SRIVASTAVA TO STEP DOWN AS RMI CHAIR

After a momentous two years, Sanjay Srivastava will step down as chair of the Department of Risk Management and Insurance (RMI) in the Robinson College of Business (RCB) at Georgia State University at the end of June. Although he plans to spend a good portion of his time pursuing activities outside of the university community, he will remain actively involved with the department’s strategic planning as a consultant.

Dr. Srivastava’s tenure as chair is characterized by his efficient implementation of the bold strategic plan that was adopted by the RMI Department faculty in 2003—a plan he helped develop while a visiting RMI professor, prior to becoming chair. This plan called for a dramatic expansion and redirection of the department’s research and academic programs toward a broad, integrated, and quantitative vision of risk management. The practical results of his leadership include the hiring of seven tenure-track faculty (5 new positions and 2 replacements for retiring faculty)—with diverse expertise in many areas of risk and its quantification—and the significant upgrading of the department’s academic standards and curricula as a means to broaden the markets to which RMI students have access. In a short time, Dr. Srivastava has created an effective structure to develop successful future industry leaders as well as produce and disseminate valuable cutting-edge research.

As a nationally recognized expert on the organization of financial markets and

MEET NEW RMI CHAIR RICHARD PHILLIPS

The Department of Risk Management and Insurance in the Robinson College of Business at Georgia State University proudly announces the appointment of its new Chair, Richard D. Phillips, a long-time member of the RMI faculty and the current Bruce A. Palmer Professor of Risk Management and Insurance. Dr. Phillips joined the department in 1994 after receiving his Ph.D. in applied economics from the Wharton School at the University of Pennsylvania. This spring, he was promoted to full professor, an outstanding accomplishment, considering the relatively short period of time in which he advanced through the professorial ranks. In addition to his doctoral degree, Phillips' received M.S. degrees in Managerial Science and Applied Economics from the Wharton School, and graduated, with honors, from the University of Minnesota earning a B.S. in Mathematics.

Dr. Phillips is a prolific researcher and an excellent teacher, both qualities that prompted his appointment in 2002 as the inaugural holder of the Palmer Professorship, named in honor of the influential former RMI Department Chair. Phillips’ primary research interests lie at the intersection of finance theory and insurance economics, with numerous publications in leading academic and public policy journals including the Journal of Risk and Insurance, the Journal of Financial Economics, the Journal of Financial Services Research, the Journal of Insurance Regulation, the Journal of Law and Economics, the North American Actuarial Journal, the

ONLINE GIVING IS UP AND RUNNING

The RMI Department has made it easier for alumni, students, and other friends of the department to help us achieve our vision and to make your Georgia State University education more valuable. Secure giving online is now available. Visit www.rmi.gsu.edu and click on the “Online Giving” tab.
“I am enormously grateful to our alumni, our students, our faculty and staff, the university administration, and the industry for their steadfast support and for their faith in our vision. I have no doubt that with your continued support we will realize the full potential of the vision laid out in our strategic plan.”

As you may know, I will be stepping down as department chair at the end of June. When I agreed to take the position, I had agreed to a two year commitment. It is now time for me to continue with other activities that had long been planned, but put on hold during this exciting time for the RMI Department. This time of transition also provides an opportunity to reflect on the strategic initiative we developed almost four years ago.

The strategic plan was based on two fundamental premises. The first was that the quantification of risk would increasingly become central to risk management. The second was that efficient risk management required a broad and integrated view of risk. Correspondingly, we embarked on a journey to realign our academic programs to attract the best students and provide them with the skills necessary to succeed in the integrated and quantitative world we envisioned. We embarked on building our research capacity to establish intellectual leadership in these areas.

Fortunately, the practice of risk management has clearly moved in the direction we envisaged. Regulatory trends are pushing us even further in this direction, and we are well positioned, with our student body, faculty, and academic programs, to both influence the debate and develop the industry leaders of the future. As I have reported to you previously, we have laid the foundation for our success. We have retained our traditional strength in insurance and maintained the institutional depth which makes our graduates so attractive. In parallel, we have developed extremely strong programs in quantitative risk management. In fact, the programs have started allowing our students to customize the degree of institutional expertise and quantitative depth they want to acquire. Alongside this, we now have the largest faculty devoted to risk research and our new professors have brought skills which give us broad expertise in many areas of risk management.

Implementing so much change in a short time is difficult, and in academic institutions, quite rare. It has required a lot of very hard work on the part of many people. The financial support provided through the Educational Foundation has made much of what we do feasible. I am enormously grateful to our alumni, our students, our faculty and staff, the university administration, and the industry for their steadfast support and for their faith in our vision. I have no doubt that with your continued support we will realize the full potential of the vision laid out in our strategic plan.

Thank you.

From the RMI Department Chair...
FROM THE EFI BOARD CHAIRMAN

As an RMI alumnus (MIN 1978), I have been delighted to serve as Chairman of the Board of Trustees of Educational Foundation, Inc. (EFI)—the RMI Department’s fundraising arm—for the 2005/2006 year. It has been another exciting year for the Board, as we have continued to work to increase the assets of the department, broaden the geographical and knowledge base of the Board, and work to increase department visibility around the world. I hope that all of you will help us by sharing some of the exciting happenings within the RMI Department with your friends, colleagues, and with other members of the professional organizations to which you belong.

