

Heavy Burdens, Limited Services

Insurance and Taxation Issues Faced by Jerusalemites



By Elias Tams
Translated by Hind Hussein

The Oslo Accords left crucial issues to be negotiated, for example, the “final status” of Jerusalem. This has not only had a detrimental impact on Jerusalemites, it has also become part of Israel’s policy to complete its strategic plan of emptying Jerusalem of all things Palestinian. This issue is manifested in the policy of neglect, enabling Israeli insurance companies to omit Jerusalem, without providing insurance solutions that suit Jerusalemites and the situation of Jerusalem. If an Israeli insurance company does provide coverage, the premium is so high that Jerusalemites are unable to afford it. And when there is a claim, if the insurance company pays at all, it would only cover some market sectors such as health, transportation, education, and a small segment of the tourism sector. In addition, the insurance agencies refuse to cover any motor vehicles that enter the areas of the Palestinian National Authority in the event of an accident, even though the ill-fated Oslo agreement stipulated that insurance should cover both parties.

Israeli legislation follows a policy of negligence as it monitors the insurance market. Today, there are more than 30 unlicensed insurance offices that

practice with impunity. Of course, the majority of those insured do not know which companies are legitimate and which are not. They only discover this once an accident occurs and they wish to make a claim, which is when they realize that they are dealing with the unknown. Thus many Jerusalemites lose their rights due to negligence in oversight.

Although market monitoring to protect individuals’ rights in Israel has made great strides, this is not the situation in Jerusalem. Today, the Israeli insurance sector is regarded as the governmental entity with the greatest oversight, with its own accounting and monitoring personnel, such as insurance brokers or insurance companies. Jerusalem, however, is not included in this system, which confirms what was claimed from the start, that Israel has allowed things to deteriorate into chaos and neglect.

Nonetheless, the present scenario has encouraged the entry of Palestinian insurance companies into the Jerusalem market. Today, all Palestinian insurance companies have authorized agents in Jerusalem who offer insurance contracts. However, the biggest challenge is that the Palestinian insurance companies have not created insurance contracts that are appropriate for the nature of risk in Jerusalem. Israeli companies have made several amendments to insurance contracts in the Jerusalem

“Israel’s policies aim to empty Jerusalem of its original population through a variety of means, including taxes. Any Palestinian who desires to reside in Jerusalem must incur all the associated financial burdens, yet expect very little.”

market, whereas Palestinian insurance companies have not made the same modifications. Instead they provide insurance contracts that are appropriate for the Palestinian insurance market. This has resulted in many disputes between Palestinian insurance companies and those who are insured.

As previously mentioned, Jerusalemites get stuck between Israeli legislation and Israeli insurance companies’ unwillingness to provide them with insurance, on the one hand, and on the other, providers in the Palestinian market with whom they sign insurance contracts that do not comply with



The neighborhood of Siwan situated on the southeastern outskirts of the current Old City of Jerusalem.
Photo by George Azar.

the Jerusalem-area stipulations. Another hazardous issue is language because Israel is determined to issue all contracts in Hebrew. All insurance contracts are issued in Hebrew, which is challenging for both Jerusalemites and insurance companies because a huge portion of Jerusalem's population has an insufficient grasp of standard Hebrew, let alone the technical language of insurance in Hebrew.

Another challenging factor are the taxes of all kinds that are imposed by Israel. Its Ministry of Finance oversees insurance and tax management and follows a very stringent policy that demands,

without mercy and without fail, that all citizens pay what they are required to pay, even though no services are provided in return. Furthermore, citizens face extremely hefty fines as a result of this heinous and unethical policy. Israel compels its citizens to pay taxes but fails to ensure the minimum standards in the field of insurance or with regard service provision for its citizens.

Usually, the taxes a country imposes on citizens are levied with the purpose of contributing to the country's prosperity and improvement. In Jerusalem, the situation is different because Jerusalemites must pay all required

taxes although they receive no benefits in any area, including roads, education, health, and even housing and housing projects. Those who visit occupied Jerusalem are immediately aware that they are in an Arab zone, not only because the residents speak Arabic but also because the roads are often in a state of disrepair and the garbage is not collected. Visitors are left with the impression that they have entered a city that has nothing to do with Jerusalem because of the purposeful carelessness of the local authorities in the region – despite the fact that Jerusalemites pay all taxes, including the national insurance, which accounts for approximately

12.5 percent of their income, and income tax, which accounts for an average of 30 percent of each individual's income, ranging from 10 percent to 50 percent, not to mention the Arnona tax, which is ILS200 per square meter for houses and ILS400 for businesses. This is in addition to the banner tax, which is imposed on businesses and amounts to around ILS2,000s per year. This is only the tip of the iceberg.

From the heavy taxes levied on and burdening Palestinian Jerusalemites, only minimal amounts are spent to provide them with services. The majority is spent on security (but not security for Palestinians) and the building of settlements inside and outside Jerusalem. Thus, Jerusalem is Israel's richest municipality because it collects significant sums of money from 300,000 citizens while it provides them with very limited services.

Born in Jerusalem in 1967, Elias Hanna Tams is a certified financial planner, an insurance expert, and the CEO of Eithar Insurance Agency. He is also chairman of the St. Vincent de Paul Society, deputy chairman of the Arab Chamber of Commerce and Industry, board member of Jerusalem Clubs Federation and the YMCA, and treasurer of the Palestinian Table Tennis Federation. Elias is married to Hilda Zabaneh and the proud father of Hanna and Eithar.

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