor third party liability and comprehensive motor insurance claims. In addition, Gefion has written a few latent defects insurances.

It should be noted in this respect that it has been necessary to transfer the claims portfolio from one claims examiner to another. This work is still ongoing.

The trustees have also held regular meetings and discussions with the UK guarantee fund, the Financial Services Compensation Scheme (FSCS), on the cover area of FSCS and on how to report notified claims to FSCS through the bankruptcy estate's claims handlers.

Discussions are still ongoing.

7.1.3 Italy

Initially, it should be noted that at the time of bankruptcy, there were about 59 open claims related to personal injury claims under ski insurances written in Italy.

During the past period, the trustees held discussions and corresponded with the representative of the Italian claims handlers in relation to the future claims handling.

In this context, it should be noted that the trustees have held a meeting with the Italian Institute for the Supervision of Insurance (IVASS), which has announced that the Italian guarantee fund (Consap-F.G.V.S) does not provide cover for these claims. Moreover, there are no other national guarantee funds to cover the Italian insurance claims.

Discussions are still ongoing.

7.1.4 Germany

Gefion had primarily written motor third party liability policies in Germany. At the time of bankruptcy, there were about 1,300 open claims notified under German motor liability policies.

Prior to the bankruptcy, all German insurance claims were handled by one claims handler under a framework agreement for claims handling across certain jurisdictions. The claims handler gave notice to terminate this framework agreement shortly after the commencement of bankruptcy proceedings.

The German guarantee fund took over the claims handling of the part of the claims portfolio that falls within the scope of coverage of the German guarantee fund.

It has proven difficult to find a new claims handler to handle the open claims that falls outside the scope of coverage of the German guarantee fund. The trustees are currently exploring the possibilities of entering into an agreement with a new claims handler for the remaining claims.

Discussions with the German guarantee fund and prospective claims handlers are still ongoing.

7.1.5 Poland

Gefion had primarily written motor third party liability policies in Poland. At the time of bankruptcy, there were about 1,000 open claims under motor third party liability policies and one open claim related to personal injury insurance.

In Poland, Gefion had a single agent, who had written insurance for Gefion, and a single claims handler.

Prior to the bankruptcy, the agent had terminated the cooperation with Gefion and subsequently refused to perform the final obligations under the agreement, including the transfer of insurance data to Gefion. In addition, the agent has wrongfully withheld funds in the order of PLN 4 million, which on the face of it are rightfully due and owing to Gefion. It has not been possible to establish contact with the agent after the commencement of the bankruptcy proceedings, and given these circumstances, the bankruptcy estate has engaged a Polish lawyer who is trying to collect the receivable and the missing claims data wrongfully withheld. No amount has as yet been paid to Gefion, nor have any claims data been transferred in this respect.

Under Polish law, responsibility for claims handling in Poland in regard to all open claims, possibly reopened claims and new claims under motor third party liability insurances must be taken over by the Polish Insurance Guarantee Fund (UFG). The trustees initially held several meetings and engaged in ongoing, extensive correspondence with UFG on this subject, including the possibility of UFG reporting claims handling back to the bankruptcy estate to secure funds receivable from Gefion's reinsurers.

Claims handling has thus, for the most part, been taken over by UFG, who will assess whether the claims are eligible for cover under the UFG guarantee. Claims not covered in full or in part by UFG, i.e. claims outside the fund's coverage area, are then expected to be filed with the bankruptcy estate.

The trustees are therefore exploring the possibilities of engaging a claims examiner in Poland to handle any such claims not covered by the UFG. In these circumstances, it was not possible to continue the cooperation with the existing claims handler for these claims, as the claims handler in question was covered by the framework agreement that Gefion had concluded in several jurisdictions. When the framework agreement was terminated for cause, the agreement with the Polish claims handler also ceased to apply.

Furthermore, as a result of the termination of the agreement – and in the absence of a new individual agreement on the provision of continued assistance to the bankruptcy estate – the existing claims handler refused to transfer the claims data necessary for the further claims handling by UFG and Gefion. The claims handler held the view that he was not obligated to do so without being entitled to separate payment for this service.

As a consequence, the trustees had to enter into discussions and negotiations on this issue as the data were legally required to be transferred to UFG, which was an obligation incumbent on Gefion in its capacity as insurer. The payment initially charged by the claims handler was an excessive amount for a service that would consist solely of data transfer. After some negotiations, however, the bankruptcy estate and the former claims handler reached an agreement by which the claims handler would transfer data against the bankruptcy estate's payment of a substantially smaller and more reasonable amount.

