

# FIL News

Summer 2004

## Twenty percent of Illinois State University Bone Scholars in finance!

Three of the 14 students selected to be Bone Scholars for 2004-2005 are majoring in finance. This is the highest number of students selected from one department in recent memory. The students selected were: Clark Kays, Staunton; Martin Friel, St. Charles; and Andrew Hoffman, Roanoke.

The Bone Scholar designation is the highest academic honor at Illinois State University. Named in honor of former President Robert Bone, it is presented to no more than 15 top juniors in any year.

## Educational Investment Fund closes successful year

The Educational Investment Fund (EIF) finished its 21st year of operation with its largest class and one of its largest fund balances. Led by Professor Tom Howe, the Illinois State University real-money student-operated fund is among the oldest and largest in the nation. Students finish the semester by presenting formal recommendations to a 14-member board of investment professionals.

Eighteen students took part in the EIF class in the spring, including four students taking the EIF for the second semester. Second-semester students were responsible for portfolio balancing and asset allocation. The fund topped \$290,000 in invested money and cash, nearly equaling its previous high.

## Faculty happenings ...

Kevin Ahlgrim is involved in a research project jointly sponsored by the Casualty Actuarial Society and the Society of Actuaries. The project concerns the creation of a public domain model that is useful for projecting future financial scenarios. Ahlgrim made presentations on the research at the Western Risk and Insurance Association meeting and the Enterprise Risk Management Symposium. A related paper is scheduled for publication in *The Geneva Papers on Risk and Insurance Theory*.

Sylvie Bouriaux taught a derivatives seminar at the University of Paris (Paris II) in their master's program and went to Lodz, Poland in the first week of June to teach a seminar to M.B.A. students at the Technical University of Lodz. Bouriaux contributed a chapter in an upcoming book entitled *Community Preparedness and Response to Terrorism* to be published by Praeger in the spring.

S. J. Chang, president-elect of the Korea-America Finance Association, completed a joint research project on market transparency and cultural perspectives sponsored by the Korea Institute of Public Finance. Chang will also serve on the editorial board of a new

## Notes from the chairperson

The 2003-2004 academic year has been an exciting one for the FIL Department. Two excellent young faculty members – Kevin Ahlgrim and Andreas Richter – joined us in August. Our new Finance Advisory Board really got off the ground in the fall, and we helped our colleague, Erika Gilbert, celebrate her retirement in December. We hired two additional fine young faculty members – Linda Miles from



Penn State, and Keldon Bauer from Texas Tech – to begin in the fall of '04. And we had the largest number of both finance and insurance majors in history throughout the year.

The future of the FIL Department is unlimited! With the great faculty and our wonderful students, the next few years look bright indeed. And, in December we will move into our gorgeous new College of Business building, now nearing completion at the south end of the Quad. Take a look at the student and faculty accomplishments below and you will see why I am so proud and optimistic about our future.

But we can use your help. A department as large and active as FIL takes resources – lots of them. Equipment, scholarships, databases, travel, research support, EIF capital, and many other parts of what we do depend on YOU!

Please take a minute to reflect on your experience in the FIL Department and what it has meant to you and will mean to future students, and then fill out the form on the back and send it back with your contribution to the FIL Department. In these days of tight state budgets and high enrollments, we value anything you can do to help.

*Charles R. McGuire*

## FIL hosts second annual recognition program

The Finance, Insurance, and Law Department held its second annual Department Recognition Program at the Radisson Hotel in Bloomington on Wednesday, March 31. Fifty-nine students received scholarships and awards. Two new awards were created:



the Erika Gilbert Student Service Award was created by the department in honor of Erika Gilbert, who retired in 2003; and the Outstanding Legal Environment Student Award was given for the first time.

Joseph Trefzger was named the Outstanding Department Teacher. Han Bin Kang was given the Department Research Award, and Joseph Solberg was given the Department Service Award.

The Outstanding Senior Awards went to Scott Savidan (finance) and Eric Pan (insurance). The Outstanding Junior Awards were presented to Martin Friel and Andrew Hoffman (finance) and Maegan Fidel (insurance).

