The second question of Fatwa no. 4910

Q 2: A man bought a car in installments, as he was unable to pay its price in cash. The car agency demanded him to pay car insurance. Respected Shaykh, what is your ruling on paying this insurance and other types of insurance such as life insurance?

(Part No. 13; Page No. 157)

A: It is permissible to buy a car in installments; if the car and the price are agreed upon as well as the amount of each installment and its due date of payment are fixed. As for paying car insurance, this is Haram (prohibited). In the same way, insurance on life, organs, merchandise and all types of commercial insurance are Haram, as this involves Gharar (fraudulent transaction where details about the sold item are unknown or uncertain), gambling and taking people's money unjustly.

May Allah grant us success. May peace and blessings be upon our Prophet Muhammad, his family, and Companions.

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Source: Fatwas of the Permanent Committee

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