The data have subsequently been transferred to UFG, whom has initiated the claims handling process.

Discussions with UFG are still ongoing.

7.1.6 France

At the time of bankruptcy, Gefion had registered about 3,500 open claims in France. The French policies and the claims notified under them concern mainly motor third party liability insurance, whereas about 75 of the open claims concern commercial property insurance.

In France, claims handling was undertaken by five different claims handlers prior to the bankruptcy, and together these five undertook all claims handling in respect of policies written in France.

Where possible, the trustees have decided to continue the claims handling agreements with the existing claims handlers.

One of the existing claims handlers in France was covered by a framework agreement entered into with another claims handling for claims handling across certain jurisdictions, including France. The framework agreement was terminated shortly after the commencement of bankruptcy proceedings.

As a result of this termination, the trustees are negotiating a new individual claims handler agreement for the future handling of the claims portfolio covered by the termination of the framework agreement. The trustees have been informed that claims in the terminated claims portfolio have still been handled despite the termination of the framework agreement.

Discussions with the claims handlers in France are still ongoing.

7.1.7 Ireland

As in the other jurisdictions, Gefion had mainly written motor third party liability insurance in Ireland, but also employee liability, household and public liability insurance had been written to a minor extent. At the time of bankruptcy, the number of open claims was about 730. Half of these concerned policies written by Gefion in the form of co-insurance with Qudos Insurance A/S (now in bankruptcy).

Prior to the bankruptcy, Gefion had three agents and claims handlers in Ireland. The trustees have continued the claims handling agreements with two of these, whereas the last claims examiner did not wish to continue undertaking claims handling on the terms agreed with Gefion prior to the bankruptcy. Hence, the trustees have transferred this claims portfolio to a new claims handler.

Furthermore, the trustees have held discussions with the claims handlers in Ireland, and the discussions are still ongoing.

7.2 *Information letters to policyholders and injured parties*

Under section 10 of the Danish Executive Order on reconstruction, bankruptcy, compulsory dissolution or solvent liquidation of insurance companies, the trustees are required to notify known creditors, including the policyholders and injured parties, of the commencement of bankruptcy proceedings and the legal effects thereof. The trustees have prepared information letters to Gefion's policyholders and injured parties in which the trustees provide information about the effects of the bankruptcy and the continued claims handling process.

The information letters were translated into the national languages of the jurisdictions in which Gefion conducted insurance business and forwarded to policyholders and injured parties through the local agents and claims handlers that possessed the contact details about the recipients.

At present, the information letters have been forwarded to policyholders in Denmark, France, Ireland, Italy and part of the UK. Furthermore, the letters have been uploaded to the website of the bankruptcy estate (www.gefioninsurance.com) for purposes of information.

Information letters have not been forwarded directly to policyholders and injured parties in Germany as the bankruptcy estate did not possess the necessary data. An information letter about the bankruptcy and its effects has been published on Gefion's website.

Information letters have not been forwarded to policyholders and injured parties in Poland as the bankruptcy estate did not possess the necessary data. Furthermore, under Polish law, claims handling must be taken over by the Polish Insurance Guarantee Fund (UFG), which means that more detailed information about notification of claims has awaited necessary information from UFG. On 9 August 2021 and 1 October 2021, UFG published information on its website for the Polish policyholders and injured parties about Gefion's bankruptcy and notification of claims to UFG.

The trustees have also set up separate email addresses for attending to the ongoing enquiries from policyholders. It should be noted that the enquiries received during the past period concerned mainly questions about the status of pending claims and filing of proofs of claims against the bankruptcy estate. The trustees regularly attend to and answer the enquiries received at the email addresses and registers claims filed with the bankruptcy estate in the register of debts and claims on an ongoing basis.

The work is still ongoing.

The time spent on this work is about 46 lawyer hours.

7.3 *Guarantee funds*

The trustees have been in contact with the guarantee funds for non-life insurers in the various jurisdictions in which Gefion conducted insurance business in order to determine the scope of cover of the funds and to establish a procedure for their claims payments within the scope of cover.

The scope of cover varies from one jurisdiction to the next and has been handled on a country-by-country basis.

