specify the forms these markets may assume. For instance, in developing countries black markets do emerge due to price controls in the case of goods and services. But in the case of insurance, self insurance is more likely than black markets.

The paper by Professors Carter and Diacon describe the information aggregation process in the London insurance through the coinsurance slip system. The last paper in this section by Professor Karten is a technical paper that provides an elegant solution to the determination of the "effective" solvency margin of insuers when they hold shares in other insurance firms. He shows that the common intuition that interfirm holding of shares reduces the solvency margin is valid only when the risks insured by the two firms are perfectly positively correlated.

Summary

This volume is a collection of theoretical papers and should serve as a reference book as well as source of stimulation for those engaged in reaserch. The topics are very current with much potential for future research. Some of the papers have traces of transliteration from another language. Expressions such as "these huge differences are more optical than real" and "aggressive market-processing strategies" may be refreshing or cumbersome depending on the reader. This reviewer found them refreshing.

It's My Retirement Money, Take Good Care of It: The TIAA-CREF Story by William C. Greenough (Pension Research Council, 1990), 396 pages.

Reviewed by: Dr. Barry D. Smith, CPCU, CLU, Department Head, Department of Finance, Insurance and Real Estate, New Mexico State University.

This book chronicles the history of TIAA-CREF. From the announcement in 1905 by Andrew Carnegie of "free pensions" for college professors to the establishment of TIAA in 1918 and CREF in 1952 and through the sweeping changes of the seventies and eighties, the book provides an insider's perspective through the keen eye of Dr. William C. Greenough, a staff member of TIAA-CREF from 1941 through 1979, which included terms as President from 1957-1967 and Chairman and CEO from 1963-1979.

His account of the innovation, growth, setbacks, and controversies over this 85-year period are fascinating. He spends a significant portion of the book detailing the critical role played by the Carnegie Foundation in helping to establish TIAA and support its activities throughout the years. Another large section of the book is devoted to the origins of the variable annuity concept and the establishment of CREF in 1952. This portion of the work is particularly insightful because the author was a leading character in the development of this radical, innovative concept. As a pioneer, his anecdotal style of presentation makes interesting reading. In speaking of his obsession with the genesis of the variable annuity, he states on page 84:

> It was that specific conversation [with Dr. Harry Sauvain] that dropped into place the final missing piece for the variable annuity. I can still remember how neatly it all suddenly arranged itself in my mind. A lifetime annuity free to move up or down in direct proportion to the value of a portfolio of common stocks. The 'aha' idea was 'express everything in units, not dollars.' Go ahead and make guarantees, but express them as units not dollars.

The final third of the book is devoted to issues and controversies that have arisen during the last two decades, such as the issue of premium taxation and licensing by the states, the controversy surrounding sex-based versus gender-neutral annuity payments, SEC registration of CREF, and social responsibility in investing.

Two of these issues are presented in a particularly insightful manner. Chapter 21, "Fair Annuity Benefits," provides an excellent discussion of the pros and cons of sex-based annuity payments. TIAA-CREF was a primary target for sex discrimination suits, and Dr. Greenough led the organization through a significant portion of time period involved, the seventies and early eighties. The equitable treatment of males and females in retirement programs is an issue that may always remain unsolvable, and to gain the insights of someone in the middle of the controversy in invaluable to anyone who teaches this subject.

The other chapter that provides a unique perspective is Chapter 13, "Socially Responsible Investing." This is one of the most complete essays on the subject that has appeared in the literature. This issue has become increasingly important in the last twenty-five years. Dr. Greenough's "inside perspective" as a leader of one of the nation's largest institutional investors provides a classic treatment of this subject.

The book has its flaws. There is repetition from time to time as references are made to topics that are treated elsewhere in the book. Dr. Greenough's writing style becomes laborious in certain sections as the book takes on the flavor of a diary where a steady stream of people and events are presented with little authorial expansion or insight. Dr. Greenough is especially persistent in presenting an extensive listing of credentials whenever he names anyone involved in this historical treatise. He wants this book to be a legacy to all the people involved, not just to his own involvement, so these flaws are easily forgiven by any reader who has an interest in pensions.

This book is must reading for ARIA members who teach or research in the pensions field. The book is much more than a history of TIAA-CREF. It provides invaluable insights into the history and evolution of the private pension system in the United States from the perspective of a key executive of the largest private pension in the world. It is an important addition to the bookshelf of any ARIA member.

The book has a sad footnote. Dr. Greenough passed away suddenly just before the book went to press. He would be proud of the final product, which will stand as a legacy to this pioneer of private pensions.

Benefits, Costs, and Cycles in Workers' Compensation edited by Phillip S. Borba and David Appel, (Kluwer Academic Publishers, 1990).

Reviewer: Barry D. Smith, Ph.D., Department Head, Department of Finance, Insurance, and Real Estate, New Mexico State University.

This is an important book for anyone interested in the complex issues facing the country's workers' compensation system. The book is composed of seven papers written by distinguished members of both the academic and non-academic community. The preface is somewhat vague on the origin of these works, but it appears they were presented as part of a Conference on Economic Issues in Workers' Compensation Insurance, convened by the National Council on Compensation Insurance, sometime in the early eighties. An exact date is not given.

While all seven papers are high quality, scholarly pieces, they fall into two distinct camps. Three of the papers ("Heterogeneity Bias in the Estimation of the Determinants of Workers' Compensation Loss Distributions," by John D. Worrall and Richard J. Butler; "Premium and Loss Cycles in Workers' Compensation," by Richard J. Butler and John D. Worrall; and "Discounted Cash-Flow Ratemaking Models in Property-Liability Insurance," by J. David Cummins) are traditional, scholarly research papers in which economic models and/or research methodologies are described, tested or critiqued. The other four papers are more in the form of essays covering provocative issues in the workers' compensation arena ("Have Increases in Workers' Compensation Benefits Paid for Themselves?" by Michael J. Moore and W. Kip Viscusi; "Workers' Compensation Disability Benefits During Retirement Years: Proper and Present Role," by C. Arthur Williams and Peter C. Young; "Rehabilitation and Workers' Compensation: Incompatible or Inseparable?" by Monroe Berkowitz; and "Mostly on Monday: Is Workers' Compensation Covering Off-The-Job Injuries?" by Robert S. Smith). Incorporating a nearly even number of each type of paper is a major strength of this book because it broadens the audience to include both academicians and non-academicians.

I found the four essay-type pieces particularly fascinating because of the common thread running through all four. In each case, the authors analyze and critique what are commonly believed to be fundamental principles or assumptions underlying the workers' compensation system. This makes for provocative and enlightening reading.

Moore and Viscusi critique the idea that increases in state-mandated benefits automatically increase the cost of providing workers' compensation benefits, a concept assumed by corporate America. Their analysis from the

Copyright © 2002 EBSCO Publishing