Book Review - Risk Management and Insurance: Perspectives in a Global Economy

Read this book if you want to get a good introduction to risk management and insurance.

By Harold D Skipper and W Jean Kwon
2007, Blackwell Publishing
729 pages

Students, professors and practitioners who have an interest in risk management and insurance now have a new resource to turn to.

Risk Management and Insurance, said the authors, aims to instill "an appreciation for the great importance of understanding the factors that shape risk in the world". They build on other academic subjects, including economics, finance, marketing, law and management to demonstrate how risk management and insurance are integral to business operations.

The book’s underlying premise, according to the authors who hail from academia, is that "we can understand risk and insurance only if we understand their underlying principles and the factors that give rise to risk". Thus, their approach differs from traditional textbooks on the subject by focusing on the world rather than a particular nation’s market, and on underlying principles.

There are four main parts to the tome. Part I is an introduction and includes a chapter on the economics of international trade. Part II explores the factors that shape the risk environment internationally which, according to the authors, is a section that is largely omitted in other introductory risk and insurance textbooks. Part III explores corporate risk management, while Part IV examines insurance and insurance markets worldwide.

Modular Reading Style
The book has been laid out in a way that allows the chapters to be read separately rather than in a linear fashion. This enables readers who are pressed for time to read it in a modular fashion and select the most pertinent issues and topics relevant to them. The approach is also useful for those who may not be interested in becoming a risk and insurance specialist, but who want a glimpse of certain areas. Discussion questions at the end of the each chapter help stimulate further thinking and awareness of the subject.
Risk Management and Insurance lives up to the expectation of providing a global perspective. No geographic region has been ignored and there are plenty of examples cutting across the various sectors in both risk management as well as insurance. There is a wide range of topics covered, including chapters dedicated to political risk management, intellectual property and technology risk management, and financial services integration. However, there is only a brief mention of takaful, which is surprising considering the rise of Islamic finance, but possibly due to the infancy of the market and lack of data.

Overall, students and those new to the industry who are looking for an overview of risk management and insurance in a global setting should not be too disappointed.