Writing a comprehensive risk management textbook with a global perspective that covers all critical topics is an insurmountable undertaking. However, Skipper and Kwon’s *Risk Management and Insurance: Perspectives in a Global Economy* comes as close as any to accomplishing this feat. As the title indicates, this book covers a broad range of areas within the context of a worldwide perspective. The authors note that an objective of this book is to provide students and practitioners having an interest in the profession of risk management with the fundamentals required to move toward mastery of the subject. Risk management and insurance can be understood only by examining the underlying principles and factors that give rise to risk. The Skipper and Kwon book takes a different approach from traditional textbooks with its global orientation, focusing on underlying principles while avoiding much institutional detail, with a goal of increasing the reader’s appreciation of the factors that shape the world’s risk exposures.

Part I of the book provides an introduction to risk management and insurance, along with a section on risk behavior, including decision-making under uncertainty at the individual, business and societal level. Of particular interest in this section was the application of international fair trade theories and practice to insurance.

Part II explores the factors shaping the international risk environment. These include cultural, demographic, physical, and technological trends. An underlying reliance on the economic concepts of market imperfections, combined with an examination of the appropriate role of the private and public sectors, attempts to instill in the reader an understanding about the approach of society toward risk.

Corporate risk management is the focus of Part III, with an emphasis on risk management for multinational corporations. The authors espouse enterprise risk management (ERM) in their approach to corporate risk management by examining both financial and organizational risk management.

Part IV is an examination of insurance markets throughout the world. For example, there is a chart listing terrorism insurance procedures in ten different countries; an in-depth discussion of the life insurance market in various countries and regions of the world; and an overview of short and long-term disability plans in eight countries. An extensive review of the nonlife insurance markets in the Asia-Pacific, Latin American and European regions and the United States follows the life insurance discussion. To summarize, this part of the book provided a fascinating comparison and contrast of products, distribution methods, etc. utilized by various countries and regions of the world.

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Perhaps the most thought-provoking section of the book is contained within the Conclusion in Part V. Even though the authors themselves quote from a Wall Street Journal article (Silverman, 2000) that tackles the near impossibility of accurately forecasting future scenarios, they make a valiant effort to provide some direction as to what the future may hold. Changes in the economic leadership of the world, continued securitization of risk, tort reform efforts, modifications in the regulatory and tax environments, public and private insurance sectors, water shortages, and an aging population are just a few of the future risk challenges discussed by Skipper and Kwon.

The wide-ranging subject matter and length of the book probably make it a better fit for two sections of an International Risk Management-type course offered in consecutive semesters. Nevertheless, I believe the book is appropriate as an assigned text for a risk management or insurance course that includes a significant international component. For example, Chapter 5 is titled “Catastrophic Risk Assessments: Natural Hazards” and Chapter 15 covers “Risk Management for Catastrophes.” These chapters provided a great deal of germane information on various climate exposures worldwide, risk financing, and scenario planning. This would have been an ideal supplement to a Special Topics course on natural disasters that I have taught.

I was hard-pressed to find any shortcomings in this book. In this reviewer’s opinion there was some subject matter that may have fit better in other parts of the book than where they were located. Also, some of the topics will have a short life span, while others have and will continue to stand the test of time. However, that is a peril facing any book covering the dynamic field of risk management in an ever-changing world economy.

In my estimation this book is a worthwhile addition to the reference library of students, academics and practitioners. The two major strengths of the book are (1) the broad range of risk management and insurance-related topics found within its 751 pages, and (2) the frequent comparisons of various treatments of regulatory and industry issues facing countries around the world.

References