

THE UNIVERSITY OF ALABAMA IN HUNTSVILLE

BUSINESS INTERRUPTION INSURANCE (BII)

Operating Guidelines

Background Information

Certain employee groups at the University of Alabama in Huntsville qualify for administrative leave. Employees budgeted on state accounts (ledger-2), departmental accounts (ledger-3), and auxiliary accounts (ledger-4) 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 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. 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 or normal working hours changed due to severe weather or other extraordinarily events.

The University of Alabama in Huntsville budgets 36% (FY 2024) in fringe benefits for research and grant proposals submitted. The 36% fringe benefits pool includes FICA/Medicare, Retirement, Disability Insurance, Tuition Remission, TIAA/CREF, Unemployment Insurance, Life Insurance, Health Insurance, and Business Interrupted Insurance. 0.1% of the 36% is earmarked for Business Interruption Insurance. During each bi-weekly payroll period, 0.1% of the salary from each ledger-5 employee 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 leave in compliance with the current Staff Handbook at the time of the granted leave.

When can you request Business Interruption Insurance?

An employee has access to Business Interruption Insurance in the event the President (or his designee) declares the University closed or normal working hours changed and administrative leave is granted.

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 by entering Administrative Leave if you meet the criteria above. The portion of administrative leave that will be charged to Business Interruption Insurance is based on the labor distribution submitted for the pay period in which administrative leave was taken.