TOP 5 RANKED, AGAIN!

Georgia State University's RMI Department is again ranked among the top five programs of its kind by U.S. News & World Report. Jumping up three spots from last year's ranking of seven, the department's undergraduate program is fourth best overall in U.S. New's 2009 survey of America's Best Colleges released in August. This marks the tenth consecutive year that the RMI Department has been ranked in the top ten.

U.S. News & World Report has also ranked Robinson's Flex MBA program among the nation's top five for 2009, and top ten for 13 consecutive years. It's undergraduate program ranks 24th among public universities; 52nd overall.

CEAR: GEORGIA STATE'S NEW CENTER FOR RISK MANAGEMENT RESEARCH

The Department of Risk Management and Insurance (RMI) in the J. Mack Robinson College of Business at Georgia State University announced the creation a new Center for the Economic Analysis of Risk (CEAR), the first research center of its kind in the world. The Center—developed as a partnership between the RMI Department, Georgia State's Andrew Young School of Policy Studies, the Federal Reserve Bank of Atlanta, and several other academic units of the Robinson College of Business—will be physically located in Atlanta with a virtual network of 100 economists and other researchers around the world, representing such disciplines as mathematical finance, computational methods, dynamic corporate finance, economics of contracting and macroeconomics. Funding for the project is internally generated through a unique “Areas of Focus” program in which Georgia State University provides grants to units based on the merit and potential impact of a project. The new CEAR initiative will be funded at $1.4 million per year.

MEET THE NEW RMI FACULTY

The RMI Department is proud to announce the addition of three new outstanding faculty members. George H. Zanjani, a former senior economist with the Federal Reserve Bank of New York, joined the faculty in June as an associate professor of risk management and insurance. Joining the department in August as an assistant professor, Luz Rocio Sotomayor recently received a PhD in mathematical finance from the University of Alberta, Canada. Elizabeth F. Brown, an internationally recognized attorney, scholar, and law professor, joined the RMI faculty in January as an assistant professor.
To say a lot has happened since my last chairman’s letter is an understatement. Financial system collapse, deep economic recession, and the most dramatic presidential election in my lifetime only begin to scratch the surface of all that’s occurred.

Although not as dramatic as American life writ large, times in the Department of Risk Management and Insurance have also been exciting. Unlike the economy, however, 2008 was a good year for RMI and we are well positioned for even better days.

In this newsletter you will read about many of these successes, so I will not reiterate them here. Instead, let me give you an update of our progress achieving the goals laid out in the strategic plan we began to implement in 2004.

The strategic plan set out an aggressive ten-year, three-phased process designed to fulfill a vision that Georgia State University be known as the world’s leader in risk management education and scholarship. Phase I called for us to secure new faculty talent and then to revise our academic programs consistent with the intellectual resources now available to us. Launching the new undergraduate RMI and actuarial science programs last January completed the revisions to all of our degree programs and largely signaled the completion of Phase I.

So, what have we achieved as a result of Phase I? Simply put – a lot. Here are some facts:

- Of the 16 tenured or tenure track faculty members in the department today, ten have been hired since 2004. The new faculty members have expertise in fields not found in the department previously including mathematical finance, computational methods, dynamic corporate finance, the economics of contracting, and macroeconomics. Although everyone’s professional training varies, we are all connected through our intense interest in the management of risk and risky situations.

- The 375 undergraduate and graduate students in the various RMI programs represent a 20 percent increase in enrollment since the adoption of the strategic plan. At the same time, student quality has increased such that today’s RMI BBA students have the highest average SAT scores of any major in the Robinson College and RMI graduate students have the highest average GMAT entrance scores of any major in the Robinson College (670 versus the college average of 600).

- All 2008 graduates from our MS in Mathematical Risk Management (MRM) program received job offers maintaining the 100 percent placement record since we launched MRM in 2004.

- Research productivity among RMI faculty members is up substantially. In 2003 and 2004, RMI faculty published a total of seven high quality or premier refereed scholarly papers. In 2007 and 2008, they published 29 high quality or premier refereed scholarly papers (this includes papers accepted for publication in 2008) and were authors of a variety of books published by The Brookings Institution and MIT Press to name a few.

And the list goes on.

