



### The third question of Fatwa no. 4019

**Q 3:** Many corporations in the USA such as telecommunications, water and electricity companies, demand that a subscriber pay an amount in advance as insurance to guarantee the continuity of paying the bills due on them. The company then deposits this insured money into the account of its owner in a bank in a saving account i.e., the bank gives the owner of the money a percentage of profit per month. At the end of the year, the company repays the insured sum to its owner plus the interest in one cheque. Some Muslim brothers tried to convince the company to repay them only their capitals but they refused with the excuse of having to act according to the law. Is it permissible for them to take it? If it is taken, what should we do with it?

**A:** The subscriber's payment of an amount as an insurance to the company of telecommunications, water or

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electricity to guarantee the payment of the installments due on him to the company is permissible. However, depositing this amount in the savings fund with interest is prohibited. It is a major sin because it involves Riba (Usury) whether the interest is for the owner of the money or for the company. The law does not turn what is unlawful to lawful but the ruling of Allah must be applicable even if it goes against the law. It is not permissible for you or for the company to benefit from this interest. If it is taken from the company, it should be spent in righteous ways and you should stop this transaction. May Allah grant us success! May peace and blessings be upon our Prophet Muhammad, his family and Companions!

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