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# BOOK REVIEWS

***Social Security: What Every Taxpayer Should Know,*** by A. Haeworth Robertson (Retirement Policy Institute, 1992).

Reviewer: Vickie L. Bajtelsmit, Assistant Professor of Finance and Real Estate, Colorado State University

More than a decade ago, A. Haeworth Robertson, a former Chief Actuary for the U.S. Social Security Administration, published *The Coming Revolution in Social Security.* At the time, there was no single source of written information about Social Security that was easily readable and understandable by the average person. Given more recent changes in the system and growing concerns about the continued viability of the program, the revised version, *Social Security: What Every Taxpayer Should Know,* is somewhat different in content and focus. But, like the earlier edition, it gives straightforward information regarding the design and function of the Social Security System as well as an informed analysis of expected future developments.

Robertson's premise is that current widespread misunderstanding of the nature and function of Social Security is the greatest threat to its continued viability. If participants persist in having unrealistic expectations (which the author terms the "Great American Retirement Dream"), then the program will continually fail to meet those expectations. General lack of understanding combined with dissatisfaction will result in participants who are not willing to make the necessarily larger tax contributions in future years and who will be unable to design and implement appropriate reforms. Although his earlier book included some extensive discussion of potential reforms, the new edition is limited primarily to discussion of the status quo and some predictions of the likely behavioral and legal changes that continuation of the existing system will require.

The book is divided into three sections. After a brief introductory section, Part Two systematically presents basic descriptive information on the form of Social Security as of 1990: the taxation system, benefit determination, the "cost" of benefits, and projected future inflows and outflows under different assumptions. This explanatory material, ordinarily a "dry" subject, is made considerably more interesting and readable by the inclusion of tables, graphs, and illustrations.

The third part consists of a collection of commentaries on a diverse array of related topics, including actuarial assumptions, "returns" on taxes paid, inflation, adequacy of benefits, means testing, universal coverage, and the influence of Social Security on retirement behavior. These chapters are quite interesting and informative, and, although the conclusions are those of the author, he does a fairly good job of presenting different points of view on each issue. An annoying problem in this section is that, since the essays are intended to be self-contained, there are many instances of repetitive descriptive information.

Readers who are familiar with the academic literature on these topics also may be disappointed by the absence of any mention or citation of relevant empirical and theoretical studies. Although detailed discussion would have been inappropriate to the focus, it would have, nonetheless, made the book more useful at the university level.

The book concludes with several predictions of changes that will occur if the present system continues. Given Robertson's earlier analysis, it is reasonable to agree with his predictions of higher tax rates, reduced benefits, 100 percent participation, later retirement, and major revisions in both retirement and health insurance programs. Nevertheless, more detailed projections of the form and timing of these changes would have made the conclusions more interesting and thought-provoking.

This book is recommended reading for anyone who does not feel that they have a good understanding of the Social Security system, but it is probably of limited use to many JRI readers, who are likely to be better informed on these issues than the average taxpayer. Although it could be used as background reading for a social insurance course or as a source for lecture material, its usefulness as a reference will rapidly decline due to the datedness of the information.

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***Essentials of Risk Control,*** Second Edition, edited by George L. Head (Insurance Institute of America, 1989).

Reviewer: Donald H. Fehrs, Ph.D., CPCU, Assistant Professor of Finance and Business Economics, University of Notre Dame

This two-volume work is the textbook for the second course in the Associate in Risk Management program. Edited by George Head, the text has been written by a group of 13 contributing authors representing various specialties in risk control. The main audience for this book is the risk manager who coordinates the efforts of company personnel and outside consultants to construct an overall risk control program that contributes effectively to the company's risk management objectives.

Volume I begins with a basic framework for risk control and then provides specific chapters on controlling fire losses, losses from natural perils, losses due to security maintenance, and an extensive three-chapter treatment of controlling health losses of employees. (The chapter titles are Protecting the Health

Potential of Personnel, Workplace Design, and Rehabilitation Management.) The chapter on security maintenance is new to the second edition, and the three chapters on health losses are a significant expansion of the first edition's coverage of this vital area.

In Volume II, the authors discuss losses from liability, environmental pollution, net income exposures, a systems approach to risk management, crisis management planning, and the organization of overall risk control efforts.

