

Rethinking Net Contribution

All know that so-called net contribution clauses are 'something'. Over the years, we've all heard of them, from colleagues, friends in the industry or our legal advisers. Whichever way, the idea has always been that it is an important part of limiting a consultant's liability. As far as we can, getting a net contribution clause into appointments or warranties is going to be a key part of our risk management teams.



Rethinking Net Contribution?

...of contract
...factors, the architect and
...sought to claim the entire amount
...from the engineer on a joint and several basis

Although it was subject to dispute, the engineer successfully argued that the contract between the housing association was the one which contained a net contribution provision. In settling the matter as to whether the clause applied or not, the Judge needed to consider the following important points:

- (i) Was the contract subject to the Limitation of Damages (Consequential Damages) Terms Act?
- (ii) Was it fair and reasonable to impose a net contribution clause on the terms of the contract?

On the first issue, the court found that the clause caused some confusion to the housing association. The court found that the clause was not reasonable.

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