procedure for risk management, related in most part to accounting issues, a subject that seems to have been neglected by different regulatory authorities over recent years.

The book ends with a look at the future of risk management, affording the authors the opportunity to return to their favorite topic: the integration of risk management.

We very much enjoyed reading this book. It covers all the aspects of risk management with which banks must deal with great competence. Many of the chapters are also very useful for other financial institutions. The book reflects the strong academic and practical competence of its team of authors. The detailed treatment of both credit and operational risk is still relevant, and the emphasis placed on risk control and auditing is timely in light of recent events.

Some expansions would be welcome for the third printing. More detailed analyses of the empirical issues involved in the risk-management needs of nonbanking firms should be included. The regulation of capital has motivated the development of strong risk-management teams in banks. One factor of this motivation was that arbitrary rules for setting regulated capital has forced banks into the costly practice of holding large and inadequately justified reserves. These issues are still on the table for credit risk and operational risk, and (at least for the latter) it seems unlikely that they will be resolved before 2005. These issues are a less intense concern for nonbanking institutions, and it would be interesting to have a longer discussion on what distinguishes other financial firms or funds from banks.

Empirical analyses of the reasons motivating nonfinancial firms to implement risk management systems are now available in academic journals, and they would be a welcome complement to Chapter 16.

Another topic not covered is the securitization activity of the banks and its role in risk management. It would be interesting to know the links between optimal capital, the intensity of securitization activity, and the banks' overall risk.

The first two printings of the book contain many typos and errors in the tables. We report a list at the following address: http://www.hec.ca/gestiondesrisques/02-03.pdf. The authors should see that they are corrected in the third printing.

We recommend the book to all academics and professionals and also encourage its use in graduate courses in risk management. But please wait for the third printing, which should be available soon.

Planning for Retirement Needs, 5th ed., David A. Littell and Kenn Beam Tacchino, 2001, Bryn Mawr, Pa.: The American College

Reviewer: Karen L. Hamilton, Appalachian State University, Boone, N.C.

This book is used by The American College in its retirement planning course, which is one of the requirements for obtaining the Chartered Life Underwriter (CLU) or Chartered Financial Consultant (ChFC) designations. The authors are both associated with The American College. Littell is a professor of taxation at The American College. Beam serves as a consultant to The American College and is a professor of taxation at Widener University. Both authors are lawyers with experience in retirement and pension planning.

The authors' purpose for the text, as stated in their preface, is to focus on the practical application of retirement planning in a financial services practice and addresses an audience with little or no experience in the retirement field. They have incorporated features such as planning notes and sidebars directed at financial services practices into the text. They also use extensive examples and case studies to examine how the topics discussed are applied in the financial services arena.

The authors designed the text to be practitioner-oriented. They want it to provide practical and educational information concerning retirement planning for businesses, business owners, and individuals. They achieve their objectives with the text. Each chapter introduces concepts that can be used by business owners and individuals for their retirement planning. In addition, the planning notes and sidebars provide valuable tips and discuss important issues for professionals involved in retirement planning.

The text is divided into two sections—one that focuses on retirement planning for businesses and one that discusses retirement planning for individuals. Within each section, the authors highlight the basic information and concerns for retirement planning. They also recommend other sources for readers who want more details in specific areas.

The first section of the text, which focuses on retirement planning for businesses, is organized as follows:

- Chapter 1 provides an overview of pension and retirement planning. It discusses the retirement market, general retirement planning vehicles, and the benefits of tax-advantaged retirement plans for employers and employees.
- Chapter 2 covers the retirement field. It introduces legislative and regulatory concerns and provides information on organizations for retirement planning professionals to use as resources and to become members.
- Chapter 3 introduces the initial concerns for financial planners who address the retirement planning needs of businesses. It describes how to identify business needs and objectives, incorporate fact finders, and choose between basic retirement plan options.
- Chapters 5 through 7 discuss in greater detail the various types of retirement plans a business can establish—from traditional pension plans to profit-sharing and 401(k) plans to SEPs and SIMPLEs. They explain various requirements for each plan and the retirement planning objectives each plan is best designed to meet.
- Chapters 7 through 10 describe how to work with businesses to design the specific plans selected. They address such features as participation rules, benefit and contribution formulas, vesting and loan provisions, and benefits other than retirement benefits (such as death or disability benefits).
- Chapters 11 and 12 provide information on making funding decisions. They discuss how to establish plan funding requirements and investment guidelines and also address legislative constraints and funding vehicles.
- Chapters 13 and 14 consider the installation, administration, and termination of retirement plans. They offer advice on how to set up and administer plans, as well as on the requirements for terminating retirement plans.

