285340 - Is Life Insurance Part of an Estate in Islam?

the question

I have signed up for a mutual support (Takaful) fund through an Islamic bank. In the event of my death, a sum of money will be paid from the Takaful fund by the bank to help my family, but I have the right to decide the names of those who will benefit from this financial help after my death. Please note that my father is deceased. Is it Islamically permissible for me to nominate one of the heirs to receive the entire amount himself, such as nominating my full sister to receive the entire amount herself, as I have previously read that the money from the Takaful fund is not regarded as part of the estate?

Summary of answer

If someone signs up for Takaful (mutual support) insurance that pays out a sum of money when he dies, this wealth belongs to his heirs. There is nothing wrong with registering the name of one heir to receive the money from the bank, then put it with the rest of the estate so that it may be distributed to all the heirs.

Detailed answer

Praise be to Allah.

Is life insurance part of an estate in Islam?

If someone signs up for Takaful (mutual support) insurance that pays out a sum of money when he dies, this wealth belongs to his heirs, because it is wealth that came into the possession of the deceased upon his death because of measures that he took during his lifetime. Therefore, it is to be regarded as part of his estate.

In *Al-Mawsu`ah Al-Fiqhiyyah* (11/208), it says: Ash-Shafi`i stated that the estate includes anything

that came into the possession of the deceased after his death as a result of some measures that he took during his lifetime, such as fish that fell into a net that he set up during his lifetime, because his setting up of the net for the purpose of catching fish is the reason for the fish coming into his possession. The same applies if he died and left behind wine that turned into vinegar after he died. (End quote)

Also, refer to: *Asna Al-Matalib* (3/3) and *Tuhfat Al-Muhtaj* (6/382)

This financial aid or compensation is because of measures taken by the deceased (before his death).

Dr. Husam Ad-Din `Afanah (may Allah preserve him) said: "If the financial compensation is given by insurance companies in cases of murder, then this wealth is like the Diyah (blood money), so it is to be divided according to the Islamic laws of inheritance.

It should be noted that if the insurance company pays compensation in cases of murder or killing, or the state courts (non-Shari`ah courts) issue a decree to that effect, and the court states that it is to be distributed on the basis of equal shares for both males and females, or the manner of distribution is contrary to the Islamic rulings on inheritance, then it must be redistributed according to the rulings of Islamic Shari`ah.

Whoever does not do that, when he is aware of the Shar`i ruling, is a sinner, according to Islamic teachings." (End quote)

Distribution of life insurance money according to Islamic law

Based on that, there is nothing wrong with registering the name of one heir, if the purpose of doing so is simply that the bank will pay the money to that person and the role of that heir is to receive the money from the bank, then put it with the rest of the estate so that it may be distributed to all the heirs. But this should be written in your will.

You should also take precautions to safeguard the rights of the other heirs, so that the one whose

name is recorded as the recipient of the money will not be able to keep all the compensation for himself or to dispose of it in a manner that is contrary to the Islamic teachings on division of the estate.

If you can register the names of all the heirs, or not write the name of any of them, without that impacting anyone's rights, whilst allowing for those who are entitled to it to obtain the money that they are entitled to after you die, then that is more appropriate and more prudent.

But if you write the name of one of the heirs so that he may receive all of the money, then it is not permissible to do that except with the permission of the other heirs, because "there is no bequest to an heir, unless the other heirs agree."

For more details, please see the following answers: 184222, , 217207, 20709, 39661, 85419, 87747, 180521.

And Allah knows best.