



LIFE INSURANCE IN ISLAMIC LAW: A  
COMPARATIVE STUDY BETWEEN SYARIKAT  
TAKĀFUL MALAYSIA BHD AND TAKĀFUL  
IKHLAS SDN BHD MALAYSIA

BY

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requirements for the degree of Masters of Islamic  
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## ABSTRACT

Life insurance is an important financial tool through which the individuals can obtain financial security for their families and businesses. Muslim jurists have different views on it. Some have maintained that it is permissible in Islam, while some others have rejected it. This study attempts to discuss and examine the different views of the Muslim jurists on this issue. In addition, in order to see application of *Shari'ah* principles in existing Islamic life insurance companies, this study makes a comparative study between two leading *takāful* operators in Malaysia. These are: Syarikat *Takāful* Malaysia Bhd (STMB) and *Takāful* Ikhlas Sdn Bhd (TISB). This study used two methods of data collection: library research and consultation with experts in Islamic insurance (*takāful*) as well as interviews with the staff of STMB and TISB. This study has reached to a number of findings. Most important among them are: this research proves that life insurance is permissible in Islam, if some measures are taken to avoid some unlawful elements in it; both STMB and TISB are silent on the legal right of receiving *takāful* benefits for a beneficiary who becomes a non-Muslim or apostate. Muslim scholars have criticized both STMB and TISB in this regard; both STMB and TISB apply the principle of *tabarru'* in their *takāful* operations. After analyzing the scholars arguments on the proper applicability of the principle of *tabarru'* in *takāful* operations, this study maintains that the concept of the *tabarru'* in both STMB and TISB should be reviewed. Additionally, this study finds that though the practices of Islamic life insurance in both STMB and TISB have rendered most of the *Shari'ah* conditions, there are some issues which still need to be reviewed by the both STMB and TISB. In order for this review, this research suggests that STMB should repay the surplus to the policyholders; on the other hand, TISB should not take the responsibility of managing surplus or decision maker. This is because the policyholders are the main owners of the surplus. They are ones who should decide how surplus should be distributed. Moreover, this research also suggests that the balance shown in PSA as *tabarru'* should not be regarded as *tabarru'* for STMB and TISB; rather, it should be regarded *tabarru'* for participants of these companies because it is considered one type of *gharar*.

## ملخص البحث

يعتبر التأمين على الحياة واحداً من أهم الأدوات المالية التي من خلالها يستطيع الأفراد الحصول على الضمان المالي لعوائلهم وأعمالهم. ويوجد لدى الفقهاء المسلمين وجهات نظر مختلفة بهذا الشأن، فالبعض يؤكد بأنها جائزة في الإسلام بينما يرفض البعض الآخر مشروعيتها في الإسلام. ولهذا فإن هذه الدراسة تحاول مناقشة هذه الآراء المختلفة لفقهاء المسلمين وتحقيقتها. ولتقوم تطبيق مبادئ شرعنا الحنيف الخاصة بقضية التأمين على الحياة التي تتبعها شركات التأمين، فإن هذه الدراسة تتبنى دراسة مقارنة بين مؤسستي تكافل في ماليزيا وهما شركة التكافل ماليزيا (شركة مساهمة) وشركة تكافل الإخلاص (شركة مساهمة محدودة). ولقد استخدمت هذه الدراسة طريقتين في جمع البيانات وهما طريقة البحث المكتبي وطريقة استشارة الخبراء في قضية التأمين الإسلامي (التكافل) فضلاً عن المقابلات التي أجريت مع أعضاء الشركتين المذكورتين (شركة التكافل ماليزيا وشركة تكافل الإخلاص). ولقد توصلت هذه الدراسة إلى عدد من النتائج والتي من أهمها أن هذا البحث أثبت أن التأمين على الحياة جائز في الإسلام إذا أتت المعايير المناسبة لتجنب العناصر غير الشرعية فيه. ولقد اتخذت كلتا الشركتين موقف الصمت تجاه الحق القانوني في استلام المستفيد الذي هو غير المسلم أو المرتد لفوائد التكافل، ولقد انتقد علماء المسلمين كلي الشركتين بهذا الشأن. وطبقت كلتا الشركتين مبدأ التبرع في عمليات التكافل الخاصة بهما وبعد تحليل وجهات نظر علماء المسلمين بخصوص إمكانية التطبيق المناسب لمبدأ التبرع في عمليات التكافل، فإن هذه الدراسة جاءت مؤكدةً على وجوب مراجعة مبدأ التبرع في كلي الشركتين، بالإضافة إلى إن هذه الدراسة وجدت أن التأمين على الحياة في كلي الشركتين قد طبق معظم شروط شريعتنا. ولقد اقترح هذا البحث أن تعيد شركة التكافل الفائض من الأموال إلى حاملي عقد التأمين، وكذلك يجب على شركة تكافل الإخلاص أن لا تأخذ على عاتقها مسؤولية إدارة الفائض لأن حاملي عقد التأمين هم المالكون الأساسيون لهذا الفائض وهم الذين يجب عليهم أنفسهم أن يقرروا كيف يتم توزيع هذا الفائض. وأيضاً اقترح هذا البحث أن لا يكون الفائض الذي أُرى كتبرع تبرعا للشركتين، وإنما يكون تبرعا للمشاركين في هذه الشركات لأنه يعتبر نوعاً من أنواع الغرر.

