

# THE UNIVERSITY OF ALABAMA IN HUNTSVILLE

## BUSINESS INTERRUPTION INSURANCE USAGE POLICY

<b><u>Number</u></b>	06.03.03
<b><u>Division</u></b>	Office of Budgets and Management Information
<b><u>Date</u></b>	April 1, 2012
<b><u>Purpose</u></b>	The purpose of this policy is to benefit employees charging to externally funded contracts and grants when regular business is interrupted.

**Policy**      **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 or normal working hours changed due to severe weather or other extraordinarily events.

The University of Alabama in Huntsville budgets 34% (FY 2015) 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. Half a percent (0.5%) of the 34% is earmarked for Business Interruption Insurance. During each bi-weekly payroll period, 0.5% 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 or normal working hours changed 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?**

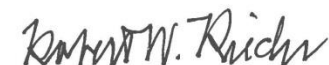
You must submit your timesheet accurately if you meet one of the criteria above.

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

**Review**

The Office of Budgets and Management Information is responsible for the review of this policy every year (or whenever circumstances require).

**Approval**



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Chief University Counsel

*Ray M. Penni*

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Senior Vice President for Finance and Administration

*[Signature]*

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Associate Vice President for Budgets and Financial Planning

**APPROVED:**

*Robert A. Altenkirch*

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President