



*In the name of the Allah, The Beneficent, The Merciful*

Please could you clarify if house insurance is permissible, and if so, under what circumstances as I recently heard a Moulana suggest that it was permissible on the basis to protect a neighbour's property in case of fire, flood, etc?

Jazakallah in advance.

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## الجواب حامداً و مطلياً و منه الصدق و الصواب

Conventional home insurance involves the unlawful elements of *gharar*, *khatar*, *qimar*, *meysir* and *riba*. It is a commutative contract wherein the liability of the insurer is uncertain; the insured's ownership of sum insured is contingent; gain of one party is dependent on the loss of the other; monetary gains result from mere chance, speculation and conjecture and not from real activity; and there is excess on one side, real and/or time, in the exchange of premiums and the sum insured. Thus, conventional home insurance violates the dictates of *Shari'ah* in a number of aspects.

In view of the above, the overwhelming majority of Muslim scholars have considered conventional house insurance to be unlawful. However, in the absence of a lawful alternative, Muslim scholars have allowed some dispensation at times of civil and political unrest wherein the homes and businesses of Muslims have remained under constant threat. This is to safeguard the Muslim masses from suffering potentially unbearable losses. Similarly, dispensation has also been allowed in highly litigious societies wherein homeowners are constantly under threat of litigation from fellow citizens. Again, this is to mitigate against potentially unbearable losses in the event of litigation. This includes litigation from a neighbour in the event of fire, etc.

However, such dispensation had been recognised in the absence of lawful alternatives. The Islamic finance sector has now developed significantly and continues to do so and this has seen the introduction of lawful alternatives to conventional insurance, including home insurance. Where this is truly the case, it is no longer permitted to resort to conventional insurance to meet the need of safeguarding oneself from suffering potentially unbearable losses.

And Allah knows best.  
Mufti Mohammed Zubair Butt  
Chair, Al-Qalam Shariah Panel

