ILLINOIS STATE UNIVERSITY
DEPARTMENT OF FINANCE, INSURANCE, AND LAW

FIL News

Fall 2007

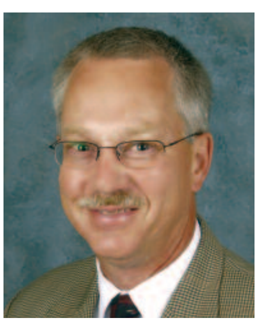
Former FIL chairperson named College of Business dean

Assistant Provost Charles McGuire has been named the interim dean of the College of Business. Prior to becoming assistant provost, McGuire served as chair of the Department of Finance, Insurance, and Law (FIL) for 17 years. He joined the department in 1980. During his time as a faculty member his research, teaching and publications focused on the areas of insurance law, ethics, and regulation. He was instrumental in establishing the College's Katie School of Insurance and Financial Services and the Institute for Insurance Ethics. He also played a key role in the planning of the new College of Business Building.

A recent nationwide search for a College of Business dean was halted, awaiting the appointment of a new provost and vice president for Academic Affairs. A new search will begin in January.

Gary Koppenhaver named department chairperson

Gary Koppenhaver began serving as the chairperson of the FIL Department on July 1. He held the rank of professor in both the Department of Finance and the Department of Economics at Iowa State University, where he had been on the faculty since 1988. He brings an outstanding record as a teacher/scholar, as well as valuable administrative experience.



Koppenhaver received his bachelor's and doctoral degrees from the University of Iowa. He was on the faculty at Southern Methodist University and served as a senior economist in the research department of the Federal Reserve Bank of Chicago. At Iowa State he served two terms as associate dean of the College of Business.

In 1999 Koppenhaver was recognized as the Best Professor at Iowa State by the *Iowa State Daily*. He has an extensive research record in areas including futures and options contracts, financial education, and financial intermediation and regulations, as well as significant professional service.

Koppenhaver and his wife, Kay, are native to the Midwest. She worked as a teaching associate with primary grades in the Ames Community School District. They have three children, including Brent, who holds an engineering degree from University of Iowa and lives in North Liberty, Iowa. Leslie is a graduating senior at University of Iowa, with double majors in theatre and English. Ross is a freshman at University of Iowa. The family enjoys camping in Michigan and the Western United States.

Notes from the chairperson

The 2006-2007 academic year has been a busy but productive one for the Department of Finance, Insurance, and Law (FIL). We have spent a lot of time with our advisory boards in a strategic planning effort designed to assure that our programs and curriculum are contemporary and relevant. This is especially critical given the rapid and ongoing change in the financial industry. We have reviewed the goals and objectives for both the finance and insurance programs in the process of developing an assessment model. We want to find ways to gain data to assure that our students are actually learning what we want them to learn; and to find ways to make our instruction more effective. We have also reviewed the coverage of ethics in our courses. We want to make sure that students gain some insights to effectively deal with ethical dilemmas that may be encountered in the contemporary business environment. More discussion on these efforts is found in this issue.

This has also been a busy year for our students. Several have been announced as Bone Scholars and Caterpillar Scholars. Many received awards and scholarships at our Student Recognition Nights. The student Financial Management Association has been quite active with meetings and field trips. More detail about our students appears later in the newsletter.

You will also read in this issue that this year brought about some major transitions in the leadership of both the college and the department. Dixie Mills, a colleague in our department, has retired and stepped down as dean of the College of Business. Charles McGuire, former chair of the FIL Department, is interim dean. Gary Koppenhaver arrived on July 1 to become the permanent chair of the department, as I have returned to the faculty for a few more semesters and am contemplating retirement.

Bill Scott, Interim Chair

Chang named associate dean

S.J. Chang, professor of finance, will assume responsibilities as associate dean for M.B.A. and undergraduate programs on January 1, 2008. Chang's candidacy was well received by faculty, staff, and college leaders. He brings an impressive record of talents and accomplishments as he moves to a leadership position in the college. Chang has been a longtime, contributing member of the finance and M.B.A. faculty, has an extensive record of scholarly accomplishments, and has an active record of professional service to his discipline, the University, and the community.

Chang has been honored as a Caterpillar Faculty Scholar and with the College of Business Research Award. He has served on the Academic Senate and been involved in other college and university initiatives. He has written more than 25 articles and books, has had many professional presentations and chapters in books, serves on several journal editorial boards and as a reviewer for many others, and is recognized widely in international circles for his expertise and insights on international finance. He has recently served as president of the Korea-America Finance Association, an international organization in which he has been active for many years.

