



Fatwa no. 5918

Q: Modern insurance contracts imported from the West have become very widespread in our countries, so a good deal of Muslims subscribe to them. Many insurance companies and offices have also been founded. Furthermore, many Muslim merchants, factory owners and businessmen have subscribed in them as a guarantee for their imported goods and to redress any of their damaged or stolen goods or in case an accident occurs during construction operations, to factories or

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to workers in terms of destruction, loss, murder or harm. Insurance may also compensate for the loss arising from accidents, robbery or damage that may happen to cars and may pay for the collapse of wells or mines and thus, the insurer escapes financial responsibility. Also, through life insurance the insurer's heirs will receive compensation in case of his death. In fact, there are many other fields of insurance which are classified, defined, specific conditions which are stipulated and for which annual installments are paid by the insurer to the company in defined amounts. Moreover, insurance companies organize insurance contracts pursuant to their own laws which are adopted and recognized by governments. We would like your answer to our question regarding the legality of insurance contracts in the light of Shari`ah (Islamic law) and to explain the ruling on working for such companies.

A: All types of insurance are Haram (prohibited), as they involve Jahalah (sale with lack of knowledge) and Gharar (fraudulent transaction where details about the sold item are unknown or uncertain) - which are unpardonable. They are also a form of gambling and taking people's money unjustly, and include Riba (usury/interest). There is a lot of evidence that all these transactions are forbidden. Allah (Exalted be He) says: **﴿And eat up not one another's property unjustly (in any illegal way e.g. stealing, robbing, deceiving, etc.)﴾** He (Exalted be He) also says: **﴿Shaitân (Satan) wants only to excite enmity and hatred between you with intoxicants (alcoholic drinks) and gambling, and hinder you from the remembrance of Allâh and from As-Salât (the prayer). So, will you not then abstain?﴾**

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Moreover, the Prophet (peace be upon him) **﴿forbade Gharar sale (fraudulent transaction where details about the sold item are unknown or uncertain).﴾** Likewise, it is impermissible to work for insurance companies as it involves helping them in sin. 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