7.3.1 Denmark

During the past period, the trustees regularly corresponded and held discussions with the Danish guarantee fund (the Danish Guarantee Fund for Non-life Insurers) about the claims falling within the scope of cover of the guarantee fund. The discussions concerned mainly the establishment of the procedure and the flow of payments of approved claims.

The trustees also held discussions with the Danish Motor Insurers' Bureau (DFIM), which operates as a motor guarantee fund under the green card system.

Discussions are still ongoing.

7.3.2 United Kingdom

During the past period, the trustees held weekly meetings with the British guarantee fund (FSCS) about handling the claims within the scope of cover of FSCS. During this past period, the discussions concerned mainly the establishment of the procedure and the flow of payments for payment of approved claims as well as discussions about the continued claims handling undertaken by the associated claims handlers.

Furthermore, the trustees held general discussions about the process and the documentation requirements for FSCS's filing of its subrogation claims against the bankruptcy estate. Discussions are still ongoing.

7.3.3 Italy

During the past period, the trustees held discussions with the Italian Institute for the Supervision of Insurance (IVASS) about the commencement of bankruptcy proceedings with in order to determine the coverage by the guarantee fund, if applicable.

In that context, IVASS stated that there were no national guarantee fund schemes in Italy that provided cover to injured parties in Italy, which means that the claims of the Italian injured parties constitute claims against the bankruptcy estate alone.

IVASS is kept up to date on claims handling.

7.3.4 Germany

During the bankruptcy proceedings, the trustees have been engaged in a dialogue with the German guarantee fund (VOH) about the scope of cover of the fund and handling of claims notified under German insurance policies.

As described in section 7.1.4 above, Gefion's claims handler in Germany terminated the framework agreement for claims handling immediately after the bankruptcy. VOH has subsequently taken over the handling of claims within the scope of cover of VOH.

Thus, VOH currently handles injured parties' motor third party liability insurance claims where a third party has suffered property damage or personal injury or where the policyholder has sustained personal injury under the insurance policy.

Discussions are still ongoing.

7.3.5 Poland

In connection with the commencement of bankruptcy proceedings, the trustees have been engaged in a dialogue with two public funds – UFG, as referred to in section 7.1.5 above, and the Polish green card bureau named the Polish Motor Insurers' Bureau (PBUK).

UFG covers and handles all claims notified by injured parties under motor third party liability insurance policies where the damage or injury was sustained in Poland between a Polish policyholder and a Polish injured party. UFG does so in accordance with the process described in section 7.1.5 above. The trustees have not been informed of any specific limitations of the scope of cover of UFG as long as the damage or injury is covered under a motor third party liability insurance policy.

PBUK handles claims covered by the green card system, i.e. claims with a cross-border element. These claims will typically involve damage or injury caused by a Polish policyholder outside Poland or sustained by a Polish citizen outside Poland. According to PBUK, the bureau has so far received about 75 such claims from other green card bureaus. In these cases, the claims have already been handled by a green card bureau in another country, which subsequently requests cover from PBUK when the damage or injury was caused by a Polish policyholder.

Discussions with UFG and PBUK are still ongoing.

7.3.6 France

The trustees have regularly been in contact with the French guarantee fund for non-life insurers (Fonds de Garantie des Assurances Obligatoires de dommages (FGAO)) in order to determine the scope of coverage of the fund in relation to the French claims.

In consultation with FGAO and Gefion's external claims handlers, the trustees have established a procedure for notification of processed claims to FGAO in order to cover these and for reporting from FGAO to the bankruptcy estate on paid claims.

Under French law, FGAO has taken over the direct handling of notified personal injury claims with a disability rating of 50% or more and similar personal injury claims.

FGAO will subrogate into an injured party's claim against the bankruptcy estate to the extent that FGAO has covered the injured party's eligible claim.

Discussions with FGAO are still ongoing.

7.3.7 Ireland

The trustees have held discussions with the Irish guarantee fund in order to determine the scope of coverage of the guarantee fund and to establish a process for handling claims covered by a guarantee fund, if applicable.

Discussions are still ongoing.

7.4 *Reinsurance*

It is initially noted that the most significant asset of the bankruptcy estate is the Company's receivables from reinsurers and future claims under the reinsurance contracts. Consequently, the trustees focus deeply on securing the bankruptcy estate's receivables from reinsurers, for instance by ensuring proper claims handling and correct reporting to the reinsurers of the bankruptcy estate.

