

Independent Study Title : Loan Insurance: The Economic and Legal Problems
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ABSTRACT

More than half of all financial institutions were subject to intensive measure of discontinuance, shutting down and assets management. Innumerable bankrupt enterprises were restructured and rehabilitated. In initial stage of the crisis, damage was arising out of bad debt in the lending system. The huge amount of debt would rather actually combine with the loss debt belonged to the commercial banks ended in the 1996 account year and with the bad debt belonged to 56 financial

Loan insurance is an optional way to reduce the damages of default of payment which would be effectively applies to an unsecured loan. It can contribute to social stability by permitting financial institutions to minimize risk of loss. Financial institutions can take action against the debtor by the loan insurance contract. In addition, loan insurance which insure of debt repayment is not appear yet. There is only life insurance in credit transaction and the insurance protect amount of credit balance spend through credit card.

In addition, each provision law establishes to enforce for each kind. To apply the general provision law for a particular thing would bring inefficiency. Therefore, there should provide for loan insurance law whether by enactment or amendment of law in order to fulfill the efficiency of its process.