In their Summary and Conclusions, the authors discuss the possibility of making the Swedish system compulsory for all workers to avoid adverse selection. They suggest that the impressive Swedish unemployment record is probably the result of Sweden's aggressive labor market policies. That conclusion is somewhat strange in light of the first part of the book, which shows at best marginal success with those programs.

Gary Burtless's "Comment" on Björklund and Holmlund's paper assesses the reasons for the vast interest among economists in unemployment. Eskil Wadensjö's "Comment" is particularly interesting as it points out that many trade unions had unemployment insurance schemes before UI was implemented in 1935, and many of these elected to stay out of UI throughout the 1930s to avoid having to comply with the government's stringent rules. Wadensjö also notes that local communities offered unemployment compensation before the scheme was effectively nationalized.

Apart from the detailed explanation of the Swedish UI system that will interest researchers with an international focus, the weakness of The Economics of Unemployment Insurance for U.S. readers is that its analysis is not readily transferrable to the United States.

In the book's defense, both parts provide excellent and extensive bibliographies, which will be valuable resources for those with a particular interest in labor markets and unemployment. The authors' critiques of empirical methods could also save researchers from repeating mistakes and allow their work to arrive at more supportable conclusions than many of the studies that the book examines.

Book Review

Principles of Workers' Compensation Claims, edited by James J. Markham (Insurance Institute of America, 1992).

Reviewer: Carol A. B. Jordan, Ph.D., Associate Professor of Insurance, Eastern Kentucky University

The editor has compiled the writings of nine authors into a textbook designed to be used in the Institute's "Associate in Claims" series. This book is certainly one of the best I've seen from the Institute.

Principles of Workers' Compensation Claims is concise, just six chapters and 213 pages. It is well organized, beginning with a chapter on the role of the workers' compensation system that includes the obligatory history of workers' compensation in the United States. Although there is a reference to Lord Campbell's Act of 1846, I did miss seeing the usual reference to establishment of the German Compensation System during the early 1880s. At any rate, the chapter continues with descriptive material on workers' compensation laws (state and federal) followed by an overview of the workers' compensation system. The overview includes material on rating of workers' compensation insurance and the role of the National Council on Compensation Insurance in ratemaking; the effect of loss control on the workers' compensation exposure; and the increasing choice of retention of the workers' compensation exposure.

Finally, the workers' compensation insurance and employers' liability policy is described in detail.

Chapters 2 and 3, called "Compensability," comprise the most interesting reading in the book. Here everything is discussed from the elements of the employment relationship to covered injuries and diseases to the statutory standard for injuries "arising out of" and "in the course of" employment. Clear examples of application of the standard are given. For the claims adjuster, this is probably not only the most engrossing part of the text, but also the most important. "Is the claim covered?" is the central question, isn't it?

The next two chapters deal with the nuts and bolts of benefits payable under the workers' compensation system and claims administration. Chapter 4 gets down to basics beginning with how to calculate the average weekly wage on which indemnity payments and death benefits are often based, to developing an understanding of medical and rehabilitation benefits. Chapter 5, dealing with claims administration, is especially important since most of the statutes prescribe limits on "the timely payment of claims" and other requirements that the adjuster must be familiar with. The topics covered in this chapter include notice requirements; adjudicative procedure (such as methods of contesting or ending payments, informal hearings, formal hearings, appeals, settlements, rules of evidence, attorney fees, and reopening old awards); second-injury funds; factual investigation; medical determination; subrogation; claim-reserving; and management of litigation and defense attorneys. This chapter is a useful reference that the new adjuster will probably come back to again and again.

The last chapter explores the cost problems associated with workers' compensation, identifies the contributing factors to the problems, and discusses the results of the continued increases in costs to employers and insurers. I was personally keen on the section "Legislative and Regulatory Causes," which explains benefit levels versus rate levels and the effects of benefit growth and rate delay. Claims-related issues, such as the fraud problem, challenges to the exclusive remedy principle, and expanded definitions of compensable claims, are also discussed.

The book is well written for its audience; it contains numerous definitions, illustrations, and explanations. Certainly it should be incorporated into claims courses. *Principles of Workers' Compensation Claims* would also be a good supplement to a property-liability course and a welcome reference on any insurance professor's bookshelf. Perhaps the book (at least the last chapter) should be recommended also to regulators and legislators.

BOOK REVIEWS

Organizational Behavior in Insurance (2 Volumes), by George A. White, Ronald Duska, and Victor D. Lincoln (Insurance Institute of America, 1992).

Reviewer: Wim Kuijsten, Faculty of Management and Organization, University of Groningen, The Netherlands