

Book, Software, and Web Site Reviews

Risk Management and Insurance (7th edition)

S. Travis Pritchett, Joan T. Schmit, Helen I. Doerpinghaus, and James L. Athearn
St. Paul, MN: West Publishing Company; 1996
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There are a number of principles textbooks on the market, each with its own style of presentation. *Risk Management and Insurance* by Pritchett et. al. is a textbook whose principal readership is students enrolled in a principles of risk management and insurance course. As the authors point out, this book is operational, and thus is also concerned with what the non-student user needs to know and what they need to do. As a principles textbook, it covers a wide myriad of topics related to risk management and insurance, while at the same time providing depth in an effective manner.

The text is arranged in five parts with 26 chapters, and seven appendices. Consumer Applications at the end of each chapter provide real-world applications of the material just covered. A number of these applications are designed to capture the interest of students by using examples they can relate to now. Further, these applications will be useful to all students whether or not they pursue employment in the risk management industry.

Some changes made to the 7th edition include an Ethical Dilemmas case or question relating to the chapter material. The conflicts raised between competing interests are designed to stimulate discussion of complex situations that do not have exact answers. Expanded coverage of business risk and insurance, personal risks, employee benefits, and general liability has been added to this edition as well. Electronic spreadsheets are used in several places to illustrate material.

Part I is titled "Fundamentals of Risk Management and Insurance," and contains chapters on Risk, Risk Management, Insurance, Fundamental Doctrines Affecting Insurance Contracts, and Structure and Analysis of Insurance Contracts. An appendix in Chapter 2 provides a useful introduction into cash flow analysis. Useful tables and figures are interspersed throughout the chapters to provide summary information, beneficial statistics, and more details regarding coverages, exclusions, etc.

Part II covers "Property and Liability Risks," and has chapters discussing The Property Exposure, The Liability Risk, Managing Home Risks, Managing Automobile Risks, Business Property Insurance, Workers' and Unemployment Compensation, and Business Liability Insurance. The organization of the homeowners and automobile sections were well done, and should provide students with easy access to specific inquiries regarding those policies.

Part III covers the "Personal Risks." In depth coverage of life insurance, including a thorough discussion of comparing costs associated with different life insurance options is included. A well-researched history of the Social Security system is provided including a timely discussion of its future. Employee Benefits is thoroughly covered and provides the student with excellent insight as to the rationale behind providing such benefits on a group basis. The last chapters of Part III provide detailed case studies of both financial and retirement planning to help solidify the concepts introduced in the preceding chapters.

Part IV entitled "Insurance Markets and Regulation" begins with a superb summarization of the development of insurance. The Consumer Applications of this section are particularly of note as they contain helpful information for all students. Further on, this section contains advice on how to become a better consumer of insurance thereby increasing the value of a principles class from the students' perspective.

The cases provided at the end of each chapter are well-developed tests of a student's ability to apply their knowledge practically. Further, to the course instructor, these cases provide an excellent skeleton for essay-style questions.

Special mention should be made of the appendices in this textbook. They include examples of various insurance policies, which is very effective in connecting the discussion of an insurance policy to the actual contract. There is also an appendix with the Commissioners 1980 Standard Ordinary Mortality Table, and a handy list of addresses and telephone numbers of every State Insurance Commissioner.

Overall this text is an excellent resource of information and would serve a student well during and beyond their coursework. It contains much more information than one could ever hope to cover in a beginning course, however it does give an instructor many options as to what topics to cover while still offering the level of coverage necessary to serve the students' needs.