



Associate Professor Yu-Luen Ma is part of the strong insurance faculty at Illinois State.

# Campus, corporate united to create the Katie School of Insurance at Illinois State

BY ELAINE GRAYBILL

The Katie Insurance School at Illinois State University started with a simple question nearly 20 years ago, and now is among the preeminent insurance schools for undergraduates in the nation. The question was directed to the right person—College of Business Dean Emeritus Andy Nappi. Nappi got the right people involved in the plan, which turned into a proposal, which turned into a school offering a major and a minor in insurance with hefty corporate support.

The Katie School story is about how an academic institution works with an industry and its professionals to create a synergy that helps students, faculty, and the industry itself. The visionary people who started the Katie Insurance School and saw it through its formative years functioned well as a team with a single purpose. They had the power to make all the right things happen to achieve their goal.

Among others that first group included Illinois State University President Thomas Wallace; Jay Edmondson from State Farm Insurance Companies; Duane Miller from what was then Country Companies; College of Business Dean Bob

Jefferson; and Chuck McGuire, chairperson of what was then the Finance and Law Department. Together they had connections with individuals whose influence went right up to the boardrooms of insurance companies and the top of state government.

In the two decades since their work began, the Katie School has graduated hundreds of students who have succeeded in the insurance industry. The school has drawn faculty, administrators, and corporate supporters from around the world to perpetuate and increase the success of this now-global and unique enterprise that goes back to 1990 and a time when change was becoming apparent in the insurance industry.

“We were expanding considerably then, so access to talent was becoming more of an issue,” said Barb Baurer, chief operating officer of COUNTRY Financial. Prior to that time, she said, “other than actuaries, you didn’t go out and hire someone with insurance knowledge.” Most people in the insurance business had never taken a course in it when they were in college.

The industry was starting to realize that a local pool of college graduates educated in insurance would permit rapid hiring of people with basic knowledge about the business, Baurer said, and a local connection was desirable.

Nappi was at that time former dean of the College of Business and working in Chicago raising funds for the University. In that work he encountered Joe Nicosia '73, an alumnus in the insurance business who asked Nappi why Illinois State didn't have an insurance program. Nappi took the question back to Wallace, who was then president.

Wallace arranged a Chicago meeting in November of 1990 with representatives of State Farm Insurance Companies, COUNTRY Financial, Allstate, Coopers & Lybrand, and others. Wallace left the meeting with the industry reps supporting an insurance program. He pledged if they would make a small financial commitment to the plan, he would get the appropriate campus people and departments involved to push forward.

"We would never have had it if it had not been for Wallace," Nappi said. "Bob Jefferson was dean and he was extremely supportive. Chuck McGuire devoted his time and effort into developing and designing a major," said Nappi, who was appointed director of the new insurance school by Jefferson.

Nappi continued his Chicago fundraising efforts while support was mobilizing on campus and in the insurance industry. By the end of 1997, 55 insurance companies had contributed to build a \$4 million endowment for the insurance school, which was named after Mary Katherine "Katie," Nicosia's daughter who had died at age 2.

Nappi created an advisory board made up of representatives of insurance companies, the Illinois Department of Insurance, and *Business Insurance* magazine. Wallace, Jefferson, and McGuire served as well. State Farm and COUNTRY Financial were the first companies to make major financial commitments, with Coopers & Lybrand coming soon after.

Edmondson was the State Farm point person as the company's vice president of underwriting. Now retired, he got in on the ground floor of the Katie School when another State Farm vice president, Vince Trosino, M.S. '73, showed Edmondson the proposal Nappi and Jefferson had delivered to State Farm's corporate offices.

"State Farm felt it was very important that we support a school of insurance in this area," Edmondson said. The partnership of a local company with a local university training people for the insurance industry was appealing, especially considering the large number of State Farm employees who were Illinois State graduates. State Farm appointed Edmondson to serve on the Katie advisory board, a position he filled until recently.

## Insurance majors go global

**Developing international internships for its undergraduate students is one more way the Katie School is on the cutting edge of preparing tomorrow's insurance professionals. The internships also foster relationships between the University and the insurance industry.**

**Katie School Associate Director Debbie Babcock has developed and overseen the summer internships at three sites: London, Bermuda, and Zurich. Each site enrolls two students the summer before their senior year. Babcock visits each location annually to maintain the relationships.**

**"My role is to transfer them to the workplace... to increase their business etiquette and knowledge base," Babcock said of the interns, who participate in job shadowing, sit in on client meetings, and learn about business cards and professional attire. The Katie School, thanks to industry support, pays all the students' expenses except for weekend travel. Cognizant of the problem of lost summer employment, Babcock worked out paid internships with domestic companies to fill the remainder of the interns' summers.**

**"The students grow so much," Babcock said. "They come back so much more confident." Then they help recruit and select students for the following summer's internships.**

**The former student interns may eventually find themselves doing business with people they met during their internships. That's a supreme example of networking, Babcock said. "That's what it's all about."**

Miller, M.S. '72, became involved in the insurance school when Nappi went to him to obtain support from COUNTRY. As CEO of the company, Miller was enthusiastic about the idea from the beginning and served as COUNTRY's representative on the advisory board until his 2001 retirement.

