

Weekly Bankruptcy Analysis May 25-31, 2020

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Total Bankruptcy Filings

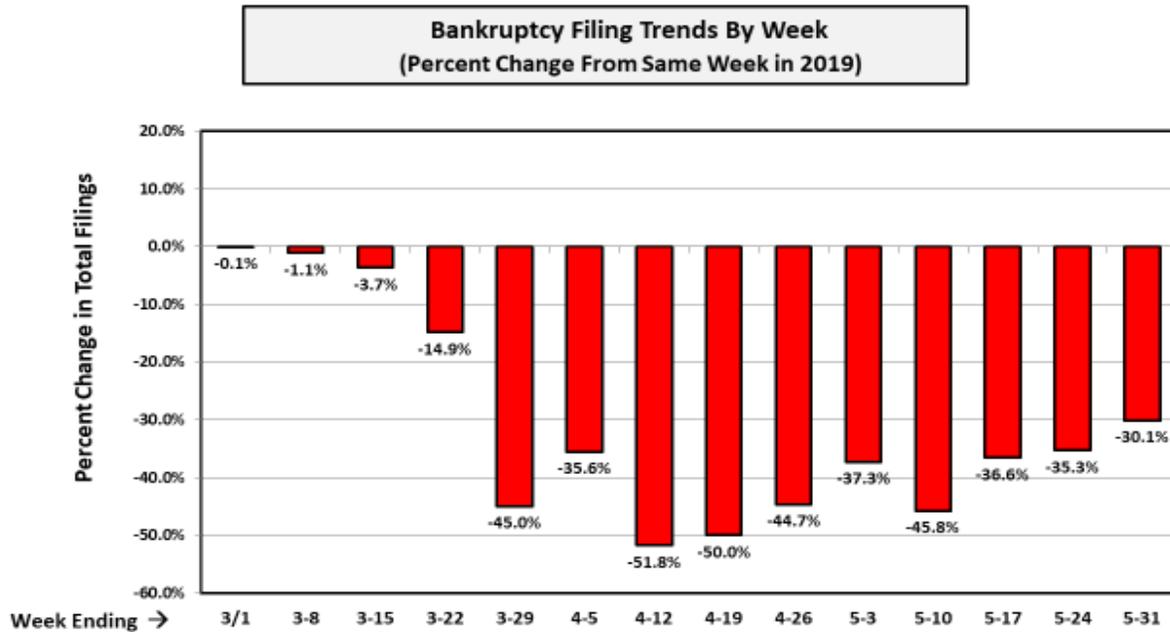
Total filings were down by 30.1% for the week ending May 31.² This is the lowest percentage weekly drop since late March, and shows a continuing trend of filings gradually returning to pre-pandemic levels.

Bankruptcy Filings May 25-31, 2020		
Type of Case	Number Filed	Percent Change From Same Week in 2019
Total	11,390	-30.1%
- Chapter 7	8,809	-20.0%
- Chapter 11	241	167.8%
- Chapter 13	2,330	-55.0%
- Other Cases*	10	-28.6%
* Chapters 9, 12 and 15		

The following chart shows the weekly filing trends since the beginning of March:

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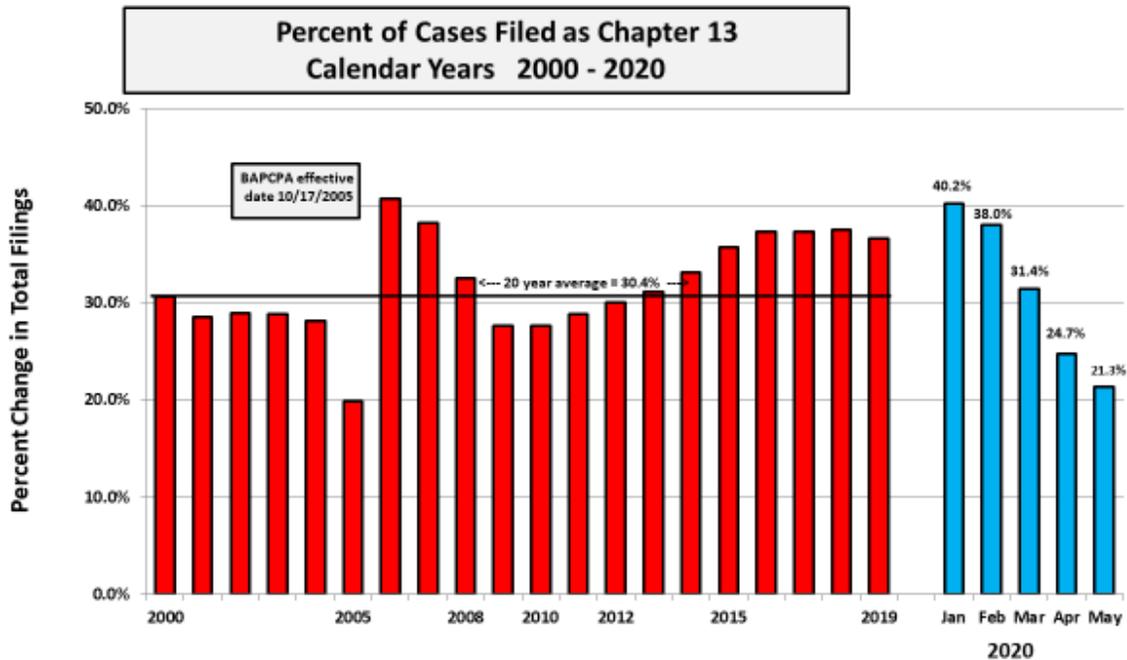
² These figures are from PACER and are subject to change. See <https://www.pacer.gov/>.



