

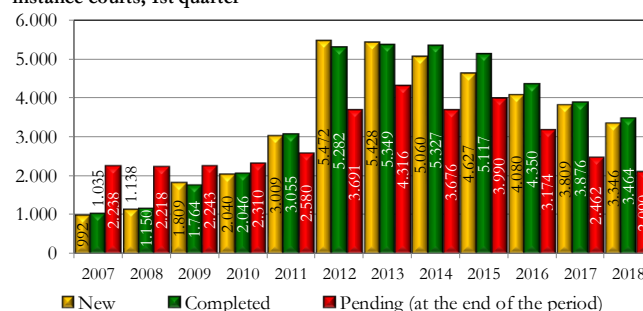
## Quarterly statistics on insolvency cases, on special revitalization procedures and on special procedures for payment agreement (2007-2018)

*The current report aims to portray the quarterly evolution of bankruptcy, insolvency and company rescue cases, of the special revitalization procedures and of the special procedures for payment agreement, at the first instance courts, from 2007 to 2018.*

### Case flow of bankruptcy, insolvency and company rescue cases, at the first instance courts, in the 1st quarter of each year

In table 1 it is possible to compare the first quarters of the years 2007 to 2018, where it may be observed a sharp increase in the number of new bankruptcy, insolvency and company rescue cases, in the first instance courts, from 2007 to 2012. From 2013 onwards such trend is reversed with a decrease in the number of new cases. When similar periods related to the first quarter of 2007 and to the first quarter of 2018 are compared, there is an increase of around 237.3% in the number of new cases. This increase is followed by a similar increase in the number of completed cases, being the variation of 234.7% in that same period. In 2018, the number of pending cases at the end of the first quarter shows a decrease of 15.1% when compared with the value recorded at the end of the first quarter of 2017. In view of the first quarter of 2007, there is however a decrease of 6.6%.

Table 1 - Bankruptcy, insolvency and company rescue cases in the first instance courts, 1st quarter

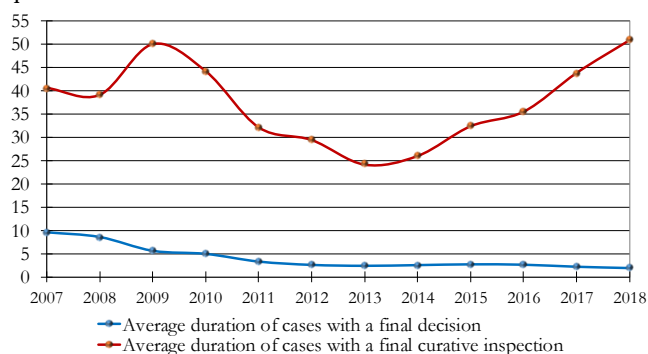


### Average duration of bankruptcy, insolvency and company rescue cases, in the 1st quarter of each year

Regarding the *average duration of completed cases in the first quarter* of each year and considering the time elapsed between their entry and the final decision, that is, the declaration of insolvency or others alike, there was a sharp decrease in the observed trend between 2007 and 2018 (table 2). In fact, the average duration of these cases which was of 10 months in the first quarter of 2007, presented, in the first quarter of 2018, one fifth of this value (2 months). This decrease follows the effects of the procedural amendments introduced by Decree-Law 53/2004, of 18 March, which approved the Insolvency and Company Rescue Code. When compared to the first quarter of 2017, the average duration of completed cases in the first quarter of 2018 remained steady (2 months).

Considering all the *subsequent phases of the case until the final curative inspection*<sup>1</sup>, the average duration of these cases was of 41 months in the first quarter of 2007 and of 51 months in the first quarter of 2018 (corresponding to an increase of 10 months). When compared with the first quarter of 2017, the average duration, in the first quarter of 2018, has increased 7 months, going from 44 to 51.

