



INSURANCE FROM THE POINTS OF ISLAM

Social Science

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ABSTRACT

Recently the subject, insurance got one of the most controversial topic which has been being discussed as long lasting phenomenon by the Islamic scholars. To choose a much known and thoroughly acceptable agreements of the Islamic scholars is to act through other logical possible approaches named contributive insurance instead of non-Islamic commercial Insurance that is currently the modern world typical forms of protecting and assuring goods and people.

KEYWORDS

INTRODUCTION

Islam is a complete religion; it has declared difficult and complicated subjects for to facilitate the human's life affairs. Islam has the obvious and very well-known explanations for all current and new future possible misunderstandings that are going to be created until dooms or resurrection day among humans.

if there is a misunderstanding or an issue abstruse, Islam has allowed for the Islamic scholars to search ways and reasons to solve the misunderstandings based on a perspective, Ejtihad -Attempting to declare an unclear issue using Quran and authentic Hadith of Muhammad.

The Insurance got on its existence for the first time in Italy in 20th century and was gradually expended all over Muslims and non-Muslim countries of the world. Hence, I decided to search on this new phenomenon.

The research was done on the following subjects:

1. The definition of insurance
2. The types of insurance
3. The edicts of insurance
4. Other relevant subjects

I hope everyone finds it advantageous and gainful at all.

Insurance: To protect the goods not to be damaged, ships not to be sunk and cargos not to be lost, the insurance was first established in Italy in twentieth century fox to take financial risk.

Shapely; it is divided into two parts;

1. Contributive Insurance: Group of the entrepreneurs gets to gather for to save some amount of the money for to be paid for a member of the group, who faces to a financial loss or harms. If the amount of the money saved, is less than the losses which the member faced with, the other members will add some much more to cover the risk. If any event doesn't happen, they will divide the saved amount among one another or keep saving it for the next year. As most of the Islamic scholars accepted this type of the insurance as a lawful one.
2. Commercial Insurance: like other business firms, this is also the one which does something for to gain benefits or profits. As it serves in different parts, when a person wants to insure something or someone instead of a periodic known amount of money, which must be paid in certain installments and then when the person who just insured his or her goods faces an event like his goods lost, burnt, sunk or damaged, after a proofing process he is paid back or compensated by the Insurance company. Estimating the risk of the goods which are going to be insured, needs someone be expert who is called the Actuary.

Commercial insurance is divided as bellow subjectively:

1. Insurance of loss: the dangers by which affects the insured one who face with must be compensated accordingly. it is divided as bellow:
 - a) Risk taking insurance: Insuring and certifying the responsibility of an insured person in commuting or working events which he

has toward someone else caused by him to get loser or harmful. by other word; we can say that, we can insure ourselves to be rescued from the losses or harms that we'll encounter in our future, this type of the insurance is called "the third party". Although, in the law of our country it is ordered that we must be insured while driving on roads. in most of the western countries when someone throws the snow in front of his house which causes sliding or falling down of another one, the owner of the house is to pay the fine for the falling down one. We also do have companies to insure such risks as well.

- b) Goods insurance: It is paid for the insured person while his insured goods are lost, stolen, burnt, or damaged by contributive disasters. it is a type of the insurance, when you register all the goods are going to be insured, there for; you will pay an amount of money in an installments. And when your goods face an event you will be compensated. Otherwise the entire installing amount will not be returned back to you. This type of insurance serves in airplanes, cars and so on like these parts.
2. Human Insurance: it is divided as bellow types.
 - a) Life insurance: when you insure yourself in this type of insurance, you will pay as periodically an amount of money in an installment, and you will be paid while getting sick, old or even die, as then; the money will be given to your inheritors based on the necessities. if you register for a life insurance, you should pay a periodical installment fee, until a specific period of the time, either you are alive or died you are compensated or returned back, Vice versa; in goods' insurance when the goods are damaged, lost or burnt until a certain time you are compensated; otherwise you are not.
 - b) Insurance from physical events: it is when the owner of the insurance company is to pay certain amount of money because of metal events, for the insured person or for his inheritor.

According the public and private aspects: we also have two types of insurance companies

1. Individual or special insurance: This has been specialized at certain risk or danger of the insured one.
2. Social insurance: By specific strategy of a government which causes to benefit a certain group of the society is called the insurance group. it is like when some amount of his payment is deducted per specific period and is kept and saved for him to be paid at the time; of his retirement, weakness, elderly or when he or she dies to his or her inheritors.

Definition, types and edicts of health Insurance: As Islam stimulates everyone to help and cooper ate one another. as it said as known slogan that if a Muslim solves another Muslim's problems, Allah will solve his or her problems in the resurrection or dooms day and a Muslim is like the brick of a wall which causes the tightness to other Muslims. Or as part of one body, when apart gets in troubles, makes the rest parts to be as well in the same troubles.

Health Insurance: it is a part of social insurance, the premium; which is type of the benefits for the company owner, which is paid in different installments, the employee, employer and the government are the only usual participants of this type of insurance.