EFI’s Program Liaison Committee—under the leadership of RMI alumnus Jim Presmanes (MBA 1990) and a marketing sub-committee led by another RMI alumnus Niels Seebeck (MBA 2004)—developed a marketing plan from which a new, eye-catching departmental brochure was created. You will be receiving a copy of it in the mail this summer. Also this summer, look for a new interactive RMI web page, which will be released in late July (visit www.rmi.gsu.edu).

The Investment Committee, led by alumnus Teresa Russ Winer (MAS 1982), revised the Foundation’s investment policy. Under her leadership and with the assistance of Dr. Conrad Ciccolotto, head of the department’s Personal Financial Planning program, smart investments have helped to increase our assets considerably this year. While the department currently has over $8 million in funds, we will need to have in excess of $10 million to be competitive financially with other world-class institutions.

In December, we held our Second Annual Bermuda Scholarship Fund Walk—led by Pat Hopkins. EFI Development Chair—raising nearly $30,000 to bring prospective Bermudian students to Georgia State.

Last year we raised over $200,000 overall, and this year we anticipate a significant increase in that figure. We have made raising funds a little easier and more convenient by introducing secure online giving through the RMI web site.

Special thanks to all of you who have made this another successful year. I trust that we can count on your continued and increased support in the near future. Hope to see some of you on our Board of Trustees soon.

(submitted by Wes Duesenberg Jr.)

WES DUESENBERG

2005 BERMDA WALK—A SUCCESS

(submitted by Janis Wilcox)

Our alumni are intelligent, creative, and enterprising individuals. Take J. Gary Meggs (MIN 1983) as an example. During a trip to Bermuda—in those few moments when he was not climbing a mountain—he decided that Bermuda would be a great place from which to recruit students. While Bermuda is indeed a center for the insurance industry, Gary thought that Bermudians needed more opportunities for insurance education. Out of Gary’s inspiration came the Bermuda Scholarship Fund, established in 2004 to support the very best Bermudian students in pursuing an RMI education at Georgia State.

The Second Annual Bermuda Railway Trail Walk took place on December 5, 2005, under the leadership of the EFI Board Development Chair Pat Hopkins, President of McGriff, Siebels and Williams’ Atlanta office. A lovely reception with local insurance representatives preceded the event. Pat Hopkins and EFI Board Chair Wes Duesenberg Jr. raised over $6,000 each for their efforts and walked the entire 22-mile stretch.

We are grateful for the wonderful support from The Park Group in Bermuda, especially Chairman and CEO Paul Scope (who is also a member of the EFI Board) and Molly Cordeiro, Marketing & Communications Officer.

We are also grateful to Pat Hopkins and McGriff Siebels and Williams for their generous personal and corporate support that has, again, made this walk a wonderful success.

The next Bermuda Railway Trail Walk will be held in November of this year. Look for updates in the fall issue of the RMI Report and visit the RMI Events Calendar at www.rmi.gsu.edu. We’ll look forward to having more of you with us for this year’s walk.
The Actuarial Science Program at Georgia State University offers exam preparation seminars for the Fall 2006 professional actuarial examinations. Course instructors include, among others, Robert W. Batten, F.S.A, Professor Emeritus from Georgia State University, and Stephen Kellison, F.S.A, Ph.D. and author of the required textbook for Exam FM The Theory of Interest. Emphasis is on students developing efficient solution techniques on the most relevant examination topics. Classes are offered at Georgia State’s executive education center located in metro Atlanta. The following courses will be offered:

SoA Course M (Sep. 28 - Oct. 5)
SoA/CAS Course C (Sep. 30 - Oct. 4)

Visit our website for more detailed information:
www.rmi.gsu.edu

The RMI Department is pleased to announce the establishment of the Sam Baig (Colemont Insurance Brokerage) Scholarship, which awards $7,500 annually to a deserving undergraduate or graduate RMI student with a GPA of at least 3.25.

The scholarship is named in honor of RMI alumnus Sam Baig (MS-RMI 1995), Executive Vice President and Broker, Colemont Insurance Brokerage, one of the largest and independently-owned specialty lines wholesale insurance brokers in the United States. Mr. Baig is responsible for the production and marketing of Property and Inland Marine business, specializing in placing large complex national and international property schedules, layered programs, catastrophe and loss distressed business, and difficult builder’s risks.

When asked to comment on the time he spent at Georgia State, Baig had much to say: “These experiences were instrumental in building a solid academic and practical foundation for career success. While a student at Georgia State, I was fortunate enough to be a graduate assistant for Dr. William Feldhaus [associate professor and graduate program advisor], thus allowing me to be involved with research activities as well. The GSU faculty, curriculum, and my peers were a unique group of individuals that created a fine balance between academics and real world experiences—a combination that I believe does not exist at any other Risk Management program in the world. Because of these experiences and the success I have been blessed with, I feel very compelled to give back to the program that took a chance on me. Hopefully this scholarship will give many other deserving students the same opportunities from which I have so benefited.”

