

## REVIEWS

*Financial Analysis of a Reinsurance Office.* By D. H. Craighead (Insurance & Reinsurance Research Group Ltd.).

David Craighead's book has been compiled largely from the material presented in his papers: 'Some aspects of the London reinsurance market in world-wide short-term business' (*J.I.A.* 106, 227), 'Analysis of a London market reinsurance office's accounts' (presented to the Institute of Actuaries Students' Society, 15 December 1981) and 'Techniques of reserving—the London market' (*J.I.A.* 113, 411). It includes an updated treatment of some topics from these earlier papers—notably on currencies, taxation, and legislation. There is also some new material—on the types of outwards reinsurance protection, statistical and computer reporting, discussion of special problems in the estimation of reserves and the treatment of open years, discounting, and a brief description of expert systems.

The reader will find many similarities between Craighead's book and the monograph 'An actuarial view of Lloyd's and the London reinsurance market' (edited by David Hart and published by the Institute of Actuaries). The similarity is not surprising since the monograph is itself a compilation by the London Market Actuaries Group of the published literature, to which Craighead's papers have made important contributions. Of the two, Craighead's book is, in most areas, the more detailed (197 pages of A4 compared with 127 pages of A5)—owing to the more obvious editing which has been carried out on the Institute monograph. Perhaps because of this extra detail, the readability of Craighead's book suffers, though for the serious student of the London Market the effort is well rewarded. The checklists of potential problem areas and points requiring clarification in Chapter 8 are especially useful for the actuary carrying out financial analyses in the London Market.

N. D. HOOKER

*Banking and Finance Series. Investment.* By Andrew Adams (Graham and Trotman, 1989).

The Banking and Finance Series is a series of textbooks written primarily for students preparing for the Associateship of the Institute of Bankers. However, I can recommend Andrew Adams' book to actuarial students and also to readers wishing to update their knowledge in almost all aspects of investment. A large number of examination questions are considered (with model answers), including several from actuarial papers.

The author makes the comment in his preface that the book is intended to cover investment problems from a practical point of view, both for the institutional investor and also for the individual investor. In this respect the book may be considered to be unusual.

It provides additional interest to the general reader because of the light it throws on recent changes in investment procedures in the London Market. The rate of change has accelerated since the Stock Exchange 'Big Bang' of October 1986. These changes include the developments from SEAQ and other computer-based systems and the more recent repercussions of the Financial Services Act.

The author identifies where further changes may be expected. These include: the likely changes devolving from a common European Investment market; the effect of Modern Portfolio Theory on the practice of investment; the advantages of 'unitisation' of the property market and the possibility of excess capacity and some contraction in the City of London.

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