

Regulations of the Office of the Director of Finance and the Law Department

Regarding Payment of a Portion of

D&O Insurance Costs for Registered Community Organizations

1. Introduction

Section 8-108 of The Philadelphia Home Rule Charter provides that:

The City shall provide for the defense and indemnification of any registered community organization that is in compliance with the Philadelphia Zoning Code and applicable regulations, in connection with any claim brought against such an organization arising directly out of the organization's lawful participation in the City's zoning variance process. The Law Department is authorized to adopt regulations to implement this section, including to establish indemnity limits, rules for addressing double indemnity, providing for the purchase of insurance through a grant or similar program, and other measures to protect the best interests of the City.¹

These regulations constitutes the City's efforts to implement Section 8-108 of the Charter (the "RCO Indemnification Charter Provision").

2. Insurance Contribution Program

- A. The City will contribute to the costs of a private insurance policy that provides directors and officers (D&O) indemnification and defense, or the portion of the cost of a broader insurance policy that covers the costs for such D&O coverage, for a registered community organization (RCO) that satisfies the requirements of this Regulation.
- B. To be eligible for insurance contribution, an RCO must be registered with the City in accordance with subsection 14-303(11A) of The Philadelphia Code and otherwise in compliance with applicable City law. An RCO engaged in partisan political activity, such as a ward-based entity, is not eligible to receive such a contribution.

¹ Added by approval of the voters at the election held on April 23, 2024, and certified on May 13, 2024. See Bill No. 230740 (became law December 14, 2023); Resolution No. 230750 (adopted November 30, 2023). The Appendix to the Charter provides that Section 8-108 becomes effective "upon the adoption of implementing regulations by the Law Department." See Charter subsection A-200(27). Upon the effective date of these regulations, therefore, Charter Section 8-108 shall be effective.

C. An RCO seeking insurance contribution must submit an application to the City's Office of Risk Management on the form made available by that Office and provide such documentation as may be required. Required documentation shall include, but not be limited to:

- (1) Evidence of an existing insurance policy or an invoice for a prospective policy from a state-licensed insurer that demonstrates that an insurer will provide a policy; and
- (2) Documentation showing a quote or invoice from the insurer that reflects the D&O portion of the policy (or the entire cost of the policy if the policy covers solely D&O liability).

D. The insurance coverage must, at a minimum, cover D&O liability related to the RCO's lawful participation in the City's zoning variance process.

E. The amount of funding will depend on the size of the organization in terms of annual revenues, as follows:

- (1) The City will pay 80% of the cost of the D&O portion of the policy, up to a cap of \$1,500 per year, for an RCO with annual revenue in the previous calendar year (or budget year) of \$50,000 or less.
- (2) The City will pay 50% of the cost of the D&O portion of the policy, up to a cap of \$1,000 per year, for an RCO with income in the previous year of more than \$50,000.
- (3) Evidence of income in the previous year of less than \$50,000 can be provided by sworn attestation, provided that the applicant provides to the City all financial documents provided to the insurer in order to obtain the quote from the insurer, and further provided that the City may obtain and review additional documents or information in order to determine qualification for the benefit.

F. Qualification for payment includes satisfaction of a City determination that the applicant is compliant with any applicable City tax obligations.

G. Payment shall be made to the insurer on behalf of the qualifying RCO in all years of program participation, except that an RCO that submits evidence of a policy already in effect or proof of payment to the insurer with its initial application will be reimbursed directly for that policy year.

- H. The offer of such contributions is intended to fully satisfy the City's obligations under the RCO Indemnification Charter Provision. The City shall not accept responsibility or liability for indemnification or defense of an RCO in any case tendered to it, even if the RCO tendering the case has not obtained the insurance benefit provided for here.
- I. Under no circumstances is the City's provision of assistance to purchase insurance intended to assist in carrying out any unlawful activities.

3. Effective Date

These regulations shall take effect 60 days after becoming law.