The RMI Department, today, stands as one the world’s largest and most successful providers of risk management education and research. We have reached this status largely through the success of our outstanding students and alumni, and through the generous support of our many contributors, like Mr. Baig. Visit the “RMI Financial Support” section of our website at www.rmi.gsu.edu for information about all of our scholarships.

RCB DEDICATES KENNETH BLACK JR. CONFERENCE ROOM

On January 31, 2006, friends and family of RMI Department founder and insurance industry icon, Kenneth Black Jr., gathered in the Robinson College of Business to celebrate the dedication of the Kenneth Black Jr. Conference Room. Dr. Black, who passed away in March of 2005, was a Regents Professor Emeritus and Dean Emeritus from Georgia State University. Although he officially retired in 1992 after nearly 40 years of service, he remained closely involved with the department, especially through his fundraising work with the Educational Foundation, Inc.

In honor of Dr. Black’s uncompromising commitment to Georgia State, a large display case was built featuring mementos from his lifetime of achievements. Highlights of the installation include photographs from his childhood in Norfolk, Virginia; a baseball from his days playing with the Portsmouth Cubs; his doctoral degree and hood from the Wharton School; his Solomon S. Huebner Gold Medal from the American College; and a collection of photographs with family, friends, and colleagues depicting some meaningful moments of Dr. Black’s life. The display will be permanently located within the Black Conference Room on the 11th floor of the Robinson College.

Speakers for the evening included Georgia State President Carl V. Patton, RCB Dean H. Fenwick Huss, incoming RMI Chair Richard D. Phillips, and Black family members Christopher Folger (nephew) and Kathryn Black Shoji (daughter).
This year marks the 26th anniversary of the Horst K. Jannott Scholarship Program with 197 fellows from 53 countries having participated. Sponsored by the Munich Reinsurance Company and Georgia State University and under the direction of Larry D. Gaunt, Professor Emeritus of Risk Management and Insurance, the program hosted ten visiting fellows from eight countries on the university campus this spring.

A two-month intensive study program that includes daily classes, field visits to various risk management and insurance organizations, as well as an individual research project and presentation, the program provides participants with a greater understanding of U.S. risk management practices. This year’s program included seminars by 18 faculty members from the Robinson College of Business and seven field visits to such companies and organizations as AIG, Agency Auto, Computer Sciences Corp., Crawford and Company, the Life Office Management Association, MARC Life, Southern Company Services, and Southern Insurance Underwriters.

Dr. Steven Weisbart, economist with the Insurance Information Institute, visited the fellows and presented his research on the potential impact of the avian flu on the life insurance industry. The Reinsurance Association of America sent representatives Tracey Laws and Joe Sieverling to discuss reinsurance accounting and regulatory issues. For the third consecutive year, John Phelan, Chairman and CEO of American Re, visited the group for an informal executive discussion session.

The 2006 Horst K. Jannott Scholars are Matthew Crane (England) Bell & Clements; Mildred Documet (Venezuela) Seguros Mercantil; Marc-Patrick Hamann (Germany) Munich Re; Nini Juanita (Malaysia) Jerneh Ins. Berhad; Tania Kyprianidou (Cyprus) Eurolife Ltd.; Andreas Moser (Switzerland) Interkantonaler Rückversicherungsverband; Barbara Pichlmeier (Germany) Munich Re; Dong hyun Rho (Korea) Samsung Life; Stefan Schmitt (Germany) Munich Re; and Hua Sun (China) Property and Casualty Co. Ltd., PICC.

submitted by Dr. Larry D. Gaunt

The 2006 Advanced Management (AMP) Program in Enterprise Risk Management—a program of the Center for Enterprise Risk Management and Assurance Services (CERMAS) in the Robinson College of Business—brought together 15 outstanding risk professionals from various industries to the Georgia State University campus for four week-long study modules over a one-year period. CERMAS is proud to announce the 2006 graduating class:

U. Philip Alexander—Grace, Kennedy & Co., Ltd.
Dale N. Anderson—Costco Wholesale
Jeff J. Dube—LeasePlan USA
Charlotte Enggaard—Carlsberg Breweries
Jacqueline N.C. Johnson—Grace, Kennedy & Co., Ltd.
Catherine R. Lark—Oakland University
Scott A. Loseke—Nebraska Public Power
Bart Martens—ING Comercial America
Doug Moore—University of Southern California
Dennis O’Connor—Aon Risk Services
Michael C. O’Malley—Strategic Risk Solutions
Dave M. Peacos—Windham Brannon
Enrique Venegas—Risk & Re-Insurance Solutions Corp.
Paul A. Wagner Jr.—AGL Resources
Chad M. Wright—Georgia Pacific

The AMP program is based on a non-traditional approach to risk management education that integrates relevant accounting, auditing, finance, and insurance concepts. It provides the necessary skills professionals need to manage their firms’ risk exposures in an evolving and increasingly complex global marketplace. The program allows participants to gain valuable real-world knowledge from the best and brightest members of the Robinson faculty, while avoiding the high cost and lengthy time commitments of MBA, executive MBA and specialized masters programs.

