
Northern Ireland Individual & Corporate Insolvencies

Q3 2012 Update

Issued 7th November 2012

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N. Ireland Personal & Corporate Insolvencies Summary

- ❑ In Q3 2012, 844 individuals were declared insolvent in Northern Ireland. This represented a rise of 6% q/q and 39% on the same quarter in 2011. Furthermore, the latest quarterly increase was the steepest rise on record.
 - ❑ During the last 12 months to Q3 2012, there were 3,221 personal insolvencies within Northern Ireland. This represents a 22% increase on the previous four quarter period (Q4 2010 – Q3 2011) and a record high.
 - ❑ During the latest 4 quarter period to Q3 2012, the number of personal insolvencies in Northern Ireland has more than doubled (+115%). This compares with increases of 36% for Scotland and just 1.7% for England & Wales. Meanwhile, Northern Ireland's personal insolvencies have increased more than five-fold since 1998.
 - ❑ Despite the sharper rises in NI's insolvency figures, the incidence of personal insolvency remains lower in Northern Ireland than in England & Wales. Individual insolvencies per capita (> 18 years) are 23.6 per 10,000 of adult population relative to 25.6 for England & Wales.
 - ❑ Looking ahead, the debt overhang & more intense squeeze on local household finances will see a further closing (& reversal) in NI's insolvency rate gap with England & Wales. Since 2007 NI's personal insolvency rate has more than doubled whereas the equivalent rate for England & Wales is lower than it was in 2007 (26.2).
 - ❑ Since the credit crunch began in Q3 2007 there have been 11,511 personal insolvencies and 1,555 corporate insolvencies in Northern Ireland.
 - ❑ In Q3 2012, there were 95 company liquidations in Northern Ireland. This represented a decrease of 20.2% q/q but a rise of 15.9% on the Q3 2011 figure.
 - ❑ During the last 12 months to Q3 2012 there were 402 corporate insolvencies – a record high. This represents an increase of 14.2% on the previous four quarter period (Q4 2010 - Q3 2011) and is 175% higher than the levels that prevailed before the credit crunch began (Q4 2006 – Q3 2007). Scotland and England & Wales have posted increases of 125% and 30% respectively over this same period.
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Summary Table: NI Personal & Corporate Insolvencies

	Individuals				Companies		
	Total	Bankruptcy Orders	Individual Voluntary Arrangements	Debt Relief Orders	Total	Compulsory Liquidations	Creditors Voluntary Liquidations
2007	1,338	898	440	...	164	122	42
2008	1,638	1,079	559	...	209	158	51
2009	1,958	1,236	722	...	247	164	83
2010	2,323	1,321	1,002	...	382	250	132
2011	2,839	1,615	1,112	112	345	209	136
2012 (last 4 quarters to Q3)	3,221	1,506	1,248	467	402	253	149
2012 Q3 Q/Q % Change	6.0%	-19.6%	39.4%	9.1%	-20.2%	-17.8%	-23.9%
2012 Q3 Y/Y % Change	38.8%	2.0%	44.0%	323.5%	15.9%	39.5%	-10.3%
Last 4 quarters Y/Y % Change	22.3%	-3.2%	19.4%	...	14.2%	18.2%	8.0%
% rise since credit crunch began*	114.6%	60.7%	84.9%	...	175.3%	138.7%	272.5%

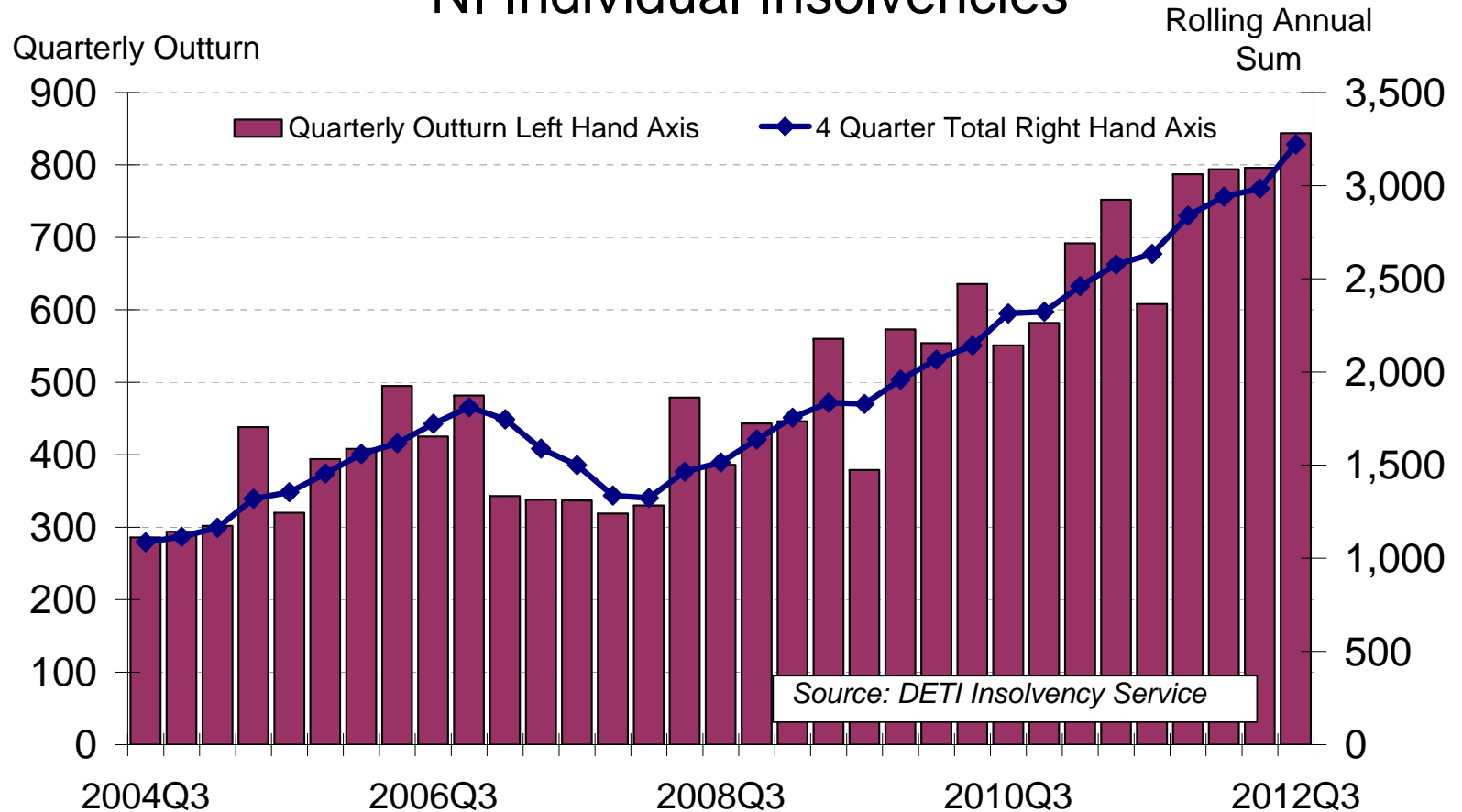
Source: DETI Insolvency Service, * Relative to 4 quarters up to Q3 2007

Personal or Individual Insolvencies

*Includes: Bankruptcy Orders, Debt Relief
Orders (DROs) and Individual Voluntary
Arrangements (IVAs)*

