



FCT's Prove My Claim Glossary of Terms

As a unique creditor, you have received some insolvency documents to review. For a better understanding of Insolvency and the claim process, please refer to these terms below.

What is Insolvency?

Insolvency is the state of being unable to pay the money owed, by a person or company, on time; those in a state of insolvency are said to be insolvent. Businesses and Individuals who are deemed insolvent will often go through the process of filing a Bankruptcy or a Consumer Proposal.

Bankruptcy & Insolvency Act ('BIA')

The Bankruptcy and Insolvency Act is a Canadian federal law governing business and personal insolvencies and ways to resolve them, such as a Bankruptcy or a Consumer proposal.

The Office of the Superintendent of Bankruptcy (OSB)

The Office of the Superintendent of Bankruptcy is a part of Industry Canada, which administers and enforces Canadian Bankruptcy laws, including the Bankruptcy and Insolvency Act.

Bankruptcy

A legal process by which a person is declared unable to repay their financial obligations. Once the debtor has filed an assignment in Bankruptcy, **all collection activity by creditors must stop**. Upon successful completion, the debtor will be relieved of most of their unsecured debts. A debtor must owe at least \$1,000.00 to creditors to qualify for filing for Bankruptcy. Bankruptcy includes all debts owed as of the date of filing.

Proposals

This is an alternative to Bankruptcy, whereby the debtor repays only a portion of the debt to creditors. In this situation, a debtor is no longer able to fulfill his or her financial obligations by making payments in full each month; however, they are capable of making a partial payment towards their debts. The maximum term a Consumer Proposal can be is 5 years and all unsecured debts that are owed as of the date of filing are included in a Consumer Proposal.

Proof of Claim

Creditors must fill out this form to confirm there is debt owed to them in order to participate in the receiving of dividends. The form contains the name of the creditor and the debtor, the nature and amount of the claim, as well as other information. Creditors must attach a Statement of Account providing the details of the claim along with supporting documents or other evidence that establishes the validity of the claim. This is where FCT's *Prove My Claim* can help! A proof of claim will be created based on the information you provide and submitted to the Trustee on your behalf.