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

The past decades have seen organizational behavior become an important field in business studies and the publication of much new research. These books are different from other work in the area because they focus on insurance companies.

After a general introduction, an overview of organizational culture is presented. Culture is analyzed in more detail by using the Schein model. In order to implement cultural changes, cultural audits are considered as possible identifiers of the gap between the current cultural state and the desired one. In chapter 3, the link between ethics and business is discussed, after which a framework is given by which one can evaluate whether the decisions and actions taken are ethical. Three major paradigms are considered: egoism, utilitarianism, and deontology.

The rest of the first volume is devoted mostly to the behavior of individuals in organizations. Several motivational theories are explained, such as McGregor's theory X and theory Y, Maslov's hierarchical needs theory, Herzberg's hygiene model, and Kohlberg's stages of moral development. Classical decision making is considered, as well as behavioral and irrational decision-making processes. Decision making is explained by a six-step process. The Myers-Briggs Type Indicator (MBTI) is used as a tool to determine personality types and as an instrument in decision-making processes. Such personality types are, moreover, considered to be useful in analyzing preferred interaction styles. The way communication works is explained, whereafter the communication channels are identified and the importance of feedback and barriers to effective communication are discussed. The different skills that managers need in working together with workers are explained. The final chapter of the first volume is devoted to work group behavior and structure.

The second volume continues with group decision making, using the Vroom-Yetton model, as well as MBTI characteristics. The differences between project team management and other groups are explained. Intergroup relationships in organizations and some organization structures are analyzed. One chapter is devoted to organizational change and development using several behavior-oriented models. The final chapter addresses technology and human resources in the workplace.

Because so many different subjects are broached in these two volumes, not everything can be discussed in detail. This is probably due to the fact that the authors aimed to write a textbook on theories relevant to the insurance office, instead of writing a general handbook. However, a shortcoming of the books is that the authors are not very clear about their decisions as to why some theories are considered more important than others for insurance managers. For example, in chapter 3, little attention is given to important theories considering different forms of justice (Velasquez, 1988), while in chapter 4, Maslov's theory is considered but not, for example, the ERG theory. The reinforcement theory, developed by Skinner, is also missing (see, for example, Arnold and Feldman, 1986, on these two theories). The lack of justification for describing some models but not others makes it difficult to consider the merits of the books from a theoretical point of view.

However, the books are well written and the theories used are explained concisely and clearly. The authors give some attention to the title of their books by giving a few examples in insurance companies, but, as a whole, this part is largely ignored. Therefore, in later editions more insurance company examples of the theories would be preferable. More additional reading recommendations would be useful also in future editions.

For (future) insurance managers, these books form, nevertheless, an appropriate introduction into the exciting field of organizational behavior.

References

Arnold, Hugh J. and Daniel C. Feldman, 1986, *Organizational Behavior* (New York: McGraw-Hill).

Velasquez, Manuel G., 1988, *Business Ethics, Concepts, and Cases* (Englewood Cliffs, N.J.: Prentice-Hall).

BOOK REVIEW

Insurance Contract Analysis, by Eric A. Wiening and Donald Malecki (Insurance Institute of America, 1992).

Reviewer: Jeff Lange, Assistant Professor of Law, University of Pennsylvania

Insurance Contract Analysis was written to be used as a text in one of the courses leading to the Chartered Property Casualty Underwriter (CPCU) professional designation. Those not enrolled in the CPCU program, however, should find the book useful either as a supplement in an insurance law course or as a handy reference guide.

The book contains both a nonmathematical discussion of insurance contract design and a survey of some important insurance law principles. Chapter 7, for example, is a particularly helpful overview of the different types of deductibles that can be found in policies. More technically-oriented readers will want to bypass some nits in the discussion, however, such as the failure to state precisely why deductibles can be an optimal design feature in insurance contracts. Similarly, in chapter 1, the discussion of the law of large numbers is potentially misleading for students new to probability concepts. Nevertheless, both students and those accustomed to more rigorous expositions should find many topics for further research in this book.

The book's major selling point is its well-written and concise survey of important doctrines in insurance law. Chapter 4 contains a discussion of the insurable interest rule, along with some helpful examples. Chapter 5 is an overview of standard insurable events under property-liability policies, including a brief discussion of the difference between occurrence and "claims-made" policies. It is important to emphasize, however, that *Insurance Contract Analysis* is not a legal treatise or "hornbook." There are very few citations to relevant court cases (in the chapter notes). Readers interested in getting a firmer