



Fatwa no. 4031

**Q:** The Iraqi government has recently cancelled the usurious interest on the loans taken from the Real Estate Bank. However, they stipulate that whoever wants a loan to build his house must insure it in the insurance company. He has to pay a sum of money to the insurance company once, then if any damage afflicts the house, he has the right to ask the insurance company to pay back his loan to the Real Estate Bank. Is it permissible for the person to take a loan from the Real Estate Bank according to this condition? If it is not permissible, will it be permissible for him to take a loan if he wills his inheritors not to take the insurance indemnity and to pay the loan back to the Real Estate Bank in case he dies or if he refuses to take the indemnity while he is alive?

**A:** This type of commercial insurance is unlawful because it involves Gharar sale (uncertain sale), Riba (usury) and Jahalah sale (sale with lack of knowledge). It is not permissible for you to apply for

( Part No : 15, Page No: 255)

a loan from the Real Estate Bank on the condition that you must insure the house. May Allah grant us success! May peace and blessings be upon our Prophet Muhammad, his family and Companions!

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