banking are in the offing. Such changes may open up new opportunities as well as render obsolete some of the successful strategies of today.

In summary, this is a useful book on a new topic. The continual changes in this area make the book somewhat dated. Considering that the target audience is CEOs and top management teams of banks and thrifts, the material is rather elementary. I am certain that the book will serve as a useful reference book on insurance products and annuities.

Fundamentals of Risk and Insurance by Emmett J. Vaughan, Fifth Edition, (John Wiley & Sons, 1989), 781 pages.

Reviewer: William P. Jennings, Professor of Economics, California State University, Northridge.

Fundamentals of Risk and Insurance is a well-written, consumer-oriented book on risk and insurance designed as a basic, one-semester or two-quarter text for the beginning student. It utilizes detailed analyses of specific insurance contracts to introduce the principle theories and concepts surrounding risk and insurance and to familiarize the reader with many of the common types of insurance coverages. This fifth edition also includes the most recent changes in the Risk Retention Act of 1986, Tax Reform Act of 1986, Revenue Act of 1987 and Medicare Expansion Act of 1988. The text's thirty-six chapters are divided into three broad sections: risk and insurance; life and health insurance; and property and liability insurance.

The eleven chapters comprising section one focus mainly on definitions and issues. While definitions are often viewed by students as dull or confusing, the text's clear and concise presentation should contribute to good basic understanding of the subject manner. The section commences with the concept of risk and alternative definitions of risk, then proceeds to a thorough discussion of basic issues, including risk management; insurance fields, functions and finances; industry structure; government as an insurer; and legal and regulatory aspects of insurance.

Section two applies the concepts presented in section one to a detailed analysis of life and health insurance coverage. Chapters twelve and thirteen explore the functions, characteristics and issues surrounding life insurance including a non-technical explanation of reserves and the actuarial basis of life insurance. This section also includes some discussion of special tax advantages, actuarial problems, and pricing aspects of life insurance. The remaining ten chapters of the section are an encyclopedic review of the full range of health and life policies, including everything from disability, workers' compensation and HMO's to profit sharing, pension plans and estate planning.

The final section deals primarily with insurance of real and personal property. Here too, the text moves smoothly and logically from consideration of fundamental legal and insurance issues to detailed examination of everything from fire, earthquake, flood and title insurance to automobile, aviation and credit insurance. The three-chapter coverage of automobile insurance is especially good. Commencing with an overview of the legal environment and legal liability of the automobile, these chapters provide an integrated and topic oriented analyses of automobile insurance, risk management, high-risk drivers, insurance costs and tort reform.

Notwithstanding its many good points, the text is not without shortcomings. It largely ignores or gives only brief mention of the crucial role of law, regulation and taxation in shaping the nature and variety of insurance contracts and the public's demand for coverage. For example, a reader could fail to recognize the importance of favorable state and federal income tax treatment to the growth and demand for single premium deferred annuities (and other life insurance policies). Greater emphasis on real world importance of laws, regulations and taxation, even at the expense of a less detailed examination of available insurance contracts, would probably help students gain a better understanding of the factors influencing insurance products and insurance prices. Secondly, the text may not provide sufficient mathematical rigor for some instructors of basic insurance courses. Those instructors seeking a mathematical emphasis are advised to look elsewhere.

All in all, the text is more than satisfactory for beginning students of risk and insurance. It does a fine job of balancing a theoretical and conceptual framework with detailed descriptions of a remarkably wide variety of insurance coverages and policies. Most instructors should find this book adequate preparation for more advanced study of risk and insurance, and especially useful for courses with a consumer-oriented approach.

The Handbook of Employee Benefits, 2nd edition, by Jerry S. Rosenbloom (Dow Jones – Irwin, 1988), 1170 pages.

Reviewer: Mark L. Cross, Ph.D. Associate Professor of Finance and Insurance, Louisiana Tech University

The *Handbook of Employee Benefits* provides a current, comprehensive, practical guide to the objectives, design, cost, funding, implementation and administration of employee benefit plans. The *Handbook* contains 55 chapters written by distinguished experts including academics, actuaries, attorneys, consultants and other employee benefit specialists. The chapters are organized into 10 parts including: Environment of Employee Benefit Plans; Designing Employee Death Benefits; Designing Health-Related Benefits; Designing Additional Employee Benefits and Services; Funding Health and Welfare Benefits; Retirement and Capital Accumulation Plans, Accounting, Funding and Taxation of Retirement and Capital Accumulation Plans; Administration of Employee Benefit Plans; Employee Benefits for Small Business; and Issues of Special Interests in Employee Benefits.

The various chapters and parts of the book are self-contained units which can stand by themselves. Although this creates some overlap of materials in various chapters, it does allow the reader to pick and choose topics of specific interest and gain an understanding of the topic without reading through previous chapters. This particular structuring of chapters makes the book's