Two hundred and twenty people attended, including faculty, parents, industry donors, and representatives of the Educational

Investment Fund Board of Directors, the Finance Advisory Board, and the Katie Insurance Advisory Board of Executives. Brief remarks were made by Tom Estey '83, senior vice president, LaSalle National Bank (chair, Finance Advisory Board) and Barbara Baurer, COO, Country Insurance and Financial Services (chair, Katie Insurance Advisory Board of Executives).



From top: Larry Lonis, vice president, Bank One, Chicago, and member of the Financial Advisory Board, talks with Andrew Hoffman, Outstanding Junior in Finance; Pictured together are Maegan Fidel, Outstanding Junior in Insurance; Debbie Babcock, associate director of the Katie School, and Eric Pan, Outstanding Senior in Insurance; Joe Trefzger, Outstanding Teaching Award Winner; Scott Savidan, Outstanding Senior in Finance; Marty Friel, Outstanding Junior in Finance.; Nicole Rezacbek, winner of the Swiss Re America Scholarship, and her mother, Linda Rezacbek, of Highland, Illinois, go through the buffet line with Stephanie Neudecker, winner of the Arthur J. Gallagher and State Farm Insurance scholarships; Erika Gilbert, who retired from the faculty in 2003, congratulates Chris Regis, first winner of the Erika Gilbert Student Mentorship Award.

international journal, *Finance and Common Good*, and has delivered lectures on the North Korean nuclear crisis, South Korea's future education, and perspectives on American culture.

Karen Hosack gave two presentations at the Midwest Business Administration Conference titled: "State Farm v. Campbell: A Cornucopia of Legal Concepts? You Can 'Bet the Farm'" and "State Farm v. Campbell: An Exploration of the Supreme Court's Ruling on Punitive Damages."

Domingo Castelo Joaquin was a discussant at a presentation titled "Capital Structure Design Issues for Tax-Exempt Healthcare Institutions" by the Healthcare Systems Group of UBS. Joaquin's work on portfolio management was featured in *Kiplinger's Retirement Letter* and recognized as one of the most requested articles in 2003 from the *Journal of International Money and Finance*.

Han B. Kang published an article in the *Journal of Insurance Issues* entitled "A Discrete Time Pricing Model for Individual Insurance Contracts." Kang presented a paper, "An Examination of State Government Programs to Fighting Insurance Fraud," at the annual meeting of the Western Risk and Insurance Association.

Yu-Luen Ma published "Cross-Subsidization and Choice in the Group Health Insurance Market" in the *Journal of Risk and Insurance*. A class project, "Grade Insurance," which was jointly developed by Yu-Luen Ma and Nat Pope, received national recognition for its enhancement of risk and insurance education. They received the Strickler Award and were invited to make a presentation of the project at the American Risk and Insurance Association (ARIA) annual conference.

Richard MacMinn finished a term as a board member for the Asia Pacific Risk and Insurance Association in Bangkok, Thailand, after helping establish a journal for the association. In August MacMinn won the Mehr Award at the American Risk and Insurance Association meetings and began a three-year term on the ARIA Board; he also started a third three-year term as editor of the *Journal of Risk and Insurance*. MacMinn, Krzysztof Ostaszewski, and Raneer Thiagarajah also received a grant from the Society of Actuaries for a project on longevity risk.

Edgar Norton, professor of finance and associate dean of the College of Business, served as president of the Midwest Finance Association. A CFA® charter holder, Norton was captain of a team of CFA® exam graders. Norton also had a paper on the classroom use of Ibbotson EnCorr software accepted for publication in *Advances in Financial Education*. A previously published paper has been chosen to be included as part of a collection of the leading contributions to the study of venture capital from the past two decades.

Andreas Richter is a member of the Board of

Governors of the Asia-Pacific Risk and Insurance Association. He co-authored an article with Martin Nell on "The Design of Liability Rules for Highly Risky Activities – Is Strict Liability Superior When Risk Allocation Matters?" published in the *International Review of Law & Economics*. He also co-authored a paper with David Croson on "Sovereign Cat Bonds and Infrastructure Project Financing" published in *Risk Analysis*, and presented his work on "Catastrophe Risk Management – Implications of Default Risk and Basis Risk" at the ARIA meeting in Denver. Recently, his paper with Martin Nell on "Improving Risk Allocation through Cat Bonds" appeared in the *Geneva Papers on Risk and Insurance*.

