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Changes to the obligations of a surety in the context of the restructuring of an insolvent construction company

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In 2002, the Québec Court of Appeal acknowledged the importance of sureties in a dispute between a construction company and a supplier. The Court noted that the construction company's losses had been exacerbated by the withdrawal of its surety facility.

More recently, the Québec Superior Court established that the active participation of a surety in the restructuring of a company under the *Canadian Companies' Creditors Arrangement Act* was critical to determining whether a surety's obligations could be reduced under the terms of an arrangement. Accordingly, in *Charles-Auguste Fortier inc. (Arrangement relatif à)*, the Court approved an arrangement under the CCAA, which provided for a partial release of claims against the surety of the debtor company.

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