CERMAS is developing the 2006-2007 AMP program, which is scheduled to begin in the fall. Applications are now being accepted. For additional information, visit www.cermas.gsu.edu or call CERMAS Managing Director Alfred Mettler at 404.651.2631.
This is an exciting time to be in risk management. The past two decades have seen rapid evolution in the function and form of nearly all financial and insurance institutions. Each year, new opportunities bring new risks, which in turn bring new opportunities. This process is producing a complex web of arrangements for risk-sharing and capital allocation. To find an interesting question related to risk management, one need only pick up a newspaper. Finding a satisfactory answer is another matter. To untangle the web, I feel it is important not only to understand how individual households and firms behave in a complex environment, but also to account for how the environment itself takes shape.

In one line of research, I focus on the contrast between the banking and (re)insurance industries. Both industries trade contracts to facilitate risk sharing and move financial capital through time. Differences in the industrial organization, the form of contracts, and nature of the risks being traded give clues that may deepen our understanding of both systems. Of particular interest is determining which factors influence the capital structure of firms in each industry. For years, banks have liberated expensive regulatory capital by pooling mortgages into securities called Collateralized Mortgage Obligations, which are “passed through” and sold on the bond market. Today, the practice of securitizing pools of risky assets to free up capital has been applied to credit card and auto loan receivables, business loans, corporate bonds, and more. The (re)insurance industry has made similar innovations, though at a more relaxed pace. A prominent example is the Catastrophe Bond, a corporate bond with a payment schedule linked to events triggered by large-scale disasters. What factors determine which risks/loans an insurance company/bank retains, reinsures, or secures? How do these decisions affect the overall efficiency and capacity of the system? To address these questions, I am incorporating modeling and data-analysis techniques from financial engineering, corporate finance, dynamic contracting, and macroeconomics.

In another vein, Yuriy Kitsul (Department of Economics at Robinson) and I consider an individual’s incentives to save, directly or indirectly, over her lifetime. It has long been known that individuals save both to buffer uninsurable risk (such as unemployment) and to enjoy returns on investment. It has been observed that American saving rates have declined. There are many potential reasons for this; the kind of risks people face today and their ability to manage them have changed dramatically in the last thirty years. Could the trend simply be a problem of definition and measurement? We explore the consequences of incorporating widespread modes of indirect saving into the conventional definition. For example, due to tax and other incentives, many individuals choose to save in the form of home equity. While mortgage debt is measured as negative savings, unrealized capital gains on home equity typically are not. Accounting conventions for investment in human capital (education) are even less favorable. Generally,

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returns to education in the form of wages have increased while education has become increasingly accessible and subsidized by Federal and State governments. Moreover, a job gives more than a salary; it is the means through which most working adults access the health care system. While it is very expensive to purchase long-term medical insurance directly, investment in continued employment through education, work experience, and networking provide a reasonable substitute. These factors reconcile the trends in America’s saving behavior across many demographic groups with the conventional measures of savings, which paint a very different picture.

The models being built to address these questions can be computationally demanding. Deriving solutions to a model in a form appropriate for statistical analysis may require new computational methods. Often, a model without an algorithm is of little practical use. This is also true of similar models used by investment banks for structuring, pricing, and hedging complex securities, and for firms with sophisticated accounting and risk management systems that are becoming increasingly dependent on large, complex models. Another branch of my research stemmed from a practical need for techniques to manipulate my own models, both academic and applied. Through interdisciplinary collaboration, I have been able to adapt numerical techniques developed for problems in aerospace engineering and other fields to solve a wide class of dynamic, economic models with similar structure.

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marital status, health condition, etc.).

The usefulness of this type of dynamic model is that it can analyze the effect of future policy changes on the current decision of each household. For example, it can evaluate to what extent the future reduction of Social Security pension would possibly affect the labor supply and saving decisions of current working-age households. Also, a heterogeneous-household model can analyze who will benefit from the policy change and who will be hurt.

Using this type of model, Kent Smetters (the Wharton School, University of Pennsylvania) and I are currently working on the analyses of Social Security reform. In our working paper—“Does Privatizing Social Security Produce Efficiency Gains?” NBER Working Paper #11622, September 2005—we found that our stylized Social Security privatization plans would generally increase the economic output, labor supply, and capital accumulation both in the short run and in the long run. Additionally, the privatization plans would improve the overall “efficiency” of the economy if we assumed no idiosyncratic wage risk and heterogeneity, that is, future generations would gain more than the current generation would lose.

However, more realistically, if we considered idiosyncratic wage shocks and heterogeneity consistent with the U.S. data, our model would show the opposite result, that is, Social Security privatization would reduce the overall “efficiency,” even though the economic output, labor supply, and national wealth would increase throughout the transition path. Thus, one of our conclusions is that analyzing the risks we face is critically important to analyzing the effectiveness of government policy.

Does Regulation Increase or Decrease Prices?

Martin Grace, PhD
James S. Kemper Professor of Risk Management and Insurance
404.651.2789, mgrace@gsu.edu

This is a question that has puzzled us. A large amount of research has examined the effect of regulation on insurance prices. Some research finds regulation has little effect on prices and some finds it does influence prices. In a recent paper—“Regulator Performance, Regulatory Environment and Outcomes: An Examination of Insurance Regulator Career Incentives on State Insurance Markets,” available through the Social Science Research Network at http://ssrn.com/abstract=908984—Richard Phillips (incoming RMI Department Chair) and I look at this problem from a different direction. We hypothesized that there was more to the story than the type of regulation the state imposed on automobile rates. In particular, we believed that certain individual attributes of the regulator (i.e., the regulator’s educational and employment background as well as the regulator’s post-regulatory employment) would provide more evidence on how regulators influence prices than merely the type of rating law the state had enacted.