Most importantly Chang has the ability, combined with great enthusiasm and energy, to shape this new position for the college. He is looking forward to exploring new opportunities for our faculty, students, and academic programs.

Advisory boards lead department in strategic planning for curricular initiatives

The Educational Investment Fund Board (EIF) and the Finance Advisory Board (FAB) both were engaged in strategic planning over the past year. Both boards are composed of professional finance practitioners who donate their time and effort to advising the department. The EIF board advises and mentors the real-money portfolio management course. The FAB board advises the finance curriculum in general and offers advice across all the specialized fields in finance.

The strategic planning effort began with the EIF board, with the initial goal of reviewing the structure and objectives of the EIF and coming up with ideas to attract more students to the course. As the conversation developed, it became clear that some larger issues loomed for discussion. One is how can the EIF move from being just a "course" to being a "program" so that its benefits can accrue to a wider array of finance students? Another question is how can the EIF and the finance program respond to the major changes in the financial industry that are dramatically reshaping the career paths of new college graduates?

The EIF board formulated a set of specific recommendations, which were reviewed and approved by the FAB board as well. A brief summary of the major features of the recommendations follows:

- Continue the *corporate finance* and *investments* tracts of study, which emphasize the "hard skills" involved with traditional "backroom" financial analysis and portfolio management. These tracks point students toward the Chartered Financial Analyst (CFA) certification.
- Add a new *investment distribution* track, which emphasizes client interface: advice, needs assessment, and investment selection. This track points toward the "soft skills" and focuses less upon "backroom" financial analysis than the corporate finance and investments tracks. The new investment distribution track points students toward the Certified Financial Planner (CFP) certification.
- Give coverage in the curriculum of the new alternative investment formats, i.e., hedge funds, real estate investments, and commodity trading advisories.
- Help students develop "soft skills," including technical writing, making presentations, interpersonal communication, job interviewing, resumes, and professional selling.
- Help students gain a greater awareness of the financial industry through internships, mentorships, professional speakers, job shadowing, and contact with alumni.
- Improve alumni networking between each other as well as with current students in order to provide benefits to all.
- Find ways to use the EIF real-money portfolio as a "laboratory" for other classes.
- "Brand" the finance program as being contemporary and distinctive.
- Find ways to increase resources for the department and career employment opportunities for students.

Student recognition night

The department's annual Student Recognition Night was held on April 11 at the Doubletree Hotel in Bloomington. A banquet was held and the student award winners were introduced before parents, FIL faculty members, and members of the outside departmental advisory boards. William Scott presented the finance awards. Jim Jones, director of the Katie School, presented the insurance awards. In attendance and addressing the students were former College of Business Dean Dixie Mills; and Assistant Provost Charles McGuire, who is also former chairperson of the FIL Department and now serves as interim dean.

Amanda Donnan was named the Outstanding Senior Finance Student, and **Brandon Fehrman** was named the Outstanding Junior Finance Student. The Outstanding Senior in Insurance was **Laura Meade**, and the Outstanding Junior in Insurance was **Elizabeth Heeren**.

In terms of faculty awards, **Linda Miles** received the Outstanding Teaching Award; **Han Bin Kang** received the Outstanding Research Award; and **Edgar Norton** received the Outstanding Service Award.

Receiving other awards and scholarships were the following students: **Samantha Andrick**, **Amber Armand**, **Nicholas Blair**, **Melissa Bond**, **Brandy Burgess**, **Brandon Cervantes**, **Andrew Corral**, **Christopher Cronauer**, **Stephanie Dempski**, **Jason Eidenberg**, **Kara Hackman**, **Craig Hawes**, **Lauren Kendall**, **Jacob Kummer**, **Sriprapa Kuchenmeister**, **Kory Kutzke**, **Alec Lance**, **Ezhil Namadurai**, **Dennis Nowaczyk**, **Ryan Osolin**, **Timothy Pantaleone**, **Quentin Rabideau**, **Rachel Robinson**, **Kyle Row**, **Sheila Schmitt**, **Mark Selby**, **John Snider**, **Nathan Swartzendruber**, **Matthew Weber**, **Ashley Willoughby**.

