



Global Insolvency: 2025 Reflections and 2026 Projections

Guernsey

February 2026



Guernsey

Guernsey – Insolvency Year in Review 2025

Insolvency volumes

Guernsey doesn't release consolidated corporate insolvency statistics, so we rely on Royal Court filings, Gazette notices, and expert commentary to gauge activity. From 2024 into 2025, these sources suggest a steady and manageable level of insolvency activity, not a dramatic increase. The entities affected continue to mirror Guernsey's unique financial-services landscape, with many cases involving investment structures, funds, insurance vehicles, and specialised corporate entities rather than traditional trading businesses.

This trend aligns with broader macroeconomic conditions. Insolvency rates in the UK have stayed well above pre-pandemic levels, driven by higher interest rates, inflationary pressures, and tight refinancing markets. While Guernsey's local economy is more insulated, the island still faces challenges from distress in underlying portfolio companies, investor withdrawals, and reduced liquidity in private markets. These factors contribute to a consistent level of restructuring activity.

The modernised insolvency framework, introduced in 2023, is now well-established, and advisers and the Royal Court are increasingly confident in using its tools. Consequently, distressed situations are being addressed earlier and more effectively than in previous cycles, using insolvency as a strategic solution.

Sector trends

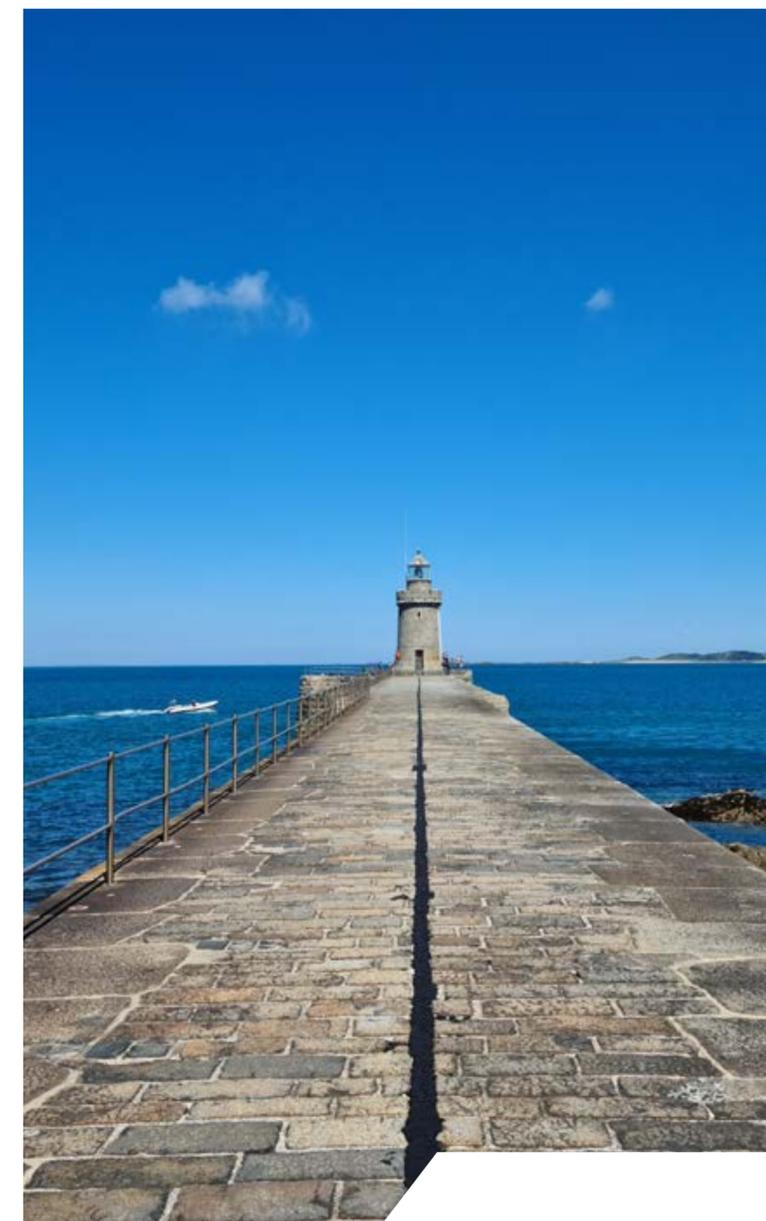
In Guernsey, the insolvency landscape is largely shaped by financial-services entities. Recent filings prominently feature investment funds, general partner entities, holding companies, and various special-purpose vehicles (SPVs). The insurance sector, including captives and protected cell companies, is also facing challenges, particularly with capital adequacy and underwriting issues.

Legislative changes

Guernsey's insolvency framework has been reimaged with the 2020 Insolvency Amendment Ordinance and the 2022 Insolvency Rules. These updates have created a modern, adaptable system that enhances investigatory powers, clarifies

the differences between solvent and insolvent liquidations, and provides clearer ways to manage onerous assets. By 2026, this framework will have been in place for three years, and stakeholders are gaining confidence as case law evolves and judicial interpretations expand.

Looking ahead, more changes are anticipated. A statutory register of insolvency practitioners is set for consultation in 2025, aiming to formalise practitioner eligibility and enhance oversight. If adopted, this register could be operational by 2026, marking a major improvement in the regulatory landscape. Efforts are also underway to reform personal insolvency frameworks, which could impact owner-managed businesses and individuals, though the timeline remains uncertain. Additionally, shifts in litigation funding and court procedures might influence creditors' willingness to pursue recovery actions, potentially reshaping the field of contentious insolvency work.