We are now in the early stages of Phase II which calls for RMI—through its research efforts, the students it attracts, the graduates it produces, and its outreach activities—to begin to broadly influence various external constituencies including (1) local, national and international employers; (2) researchers including academics who consider themselves to be risk management scholars; and (3) professionals and policy makers charged with developing, implementing, and overseeing strategies to effectively manage the various risk exposures that individuals, corporations and societies face.

We achieved at least two important goals in 2008 that position the department to make substantial progress on our Phase II goals. The first is a staff reorganization designed to increase our ability to be influential nationally. To do so we eliminated one staff position that provided general secretarial services and redirected the funding to a position that provides the administrative support necessary for us to recruit students nationally, to increase the services and leadership opportunities we provide students while they participate in our programs, and to maintain strong relationships with our graduates when they leave.

In addition to the student support services position, we also created the Director of External Relations (DER) position to initiate, manage and strengthen key alliances that can potentially provide significant long-term value to the RMI Department. The appointment of Barry Wood as RMI’s full-time DER greatly increases our ability to outreach to corporations, will increase the geographical diversity of companies recruiting our students, and will help establish RMI as the preferred provider of risk-oriented executive education offerings. A short history on Mr. Wood is included in the EFI portion of the newsletter.

The second major Phase II success of 2008 was the announcement this past May by university officials that RMI was successful in obtaining funds to create the Center for the Economic Analysis of Risk (CEAR). The mission of CEAR will be to conduct and promote economic research on the measurement and management of risks faced by individuals, institutions and societies. When fully operational, CEAR will have 100 research associates of which no more than 20-25 will be located at institutions in Atlanta and will have a $1.3 million operational budget with additional funding possible from either public or private sources. CEAR is a cooperative effort of multiple academic units within the Robinson College of Business, the Department of Economics housed in the university’s Andrew Young School of Policy Studies, and the Federal Reserve Bank of Atlanta. As of right now (early 2009) we are actively seeking the executive director for the center and we plan to launch later this fall.

Clearly 2008 was a good year for RMI. What will happen in 2009? I just don’t know. What I do know is that I can’t wait to tell you about the results next year! Until then I wish all of you prosperity through these difficult economic times and look forward to hearing from you that all is well.
From the EFI Board Chair

It's been a year of poignant changes for Educational Foundation, Inc. (EFI). Being the chairman of the foundation at this time in the organization's history has been both rewarding and challenging. Nevertheless, I've enjoyed my time and it has been my honor to both serve and witness firsthand the exciting activities happening in the RMI Department and EFI.

The biggest challenge was saying goodbye to a dear friend last October with the passing of Janis Wilcox. Jan had been EFI's Assistant Director for over 27 years before retiring last April. As many of you know, she had been battling cancer for several years. Jan's tireless work and enthusiasm left the Foundation in a strong position within the university and with our external constituencies. Her commitment to the RMI Department and to EFI was equaled only by her dedication to community service. Her work with the Cascade House Shelter over a period of twenty years, in particular, made a positive impact on the lives of many families across Atlanta. Janis was well recognized for these contributions in 2002 when she received the Sparks Award — Georgia State University's highest recognition for service to the university and the community at large. Jan, you will be greatly missed by all of us who had the pleasure of knowing you.

Challenges notwithstanding, much was accomplished last year. For example, we strategically decided to expand the board of trustees in terms of size, across industry disciplines, and in geographic reach. With respect to board size, EFI now has twenty-nine trustee members after we added seven new members in 2008. From a geographical perspective, the addition of Richard Schug, Vice President and Chief Actuary of Travelers Property & Casualty, exemplifies our intent to increase the geographical reach of the board. Likewise, the addition of Adam Litke, formerly at Swiss Re New Markets and now currently the Head of Market Risk at Wachovia, is consistent with the broader view vision of risk management the department now espouses. We are proud to welcome all the new members of the board in 2008.

Last November we were fortunate to have Monique Haynes join the team as the new Assistant Director of EFI. She is responsible for managing the overall operations, fundraising, and board relations for the foundation. She comes to us with a background in project management and management consulting in the public and nonprofit sectors. She has a Master's in Public Administration from New York University and a Bachelor's from Stanford University.