Miller joined Nappi and Edmondson to create a leadership triumvirate that led the direction of Katie in its early years. Miller and Edmondson served terms as advisory board chairperson. "We used to talk about becoming the premier insurance program in the United States," Edmondson said,

## Lloyd's of London an active partner

Director Andy Nappi's willingness to listen to a suggestion, plus good timing, played out favorably in the mid-1990s when he and London executive Terry Hayday established a relationship between Katie and Lloyd's of London. That relationship has spawned a number of mutually beneficial programs that are unparalleled examples of how a university can work with industry.



Katie School Associate  
Director Debbie Babcock  
and London insurance  
executive Terry Hayday  
on Illinois State's campus  
in summer of 2007.

Lloyd's of London is an insurance pioneer with its beginnings more than 300 years ago in Edward Lloyd's Coffee House in London. Today it leads the insurance world in providing specialized insurance.

Lloyd's connected to Illinois State through the uncle of insurance alumnus Jim O'Shaughnessy '94. The uncle owned a company in California that belonged to the Illinois Insurance Exchange. In 1994 he lined up an internship with Lloyd's of London for O'Shaughnessy. He wrote to Nappi from London that, "We should start a program with Lloyd's," and included a contact name at the Lloyd's Training Center.

At the same time Nappi's letter proposing such a program arrived in London, Hayday was developing a proposal for Lloyd's Training Center for young employees involving an overseas study tour.

"I just happened to be in the right place at the right time for the right thing," said Hayday, who was interviewed while on campus last summer for the annual "London Market USA Study Tour: Insurance Business in the USA Today." He described during that visit his early communications with the College of Business (COB).

In 1994 there was no e-mail, and overseas telephone calls were expensive. So he, Nappi, and then COB Dean Dixie Mills traded faxes until Hayday decided it was time to meet in person.

Hayday laughs about the difference in cultural mores revealed when he first visited Normal in August 1995.

He called it "Nor-MAL," using the French pronunciation. He met his friends from the Chicago law firm Blatt, Hammesfahr & Eaton and they drove from Chicago to Normal – "blazing hot, dressed up in suits," London-style. He presented his requests to the COB on a card; the COB presented him with a folder full of information. Nevertheless, he said, "we got on like a house afire," and negotiations to set up the annual educational tour were successful.

The following summer Hayday brought a group of 14 young underwriters, claims staff, brokers, and other Lloyd's employees for a two-week educational program by COB faculty and insurance professionals from around the country.

Now the program is limited to 20 and takes place during a week that is split between Chicago and the Illinois State campus. It begins with a baseball game in Chicago, which Hayday calls "an intravenous shot of Americana." The program also includes "field trips" to the Chicago Board of Trade and businesses, including Caterpillar and State Farm Insurance Companies.

Four additional seminars on insurance topics are also jointly sponsored by Katie and Lloyd's for Londoners at various locations around the United States on risk management, United States litigation, and windstorm damage. The activities have bolstered relationships with the overall insurance industry.

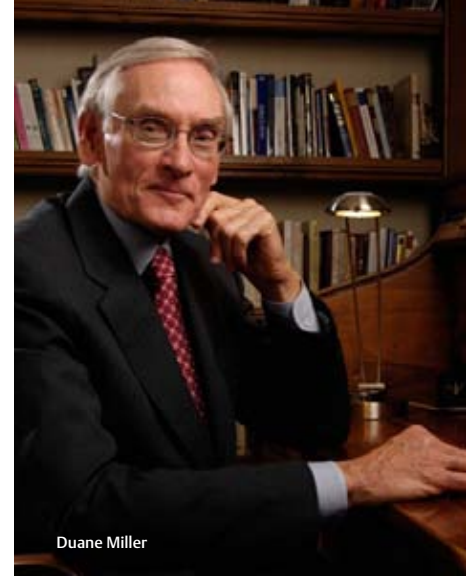
"Others have tried but failed to do what Katie is doing," Hayday said.



Andy Nappi



Jay Edmondson



Duane Miller

## The visionary people who started the Katie Insurance School and saw it through its formative years functioned well as a team with a single purpose. They had the power to make all the right things happen to achieve their goal.

recalling the three men “saw the importance to the industry, as well as to the University.”