The authors, and especially the editor, are to be commended for an excellent job of compiling this material. The text has all of the elements expected of an Institute book—clear organization of the subject matter within subchapter headings, references to more detailed sources, and liberal use of examples of the theoretical principles described. Costs of risk control measures are always noted and compared to the types of benefits likely to be realized so that balanced decisions can be made. Traditional approaches to topics such as employee health insurance are supplemented by discussions of newer, proactive wellness programs. Beyond that, the text is extremely readable, and the style is consistent throughout. This was surely no easy task with so many authors collaborating.

Every chapter has been made reader-friendly by its organization or by including current information on popular topics. This discussion of probability theory and specific quantitative analysis techniques in the opening chapter is properly relegated to an appendix to avoid interrupting the central topic of risk control principles. Fire safety features of different types of construction are reviewed in a general way, but an excerpt from a technical manual is included to indicate the level of detail on which a fire safety specialist operates. The chapter on security losses includes current data concerning overall crime trends and changes within particular types of crime, and the chapter on rehabilitation contains information on carpal tunnel syndrome. All of these items are examples of passages in the text that the average reader will find interesting, and, as a result, students in the risk management course will find getting through the text less of a chore than is the case with some Institute texts.

One minor weakness should be mentioned. The definition of risk control in the opening chapter is stated as "any conscious action intended to reduce the frequency, severity, or unpredictability of accidental losses." The first two types of action are thoroughly examined in the ensuing chapters. The third type of action, by which unpredictability is reduced even if the other two loss dimensions are not, does not appear in the later chapters. In the next edition, this element of the definition should be more explicitly developed.

In sum, the book does an excellent job of meeting its stated objective. A risk manager who works through the text should learn all of the major areas of risk control responsibility and should be able to determine whether an existing risk management plan adequately incorporates risk control efforts. The manager would also learn sources of in-depth technical material and the types of consultants, both private and public, available to assist in the development of future plans.

***Principles of Insurance Production*** (2 Volumes), Third Edition, by Peter R. Kensicki, Christopher J. Amrhein, Thomas S. Marshall, Seeman Waranch, and Robert M. Burger (Insurance Institute of America, 1991).

Reviewer: Robert C. Goshay, Managing Director, Marsh & McLennan, Inc., San Francisco

These two texts are part of the Institute's publications program, designed to help students meet criteria for national examinations, in this case AAI 81. To date, more than 70 textbooks have been produced, and they clearly focus on the apprentice practitioner. Three of the five authors of this edition come from industry; the other two are academic. As a third edition, the texts are built on the work of others, most of whom were academics. All of the authors were favored by a squad of reviewer/commentators within the Institute and three contributing authors as well.

With that many people involved in the writing and publication of these volumes, one can feel comfortable that there has been keen attention to detail. On the other hand, one might also sense that the responsibility for errors and omissions is widely distributed—but there are not many. None seem worthy of mention in a review.

Academics may find these texts short of the collegiate level, but only because their environments seem driven to deemphasize the "trade school" aspects of their courses. These little volumes cover a lot of territory which one suspects has scant coverage in a university level curriculum, however sadly. (Insurance contract analysis never did excite college students.)

The title must attract some industry types, however, because production has played such an important role, particularly over the last four to five years in the soft markets. "Production," of course, is used by brokers and agents to mean "new business" or "penetration." (The same function to underwriters is "marketing.") Yet, of the 13 chapters in these two volumes, only one is directed specifically to production ("Management and Sales: An Introduction").

Some material is already very familiar: POSDiC (planning, organization, etc.) of the agency activity, sales planning (basically, setting criteria for developing a prospect/suspect list), POSDiC again for the producer, and, finally, selling.

The remaining chapters read very much like other principles of insurance textbooks (Overview, Legal, Homeowners, Automobile, Life, Commercial Property-Liability, etc.) but with many more practical applications. A chapter on Commercial Accounts: Exposure Identification and Analysis includes two case studies and an exposure checklist that any experienced practitioner will find worth a scan.

These volumes have no technical shortcomings and are excellent for their purpose. The treatment of coverages is supported very skillfully with reasons why underwriters use the methods they do, as well as some of the theories supporting those reasons. High marks are due here. The volumes are obviously designed for the apprentice who requires a compact but full overview of the industry and its products. The underlying assumption is that the production effort cannot succeed without knowing the product and the needs which it fulfills—a solid assumption. During this period of underwriter turmoil, the experienced producer would probably muse that a second assumption (not mentioned) is that the producer, once the product and need are matched, can find an underwriter to write the business.

