

What do Muslims believe about insurance?

By [Huda](#), About.com Guide

Question: What do Muslims believe about insurance?

Is it acceptable in Islam to take out health insurance, life insurance, car insurance, etc.? Are there Islamic alternatives to conventional insurance programs? Would Muslims seek a religious exemption if the purchase of insurance were required by law?

Answer: Under common interpretations of Islamic law, conventional insurance is forbidden in Islam.

Scholars such as [Sheikh Muhammed Al-Munajjid](#) criticise the system of conventional insurance as exploitative and unjust. They point out that paying money for something, with no guarantee of benefit, involves high ambiguity and risk. One pays into the program, but may or may not need to receive compensation from the program, which could be considered a form of gambling. The insured always seems to lose while the insurance companies get richer and charge higher premiums.

However, many of these same scholars take into consideration the circumstances. For those living in non-Islamic countries, who are mandated to abide by insurance law, there is no sin in complying with the local law. Sheikh Al-Munajjid [advises Muslims about what to do in such a situation](#): "If you are forced to take out insurance and there is an accident, it is permissible for you to take from the insurance company the same amount as the payments you have made, but you should not take any more than that. If they force you to take it then you should donate it to charity."

In countries with exorbitant health care costs, one could argue that compassion for those who are ill takes precedence over a dislike of health insurance. A Muslim has a duty to ensure that people who are ill can access affordable health care. In 2010, for example, several [prominent American Muslim organizations](#) supported President Obama's health care reform proposal, under the belief that access to affordable health care is a fundamental human right.

In Muslim-majority countries, and in some non-Muslim countries, there is often an alternative to insurance available, called [takafu](#). It is based on a cooperative, shared-risk model.

Ref.: <http://islam.about.com/od/business/f/insurancefaq.htm>