267443 - Ruling on participating in a social solidarity fund for a group of doctors

the question

I am a female doctor residing in Kuwait, and I am intending to participate in a social solidarity fund belonging to a professional group for doctors. I would like to know the shar'i opinion on the way this fund is operated:

i. Each participant pays a fixed monthly sum of money to be invested in an Islamic bank. When resigning, the participant will take back the amount that he paid, with any profits in full.

ii. Every time one of the participating doctors passes away, a sum of money will be deducted from each doctor who is participating in the fund for the benefit of the family of the deceased.

Does the first action come under the heading of riba? And does the second action come under the heading of life insurance, which is unlawful?

Detailed answer

Praise be to Allah.

Firstly:

It is permissible for an employee to pay a fixed monthly sum to be invested in an Islamic bank, and when resigning, the participant may take back the amount of money that he paid, in addition to any profits. This comes under the heading of permissible investments, and there is nothing wrong with the employees cooperating in that.

It is stipulated that the bank in question should adhere to Islamic guidelines in its dealings. The conditions of shar'i investment have been discussed previously in the answers to questions no.

114537 and 264895

Secondly:

It is permissible for employees to donate a part of their wealth when one of their colleagues passes away, so that this money may be given to the family of the deceased, and there is nothing wrong with setting up a fund for this and similar needs, such as marriage, Hajj and the like. That comes under the heading of cooperative insurance, not commercial insurance, on condition that the intention be to donate and help one who is in need, not to gain something. If the money in the fund is invested, then this must be done in accordance with shar'i guidelines.

The Standing Committee for Issuing Fatwas was asked: Because there are so many accidents, almost every day or every month, due to accidents on the road, which may be fatal or cause head injuries and other injuries, and because Islam obliges the 'aaqilah (male relatives on the father's side) to pay the diyah (blood money) that becomes due from the tribe in the event of mistaken killing, quasi-intentional killing and injury, as a result of that the tribe has decided to set up a charitable fund to which every member of the 'aaqilah will pay an agreed-upon sum of money annually, in order to deal with whatever may happen in the future of calamities that incur payment of the diyah (blood money), so that the members of this tribe can work together as a single 'aaqilah. When one year has passed since the wealth was acquired, is zakaah due on it?

They replied:

Firstly, the agreement of the men of the tribe on the matter mentioned is regarded as a good and charitable deed, because of what it involves of cooperating in carrying out an obligatory duty.

Secondly: When one year has passed since the money was collected for the purpose mentioned above, then no zakaah is due on it if what was collected will not go back to being the property of those from whom it was collected if the project should fail, for example; rather it will be spent on the purpose for which it was collected or on other charitable causes.

End quote from Fataawa al-Lajnah ad-Daa'imah (9/457)

Shaykh Ibn ‘Uthaymeen (may Allah have mercy on him) was asked about a charitable organisation that was set up for a similar purpose, and he replied:

I have studied the constitution of the charity in question, and I have not seen anything in it that would disallow the setting up of this charity, if the common purpose is to cooperate, without any gains or benefits from the fund, because if it is done with the intention of cooperating and helping one another, then it comes under the heading of doing good, whereas if it is done with the intention of gaining and benefitting, it comes under the heading of gambling, which is haraam.

End quote from Majmoo‘ Fataawa Ibn ‘Uthaymeen (18/183)

And Allah knows best.