That producer might also muse that the production aspects of these volumes might have concentrated a bit more on "modern" sales techniques, which focus on the idea that no one buys a product or a service per se, but rather what the buyer thinks the product or service will do. (The Miller-Heiman approach comes to mind, from the authors of two popular volumes on strategic and conceptual techniques of selling.) Of course, insurance is a complex sale and very subject to misperceptions about what the insured thinks the product will do. That same producer (or his or her manager) would ask also that the next volume include specific focus on errors and omissions; that is, the coverages are treated, but the prevention of incidents leading to E&O is a distinct bugaboo for the agent/broker producer. It is never too early to introduce risk management in the field of errors and omissions.

In the continual effort of the Institute to improve and upgrade its publications, these volumes are another solid step. The base provided for CPCU is evident. It will push the professional level of texts for that senior program even higher.

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***Health Care Finance: Economic Incentives and Productivity Enhancement,*** by Steven R. Eastaugh (Auburn House, 1992).

Reviewer: Michael J. Ileo, Ph.D., President/Senior Economist, Technical Associates, Inc., Richmond, Virginia

This encyclopedic work, reflecting the many years of Eastaugh's distinguished career in medical economics, probes the vast spectrum of health care reform issues. The numerous references for each of the 15 chapters are, by themselves, worth more than the price of the book. As the Clinton Administration grapples with remaking the U.S. health care system, Eastaugh's analyses and policy prescriptions are worthy of careful consideration.

*Health Care Finance* is expansive, tackling subjects from the politically sensitive concepts of capitation and managed competition to such technical issues as the nature of hospital cost functions, where available economic evidence is mixed. Eastaugh delves into these and many other important topics with zeal, meticulously capsulizing relevant literature in economics, finance, and health care administration. The impression that emerges is of an experienced scholar and practitioner of medical economics desperately seeking solutions to the health care dilemma which rely heavily on competitive market structures and forces. But this quest in *Health Care Finance* is ultimately tempered by Eastaugh's realization, perhaps reluctantly reached, that fulfillment of the social demand for universal health care entitlement is inevitable in modern economies. The essential question posed, accordingly, is how to make some basic level of health care available to all Americans while maximizing the use of the "invisible hand" and without exacerbating the already significant problem of rapidly rising health care costs.

In a global context, the future system contemplated in *Health Care Finance* is one in which the concepts of universal entitlement, capitation, and managed care are formally interwoven and institutionalized. All citizens would be afforded a minimum basic-needs coverage policy, paid for by employers in the case of working Americans and by government in the case of others. Payment for coverage of workers beyond this minimum level would rest totally with them, brought about by the elimination of all incentives for employers to pay premiums above those corresponding to the basic health care insurance plan. At the same time, government's ante to the "health care pot" would be limited to a fixed amount per citizen; that is, a capitation or per capita basis of payment.

Interspersed within this global system, Eastaugh envisions a variety of what he views as procompetitive and cost-containing mechanisms. These include promoting health-care-provider marketing aimed at preventive medicine; merging, from a financial and economic standpoint, hospital and physician practices; reducing and redistributing the physical capacities of health care providers; and establishing quality enhancing bidding, whereby consortiums of health care providers (e.g., PPOs and HMOs) would be rewarded or penalized depending on whether cost and quality standards were met.

Much of *Health Care Finance* is devoted to exploring the research and analyses that have been performed with respect to these competitive underpinnings of the global system contemplated by Eastaugh. It is not that a rigorously enforced capitation mechanism will fail in controlling health care costs, but rather that such a mechanism, taken alone, is incapable in Eastaugh's view of achieving the access and efficiency goals of universal entitlement. To be sure, however, there are no promises in *Health Care Finance,* for the future is aptly characterized as "The Bumpy Road Ahead."

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***Property Loss Adjusting*** (2 Volumes), edited by James J. Markham (Insurance Institute of America, 1990).

Reviewer: J. J. Launie, Ph.D., CPCU, Professor of Finance and Insurance, California State University, Northridge

An insurance contract is a promise to perform. The performance of this contract is in the hands of the loss adjuster. This two-volume work is intended for use in the training of property loss adjusters.

These volumes cover the loss adjusting problems encountered in both personal and commercial lines. Volume I begins with a brief review of coverage. The second chapter contains a straightforward discussion of causes of loss.