Types of health Insurance:

1. Commercial health Insurance: this is an agreement between a person, an organization and an Insurance company. The insurance company is compelled to pay some much money on different installments, if he gets sick during a specific period.
2. Contributive Health insurance: this is an agreement between a person, an organization, and the Insurance company, if the insured one gets sick, it is on the Insurance company to pay for partly, or all cost of the his treatment. Within the selected sites, all extra shares which are created by the operational performance of the insured company must be divided and given to policy makers.
3. Healthy Insurance: Group of the people agrees that if anyone of the group gets sick or gets loser, he must be treated by the amount saved by the members of the group.
4. Direct insurance: a hospital as an insurance company certifies and insures that if the person who was as registered with the company, gets sick or in trouble it is on the hospital to pay for the curing or treatment. And the insured one should pay its premium to the hospital in certain installments.

The edicts of all types of health insurance:

1. Social Healthy insurance: this type of the insurance is permitted in the Islam. And it is a compulsory service on the state and government to be done for the citizens or followers. According to the rule of the Islamic law of Feqah² as the leader or the president is dominated on his followers though the existence of advising is the condition for that³ here instead of any direct benefits, social prosperity is aimed.
2. The edict of social health insurance: this type of insurance is completely unlawful. Islamic scholars of Feqah declared their ending statement on no: 219/9 And as well on ending statement of Islamic scholars in Jedah on No: 2/9:9/4 And also the scientific research and permanent dictum committee center on 467: 32/5/ Both have agreed to prohibit the commercial insurance.

The reasons are as bellow: This intersection is based on danger so that according the Islamic law of Feqah, This type of transaction is identical to the gamble, narcotics and opiate, as the prohibition of gamble, narcotic and opiate have already been obviously explained in Islam which are obsolete unlawful and prohibited.

According to this sign of holy Quran:

Oh! Muslims avoid of all these devilish and foul deeds such as: wine, corn (Gamble), idols arrow and the gamble which are prohibit din Islam according to the sign of holy Quran.

Oh! Muslims try not to possess the goods of each other among your selves illegally but with satisfactorily lawful business.

As there is a clear deception in the transaction of all type of commercial insurance, so that; according Muslims Authentic Book of Hadith of our Prophet Muhammad ^ﷺ Al Hadith: Imam Muslims quotes that we were informed by Abu- Bakr Bini Abi-shiaba, he quotes from abu Asama, and he from Abdullah, and also dear Muslim quotes that I was informed by the ZahirBeniharb, says: that he was informed by Yahyah Bini Sayaad who quotes from abuhoriara, says that dear Prophet has forbidden us from the(betting to sell something while playing a game is plaid with small stones, and as well as the deceptive dealing), according the mentioned reasons all type of the commercial insurance is unlawful and is prohibited by the Islam.

The reasons, why the commercial Insurance is prohibited in Islam, The insurance which has affixed share has been prohibited due to 5 below reasons (3428:5/7)

- (a) Interest: an addition in the compensated amount to be returned during the total amount of the installments as the insurance cost. The insurance companies get their goods from illegal and based on interest ways and the company adds interest rate on installmentsdelayed. (3428:5/7).
- (b) Deception: possibly this is the compensation of insurance which is not fixed and doesn't exist as well. in this type of the method, the insured one is harmed and lost more than the total amount of the installments.
- (c) The loss: there is a big deal of loss in the insurance, because the place of contract is unknown, one of the condition of the contract is to identify the place where the contract is contracted.(3478:5/7)
- (d) The Gamble :the goods are presented for an unknown direction, a deal identical to gamble, meanwhile; the insured man pays less

than what is gained by him as compensation, which is an identical deal with gamble.(3428:5/7)

- (e) The ignorance: what is contracted between both sides is unknown. And as well both sides don't know the exact amount of loss or profits of the intersection.

The edicts of Healthy Contributive Insurance: according the Islamic scholars it is lawful and must be expended because there isn't anything as gamble, deception or things prohibited or unlawful.

The Edict of Healthy exchangeable insurance: all Islamic scholars agreed on the lawfulness of this insurance.

Direct Healthy insurance Edict: this is a lawful and legal contract, because the conditions are completed with enough bases, regardless to the ignorance exists on the site of the contract, which is less to effect on what the contract has been dealt with.(3428:5/7)

Commercial insurance edict: the subject of insurance has been widely discussed in Islam. The first Islamic economic conference, which was held in 1397 in Makah –tol-Mokarama, after a long lasting discussion, it was concluded as below.

The conference suggests that commercial insurance which is done by many firms doesn't have any social lawful sponsorship. This is because it doesn't contain all the lawful conditions.(104:10/9)

The conference also suggests that instead of this evil, unlawful, commercial insurance. We should establish another one which be more profitable but must exclude both, the interest rate and the deception. Eventually; it must be found helpful and accompanied to all Muslims.(104:10/9)

Consequently; after a hard lasting discussion it was proposed by the Islamic association of Islamic Feqah of Saudi Arab government to prohibit commercial insurance and all its types as well.(104:10/9)

Senior Islamic scholars' sessions or council on 397:4/4 about the prohibiting edicts in City of Riyadh and as well in the conference of Makah City, month of Shaaban 10th /1398, declared their judgment as below.

