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Review of: Making Decisions about Liability and Insurance (Colin Camerer & Howard Kunreuther eds.)

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Making Decisions about Liability and Insurance (Colin Camerer & Howard Kunreuther eds., Kluwer Academic Publishers 1993). Figures, index, notes, tables. ISBN 0-7923-9393-7 [139 pp. Cloth \$89.95. 101 Phillip Drive, Assinippi Park, Norwell MA 02061.]

The American tort system principally encourages actions that minimize the sum of accident losses plus prevention costs and compensates some victims of harmful activities.¹

With this as a foundation, the editors, in a separately published special issue of the **Journal of Risk and Uncertainty**, provide seven articles explaining the impact of the tort system upon individual decisions regarding liability and risk. The collection offers readers a variety of viewpoints, opinions and theories on why “we” collectively (or individually as consumers, firms or citizens), make certain decisions about insurance and deal generally with three subjects, “probability distortions,”² “transaction analysis”³ and “ambiguity.”⁴

Yet, surprisingly little attention is given to liability. Aside from general editorial observations,⁵ little space is devoted to “how” or “why” we make decisions about liability. For example, a well-drafted, first selection by Jonathan Boran and Ilana Ritiu discusses implications and intuitions relative to tort law but emphasizes how the tort system overvalues “deterrence” when determining victim compensation, rather than addressing liability.⁶ Throughout the book, consideration of liability is conspicuously absent. After full review, one wonders how the book’s title was chosen.

Overall, the studies presented here pose interesting ideas about decisionmaking processes and offer some insights into how they are affected by uncertainty and ambiguity. Many are thought provoking. Yet,

1 At 6.

2 E.g., at 35–52 and 95–116.

3 E.g., at 53–70.

4 See at 71–94.

5 At 5–15.

6 At 17–34.

as a reader who has studied the tort system in law school and encountered it in the context of civil litigation, I was very unsatisfied overall. For example, at page 7, the editors present a "social decision model" "designed to serve as a guide for the articles in this issue."⁷ However, instead of guiding me, this figure seemed to model what I found to be the major failing of this book, i.e., it tended to simplify and label human reactions according to black and white response categories.

The editors and many of the authors offer neat, solid-lined patterns and explanations about the decisions made about insurance. Too often they burden readers with confusing statistics, indecipherable variables and circular explanations of how data was compiled and conclusions reached. Only in isolated instances⁸ do the authors consider alternative explanations or factors. In short, I was all too often unable to distinguish the authors' assumptions from documented or documentable facts, however limited they may be in such studies under the best of circumstances. Economists and social scientists may find this work of value, but it is unlikely to appeal to typical lawyers.

Joseph M. Carreiro, Jr.[†]

⁷ At 6.

⁸ E.g., at 53-70 and 89-74.

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