In light of recent events, the treatment of amounts of recovery in chapter 3 omits an important topic. Chapter 3 defines actual cash value and replacement cost. It does not discuss what the adjuster is to do in the event that she or he finds the amount of insurance to be grossly inadequate. Catastrophes in the Painted Cave area of Santa Barbara and the Oakland hills found many insureds with insurance far below their needs. Guaranteed replacement cost endorsements that could have eliminated or greatly diminished the problem were not sold. Although it is not up to the adjuster to determine the fault for the inadequate insurance, the adjuster should be trained to recognize the problem. This book does not touch upon this topic.

A similar omission is found in chapter 5, which covers loss adjusting procedures. The use of nonwaiver agreements and reservation of rights letters is discussed with no mention of the danger to the company from this approach. Improper use of a reservation of rights letter can lead to a bad faith claim. Bad faith problems are not limited to third party claims, yet these volumes do not discuss the topic.

Chapters 7 through 9 provide an excellent explanation of the process of loss estimation. The estimation process is covered in chapter 7, while residential loss estimation examples follow in chapters 8 and 9. Chapters 8 and 9 exhibit an East Coast bias; the frame carpentry coverage of chapter 9 assumes that all homes are built on foundations. The majority of homes on the West Coast are built on slabs, a type of construction that poses its own set of loss adjustment problems for the adjusters.

The coverage of business interruption losses in chapter 11 is excellent, with examples of both mercantile and manufacturing risks. The value of this chapter alone warrants its purchase as a reference for an academic insurance department library.

One of the most difficult topics to cover in insurance and risk management classes is the business interruption loss. These volumes provide excellent examples of business interruption loss adjustments. Indeed, finance professors seeking challenging forecasting problems for their students will find that the essence of insurance to value in business interruption is accurate forecasting.

Commercial property loss adjustment is a difficult and detailed study area. Chapters 12 and 13 provide a survey of commercial loss adjustment topics, including pollution and electronic data processing systems. Perhaps an East Coast orientation is the reason why the table of states with adjuster licensing requirements on page 233 omits California, which does indeed require licensing.

The adjuster that completes the study of this book will be better prepared to handle property loss adjusting. Insurance professors will find these volumes an excellent reference work in the important area of property loss adjusting.

**_The Seven Stages of Financial Planning,_** by Daniel P. Dwyer (Longman Financial Services Publishing, 1989).

Reviewer: Jerry D. Todd, Charles E. Cheever Chair in Risk Management and Chair, Department of Finance and Quantitative Management, St. Mary's University of San Antonio

This 370-page paperback provides a case study approach to financial planning which can be used either in a course or as a refresher for practitioners. The author calls his method a "lifetime case approach," as opposed to the "situation" case study approach, because it follows four different families through their financial life cycles or the "seven stages of financial planning," integrating the accounting, financial, legal, and taxation aspects throughout. The author assumes that the student has previous exposure to these subjects and provides a "laboratory" with a structured format in which to practice the principles learned elsewhere. Only an acquaintance with spreadsheets and a business calculator are required instruments.

Chapter 1 is excellent: short, concise, well illustrated, and easy to understand. It describes and briefly analyzes the process, goals, and definition of financial planning and sets forth the seven stages: (1) building the nest, (2) birth of the family, (3) growth of the family, (4) the college years, (5) accumulation, (6) conservation, and (7) retirement. It then describes the four phases of the planning process—initial data gathering, analysis and teamwork, implementation of financial resolutions, and monitoring of implementation—and the nine goals of financial planning, showing which ones have priority in each of the seven stages. For example, during the accumulation stage, portfolio management is first, followed by income tax planning, retirement and estate planning.

Chapter 2 illustrates and describes a set of financial statements—income statement, pro forma 1040 tax form, net savings statement, net worth statement, and portfolio statement capital position—designed specifically for personal financial planning, which are then used in each of the stages. The financial statements are somewhat innovative and very useful. Investments, for example, do not include the house and are categorized as liquid, marketable, nonmarketable, and retirement. Some helpful rules of thumb about household expenditures are provided; also, assumptions are described and analyzed. Column headings are missing on the income, tax, and savings statements, however. Also, "cost" is not defined but apparently refers to the beginning of year value of each asset.

Chapters 3 through 9 each reviews one of the stages, with the final chapter providing general conclusions. The chapters are very well organized, following a fixed format throughout. Each chapter begins with a list of the client's objectives for that stage, followed by a discussion of a few important planning points relevant to that stage. Then the cases are presented, followed by a brief summary and an exercise to stimulate group discussion. For example, chapter 3 identifies objectives, in order of priority, as purchase of a home, tax minimization, contingency planning, and retirement/financial independence. The loan provisions of qualified pension plans are discussed as sources of funds for a home down-payment, and a general portfolio recommendation is given. Then each family case is described, and appropriate financial statements and general recommendations are provided for each. All four families are middle-class, start in their mid-twenties, have two children, two siblings, healthy parents, and are successful in achieving their career and financial objectives.

