

Risk management in Palestine in the small insurance industry

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Abstract

The insurance sector is one of the most important sectors within the Palestinian economy, in light of the complexity in the Palestinian economy resulting from the occupation. This study focuses on risk management in Palestine and the provision of insurance services to small projects in dangerous areas, as the aim of the study is to clarify the Palestinian vision of danger as an entry point for providing new services. risk management In an attempt to build a more modern insurance sector through sustainable access to insurance services in a modern and modern way and keep pace with the status quo on the ground in light of reducing the existing political solutions by the occupation and trying to control all Palestinian economic resources, Developing aspects of the economy in particular in rural areas, assisting risk management steps, and trying to identify the most common risks in Palestine. We will use the descriptive approach to describe the case of the study in order to know the most common risks and treat them and develop the insurance sector

The results are expected to help increase knowledge of the most common risks for small projects and try to develop the insurance sector in Palestine in a modern way that deals with the economically complex environment of risks until the risks are addressed and with the help of modern steps to manage risks for the development of the Palestinian economy.

Keywords: *risk management, insurance industries, development.*

Jel: *G32, G22, O1.*

1. Introduction

The insurance sector is one of the most important economic sectors, and it works to stabilize the Palestinian economy alongside the banking sector, and helps manage the risks of the Palestinian economy, by protecting savings, property, individuals, institutions and companies, and it is the basis of the development process in a sustainable economy, as the insurance sector in Palestine has witnessed a number of Events through the development of the insurance sector and the services provided by the Palestinian insurance sector to customers and from the side of the size of this sector (Capital Market Authority).

Where the sector was started by Jordanian insurance companies operating in the Palestinian territories between 1948 and 1967, after the withdrawal of Jordanian forces from the Palestinian territories and the control of Israel, the Jordanian insurance companies left work in Palestine, and the first Palestinian insurance company obtained a license to operate under the law of the occupation authority After the occupation authority signed the Oslo agreement with the Palestine.

Liberation Organization, it relinquished some of its service powers to the Palestinian side. In 2005, the first law was enacted by the Palestinian Authority, as the supervisor of insurance companies, a body called the Palestinian Capital Market Authority to supervise the work The insurance industry, and the Palestinian Federation of Insurance Companies was established. It includes all companies operating in Palestine. It receives a percentage of 1 dollar from the sale of any car insurance policy and annual subscription fees from each insurance company, as the law that was established in 2005 is a mixture between the new Jordanian, Israeli and Palestinian law, and is Dealing in many jobs in the insurance market, the shekel, the dollar, the Jordanian dinar, and despite the weakness of the insurance sector in Palestine, it does not have an impact on the economy Especially in the last crisis that deals with the Corona crisis, where the percentage of profits in 2020 was (18.6) and in 2019 (16.9), as with an increase of 15.10% returns.

Mainly, the decrease in the number of accidents during the year 2020 due to the precautionary measures taken by the Palestinian government, which led to reduced movement and reduced number of working days for employees

The Capital Market Authority has played an active role in the stability of the insurance sector during the pandemic, through a number of procedures and measures that it has taken with the aim of mitigating the negative effects and risks on the insurance sector, in addition to the insurance companies providing their services and insurance disbursements to those who are entitled to compensation on an ongoing basis. He deserves it and the government's support through social allowances and the adoption of precautionary measures for workers in the insurance sector (Capital Market Authority).

With regard to providing insurance services to small projects in rural areas, it is weak for a number of reasons:

Most of these risks in rural areas, according to the standards, are not subject to insurance, and cannot be insured. These risks include:

Seasonal risks that accompany boom in summer and stagnation in winter resulting from small agricultural projects, as they are accompanied by costs in winter and the lack of revenue for projects.

Injuries and diseases

The dangers arising from the Israeli occupation represented by the checkpoints that may impede the transport of goods, leading to goods being damaged or goods damaged by the occupation as a result of the rift, or the inability to access lands as a result of the apartheid wall that separates farmers' lands and their inability to reach their lands.

As the dangers arising from the perspective of the Palestinians in rural areas represented in the oppression practiced by the Israeli occupation and the accompanying dangers of the occupation represent a danger to trade resulting from inspection and road closures at checkpoints, as the occupation is more one of the reasons that increases unemployment as it restricts Citizens to reach their jobs and reduce commercial mobility.

Based on the foregoing, the risks mentioned are not subject to the insurance process by the insurance sector in Palestine, which results in going to the informal insurance process resulting from borrowing from friends as a result of the danger, which is the most widespread, which weakens the culture and role of micro-insurance in rural areas in Palestine.