## APPROVAL PAGE

I clarify that I have supervised and read this study and that in my opinion, it conforms to acceptable standards of scholarly presentation and is fully adequate, in scope and quality, as a dissertation for the degree of Master of Islamic Revealed Knowledge and Heritage (Fiqh and Uşūl al-Fiqh).

.....

Muhammad Amanullah

Supervisor

I clarify that I have read this study and that in my opinion, it conforms to acceptable standards of scholarly presentation and is fully adequate, in scope and quality, as a dissertation for the degree of Master of Islamic Revealed Knowledge and Heritage (Fiqh and Uşūl al- Fiqh).

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Mek Wok Mahmud

Examiner

This dissertation was submitted to the Department of Fiqh and Uşūl al-Fiqh and is accepted as a partial fulfilment of the requirements for the degree of Master of Islamic Revealed Knowledge and Heritage (Fiqh and Uşūl al-Fiqh).

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Knowledge and Human Sciences

## DECLARATION

I hereby declare that this thesis is the result of my own investigations, except where otherwise stated. I also declare that it has not previously or currently submitted as a whole for any other degrees at IIUM or other institutions.

K. M. Zakir Hossain Shalim

Signature.....

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*To my beloved father,  
**Kazi Md. Badiur Rahman**  
Who has always believed in me and prayed for my success*

*To my beloved mother,  
**Shahidah Begam***

*To my beloved wife  
**Tanjila Afrin***

*To my dear siblings,  
**Fatima, Dalim, Shamim, Kulsum, Sibbir, Daizy, Farhana, Saiful, Nipu, Tania,  
Simu.***

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# CHAPTER ONE

## INTRODUCTION

### 1.1 INTRODUCTION

It is not wrong in Islam to seek help or protection from others in times of difficulty and in some cases, it is obligatory for a Muslim to find lawful ways and means to cope with a disaster if it befalls him or her. “If a major source of income for a family unit, for example, is eliminated due to death, disability, or other impairment of one or more family members, it will be necessary for the family to make economic and social adjustments. Sometimes these adjustments result in serious physical or psychological harm. A spouse might have to seek new or additional employment at the expense of other family responsibilities; the children might have to find work at the expense of formal education; the family members might have to accept charity from relatives, friends or social agencies at the expense of independence and self- respect; and the family’s living standard might be reduced to a level below that essential for health and happiness”<sup>1</sup>. Life insurance, in such situation, can provide individuals with an important financial planning tool through which they can obtain financial security for their families and businesses as the prime objective of life insurance is “undertaking a responsibility towards safeguarding widows, orphans and other dependents of the deceased (assured / policyholder) from unexpected future material risks”<sup>2</sup>. In fact, life insurance in its present form and structure is basically a *ribā* or interest based

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<sup>1</sup> Robert I. Mehr, Sandra G. Gustavson, *Life Insurance: Theory and Practice* (Texas: Business Publication, 1985), pp. 2-3.

<sup>2</sup> Mohd. Ma’sum Billah, *Islamic Insurance (Takāful)*, (Selangor: Ilmiah Publishers Sdn.Bhd., 2003), p. 45.

transaction, which is virtually in contrast with the values and fundamental principles of Islam. Therefore, without any doubt, it is not acceptable in Islam.

However, it is not surprising that until now throughout the Muslim world the burning question of the day is whether life insurance is permissible in Islam or not? Indeed, a heated controversy has been raging over this problem, and Muslim jurists are divided into two groups on this issue. Some hold it permissible with certain conditions that should be imposed on it; and others reject it without considering any condition for its permissibility. Interestingly, both groups have supported their views, according to their understanding of the proofs and sources of Islamic law, which have created much confusion in the Muslim world. Hence, this thesis intends to examine the concept of life insurance and the different views of Muslim jurists on this issue, in order to determine the preferable view in this regard.

