



The second question of Fatwa no. 2233

Q 2: What is the ruling on insurance, such as cars, goods, workers and factory insurance? Sometimes the person applies for insurance willingly. Other times he is forced to have insurance. For example a car dealer may stipulate that the customers must insure the new cars they purchase by installments. The same applies when a person sends goods from another country. We would like to know

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whether there are lawful and unlawful types of insurance. Is insurance considered a type of Riba (Usury)?

A: The type of insurance mentioned in the question, known as commercial insurance, is unlawful because it involves Gharar sale (uncertain sale) and Jahalah sale (sale with lack of knowledge) that cannot be overlooked. It also involves gambling, consuming people's financial rights and Riba (usury), which are all proved to be unlawful transactions according to religious evidence. In fact, it is not commercial insurance when the purchaser is forced to insure the goods he buys from the seller. Commercial insurance is willingly applied for and the purchaser can buy the car without insuring it or purchase imported goods whenever they arrive to the port of arrival. Such a procedure is usually taken by traders who seek to avoid unlawful transactions. May Allah grant us success! May peace and blessings be upon our Prophet Muhammad, his family, and Companions!

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