

# Insolvency Division of Estonia report and statistics



SIGNE VIIMSALU  
Tallinn, Estonia



## The Insolvency Division of Estonia is a brand-new independent supervision authority with autonomous competence and its own budget.

Acting as a supervisory authority, the Insolvency Division has three main tasks to fulfil in Estonia, which are:

- (i) to supervise the activities of the debtor and connected persons in bankruptcy proceedings and to investigate potential unlawful conduct by the same causing insolvency;
- (ii) to exercise administrative supervision over bankruptcy trustees within bankruptcy proceedings in respect of the lawful conduct of proceedings and the expediency of the costs of bankruptcy proceedings; and
- (iii) to contribute to the development of common insolvency practice in bankruptcy proceedings, reorganisation proceedings, debt restructuring proceedings as well as proceedings for the

release of natural persons from their obligations.

In the performance of its task, the Insolvency Division carries out special audits and public investigations. It can also make proposals to the bankruptcy trustee in the conduct of bankruptcy proceedings. However, the Insolvency Division does not exercise supervision over legal persons supervised by the Estonian Financial Supervision Authority.

In relation to its supervisory function, as at 30 June 2023, the Insolvency Division of Estonia has 70 (seventy) bankruptcy proceedings pending or processed, including 10 (ten) public investigations (so called public receiverships) opened. One public investigation has already been terminated. Also, at the same date, there are 76 bankruptcy proceedings of legal entities opened in total. This can be compared to 2022, when the number was 56 as at 30 June. Overall, 70 proceedings involved assetless legal entities with losses

caused to creditors estimated thus far at EUR 8 million.

The main findings of the Insolvency Division in its supervisory role, also as at 30 June 2023, were the following:

- 1) In 56 (out of 70) cases, the debtor did not submit a bankruptcy application in time;
- 2) In 25 (out of 70) cases, the debtor made grave management mistakes;
- 3) In 32 (out of 70) cases, the debtor did not submit annual accounts on time or not at all;
- 4) In 24 (out of 70) cases, the debtor had no book-keeping records whatsoever;
- 5) In 9 (out of 70) cases, the debtor's book-keeping was insufficient;
- 6) In 10 (out of 70) cases, other reasons given for insolvency included the impact of Covid-19, war, financial sanctions and *force majeure*; and
- 7) In 2 (out of 70 cases), a knock-on insolvency happened (a chain reaction in the industry). ■



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