In addition to Monique, I am excited to report that, with financial support coming from EFI, the department was able to attract the RMI Director of External Relations – Barry Wood. Barry will be charged with implementing the Foundation's overall strategy of developing meaningful relationships with a broad range of external supporters — locally, nationally, and internationally. Throughout his career, Barry has held high level positions with Marsh & McLennan Securities/Marsh USA, Societe Generale/SG Cowen Securities Corporation, Barclays Bank PLC-BZW Division, and Standard & Poor's Corporation, among others. He holds a MBA from Notre Dame University and a Bachelor of Science in Business Administration (Cum Laude) from State University of New York, College at Oswego.

We had at two notable successes in the area of fundraising during 2008. First, as part of its agreement to fund the AAMGA Distinguished Chair in Risk Management and Insurance, the American Association of Managing General Agents transferred $730,000 to Georgia State University Foundation in December as the first payment to fulfill their $1 million pledge. The Distinguished Chair will be able to use the funds to provide academic leadership, programmatic activity, research, student support, and other professional academic activities that advance thought leadership in risk and its management. Additionally, its activities will be intended to provide meaningful insights into the “Wholesale Excess and Surplus Lines” sector of the insurance industry as well as other sectors of interest AAMGA members. The remaining amount will be transferred later this year. I would like to thank Wes Duesenberg for his leadership in this effort.

The 2008 GSU Bermuda Railway Trek, in support of our scholarship to aid qualified Bermudian students pursuing degrees in risk management or actuarial science, happened in November. We enjoyed an increase in participants with almost 40 walkers making the 13 mile trek and received pledges and donations in excess of $13,000. Two Bermudian students, Ade Brown and Leticia Smith, are now attending classes on this scholarship (see Student & Alumni News, page 10), and we look forward to increasing that number each year.

I am looking forward to successfully completing my term as Board Chair and invite you to join us in supporting the RMI Department. It is an excellent investment of your time and/or money that continues to add value to your Georgia State University degree, long after you've graduated.
RMI CONFERENCE IN D.C. TAKES ON INSURANCE REGULATION

The Future of Insurance Regulation was the focus of a full-day conference cosponsored by the Department of Risk Management and Insurance, the J. Mack Robinson College of Business, the American Enterprise Institute, and the Brookings Institution on July 9 in Washington, D.C.

The conference focused on the prospects and directions for reform of the insurance regulation system in the U.S., a topic which received increasing attention with the issuance of a plan by the former Treasury Department (under the Bush Administration) to revamp the Federal regulatory structure for financial services, including insurance. A principal topic of the conference was a proposal for creating an Optional Federal Charter (OFC) for insurance companies and agents—a proposal that Congress has been debating for several years.

In a series of papers presented by well-known insurance and financial services scholars, the conference examined the reform of insurance regulatory policies and the implications of an OFC for international trade in insurance and financial convergence. Among those making presentations were Martin Grace, James S. Kemper Professor of Risk Management and Professor of Legal Studies; and Robert Klein, Associate Professor and Director of Robinson’s Center for Risk Management & Insurance Research. Also speaking was Robinson Professor Emeritus Harold Skipper.

Klein moderated a panel titled “The Framework for Insurance Regulation,” which included a presentation by Grace. Grace and Klein also teamed up to discuss “Insurance Regulation: The Need for Policy Reform.” Skipper’s presentation dealt with “An Evaluation of U.S. Insurance Regulation in a Competitive World Insurance Market.” Speakers from the University of Pennsylvania, the Department of the Treasury, the University of Chicago and the National Association of Insurance Commissioners, among others, covered such topics as antitrust and insurance regulation; convergence of the insurance, banking, and securities industries; and insurance and international trade.

GEORGIA STATE NEWS

MEET NEW GEORGIA STATE PRESIDENT MARK P. BECKER

Georgia State University’s seventh president, Mark P. Becker, began his tenure on January 1, 2009. He is an internationally recognized biostatistician, public health researcher, and academic leader; having served most recently as executive vice president for academic affairs and provost at the University of South Carolina before joining Georgia State.

Before that appointment, Becker spent three years at the University of Minnesota as a biostatistics professor, dean of the School of Public Health, and assistant vice president of Public Health, Preparedness and Emergency Response. He was a professor and associate dean for academic affairs at the University of Michigan’s School of Public Health, and has held academic posts at the University of Washington, the University of Florida, and Cornell University. As a researcher, he has published more than 40 articles and has been principal investigator on grants from the National Institutes of Health and the National Science Foundation, and coinvestigator on numerous grants from the Centers for Disease Control and other agencies.

