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SYNOPSIS

This Exercise attempts to reveal the general policies that the insurance companies in Malaya tend to adopt in the operation of the business. The areas that were chosen to portray the policies are the organisation of the company, the commissions paid to the insurance agents, the management expenses, the premium rates charged, the reserves kept by the insurance companies, their investment portfolio, the reinsurance policies, claims, loans, surrenders and surplus and dividends. These are the essential aspects for the operation of the business. The policies are then related to the practices of the insurance companies. Sometimes the policies and practices conform but deviations in practice from policies of the insurance companies are prevalent. These are discussed under two separate chapters - life insurance and general insurance.

Before delving into the policies and practices of the insurance companies, certain factors which explain the practices of insurance or which may influence the policies and practices are discussed. The definition of insurance and its classification help to clarify doubts, while the principles of insurance have a great bearing on policy decisions. The development of the insurance industry in Malaya helps to explain the policies and practices of the insurance companies. There is also the legal influence; how it was initiated and its development; how ill-practices of insurance companies were curbed especially by the present legal environment.

Finally, a brief appraisal of the legal environment, the policies and practices and the problems that confront the insurance industry in Malaya, is made in the final chapter.