The three became friends and had monthly luncheon meetings until Miller moved to Colorado after retirement. All three have been honored for their roles. In 2000 advisory board members established the Andrew T. Nappi International Study Grant. And in 2002 industry friends created the Edmondson-Miller Endowed Chair in Insurance and Risk Management.

University administrators were accountable to the Katie advisory board. Edmondson and Nappi described Miller as the “watchdog” who questioned everything and insisted that administrators think about what they were doing and how they were spending their money.

“We were sensitive that we needed to get industry support,” Miller said. “Others were more oriented toward developing the curriculum, so my role was to represent the industry standpoint.”

Miller described the original vision for the Katie School as a place to prepare graduates with a “well-rounded business background with an emphasis on the insurance industry...The individuals involved were all knowledgeable in their areas of expertise. What made it so unusual was that we all had the same objective, and what we had to decide was how best to get there.” Unlike what sometimes happens when business people and academics mix, Miller said, “it was absolutely positive from day one, from the [university] president on down.

“It was probably one of the most rewarding aspects of my whole career because of the pulling together of different

interests to achieve the objective,” Miller said. “We pretty well ended up where we had hoped.”

The “Four Corners of Excellence,” a long-range plan conceived by McGuire, was a touchstone in the early years as Katie developed, Nappi said. The four corners were: industry, program, faculty, and students. The idea was that all four had to grow in a coordinated fashion over time, and none could grow disproportionately.

The “program” corner involved gaining approval for the undergraduate insurance major and minor, a process that starts in the department and climbs the bureaucratic ladder up to the Illinois Board of Higher Education (IBHE).

Nappi credited McGuire with getting faculty to support the new major and minor, when at first there was some resistance. Prior to the Katie School, the college offered three insurance courses that had been taught for many years by Professor Ken Crepas.

McGuire and a few others wrote the curriculum proposal. He gained the approval of his departmental faculty after fully explaining “the ramifications and possibilities” of an insurance major and minor. While it usually takes about two years to complete the process, McGuire said, “we moved this through within nine months for both the major and the minor without a single ‘no’ vote.” McGuire described hand-carrying the proposal as soon as it had been approved by a committee to the next one up the line and asking to have meetings scheduled as soon as possible, all the way to the IBHE in Springfield.

Fundraising was essential and came under the “industry” corner. Nappi said the annual Katie School Golf Clas-



Debbie Babcock



Chuck McGuire



Jim Jones

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sic at Aurora’s Stonebridge Country Club for the insurance industry is important, with a waiting list to participate. “The industry is always looking for ways to entertain clients,” Nappi said, and they are happy to pay \$2,800 a foursome. “It’s a first-class event.”

Hiring outstanding faculty was another corner of excellence. James Carson, who left in 2001 to take an endowed-chair position at Florida State University, and George Flanigan joined the faculty in fall 1993. Other strong insurance professors were drawn to the faculty. McGuire said the Katie School has a prominent reputation at the American Risk and Insurance Association, of which Carson is past president, so that every time the school lists an insurance faculty position there are many applicants.

Another programmatic feature started in 1997, as the Institute for Insurance Ethics opened with funding from the Illinois Department of Insurance. Under the auspices of the Katie School and the direction of McGuire and Professor Joseph Solberg, the institute began offering the first insurance ethics seminars and programs in the country.

Nappi retired in 2000. Carson was interim head before James Jones was hired in 2001 as the Katie School director. Jones had been with the Insurance Institute of America, creating programs to educate insurance professionals.

Under the direction of Jones and Associate Director Debbie Babcock, program offerings have expanded for students and the industry, outstanding faculty have continued to join the school, relationships with business have grown, and an international focus has developed. (See accompanying stories). Jones said the advisory board, representing nearly 30 companies, has moved beyond exclusively fundraising to

become more strategic in relation to all the activities of the Katie School.

Summer is a busy time at the Katie School with many programs Jones has developed or sustained, including the following, most of which take place on campus.

- Professional development for new insurance agents, in partnership with Professional Independent Insurance Agents of Illinois;
- The Ken Smith Financial Regulators Program for regulators in the United States and other countries;
- The Redbird Risk Management Program for high school students;
- Consulting projects with insurance professionals;
- London Market Study Tour for Lloyd’s of London representatives;
- Insurance Education Institute for high school guidance counselors; and
- Other programs for insurance executives taking place year-round in Chicago.

Nappi looks with awe at where the Katie School is going 18 years after an alumnus in Chicago asked him that simple question. “I’m just amazed, and excited, and pleased at all the things that are happening,” Nappi said. “It’s just unbelievable.”

*Editor’s note: For information about giving to the Katie School, please contact Director of Development Claranne Perkins at (309) 438-2297, [cperki@ilstu.edu](mailto:cperki@ilstu.edu). Online information is available at [www.cob.ilstu.edu/giving/](http://www.cob.ilstu.edu/giving/).*