After the date of the bankruptcy order, the trustees have reviewed all reinsurance contracts in order to obtain an overview of the obligations of the bankruptcy estate, particularly in relation to the reporting of the bankruptcy estate to the reinsurers and outstanding accounts with the reinsurers. Furthermore, the trustees have obtained an overview of the internal reinsurance processes of the bankruptcy estate.

During the upcoming period, the trustees will focus particularly on preparing detailed procedures for the various reinsurance IT systems and for the other reinsurance-related duties to be performed by the employees of the bankruptcy estate. The purpose of this is to ensure compliance with the requirements and time limits set out in the reinsurance contracts for the purposes of ensuring the receivables of the bankruptcy estate from reinsurers and future claims under the reinsurance contracts.

In this context, it is noted for the sake of good order that Gefion, during the liquidation proceedings and prior to the bankruptcy proceedings, focused on increasing its liquidity through commutation of a large part of its reinsurance contracts. During the past period, the trustees have thus also spent time reviewing the commutation agreements in order to obtaining an overview of the outstanding reinsurance cover.

Furthermore, after the date of the bankruptcy order, the trustees sent information letters to all brokers, that acted as intermediaries between Gefion and the various reinsurers prior to the bankruptcy, in which the brokers and reinsurers were informed of the bankruptcy and the trustees' future work involving the bankruptcy estate. In continuation thereof, meetings were held with relevant brokers and reinsurers in order to identify and clarify any outstanding matters and ensuring future cooperation – ultimately in order to secure the receivables of the bankruptcy estate from reinsurers and future claims under the reinsurance contracts.

The trustees also held discussions with various reinsurers about the continued claims handling and the resulting reporting to the reinsurers and the reinsurers' payment of the estate's receivables from reinsurers and future claims under the reinsurance contracts. In this respect, a more detailed investigation has been conducted to establish whether a reinsurer under the contract is under an obligation to pay claims handling costs to the bankruptcy estate for the reinsured share.

Finally, the trustees have assessed the obligations of the bankruptcy estate concerning the payment of premiums to reinsurers.

The investigations and discussions with the reinsurers are still ongoing and expected to intensify in the course of the coming months.

The work undertaken by the trustees to secure the receivables of the bankruptcy estate from reinsurers has until now resulted in payments of about GBP 1,975,500, EUR 695,600 and PLN 927,000, corresponding to about DKK 22,385,000 in total to the bankruptcy estate in relation to reinsurance.

The time spent on this work is about 339 lawyer hours.

7.5 *Management of Gefion's bilateral agreements*

As described in section 7.1 above, the trustees were in contact with Gefion's business partners, agents and claims handlers immediately following the commencement of bankruptcy proceedings in order to ensure the continued winding-up of Gefion's insurance business and the related claims handling.

Furthermore, the bankruptcy estate has adopted a number of agreements that were necessary in order to continue operations and maintain a small number of office staff in support of the continued winding-up.

In this connection, the trustees have reviewed Gefion's bilateral agreements with in order to assess which agreements needed to be continued. Against this background, the trustees have been in contact with Gefion's contracting parties to discuss the continuation of the agreements by the estate and also held meetings with IT suppliers etc.

The time spent on this work is about 31 lawyer hours.

7.6 *Management of lease agreements and operating assets*

Prior to the bankruptcy, Gefion conducted business from leased premises at Østergade 10, DK-1100 Copenhagen K, where the Company's lease agreement comprised the 2nd, 3rd and 4th floors of the building.

Following negotiations with the landlord, the trustees have amended the lease agreement to comprise only the 2nd floor. Hence, the trustees have not adopted the lease agreement for the other two floors, which have been surrendered to the landlord.

Gefion's furniture, fixtures and equipment on the leased premises consist mainly of office furniture, office supplies and IT equipment. Prior to the bankruptcy, the furniture, fixtures and equipment were sold in accordance with a valuation report, but remain in the leased premises for the purpose of Gefion's use.

The time spent on the work involved in the lease agreement is about 24 lawyer hours.

7.7 *Management of employees*

At the time of bankruptcy, Gefion employed a staff of 12 in Denmark and the UK and had entered into agreements with another six independent consultants. To facilitate the continued operation of the bankruptcy estate and in order to limit the liabilities of the estate, the trustees decided to adopt multiple employment and consultancy agreements.

