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BOOK REVIEWS

Robert J. Myers, *Social Security*, third edition, pp. 1,076, published by Richard D. Irwin, Inc., Homewood, Ill., 60430, 1985.

If you want to learn about Old-Age, Survivors, and Disability Insurance or Hospital or Supplementary Medical Insurance, then you are going to need this edition of Robert J. Myers's *Social Security*. This book can make an expert of every actuary who wants to become one. The expertise will not come painlessly, though, because the book is long and detailed, including a great deal of historical background. And it is thorough, covering Public Assistance, Railroad Retirement, Unemployment Insurance, Workers' Compensation and social security systems in other countries.

Myers advises readers who are interested in broad concepts to skip the footnotes and appendices, where a lot of the details appear. The reader will be able to find answers to specific questions without difficulty, however, because the book has an eleven-page table of contents at the beginning and two indices at the back. The book concentrates heavily on facts, but there is some relief from the detail because Myers has a gift for explaining why certain provisions work the way they do.

Myers also has no hesitancy about stating his opinion of provisions or proposals for legislative change. While expressing his opinions is incidental to his main purpose, it is hard to tell whether his opinions are middle-of-the-road or whether his preeminence among actuaries on the subject of Social Security makes his viewpoints seem middle-of-the-road. Most actuaries trace their knowledge of Social Security back to articles, speeches, and books by Robert J. Myers, including the two earlier editions of this one.

Social Security will continue to be an important topic of political debate. This debate is centering on the startling realization spreading around the country that our resources are limited. Actuaries should begin to play a key role where cost considerations are paramount. We may be the only debate participants who have the facts and figures. Reading this book will certainly give us a framework for them.

BENJAMIN I. GOTTLIEB

R. Arthur Saunders, *Life Insurance Financial Statements: Keys to Successful Reporting*, pp. 318, published by Teach'em, Inc., Chicago, Ill., 60611, and the Society of Actuaries, Itasca, Ill., 60143, 1986.

Did you know that:

- double-entry bookkeeping was invented in Renaissance Italy?
- in the entire history of Canada, there have only been *seven* Superintendents of Insurance, *six* of whom were actuaries?
- in the National Association of Insurance Commissioners (NAIC) Early Warning System for U.S. insurance companies, one of the tests for financial stability is the ratio of real estate investments to capital and surplus? (It should be less than 100 percent.)

No, these facts are not from a book on insurance trivia—far from it, in fact. They come from *Life Insurance Financial Statements: Keys to Successful Reporting*, by R. Arthur Saunders, FSA, FCIA. The author's new book on life insurance company annual statements, both U.S. and Canadian, fills a need for up-to-date information that has too long been unfilled. This book will be included in the Society's examination syllabus, and the Society's seal appears on the title page and the back cover.

The author gives equal time to U.S. and Canadian financial statements, and this will prove useful to those interested in differences of philosophy and structure between the two countries. (The reviewer was somewhat envious to learn that Canadian actuaries have relatively more freedom to set Annual Statement actuarial assumptions than their U.S. counterparts.) The book also includes an especially welcome chapter, a lucid explanation of generally accepted accounting principles (GAAP) accounting, with examples, and a thorough explanation of the difference between GAAP and statutory accounting. The chapter will provide an understanding of the difficulties of matching revenues and costs in life insurance accounting.

A substantial portion of the book's 305 pages (which are followed by a glossary and an index) are taken up with numerical examples of transactions and hypothetical financial exhibits. (Some of the examples are quite detailed, and the reader may get bogged down.) *The treatment of the material is exhaustive, and the book provides a "one-stop" opportunity for familiarity and understanding of the Annual Statement and the various supporting exhibits.*

Mr. Saunders is to be congratulated for a genuine work of scholarship. Notwithstanding revisions that may be needed due to changes in the structure of the Annual Statement itself (changes are constantly being discussed by the NAIC), this book should remain the definitive work on life insurance accounting for many years.

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