



Fatwa no. 19406

Q: Attached is a promotional advertising paper for the services of the United Company for Installment Sale. This company calls people to insure their cars

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against accidents, injures and damages. The company claims that this type of insurance is considered cooperative insurance and to deceive ordinary people, they claim that the Council of Senior Scholars has issued Fatwas with the permissibility of this type. I hope your Eminence will explain the right view on this issue, publish your Fatwa in newspapers and magazines and explain to us the permissible and the impermissible insurance to enlighten people in this regard. May Allah protect you and lead you to do what is good and right and peace and blessings of Allah be with you!

A: The type of insurance mentioned in the enclosed paper ascribed to the Cooperative Insurance Company and United Company for Installment Sale, is an unlawful commercial insurance upon which applies the resolution issued by the Council of Senior Scholars no. 55 in 4/4/1397 A.H. The insurance company tries to deceive people by mentioning that the Council of Senior Scholars has admitted

cooperative insurance as a permissible type of insurance just to justify its activity. The Permanent Committee for Scholarly Research and Ifta' has issued a statement that has been published in some magazines explaining to people that this is deceit and falsification. The statement reads:

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A Statement from the Permanent Committee for Scholarly Research and Ifta' with regards to Commercial Insurance and Co-operative Insurance

All Praise is due to Allah, The Lord of the Worlds and peace and blessings be upon our Prophet Muhammad, his family and Companions. To commence: The Council of Senior Scholars has issued a resolution that prohibits all types of Commercial Insurance because commercial insurance involves great risks and consumption of people's financial rights which are all prohibited according to the sanctified Shari`ah and are utterly forbidden. Also the Council of Senior Scholars has issued a resolution of the permissibility of a type of Co-operative Insurance, in which benevolent people donate money to help the needy and stricken people. They do not aim at generating profits, increasing capitals, nor investment revenues. By helping the needy, the benevolent people seek reward from Allah (may He be Glorified and Exalted) and do not aim at making worldly revenues. This type of insurance is lawful according to Allah's saying: ﴿ [Help you one another in Al-Birr and At-Taqwâ \(virtue, righteousness and piety\); but do not help one another in sin and transgression.](#) ﴾ and according to the saying of the Prophet (peace be upon him): ﴿ [Allah helps His slave as long as the slave helps his brother.](#) ﴾ This matter is very clear and there is no doubt about it. However, lately

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some institutions and insurance companies deceive people and obscure facts by calling unlawful commercial insurance "cooperative insurance". Moreover, to deceive people and propagate their companies, they claim that the Council of Senior Scholars views that this type of insurance is permissible. The Council of Senior Scholars is by far above approving it. The Council's resolution is clear in separating between Commercial Insurance and Cooperative Insurance. Changing names does not change facts. We issued this statement in order to explain this deceit and falsification to people. May peace and blessings be upon our Prophet Muhammad, his family, and Companions!

The general Mufti of the Kingdom of Saudi Arabia, Chairman of the Council of Senior Scholars and Chairman of the Permanent Committee for Scholarly Research and Ifta', `Abdul `Aziz ibn `Abdullah ibn Baz

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

Permanent Committee for Scholarly Research and Ifta'

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