In this connection, the trustees have reviewed the contractual terms of the individual employees and consultants and have held discussions with Gefion's key staff in order to assess the need to continue the individual agreement.

Moreover, the trustees have distributed information to the employees and consultants of the bankruptcy estate about the commencement of bankruptcy proceedings and the legal effects thereof, and the trustees have regularly discussed the continued employment with the individual employees.

The time spent on the work involved in handling the employees of the estate is about 57 lawyer hours.

7.8 *Management of claims proved against the estate*

At the time of bankruptcy, the total number of open claims was about 20,000 – distributed on the seven jurisdictions, including Denmark, France, Ireland, Italy, Poland, the UK and Germany. About 12,200 of these claims concerned the UK.

In addition, another 18,000 or so claims regarding Germany have been filed and relate to a pending lawsuit in Germany, see section 7.9.1 below.

For the purpose of ensuring that the bankruptcy estate obtains sufficient information about the claims, the trustees, during the past period, started development up a new register of debts and claims that is capable of handling the number of insurance claims expected to be filed and the volume of data on the respective claims. In addition, a function will be developed in the register of debts and claims to allow semi-automated uploading of a large data volume.

The work involved in setting up the new register of debts and claims is still ongoing.

The time spent on this work is about 200 lawyer hours.

7.9 *Lawsuits*

In general, the bankruptcy estate has intervened in a number of lawsuits filed against Gefion prior to the date of the bankruptcy order. In addition, the bankruptcy estate has been sued in a number of cases after the date of the bankruptcy order.

The lawsuits filed against the bankruptcy estate prior to the date of the bankruptcy order concern, to a large extent, rejected claims where the injured party do not agree with the decision made by the claims handler. The trustees have decided to continue the majority of these lawsuits in order to limit the liabilities of the bankruptcy estate. These lawsuits concerning individual claims are mainly conducted by external lawyers in accordance with the agreements entered into between the respective claims handlers/agents and Gefion, except in Germany and Poland. The claims handlers/agents and lawyers involved have thus been granted permission by the trustees to continue the pending lawsuits filed against Gefion prior to the date of the bankruptcy order.

Furthermore, the trustees have prepared and forwarded a letter to the claims handlers and agents about the procedure for lawsuits filed against the bankruptcy estate after the date of the bankruptcy order so that the trustees ensure dismissal of the lawsuits in accordance with article 274 of the Solvency II Directive and part 16 of the Danish Bankruptcy Act. The trustees monitor these lawsuits closely and are thus involved in the proceedings on an ongoing basis.

In Germany and Poland, the filed lawsuits are conducted by external lawyers in a direct dialogue with the trustees as the cooperation with the former claims handlers has ended. In Poland, in particular, the amount of preliminary work involved in instructing the lawyers to continue these lawsuits, the impact of the Danish bankruptcy and the Solvency II Directive, etc., has been quite extensive.

The lawsuits previously handled directly by Gefion are now handled by the trustees.

In addition to the lawsuits about the rejected claims, lawsuits are pending against Gefion in which car rental companies claim that Gefion is liable to pay compensation because Gefion stopped writing insurance on 23 March 2020. In these lawsuits, Gefion has upheld counter-claims against the opposing parties. The lawsuits are litigated by external lawyers in Germany where the lawsuits are pending.

In addition to the lawsuits filed against Gefion, the trustees have decided to intervene in and continue a number of lawsuits filed by Gefion prior to the commencement of the bankruptcy proceedings. These lawsuits concern the collection of unpaid premiums from a number of German policyholders, cases concerning satisfaction of recourse claims and a larger lawsuit in the UK about inefficient claims handling (known as leakage).

In connection with the lawsuits, the trustees have spent time on discussions and meetings with the external lawyers representing the bankruptcy estate in the pending lawsuits.

The work involved in the lawsuits is still ongoing.

The time spent on this work is about 194.5 lawyer hours.

7.9.1 Charterline

In regard to lawsuits filed against the bankruptcy estate, one that should be highlighted in particular is the one filed by Charterline Fuhrpark Service GmbH (Charterline) against Gefion in Germany on which the trustees spent time during the past period. In general, the lawsuit concerns the matter of whether Gefion was bound by an insurance framework agreement entered into with Charterline or whether Gefion, as a result of incorrect risk information provided by Charterline to Gefion, could terminate the agreement without having to repay premiums.