Significant insolvencies and our involvement

Over the past eighteen months, several notable cases have emerged in the Guernsey market. We've been involved in a recent compulsory liquidation where the Court chose to prioritise creditor interests over a shareholder-led administration. Additionally, a recent administration ordered in September 2025 highlights the ongoing importance of Guernsey administration in managing complex global investment structures.

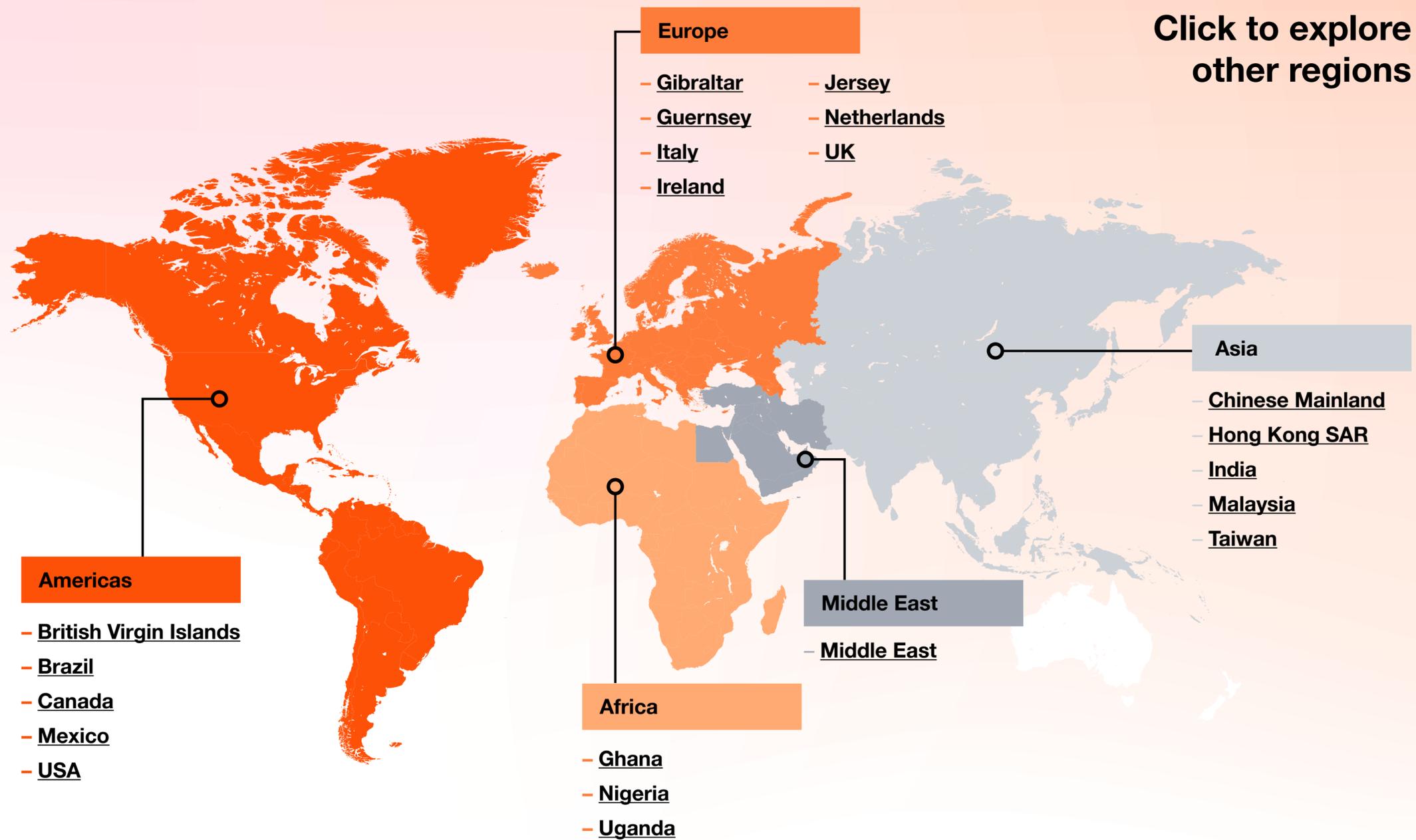
Beyond these instances, we continue to be active in insolvency and restructuring across the Channel Islands. Our work spans fund wind-downs, regulatory-driven assignments, and multi-jurisdictional restructuring projects, with Guernsey entities playing a crucial role in global corporate structures.

Projections for 2026

As we look towards 2026, we anticipate that insolvency activity will largely mirror the levels observed in 2024 and 2025. The economic landscape across the UK and Europe continues to exert pressure on entities dependent on leveraged financing or those tied to illiquid asset classes. With interest rates remaining higher than expected, stress is mounting within private equity structures, real estate vehicles, and alternative credit funds. Guernsey, with many entities linked to these strategies, is likely to experience ongoing indirect impacts.

Yet, Guernsey's economy remains stable. Its service-driven, conservatively financed business environment shields it from the high-volume failures seen in the UK's construction, hospitality, or retail sectors. Directors, administrators, and advisers in Guernsey are proactive, often exploring restructuring options before formal insolvency becomes necessary. This proactive approach is expected to moderate any potential increase in insolvency volumes.

Overall, 2026 is set to bring several complex, high-value insolvencies in the financial services sector, alongside a consistent flow of routine wind-downs, rather than a significant change in overall insolvency rates.



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