

Allowability of Cost for Directors and Officers Insurance  
in the Child and Adult Care Food Program

**PURPOSE:** This policy instruction addressed the allowability of Directors and Officers (D & O) insurance as an administrative cost in the Child and Adult Care Food Program (CACFP).

**SCOPE:** Organizations participating in the Child and Adult Care Food Program.

**DESCRIPTION:** The cost of Directors and Officers (D&O) insurance is an allowable CACFP administrative expense, provided that the following conditions apply:

1. The insurance policy actually provides liability coverage for activities related to the CACFP (many policies specifically exclude coverage related to the administration of a Federal program); and
2. If the policy also provides coverage for non-CACFP liability, the CACFP share of the cost must be properly allocated.

While D & O insurance is an allowable cost as described above, USDA believes it is important for institutions that purchase such insurance be fully aware of all provisions and exclusions in any policy they consider.

**SOURCE:** FY 04 Child and Adult Care Food Program Policy Memorandum #04-24