



# CITY OF DANBURY

155 DEER HILL AVENUE  
DANBURY, CONNECTICUT 06810

**DENA DIORIO**  
DIRECTOR OF FINANCE

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November 14, 2005

Honorable Mark D. Boughton  
Common Council  
City of Danbury  
155 Deer Hill Avenue  
Danbury, CT 06810

Dear Mayor Boughton and Common Council Members:

At your meeting of November 1, 2005, Item 15 was referred to me for a 30-day report. The president of the King Street Volunteer Fire Company is requesting to be removed from the City of Danbury's insurance policies effective January 1, 2006 so that it may obtain coverage from VFIS. In addition, they are requesting that the City increase its payment to them by \$3,000 so that they can obtain coverage through this other carrier.

As you are aware, coverage for volunteer fire companies is a very small component of the entire inventory of property that is insured through CIRMA. With regard to liability and property, CIRMA calculates our premium by evaluating the City's assets and assigning the risk across the entire inventory. It is not possible to determine the premium associated with the King Street Volunteer Fire Company. However, for auto liability, the City can determine the cost for removing those vehicles from our policy. According to our records, the King Street Volunteer Fire Company has 3 vehicles on our policy including 2 pumper/tanker trucks & 1 brush/utility truck. At \$915.36 per vehicle, the annual savings to the City for removing these vehicles would be \$2,746. These savings would not be realized until July 1, 2006, as the City's premium for the fiscal year has already been established and will not be revisited until the new fiscal year.

If the King Street Volunteer Fire Company proceeds with moving to a new carrier, the City continues to have exposure in the case of accidents or lawsuits. Since volunteer fire companies are in essence doing City business, the City will be a party to any action brought against the volunteers. As a result, the King Street Fire Company must include the City as an additional insured on its policies and must provide evidence of such coverage every year.

In addition, if King Street does retain separate coverage, the City loses its control over how much coverage is purchased. By remaining on the City's policies, we can ensure that sufficient coverage is maintained to cover any losses. The City's current coverage is \$1 million per incident with \$10 million in excess liability. We need to be confident that they are not underinsured and leave themselves and the City at risk of incurring unneeded expenses.

Please feel free to contact me should you require any additional information.

Sincerely

A handwritten signature in cursive script that reads "Dena R. Diorio".

Dena R. Diorio  
Director of Finance & Personnel



**CITY OF DANBURY**  
**OFFICE OF THE CORPORATION COUNSEL**  
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PLEASE REPLY TO:

November 30, 2005

Honorable Mark D. Boughton, Mayor  
Honorable Members of the Common Council  
City of Danbury, Connecticut

RE: November Agenda Item #15  
Request of King Street Volunteer Fire Company, Inc.  
Insurance coverages

Dear Mayor and Council Members:

The following is in response to your request for a report in connection with the above referenced matter. At the November Common Council meeting you referred the question to the director of finance, the fire chief and this office for reports. Recall that the King Street Volunteer Fire Company requested that the company be removed from the city's insurance policies (with the exception of workers' compensation) and that any resulting savings to the city be offered to the volunteer company as a grant.

While there are important factors to be considered in making this decision, bear in mind that under existing law, "[n]o one exclusive of membership shall have any jurisdiction over the internal affairs of any volunteer company." See section 8-4 of the Code of Ordinances. Accordingly, this choice is ultimately for the volunteer company to make. On the other hand, whether or not to grant savings, if any, to the volunteers is a matter for the mayor and council to decide. In that regard, I refer you to the comments of the director of finance in her report to you of November 14, 2005.

Sincerely,

Eric L. Gottschalk  
Deputy Corporation Counsel

cc: Dena Diorio, Director of Finance