



# Construction Risk Advisor

## Q4 2019

## Ontario Construction Law Amendments

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Beginning Oct. 1, 2019, changes to Ontario's construction laws stemming from the Construction Lien Amendment Act came into effect. The purpose of this act is to ensure workers and businesses get paid on time for their work, and ensure payment disputes are addressed quickly and painlessly. As such, the overhaul of Ontario's construction regulatory framework includes prompt payment rules and a revamped adjudication process.

The new prompt payment and dispute resolution provisions will make a profound impact on all parties, including developers, general contractors and subcontractors. To ensure compliance with the new act, contract provisions, template documents, and internal processes and procedures must be carefully reviewed and updated. Some of the major changes introduced in the act include the following:

- Owners and general contractors must agree on a deadline to submit invoices. If no agreement is reached, the contractor must submit invoices to the owner on a monthly basis.
- Owners, general contractors and subcontractors must submit payments within a certain amount of days of receiving an invoice—28 days for owners and seven days for general contractors and subcontractors.
- Contractors and subcontractors have 60 days to register a lien and 90 days to start a court action.
- A new adjudication process will be available to give businesses an alternative to litigating payment disputes.
- Adjudication is headed up by an appointed adjudicator, whose final determination is binding upon the parties on an interim basis, until the dispute has finally been resolved in court or by agreement of the parties.

Additionally, amendments to the construction lien and holdback rules contained in the Construction Lien Amendment Act came into effect on July 1, 2018.

For more info on this legislation, contact Lloyd Sadd Insurance Brokers Ltd today.

While amendments to the construction lien and holdback rules came into effect on July 1, 2018, the prompt payment and adjudication processes came into effect Oct 1, 2019.



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