



ESAF Voices from the Field

Strengthening Insurance Sector Capacity in a Growing Market

Photo by Promor



Representatives of the Palestinian Insurance Federation and the Insurance Agents Association, two leading industry bodies, sign an MOU during the closing session of the First Palestinian Insurance Conference.

The Expanded and Sustained Access to Financial Services (ESAF) program is a three-year \$37 million program, funded by USAID, and designed to build a more inclusive financial sector in the West Bank and Gaza, for Palestinian households and enterprises. The program is implemented by AED in partnership with The William Davidson Institute at the University of Michigan, Shorebank International, CHF International, CARE and Save the Children. ESAF is an Associate Award under USAID's FIELD-Support Leader with Associates cooperative agreement, which is managed by AED.

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"Together towards safety" was the slogan of the **First Palestinian Insurance Conference**, held June 29-30, 2010, with support from the USAID-funded ESAF program. Prior to the event, though, the insurance sector was anything but together. Event organizers from the **Palestinian Insurance Federation (PIF)** had serious doubts that members of the insurance sector could come together for the conference to pursue common interests, which will be necessary for the insurance sector to reach its growth potential.

Although constrained by ongoing restrictions on the movement of people and goods, the Palestinian economy and population are growing, creating a rising demand for multiple forms of insurance. While there is great potential for insurance companies to successfully provide much-needed services, there have been growing pains. The range of services and products offered has been limited, in general and especially to low-income households and microenterprises, due to the lack of qualified personnel, among other factors. The PIF has sought to ease these growing pains. According to its mandate, it educates on insurance practices, builds professionalism, sets industry standards, coordinates with national and regional insurance authorities, and resolves disputes between insurance companies. The PIF, formally established only five years ago, has steadily developed into a key resource for member organizations and individual consumers seeking to access insurance services.

ESAF is working closely with the PIF to support its mandate, with a particular focus on expanding services available to low-income households and micro-, small, and medium enterprises. Assistance began with a series of workshops with Palestinian insurance companies and other stakeholders to foster dialogue between partners on important issues such as the Road Victim's Fund and car tariffs. Results fed into the agenda for the conference, a watershed event for the industry.

The **PIF** began as an informal forum for the Palestinian insurance sector in the late 1990s. Formalized under Law 20 in 2005, all insurance companies operating in Palestine are required to become members. As of July 2010, there are 10 insurance companies licensed in Palestine, including two branches of Jordanian companies.

The conference attracted over 200 attendees representing the industry, government, regulators, donors, academia, and others. At the closing ceremony, the PIF and the Insurance Agents Association signed a Memorandum of Understanding to formalize the relationship between the two organizations as well as to reinforce the commitment of insurance companies to follow all insurance sector laws. Most importantly, conference participants reaffirmed their commitment to the success of the insurance sector and to cooperation among sectors and individual organizations.

PIF was pleasantly surprised by the support insurance companies showed at the conference, financial and otherwise. Many companies sponsored lunches and breaks, and all sessions were moderated by insurance company general managers. Nihad Asad, Secretary General of the PIF, was especially pleased with the level of importance of subjects discussed, whether dealing with relations among participants or sector-specific issues such as reinsurance. Most importantly, the federation's relationships with key industry stakeholders, including members of the insurance sector and Palestinian Authority ministries, were strengthened.