We obtained biographical data on regulators in each state from 1985 to 2002 from a number of sources. We focused on their educational attainment, their experience prior to becoming the regulator (whether in business, in the state’s administrative bureaucracy or in elected office), and whether the regulator was appointed or elected. We also looked at the position the regulator took after serving as regulator. These included going to the private sector, seeking higher office, or taking another state administrative position. We also control for a number of state specific factors such as the size of the state’s residual market, the percent of the auto liability market in no-fault, the percentage of direct writers, and the type of regulation the state had imposed.

In sum, we attempt to determine the effect of the regulator’s background and future employment opportunities in those states where the regulator has significant power to set prices. We find evidence that consumers in these prior approval states paid significantly higher “unit prices” as measured by the ratio of premiums earned to losses incurred for auto insurance than consumers in states which allow competitive market forces to determine prices. Furthermore, we find evidence that regulators who seek higher elective office following their tenure as insurance commissioner or those who take private industry jobs allow the highest overall “unit prices” relative to competitive market states. Finally, the “unit price” of insurance in regulated states is no different from the competitive market outcome for regulators who make lateral moves back into state government.

These results lead to an interesting implication: If states wanted to remove the effect of this regulatory opportunism and lower prices they should allow the market to determine auto insurance prices.
The RMI Department awarded nearly $140,000 during the 2006-2007 academic year to deserving students enrolled in our programs. These funds represent the continuing support of alumni, professional organizations, business firms, and other friends of the department seeking to attract outstanding students and reward exceptional current students who demonstrate academic excellence, leadership, and service to the community. The faculty and staff of the RMI Department wish to thank our supporters and to recognize our 2006 award, scholarship, and fellowship recipients.

2006 RMI Alumni Club Undergraduate Student of the Year Award
Rui Thomas

2006 Outstanding Personal Financial Planning Graduate Student of the Year Award
Melissa Liu

2006 Outstanding Risk Management and Insurance Graduate Student of the Year Award
Mark A. Higgins

2006 Robert W. Batten Actuarial Science Award
Jianbin Xu

2006 Floyd S. Harper Actuarial Science Award
Veronika Khanina

2006 Eli A. Zubay Actuarial Science Award
Stephanie Backhaus

2006 Gamma Iota Sigma Leadership Awards
Elizabeth Marks
Ginny Wen

2006 Gamma Iota Sigma Service Awards
Kym Hadzick
Elizabeth Marks
Jose Orellana
Joshua Schumacher
Rui Thomas
Yelena Veretennikova
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Ginny Wen

The Helen C. Leith Fellowships
Andreas Milidonas
Jeung Bo Shim
Kok How Tan
Xiangjing Wei
Jian Wen

John W. Morgan Scholarships
Michael O’Donnell
Mekdes Wossenseged

James W. Morton Jr. Scholarship
Melissa N. Brown

Risk and Insurance Management Society Scholarships
Kelly Lee
Elizabeth Marks
Yegeyni Saider
Andrew Teegarden
Rui Thomas
Shatrila Washington
Mekdes Wossenseged

C.V. Starr Scholarships
Veronika Khanina
Jiang Luo
Minsun Park
Qian Xue

Prime Financial Services was founded in 1985 offering personal and commercial insurance as well as investments and financial planning. Prime is pleased to have been chosen as Rough Notes Magazine’s “Insurance Agency of the Year” and has received the Independent Insurance Agents of America “Best Practices Agency” award for each of the ten years the award has been presented. Contact Dingler at 770.471.8888.

AS STUDENTS RECEIVE CFA SCHOLARSHIPS

Every year the Chartered Financial Analyst (CFA) charterholders at Georgia State University nominate students for the Society and for student CFA scholarships offered by the CFA Institute. This year, two of the top-three nominations submitted to the Atlanta Society of Financial Analysts are actuarial science students at Georgia State. Undergraduate AS student Evi Tedjasukmana was selected to receive one of the Society scholarships and Hye Sun Kim was awarded a student scholarship.
RMI ALUM TO RECEIVE UNIVERSITY SERVICE AWARD

RMI alumnus James A. Stark (BBA-RMI 1966) was selected by Georgia State University to receive the 2006 Distinguished Alumni Award for Service. The retired president and CEO of Crum & Forster Insurance Company, Stark is currently the chairman of Georgia State’s Athletic Board of Trustees and a Trustee of the Georgia State University Foundation.

Mr. Stark helped develop a strategic vision that has strengthened the future of Georgia State’s athletics program. Central to his plan was the university’s shift to the Colonial Athletic Association, a move that Stark believes will boost the university’s academic and athletic reputation globally.

When asked about his fondest memory from his student days at Georgia State, Stark mentions his association with Kenneth Black Jr., then chair of the RMI Department, and John Hall, former RMI professor and chair. “They were leaders in the industry as far as academia, teaching, and publishing books,” said Stark. “They meant a lot to me throughout my career as far as the contact and friendship I had with them.”

