The model suggested by Ting is able to incorporate the traditional macro model instabilities and also relate directly on a micro level to the multinational firm's objectives in the host country. Political risk is incorporated into a capital budgeting analysis. The objective function is the maximization of the risk adjusted net present value of the cash flows from the project. At this point, the model is divided into integrative and defensive risk assessment. The integrative sequence focuses on micro-level risks, along the lines of an obsolescing demand model, whereas the defensive sequence focuses on macro-sociopolitical risks, such as expropriation.

In the final section of the book (Chapters 6-8) the author does an admirable job of presenting risk management concepts and recent developments in the insuring of international business risk. An evaluation of risk rating services as well as an integrative approach for risk assessment are included also. While the book is not particularly statistical or mathematical, it does provide sufficient data to document the author's major points and to support conclusions. A good reference list and index are included.

In summary, *Multinational Risk Assessment and Management* is a well written book providing a logical analytical framework for evaluating international risk. From a broader perspective, the book contributes to a better understanding of the paths that will lead us to a greater integration and globalization of international business. As a strategic resource for the financial executive involved in overseeing foreign business investments, this book adds a new, more reliable dimension to the process of risk analysis, forecasting, and strategy formulation.

Corporate Directors and Officers Liability, Insurance and Risk Management, Paul Cottrell and Joseph P. Monteleone, (Executive Enterprises Publications Co., Inc., 1989), 250 pages.

Reviewer: Elizabeth V. Grace, Associate Professor of Accounting and Finance, San Jose State University

The scope of corporate director and officer (D&O) liability has increased dramatically in the 1980's. The authors of this study assert that there were few court decisions related to corporate D&O insurance until 1985. Since 1985, the legal climate, the policies insuring, and the economics of D&O insurance have changed markedly. This book addresses the changing legal environment and increased exposure of directors and officers as a result of business failures, takeovers, product liability, and environmental issues in particular. The book is intended to be of interest to practicing attorneys, and to serve as a primer for insurance and other risk management professionals.

The text is arranged by source of legal liability exposure, with special discussions of liabilities facing directors and officers of financial institutions and non-profit organizations. The chapters are written by contributing authors, most of whom are attorneys specializing in the area discussed. The first two chapters provide an overview of the D&O insurance market and the use of insurance as a risk management vehicle. Chapter 3 details common

D&O insurance policy provisions, and includes discussions of insurer selection, duties of representation, and typical policy provisions and exclusions. The analysis of policy provisions outlines how D&O policies differ from other liability policies, particularly regarding advances of legal fees and insurer duties to defend.

Chapters 4 through 6 cover sources of officer and director liability under common, statutory civil, and criminal law respectively. The chapters deal extensively with case law and conflicting legal decisions. The coverage of officer and director liability arising from environmental and securities fraud is a salient topic and one the authors cover well. On the other hand, coverage of civil and criminal liability is often repetitive and an emphasis is placed on remedies and penalties under existing federal and state laws. Throughout these three chapters it would have been useful to hear specific suggestions for risk management other than the maxim, "exercise reasonable care."

Chapter 7 deals with exposure for officers and directors of financial institutions, and is particularly timely. The author details the legal sources of liability and provides suggestions for avoidance. Specific attention is paid to the outside board member, statutory requirements, and loan regulation. Other sections of the book explore the different standards of care for directors of non-profit organizations and delve into privileged communications, especially for attorney directors.

The authors conclude the book with a chapter discussing the latest trends in corporate D&O liability, insurance, and risk management. The chapter reviews the judicial practice of rewriting insurance policies while professing to interpret the policies. The trend of state legislatures to limit D&O liability is discussed; however, it would be interesting to read the authors' thoughts on legal and risk management ramifications of such limiting legislation.

The book provides a good review of current D&O legal exposures for risk managers. While the authors do not often provide concrete advice for managing D&O liability, several risk management conclusions may be drawn from the book. Insurers underwriting corporate D&O liability policies need to write policies carefully, lest courts search for and find deep pockets when ambiguities arise. Individuals accepting board positions have a duty of care to exercise, and had better approach that duty soberly and diligently. Finally, outside directors may not claim lack of knowledge, and should accept board positions not as a gesture of respect but as a business challenge.