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Update on National Insolvency Statistics from Germany

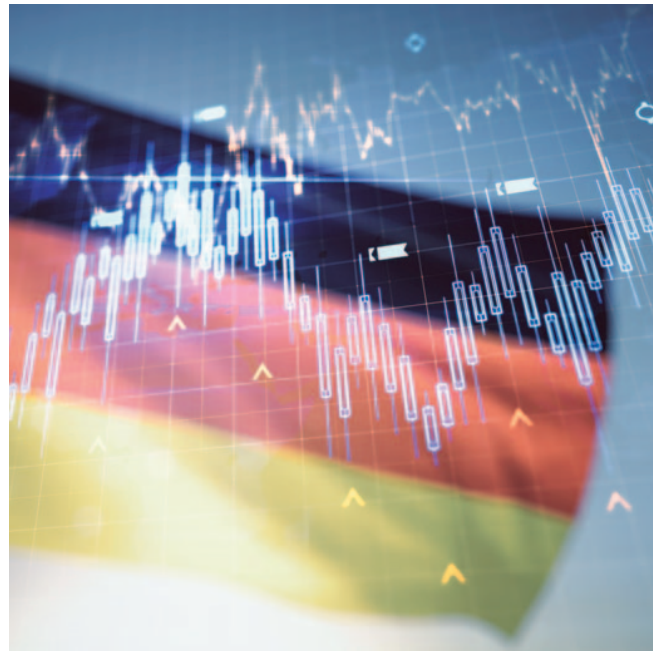


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During the past decade, the overall number of insolvencies have steadily decreased. Over the course of the last two years, a slew of new regulations as well as economic changes have somewhat reshaped the insolvency landscape in Germany.

With the help of considerable state subsidies, **business insolvency cases** arrived at a low in 2021 with only 14,130 cases registered, while the last peak in 2009 was at almost 33,000. However, due to prolonged inflation, as well as a rise in energy costs and interest rates, the projected numbers for this past year - 14,700 cases - indicates a slight increase for the first time since the aftermath of the global financial crisis. An uptick is particularly noticeable in the realm of large companies: while in 2021, only 72 businesses with an annual revenue of over EUR 20 million filed for insolvency, in 2022, this number reportedly increased to 122. In terms of total revenue of all insolvent enterprises, the EUR 11.6 billion projected for 2022 is a major departure from the EUR 7.7 billion seen in 2021.

Consumer insolvency proceedings have been deeply impacted by the abbreviated discharge period triggered by the EU regulation: introduced in



2021, the new mechanism provides for honest debtors a full discharge of debt within three years. The previous discharge period of six years was one of the longest in the EU. Consequently, it is no surprise that many consumers waited to file for insolvency only once the new regulation had taken effect - this explains the massive spike in consumer insolvencies in 2021. However, 2022 saw a return to the previous trend: there were only 65,300 consumer insolvencies registered, a sharp downturn

compared to the 78,920 in 2021. **Preventive restructuring (StaRUG)**, a new mechanism introduced in January 2021 that encourages restructuring without triggering insolvency proceedings, seems to have struggled to make waves. As always in Germany, innovations do take their time to become accepted. In its first year, a total of 22 cases were registered and, while the statistics for 2022 have yet to be published, experts do not count on a notable increase just yet. ■