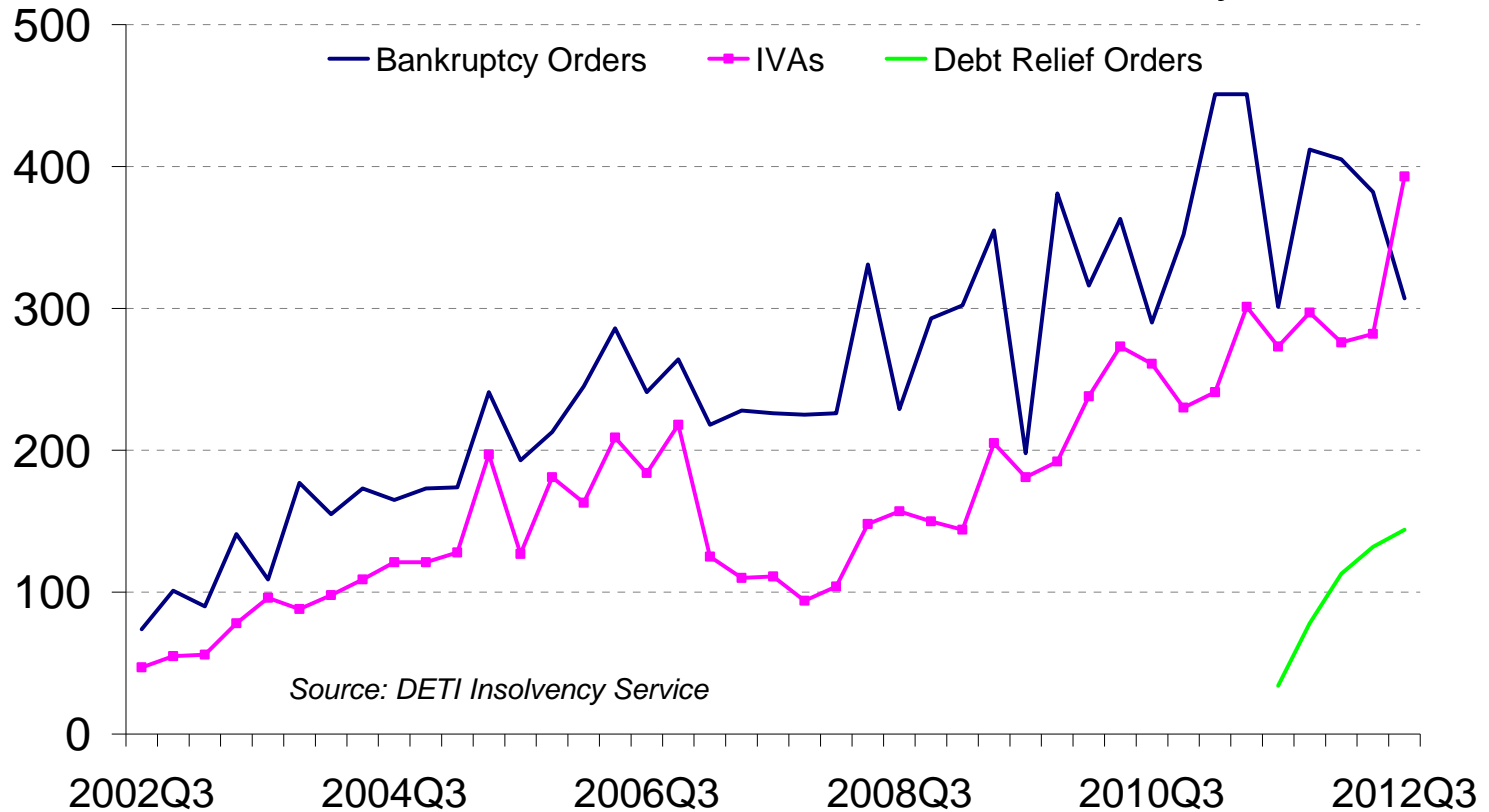
844 individuals became insolvent in Q3 2012 bringing the total over the last 12 months to over 3,221

NI Individual Insolvencies



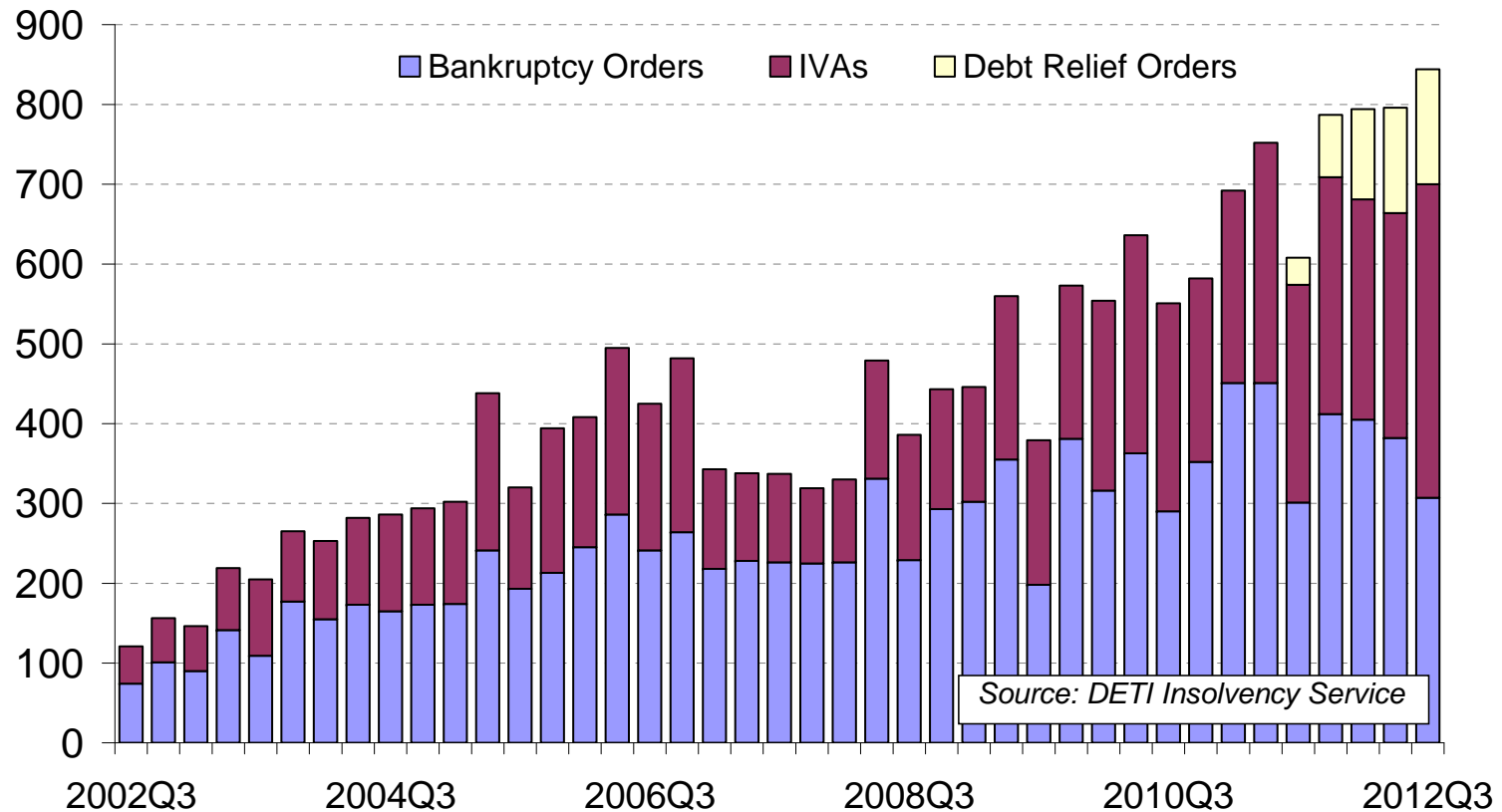
Bankruptcy Orders experience a sharp fall in Q3 whilst IVAs post a steep rise (39% q/q)