- Chapters 15 and 16 address nonqualified retirement plans, their design, and their uses. The previous chapters focus on qualified and tax-advantaged plans, but in many circumstances, nonqualified plans are valuable tools for businesses to consider and implement.

The second section of the text addresses individual retirement planning issues. The following chapters provide valuable information for financial planners in this area:

- Chapters 17 and 18 describe individual retirement plans. While these two chapters are listed as part of the business retirement plan section, apparently because they include a discussion of how IRAs can be used in SEPs and SIMPLEs, they address the types of plans individuals might consider for their own retirement planning needs. These chapters describe IRAs and their characteristics.
- Chapter 19 introduces individual retirement planning. It discusses the reasons individuals need to plan for retirement, retirement planning objectives, and how financial planning professionals can help individuals with their retirement planning.
- Chapter 20 describes in more detail how financial planners can identify their clients' needs and objectives. It also discusses strategies for addressing clients' retirement goals.
- Chapters 21 through 23 address how to determine clients' postretirement monetary needs. A detailed case study further demonstrates how to incorporate these methods into retirement planning for individuals.
- Chapter 24 considers investment alternatives for funding retirement needs. It discusses general investment concerns, such as the risk-return tradeoff, life-cycle considerations, and portfolio construction.
- Chapters 25 and 26 cover distributions from retirement plans. They describe tax issues, rollovers, and transfers, and distribution methods.

The chapters use practical advice, examples, and cases to develop a practitioner's point of view. Illustrations of how the topics discussed can be used by financial planners to better meet their clients' needs provide valuable insights for readers.

With the 5th edition, The American College has also incorporated many of the features that it used to include in its study guides into the text. The educational objectives for the chapter and an outline of the reading material are provided at the beginning of each chapter. Key words and phrases are defined in the margins throughout the chapter. In addition, the margins are wide enough to allow room for notes as one reads through the chapter. At the end of each chapter, a chapter review includes a list of key terms, review questions, and self-test true-false questions. The answers to all review questions and self-test questions are provided at the back of the text. The incorporation of these items makes the text more useful for students, both those studying for professional examinations and those using the text as part of a traditional college or university class.

In general, the text is well-written and easy to follow. The examples, tips, and cases help drive home the subject matter and illustrate how financial planners can use the information in their practices. The review material helps readers assess their understanding of the topics. The text meets the objectives of its authors and would make a valuable resource for the beginning as well as the experienced retirement planning professional.

e-Coverage Guide, Leo L. Clarke, Esq., and Martin C. Loesch, Esq., 2000, Cincinnati, Ohio: The National Underwriter Company

Reviewer: James F. Fryer, Ed.D., Assessment Systems, Inc., and former Executive Director of ARIA

e-Coverage Guide is an attempt to make sense of the rapidly changing world of technology and how the insurance industry can best serve it. The book is divided into four parts. Part one looks at the current condition of the marketplace and the insurance industry's innovations (and, the authors would argue, lethargy) with regard to e-risks. Part two looks at the risks and coverages that arise from liabilities to third parties. Part three shares a similar approach and looks at liabilities for first-party losses. Part four looks at e-coverage markets and shows the dilemma insurers have in underwriting e-risks.

Early in the text, the authors deal with the reluctance of insurers to move into this market. They attribute this to two major reasons. One is that insurers like to deal with the tangible. The data and information spinning around in cyberspace is not palatable to insurers because it is so intangible. The Internet makes it very easy to gather, store, and manipulate information. As more and more people become involved in the online economy, large amounts of very private data are being gathered and stored. The authors note that this creates huge privacy concerns as the data are not being stored in traditional locked bank vaults, but that they are available to many outside threats from hackers.

The other reason is that this market does not fit traditional models. Actuaries and underwriters have traditionally used tables and charts created from historical information to analyze and price risks (predicting future performance based on the past). This situation does not exist in the e-coverage arena because there is no past to analyze and the future is constantly changing as new technological advances are made.

Part two begins by looking at the liability risks of IT consultants and service providers. Chapter 4 examines the types of claims that have been brought so far against IT professionals. They range from claims brought because a system or program produced the wrong results to the selection of the wrong technology to conflict of interest and intentional acts. Chapter 5 deals with intellectual property infringement. The authors provide a good background looking at "official" definitions and examples of case law for patents, trademarks, and trade secret protection. They also offer an interesting note by looking at the CGL's coverage for personal and advertising injury. While the coverage language is straightforward, an exclusion exists for "an offense committed by an insured whose business is advertising, broadcasting, publishing, or telecasting." The interesting discussion centers on how this exclusion will affect an insured who is engaged in sales over the Web or who merely maintains an informational Web site—the argument being that any Web site is in essence an advertisement. The authors note that this will need to be played out in the courts.