117290 - He has an import-export company and he is forced to take out insurance on the goods

the question

I have an import-export company, and with regard to the company it is compulsory to pay for insurance on all items that are imported or exported from Morocco. What should I do? We have no Islamic companies in our country.
Is it permissible to take out insurance on the rate of exchange, or on the risk of the customers not paying the price of the goods, or to take out insurance on the goods themselves in the event that they are taken to an exhibition?.

Detailed answer

Praise be to Allah.

Commercial insurance is haraam, because it involves gambling and ambiguity. The one who pays money to the insurance company is taking a risk. Either he will lose all the money that he paid or he will take more than that, and this is gambling which Allaah forbade in the Qur'aan (interpretation of the meaning):

"O you who believe! Intoxicants (all kinds of alcoholic drinks), and gambling, and Al-Ansaab (stone altars for sacrifices to idols etc), and Al-Azlaam (arrows for seeking luck or decision) are an abomination of Shaytaan's (Satan's) handiwork. So avoid (strictly all) that (abomination) in order that you may be successful.

91. Shaytaan (Satan) wants only to excite enmity and hatred between you with intoxicants (alcoholic drinks) and gambling, and hinder you from the remembrance of Allaah and from As-Salaah (the prayer). So, will you not then abstain?"

[al-Maa'idah 5:90-91]

Contemporary scholars have stated that commercial insurance is haraam because it is a kind of gambling. It says in Fataawa al-Lajnah al-Daa'imah (15/297):

(a)it is not permissible for a Muslim to insure himself against illness, whether he is in a Muslim country or in a kaafir country, because that involves ambiguity and gambling.

(b)It is not permissible for a Muslim to take out life insurance or insurance on any part of his body, in whole or in part, or on his wealth, property, car and so on, whether that is in a Muslim country or a kaafir country, because that is one of the kinds of commercial insurance, which is haraam because it involves ambiguity and gambling. End quote.

Shaykh Ibn 'Uthaymeen (may Allaah have mercy on him) said:

Insurance means that a person pays a certain amount to the company each month or each year against an accident that may happen to the thing insured.

It is known that the one who pays insurance is losing in all cases, and the insurance company may win or lose, because if the accident is very serious and costs more than the money paid by the customer, the company will lose, but if it is minor and costs less than the money paid by the customer, or if no accident happens at all, then the company will win and the customer will lose.

This kind of contract – i.e., contracts in which a person may win or lose – is regarded as a kind of gambling which Allaah forbids in His Book and mentions alongside drinking alcohol and worshipping idols.

Based on this, this kind of insurance is haraam. I do not know of any kind of insurance based on ambiguity that is permissible, rather all kinds are haraam, because of the hadeeth of Abu Hurayrah (may Allaah be pleased with him) who said that the Prophet (peace and blessings of Allaah be upon him) forbade transactions based on ambiguity.

End quote from Fataawa 'Ulama' al-Balad al-Haraam, p. 652, 653

If you are forced to pay insurance, then an accident occurs, it is permissible for you to take from

the insurance company the equivalent of the payments that you have paid; anything more than that you should not take. If they force you to take it, then you should donate it to charitable causes.

And Allaah knows best.