Joe Solberg presented a paper related to affirmative action at the ALSB conference in Nashville.

Carson Varner continues to work with honors students and student recognition. He also writes an occasional column in The Bloomington *Pantagraph* on wide-ranging topics of business, the economy, and business policy.

## Gamma Iota Sigma

Thirteen Gamma Iota Sigma (GIS) members attended the REBEX conference in Chicago where they networked with industry professionals. Seven students attended the GIS national conference in New York, participating in workshops and learning how to be effective leaders. Another 13 members attended the RIMS 2004 conference in San Diego. GIS also organized two corporate visits for their members to Marsh and Chubb and then to AIG and Gen Re. This year 25 GIS students participated in a mentorship program with local CPCU professionals.

GIS received five national awards at the national meeting including chapter management award, membership development award, alumni relations award, public relations award, and two black and gold awards. GIS exceeded 100 members last year, a record high in Illinois State University history.

GIS officers for the 2003-2004 year included Eric Pan, president; Chris Colwell, vice president; Sandy Guavita, secretary; Donna Jalcovik; director of publicity; Jim Bowen; director of volunteer efforts; Chris Sutherland, treasurer; Stephanie Neudecker, historian; and Kristine Matzke, director of alumni relations. Faculty Advisors were George Flanigan and Yu-Luen Ma.

## FMA

Speakers sponsored by the Financial Management Association (FMA) were: Courtney Graf, M.B.A. '02, Caterpillar; Katrin Varner, Illinois State University faculty; Tiffany Hemann '00, Boeing, Inc.; Jerry Kerber '74, Citizens Savings Bank; and David Turney '01, Ibbotson Associates.

In the fall, 11 FMA members visited Ariel Capital, hosted by Khoa Ho. Senior vice president and portfolio manager Jason Tyler spoke. The group then visited Harrah's Joliet Casino & Hotel. David Dunbar, the facility's planning and analysis manager, spoke to the group about financial and regulatory aspects of the gaming industry.

Speakers for our spring 2004 on-campus professional program were: Ed Ferguson, Prairie State Bank; Greg Alt '81, M.B.A. '94, Illinois State University; Scott Snavely, National City Bank; Roger Elliott, Elliott Capital Management; Seth Davis '94, RLI Insurance.

The spring field trip took the FMA to the northwest suburbs. The first stop was at the Schaumburg headquarters of Motorola, hosted by financial development manager Rayna Arreazola. Dennis Olis, senior director of finance/investor relations, spoke about the firm's recent successes, and three Illinois State University graduates, David Jarcik '90, Brookie Nall '95, and Venky Peruvemba, M.B.A. '00 spoke about various aspects of Motorola's financial operations. The group also stopped at Woodfield Mall, where Mall Manager Marc Strich discussed the management of a major retail facility. The final stop was at Cornerstone National Bank in Palatine, where Illinois State finance graduate Kevin Drucker '97 and credit analyst Dina Scianna spoke on commercial lending. Drucker was already legendary at Illinois State University for his "loans gone bad" war stories, but his tale of the challenges of lending in northern climes during moose mating season may have set a new standard.

Students who served as officers during the year included: president, Douglas Marrinson and Keith Stone; vice president, Christopher Regis and Zachary Kammish; treasurer, Keith Stone and Todd Gustafson; secretary, Christina Corbin; COBEC reps., Ryan Gregoire and Gina Czubachowski; and social/publicity, Kristie Spice.

## Where are they now?

Dennis Kruse, who retired in 2001, is living in Cable, in northwest Wisconsin. He misses Illinois State University and the students, but is enjoying retirement and keeping very busy. He is on the national board for the U.S. ski team, and is involved in a program that brings skiing to Native American children. He also is president of the Central Cross Country Skiing Association, a seven-state organization for young skiers. Kruse also organizes ski races, including the famous Birkebeiner Ski Race in northern Wisconsin. He continues to enjoy bike racing and kayaking, and soon will be going to Europe for three weeks of biking.



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