In Malaysia, the *takāful* is regarded as an Islamic model of insurance that is free from the element of *ribā* (usury). It is a new venture in insurance business introduced by the *takāful* Act 1984, which was passed by the parliament to meet the needs of the Muslim society. The first *takāful* Company, known as *Sayrikat Takāful Malaysia Sdn. Bhd. (STMB)*, started its operation in August 1985.<sup>3</sup>

This study also strives to make a comparative study between two *takāful* companies in Malaysia. These companies are (STMB) as mentioned above and *Takāful Ikhlas Sdn. Bhd. (TISB)*. These companies were selected in order to determine their practical aspects and to make sure of the implementation of the *Sharī'ah* principles in practices of Islamic life insurance (family *takāful*) in Malaysia.

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<sup>3</sup> Mohd. Fadzli Yusof, *Takāful System Insurans Islam* (Kuala Lumpur: Utusan Publications & Distributors Sdn. Bhd, 1997), p.5.

## 1.2 STATEMENT OF THE PROBLEM

As mentioned earlier, Muslim jurists are mainly divided into two groups over the legality of life insurance in Islam. Scholars like Muftī Muḥammad Bakhīṭ, Muḥammad Abū Zahrah, and others rejected the permissibility of life insurance in Islam. Muḥammad Abū Zahrah said that “life insurance is a kind of gambling because there is no justification for a person, giving a part only of a sum, to be entitled to get the whole in case he dies and to take what he has paid with the profit in case he survives the period of insurance. This is but *ribā*.”<sup>4</sup> On the other hand, scholars like Muḥammad Aḥmad al- Zaraqā’, Muḥammad Yūsuf Mūsā, and others hold the permissibility of life insurance. Muḥammad Yūsuf Mūsā, a jurist consultant of Egypt, said that “insurance in all its kinds is an example of co-operation and helpful to society. life insurance is beneficial to the insured as well as to the insurance company and as such there is no harm according to Islamic law if it is free from interest, that is, the insured takes only what he has paid without any increase if he survives the period of insurance and, in case he dies, his heirs get the compensation. This is lawful under Islamic law”<sup>5</sup>. This difference of opinion has led the ‘*Ulamā*’ as well as general public to confusion regarding the application of life insurance policy in Islam. Hence, in order to determine the preferable view in this regard, this study aims firstly, to make an objective inquiry about the above two different opinions on life insurance through investigating their *Sharī‘ah* proofs. Secondly, it intends to come up with a practical model of Islamic life insurance through a case study of the two *Takāful* operators in Malaysia. These are: *Syrikat Takāful* Malaysia Sdn. Bhd. (STMB) and *Takāful Ikhlas*

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<sup>4</sup> Mohd. Musleh-Uddin, *Insurance and Islamic Law* (Lahore: Islamic Publications Limited, 1990), p.151; see also *al- Ahrām*, the Economic Bulletin of Egypt ( *Majjallat al-Ahrām al- Iqtisādī*), in no. 132, February 15, 1961; and see also: Zaraqā’ Muḥammad Aḥmad, *Aqd al- Ta’min* (Damascus: n. , p. , 1962), pp. 18-24.

<sup>5</sup> Ibid, p. 152.

Malaysia Sdn. Bhd. (TISB). Likewise, this research will evaluate these two companies in terms of their conformity with the *Shari'ah* principles. Finally, it will make a comparison between these two companies.

### **1.3 RESEARCH QUESTIONS:**

1. What is the concept of life insurance in conventional law and Islamic law?
2. Is life insurance permissible in Islam? What are the views and proofs of modern *fuqahā'* on it? What is the preferable view according to available literature and strength of arguments in this regard?
3. How have Islamic principles been practiced in STMB and TISB as they are said to be two *Shari'ah* based *takāful* operators in Malaysia?
4. What are the similarities and differences between the two above companies in terms of their policies, products and operation systems of life insurance? Are there suggestions to update and uphold their operation systems?

### **1.4 OBJECTIVES OF THE STUDY**

1. To explore the concept of life insurance in conventional and Islamic laws.
2. To analyze and examine the views and proofs of the modern *fuqahā'* (Islamic jurists) on life insurance in Islamic law.
3. To determine the preferable view on the issue of life insurance.
4. To evaluate if STMB and TISB's practices are in line with the *Shari'ah* principles?
5. To look into the similarities and differences between the two companies and provide some suggestions for their improvement.

