

GENERAL ASSEMBLY OF NORTH CAROLINA  
1987 SESSION

CHAPTER 626  
SENATE BILL 101

AN ACT TO AMEND THE BUSINESS CORPORATION ACT TO PERMIT CORPORATIONS TO LIMIT OR ELIMINATE THE LIABILITY OF DIRECTORS FOR MONETARY DAMAGES FOR CERTAIN BREACHES OF DUTY.

The General Assembly of North Carolina enacts:

Section 1. G.S. 55-7 is amended by adding a new subdivision to read as follows:

"(11) Any provision limiting or eliminating the personal liability of each director arising out of an action whether by or in the right of the corporation or otherwise for monetary damages for breach of his duty as a director. No such provision shall be effective with respect to (i) acts or omissions not made in good faith that the director at the time of such breach knew or believed were in conflict with the best interests of the corporation, (ii) any liability under G.S. 55-32, (iii) any transaction from which the director derived an improper personal benefit, or (iv) acts or omissions occurring prior to the date the provision became effective. As used herein, the term 'improper personal benefit' does not include a director's compensation or other incidental benefit for or on account of his service as a director, officer, employee, independent contractor, attorney, or consultant of the corporation. A charter or bylaw provision or contract or resolution indemnifying or agreeing to indemnify a director against personal liability under G.S. 55-19(a) shall be fully effective whether or not there is a provision in the articles of incorporation limiting or eliminating personal liability."

Sec. 2. This act is effective October 1, 1987.

In the General Assembly read three times and ratified this the 22nd day of July, 1987.