FIL students win Caterpillar scholarships

Forty-one highly qualified students in the College of Business submitted their applications for the Caterpillar Excellence Fund Scholarship Program. Three faculty-staff members were involved in the review process. Out of the seven students selected, four are students in the Department of Finance, Insurance, and Law:

Laura Meade, senior, Finance, Insurance, and Economics

Timothy Pantaleone, senior, Finance

Matthew Weber, senior, Finance

Elizabeth Heeren, junior, Finance and Insurance

Faculty and staff notes

Kevin Ahlgrim presented a paper titled "A Comparison of Actuarial Financial Scenario Generators" at the annual conference of the American Risk and Insurance Association in Washington, D.C.

Nancy Baldoni, academic advisor for Finance, Insurance and Business Teacher Education majors, was a corecipient of this year's Illinois State University Team Excellence Award. The recognition stemmed from her contributions in developing and hosting a statewide conference titled "It's Not Just a Major, It's a Mission." The event was held in the spring of 2006 for advisors and career specialists,

Keldon Bauer has a paper titled "Detecting Abnormal Credit Union Performance," which has been accepted for publication by the *Journal of Banking and Finance*.

Sylvie Bouriaux recently served as a referee for the *Review of Futures Markets*.

George Flanigan has written a paper titled "Property Insurance Terms and Conditions in Hard and Soft Markets," which will appear in the *CPCU Journal*.

Tom Howe published a paper titled "Detection of Multiple Beta Shifts in Monthly Returns Data" in the *Journal of the Academy of Finance*. The paper is coauthored with **Ralph Pope**, a former faculty member in the department.

Domingo Joaquin has written a paper titled "Loss Modeling using Spreadsheet-based Simulation," which has been accepted for publication in *Risk Management and Insurance Review*. He will be giving the faculty a briefing on "Getting Started with using @Risk Simulation in the Classroom: A Painless Introduction" in February. At the end of this hands-on session, participants should be able to run a simulation using @Risk.

Yu-Luen Ma published a paper, coauthored with her husband, **Nat Pope**, who is also a faculty member in the department. The paper is titled "The Market Structure-Performance Relationship in the International Insurance Sector," and appeared in the *Conference Proceedings of the 2006 Meeting of the Asia-Pacific Risk and Insurance Association*.

Richard MacMinn has published two recent articles, including "Longevity Risk and Capital Markets" with Patrick Brockett and David Blake. It was included in the *Journal of Risk and Insurance*, 73(4): 551-557, 2006. The other article, titled "Longevity Bonds: Financial Engineering, Value and Use," with David Blake, Andrew Cairns, and Kevin Dowd, was published in *Journal of Risk and Insurance*, 73(4): 2006. MacMinn is currently organizing the Third International Longevity Risk and Capital Market Solutions Symposium to be held in Taipei in July. He recently made a presentation on "Managing Catastrophic Risk" at the Katie Symposium.

Dean Mills retired

Dixie L. Mills, dean of the College of Business, retired in July after more than 10 years as dean. Mills holds academic rank as a professor of finance in the Department of Finance, Insurance, and Law. During her tenure as dean the college progressed remarkably in terms of its reputation, its new state-of-the-art facilities, and its contact with industry partners.

As a colleague in the Department of Finance, Insurance, and Law, Mills distinguished herself by coauthoring major textbooks in the field and by publishing numerous academic articles. She also served as an officer in major academic finance organizations. She is an excellent teacher and gave considerable service to the department while a faculty member. We will miss her as both a leader and a colleague.

Financial Management Association activities

Illinois State's chapter of the Financial Management Association (FMA) involves finance students in activities that provide career information and networking opportunities. Speakers who visited campus in our fall 2006 professional program were:

Date	*Speaker*	*Organization*	*Topic*
August 29	**Eric Nieukirk***	Caterpillar, Inc.	**Corporate Finance**
September 11	**Gary Baranowski**	U.S. Treasury Dept.	**O.C.C. Bank Examinations**
October 2	**Mary Guinane***	Country Trust Co.	**Portfolio Management**
October 23	**Randy Cottingham** **Tom Kolf** **Ashley Beyer***	Accenture Consulting	**Advising Corporate Clients**
December 4	**Christina Konieczka**	LaSalle Bank	**Interviews, Career Planning**

*Denotes Illinois State graduate

We continued our recent tradition of having an internship panel discussion as one of our fall professional events. A panel consisting of several FMA members who completed summer or fall 2006 internships talked about their experiences and provided suggestions to those hoping to secure internships. The panel members and the organizations where they completed their internships were:

