

SEVERAL QUESTIONS ABOUT INSURANCE? AND INTEREST

Q:31- (1) Is it Jaiz (permissible) to take an insurance policy front a conventional insurance company to cover our employees against liability in the following circumstances:

** Injuries that may be suffered by workers (company employees) due to accidents in the course of their work.

*** within the company's premises.

*** whilst travelling in company vehicles.

*** Injuries that may be suffered by innocent parties involved in accidents within the company's premises or in company vehicles.

In the case of motor insurance it is a statutory requirement that vehicles owners must obtain an insurance policy to cover third party risks and the company complies with this requirement. This is the only form of insurance cover that the company now takes.

(2) Is it jaiz to take out an insurance policy to cover the anticipated medical expenses of the employees of the company?

(3) Most companies offer to meet the medical expenses of the employees of the company?

(4) There are circumstances in which the bank charges us interest when our current account goes into overdraft due to circumstances outside our control --□ mainly due to non-realization of cheques issued to us by our debtors.

Is it jaiz for us to recover such interest from the debtor concerned? (Rafiq Qasim, Colombo)

A: (1) The permissibility or otherwise of an insurance policy depends on the nature of the insurance scheme and on the terms and conditions of the transaction. But, leaving aside the mutual insurance schemes, all the insurance policies available with the traditional insurance companies run on commercial basis have an element of interest or qimar or both. Hence, they are not allowed in Shari'ah. So, it is not permissible to take an insurance policy from a conventional insurance company in any one of the first four situations mentioned in your question. The prevalent third party insurance also does not

conform to the rules of Shariah. However, being a necessary legal requirement for the use of a motor car, it is allowed on the basis of necessity only in those countries where this kind of insurance is compulsory.

(2) The same reply is also applicable here.

(3) A company may create a mutual insurance fund of its own for this purpose. But it is not permissible in Shari'ah to take a policy from a traditional insurance company.

(4) If the interest is charged by the bank without your knowledge or without your having entered into an agreement with them for an interest---bearing transaction, you cannot be held responsible for the sin of paying interest. But at the same time, you cannot claim the amount of interest from your debtor, because in that case you will be entering into a transaction of interest deliberately.

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