Becker earned a doctorate in statistics from the Pennsylvania State University and a bachelor’s degree in mathematics from Towson State University. He is a fellow at the American Statistical Association.
CONGRATULATIONS 2008 HONORS DAY AWARD RECIPIENTS

An outstanding group of students represented the RMI Department in the 2008 Robinson College of Business Honors Day Celebration. Judging by their impressive academic achievements, there is no doubt that this group will make significant contributions to their chosen professions.

RMI Alumni Club Undergraduate Student of the Year Award
JAMES BRIAN DUNCAN

Outstanding Personal Financial Planning Graduate Student of the Year Award
JEFF McCLENNING

Outstanding Risk Management and Insurance Graduate Student of the Year Award
NIHAL K. JOAG
IN KYUNG PYO

Robert W. Batten Actuarial Science Award
ANDRÉS VESGA MAHECHA

Floyd S. Harper Actuarial Science Award
MARC CHRISTOPHER SANTILLO

Eli A. Zubay Actuarial Science Award
JUYEON C. HEO

Gamma Iota Sigma Leadership Awards
ATIYA AVERY
JAMES BRIAN DUNCAN
JOSHUA STEELE

Gamma Iota Sigma Service Awards
ATIYA AVERY
DANIEL A. BROWNING
JAMES BRIAN DUNCAN
MYONG LEE
JOSHUA STEELE

ROBINSON NEWS

ROBINSON LAUNCHES FIRST DOCTORATE PROGRAM FOR SENIOR BUSINESS EXECUTIVES

Robinson has launched a unique 3-year program designed for business leaders who seek to gain a broader and deeper understanding of the global context of management while having the opportunity to shape the study and practice of business leadership. The Executive Doctorate in Business program is particularly suited for busy executives who have already earned an advanced degree, are holding full-time jobs, and seek to enhance their effectiveness and careers in senior leadership positions. The rigorous program will be taught in an executive format with six 2-day residencies (Friday and Saturday) per semester. Students will take a total of 54 credit hours, including 6 hours of thesis work. Courses will focus on issues of global business and leadership, with two quantitative methods courses and two qualitative methods courses. Degree requirements will include two applied research projects investigating practical business problems that are of strategic importance and cross-functional in nature.

The program, which launches in Fall 2009, is off to a great start, having received more than 25 applications, with more coming in weekly. Director Maury Kalnitz reports that applicants are not only from Atlanta, but also from South Georgia, Arkansas, California, Connecticut, Florida, North Carolina and Tennessee. For more information, visit robinson.gsu.edu/execdoctorate.
A growing literature in behavioral economics argues that individual behavior often departs from the neo-classical paradigm of complete rationality. In particular, a number of studies demonstrate that agents’ decisions are significantly influenced by dispositional characteristics such as optimism. While the evidence for the impact of optimism at the individual decision-making level is persuasive, its effects at the aggregate level have not yet been completely explored. As opponents of behavioral economics often argue, deviations from rationality by a few agents could be unimportant in the aggregate if there is a sufficiently large pool of rational agents.

In this study, my coauthors (Yahel Giat, Jerusalem College of Technology and Steven T. Hackman, Georgia Institute of Technology) and I use a structural approach to derive quantitative assessments of the impact of entrepreneurial optimism on the characteristics of venture capital relationships — the economic value that they generate, the structures of dynamic contracts between venture capitalists (VCs) and entrepreneurs (ENs), the durations of VC relationships, the manner in which VC investment is staged over time, and the extent to which EN optimism could mitigate agency costs of risk-sharing between VCs and ENs. Although the model we develop is potentially applicable in other economic settings, we focus on VC relationships for two principal reasons. First, venture capital is one of the most important mediums through which technological innovation is financed, which is itself a key driver of economic growth. Second, because innovation is often characterized by high levels of uncertainty and differing beliefs about project quality, it is often anecdotally suggested that optimism is a key driver of VC relationships. If optimism, indeed, significantly influences VC relationships and, therefore, the financing of innovation, it also clearly has important aggregate welfare consequences. Venture capital financing, therefore, is a pertinent arena to examine whether, and to what extent, the effects of optimism on individual decision-making has aggregate consequences.