At the court of first instance, the court had ruled in favour of Gefion by its decision of 3 April 2020, which was set aside by the German court of appeal on 19 May 2021. Like the court of first instance, the court of appeal found that Charterline had provided incorrect information but did not find that Gefion would have refrained from entering into the insurance framework agreement had the correct information been provided. The trustees do not agree with the decision and have applied for permission to bring the case before the German administrative court as the court of third instance.

7.9.2 Staveley Head

At the commencement of the bankruptcy proceedings, a lawsuit was pending before the High Court of Justice of England and Wales, which had been filed against a former agent in the UK, a claims handler appointed by the agent, a subsupplier of the claims handler referred to and finally the agent's liability insurance company for inefficient/inadequate claims handling. The lawsuit concerns inefficient claims handling in relation to an insurance portfolio that was transferred to a new claims handler prior to the bankruptcy and where the quality of the historical

claims handling did not meet expectations and therefore had resulted in leakage. Leakage describes the situation where a claim is approved and compensation is paid for damage or injury that should not have been covered in whole or in part under the insurance policy, for instance as a result of lack of insurance cover for the damage or injury, or because the claim had been approved at too high an amount.

At the time of filing, the value of the lawsuit was estimated at GBP 8.9 million based on the loss incurred by Gefion as a result of the inefficient claims handling. The lawsuit is being litigated by external lawyers in the UK.

7.10 *Investigations into management liability*

During the past period, the trustees launched initial investigations into management liability. For this purpose, the trustees collected a large amount of material, which the trustees have started reviewing.

The investigations conducted by the trustees are thus still ongoing.

The time spent on this work is about 194 lawyer hours.

7.11 *Administration of the estate in general*

On a regular basis, the trustees receive enquiries from policyholders and injured parties about the bankruptcy proceedings conducted by the trustees, including questions about notification of new claims and about damage or injury already sustained.

Furthermore, in order to inform the parties involved as much as possible of the bankruptcy and its legal effects, the trustee will update the website of the bankruptcy estate regularly with relevant information.

The time spent on this work is about 49 lawyer hours.

8 Next circular letter to creditors

Circular letter no. 4 to creditors will be sent to the Bankruptcy Court and the known creditors expected to receive dividend within a period of not more than six months from today.

9 Creditors' committee

A creditor has requested that a creditors' committee be appointed, cf. section 108(2) of the Danish Bankruptcy Act. So far, the Danish Maritime and Commercial High Court has made the decision to appoint the creditors' committee whose only member, for the time being, is a representative of EMobG (originally Charterline). The costs involved in the committee's work are

payable by EMobG until the meeting of creditors on 19 November 2021. The creditors' committee has been appointed on the condition that the creditors are informed thereof by sending this circular letter to creditors so that any creditors with an opinion about the appointment and future composition of the committee can express their opinion at the meeting of creditors stated below.

Against this background, a meeting of creditors will be held on Friday, 19 November 2021, at 10 a.m, in the Bankruptcy Division of the Danish Maritime and Commercial High Court, Amaliegade 35, 2nd floor, DK-1256 Copenhagen K, for the purpose of appointing a creditors' committee.

The convening notice was advertised in the Danish Official Gazette on 10 July 2021. The creditors will not be informed of the meeting by separate notice.

10 Enquiries about the bankruptcy estate

Enquiries about the bankruptcy estate may be made to the trustee, attorney Søren Aamann Jensen and attorney Charlotte Damsbo Lose, Accura Advokatpartnerselskab, Tuborg Boulevard 1, DK-2900 Hellerup, on +45 3945 2800 or at clo@accura.dk or to the estate administrator, Jeanette Hansen, on +45 3945 3954 or at jhn@accura.dk or to the trustee, attorney Boris Frederiksen and attorney Mathias Juul Holter, Poul Schmith, Kalvebod Brygge 32, DK-1560 Copenhagen V, at bor@poulschmith.dk or mho@poulschmith.dk.

Enquiries relating to the filing of claims against the bankruptcy estate must be made to gefion-claims@poulschmith.dk.

Yours faithfully

Boris Frederiksen
Partner, Poul Schmith

Søren Aamann Jensen
Partner, Accura Advokatpartnerselskab