NI Personal Insolvencies - Quarterly

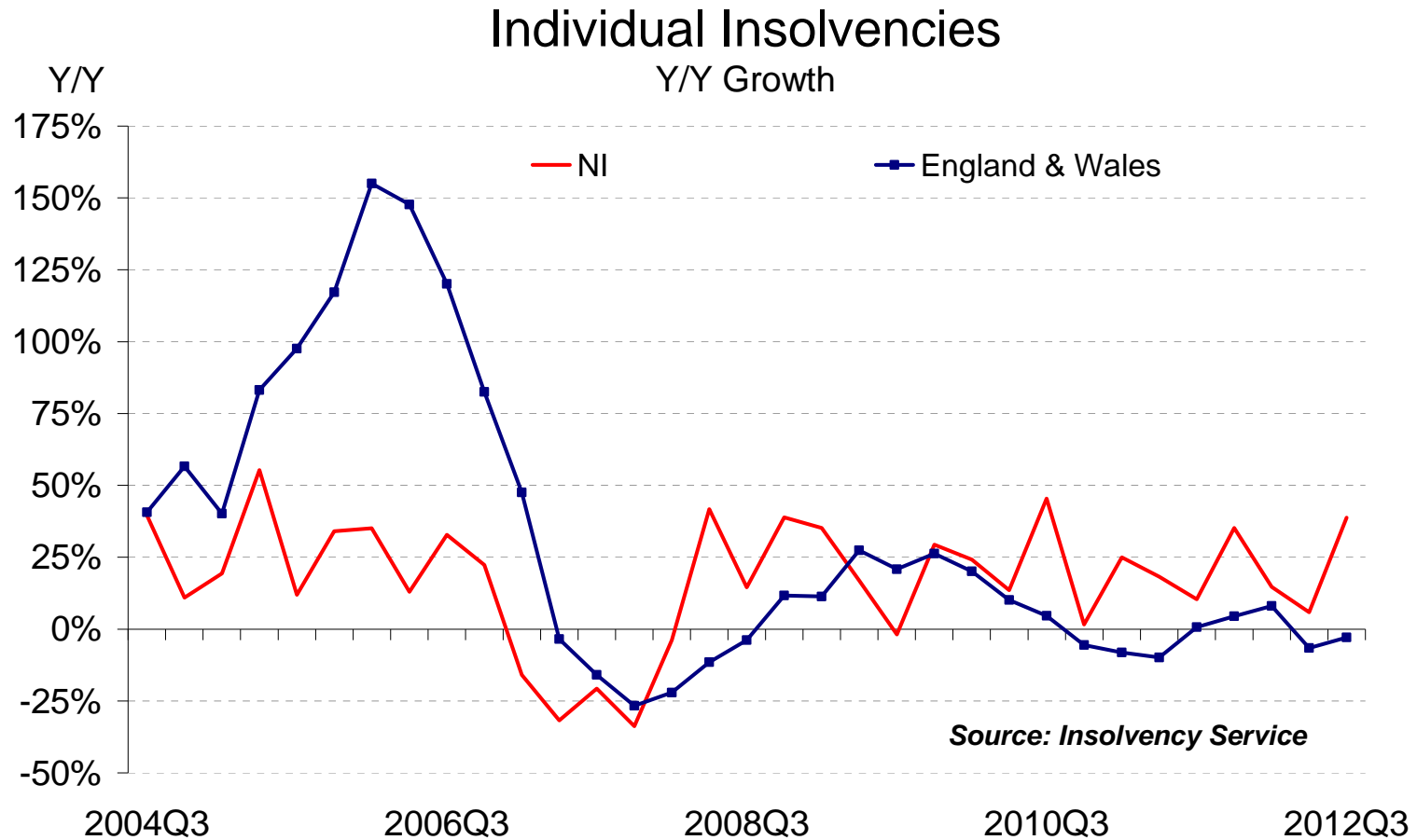


IVAs overtake Bankruptcy Orders as the most common form of insolvency for the 1st time & account for 47% of insolvencies

NI Personal Insolvencies



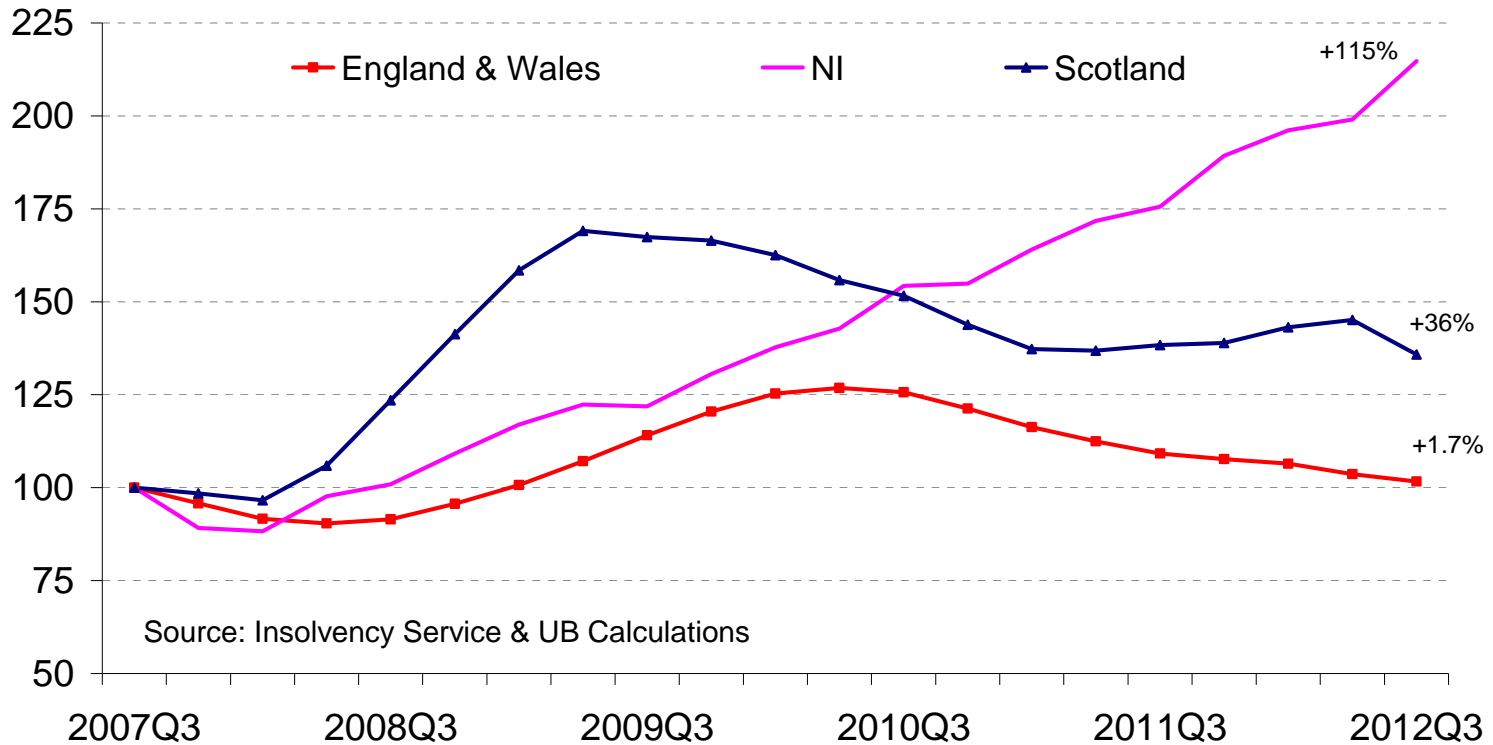
NI's personal insolvencies have been rising at a faster rate during the downturn than England & Wales