RMI UNDERGRADUATES RECEIVE 2 PRESTIGIOUS RIMS AWARDS

Rui Thomas, a senior RMI major, and Yelena Veretennikova, a junior RMI major were recently honored by the Risk & Insurance Management Society as recipients of both the Anita Benedetti Student Involvement Program national scholarship and the prestigious Spencer Educational Foundation scholarship to assist in payment of tuition, room, and board at Georgia State for the 2006-2007 academic year. As participants in the Benedetti Student Involvement Program, they attended the Annual RIMS Conference in Honolulu this spring and various special programs at the conference to which only they and RIMS leaders were invited. All expenses were paid by the scholarship.

Dr. Lorilee Schneider, assistant professor and RMI Director of Student and External Affairs, nominates a maximum of two Georgia State students for the program every year and, typically, at least one is selected by RIMS. Impressed by this year’s selection of two students from Georgia State, she said, “It is particularly exciting to have both of our nominees selected, since the high cost of sending students to Hawaii has made it necessary for RIMS leaders to assist in payment of tuition, room, and board at Georgia State for the 2006-2007 academic year.”

PRESIDENTIAL SCHOLAR FROM WASHINGTON CHOOSES GEORGIA STATE’S AS PROGRAM

One of the nine high school seniors selected as winners of Georgia State University’s prestigious Presidential Scholarship is Amber Lahde from Kent, Washington. She will be attending Georgia State in the fall and plans to major in actuarial science. In fact, Ms. Lahde says that she applied to Georgia State because of the national reputation of its Actuarial Science Program, despite having to travel the length of the United States to get here.

The Presidential Scholarship, funded by the Georgia State University Foundation, carries a full tuition scholarship for four years, including a waiver of out-of-state tuition, housing in the University Lofts, use of a laptop computer, $2000 per year for books and incidentals, and a one-time grant of $2500 for summer research or study abroad.

CHRISTIAN GOLLIER INAUGURATES RMI LECTURE SERIES

Dr. Christian Gollier, Professor of Economics at Toulouse University, inaugurated the series last February, presenting eight lectures over a period of ten weeks on open research questions in the economics of risky decision making. His highly successful presentations covered two broad topics: (1) The Economics of Risk: Classic Results and (2) New Theory and New Models of Choice under Uncertainty. All faculty and doctoral students were invited to attend the lecture series, which also served as a seminar for RMI doctoral students.

Over his academic career, Professor Gollier’s work has focused on increasing our understanding of the impact that risk has on the behavior of economic agents and on how risky assets are priced. His current work focuses on the management of irreversible decisions over the distant future in a world with scientific uncertainty, as applied to such issues as global warming and nuclear risk management.

Dr. Gollier has published over 70 papers and his book entitled “The Economics of Risk and Time” (MIT Press, 2001), received multiple awards including the prestigious TIAA-CREF Paul A. Samuelson Award and the Kulp Wright Book Award by the American Risk and Insurance Association (ARIA).

Professor Gollier received the first ever GSU ARIA Award for Best Paper in Risk Management—established in early 2005 by the RMI Department and ARIA—for his paper entitled “Optimal Portfolio Management for Individual Pension Plans.”

The next Distinguished Lecture Series is currently being planned for Spring 2007. Visit our website regularly at www.rmi.gsu.edu for additional information and other calendar updates.

BY THE NUMBERS...

The RMI Department has the second largest specialized master’s program in the Robinson College of Business, based upon total number of majors. MS-RMI students have the highest average GMAT score of any department in the college at 640 (MAS student average is 653).

TOP 3 MS PROGRAMS:

<table>
<thead>
<tr>
<th>Department</th>
<th>Number of Majors</th>
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<tbody>
<tr>
<td>MS Accounting</td>
<td>158</td>
</tr>
<tr>
<td>MS RMI</td>
<td>91</td>
</tr>
<tr>
<td>MS CIS</td>
<td>69</td>
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</tbody>
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TOP GMAT SCORES:

<table>
<thead>
<tr>
<th>Department</th>
<th>Average GMAT</th>
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<tbody>
<tr>
<td>MS RMI</td>
<td>640 (MAS is 653)</td>
</tr>
<tr>
<td>MS Finance</td>
<td>623</td>
</tr>
<tr>
<td>MS Accounting</td>
<td>615</td>
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ERM-II LAUNCHES ACCREDITATION STANDARDS FOR GRADUATE PROGRAMS

ERM Institute International, Ltd. (ERM-II)—a research organization founded by a worldwide network of university graduate programs in quantitative risk management including Georgia State University—recently launched accreditation standards for university programs in quantitative and enterprise risk management. Georgia State University is, again, at the forefront of this effort.

“This initiative will bring a sea of changes to risk management education in the world. We know how the quants have revolutionized Wall Street. We believe that the next big thing for quants is to revolutionize enterprise risk management,” said Shaun Wang, associate professor of actuarial science in the RMI Department and Executive Director of ERM-II. “In addition, ERM-II will help university programs to train students on the multidisciplinary aspects of enterprise risk management. By collaborating with highly respected professional bodies, ERM-II will enable member universities to prepare students for the real-world demands.”

