

January 15, 2021

Natasha MacParland and Christian Lachance Discuss Davies' Insolvency Study with *Canadian Lawyer*

Business insolvencies in Canada declined in 2020 despite COVID-19, according to a recent [Davies report](#) highlighted this week in *Canadian Lawyer*. Davies partners [Natasha MacParland](#) and [Christian Lachance](#) spoke to the magazine about what the findings reveal and what they might signify for the post-pandemic era.

Natasha, who co-authored the report, says there appear to be “multiple factors at play, both microeconomic and macroeconomic, as well as non-market factors relating to government subsidy packages and the actions and reactions of creditors and lenders.”

The big concern, notes Christian, is what happens if the pandemic continues much longer and government programs come to an end, and then creditors decide they must take action.

Natasha and Christian say it isn't surprising which sectors are being hit hardest: retail trade; management of companies and enterprises; and arts, entertainment and recreation. And when we look at retail filings under the *Companies' Creditors Arrangement Act*, the number has increased at a steady rate since 2019.

With 2020 behind us and some optimism surrounding the COVID-19 vaccination program, Natasha says the “critical question” is whether nearly insolvent businesses that have avoided formal proceedings can hold out long enough to take advantage of an improving economy.