In our dynamic structural model, VCs and ENs could have asymmetric beliefs about the intrinsic quality of projects in addition... leading edge information

**Heterogeneous Beliefs and Innovation**

**Ajay Subramanian, PhD**
Associate Professor of Risk Management and Insurance
asubramanian@gsu.edu

Professor Zanjani is a public policy expert specializing in insurance issues within the broader U.S. financial system. His prolific body of research — mainly focused on the areas of insurance economics, financial institutions, and regulation and public policy in insurance markets — not only advances theory and conceptual understanding, but addresses real-world challenges, especially in view of today’s global economic crisis. His research has appeared in premier academic journals including the Journal of Financial Economics, Journal of Public Economics, and the American Economic Review, as well as several book chapters.

Prior to joining the Federal Reserve Bank of New York, Zanjani worked as an actuary at Fireman’s Fund Insurance Companies, focusing on commercial insurance pricing and heading the firm’s workers’ compensation actuarial unit in 1994. He has served on working groups formed by the Committee on the Global Financial System and the Presidential Working Group on Financial Markets.

Zanjani is an Associate of the Casualty Actuarial Society and holds a PhD in Economics from the University of Chicago and undergraduate degrees in economics and biology from Stanford University. He maintains membership in the American Economic Association and the American Finance Association, and currently serves as a board member of the American Risk and Insurance Association (elected in 2007).

Rocio Sotomayor specializes in probability theory and in stochastic analysis, processes, and control and their application to problems in the areas of finance, economics and, especially, risk management and insurance. Her current research will appear in a forthcoming issue of Mathematical Finance.

Dr. Sotomayor is a native of Peru, who is fluent in multiple languages including Spanish, English and Portuguese. In addition to her doctoral degree, she holds a Master in Mathematical Methods in Finance from the Instituto Nacional de Matematica Pura e Aplicada (IMPA), Brazil; and a Bachelor in Mathematics from Pontific Catholic University of Peru (PUCP), Peru.

Elizabeth Brown’s research focuses on the regulation of financial services (insurance, securities and banking) both within the United States and internationally. She is also an expert on corporate social responsibility, an important topic in today’s increasingly conscience-focused marketplaces. Her work has appeared or
leading edge information is forthcoming in leading legal publications including the Yale Law and Policy Review, University of Chicago Roundtable, University of Miami Law Review, and University of St. Thomas Law Journal.

Before joining the RMI faculty, Professor Brown taught for six years at the University of St. Thomas School of Law in Minnesota, where she received the Award for Excellence in Professional Preparation (April 2003) for her teaching. She also served as a visiting professor at the University of Indiana Maurer School of Law.

Prior to entering academia, she practiced law with several leading firms including Clifford Chance in London, focusing on securities transactions with values of over $30 billion; at Jones, Day, Reavis & Pogue in Chicago, working primarily on mergers and acquisition transactions; and at Baker Botts in Houston, where her work involved corporate and securities transactions.

Additionally, Brown worked for four years as an international economist for the International Trade Administration (ITA) in the U.S. Department of Commerce — first in the Office of Africa and later in the Office of East European and Soviet Affairs. While at Commerce, she counseled both Fortune 500 and small businesses on exporting to and investing in the countries that she covered and participated in the negotiations for the bilateral investment treaty and trade agreement between the United States and Bulgaria. She also received the Bronze Medal for Service, which is the highest award within ITA.

Professor Brown received a JD from the University of Chicago, where she was symposium articles editor of The University of Chicago Law School Roundtable. She also holds an MA in international relations from the Nitze School of Advanced International Studies at Johns Hopkins University and a BA (with Honors) in international relations from the College of William and Mary.


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Ajay R. Subramanian’s research interests are in dynamic corporate finance, asset pricing theory and mathematical finance. His work has appeared in widely-recognized journals in applied mathematics, financial economics, mathematical and quantitative finance, accounting, operations research, and theoretical physics. He holds a PhD in applied mathematics and an MS degree in mathematics from Cornell University. He also received an MA degree in physics from the State University of New York at Stony Brook. As an undergraduate student at the Indian Institute of Technology in Bombay, he obtained a bachelor of technology degree in engineering physics.