In chapter 4, the author computes the survivor income needs in one of the cases. This is one of the few flawed analyses in the book: It ignores the three periods of income needs for a surviving spouse (even though it is discussed), uses the wrong current salaries (actually, the following year's salaries are given in the text but are not used here), has an awkward use of columns, ignores the possibility of annuitization, and has no adjustment for inflation. Chapter 5 has a very good primer on pensions but provides no illustrations of college savings programs. Descriptions assume level annual savings, which are inappropriate by the author's own analysis in other parts of the book. In chapters 7 and 8, the inflation issue during retirement is not handled very well. The inadequacy of retirement savings after several years of retirement evident in two spreadsheet examples is not resolved.

The book is very strong in many areas. Capsulized discussions at the beginning of chapters are very good; topics include trusts, investment risk (systematic and unsystematic), types of mutual funds, probate and nonprobate assets, pension rules, taxation of social security, and reduction of estate transfer costs. The author continually stresses the personal side of counseling (e.g., a special section on counseling is included in the first chapter) and emphasizes the importance of ethics, specifically the conflict of interest problem. Practical rather than theoretical advice is provided and illustrated throughout. The book uses an effective decision-oriented approach with many suggested solutions, leaving the reader to apply additional solutions. Since the book was published in 1988, it does have some outdated tax and pension laws, but the cases do not mention years, so it is not antiquated in that respect. This is a very useful book for financial planners and students who have had at least basic finance, tax, and accounting. It employs the case method very well.

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***The Economics of Health and Medical Care,*** by Philip Jacobs (Aspen Publishers, 1991).

Reviewer: Helen I. Doerpinghaus, Ph.D., Assistant Professor of Insurance, University of South Carolina

In the preface to the third edition of this introductory health economics textbook, the author clearly states the purpose: "to provide the reader with the elements necessary to apply basic economic principles to the health care field." *The Economics of Health and Medical Care* does an admirable job of achieving this objective. First, it provides very useful nontechnical explanations of basic economic concepts which equip the reader to perform "the three major tasks of economics": description, explanation or prediction, and evaluation of phenomena, which in this case are health and medical care issues. The student ends up with not only an understanding of health care and the medical care marketplace, but with economic skills that can be applied in other contexts as well.

The textbook is built around these three major tasks of economics. Part I *describes* the health care sector of the economy and identifies health issues versus medical care issues versus insurance issues. A short discussion of risk shifting through medical expense insurance as an output of the health care sector is useful. The discussion of the flows of money or services differences across traditional fee-for-service plans, health maintenance organizations, and preferred provider organizations is a refreshing and different introduction to the differences among these three types of insurance arrangements. The section on the growth of medical costs and medical cost containment initiatives provides a nontechnical exercise for demonstrating the difference between containing average costs and total costs.

Part II, *explanatory* economics, represents the bulk of the book. The economics of demand, price elasticity, risk aversion, and the effect of insurance on the demand for medical services are explained clearly and well. Behavior of suppliers in the medical care market is reviewed, with attention given to differences in for-profit and not-for-profit organizations. A solid explanation of competitive markets allows discussion of timely issues such as the limits of applicability of the competitive model to the medical care market, price and nonprice competition, and market power of providers, purchasers, and patients. Outside readings on current managed competition proposals would augment the textbook discussion well.

A short section on the economic effects of information asymmetries in the medical care and health insurance market introduces the concepts of supplier induced demand and adverse selection. Both discussions are short, but the portion on adverse selection especially needs expansion. More rigor, explanatory graphs, and a more extensive bibliography would make the adverse selection concept more useful. This topic is critical to a sound understanding of the functioning of medical expense insurance.

The final section deals with value judgments and *evaluative* economics. The nontechnical explanation of efficiency versus fairness criteria for evaluating medical care policy is somewhat cursory. More technical material is needed to improve the precision of this discussion. However, even without any additions, the text provides a general background on issues of access to medical care, affordability, and quality of care. The difficulty of making allocation decisions given scarce resources is clearly laid out and opens the way for a discussion of policy alternatives.

