

Construction contractor insolvency: JCT contract checklist



Does the contract expressly provide for insolvency as grounds for termination of the contract?

- Yes - The contract can be terminated
- No - The contractor must fail to perform its contractual obligations and then you are able to terminate for a repudiatory breach of contract
- Are your site and materials secure?
- Is any further sum required to be paid to the contractor?
- Do you need to call on your performance bonds?
- Serve termination notices (in accordance with your contract requirements)
- Do you need to take out insurance? (Note that under JCT, a contractor's obligation to insure falls away on termination of the contract)
- Do you want to engage any of the existing subcontractors or suppliers and obtain copies of any contracts, drawings, specifications or other documents relating to the works?
- If so, request that the contractor assigns the benefit of any supply agreements or subcontracts
- Do any third parties such as banks/funders need to be notified prior to recommencement of the works?
- Are you protected in respect of any losses incurred as a result of the termination?
- Do you have detailed records of your actual costs incurred as a result of the termination?
- What documentation (proof of debt) needs to be submitted as part of the contractor's insolvency procedure and the relevant deadlines?

For more information on this topic, or if you need any legal advice in relation to any construction matter, do not hesitate to get in touch with our dedicated Construction team.

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