

THE INSURANCE OF CARS

Q: 14- "Is car insurance permissible? The photo-copy of an article published in "Arab News" is enclosed wherein it is held that car Insurance is perfectly permissible and it is not against the concept of Tawakkul" or "Taqdeer". Please explain whether or not this viewpoint is correct in Shari'ah." (Mansoor Qadri, Jeddah)

A: I have gone through the enclosed article, and I am sorry to say that the viewpoint mentioned therein does not reflect the correct position of insurance according to the principles of Shariah as recognized by the overwhelming majority of the contemporary jurists.

In fact, all forms of the commercial Insurance prevalent in the traditional Insurance companies are against the Islamic principles because they have either an element of riba or the element of qimar or gharar.

The basic cause of the impermissibility of the current methods of insurance is not that the insurance is against the concept of tawakkul or taqdeer. It is rightly mentioned in the article of "Arab News" that taking a precautionary measure against a possible loss or seeking a safe-guard against an accident does in no way contravene the concept of `Tawakkul" (placing one's trust in Allah) and of "Taqdeer" (Allah's will and destiny).

However, like any other act in this life, every measure of precaution must conform to the principles of Shari'ah and should not in any manner cross the limits prescribed by the Holy Qur'an and Sunnah.

It is a well settled principle of Sharibh that every transaction between two parties in which the payment by one party to the other is certain and mandatory while payment by the other party depends upon a contingency (which may or may not occur) is included in qimar and gharar and is, therefore, unlawful.

The insurance of cars or other goods with the traditional Insurance Companies is a commercial transaction in which the person who wants to insure his goods is bound to pay a premium to the company in accordance with the prescribed conditions. This payment is certain and mandatory without which an insurance is not possible. But on the other hand, the payment by the company is not certain. It is contingent upon an event or accident which may or may not occur. If the accident takes place, the company is bound to pay an amount far more higher than the amount of the premium paid by the insured, but if the accident does not take place, the company does not pay to him anything and the premium paid by him goes without any return. In other words, the insured is bound to pay in any case while the company may or may not pay. Such kind of transaction is termed as gharar and Qimar and is strictly prohibited in Shariah.

Moreover, if the accident takes place, the amount of insurance is paid to the Insured as a consideration of the amount of premium. It is again repugnant to the well-settled principle of Shariah that where money is exchanged for money, both the amounts should be equal in

quantity. Any increase on either side is *riba* which is clearly prohibited by the Holy Qur'an and Sunnah.

It is for these reasons that all the prevalent forms of commercial insurance have been held by the majority of the contemporary Muslim jurists as prohibited. This subject has been thoroughly discussed in different international seminars and conferences. Lastly, the question was also put before the Second Annual Session of the Islamic Fiqh Academy (established by the OIC) in Jeddah where all the Muslim countries were represented through their eminent scholars. After a detailed discussion of the subject, the Academy has adopted the unanimous resolution that the prevailing forms of insurance are prohibited in Shariah. However, the Muslim countries can develop their own system of insurance through the concept of *takaful*, *waqf* etc.

However, it should be remembered that since third party insurance is a mandatory legal requirement for every car-owner, he can effect this kind of insurance, because it is not possible for him to avoid it.'

Contemporary fatawaa