NI's personal insolvencies have more than doubled in 5 yrs whereas England & Wales are almost back to 2007 levels

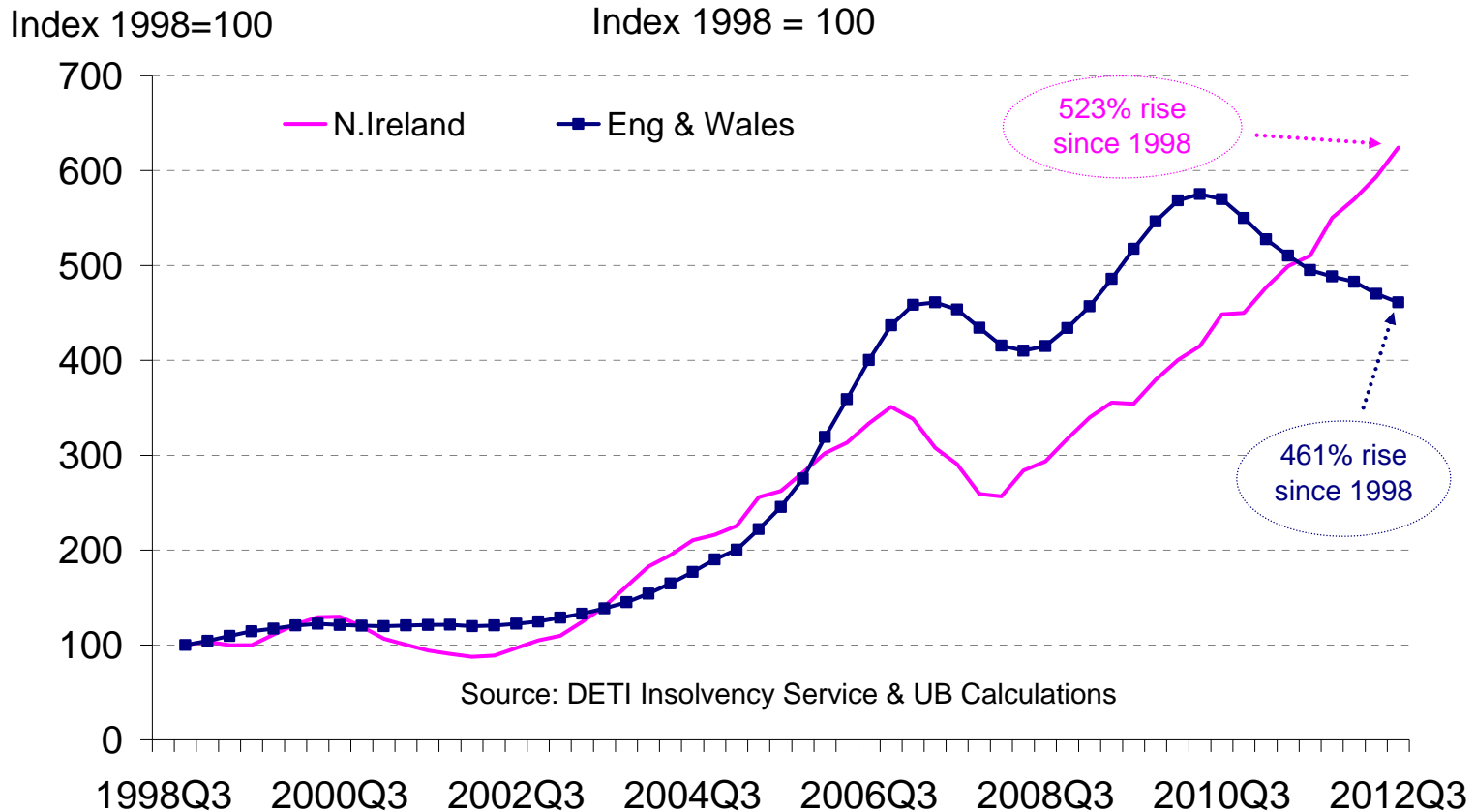
Growth in Personal Insolvencies since the Credit Crunch Began

Index 4 Qtrs to Q3
2007 = 100



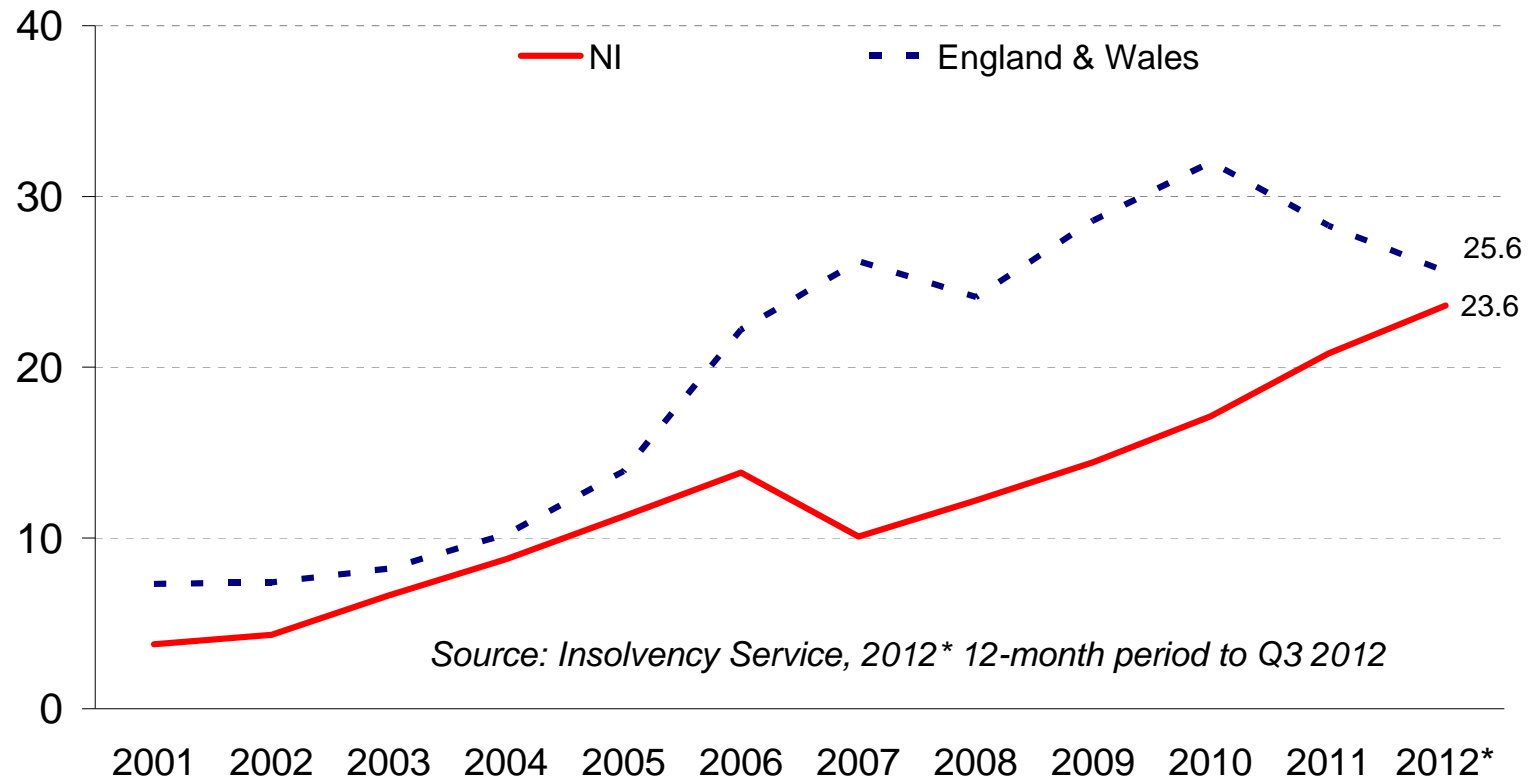
Personal insolvencies have experienced a five-fold increase in Northern Ireland since 1998