PERRY BINDER, assistant professor of legal studies, received the coveted Crystal Apple Award for excellence in teaching. This award is especially meaningful, as it is based on direct input from MBA student surveys.


ROCIO SOTOMAYOR coauthored an article, “Explicit Solutions of Consumption-Investment Problems in Financial Markets with Regime Switching” (with A. Cadenillas), which is forthcoming in Mathematical Finance (2008).

ADAM SPEIGHT authored a paper, “A Multilevel Approach to Control Variates,” which will appear later this year in the Journal of Computational Finance.
twenty plus years of experience as a litigation attorney and legal studies professor, and explore how law and education integrate to help individuals deal with everyday life. Professor Binder covers such topics as how to get a lawyer to return your call, when to start a street fight and when not to, which three items you must possess when dining out, and other provocative subjects.

BUSINESSES AT RISK

The current volatile business environment has forced companies to redefine the concept of risk and to plan specific and creative ways to manage it. Many business schools, however, are failing to turn out the kinds of graduates who can handle this complex job. This is the subject of a feature article by Richard Phillips, RMI Department Chair and Bruce A. Palmer Professor of Risk Management and Insurance, which appears in BizED (September/October 2008), a magazine published by the Association to Advance Collegiate Schools of Business (AACSB). Advances in financial engineering that allow for more effective quantification and calculation of risk exposures along with a broader view of risk management, offer opportunities for collegiate programs, like Georgia State University, that are willing to take the lead on these issues. He advocates for the idea that risk programs should embrace the concept of enterprise risk management (ERM), retool their undergraduate and graduate curriculums, and produce graduates that are eligible for the best jobs in the financial services sector. Programs that take this approach, suggests Phillips, "will be ahead of the curve as they fulfill a need that global businesses are just beginning to realize they have."

RISK & INSURANCE

Both the RMI Department and Robinson College of Business were prominently featured in a story about the maturation of risk management programs at various U.S. universities. “Emerging Strategies for Risk” by B.G. Yovovich appeared in Risk & Insurance (4/15/2008), a prominent insurance trade press magazine.

“Our objective is to create an optimum environment where fundamental research on some of the most difficult risk problems facing society is conducted. In addition, the Center will foster a learning environment for our students and faculty characterized by quantitative and qualitative rigor; and we will emphasize our problem-solving capability through effective communication to our targeted constituencies,” said Richard D. Phillips, Chair of Robinson’s Risk Management and Insurance Department. “There are only a handful of centers like this around the country and none in the field of risk management.”

“We certainly view the area of risk measurement and management at the societal, corporate and individual areas as an important area of research,” said Larry D. Wall, Financial Economist and Policy Adviser at the Federal Reserve Bank of Atlanta. “We think collaboration between the Federal Reserve Bank of Atlanta and Robinson’s Department of Risk Management and Insurance would build on the strengths of both organizations to the benefit of both.”

CEAR’s initial areas of research will focus on four areas of study: (1) Quantitative Modeling in Risk Management, (2) Corporate Risk Management, (3) Intergenerational Risk Sharing, and (4) Insurance Markets, Regulation and Public Policy. CEAR Research Fellows will conduct basic research in an unstructured environment as well as applied grant-related research; will develop and implement annual or biannual research seminars for each program group; will develop CEAR summer school programming; will provide monetary awards to CEAR Ph.D. Fellows; and will develop and lead CEAR-related graduate academic programs.

According to Robinson College of Business Dean H. Fenwick Huss, “Be it fire or fraud, natural disaster, man-made calamity or liquidity crisis, the ability of individuals, organizations and societies to anticipate and manage risk is becoming more and more critical. With this new center, Robinson College of Business steps to the forefront by bringing together some of the top minds from around the world to study and find solutions for even the most complex risk-related problems.”
The RMI “Brown Bag” Seminar Series is open to departmental faculty and doctoral students who wish to present recent research findings and projects to a receptive audience. Every semester, several sessions are dedicated to industry leaders, who offer a practical perspective on salient topics. In September, Adam Litke, Head of Market Risk Management for Wachovia and member of the Educational Foundation Board of Trustees, presented “The Great Deleveraging: How the Subprime Crisis Became a Run on the Bank.” Mr. Litke has a unique vantage point from which to watch the ever growing financial crisis currently gripping U.S. financial markets. He described the key players in the crisis, what went wrong, opined about what needs to be done to stem the damage, and speculated about the market opportunities created by the crisis.

