



National Insolvency Statistics: Update from Latvia

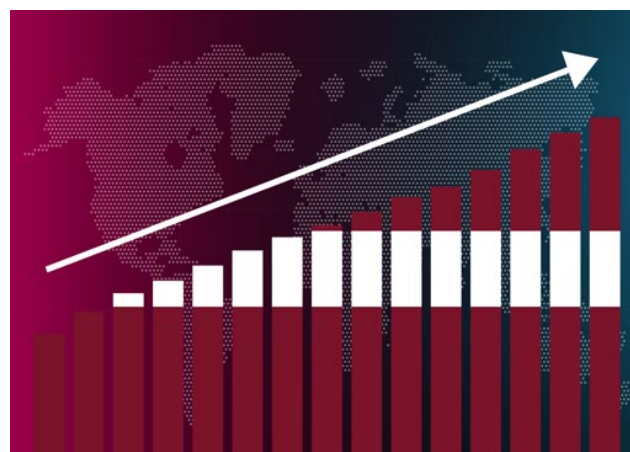


2022 was the first year since 2014 that saw an increase in the number of corporate insolvencies in Latvia, compared to the previous year. In fact, 393 insolvency cases were initiated, out of which 302 proceeded to the commencement of insolvency proceedings in 2022, compared to 257 initiated cases and 242 commenced proceedings in 2021.

It is also notable that the increase in the number of filings by creditors rose much more sharply, up to 186 in 2022, making up almost half of all cases initiated, compared to 47 in the year before. Just to compare with the above figures for the last couple of years, as many as 986 corporate insolvencies were initiated back in 2014.

The explanation for the above change lies in the fact that the restrictions aimed at curbing the consequences of the COVID-19 pandemic were no longer in force in 2022 – the insolvency moratorium (i.e. prohibition for the creditor to file for insolvency against a debtor) expired on 2 September 2021, while the safe harbour principle (i.e. suspension of the management boards' obligation to file) expired on 1 January 2022.

In the same light, the number of initiated legal protection



proceedings (restructuring proceedings) also increased last year (108 in 2020, 92 in 2021, 129 in 2022), which is also a natural consequence of the abovementioned removal of restrictions. However, the number of proceedings that have made it to the approval of the restructuring plan by the court and commencement of proceedings was down to 16 last year, compared with 26 a year earlier. Therefore, the proportion of approved plans has fallen from 28% in 2021 back to 12%, i.e., the same percentage as in 2020. In the majority of cases, the reason for the rejection of commencement of proceedings was that the creditors refused to accept the restructuring plan.

Thus, the proportion of commenced legal protection proceedings (5%) in the joint pool of corporate insolvencies and restructurings has returned to approximately the same figure as in 2020 (4%), whereas the said indicator had briefly risen to 10% in 2021.

Contrary to the abovementioned statistics of corporate insolvency proceedings, individual insolvencies have continued to follow the downward trend, with the number of commenced proceedings decreasing in 2022 – down to 816 from 901 in the previous year and 986 in 2020. ■



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