## 1.5 JUSTIFICATION OF THE STUDY

To the best of the researcher's knowledge, the topic has not been dealt with comprehensively. In addition, literature on Islamic insurance, in a few cases, is mainly written on its general type and in Arabic version. Therefore, there is a lack of comprehensive English literature on Islamic life insurance. Moreover, still there is a strong confusion among Muslims over the legality of life insurance. This is because of the different views of 'Ulamā'. However, it is not unacceptable to review the views of the 'Ulamā' and their evidences on certain issues, such as life insurance, if this is not contrary to the fundamental principles of Islamic law. Furthermore, although Malaysia has taken the lead in establishing the practice of "Shari'ah based Insurance", M. Ma'sum Billah has remarked that "still... some aspects of the *takāful* operations in Malaysia are subject to modification and development"<sup>6</sup>. Therefore, this study tends to examine the two leading *takāful* operators in Malaysia. These are: (STMB) & (TISB). So, the researcher hopes that this study will further clarify the concept of life insurance in Islamic law and will contribute to solve some of the practical problems faced by individuals, societies and the *Ummah* or humanity as a whole.

## 1.6 SCOPE OF THE RESEARCH

This study will focus on concepts of life insurance under both common law and Islamic law. In order to provide a clear picture of the implementation of *Shari'ah* principles, this study will focus on evaluation of STMB and TISB as a case study. A comparative study of similarities and differences between policies, products and operation systems of these companies will also be conducted. This will be done in

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<sup>6</sup> Mohd. Ma'sum Billah, *Aplied Takāful and Modern Insurance: Law and Practice* ( Selangor: Sweet & Maxwell Asia, 2007), p. 285.

order to provide possible comments and suggestions for the betterment of *Takāful* service in Malaysia in general and in STMB as well as in TISB in particular.

## 1.7 LITERATURE REVIEW

Conventional life insurance has been developed earlier than Islamic life insurance (*family takāful*). Hence, compared to conventional life insurance, *family takāful* is not well developed and researched. However, there are a number of Muslim scholars who have conducted research and contributed to the topic of Islamic life insurance.

Following are the works of Muslim scholars that deal with the subject matter:

- 1) In his book “*Insurance in an Islamic Economy*,”<sup>7</sup> M.N. Siddiqi discusses the nature and basic principles of insurance, and how it fits into the Islamic system of life, as he says: “from an Islamic viewpoint, the present system of insurance does suffer from certain weaknesses but they are not inherent to the principle and practice of insurance as such. A new model of insurance against certain risks to persons or property can therefore be developed”<sup>8</sup>. He also reviews the methods of application of the principles of insurance in modern times. However, his discussion is confined to principles only. Likewise, he confines life insurance to the public sector only. What would the public sector have to do with life insurance, which is personal and individual contract?
- 2) The article “*Al-Ta’min wa I’adat Al-Ta’min*,”<sup>9</sup> written by Dr Wahbah al-Zuhayli, is notable in this regard. In this work, the author has strongly

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<sup>7</sup> Muhammad Nejatullah Siddiqi, *Insurance in Islamic Economy (Islamic Economic Series, 10* (London: The Islamic Foundation, 1985).

<sup>8</sup> Ibid. p. 5.

<sup>9</sup> Wahbah al- Zuhayli, “Ta’min wa I’adat al- Ta’min,” *Majallat Majma’ al- Fiqh al- Islami*, ( Vol. 2, no. 2, 1986), pp. 547- 554.

opposed the permissibility of life insurance in Islam because it contains elements of *gharar* or uncertainty and *ribā* or interest. He says the involvement of *gharar* in insurance is clear because a policyholder doesn't know the exact amount of premiums that he should pay and the amount that he will get back. Sometimes he might pay one premium and the risk will happen, then he will get the whole amount of agreed money. Sometimes, he might pay all premiums and the risk will not happen, then he will get nothing. This is *gharar*. Any transaction which involves the element of *gharar* is not lawful in Islam. The holy prophet (p.b.u.h.) prohibited any transaction involving the element of *gharar* in the following tradition: “*The holy prophet had prohibited transaction with gharar, (uncertainty)*”.<sup>10</sup> Because of its involvement with *ribā* element, no one can deny that life insurance is *harām*. This is because insurance companies invest most of their funds in interest based securities and financial institutions. Likewise, there is no justification for a person, giving only a part of a sum, to be entitled to get the whole in case he dies and to take what he has paid with profit in case he survives the period of insurance. This is *ribā*. This is a good study in which the author has summarized his view on life insurance clearly. However, our humble observation is that the author's arguments and objections on the permissibility of life insurance in Islam are based on two principles only. These are *gharar* and *maysir*. The researcher hopes to discuss some more issues in this regard.