In October, Trey Tasker, Chief Actuary and VP, McGriff, Seibels and Williams, Inc., discussed “Risk Retention Decisions: Beyond TCOR.” For most companies, the insurance purchase decision is disconnected from the larger risk picture of the entire enterprise. The insurance purchaser typically works with his broker and his actuary to determine the Total Cost of Risk (TCOR), in which the broker estimates the risk transfer (insurance costs) and the actuary estimates the risk retention costs. Mr. Tasker suggested that while TCOR may provide a good foundation, there are enterprise wide risk issues that impact the insurance purchasing decision and should be considered. He discussed some of these issues and advocated for an enterprise wide perspective.

FULCRO INSURANCE GROUP became the new name of First Insurance Group, a company founded in Puerto Rico in 1981 and principally owned by Ramon Perez Jr. (PhD, 1979), RMI alumnus and Educational Foundation, Inc. Trustee. The new identity better reflects the company’s mission to shift the balance in favor of the insured. Pictured below (from left to right) are RMI alumni Ramón A. Pérez Blanco, Esq., (MS-RMI, 2001), a partner at Fulcro; William R. Feldhaus, Associate Professor of Risk Management and Insurance at Georgia State University (PhD, 1980); and Ramón A. Pérez, PhD, CPCU, CLU; as well as Anthony Mirabal, CPCU, ARM, ARe (MS-RMI, 1993), who is President and Managing Director of Risk & Re-Insurance Solutions Corporation, an independent reinsurance intermediary and risk advisory firm in Miami.

What caused the ongoing economic crisis and how will this crisis affect the future? On October 22, an expert panel of Robinson College professors gathered for a town-hall style meeting with students, alumni, and interested participants to discuss the causes, remedies, and future expectations surrounding the current worldwide financial crisis, one of the worst in history.

A standing-room only crowd had the opportunity to question Robinson’s top faculty including Pete Eisemann, a professor in the Department of Finance who is an expert on financial management of financial institutions; George Zanjani, associate professor in the Department of Risk Management and Insurance (RMI) who previously was a senior economist at the Federal Reserve Bank of New York; and Conrad Ciccotello, director of Robinson’s Personal Financial Planning program. The panel was moderated by Richard Phillips, RMI Department Chair and Bruce A. Palmer Professor of Risk and Insurance. The event facilitator was Ken Bernhardt, Robinson’s Assistant Dean for Corporate Relations and Regents’ Professor.

Video footage and transcripts of the event are available through the Robinson College of Business website at:

robinson.gsu.edu/econ/index.html
WE DID IT AGAIN... ALL 2008 MRM GRADUATES PLACED!

Continuing our history of successfully placing MRM graduates, all students from the 2008 graduating class have obtained jobs. Considering the current financial crisis and its impact on the job market, our record of consistently placing every MRM graduate student within a month of graduating from the program is even more impressive.

“We continue to be proud of our MRM program and the way our focus on risk management differentiates our graduates from those of other high quality financial engineering programs around the country,” said Richard Phillips, RMI Department Chair and MRM Program Director. “Congratulations to all!”

NEW CATLIN SCHOLARSHIPS

Catlin Group Limited, a leading international specialty property and casualty insurer and reinsurer, partnered with the RMI Department to award two $5,000 graduate student scholarships. Qualifying students must be enrolled in a masters-level program of the RMI Department and have a GPA of 3.25 or higher. Recipients will be selected by the department’s Scholarship Committee during the 2009-2010 academic year.

Catlin operates four underwriting platforms — the Catlin Syndicate at Lloyd’s, Catlin Bermuda, Catlin U.K. and Catlin U.S. — as well as a network of international offices, providing creative risk management solutions and excellent financial security to clients worldwide.