**Table 2 - Average duration (in months) of completed bankruptcy, insolvency and company rescue cases in the courts of 1st instance - 1st quarter**

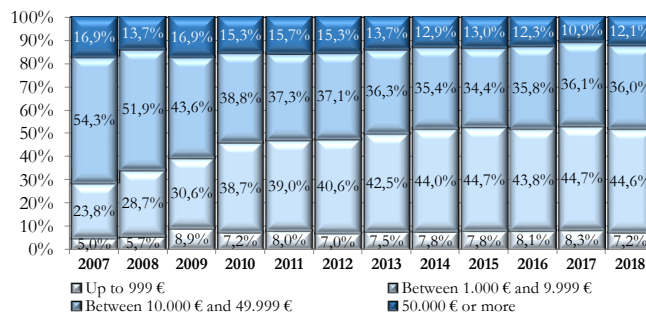


### Characterization of completed bankruptcy, insolvency and company rescue cases, in the 1st quarter of each year

Taking into account the *ranking value* (table 3) of the completed bankruptcy, insolvency and company rescue cases in similar periods corresponding to the first quarter of each year under analysis, it is possible to observe an increasing trend in the number of cases whose value is between €1,000 and €9,999, an increase of 20.9 percentage points. On its turn, the group ranging between €10,000 and €49,999 has had a decrease of 18.3 percentage points. The groups up to €999 and €50,000 or more have maintained their weight relatively stable in the overall total of cases (more 2.3% and less 4,8%, respectively, between the first

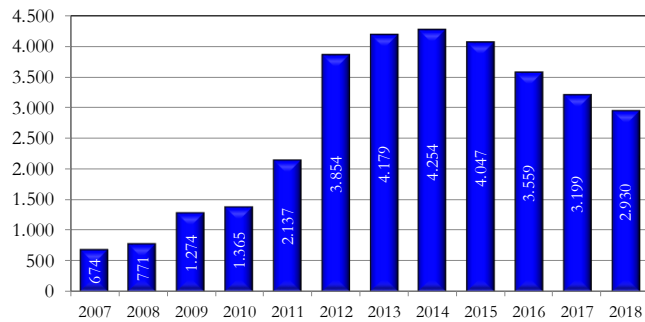
quarter of 2007 and the first quarter of 2018). The intermediate group levels are the most represented and together they present a ratio close to 80% of the overall total of cases. When compared to the first quarter of 2017, there were no significant changes in the ranking of values in the first quarter of 2018 (all the changes are equal or under 1.5 percentage points: less than 1.1 in the group up to €999, less than 0.1 in the group between €1,000 and €9,999, less than 0.1 in the group between €10,000 and €49,999 and 1.3 more in the group of €50,000 or more).

**Table 3 - Group value of completed bankruptcy, insolvency and company rescue cases in the courts of 1st instance, 1st quarter**



As regards the *number of declared insolvencies in the 1st instance courts* (table 4), in the similar periods corresponding to the first quarter of each year, it is possible to note a marked tendency for growth, being the value recorded in the first quarter of 2018 almost four times more than the value recorded in the first quarter of 2007. The increasing trend is quite evident in the increase of 80.3% observed between the first quarter of 2011 and the similar period of 2012. In the first quarter of 2018 and in view of the similar period of 2017, there was a decrease of 8.4% in the number of declared insolvencies. When compared with the first quarter of 2014 such value has recorded a decrease of 31.1%.

**Table 4 - Insolvencies declared in the courts of first instance, 1st quarter**



As concerns the *type of person involved in declared insolvencies* (table 5) there is an increase, when comparing the first quarter of 2007 with the first quarter of 2018, in the weight of natural persons in the overall total of the cases (going from 16.9% to 76.6%, that is, more than four times the weight), followed by a comparable decrease of legal persons of private law (going from 81.3% to 23.3% and recording a decrease of 58.0 percentage points). In the first quarter of 2018 and in view of the first quarter of 2017, there was an increase of about 0.7 percentage points in the proportion of natural persons declared insolvent. Regarding the legal persons of private law, there was a decrease in their relative weight (0.7 percentage points less).

**Table 5 - Type of person involved in insolvencies declared in the courts of first instance, 1st quarter**

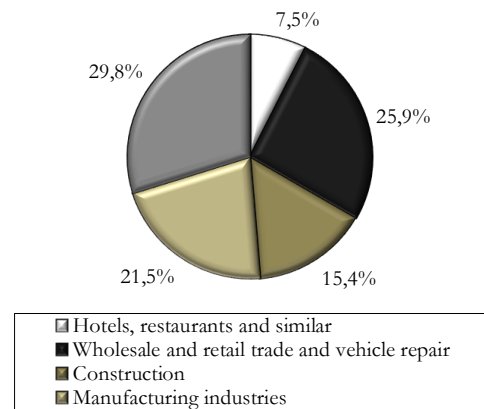


As to the *costs of bankruptcy, insolvency and company rescue cases*, it was approximately calculated the average value<sup>2</sup> of € 2.387,26, bearing in

mind the cases with a final curative inspection in the first quarter of 2018, in which there were amounts given out for payment by the Institute for Financial Management and Infrastructures of Justice I.P. (1931 cases).

