



DCU BULLETIN

Division of Credit Unions

Washington State Department of Financial Institutions

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Examiners to Focus on Preparedness

Credit unions have both a fiduciary and a philosophical duty to make sure their services are available to members under any circumstances. To live up to that promise, credit unions need to plan for a wide range of potential conditions and be prepared to respond in an orderly and productive manner.

We often think about disaster planning in terms of events – fire, earthquake, snow. But a better way to approach planning is to ignore the possible causes and think in terms of planning for symptoms.

	Human	Physical	Technical
Short Term	<ul style="list-style-type: none"> • Illness or strike impacting 20% of staff for less than 1 week • Unable to show up (due to snow, ice, rail or truck spill, major accident that closes major artery) 	<ul style="list-style-type: none"> • Fire to building or neighboring building • Crime scene • Flood • Vehicle runs into building • Protest or civil unrest in area 	<ul style="list-style-type: none"> • Power outage • Computer glitch • Power or phone lines temporarily down due to wind • Correspondent bank unavailable • Wire system down
Long Term	<ul style="list-style-type: none"> • Illness incapacitating 25% or more of staff for more than 1 week • Death of several key people • Pandemic • Availability (staff re-located out of area or caring for their families) 	<ul style="list-style-type: none"> • All area offices are uninhabitable • Offices and contents are destroyed or contaminated • Area is quarantined • Members desperate for cash and access to accounts 	<ul style="list-style-type: none"> • Regional power outage • Computers unavailable • No phone lines • Currency is contaminated • ATMs down • Safe destroyed

It really doesn't matter if you lose your branch building due to fire, flood, chemical spill, or other cause. Being prepared means that, for example, if your branch building becomes uninhabitable, everyone knows what to do or who to call. The terrorist attacks on the Murrah Federal Building, September 11, 2001, the recent devastation from hurricanes Katrina and Rita are reminders that the financial industry must be ready for a disaster of any magnitude or duration.

DFI and the various Federal financial institution regulators are requiring financial institutions to develop and test "disaster recovery" and "business continuity" plans. Each plan must spell out how the credit union will recover data, ensure the availability of cash, continue customer service, and otherwise function efficiently after a disaster. In the past we saw many plans which assumed that the credit union could be operational in a short period of time at the same location. After recent experiences, examiners will be looking for plans which cover conditions in which personnel are unavailable, key facilities are closed, and power and phones are out for an extended period. The questionnaire attached to [NCUA Letter to Credit Unions 06-CU-12](#) includes a specific listing of the steps the examiners will be expecting at their next exam.

Credit unions play a vital role in supporting the economy, businesses and individual families after a disaster. It's in everyone's best interest that credit unions bounce back quickly and that disruptions are minimized. This can be best accomplished through planning, communication, and testing.

DCU will be hosting ***Disaster Recovery Workshop***, on December 7, 2006, at the Sea-Tac Hilton, to discuss examiner expectations and provide resources to help you become compliant. This free conference will include a CEO from a Katrina ravaged credit union in New Orleans; representatives from the Department of Health, Federal Reserve, Northwest Corporate, the Red Cross; and have many handouts and resource lists you will not want to miss. Additional information is available at http://www.theparagongroup.com/?pg=SDoCU_Overview or <http://www.dfi.wa.gov/cu/default.htm> and you can register for this workshop at http://www.theparagongroup.com/SDoCU_register.aspx .

We encourage you to send a couple of representatives to this workshop and we promise to make it a worthwhile experience.

Preparing for Disaster: A Forum on Disaster and Contingency Planning

Presented by the Division of Credit Unions

Facilitated by: The Paragon Consulting Group, LLC

Thursday, December 7, 2006 - Sea-Tac Hilton Hotel

Topic	Speaker(s)	Time
Welcome and Introductions	<i>Facilitator: James This, Partner, The Paragon Consulting Group, LLC</i>	9:00 – 9:15
Office Preparedness <ul style="list-style-type: none"> Basic steps every office should take to prepare for a disaster. 	<i>Facilitator: Susan Girsch, Partner, The Paragon Consulting Group, LLC</i> <ul style="list-style-type: none"> Panelists <ul style="list-style-type: none"> Kelly Kasper, Disaster Preparedness Coordinator, American Red Cross 	9:15 – 9:45
Dealing with a Short-Term Disruption <ul style="list-style-type: none"> How credit unions should plan to continue serving the members during short-term disruptions. 	<i>Facilitator: James This, Partner, The Paragon Consulting Group, LLC</i> <ul style="list-style-type: none"> Panelists <ul style="list-style-type: none"> Kim Bickford, SVP/Chief Operations Officer, Northwest Corporate Chris Maurer, CEO, University of New Orleans CU Tom Schauer, Trust CC Jim Morrell, VP, Technology, iQ Credit Union 	9:45 – 10:30
Morning Break		10:30 – 10:45
Continuing Operations When Your Offices are Unusable <ul style="list-style-type: none"> How credit unions should plan to re-start operations if a branch or other facility becomes unusable. 	<i>Facilitator: James This, Partner, The Paragon Consulting Group, LLC</i> <ul style="list-style-type: none"> Panelists <ul style="list-style-type: none"> Kim Bickford, Northwest Corporate Chris Maurer, CEO, University of New Orleans CU Tom Schauer, Trust CC Jim Morrell, VP, Technology, iQ Credit Union 	10:45 - Noon
Networking Lunch		12:00 – 1:00
Regulatory Concerns About Contingency Planning <ul style="list-style-type: none"> Regulator perspective on contingency requirements and expectations. 	<i>Facilitator: James This, Partner, The Paragon Consulting Group, LLC</i> <ul style="list-style-type: none"> Panelists <ul style="list-style-type: none"> Linda Jekel, Director, Division of Credit Unions Larry Torres, Associate Regional Director for Programs-Region 5 NCUA 	1:00 – 1:45
Dealing with Pandemic Illness <ul style="list-style-type: none"> Special concerns in anticipation of pandemic illness. 	<i>Facilitator: Susan Girsch, Partner, The Paragon Consulting Group, LLC</i> <ul style="list-style-type: none"> Panelists <ul style="list-style-type: none"> Sam Watson-Alvan, Public Health Preparedness Manager, Office of the Assistant Secretary, Division of Community and Family, Department of Health 	1:45 – 2:30
Afternoon Break		2:30 – 2:45
Creating Contingency Plans <ul style="list-style-type: none"> How to create a good contingency plan. 	<i>Susan Girsch-Arnold, Partner, The Paragon Consulting Group, LLC</i> <ul style="list-style-type: none"> Panelists <ul style="list-style-type: none"> Mike Sanders, Vice President, Facilities, WA State Employees Credit Union Janine Stephens, Administrative Services Manager, TwinStar CU 	2:45 – 4:00