Changing Case Mix

Chapter 13 bankruptcy allows individuals with regular income to develop a plan to repay all or part of their debts over three to five years. It offers individuals a chance to save their homes from foreclosure, and to retain other assets. During Fiscal Year 2019, chapter 13 debtors paid nearly \$4 billion to pre-petition creditors, along with over \$1 billion in ongoing mortgage payments.

The following chart shows the percentage of all bankruptcy cases filed under chapter 13 since 2000.



Over the last two decades, chapter 13 cases have comprised about 30 percent of total bankruptcy case filings, and from 2015-19 they were about 37 percent of total filings. The one anomalous year was 2005, when chapter 13 cases accounted for only 20 percent of filings. (Chapter 7 filings soared that year prior to the Oct. 17, 2005, effective date of the Bankruptcy Abuse Prevention and Consumer Protection Act of 2005, while chapter 13 filings were largely unaffected.)

2020 is shaping up to be another anomalous year for chapter 13 activity. More than 40 million people have filed for unemployment since mid-March as a result of COVID-19. This amounts to at least one-quarter of the U.S. civilian labor force (about 160 million). Additionally, many others who did not file have had their pay or hours reduced or were ineligible for unemployment benefits.

This has resulted in a major shift in the types of cases that are being filed in the bankruptcy courts. Although both chapter 7 and chapter 13 filings have been down in the last two months due to COVID-19, the drop-off has been far more severe for chapter 13 cases. During May, only 21.3 percent of cases were filed under chapter 13. Unless employment levels return to something close to pre-COVID-19 levels, it is likely that the overwhelming majority of debtors will continue to choose chapter 7.

Chapter 11 Cases

The unadjusted number of chapter 11 filings during the week was nearly triple from the same week last year. There are actually two things to keep in mind in interpreting these numbers.

First, in recent weeks there have been an unusual number of cases filed that included multiple related filings. Following is a comparison of filings last week with the same week in 2019. If you exclude related cases, chapter 11 filings were actually down for the week.

Types of Chapter 11 Cases Filed		
	May 25 - 31	
	2020	2019
Solo Cases	52	68
Parent cases	10	8
Child cases	179	14
<i>Filed By Individuals</i>	<i>10</i>	<i>19</i>

A second interesting point is the number of prominent cases filed during the week, as shown below. This reads more like a list of prominent filings for a month or two during more normal times.

Notable Case Filings May 25 -31, 2020				
Company Name	Industry	Date Filed	Court of Filing	Number of Related Cases
LATAM Airlines Group S.A.	Airlines	5/26/2020	New York Southern	28
Hytera America	Telecommunications	5/26/2020	California Central	2
Tuesday Morning Corp.	Retail	5/27/2020	Texas Northern	5
Advantage Holdco Inc.	Car rental	5/27/2020	Delaware	6
PQ New York (Le Pain Quotidien)	Restaurant	5/27/2020	Delaware	104
NMC Health *	Hospital operator	5/28/2020	Delaware	0
Vision Group Holdings	Laser eye surgery	5/29/2020	Delaware	17
<i>* - Chapter 15 case</i>				

See the ABI Headlines section of the ABI website for news of the latest filings at <https://www.abi.org/newsroom/headlines>.