- 1) Insurance is a type of contract which is compensated socially and most of its parts contain the deception and deceiving. The happening of the events are rarely possible, that's why, both sides of the contract are thoroughly in ignorance.
- 2) The contract is a type of the gamble, because there is danger in its financial re-compensation. Due to that; the gamble is unlawful and prohibited in Islam.(104:10/9)
- 3) In fact; the commercial insurance is from a type of illegal competition(104:10/9)
- 4) The contract is illegal, because the goods or the money of someone stranger- the one who is from the neither sides of the contract is taken.(104:10/9)
- 5) In the contract no one has been forced for any compulsorily performance by Islam. While nothing has been happened as loss or harm to insured one. The contract has been done based on to insure the happening of the danger. While the insurance company hasn't done anything for the insured one. Due to this; it is an unlawful contract.(104:10/9)

Religious Edicts of commercial Insurance: Right now this type of the insurance is a well-known one. Islamic scholars haven't agreed on the same resolution, even though, a lot of Islamic Scholars have discussed about it. Arabic scholar, sheikh Abu-Zahra and sheikh Abu-Mustafa Alzarqa had thoroughly discussed and debated about the subject. Although Mr. Mustafa has counted it as lawful contract while his opponents deny its lawfulness.

Except, either of the Islamic scholars; Mr. Mustafa Alzarqa and Sheikh Ali Al Hanif, all other Islamic scholars have disagreed its lawfulness. According Islam; in an insurance contract, there are both; the gamble and Interest rate as well. The reason, why there is gamble in an insurance contract, is when the paid amount of one side of the contract is identified while the amount of other side is unidentified.

The money which is given in an installment will be missed without any certification and it is likely to be gained as well, with its interest rate, due to that we can call it as a gambling deal.(131:4/6)

As we can also call it an interest rate, because the money is exchanged by money with an extra amount of it, it is like; when the money which is paid may be less or more than the company's exact loan's level.

Although, there isn't gamble in life security insurance, since the money is returned back but still there are interest rate and deception. The conditions of an Islamic insurance contract includes; the THAMAN (Money) MUBEYA (the thing which is sold) as one of them is unknown in non-Islamic commercial insurance or it is related to the happening of an unknown event. Within the insurance contract it is known that how much money to be paid through certain installments for the company by an insured one, but it is still possible that more than amount paid will be gained by the insured one within an event. (131:4/6)

Briefly; we are going to quote and narrate the reasons that both of the sheikhs agreed on lawfulness of the contract, Sheikh Ali al Hanif and Sheikh Mustafa Al Zarqayee, as below.

1. The only difference between the gamble and insurance contract is this that the gamble is a type of evil and devilish deeds, while the insurance is a great task and a clear agreement between the human being. The answer for the above reason is this, that when something is accepted once as an evil deed, it will remain forever in an evil mood of performance, either contracted or not.
2. The amount of money which is paid for insuring or securing the person or the goods is not instead of the money which is paid as compensation to an event that an insured one faces with.

It is allowed in Islam to get money instead of protection and insuring goods or people.

For to proof this, they have brought the Custodian's services which causes a great safety and security for the people and their goods that are kept by the Guard or Custodian. The answer to this reason is this, that, in an insurance contract the deal is not done for protecting or securing but it is done money for money. The example which was given, the deal is done for to keep or protect a person or goods which is lawful and allowed in Islam but when the deal is money for money as the existence of equality is the only condition in such deal, though, there isn't anything as equality in an insurance contract. (29:21/11)

According the Islamic Saudi Arab Great scholar agreed that the commercial insurance and all its types are absolutely unlawful and prohibited after a great council in Saudi Arab, No: 55 on 1397/4/4(104:10/9)

Islamic lawful commercial insurance:

- Mutual Insurance: Participants of this insurance collect certain amount of money for the time, when one of the members gets harmful or in loss, he or she is backed or assisted from the amount saved.

He can return back the amount until the end of the year or the amount will be collected by his or her name to the year latter. Although, in most Islamic countries there is also accompany named-Sharikatol –Takaful which is called, commercial Insurance company's shareholders, the company invests on a profitable and advantageous business, divides its revenues on the shareholders and the company's saved amount is spent to avoid the dangers. (104:10/9)

In council in Jeddah by the Islamic scholars on the second agreement of Islamic Feqah on 1406/6/10 declared and thoroughly disagreed with lawfulness of the contract and called the commercial insurance as a great fraud and as well the council by most well-known scholars of Islam except Mustafa Al Zarqa all other scholars prohibited the commercial insurance and all its types as well. Eventually; they suggest contributive or helping insurance instead. (104:10/9)

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