Growth in Personal Insolvencies since 1998



N.Ireland's personal insolvency rate remains below that of England & Wales but has been converging with it

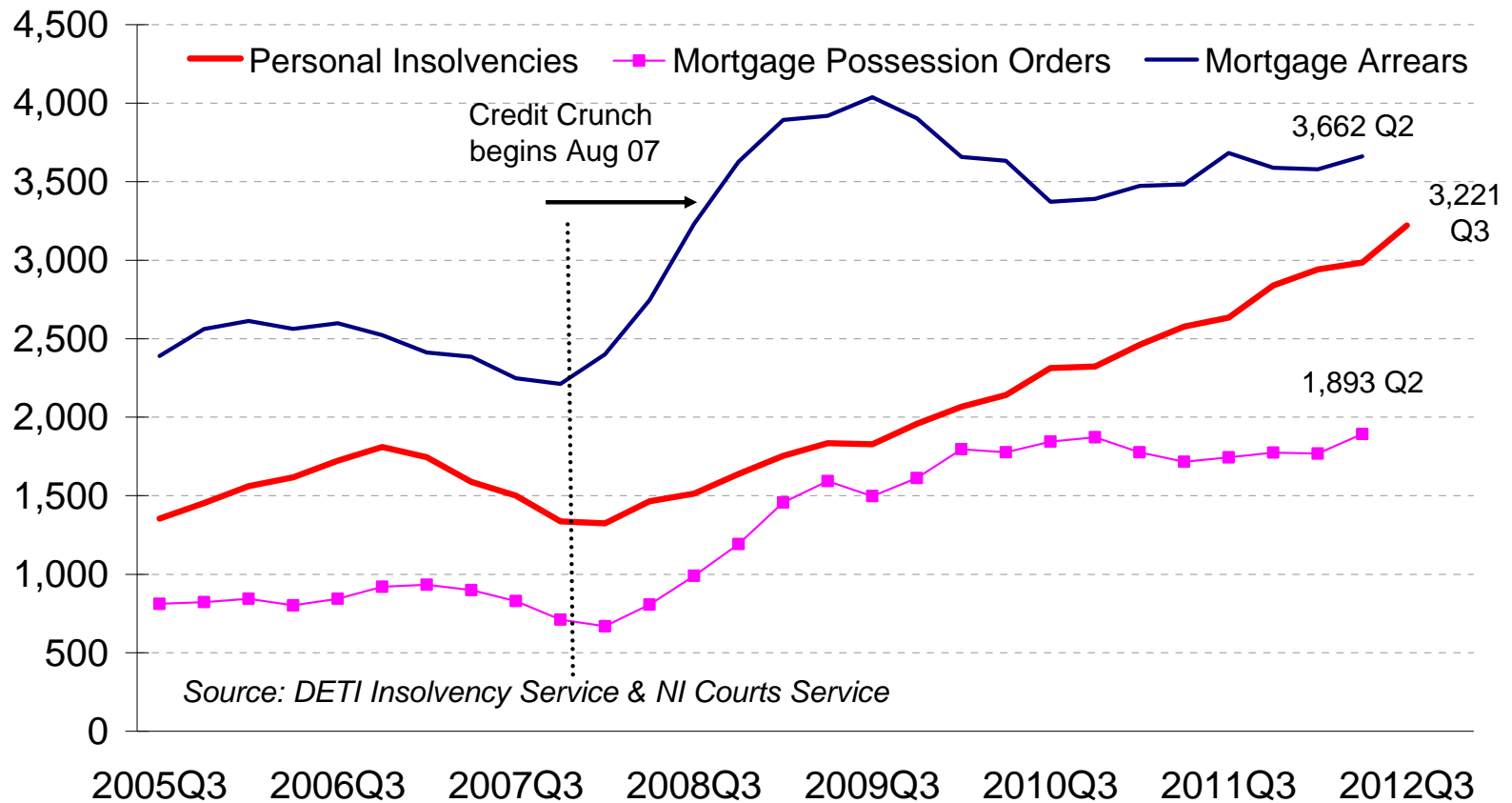
Insolvencies per capita
 Personal Insolvencies per 10,000 adult population (18+)



Rise in personal insolvencies is one sign of consumer stress

NI Consumer Stress

Rolling 4 Quarter Total



Corporate Insolvencies

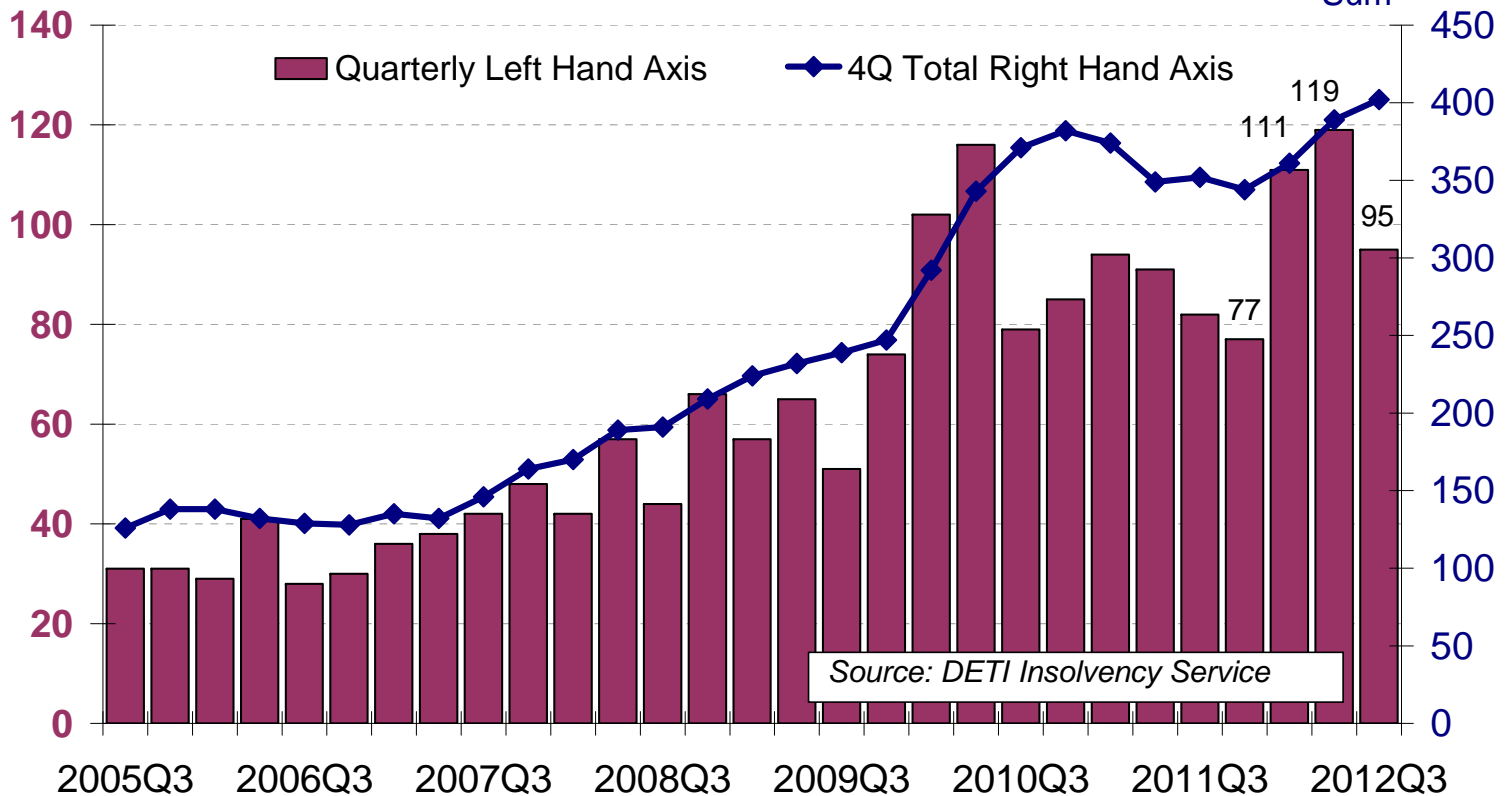
*Includes: Compulsory Liquidations and
Creditors' Voluntary Liquidations*