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<sup>10</sup> Imām Mālik bin Anas, *al-Muṭṭā*, compiled by Dr Su'ād, Farūq, (Beirut, :Dār al- Āfāq al- Jadīdah, 1985), Chapter: Bay' al- gharar, No 63, p. 554, Translated by AA Bewly, 31-34, No 75, p. 270.

- 3) In order to get a clear picture about life Insurance, its terminology, relative merits and relevant legislation in Malaysia, the book "*Life Insurance in Malaysia*" written by Lee Kham Khuan (1987),<sup>11</sup> would be the most helpful. The author highlighted the concepts of life insurance as practised in Malaysia. However, the book was written before the formation of Insurance Act 1996.
- 4) The book "*Insurance and Islamic Law*"<sup>12</sup> written by Dr. Muḥammad Musleh-Uddin (1990, 5<sup>th</sup> Edition), is one of the best contributions to Islamic insurance which was first published in its English version in July, 1969. This book is divided into three parts. The first part deals with insurance, its origin, nature and development. The second part deals with Islamic law of transactions. The third part presents a summary of arguments; the assessment of the modern contract of insurance in the light of Islamic law and the merits of mutual insurance. The writer has made references to a considerable number of transactions and their relationship to Islamic law. However, we may not disagree with the view of some scholars that when this book was first written in late 1960s the existing literature then written were based on the theoretical side of the *takāful* and not on the practical side. In addition, it hasn't dealt with life insurance comprehensively and adequately. Hence, there is an extreme need of dealing with life insurance in a comprehensive manner.

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<sup>11</sup> Lee Kham Khuan, *Life Insurance in Malaysia* (Kuala Lumpur: Life Insurance Association of Malaysia, 1987).

<sup>12</sup> Mohammad Musleh- Uddin, op.cit.

- 5) *Life Insurance in Malaysia: A Premium Comparison between Islamic and Conventional Companies*,<sup>13</sup> written by Ugi Suhartu is a valuable Master's thesis. In his work, the author has discussed the significance of life insurance in general. Then he has discussed the premium operation system of life insurance put into the Malaysian context with special reference to STMB. This study basically has concentrated only on premium comparison between conventional life insurance and Islamic life insurance.
- 6) The article "*Islam and Life Insurance*,"<sup>14</sup> written by Prof. Saiful Azhar Rusly is useful for this study. The writer has developed a new dimension on the concepts of *gharar* and *maysir* in life insurance. According to the writer's opinion, there is no *gharar* or uncertainty in conventional life insurance as it seeks to administer one form of uncertainty in our daily life, known as pure risk. Pure risk exists when there is no potential gain, but only possibility of loss. Fire, flood, earthquake, car accident and theft are forms of events that involve pure risks. The role of an insurance company is to absorb pure risk from the insured through a mutual business agreement. Additionally, according to him, there is no *maysir* or gambling in life insurance because in gambling, there is no guarantee that everybody will win, but there is a very big chance that most will lose their bets. Insurance, therefore is not gambling, as only speculative risk exists when the act of gambling materializes, while pure risk exists whether one buys an Insurance policy or not. Generally, this article is useful for this study.

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<sup>13</sup> Ugi Suhartu, Unpublished Master's Thesis, International Islamic University Malaysia, Kuala Lumpur, 1993.

<sup>14</sup> Saiful Azhar Rosly, "Islam and Life Insurance" in *Critical Issues on Islamic Banking and Financial Markets* (Kuala Lumpur: Dinamas Publishing, 1995), pp. 489- 92.

However, we have observed that, his understanding and stand on the concepts of *gharar* and *maysir* are mainly derived from logic and economics perspective, not from *Shari'ah* perspective. Therefore, the researcher hopes to analyze these two factors (*gharar & maysir*) from both economic and *Shari'ah* perspectives.