Nicholas Blair	Nite Capital Management
Melissa Bond	Caterpillar, Inc.
Stephanie Dempski	AIG Valic
Gregory Maxwell	Town of Normal Finance Department
Katie Talty	GROWMARK/Pro Partners Financial
Matthew Weber	State Farm

An exceptionally strong turnout marked the Friday, November 10, fall 2006 field trip, as 26 students and faculty traveled to downtown Chicago. The first visit was to **LaSalle Bank**, where the presenters were three Illinois State finance graduates working in the prominent bank's commercial lending division. Senior Vice President **Tom Estey**, Loan Officer **Scott Savidan**, and Global Markets Associate **Ashley Lovell** spoke on the bank's history, the lending environment, and career opportunities in commercial lending at LaSalle.

After lunch at the State of Illinois Center food court, the group proceeded to an afternoon visit with **Equity Office Properties** (EOP), a real estate investment trust (REIT) that was at that time the largest U.S. owner of office buildings. EOP was acquired by Blackstone Group two months after our visit. Host **Christopher Fruy**, manager of market analysis and portfolio strategy, discussed the company's activities, along with **Jeannine Simkus** (internal audit) and Illinois State economics graduate **Linda Christian-Derning** (financial analysis).

Their presentation was followed by a tour of EOP's building at 30 S. Wacker Drive. Property managers **Sharon Neary** and **Joseph Cerny** led the group. The tour offered insights into the complexities of managing large commercial facilities, along with breathtaking views of the Sears Tower and other major buildings in the south loop area.

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Linda Miles published a paper titled "A Practical Guide to Better Writing for Real Estate Classes" in the *Journal of Real Estate Practice and Education*. She was also selected as the Beta Gamma Sigma faculty member of the year.

G.N. Naidu presented a paper titled "Portfolio Diversification in the European Union: A Country Beta Approach," at the Academy of Finance meeting in Chicago in March. The paper was coauthored with Askar Choudhary (MQM). Naidu and Choudhary also coauthored "Country Betas and Potential Gains in Diversification in the European Union, "Volume 4, Issue No. 1, pp.26-36. Naidu was also selected to serve on the program committee for the 2007 Global Finance Conference, which was held in Australia in April.

Edgar Norton, a CFA charterholder, spent two weeks in Charlottesville, Virginia, this summer serving CFA Institute as a senior grader on the essay portion of the CFA Level III exam.

Bill Scott is a coauthor on a paper titled "Interest Rate Sensitivity and Equity Values of Life Insurance Companies: A Garch-M Model," which appeared in the June issue of the *Journal of Risk and Insurance*. One of the coauthors is Jim Carson, a former faculty member in the department who is now at Florida State University.

Joe Solberg has a paper accepted for publication by the *Journal of Law and Business*. It is titled "An Update on Same-Sex Harassment since Oncale: Employees Still Face Hurdles."

Joe Trefzger was selected by the M.B.A. Association as this year's Outstanding M.B.A. Professor.

Carson Varner, **Katrin Varner**, and **Karen Hosack** presented their paper titled "Pitfalls of Private Communication for American Corporate Employees" at the Association for Business Communication International Convention held in San Antonio in October.

FIL Department has two Bone Scholars

Laura E. Meade and **Timothy J. Pantaleone** were two of 14 students named 2006–2007 Bone Scholars. Meade is a finance and economics major from Canton, and Pantaleone is a finance major from Normal.

The Bone Scholarship is the highest university-wide honor given to undergraduate students. Honorees are selected for their scholarly achievements and leadership in activities in the University community and beyond.

News from the Katie School

The Katie School of Insurance has enjoyed a very busy year. In April the school sponsored a daylong symposium on Catastrophe Risk Management, with speakers from both industry and academia. The program covered several key topics relevant to the subject, including the political ramifications, methods of catastrophe modeling, and the new alternative capital market methods for funding catastrophe risks. Also in April members of the Katie advisory board were on campus to meet with students and visit insurance classes in session. The Katie School attendance at the Executive Insurance Forum in Chicago topped 225 attendees. Participants learned about recent developments in the insurance markets.

The Katie School continued with its mission of helping students make career contacts and opportunities. Fourteen students participated in the RIMS conference in New Orleans, and the students spent the Sunday before the conference helping with clean-up efforts at the City Park there. The Katie School had Meet the Firm Days both locally and in Chicago. The Katie School also sponsored six student interns in the insurance industry outside the United States: two in London, two in Bermuda, and two in Zurich. Twelve students completed the Katie School Student Leadership program, which culminated with three risk-consulting projects for local nonprofit organizations.

