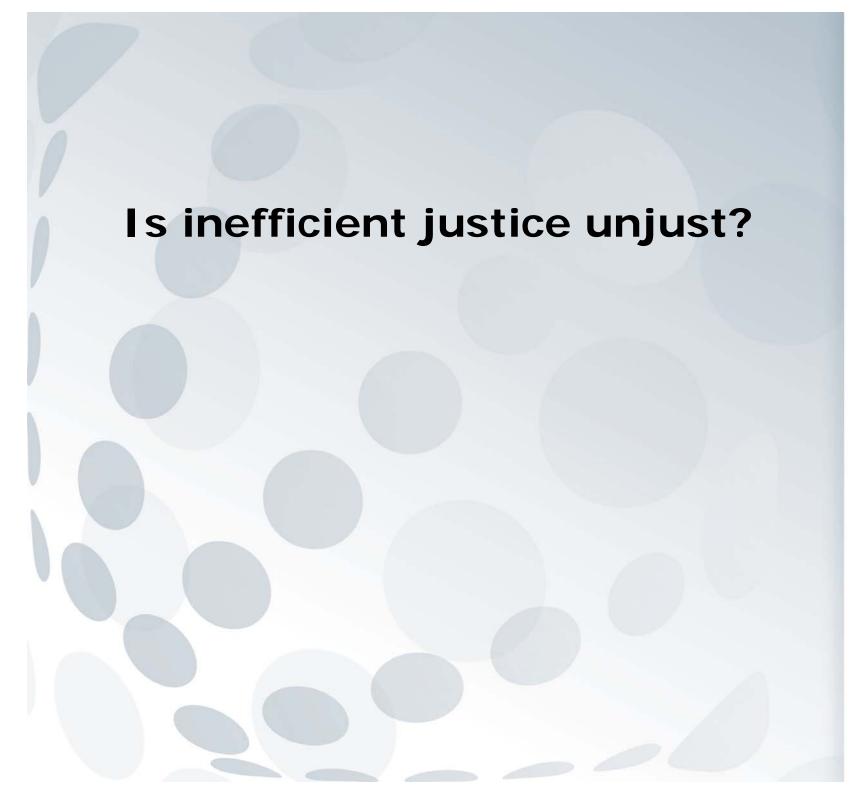
### Is Corporate Insolvency Law Effective and Efficient?

Mr.dr. Karin Luttikhuis RA



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#### **Characteristics:**

- Legal forms
- Economic activities
- Company size



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## Companies whose insolvency ended in 2004, according to legal form

Legal form	Number of companies	%	
Private limited company	2931	70.3	
Public limited company	17	0.4	
Foreign legal forms	42	1.0	
Commercial partnership	206	4.9 1 20	
Limited partnership	40		
Sole proprietorship	833		
Partnership	2	0	
Foundation	73	1.8	
Cooperative association	16	0.4	
Other	7	0.2	
Total	4167	100	



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Source: Statistics Netherlands (CBS)

# Companies whose insolvency ended in 2004, classified according to the Standard Industrial Classification

Standard Industrial Classification (1993)	Number of companies	%	
Unknown	21	1	
Agriculture and fisheries	62	1	
Industry	495	12	
Construction industry	544	13	
Repair and trade	1036	25 4	
Hotel and catering	186		
Transport	252	6	
Financial institutions	369	9	
Business services	1017	24	
Other services	186	4	
Total	4167	100	



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**Source: Statistics Netherlands (CBS)** 

## Corporate insolvencies according to number of employees in service at the

Entph (S	limited	OF Liblic line (1900)	ertnershi p	SO W	ut legal berson (other)	renge na	Total
0	1324	8	133	605	57	20	2145
1	274	3	20	127	8	9	442
2	195	0	37	28	4	6	270
39541	270	0	22	23	3	3	321
39696	343	2	18	25	9	1	398
43739	241	2	9	12	5	2	272
20-49	171	0	2	7	7	1	189
50-99	43	1	2	0	1	0	47
100-149	9	0	0	0	0	0	9
150-199	2	0	0	0	0	0	2
200-249	2	0	0	0	0	0	2
250-499	1	0	0	0	0	0	1
Unknown	56	0	6	6	0	0	68
Total	2931	17	249	833	95	42	4167



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Source: Statistics Netherlands (CBS)

#### Goals:

- Maximisation of the proceeds of the joint creditors
- Preservation of the businessess
- Preservation of employment



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In three fourths of the corporate insolvencies the insolvency creditors did not receive any payment at all



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The insolvency procedure achieves its goal of preserving businessess only to a limited extent



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The insolvency procedure achieves its goal of preserving employment only to a limited extent



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### Insolvency is of minor social importance



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#### Efficiency of goals is unkown



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### Conclusions:

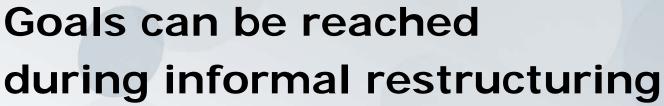
The social importance of the insolvency procedure is less than expected and it hardly achieves its goals



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### Goals can be reached during informal restructuring







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# Conclusion: Lack of supervision during informal restructuring



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Is the solution of financial difficulties a predominantly economic matter?



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