

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1999

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HOUSE BILL 1126

Short Title: Phys. Contracts/Noncompete Prohibited.

(Public)

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Sponsors: Representative Hackney.

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Referred to: Insurance.

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April 15, 1999

A BILL TO BE ENTITLED

AN ACT TO PROHIBIT NONCOMPETITION CLAUSES IN MEDICAL PROVIDER  
CONTRACTS.

The General Assembly of North Carolina enacts:

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

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

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

1                   Section 2. This act is effective when it becomes law and applies to covenants  
2 or agreements executed or renewed on and after that date.