The Katie School had a full agenda throughout the summer of 2006:

- The annual golf outing at Stonebridge Country Club in Chicago on June 18 raised more than $30,000.
- The Ken Smith Program for Insurance Financial Regulators was held June 19–27. Financial regulators from all over the United States and its territories, including Puerto Rico and Hawaii, were on campus for the event.
- High school guidance counselors were on campus July 10–12 to learn about career paths in insurance.
- Lloyd's of London executives were on campus July 10–15 learning about the American insurance market.
- High-achieving high school juniors from several states were on campus learning about business and risk management in the Katie School Risk Management Program that was held July 15-20.
- Throughout the summer the Katie School has been conducting a number of workshops across the state on topics such as insurance company financial statements, leading strategic change, ethical decision-making, and leading strategic change in insurance. The Katie School has also helped to support executive coaching programs for the College of Business.

The Katie School continues to support research on industry topics. Twenty faculty members from the College of Business and the College of Arts and Science's departments of Economics and Actuarial Science received funding this summer to research issues affecting the insurance industry. The Katie School will be conducting a study to explore offering a curriculum/program in the professional area of financial planning.

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Those who spoke on campus in the spring 2007 semester were:

Date	*Speaker*	*Organization*	*Topic*
January 22	**Eric Maschoff***	Bank of Illinois	**Community/commercial lending**
February 12	**Numan Ahmed***	State Farm	**Investment analysis**
March 5	**Chris Haag, CFA***	Commerce Bank	**Investments/financial planning**
March 26	**Tina Rothery***	Electrolux	**Corporate finance**
April 16	**Colm Brewer***	State of Illinois	**Finance in the public sector**

*Denotes Illinois State graduate

FMA also cohosted "Management Success: Building and Leading Successful Teams," which was the presentation of graduate **Greg Monigold** during **Business Week** in April. He is manager of information systems for Chicago hedge fund company **Harris Alternatives**.

The spring 2007 field trip was held on Friday, April 20, with 16 students and faculty traveling to three Western suburban communities. The first stop was at **Navistar**, the Warrenville-based heavy truck manufacturer. Controller **Steven Locanto** headed a panel of financial managers that included **Jeff Plassman**, **Kevin Beausoleil**, **Jim Moran**, **Matt Meister**, and **Lindsey Kennedy**. The panel discussed career paths, the nature of different corporate finance jobs, and financial issues affecting Navistar's wide line of products.

The second stop was at Lisle investment management firm **First Trust Portfolios**. Economics graduate **Graham Homberg** served as host. First Trust principals **Dave McGarel, CFA*** and **John Erickson, CFA*** discussed recent market activity and their strategies for equity and fixed income investing, respectively. The final stop was at **Harris Bank's** downtown Naperville facility, where senior personal banker and finance graduate **Steve McGraw** led a panel discussion focusing on "change in the financial marketplace." Joining him as panelists were bank manager **Ben Kirchhoff**, business banker **Laura Kolb**, regional marketing director **Kathy Congiel**, and private banker **Brian Schmitz** from **Harris Investor Services**.

As we do every year, the Department of Finance, Insurance, and Law extends sincere thanks to the outstanding individuals and companies whose support has added to the success of FMA's 2006/2007 professional program. Our field trips and speakers provide invaluable insights for our students as they lay the foundations for their own careers. We encourage our alumni and friends to express their thanks to the people and organizations noted above. Any graduates or other supporters of the University's finance program with an interest in sponsoring FMA field trips at their own places of business are encouraged to contact the FIL Department.

Students who served as officers during the 2006/2007 academic year were:

President	Matthew Weber
Vice President	Nicholas Blair
Treasurer	Stephanie Dempski
Secretary	Benjamin Stickley
Business Week Representative	Katie Talty

Faculty members who advise the chapter are **Keldon Bauer**, **Linda Miles**, and **Joe Trefzger**. Academic advisor **Nancy Baldoni** also provides valuable ongoing assistance to FMA.

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News and comments

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Illinois State University
Department of Finance, Insurance, and Law
Campus Box 5480
Normal, IL 61790-5480

E-mail: gkoppen@ilstu.edu
Web site: www.cob.ilstu.edu/fil

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Department of Finance,
Insurance, and Law
Campus Box 5480
Normal, IL 61790-5480

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