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Title: **Commercial bankruptcies continue as U.S. moves out of a recession**

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As the economy seems to be recovering, bankruptcy filings, a lagging indicator, are rising. According to Automated Access to Court Electronic Records, the number of bankruptcies increased by seven percent to more than 7,700 commercial filings in October compared to September. Thus far, 74,832 businesses filed for bankruptcy protection during the first ten months of 2009, which is a 16 percent increase from the same period in 2008.

Since the percentage of businesses declaring bankruptcy was down in August and September, industry analysts believe the increase demonstrates many businesses are struggling to obtain necessary financing and product demand remains low. Commercial bankruptcies are expected to increase for several quarters.

In light of bankruptcy rates, other economic factors are implicating the United States is moving out of the recession. The 2009 third quarter Gross Domestic Product rose 3.5 percent from the second quarter, which was the first increase since the second quarter of 2008. In addition, the National Bureau of Economic Research is expected to declare the recession over. While unemployment numbers remain high, industry experts believe many businesses reduce expenses and increase productivity in a recession, which eliminates positions.

While the economy is still recovering, businesses can expect to see low insurance premiums in 2010. Rates have been decreasing since 2004 and for some lines any premium gains from the hard market of 2001-2003 have been lost. Since premiums are based on factors such as sales volume, naturally premiums are lower because of the recession. In addition, with the number of bankruptcies, insurance capacity remains high causing lower premiums.

While many businesses are struggling to avoid bankruptcy, protecting your account receivables is vital to your success. This year, many logistics companies are struggling with extremely low profit margins and maintaining a steady cash flow is imperative to staying in business. If one of your large clients went out of business and did not pay you for your services, would your business survive? Avalon offers Trade Credit Insurance to guarantee your business receives payment for your services.

For a competitive quote, please contact your local Avalon office or Anna Vize, Product Manager at (847) 700-8154 or at [avize@avalonrisk.com](mailto:avize@avalonrisk.com). A list of our eleven North American offices can be found at [www.avalonrisk.com](http://www.avalonrisk.com).

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