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OFFICE OF FINANCIAL AND INSURANCE SERVICES  
DEPARTMENT OF CONSUMER & INDUSTRY SERVICES  
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COMMISSIONER

**DATE:** June 23, 2005

**LETTER NO.:** 2005-CU-10

**TO:** The Board of Directors and Management of Michigan State-Chartered  
Credit Unions

**SUBJECT:** Contingency Planning

**Purpose of this Letter**

This letter is to advise credit union officials of the importance of appropriate contingency planning. Contingency planning consists of a Disaster Recovery Plan (DRP), Business Continuity Plan (BCP), and a Business Impact Analysis (BIA). In most cases, credit unions combine the three plans into one comprehensive plan. The DRP involves the recovery of critical business operations, including electronic systems and platforms, while the BCP addresses continuity of credit union services. The BIA ties these two plans together by analyzing and prioritizing recovery time for all offered products and services.

**Background**

Recent Information Technology (IT) examinations noted weaknesses in credit unions' contingency plan and processes. Credit union officials must plan for the loss and recovery of vital member information stored in electronic format and the restoration of critical information systems and member services. Enterprise wide contingency planning requires a broad recovery approach encompassing detailed steps. During the planning process, management must identify critical IT systems, detail backup and recovery steps, perform program testing, and report test reports to the Board of Directors.

**Conclusion**

The Business Continuity Plan is a business-wide restoration plan. It is a "process-oriented approach that considers technology, business processes, testing, and communication strategies."<sup>1</sup> "In enterprise-wide business continuity planning an institution considers every critical aspect of its business in creating a plan for how it will respond to disruptions. It is not limited to the restoration of information technology systems and services, or data maintained in electronic form, since such actions, by themselves, cannot always put an institution back in business."<sup>2</sup> To

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<sup>1</sup> Federal Deposit Insurance Corporation (FDIC) Office of Inspector General's September 25, 2003 Audit Report No. 03-042 titled "Business Continuity Planning at FDIC-Supervised Institutions", page 4.

<sup>2</sup> Federal Financial Institutions Examination Council's (FFIEC) "Business Continuity Planning Booklet – March 2003", page 4.

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complement on-going business viability planning, management must sufficiently plan and document a Business Continuity Plan.

**References**

Additional information and guidance in developing and reviewing effective continuity planning may be obtained in:

- National Credit Union Administration's letter to credit unions number *01-CU-21*, titled '*Disaster Recovery and Business Resumption Contingency Plans*'.
- Federal Deposit Insurance Corporation's Financial Institution Letter Number: *22-01*, titled '*Security Standards for Customer Information*' (*3-14-01*).
- Department of the Treasury, Federal Reserve System Federal Deposit Insurance Corporation, 12 CFR Part 30, titled '*Interagency Guidelines Establishing Standards for Safeguarding Customer Information and Rescission of Year 2000 Standards for Safety and Soundness; Final Rule*'.
- Federal Deposit Insurance Corporation's Office of Inspector General September 25, 2003 report titled, '*Business Continuity Planning at FDIC-Supervised Institutions*'.
- Certified business continuity professionals and business consultants.
- Credit union trade association resources and consultants.

Sincerely,

Roger W. Little, Deputy Commissioner  
Credit Union Division