“The Robinson College of Business at Georgia State University is very pleased to be a founding member of ERM-II,” said Dean Fenwick Huss, president of the Robinson College of Business. “By partnering with ERM-II, we will be able to provide our students with a world-class education in enterprise risk management. We are excited to be part of this international initiative.”

“We see enterprise risk management as a key strategic growth area, and our multi-disciplinary faculties are committed to advancing this discipline. I am confident that this international initiative will help universities to better prepare tomorrow’s business leaders.”

Outgoing RMI Chair Sanjay Srivastava, who was also instrumental in the formation of ERM-II, believes that this initiative is very much in line with the current direction of the RMI Department. “Over the past two years, our department has expanded its research and educational capabilities to encompass both financial and enterprise risk management, with emphasis on both the qualitative and quantitative elements,” said Srivastava.

ERM-II is dedicated to the advancement of the body of knowledge of enterprise risk management and quantitative solutions through developing and promulgating international standards for quantitative risk education, and promoting multi-disciplinary international research. Visit the organization online at www.ermii.org.

RESPONDING TO EMPLOYEE BLOGS

Perry Binder, assistant professor of legal studies, addresses issues related to employee blogs in an article for HR Executive Online, May 2006 (article can be found at http://www2.gsu.edu/~rmipzb/EmployeeBlogArticle.htm). Recent studies show that approximately 70,000 web logs (or blogs) are created daily for the more than 32 million blog readers in cyberspace. Companies need to decide whether they want to take advantage of the buzz that can be created by corporate-sanctioned bloggers as well as how to handle employees who blog without authorization. HR managers need to assess the situation in their companies and create a business plan to respond to this complex, emerging area. One problem that is becoming more prevalent over time is the issue of what to do when unflattering or damaging comments are discovered on unauthorized blogs. HR managers may be stunned to read what some former employees, current employees, and even potential hires are saying on blogs about various companies. The problem is exacerbated when the blogger is anonymous. The law is still evolving over whether a company can compel an Internet Service Provider, such as Yahoo, to produce the name of the anonymous poster. Binder discusses some potential strategies for HR managers.

PERRY BINDER

Perry Binder, assistant professor of legal studies, discussed the Duke University lacrosse sexual assault allegations on Court TV Morning with Vinnie Politan, a live interactive program exclusive to SIRIUS satellite radio. He also appeared on ESPN Classic (March 9, 2006) to discuss Pete Rose and his potential induction into the Baseball Hall of Fame. Binder was also interviewed on WAGA-TV (FOX 5) on the implications of employees blogging about their company, both on and off company time.

CONRAD CICCOTELLO

Conrad Ciccotello, associate professor and director of personal financial planning, coauthored a paper entitled “Should Investors Choose Funds from Focused Families?” (with J. Miles and L. Walsh), which is forthcoming in Financial Services Review.

SAMUEL COX

Samuel Cox, Professor of actuarial science and holder of the Thomas Samuel Cox Distinguished Professorship, received the 2006 Association of Finance Schools Teaching Award. Cox has been a member of the teaching faculty at Georgia State University since 1995. Cox's research focuses on the areas of investment management, asset management, and the role of private wealth advisors in the United States.

GABEL ACCEPTS INTERIM DIRECTOR POSITION

Joan Gabel, associate professor of legal studies, has accepted the position of Interim Director of the Institute of International Business and will be on leave from the RMI Department throughout her 18-month tenure. She took over the position on February 1 of this year, after former director Karen Loch resigned her position to head the Global Partners MBA program.

Joining the Robinson College of Business faculty in 1996, Gabel has been actively involved in international business activities, including teaching in several international locations and researching international governance and employment relationships. Both her teaching and research excellence have been recognized nationally with numerous awards including the 2005 Kay Duffy Service Award presented by the Academy of Legal Studies in Business (ALSB); 2004 Board of Advisors Award for Service to the RMI; 2004 Board of Advisors Award for Excellence in Teaching; 2004 Business International Education Award; 2001 RCB Faculty Recognition Award for Teaching Excellence; 1999 ALSB Junior Faculty Award of Excellence; 1999-2000 Kemper Award for Best Feature Article; 1999 Outstanding Proceedings Paper Award, National Proceedings ALSB; Holmes-Cardoza Award for Excellence in Research, 1997; and the Charles M. Hewitt Master Teacher Award, 1997.

MARTIN GRACE & RICHARD PHILLIPS


ZHIYONG LIU


ERIC ULM

Eric Ulm, assistant professor of risk management and insurance, authored a paper entitled “The Effect of the Real Option to Transfer on the Value of Guaranteed Minimum Death Benefits” which will be published this year in the Journal of Risk and Insurance.

