



AMERICAN  
BANKRUPTCY  
INSTITUTE

## *News Release*

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### **TOTAL BANKRUPTCY FILINGS INCREASE 32 PERCENT IN 2009, APPROACH PRE-BAPCPA LEVELS**

**March 2, 2010** Alexandria, Va. — Total bankruptcy filings in the United States increased 32 percent in 2009 over calendar year 2008, according to data released today from the Administrative Office of the U.S. Courts (AOUSC). Bankruptcy filings totaled 1,473,675 for the 12-month period ending Dec. 31, 2009, a significant increase over the previous year's total of 1,117,641. Total filings have continued to increase since the implementation of the Bankruptcy Abuse Prevention and Consumer Protection Act of 2005 (BAPCPA).

"Today's figures confirm the economic stress that businesses and consumers continue to endure," said ABI Executive Director **Samuel J. Gerdano**. "As more families and businesses seek the financial relief of bankruptcy, the filing totals are likely to surpass last year."

Bankruptcies peaked in 2005 when 2,078,415 cases were filed in advance of a change in the law.

Business bankruptcies increased to 60,837 filings during calendar year 2009, representing a 40 percent increase in filings from the 43,533 filings made during the 12-month period ending Dec. 31, 2008. The 12-month business filing total for 2009 was the highest since the 62,304 filings that were recorded for the 1993 calendar year.

The 1,412,838 consumer filings during the 2009 calendar year represented a 32 percent increase over the 1,074,225 filings recorded during the same period in 2008. The consumer chapter 7 total of 1,008,870 filings during the 12-month period ending Dec. 31, 2009, represented a 41 percent increase over the 714,389 consumer chapter 7 filings during all of 2008. The 2009 consumer chapter 7 filings comprised 71 percent of the total consumer filings for the 2008 calendar year, up from 67 percent the previous year. The

percentage of consumers filing under chapter 7 has increased each year since BAPCPA was implemented at the end of 2005.

Conversely, the percentage of consumers filing for chapter 13 bankruptcy has steadily declined since BAPCPA's implementation. The 402,462 consumers who filed for chapter 13 during the 12-month period ending Dec. 31, 2009, comprised 28 percent of the overall consumer filing total. The consumer chapter 13 total for 2009 represents a 12 percent increase over the 358,947 consumer chapter 13 filings during 2008.

The 372,203 total bankruptcies recorded during the fourth calendar quarter of 2009 (Oct. 1-Dec. 31, 2009) represent a 24 percent increase from the 301,317 filings during the same period in 2008. However, the fourth quarter 2009 filing total represented a 4 percent decrease over the third quarter (July 1 – Sept. 30, 2009) total of 388,485.

The 357,183 consumer filings in the fourth quarter of 2009 represent a 24 percent increase in comparison to the 288,416 consumer filings for the same quarter of 2008. Mirroring the overall filing total, the consumer filings the fourth calendar quarter represented a 4 percent decrease from the third quarter 2008 total of 373,308 consumer filings.

Business filings, which totaled 15,020 for the fourth calendar quarter of 2009, represented a 16 percent increase from the 12,901 filed in the same three-month period in 2008 (Oct. 1-Dec. 31). Business filings in the fourth quarter of 2009 decreased slightly from the 15,177 business filings reported during the third quarter of 2009 (July 1- Sept. 30).

The chapter\* breakdown of **BUSINESS** filings for the 3-month period ending Dec. 31, 2009, is 10,604 chapter 7s, 3,176 chapter 11s, 148 chapter 12s and 1,062 chapter 13s.

The chapter breakdown of **NONBUSINESS** filings for the 3-month period ending Dec. 31, 2009, is 253,153 chapter 7s, 437 chapter 11s and 103,593 chapter 13s.

**States with the HIGHEST PER CAPITA FILING RATE (Total Filings) for the 12-month period ending Dec. 31, 2009:**

1. Nevada
2. Tennessee
3. Georgia
4. Indiana
5. Alabama
6. Michigan
7. Ohio
8. Kentucky
9. Illinois
10. Arkansas

**Districts with the HIGHEST PERCENTAGE INCREASE in Total Filings for the 12-month period ending Dec. 31, 2009 (compared to the identical period in 2008):**

1. District of Arizona: 77%
2. Central District of California: 65%
3. District of the Virgin Islands: 61%
4. District of Nevada: 59%
5. District of Wyoming: 59%

**Districts with the LOWEST PERCENTAGE INCREASE in Total Filings for the 12-month period ending Dec. 31, 2009 (compared to the identical period in 2008):**

1. District of the Northern Mariana Islands: -33%
2. Western District of Tennessee: 4%
3. Western District of New York: 6%
4. Western District of Pennsylvania: 7%
5. Northern District of New York: 10%

*More information will be available at [ABI's Statistics Page](http://www.abiworld.org/statistics), <http://www.abiworld.org/statistics>.*

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ABI is the largest multi-disciplinary, nonpartisan organization dedicated to research and education on matters related to insolvency. ABI was founded in 1982 to provide Congress and the public with unbiased analysis of bankruptcy issues. The ABI membership includes more than 12,400 attorneys, accountants, bankers, judges, professors, lenders, turnaround specialists and other bankruptcy professionals providing a forum for the exchange of ideas and information. For additional information on ABI, visit [www.abiworld.org](http://www.abiworld.org). For additional conference information, visit <http://www.abiworld.org/conferences.html>.

*\*Definitions from Bankruptcy Overview: Issues, Law and Policy, by the American Bankruptcy Institute*

**Chapter 7** of the Bankruptcy Code is available to both individual and business debtors. Its purpose is to achieve a fair distribution to creditors of the debtor's available non-exempt property. Unsecured debts not reaffirmed are discharged, providing a fresh financial start.

**Chapter 11** of the Bankruptcy Code is available for both business and consumer debtors. Its purpose is to rehabilitate a business as a going concern or reorganize an individual's finances through a court-approved reorganization plan.

**Chapter 12** of the Bankruptcy Code is designed to give special debt relief to a family farmer with regular income from farming.

**Chapter 13** of the Bankruptcy Code is available for an individual with regular income whose debts do not exceed specific amounts; it is typically used to budget some of the debtor's future earnings under a plan through which unsecured creditors are paid in whole or in part.