

approve the financial statements in annual general meeting, not to protect the interests of investors in the markets. He declined to distinguish between the two types of investor personified by the Plaintiff in this case. Of note are the obiter remarks of Lord Bridge endorsing Millett J.'s judgement in *Al Saudi Banque*.

It would seem that the present trend of judicial opinion is now firmly set against application of a general statement of principle as in the *Anns* test as the basis for establishing whether a duty of care is owed to a third party outside the contractual relationship. The current approach, which has developed over the last 6 years or so, is a pragmatic one. It requires close analysis of the facts in order to ascertain the existence of a close and direct relationship. This will be based on (a) whether the tortfeasor actually knew what the claimant had in mind, and (b) that his advice would be passed to the latter who would be likely to rely on it when deciding whether to proceed with what he had in mind. In short, the current state of the law appears to be that after nearly 40 years, Denning L.J.'s dissenting judgment now forms the basic criteria for establishing when the professional is negligent. The floodgates thrown open by *Hedley Byrne* and *Anns* cannot be shut, but it seems that the volume of claims flowing through them may be coming under control.

## **BOOK REVIEWS**

### **1. "The Law of Insurance Contracts" by Malcolm A Clarke**

*(Lloyd's of London Press, £95)*

In this major new work on insurance law published last December, Dr Malcolm Clarke, Fellow of St John's College Cambridge, lays out for our inspection over some 645 pages of text (and a table of cases of over 70 pages) the life of the insurance contract from insurable interests through cover notes via construction of the contract, illegality, and claims procedure, to reinstatement and subrogation. The declaration in the preface of a view beyond the jurisdiction of England and Wales sets the scene for drawing on decisions of other common law jurisdictions where assistance can be got from them, and a chapter is included on the conflict of laws.

The rights and duties of the parties, and the central position of agents, are given detailed consideration. In dealing with the formation of insurance contracts a section is devoted to aspects of formation of contract particular to business at Lloyd's. A chapter on the duties of agents examines fiduciary duties as well as those in contract

and tort. It may be that some will perceive a classification in clear legal terms (where for example references to “broker” in the index are shortly redirected to “agents”) to ignore some forces of the market. This work is none the less clear and practical for that in its approach to the subject.

The text is written in an easy and concise style which marries well with the clear manner in which ideas are presented and developed: clearly-structured chapters divide into topics and sub-topics. From summaries and statements of principle found in introductory sections, the busy practitioner is referred to particular sections for analysis of each aspect of a summary. The extension of this structured approach to produce an index more comprehensive than the 13 pages allowed would have been welcome.

This book will be a useful addition to the bookshelves of those concerned with the law of insurance contracts. It offers a scholarly treatment of its subject in an approachable manner.

JRMF

## **2. “UK Retail Insurance Brokers’ Handbook” by Ronald L. Peters**

*(Business Books Limited £25)*

To quote from the book:

“This book is an amalgamation of facts, guidance, advice and suggestions all designed to give practical help to the running of a retail insurance broking business. It is not an insurance text book”.

This is an ideal description of a book which in 270 pages covers the Law of Agency, Insurance Brokers (Registration) Act, 1977, Financial Services Act, 1986 and many others Acts which affect an insurance broker’s and/or his client’s business.

The book then goes on to give a short description of Lloyd’s and a longer description of the various industry bodies. There are short chapters on the marketing and placing of insurance and office routines, followed by some very useful check lists which many brokers could well adopt as standard when reviewing a client’s insurances.