95 local firms became insolvent in Q3, a 20% drop below the Q2 figure, but annual figure hits a fresh record high

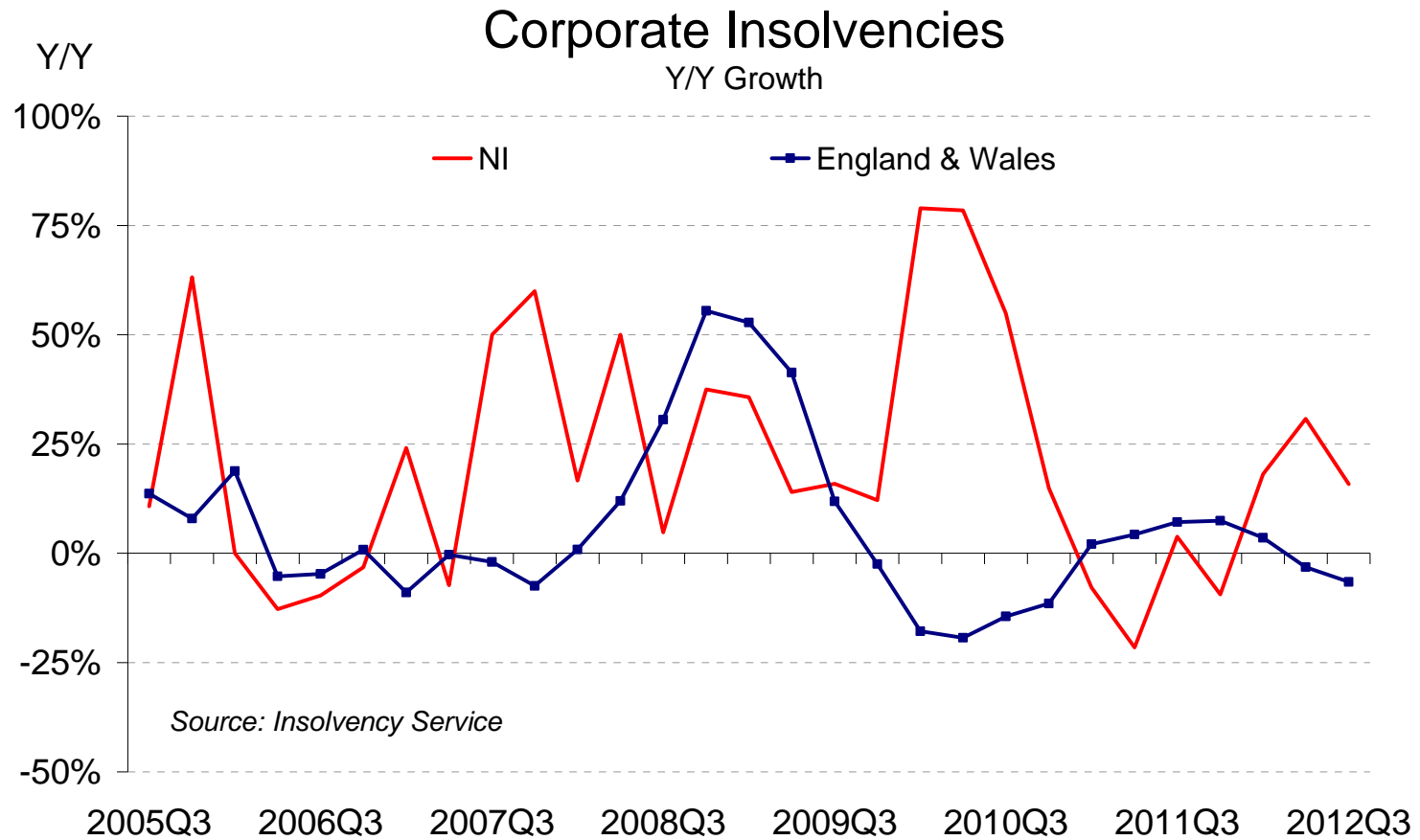
NI Corporate Insolvencies

Quarterly Outturn

Rolling Annual Sum



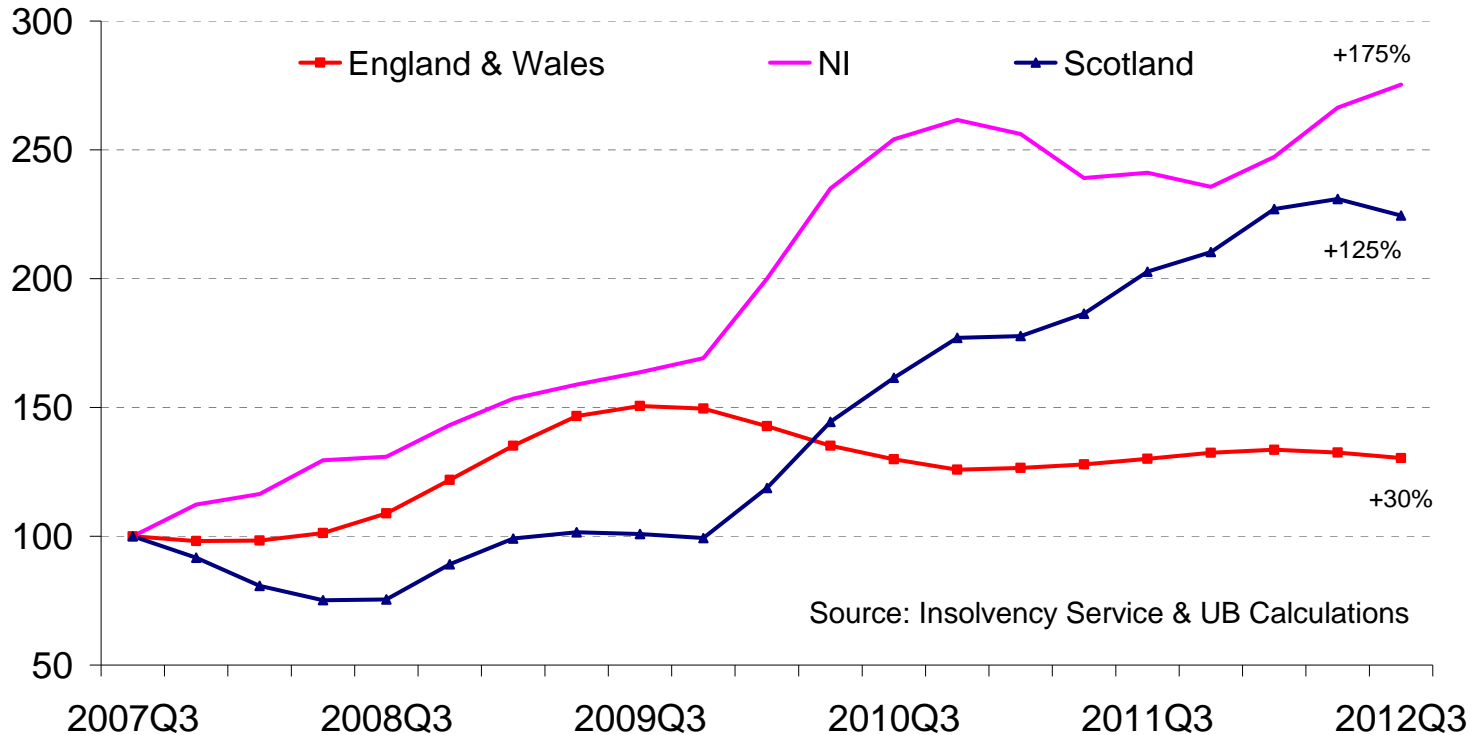
N.Ireland's annual growth rate in corporate insolvencies has tended to be much higher than in England & Wales