- 7) According to the researcher, another article presented by Abdul Kadir Steven Thomas on “*What is Permissible Now?*”<sup>15</sup> is relevant to the study. He evaluates the general principles of financial relationships from which an analogy can be derived. He has also done an overview of the position of *ribā* and attempted to discover its root meaning. He further examines the conflict of opinion between classical and modern Muslim scholars on the meaning of *ribā*. Moreover, he discusses “*gharar*” and relates it to deception in financial and business relationships. He concludes that a number of Islamic investments and many common commercial attitudes among Muslims are in fact objectionable or *Ḥarām*. Muslims have restricted their attention to *ribā* and have ignored the fundamental concept of *gharar*. Likewise, he discusses the concept of Islamic insurance, and its goal, in order to determine whether an insurance contract is permissible or not, necessary or forbidden, in light of one's own circumstances. However, his discussion concentrates on theoretical side only.
- 8) “*Al-Ta'mīn fī al-Sharī'ah wa al-Qānūn*”<sup>16</sup> written by Dr. Muḥammad Shawkat 'Alyyān, is an important book on insurance. The writer has divided his book into four major parts. The first part deals with definition,

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<sup>15</sup> Abdul Kadir Thomas, “What is Permissible Now?”, in *American Journal of Islamic Finance Issue*, 1995.

<sup>16</sup>Shawkat, Muḥammad 'Alyyān, *Al-Ta'mīn fī al-Sharī'ah wa al-Qānūn* (Riyāḍ: Dār al-Shāwāf, 3<sup>rd</sup> edition, 1996).

objectives and classification of insurance, while the second and third parts present views of the ‘*Ulamā*’ for and against insurance. In the part four, as his final remark, he appreciates the idea of insurance as it is considered to be mutual co-operation, but he denies life insurance because it involves “*ribā*”.

9) “*Al-Ta’min wa Anwā’uhu al-Mu’āsīrah*”<sup>17</sup> written by *Abū al- Faḍl al Iskandarī*, is another valuable book on insurance. The book is divided into three major parts. In the first part, the writer has discussed the definition and the modern classification of insurance, while in the part two he has addressed the views of modern *fuqahā*’ on the legality of insurance. Finally, in the part three, as a concluding remark, he has expressed that the necessity of insurance could never be avoided, as Islam always encourages mutual co-operation. But he strongly has rejected the practices of *al-ta’min al-tijārī* because of its involvement with *ribā*. However, the writer has discussed very little about life insurance except defining some of its modern classifications.

10) ) The article presented by Ahmad Gramaneyah on “*Life Insurance in Islam*,”<sup>18</sup> examines the place of life insurance in Islam and its purpose. He compares life insurance contracts with Islamic contracts, such as *Muḍārabah*. He also accommodates the various views of the Sunni ‘*Ulamā*’ who have disputed whether insurance is *Halāl* or not. He comes to the conclusion that the unlawful elements of gambling and usury do not exist in any insurance contract, including the life insurance contract. In

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<sup>17</sup> Abū al- Faḍl al- Iskandarī, “*Al-Ta’min wa Anwā’uhu al-Mu’āsīrah* ( Sūriyā: Dār al- ‘Iṣām, 1st edition, 1997).

<sup>18</sup> Labuan International Summit on *Takāful* (Islamic Insurance), 19-20 June, 1997.

fact, the writer has discussed very little on the operation side of life insurance.

- 11) The book “*Al- Khaṭar wa al-Ta’min*”<sup>19</sup> written by Rafīq Yūnus al- Miṣrī, is a valuable book on insurance. The book is divided into three major parts. The part one deals with the concept of risk and its relationship with insurance while part two and three deal with the concept of insurance and stands of *fuqahā’* on it. To our opinion, this is a good work for understanding insurance from both Islamic and conventional perspectives. The author has emphasized that the risk is an absolute truth of human life. Men cannot deny it. He says pure risk exists all the time. It is unavoidable and cannot be eliminated but it is transferable by way of insurance. On the other hand, business risk only appears when an act of business takes place and it is transferable by using financial derivatives. On the elements of *gharar* and *maysir* in insurance, he says we cannot deny the existence of these two things in insurance but there are notable examples where Muslim jurists permitted some activities due to necessity of people for them, such as *ju’ālah (reward)* agreement in Islam which has some similarity with *maysir*. Finally, he has suggested that since the basic obstacles in the permissibility of insurance in Islam are the elements of interest, *gharar* and *maysir*, Muslim jurists should make a way where the interest (profit), *gharar* and *maysir* should be under control. The researcher intends to discuss some of these issues in this research *insā’llah*.

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<sup>19</sup> Rafīq Yūnus al- Miṣrī, “*Al- Khaṭar wa al-Ta’min*” (Dimashq: Dār al-Qalam, 2001).