
Recession reports - Czech insolvency proposals up 77pct YoY

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According to a survey of the firm Creditreform, as many as 9,492 insolvency proposals were filed in 2009, up by 77% YoY and the number of proposals filed for companies grew by 54% to 5,255. The solution to insolvency proposals of companies is either bankruptcy or reorganisation. Reorganisation was allowed to sixteen companies.

A total of 1,553 bankruptcies were declared in 2009, the highest number since 2005 and 412 more than in 2008. The number of the declared bankruptcies was still below the level from the turn of the millennium when it was near 2,500. A further 1,721 insolvency proposals were turned down in 2009, 90% of them due to very low assets. Debtors are being erased from the register of companies in such cases.

Mr Jiri Markvart of law office Ambruz & Dark said that "Creditors rather tend to distrust reorganisation and prefer the fast sale of property and the payment of at least part of their claims. A recent amendment [to law] has attempted to support the use of reorganisation. We can see that interest in this solution is slowly growing."

Creditreform expects further growth in the number of insolvency proposals this year, with a lower dynamics by companies and the same pace as last year by individuals.

Creditreform follows the insolvency register and has been publishing its regular analyses on insolvencies in the Czech Republic and abroad for several years.

(Sourced from Czech News Agency)

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