

Ruling concerning commercial insurance

Shaykh Aboo `Abd-al-Mu`iz `Alee Farkous al-Qoobee

Article taken and slightly adapted from: ferkous.com

بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ

In the name of Allaah, the Most Merciful, the Bestower of Mercy

Question: We are a group of workers in a company and when we want to buy a new car from one of the agents or representative distributors in selling cars with facility of payment, we should pay a sum estimated at 30 % of the car's cost as a first instalment, then we pay the rest of the instalments. In addition, we pay a sum for car insurance in an insurance company in a way we cannot avoid two things:

The first: we take out comprehensive car insurance and we are totally indemnified in case of accident.

The second: which is the subject of the question, is called life insurance, in a manner that the insurance company pays all the remaining instalments in case of death. So what is the ruling of the Sharee'ah regarding this issue?

Shaykh Aboo `Abd-al-Mu`iz `Alee Farkous al-Qoobee (May Allaah the Most High preserve him): All praise is due to Allaah, the Lord of the Worlds. Peace and blessing be upon whom Allaah sent as a mercy to the Worlds, upon his Family, his Companions and his Brothers till the Day of Resurrection.

Know that insurance in all its forms, whether on persons or things is forbidden by the Sharee'ah, as it contains many forbidden things like wrongfully consuming people's property, Gharar (uncertainty), gambling and others, Allaah (Mighty and Majestic is He) said :

﴿وَلَا تَأْكُلُوا أَمْوَالَكُمْ بَيْنَكُمْ بِالْبَاطِلِ وَتُدْلُوا بِهَا إِلَى الْحُكَّامِ لِتَأْكُلُوا فَرِيقًا مِّنْ أَمْوَالِ النَّاسِ بِالْإِثْمِ وَأَنتُمْ تَعْلَمُونَ﴾

The meaning of the verse:

﴿And eat up not one another's property unjustly (in any illegal way e.g. stealing, robbing, deceiving, etc.), nor give bribery to the rulers (judges before presenting your cases) that you may knowingly eat up a part of the property of others sinfully.﴾

[Al-Baqarah (The Cow): 184]

Indeed, the Prophet (May the peace and blessings of Allaah be upon him) forbade the selling in which there is uncertainty¹, in addition to the fact that the insurance company concludes

¹ Reported by Muslim, chapter of "Selling" (hadeeth 3881), Aboo Daawood, chapter of "Selling" (hadeeth 3378), At-Tirmidhee, chapter of "Selling" (hadeeth 1275), An-Nasaa'ee (hadeeth 4535), Ibn Maajah, chapter

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insurance contracts and gets investment gains, though it provided nothing to the insured person, but it only had a contract with him which consists in indemnifying against a possible danger. This is in fact, an imposition that the Sharee'ah did not impose, besides the insurance company did nothing for the insured person. For this reason, this kind of contracts is forbidden -if they are not imposed upon the person-, whether they are related to a selling or other, since it is a helping in sin and transgression.

The perfect knowledge belongs to Allaah (*Mighty and Majestic is He*). Our last prayer is all praise is due to Allaah, the Lord of the Worlds. Peace and blessing be upon our Prophet (May the *peace and blessings of Allaah be upon him*), his Family, his Companions and Brothers till the Day of Resurrection.

Algiers, Dhu Al-Qa`da 24th, 1426H.

Corresponding to: December 26th , 2005.

of "Trades" (hadeeth 2278), Ahmad (hadeeth 9119), Ad-Daarimee (hadeeth 2609), Ad-Daaraqutnee (hadeeth 2879) and Al-Baihaqee (hadeeth 10720) on the authority of Aboo Hurayrah (*May Allaah be pleased with him*).

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