Considering the *section of the Portuguese Classification of Economic Activities (CAE)* regarding the legal persons of private law involved in declared insolvency cases in the first quarter of 2018, it is possible to state that 25.9% corresponded to the category of wholesale trade, retail trade and vehicle repair and 21.5% to the category of manufacturing industries, these being the categories with the most relevant weight (table 6).

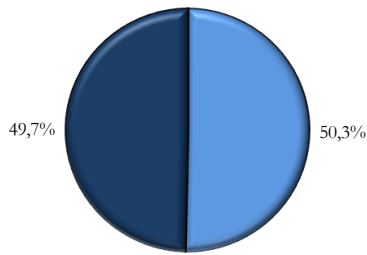
**Table 6 - Cases with declared insolvency in the 1st quarter of 2018, in relation to the session of the Portuguese Classification of Economic Activities (CAE), where a legal person of private law is involved**



**Sample data<sup>3</sup> on the rate of credit recovery in bankruptcy, insolvency and company rescue cases with a final curative inspection, in the 1st quarter of 2018**

The *sample data* collected on *bankruptcy, insolvency and company rescue cases, with a final curative inspection, in the first quarter of 2018*, provide a better understanding on this type of cases.

**Table 7 - Cases, in the 1st quarter of 2018, with recognised credits that presented some type of payment (sample data)**

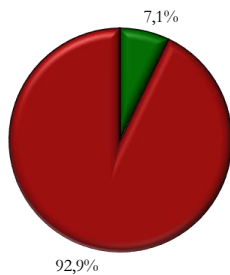


■ Sample proportion of cases with recognised credits that did present some type of payment  
 ■ Sample proportion of cases with recognised credits that did not present any type of payment

Restricting the analysis to the cases that presented recognized claims (**table 7**), it is possible to observe that the proportion of cases that present some type of credit payment is of 50.3%, when compared to the 49.7% that do not present any type of payment.

The *rate of credit recovery*, that is, the ratio of the amount of claims paid over the amount of recognized credits, is of 7.1% (**table 8**). The remaining 92.9% of the amount of credits recognized by the courts do not correspond to their effective payment.

**Table 8 - Credit recovery rate, in the 1st quarter of 2018 (sample data)**

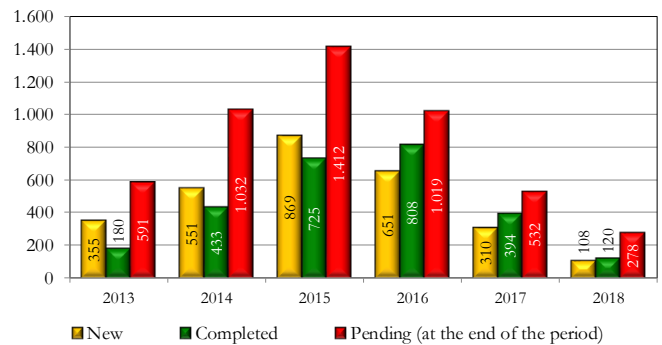


■ Proportion of the value of recognised credits that were paid  
 ■ Proportion of the value of recognised credits that were not paid

**Case flow of special revitalization procedures, at the 1st instance courts, in the 1st quarter of each year**

Taking into account that these procedures exist since 20 May 2012, **table 9** shows that, in the first quarter of 2018, there were 108 new special revitalization procedures (around 69.6% less than in the first quarter of 2013), 120 having been completed, (around 33.3% less than in the first quarter of 2013). At the end of the first quarter of 2018, 278 of these procedures were pending.

**Table 9 - Special revitalization procedures in the 1st instance courts, 1st quarter**



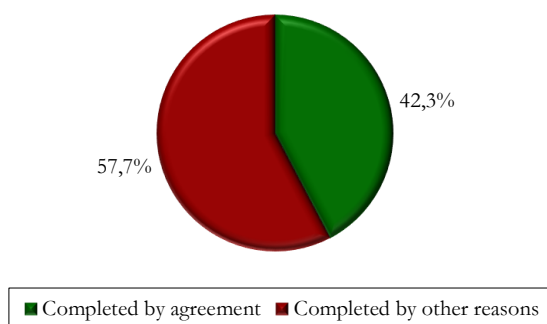
**Average duration of the special revitalization procedures in the 1st quarter de 2018<sup>4</sup>**

On its turn, the *average duration of the special revitalization procedures completed* between January and March 2018 was of 226,3 days, corresponding to about 7 months and 16 days.

