

Amendment to prevent insolvency bullying

Author: SF / pb | Published: 07.12.2010

Jiří Pospíšil, Justice Minister, has introduced a draft amendment to the Insolvency Act to prevent the use of so-called bullying proposals to initiate insolvency proceedings. “So-called anti-bullying amendment to the Insolvency Act responds to findings from practice. It showed that the public automatically sees information on mere initiation of insolvency proceedings as the company being in financial difficulties and thus bankrupt. Our goal is to eliminate the submission of clearly unjustified proposals and so prevent potential negative impacts of such submissions,” said Jiří Pospíšil, noting that the commencement of insolvency proceedings has informational purposes only and does not automatically mean the debtor's bankruptcy. The following measures, among others, should prevent bullying in insolvency proceedings:

- court fee of 5,000 crowns for creditor's insolvency petition,
- rejection of debtor's petition due to obvious unreasonableness,
- fine for obviously unreasonable insolvency petition,
- depositing a lump sum for damages,
- softening of wording of the published notices.

In 2012, Justice Ministry plans to submit to the government also the so-called concept amendment of the Insolvency Act which will be response to a comprehensive assessment of the pros and cons of the new bankruptcy law institutes. The amendment will be based on an extensive analysis based on the experience of insolvency courts, insolvency trustees and debtors and creditors themselves.

07.12.2010 09:16, SF / pb