2005 REPORT TO STAKEHOLDERS

We have made significant strides toward our vision of creating a top quality program of higher education insurance studies during the last few months. During the next year, we will be providing you with regular reports on our progress.

NMSU GRADUATE JOINS INSURANCE INDUSTRY
One of our five Summer 2005 interns graduated in December and has joined the insurance industry. Tyrell Alaide is working at Pat Campbell Insurance in Las Cruces as a producer. Tyrell was an intern at Mountain States Insurance Group, where he worked in marketing. We expect that at least one more of our Summer 2005 interns will graduate in May and join an agency as a producer.

ACADEMIC PROGRESS
We are pleased that we now have our insurance studies program approved as a minor effective in the spring semester of 2006. This will make our program much more attractive to our students. The current insurance option is a part of our Finance major and does not show up on the student's transcript as an insurance program. A minor in Insurance will be noted on the transcript. In addition, the insurance minor will not be a part of the Finance major, but can be combined with any major, business or non-business, including Marketing, Management, Mathematics, Accounting and Finance.

Although we do not yet have many students formally enrolled in the Insurance program, we do have significant interest in insurance classes. During the past year we had four insurance classes with 110 students. Many universities today do not offer any insurance classes. We are having a positive impact with our students, even if they are not yet formally registered in the insurance program.

We currently have six students who are formally enrolled in the program. This low number is due, in part, to the lack of incentive for a student to enroll because the insurance option does not show up on the transcript, as well as the short period in which the program has been in existence. With the approval of the Insurance minor, we expect to see steady gains in enrollment starting next semester. The hardest part of starting this type of program is to convince our college students to consider the insurance industry as a career.

In the past, we have offered our basic insurance class, Principles of Insurance, only once per year. We will now offer this class every semester. Starting in the fall of 2006 this class will be a required prerequisite to our other insurance classes. This will enable us to
raise the academic standards for these classes. In addition to the Principles of Insurance class, we currently also offer classes in Property and Casualty Insurance, Employee Benefits, and Life & Health Insurance. Over the next year, we will be reviewing our curriculum to see what additional courses might be needed to fulfill our mission.

INTERNSHIPS
During the past summer we had five interns compared to the 14 in the prior year. We simply did not have enough qualified students and we did not want to lower our standards simply to increase the number of interns. Our goal for Summer 2006 is eight interns and we expect to meet that goal.

To improve the quality of the program we have developed a description of employer’s responsibilities and a questionnaire for employers to provide input to NMSU on the types of students that will best fit the employer’s needs.

We will also be working with independent agents to develop suggestions and guidelines for smaller agencies that would like to employ interns, but lack human resource people. We recognize that small businesses need assistance in this area.

SCHOLARSHIPS
In addition to our internship program, five students received a total of $6,000 in scholarships in the 2004-2005 academic year. Four students have received a total of $5,000 in scholarships for the 2005-2006 academic year. Scholarships are generally awarded during the spring semester for use during the following academic year.

We will award an additional $10,000 in the spring semester to be used during the 2006-2007 academic year thanks to the scholarship funds raised by the NMMCC/IIANM Golf Tournament. This will be a big help in promoting the program.

SEARCH FOR NEW INSURANCE CHAIR
Dr. Barry Smith has announced that he will be retiring from NMSU effective May 2006. We are very sorry to lose Barry who has contributed a great deal to the insurance industry. We wish him well in his retirement.

We have been conducting a nationwide search for a faculty candidate to replace Barry as the Mountain States Insurance Group Chair holder. Interviews were conducted on campus in November and we hope to be able to make an announcement of the new Chair holder soon. Once a candidate has been hired, we will make arrangements for him to meet with our industry partners.
The competition for business PhD’s has become intense during the last few years, and the pool of candidates that met the requirements of the Insurance Chair was very small. The salaries paid by NMSU for business faculty are not competitive with our peer institutions. Thanks to the generous donation by Mountain State Insurance Group that funded our endowed chair, we were able to make a more competitive offer.

DIRECTOR OF THE INSURANCE CENTER
Dean Garrey Carruthers has appointed Al Berryman to be the Director of the Insurance Center, which is responsible for the day-to-day operations of the insurance program. He will be responsible for industry liaison, internships, student recruitment, and scholarships. In addition to his responsibilities as the Director, Al will continue to spend 75% of his time teaching finance and insurance courses.

USE OF INDUSTRY FUNDS
We have been very fortunate to have strong industry financial support. Except for specific donations for scholarships or other designated uses, these industry contributions are put in our endowment. Only the earnings on the endowment can be spent to support the insurance program, and these earnings are not available until at least one year after an endowment contribution is received. This conservative financial approach guarantees that we will have a permanent insurance studies program at NMSU. The reality is that state funding of higher education in New Mexico is not going to increase. In order to provide the type of high quality insurance program we need, the continuing support of the insurance industry is essential.

Thus far, all earnings from the endowed chair have been used to supplement faculty salaries. Earnings available from the endowment of the Insurance Center have been fairly small, due to the time lag between receipt of the donations and the time that we receive actual earnings from the fund. In the future, however, the endowment will provide funds to be used for operational expenses. This includes items such as sending our students to Insurance seminars, student scholarships, faculty expenses to attend Insurance seminars, bringing high quality industry speakers to our campus, recruiting students, both in-state and out-of-state, and to provide salary for a quarter-time Center Director.

For Information on the Insurance Studies Program at NMSU contact:

Al Berryman
Director, Insurance Center
Department of Finance, MSC, 3FIN
New Mexico State University
P.O. Box 30001
Las Cruces, N.M. 88003-8001
alberry@nmsu.edu