NI corporate insolvencies have risen by almost six times the rate in England & Wales since the credit crunch began

Growth in Corporate Insolvencies since the Credit Crunch Began

Index 4 Qtrs to Q3
2007 = 100



Detailed Table: NI Personal & Corporate Insolvencies

Northern Ireland Corporate & Personal Insolvencies

	Individuals				Companies		
	Total	Bankruptcy Orders	Individual Voluntary Arrangements	Debt Relief Orders	Total	Compulsory Liquidations	Creditors Voluntary Liquidations
2005	1,454	821	633	...	138	85	53
2006	1,809	1,035	774	...	128	78	50
2007	1,338	898	440	...	164	122	42
2008	1,638	1,079	559	...	209	158	51
2009	1,958	1,236	722	...	247	164	83
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2011	2,839	1,615	1,112	112	345	209	136
2012 (last 4 quarters to Q3)	3,221	1,506	1,248	467	402	253	149
2007 Q1	343	218	125	...	36	29	7
Q2	338	228	110	...	38	29	9
Q3	338	227	111	...	42	28	14
Q4	319	225	94	...	48	36	12
2008 Q1	330	226	104	...	42	37	5
Q2	479	331	148	...	57	42	15
Q3	386	229	157	...	44	27	17
Q4	443	293	150	...	66	52	14
2009 Q1	446	302	144	...	57	34	23
Q2	560	355	205	...	65	46	19
Q3	379	198	181	...	51	27	24
Q4	573	381	192	...	74	57	17
2010 Q1	554	316	238	...	102	49	53
Q2	636	363	273	...	116	92	24
Q3	551	290	261	...	79	55	24
Q4	582	352	230	...	85	54	31
2011 Q1	692	451	241	...	94	61	33
Q2	752	451	301	...	91	56	35
Q3	608	301	273	34	82	43	39
Q4	787	412	297	78	77	48	29
2012 Q1	794	405	276	113	111	72	39
Q2	796	382	282	132	119	73	46
Q3	844	307	393	144	95	60	35
Latest Quarter Q/Q % Change	6.0%	-19.6%	39.4%	9.1%	-20.2%	-17.8%	-23.9%
Latest Quarter Y/Y % Change	38.8%	2.0%	44.0%	323.5%	15.9%	39.5%	-10.3%
Last 4 quarters Y/Y % Change	22.3%	-3.2%	19.4%	...	14.2%	18.2%	8.0%
% rise since credit crunch began*	114.6%	60.7%	84.9%	...	175.3%	138.7%	272.5%

Source: DETI Insolvency Service, * Relative to 4 quarters up to Q3 2007

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NI's individual insolvencies hit fresh record high

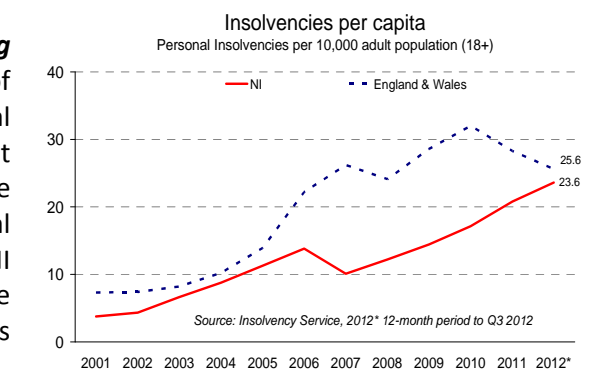
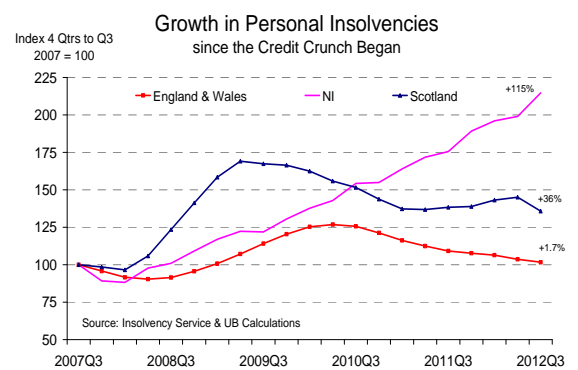
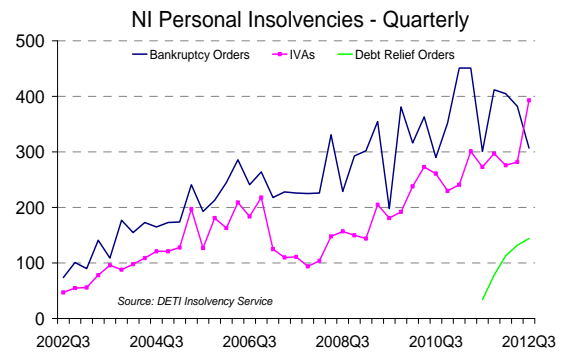
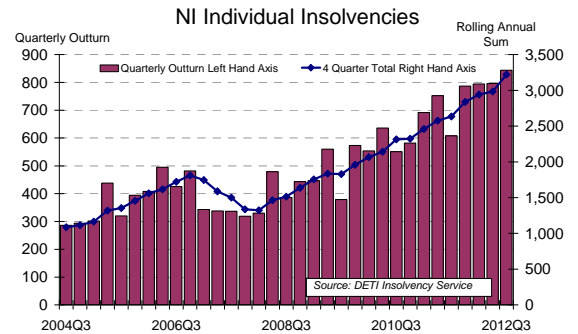
Last week saw the release of Q3 2012 personal and corporate insolvency figures for Northern Ireland. Signs of financial strain are becoming increasingly evident amongst NI households. Furthermore, as with other economic indicators, NI's economy is showing continued divergence with other parts of the UK. Following a rise in unemployment of 40,000 (+170%) since early 2008, coupled with household debt, personal insolvencies in NI have hit a fresh record high in Q3 2012. In the latest quarter, 844 individuals were either declared bankrupt (*or chose bankruptcy*), or entered into either an Individual Voluntary Arrangements (IVAs) or a Debt Relief Order (DRO). The latter came into effect on 30 June 2011 as an alternative route into personal insolvency. The rise in personal insolvencies represented an increase of 6% q/q and 39% y/y. During the last four quarters, personal insolvencies breached 3,000 for the first time (3,221) and have risen by over 22% relative to the preceding four quarters. Furthermore, the latest four quarter outturn is more than double (+115%) the four quarter period that pre-dates the credit crunch. Overall, since the credit crunch began, there have been 11,511 personal insolvencies in Northern Ireland.