An overview of public and private health insurance introduces the Medicare and Medicaid programs. Policy alternatives such as prospective payment, DRGs, and resource based relative value scale payments are evaluated. The problem of the uninsured is described briefly, but more is needed here. Similarly, the problem of overinsurance due to tax subsidies is mentioned, but more discussion and relevant graphs are needed. By contrast, this new edition of the text provides a disproportionately lengthy description of the Canadian model as an alternative to the U.S. public and private models.

Short chapters on the economics of regulation, procompetitive policies for the health care market, and cost-benefit and cost-effectiveness analysis conclude the book. Here, the development of the underlying economics is much less extensive. Treatment is cursory, and outside reading material would be needed to satisfactorily cover the topics.

The text differs from health care textbooks that provide more extensive critiques of the health economics literature. Here, the author does not provide many citations in the body of the text, an approach that contributes to the book's readability. At the end of each chapter a bibliography directs the reader to additional literature by topic area. Although in some cases these listings are a bit dated, this approach works well.

The clarity of explanation throughout this textbook is generally quite good. This is due in part to the focus on, first, describing underlying economic principles, and, second, on the application of economics to health and medical care issues. This approach makes the text readable, enjoyable, and valuable; readers will come to better understand the health and medical care marketplace and will also acquire economic tools for use elsewhere.

***Life Insurance: Financial Planning Approach,*** Second Edition, by Mark S. Dorfman and Saul W. Adelman (Dearborn Financial Publishing, 1992).

Reviewer: Jane H. Finley, Associate Professor, Division of Business and Management, Spring Hill College

The targeted audience for this revised edition of *Life Insurance and Financial Planning* includes college students, practitioners, and regulators. Twenty-five chapters are grouped into eight parts: Introduction to Life Insurance (six chapters); Introduction to Health Insurance (two chapters); Law and the Life Insurance Contract (two chapters); Taxation and Investments (three chapters); Financial Planning (four chapters); Employee Benefits and Business Life Insurance (three chapters); The Mathematics of Life Insurance (three chapters); and Company Operations and Regulation (two chapters). However, the chapters follow one another with no reference to these eight parts. The authors present the basic principles of life insurance with a financial planning emphasis.

A few examples of the features and coverage of this text illustrate its strengths. The second chapter, "The Motivation to Purchase Life Insurance," is unique in combining economic and psychological theories to explain the life insurance transaction. The chapter also illustrates a needs-based approach using several case studies as examples. Of particular reference value is chapter 4, "Nontraditional Life Insurance Products," which excellently explains universal life insurance and other products. Detailed illustrations with excellent figures and tables help to clarify difficult concepts. Importantly, the relevance of tax rules to contract status is explained. Chapter 6, "Life Insurance—Costs and

Comparisons," provides an interesting spreadsheet analysis of the buy-term-and-invest-the-difference strategy. A good presentation of the many cost comparison methods is included also. For thorough understanding, the reader needs background in time value of money concepts not provided until later in the book. The policy replacement decision issue also is covered in chapter 6. A thorough discussion of disclosure requirements on cost and on replacement would have fit nicely here but was not included.

Although not evident in the title, the text does include two chapters on health insurance. Issues of long-term care and the problem of the uninsured population are covered nicely, with brief summaries of various proposals for national remedies. Other topics that are covered exceptionally well are federal income and unified transfer taxes, with particular emphasis on their relevance for life insurance. Also, the Social Security and employee benefits chapters are quite good, and the chapters on life insurance mathematics present computations with exceptional clarity using numerous illustrations and special figures.

The three annotated case studies appearing in the three financial planning chapters in the middle of the book are unique to a life insurance text. The financial planning process in general is presented along with cases covering the early adult years, the middle years, and the later adult years. Following these annotated cases are practice cases for assignment. The planning and case discussions are valuable for students and practitioners but could have been placed in a stand-alone supplement to the text or in appendixes; the latter could be placed after the chapters on employee benefits since these are essential to consider in planning, rather than in the center of the text between chapters on tax and employee benefits.

Because of the financial planning emphasis, it is surprising that the book includes only one page on life insurance marketing. A thorough discussion of professionalism and ethics among life insurance agents and financial planners, including professional designations, would be appropriate at several points in the text.

In sum, the major strengths of this book are its readability, its clear, detailed explanations of several rather difficult topics including nontraditional products, life insurance mathematics, and taxation, and the integration of planning and tax issues into a life insurance text. Its major weakness is its organization. However, the fact that many of the chapters could stand alone provides both a flexibility for ordering a course of study and ease of use as a reference.