IN THE MEDIA

Conrad Ciccotello (Sacramento Bee): “CalPERS looking to boost returns; The pension fund debates trying some riskier ventures”
Martin Grace (New Orleans Times-Picayune): “Lawmakers protest insurance hikes ; North La. unfairly affected, they say”
Robert Klein (Daytona Beach News): “Victim’s family set to sue for $5 million”

DR. RICHARDSON GOES TO WASHINGTON

David P. Richardson, assistant professor and holder of the New York Life Chair of Risk Management and Insurance, has agreed to serve as Senior Economist at the White House Council of Economic Advisors for the 2006-2007 academic year. “It is a tremendous honor to be asked to serve at the CEA,” said Richardson, “it offers the opportunity to help develop public policy at the highest level of government. My primary portfolio responsibilities are taxation and the budget, along with helping to write the next Economic Report of the President.” Richardson added that the experience will provide research opportunities within his fields of household retirement security and pensions. “Much of personal retirement planning is driven by tax considerations,” noted Richardson, “and the current stresses on the Social Security and Medicare budgets are contributing to growing uncertainty about future retirement security. I plan to use this experience to deepen my own understanding of how retirement policy impacts households and businesses.” Prior to his arrival at Georgia State, Dr. Richardson was a financial economist in the U.S. Treasury Department’s Office of Tax Policy, where he specialized in Social Security and retirement policy issues.

The CEA was established by the Employment Act of 1946 to provide the President with objective economic analysis and advice on the development and implementation of a wide range of domestic and international economic policy issues. The CEA typically attracts some of the best economists in the country. As noted by Alan Greenspan, who was chairman of the CEA during the Ford Administration, the CEA has a reputation for objective and professional economic analysis, and has asserted its influence on the policy process even though most of the economists are on temporary leave from other professional positions. The current chairman of the CEA is Dr. Edward Lazear of Stanford University. He replaced Dr. Ben Bernanke, who left the CEA to become Chairman of the Federal Reserve Board.
Calling all alums and students... send us your news! We want to hear from you. Do you have a great new job? Have you won any awards lately? Are you involved in an interesting community service project? Contact Dr. Lorilee Schneider, Director of Student and External Affairs (schneider@gsu.edu) or Ellie Diaz, Publications Marketing Coordinator (ediaz@gsu.edu) and take an active role in shaping the future of your alma mater.

RMI CHAIR STEPS DOWN (continued from page 1)

Experimental studies of asset markets, Dr. Srivastava has spent most of his academic career developing and directing ground-breaking programs in various aspects of quantitative risk management. Prior to joining Georgia State, he was Associate Dean of Carnegie Mellon University's (CMU) Tepper School of Business, an Alumni Professor of Economics and Finance, and Director of CMU's Center for Financial Analysis and Securities Trading (FAST) Program—a research and teaching program he helped develop—that is currently in operation in 20 countries and is part of The Smithsonian Institution's Archive of American History's permanent research collection on innovative information technology.

His unique talents were certainly utilized to a high degree while at Georgia State. Commenting on what Dr. Srivastava's work has meant to the department, RCB Dean H. Fenwick Huss said, "Sanjay has accomplished much in his role as chair of the RMI Department. Under his leadership, the department has made great strides in converting the faculty's vision to be the world's leader in risk management scholarship and education into reality. Sanjay is an outstanding scholar and administrator and we wish him the best in his future endeavors."

Friends and colleagues of Dr. Srivastava recently gathered to celebrate his accomplishments and to welcome the next, hopefully more leisurely, stage of his successful career. Although no one is certain where this next stage will eventually take him, we do know that it will involve an intense exploration of Italian and French cuisines and their creation. His immediate plans include spending several weeks in Italy learning the art and technique from three renowned chefs. EFI Trustee Teresa Winer graciously offered her lovely home in the Buckhead area of Atlanta for the event.

Among the attendees were EFI Board Chair Wes Duesenberg Jr., past RMI Chairs Bruce A. Palmer and Harold D. Skipper Jr., and RCB Dean Huss, who again praised Dr. Srivastava's capacity to share his wealth of knowledge with others. He recited a quote from Winston Churchill that precisely captures Srivastava's approach to life: "If you have knowledge, let others light their candles with it."

NEW RMI CHAIR (continued from page 1)

Forum of the Casualty Actuarial Society, and the Federal Reserve Bank of Atlanta's Economic Review. He has also contributed scholarly articles in books published by the University of Chicago Press, Kluwer Academic Publishers, Risk Books, and the Brookings Institute, and is an active research associate in the Center for Risk Management and Insurance Research at Georgia State and a Fellow of the Wharton Financial Institutions Center. He has received research awards from such prestigious institutions as the Casualty Actuarial Society, the American Risk and Insurance Association, and the Institute and Faculty of Actuaries (UK). Two of his most recent projects focus on the assignment of insurance and credit ratings by the major statistical rating organizations, and the effects of regulation on insurance pricing.

Professor Phillips' non-academic activities are equally impressive, serving as a consultant to leading insurance organizations including ING Group, Tillinghast, Aon Capital Markets, the Casualty Actuarial Society, and the Society of Actuaries. He has also offered advice to the U.S. Office of Management and Budget on the topic of financing catastrophe losses via futures contracts. He is a current member of the American Finance Association, the American Risk and Insurance Association, the Risk Theory Society, and the Financial Management Association.

"The RMI Department has made great strides towards achieving the objectives outlined in the strategic plan we began implementing in 2004," said Phillips. "These outstanding accomplishments illustrate the dedication of the faculty and the staff in our pursuit of becoming the premier academic program focused on risk management anywhere. I am excited to have been chosen to be the next leader of this great program and I am confident the future of RMI research and education at GSU will lead to even greater accomplishments and recognition." Phillips officially takes over the position on July 1.