

CONNECTICUT STATE DEPARTMENT OF EDUCATION
BUREAU OF HEALTH AND NUTRITION SERVICES AND
CHILD/FAMILY/SCHOOL PARTNERSHIPS
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MIDDLETOWN, CONNECTICUT 06457-1543

TO: Child and Adult Care Food Program (CACFP) Sponsors

FROM: Maureen B. Staggenborg, Director
Child Nutrition Programs

DATE: November 1, 2004

SUBJECT: Operational Memorandum #05C-05 and #03H-05
Allowability of Directors and Officers (D&O) Liability Insurance in CACFP

This memorandum addresses the allowability of "Directors and Officers" (D&O) liability insurance as an administrative cost in the Child and Adult Care Food Program (CACFP).

The cost of the D&O liability insurance is an allowable CACFP administrative cost, 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 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 liability insurance is an allowable cost as described above, we believe it is important for institutions that purchase such insurance to be fully aware of all provisions and exclusions in any policy they consider.

This clarification should be considered as an addendum to the CACFP Financial Management Instruction, FNS 796-2 Revision 3.

If there are questions, centers sponsors may contact Susan Boyle at (860) 807-2074, Celia Cordero at (860) 807-2076 or Benedict Onye at (860) 807-2080. Homes sponsors may contact Maureen Staggenborg at (860) 807-2070 or Susan Bohuslaw at (860) 807-2073.

MBS:shb