Dear Board of Directors:

The purpose of this Letter to Credit Unions (LTCU) is intended to raise awareness regarding the threat of a pandemic influenza outbreak and its potential impact on the delivery of critical financial services. It further advises credit unions and their service providers to consider this and similar threats in their event response and contingency strategies (business continuity and disaster recovery plans). This LTCU discusses the National Strategy for Pandemic Influenza (National Strategy) and the roles and responsibilities it outlines for financial institutions.

On November 1, 2005, the White House issued the National Strategy, which discusses the threat and potential impact of a pandemic influenza event. It also identifies the roles and responsibilities for the federal government, the private sector, and others.

The current threat originates from an outbreak of avian flu in Asia. It is unknown if an avian virus will result in a human pandemic. The widespread nature of this virus in birds and the possibility that it may mutate over time raise concerns that it will become transmissible among humans, with potentially devastating consequences.

The National Strategy states that the “private sector should play an integral role in preparedness before a pandemic begins, and should be part of the national response.” Credit Unions and their service providers supply essential financial services and, as such, should consider their preparedness and response strategy for a potential pandemic. The National Strategy addresses the full spectrum of events. The main components of the National Strategy address:
The following excerpt describes key roles and responsibilities as presented in the National Strategy:

**The Private Sector and Critical Infrastructure Entities**

The private sector represents an essential pillar of our society because of the essential goods and services that it provides. Moreover, it touches the majority of our population on a daily basis, through an employer-employee or vendor-customer relationship. For these reasons, it is essential that the U.S. private sector be engaged in all preparedness and response activities for a pandemic.

Critical infrastructure entities also must be engaged in planning for a pandemic because of our society’s dependence upon their services. Both the private sector and critical infrastructure entities represent essential underpinnings for the functioning of American society. Responsibilities of the U.S. private sector and critical infrastructure entities include the following:

- Establishing an ethic of infection control in the workplace that is reinforced during the annual influenza season, to include, if possible, options for working offsite while ill, systems to reduce infection transmission, and worker education.
- Establishing contingency systems to maintain delivery of essential goods and services during times of significant and sustained worker absenteeism.
- Where possible, establishing mechanisms to allow workers to provide services from home if public health officials advise against non-essential travel outside the home.
- Establishing partnerships with other members of the sector to provide mutual support and maintenance of essential services during a pandemic.

Credit unions and their service providers should review the National Strategy to consider what actions may be appropriate for their particular situation, and whether such actions should be included in their event response and contingency strategies. Credit unions with a global presence and those considered critical to the financial system may have greater preparation and response challenges than those of other credit unions. However, a pandemic event is a potential threat to any credit union regardless of size and location. Preparations for employee safety and business continuity should include consideration of identified risks.

The official federal Web site, http://www.pandemicflu.gov, contains the complete text of the National Strategy for Pandemic Influenza and other important related details.

1 The appendix of this document contains reference sites where the reader can find additional related information.
For specific information regarding the business continuity and disaster recovery process, please review NCUA’s Letter to Credit Unions #01-CU-21 Disaster Recovery and Business Resumption Contingency Plans. That LTCU states threats can be natural, human, or technical and credit union’s contingency plans should consider a worst-case scenario. To be effective, the plans should assume that the credit union could not continue operating at its physical location, due to a natural disaster or some other unforeseen event, for an extended period.

NCUA will also be issuing a Risk Alert concerning business continuity and disaster recovery as well as releasing the revised AIRES Information & Technology Questionnaires which includes a more detailed business continuity and disaster recovery questionnaire. These two items can help you prepare for a natural event such as an influenza pandemic.

If you have any questions or concerns, please contact your NCUA Regional Office or State Supervisory Authority.

Sincerely,

/s/

JoAnn M. Johnson
Chairman

Enclosure