Individual insolvencies on a downward trend in Great Britain

Whilst personal insolvencies are still on the rise in NI, the corresponding level in England & Wales (E&W) appears to have peaked and has generally been following a downward trend. Looking at the most recent figures for Q3 2012, it is noted that personal insolvencies in E&W increased by 2.5% q/q but were 7.2% below the corresponding quarter in 2011. Since the Q1 2010 peak, personal insolvencies have fallen by 20%. Meanwhile, the total number of insolvencies over the last 4 quarters to Q3 2012 is just 1.7% higher than the four quarter period that pre-dates the credit crunch (*Q4 2006 to Q3 2007*). Scotland's personal insolvencies in Q3 2012 were 24.5% lower than Q3 2011. However, personal insolvencies in Scotland remain 19.7% below the Q2 2009 peak and are 36% above their pre-credit crunch level.

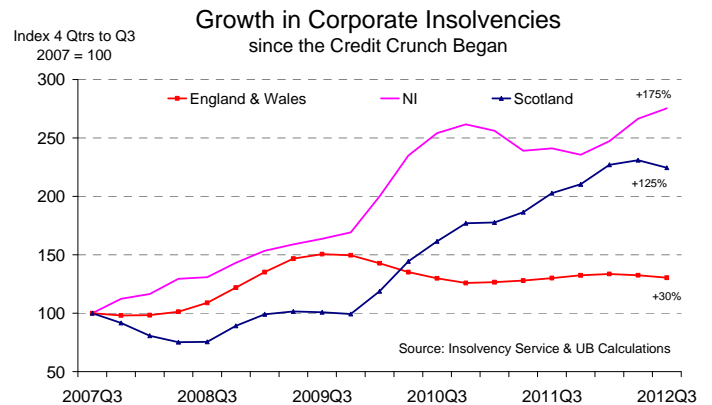
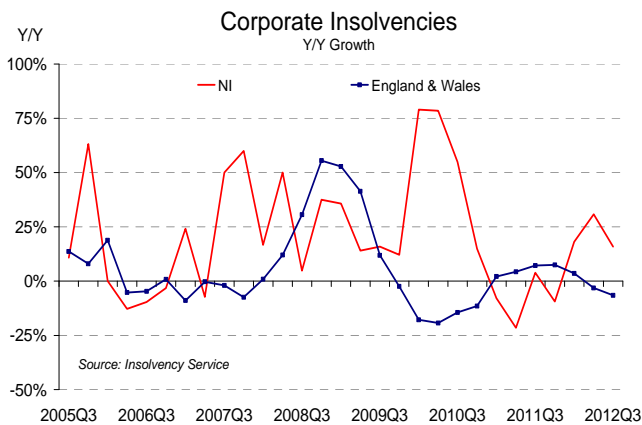
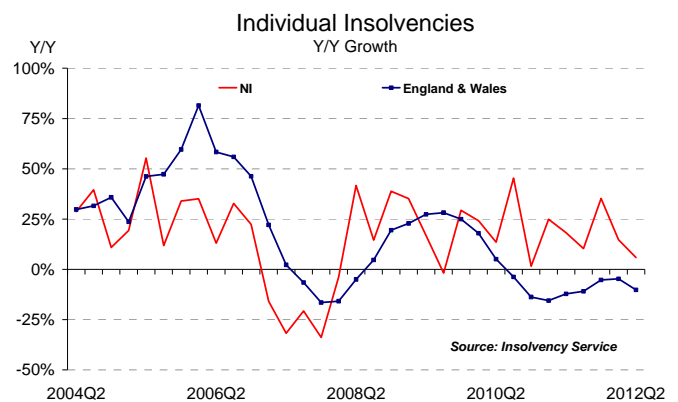
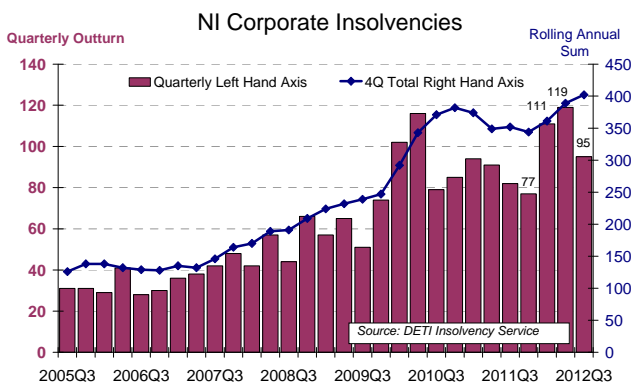
NI individual insolvency rate gap with England & Wales is closing

Despite the sharper rises in NI's insolvency figures, the incidence of personal insolvency remains lower in NI than in E&W. Individual insolvencies per capita (> 18 years) are 23.6 per 10,000 of adult population relative to 25.6 for E&W. Despite this current favourable position, the debt overhang and more intense squeeze on local household finances will see a further closing (*and reversal*) in the NI and E&W insolvency rate gap in the years ahead. It is noted that since 2007 NI's personal insolvency rate has more than doubled whereas the equivalent rate for E&W is lower than it was in 2007 (26.2).



Northern Ireland corporate insolvencies push higher to new record high (annual)

In Q3 2012 there were 95 company liquidations (or corporate insolvencies) in NI, which represents a quarterly fall of 20.2% and follows the record quarterly increase in Q2. Despite this quarterly decrease, the Q3 outturn is still 15.9% higher relative to the corresponding quarter a year ago. During the last 4 quarters, the total number of corporate insolvencies stood at 402. This is 175% above the level that prevailed before the credit crunch began (146) and is above the previous 4 quarter high of 382 in 2010. Meanwhile, corporate insolvencies in England & Wales posted a 2.8% quarterly decline in Q3 2012 and were 6.6% below the same quarter in 2011. Corporate insolvencies peaked in 2009 for England & Wales with the cumulative total for the four quarters to Q3 2012 over 13% below this recent high. Furthermore, corporate insolvencies within England and Wales are just 30% above the levels that prevailed prior to the credit crunch. It is noted that Scotland has also experienced a surge in corporate insolvencies that is much steeper than in England & Wales. However, corporate insolvencies in Scotland now appear to be levelling off. In Q3 2012, the number of corporate insolvencies was almost 12% lower relative to the corresponding quarter a year ago. Clearly, Northern Ireland's corporates appear to be exhibiting more signs of financial distress than their counterparts in Great Britain. One key factor behind this is the direct and indirect exposure to the severe property downturn. Since the credit crunch began in 2007 Q3, 1,555 firms in Northern Ireland have been declared insolvent.



A summary table of insolvency data is highlighted overleaf. For further information check out the weblinks below:

<http://www.insolvencydirect.bis.gov.uk/otherinformation/statistics/201211/index.htm>

<http://www.insolvencydirect.bis.gov.uk/otherinformation/statistics/201211/table6.pdf>

<http://www.insolvencydirect.bis.gov.uk/otherinformation/statistics/201211/alltables.xls>

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Chief Economist Northern Ireland
07 November 2012

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