

BOOK REVIEW

“MODERN INSURANCE LAW” SECOND EDITION

by John Birds, Reader in Law, University of Sheffield.
Published by Sweet & Maxwell, 1988, £16.00 (Soft Cover)
(Also available in Hardback).

The first edition of Professor Birds' book on insurance law appeared in 1982 and so the second edition, which reflects the law as at June 1987, covers recent statutes of significance such as the 1986 Insolvency and Financial Service Acts as well as recent important cases like *Keyser Ullmann v. Skandia* (UK).

“Modern Insurance Law” sets out “to offer a concise explanation of the fundamental principles of insurance law” and this it does very successfully. It does not attempt to go as deeply into the subject as does, for instance, MacGillivray and Parkington and in fact the author refers his readers on many occasions to that work for further guidance and information. Including its index “Modern Insurance Law” runs to just over 334 pages.

It is therefore a basic work which is aimed both at students of law and insurance and practitioners and certainly the clear way in which the material is presented makes reading and reference relatively quick.

There is ample material on the question of regulation of insurers, although only brief reference to the “unauthorised insurer” cases. On the question of insurable interest in life insurance Professor Birds states that:-

“The law on insurable interest in life insurances is clearly out of touch with reality in many respects...”.

He goes on to suggest reform along the lines taken in Australia in that country's Insurance Contracts Act 1984, which assumes that a requirement of insurable interest is still desirable, but which then sets out a list of relationships in respect of which it is permissible for one person to insure the life of another.

We are then taken through the formation of an insurance contract and there is a useful reference to the peculiarities of the Lloyd's Market and to the *General Re v. Fennia* case of 1982 in which the Court of Appeal confirmed that an underwriter is bound from the moment he initials a slip.

The chapter on Fraud, Non-Disclosure and Misrepresentation includes reference to such recent decisions of significance as *Highlands Insurance Co v. Continental Insurance Co*, where it was held obiter that the court's discretion to award damages in lieu of rescission would never be used in commercial contracts of insurance, *Keyser Ullmann v. Skandia* (UK), which looks closely at the remedy for a breach by the insurer of his duty of the utmost good faith and *CTI v. Oceanus*, the landmark decision of the Court of Appeal on the question of what is a material circumstance within the meaning of the Marine Insurance Act. On this last point Professor Birds expresses the hope that the House of Lords will soon get the opportunity to resolve the important issue of exactly what Section 18 of this Act means.

The author considers the topic of intermediaries as being specially important and looks closely at the question of whose agent an intermediary is. The relevant agency principles of authority and ratification and the relationship between principal and agent are clearly expounded.

Turning to construction and causation the author surmises that the average consumer and quite possibly a fair number of businessmen do not read and fully understand their insurance policies at the time they receive them. He then refers to the US approach where many State courts interpret policies so as to fulfil the reasonable expectations of the insured.

Having covered the general principles applicable, Professor Birds rounds off with a brief look at some specific points which apply in the fields of Life, General Liability, Motor and Employers' Liability and other compulsory insurances.

Although "Modern Insurance Law" does not provide the reader with as much detail as some of the more extensive works, it certainly achieves what it sets out to achieve, namely a concise exposition of the main principles of insurance law, more than adequately backed up by references and a discussion of the leading cases and statutes. Furthermore, the book is very readable.

Gordon Cornish