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 toehold on the caselaw (with citations) will still want to consult a traditional treatise such as Keeton and Widiss's *Insurance Law,* cited in the bibliography.

Since the focus of the book is contract design, there is only a brief discussion of claims management and bad faith law. While the third-party bad faith doctrine, or the duty to settle rule, is not specifically discussed, the authors do summarize the unfair claims practices acts which have been adopted in many states. Readers with a greater interest in settlement issues will want to consult an additional source such as Henry Miller's *The Art of Advocacy: Settlement.*

The high point of the book is chapter 8, "Multiple Sources of Recovery." This chapter provides a detailed discussion of "other insurance" clauses. This is an important area which has unfortunately received little attention from insurance economists. For example, it is well known that quantity rationing of coverage is crucial to sustaining equilibria under conditions of adverse selection or moral hazard. In a competitive market where coverage is not perfectly observable, other insurance provisions may be an important mechanism for such rationing to occur. Those interested in pursuing research in this area would be well served by consulting this book's discussion of these provisions.

In sum, while written mainly for aspiring CPCU designates, this book should find a wide audience among insurance lawyers, insurance economists, and students who are interested in a general, nontechnical overview of insurance contract law and design.

Health, Prevention and Economics, by David R. Cohen and John B. Henderson (Oxford University Press, 1988).

Reviewer: Richard R. PonArul, Associate Professor of Finance, California State University, Chico

This book provides a comprehensive overview of the economics of prevention. The subject should be very stimulating to health economics professionals and scholars. However, the literature review style of presentation makes the book less sharp than it could have been. The book assumes no prior knowledge of economics (chapter 1 has a section titled "What Is Economics?") in order to target a broad audience. As a consequence, the treatment of the different topics is somewhat sketchy. Readers may have to supplement the book with the original articles listed in the references.

Starting with macroeconomics, the authors report evidence that the state of the economy and the level of national health are related. But the conclusion that macroeconomic policies that reduce unemployment are therefore probably preventive is an ambitious one, given the current disagreement among economists regarding the effectiveness of such macroeconomic policies.

Following a brief introduction to microeconomic reasoning in chapter 3, the authors justify intervention in the market for health care. In the remainder of the book, the need for intervention is not articulated on a case-by-case basis. In the next chapter, a framework for economic evaluation of prevention is provided. To justify a prevention program, all the costs and benefits must be