In the context of seeking access to micro-insurance within the Palestinian market in rural areas, it must be noted that the life of the Palestinian in these areas is more dangerous, as it is possible that the Palestinians may be helped to experience a new type of insurance and financial services to improve economic stability in these areas.

By creating health insurance commensurate with the regions, property and life insurance, and agricultural activity insurance that reflects the challenges and opportunities available in this environment to create small insurance.

2. Literature review

(Basir, 2021) The reality of small projects in light of the emergency (Corona pandemic) an applied study on the Bethlehem Governorate.

It aimed to get acquainted with the reality of the micro-enterprise sector in Palestine in light of the situation of Corona and the various obstacles it faces under the state of emergency. Support for small projects.

The study (Murad, 2020)" The repercussions of the Corona pandemic (Covid-19) small and micro-enterprises led by women In the Gaza Strip "

This study indicates the importance of small projects in Palestine, as small projects constitute an important tributary to the Palestinian national economy, especially at the level of contribution

Small and micro businesses in the gross domestic product. In addition to absorbing small and micro enterprises manpower and reducing unemployment rates, especially among

Young. Small and micro enterprises represent an opportunity for the poor and low-income people to provide a source of income in addition to being considered the most important tools for economic development.

(Afoun2014) study indicates that insurance companies play the role of insuring risks for other financial institutions, and this means that the risks of these companies are managed in light of the complex conditions they face, and insurance companies need to take practical steps. And relying on a set of models that enable them to manage in a more modern way so that insurance companies can adapt to the existing situation and thus reduce the risks that cause harm to other financial institutions, we can say from this research that in light of the conditions experienced by the Palestinian people, especially in rural areas and practices that reduce the encouragement of the use of insurance in those areas, the insurance industry is important in reducing disasters and maintaining the economy in those areas so that this economy becomes more sustainable.

A study conducted by Crovini et al. (2020):

reviewed the main role of risk management (RM) in small and medium enterprises SMEs by identifying, analyzing and clarifying the most important international business and finding out why risk management is not progressing. Improving the quality of literature reviews can be done through incorporating systematic review of quantitative papers and meta-synthesis of qualitative critical research and explanatory analysis. Based on the study, I note that the article focused on the study of risk management, but there was a complex way of collecting literature and did not explain in more depth why risk management is not continuously improved.

The current study is different from the former and only wants to raise awareness of RM, nonetheless, in this study I explain that risk management is important for the organization and members like managers or stakeholders who need to know all the details of risk management, the importance of risk management and to also work on improving them constantly.

Furthermore, the study tackles the importance of technology in addressing risks. For instance, modern technology and digital media has proved themselves to be part of the solution during the situation of the current COVID-19 pandemic along with the accompanying risks. The focus of the current study is on whether risk management has an impact on the performance of the organization in a competitive atmosphere and on the financial situation, and whether it leads to an increased profit.

The Shaheen et al.'s (2020):

study aimed at clarifying the relationship between sustainable risk management and risk management of the institution and Palestinian insurance companies. The results showed that there is a positive relationship between risk management and the use of corporate risk management with an increased profitability, where profits increase with the use of improved risk management strategies. The study also shows that there are many risks, including risks affecting the profit due to the political instability and the unsuitable prices that does not correspond with the current economic situation.

Therefore, there is a relationship between the application of risk management and profits, especially in the Palestinian insurance sector.

3. Estimated results

Risk management is very important in improving the economy at the local as well as international level. During the rapid change of variables in the field of economy, risk management has proven to be one of the most required variables in which companies invest to ensure their existence and continued survival and use risk management in the insurance sector in Palestine to ensure that businesses remain in the face of any challenges.

The study recommends creating products that adapt to the existing situation in these areas, focusing on building trust. In addition, the success of micro-insurance in these areas is through

Use microfinance institutions and banks to deliver products from the most dangerous areas in this politically complex environment

Taking some measures in order to try to help in light of the current political situation (such as covering the damages of the occupation)

- Establishing an awareness program on the basis that insurance is appropriate and inexpensive, and the residents of these rural areas in Palestine are advised to use it.

In order to facilitate the successful launch of the microinsurance market in Palestine, it is necessary to focus

Donor efforts on the following three points:

In order for the insurance industry to continue under difficult circumstances, it must

- Training and capacity building of partners, in all its aspects, employees, the insurance union and those in charge of the government to develop this sector in an advanced and modern way, so that citizens in rural areas can have a deep understanding of insurance
- Building confidence and increasing public awareness by supporting awareness campaigns by sales departments, especially in the case of targeting rural areas and the poor class.

After examining the previous literature that examined risk management in rural areas of Palestine and in insurance companies, it was noted that there was insufficient interest in this field. Therefore, this study here directs efforts to raise awareness of the role of risk management in rural areas to improve the economy, reduce poverty and resilience.

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