

Stop Work Orders in Construction

DEFINITION

A stop work order in construction is a legally binding document that is generally issued by either federal or state entities to halt some/all work on a construction project for a given timeframe or until an injunction is rectified. Stop work orders can also be issued by banks, inspectors, project owner representatives, contractors, and more.



FULL STOP WORK ORDER



A full stop work order signals the shutdown of the entire construction site. That means that all workers, subcontractors, and managers on-site must pack-up and head home. Leading causes for these orders are:

- Payment disputes between stakeholders
- Breach of construction contract
- Legal noncompliance
- Hazardous conditions
- Unqualified work



PARTIAL STOP WORK ORDER



a partial stop work order is exactly as it implies: a localized order that brings one aspect of a project to a halt, with the exception of necessary remedial work. Leading causes for these orders are:

- Production or quality issues with a subcontractor
- Engineering changes that effect limited work
- Contractor safety concerns
- Hazardous conditions
- Uncertified workers



INSURANCE & LEGAL IMPLICATIONS

Under a wrap-up program, general contractors facing stop work orders are able to submit a single insurance claim to cover the lost time of all workers and subcontractors. HOWEVER, if all insured separately, general contractors can expect to receive insurance claims from every contractor affected by the stop work order.

If your insurance provider refuses to fill these claims, you may face thousands, if not hundreds of thousands in litigation costs and out-of-pocket expenses.

\$100,000+



PENALTIES

The first violation of a stop work order results in a fine of

\$12,000

\$6,000 is the cost of all subsequent violations of the stop order