**Characterization of the special revitalization procedures in the 1st quarter de 2018<sup>4</sup>**

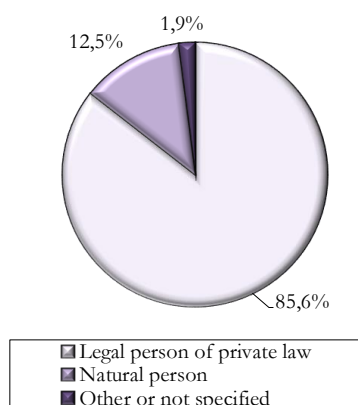
Taking into account the *final decision* of the special revitalization procedures in the first quarter of 2018, it is possible to observe that 42.3% of these procedures ended by agreement and that the remaining 57.7% ended by other reasons (**table 10**).

**Table 10 - Final decision of the special revitalization procedures, in the 1st quarter of 2018**



As regards the *type of person involved in special revitalization procedures* (table 11), in the first quarter of 2018, the weight of the legal persons of private law corresponded to 85.6% of the overall total of procedures and the weight of the natural persons was of 12.5% of that total.

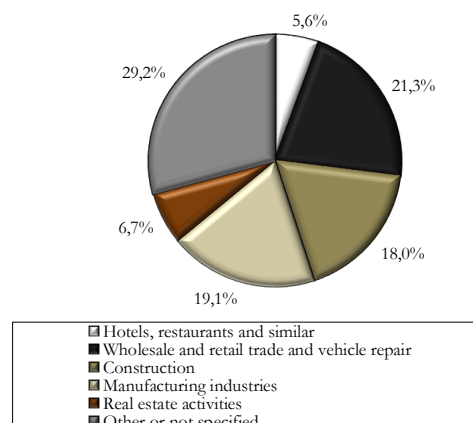
**Table 11 - Type of person involved in the special revitalization procedures, in the 1st quarter of 2018**



Considering the *section of the Portuguese Classification of Economic Activities (CAE)* regarding the legal persons of private law involved in special revitalization procedures in the first quarter of 2018, it is possible to state that 21.3% corresponded to the category of wholesale trade, retail trade and vehicle repair, 19.1% corresponded to the category of manufacturing industries, and 18.0% corresponded to the category of construction,

these being the categories with the most relevant weight (table 12).

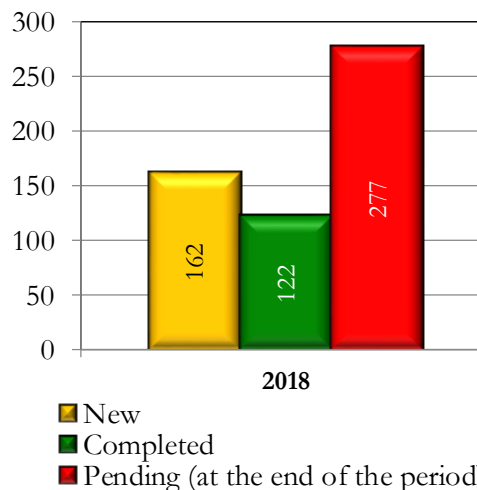
**Table 12 - Special revitalization procedures in the 1st quarter of 2018, in relation to the session of the Portuguese Classification of Economic Activities (CAE), where a legal person of private law is involved**



**Case flow of the special procedures for payment agreement in the 1st instance courts, in the 1st quarter of each year**

Considering that these procedures exist since 1 July 2017, table 13 shows that in the first quarter of 2018 there were 162 new special procedures for payment agreement, 122 having been completed. At the end of the first quarter of 2018, 277 of these procedures were pending.

**Table 13 - Case flow of the special procedures for payment agreement in the courts of first instance, 1st quarter**



**QUARTERLY STATISTICAL HIGHLIGHT 54.**

Quarterly statistics on insolvency, on special revitalization procedures and on special procedures for payment agreement (2007-2018)

## *Footnotes*

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<sup>1</sup> The final curative inspection is a note issued by the judge after finding that a given completed case has followed all the subsequent proceedings, has no irregularities, or that any potential irregularities were corrected.

