

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1999

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HOUSE BILL 1126
Committee Substitute Favorable 4/27/99

Short Title: Phys. Contracts/Noncompete Prohibited.

(Public)

Sponsors:

Referred to:

April 15, 1999

1 A BILL TO BE ENTITLED
2 AN ACT TO PROHIBIT NONCOMPETITION CLAUSES IN MEDICAL PROVIDER
3 CONTRACTS.

4 The General Assembly of North Carolina enacts:

5 Section 1. Article 3 of Chapter 58 of the General Statutes is amended by
6 adding the following new section to read:

7 "**§ 58-3-250. Restrictive covenants and agreements not to compete are not**
8 **enforceable.**

9 Any covenant or agreement not to compete within an agreement that creates or
10 establishes the terms of a partnership, employment, or any other form of professional
11 relationship with a physician licensed to practice medicine in this State, which includes
12 any restriction of the right of the physician to practice medicine in any geographical area
13 for any period of time after the termination of the partnership, employment, or other
14 professional relationship, is unenforceable with respect to the restriction. All other
15 provisions of the agreement are enforceable at law, including provisions that require the
16 payment of damages in an amount that is reasonably related to the injury suffered by
17 reason of termination of the principal agreement. Provisions that require the payment of
18 damages upon termination of the principal agreement may include damages related to
19 competition."

1 Section 2. This act becomes effective October 1, 1999, and applies to
2 covenants or agreements executed on and after that date. For purposes of this act, renewal
3 of an existing covenant or agreement shall not be deemed to be the execution of a new
4 covenant or agreement.