

## **LDC 4-2: Risk-Balanced Sub Consultant Agreements: The Key to Long-Term Survival**

### **ABSTRACT**

Current project delivery methods can be fraught with risk for the various project participants. Project risk accepted by the Prime Consultant/Contractor, as part of the contract with the Owner, is customarily passed on to the supporting sub consultant team. Sub consultants must carefully examine contract terms such as: indemnification clauses, insurance coverage, project schedules, and payment terms to avoid acceptance of undue risks. Failure by the Prime Consultant/Contractor to fulfill its contract obligations, resulting in litigation, can cause severe penalties for sub consultants when risk allocation is not negotiated prior to contract execution.

This publication provides insight regarding the primary risk pitfalls frequently encountered in sub consultant agreements and guidance on how best to address risk allocation and minimize over exposure.