<sup>2</sup> The average value is based on the amounts given out for payment by the Institute for Financial Management and Infrastructure of Justice, on account of the work carried out by the insolvency administrators in insolvency, bankruptcy and company rescue cases with a final curative inspection, from January to March 2018. This average value was calculated considering the cases in which amounts given out for payment have been identified, which correspond to 68.0% of the cases with a final curative inspection in said period.

<sup>3</sup> Sample size equal to 339 cases; size obtained from the formula designed to calculate the sample size for proportions, for a population size equal to 2.840 cases, a significance level of 5.00% (which corresponds to a confidence range of 95%) and absolute accuracy of 5% (corresponding to the maximum difference between the values of the sample proportions presented and the true values of these proportions in the population).

<sup>4</sup> In order to achieve a better representation of the reality of the phenomenon under study, the characterization data for the special revitalization procedures, in the first instance courts, do not include procedures carried over, incorporated, joined and sent to another entity.

## *Framework note 1. – Time scope and other considerations*

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From 2007, the statistical data related to the cases in the first instance courts are directly gathered from the courts' computer system. Thus the present procedural situation corresponds to the cases that are recorded in this system. Data related to the year 2007 reflect the effects of the entry into force of Decree-Law 250/2007, of 29 June, which proceeds to reorganize the courts of first instance, recording the corresponding processing of the cases. New and completed cases include those transferred between organizational units as a result of extinction and creation of new courts or sections. Exception is made in relation to transfers resulting from Law 3/99 of 13 January, which, in that year, introduced changes in the organization and functioning of the courts.

## *Framework note 2. – Concept of pending case*

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Pending cases correspond to cases that have not yet had a final decision, judgment, sentence or order, in their respective instance, regardless of *res judicata*. These are cases that are waiting for acts or due diligences to be carried out by the court, by the parties or by other entities. In certain types of cases, they may also be waiting for certain facts to occur or for a time period to run out. A suspended case is, for instance, a pending case, irrespective of the cause of suspension.

## *Framework note 3. – Concept of average duration of completed cases*

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The average duration of a completed case in court corresponds to the period of time between the day in which the case began in the court first seized and the day it was completed, even if re-distributed, that is, between the day the case began in the court where it entered and the day it was completed in that same court or in any another court to which it has been redistributed. The concept of average duration used in this statistical highlight corresponds to the so-called duration of the initial case, to which the duration in the various courts where it has run is added.

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## **QUARTERLY STATISTICAL HIGHLIGHT 54.**

**Quarterly statistics on insolvency, on special revitalization procedures and on special procedures for payment agreement (2007-2018)**

*Framework note 4. – Concept of average duration of cases until the final curative inspection*

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The average duration of a case until the final curative inspection corresponds to the time period between the date of its beginning and the time of the final curative inspection in the court in which the latter occurs.

*Technical sheet:*

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The Directorate-General for Justice Policy (DGPJ) of the Ministry of Justice, in accordance with Article 2 (1) of Decree-Law 163/2012 of 31 July has the mission to give technical support within the scope of legislative production and legal assessment, to monitor the policies and the strategic planning for the sector, to coordinate the external affairs and the cooperation in the justice area, being also responsible for the statistical data in the Ministry of Justice.

Law 22/2008 of 13 May defines the basic general guidelines and principles that govern the National Statistical System (SEN), particularly with regard to the delegation of powers of the National Statistical Institute (INE), in other entities.

Under the provisions of Article 24 of Law 22/2008, of 13 May, a protocol was celebrated empowering the DGPJ with the production and dissemination of the Justice official statistics.

As a delegated entity, DGPJ is subject to compliance, in its relevant part, with the Law 22/2008, of 13 May, with the Decree-Law 166/2007, of 3 May, as well as with the rules established by Community legislation, adopting the Code of Conduct for European Statistics and the Regulation for the Application of the Principle of Statistical Confidentiality of the National Statistical Institute.

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Directorate General for Justice Policy (DGPJ)  
Av. D. João II, n.º 1.08.01 E, Torre H, Pisos 2/3  
1990-097 Lisboa, Portugal  
Tel.: +351 217 924 000  
Fax.: +351 217 924 090  
E-mail.: [correio@dgpj.mj.pt](mailto:correio@dgpj.mj.pt)  
<http://www.dgpj.mj.pt>