Congratulations to current RMI students BRIANNA FAULK (BBA-AS) and SAMIT SHRIVASTAVA (MBA-RMI) who were selected to participate in the Anita Benedetti Student Involvement Program at the RIMS 2009 Annual Conference in Orlando, Florida from April 19-23, 2009. The RIMS Student Involvement Committee receives hundreds of applications from qualified students every year. It is a great testament to the high quality of Georgia State University students, to have two of them representing the RMI program at this year’s conference. In addition to the Benedetti scholars, six graduate and undergraduate RMI students will attend the conference at the department’s expense.

Both of the department’s recent PhD recipients have taken assistant professor positions. RUILIN TIAN is now in the Finance Department at North Dakota State University and HUA CHEN is in the Risk Management and Insurance Department at Temple University. Dr. Chen was selected to present his paper, “Is the HECM Program Sustainable? Evidence from Pricing Mortgage Insurance Premiums and Non-Recourse Provisions Using Conditional Esscher Transform,” at the 2009 Bowles Symposium, held February 12 and 13 at Robinson’s Buckhead Executive Education Center. The paper was coauthored with retired RMI professor Sam Cox and current actuarial science professor Shaun Wang.

Actuarial Science (BBA) students ADE BROWN and LETICIA SMITH received Bermuda Scholarship Fund awards, based on their excellent records of scholastic achievement. Mr. Brown, who is a freshman, will be profiled in the 2009 issue of YOUR FUTURE, a magazine for prospective Bermudian students seeking an education in the financial services industry. The magazine is published annually and is mailed to every home on the island. Ms. Smith transferred to Georgia State University from the Bermuda College where she was pursuing an Associates in Actuarial Science. She is currently a junior. The purpose of the Bermuda Scholarship Fund is to attract talented and qualified students from Bermuda into any of the programs offered by the RMI Department.

LISA GARDNER (PhD, 1992), Associate Professor of Statistics at Drake University, has been named the Undergraduate Assessment Coordinator in Drake’s College of Business and Public Administration.

VALENTINA ISAKINA (BBA, 1996; MAS, 1997), formerly with McKinsey & Company, joined Bain & Company in Atlanta to focus on private equity work.

ANDREAS MILIDONIS (PhD, 2006), former Lecturer in Finance at the University of Manchester, United Kingdom, joined the Department of Public and Business Administration of the University of Cyprus. He remains with the Manchester Business School as a research associate.

Another successful RMI ALUMNI WINE TASTING was held last fall. The Grape at Inman Park hosted the event in their outdoor patio, where alumni and friends of the RMI Department were treated to a fun-filled night of great food, excellent wine, and the opportunity to catch up with old friends and colleagues. Stay tuned for next year’s Wine Tasting!
GEORGES DIONNE TO BE A DISTINGUISHED LECTURER AT GEORGIA STATE

This spring, the RMI Department will host internationally recognized researcher Georges Dionne, the Canada Research Chair in Risk Management at HEC Montréal, as the next Distinguished Lecturer.


In addition to publishing a dozen book chapters, Professor Dionne has authored five books, two of which — Contributions to Insurance Economics and Foundations of Insurance Economics: Readings in Economics and Finance — are heavily used worldwide in doctoral insurance programs. His reference book, the Handbook of Insurance (Kluwer, 2000), contains contributions from the top 40 researchers in the field and is now the dominant required textbook in every doctoral-level insurance economics seminar taught worldwide. In 2002, the book received the prestigious Kulp Wright Award given by the American Risk and Insurance Association.

Professor Dionne is the current editor of the Journal of Risk and Insurance — a premier journal in the field — and has served as president of the Risk Theory Society. He was elected as a member of the Royal Society of Canada in 2000. In 2008, Professor Dionne was honored by the Social Sciences and Humanities Research Council (SSHRC) of Canada for his 30 years of cultivating excellence in research.

In conjunction with the RMI Research Seminars, the Distinguished Lecturer Series invites renowned scholars to address topics of importance related to the modeling and management of risk. This year’s schedule is as follows:

LECTURE 1: Asymmetric information tests with applications to insurance and finance contracting (March 19, 2009)

LECTURE 2: Moral hazard tests with applications to road safety and insurance contracting (March 26, 2009)

LECTURE 3: Asymmetric information and adverse selection tests in auctions with applications to slave and merger and acquisition auctions (April 23, 2009)

LECTURE 4: The costs and benefits of reinsurance (April 30, 2009)

For additional information, visit the “Research” section of our website at rmi.gsu.edu.