

The University of Alabama in Huntsville
Business Interruption Insurance (BII) Usage Policy

Effective Date: April 1, 2012

Background Information

Certain employee groups at the University of Alabama in Huntsville qualify for administrative, jury duty, bereavement leave, and military leave. Employees budgeted on state accounts (ledger-2), departmental accounts (ledger-3), auxiliary accounts (ledger-4), and employees charging to leave loaded accounts are not impacted by this program.

Business Interruption Insurance is primarily established to benefit employees charging to externally funded contracts and grants (ledger-5) accounts.

Generally, the University is not allowed to bill the federal government or other external agencies for administrative leave, jury duty, bereavement leave, or military leave taken by ledger-5 employees. It has been the general practice at the University to pay full salary to ledger-5 employees who have been granted administrative leave, jury duty, bereavement leave, or military leave. Other options which the University considers but does not implement includes asking those employees to take annual or personal leave, or if leave is not available, a furlough, or work from home. Since no recurring budget is established for these ledger-5 employees, the research centers and the colleges typically use existing fund balances to support these payrolls. The research centers and the colleges incurred extraordinarily high costs in 2010 and 2011 because the University closed for many days.

Administrative leave is granted to all University employees who are calendar year employees when the President (or his designee) declares the University closed due to severe weather or other extraordinarily events.

The University of Alabama in Huntsville budgets 34% (FY 2012) in fringe benefits for research and grant proposals submitted. The 34% fringe benefits pool includes FICA/Medicare, Retirement, Disability Insurance, Tuition Remission,

TIAA/CREF, Unemployment Insurance, Life Insurance, Health Insurance, and Business Interrupted Insurance. Two and a half percent (2.5%) of the 34% is earmarked for Business Interruption Insurance. During each bi-weekly payroll period, 2.5% of the salary from each ledger-5 employee (except leave loaded employees) is captured and stored as Business Interruption Insurance. An account is established in the Payroll Office to administer the Business Interruption Insurance Program.

Who is eligible to participate?

Calendar year employees (ledger-5) who are eligible for administrative, jury duty, bereavement leave, and military leave in compliance with the current Staff Handbook at the time of the granted leave. Employees on leave loaded accounts are not eligible.

When can you request Business Interruption Insurance?

An employee has access to Business Interruption Insurance in one of the following events:

1. The President (or his designee) declares the University closed and administrative leave is granted.
2. An employee is serving jury duty.
3. An employee is taking bereavement leave.
4. An employee is on military leave (must produce official order).

Employees must adhere to the University policy as outlined in the staff handbook.

How do you request Business Interruption Insurance?

You must submit your timesheet accurately if you meet one of the criteria above.

Four new lines (earning codes) will be established in the University Banner Web Time Entry system:

Administrative Leave BII

Jury Duty BII

Bereavement BII

Military Leave BII

When you submit your bi-weekly timesheet, you must input very clearly on the timesheet if you are taking one of the leave types above. The Payroll Office will charge the Business Interruption Insurance account accordingly based on your submitted timesheet.

Business Interruption Insurance Account Maintenance

The Office of Budgets and Management Information (Budget Office) and the Payroll Office are responsible for the administration of the Business Interruption Insurance account. The Budget/Payroll Office will monitor the account balance on a bi-weekly basis to ensure the deposits into the account are up-to-date. The Budget/Payroll Office will monitor the cumulative balance, increase, decrease, or maintain the 2.5% based on the average claim experience of the past 3 years. If the University faces an unusually large number of business interruption activities in a given period, and if the cumulative balance is not sufficient to pay all the benefits, the Budget/Payroll Office, upon consultation with the Vice President of Finance & Administration, has the discretion to pay the full benefits to the employees impacted, and allow the account to go into deficit temporarily, knowing the deficit will be recovered by future payrolls.

The fund from the Business Interruption Insurance program **may not** be used for any purpose other than the leave outlined above. The fund **may not** be distributed to other accounts within the University.

The balance on the Business Interrupted Insurance account will be reported to the Office of the Vice President for Research quarterly.

Policy

The Business Interruption Insurance policy is a work in progress and will be revised as needed when there is a change in Banner (technical), Administrative (internal process), or Federal Guidelines. You will be informed of the change.