



Fatwa no. 19399

Q: Some private companies and businesses offer

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medical insurance to their employees and their families. To provide this service, they make an agreement with some private hospitals and the agreement is as follows: (i) The company pays the hospital a fixed monthly amount of 100 Riyals for each employee, regardless of the number of times they visit the hospital to have treatment. (ii) The hospital is responsible to treat the employees, giving them the necessary medications and performing surgery for them when necessary. It is important to mention that the hospital spends more than 100 Riyals some months on treating an employee, especially when the person has an operation. At other times, an employee may not visit the hospital at all and thus, does not benefit from the 100 Riyals or benefits only from a small amount. The question now is: First, is this type of medical insurance permissible or does it involve uncertainty and deception?

Second, does this kind of insurance fall under the permissible Ji`alah (payment for a permanent job, not a fief) as some researchers have said (i.e., Majallat Al-Buhuth Al-Fiqhiyyah Al-Mu`asirah, Contemporary Jurisprudence Research Journal, issue no. 31)?

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Third, what are the characteristics of a lawful cooperative medical insurance ?

A: The transaction mentioned in the question falls under the category of prohibited commercial insurance, which involves uncertainty, deception and devouring people's money falsely. The permissible cooperative medical insurance is to establish a charity fund that is paid to help the needy and sick people without the donor expecting any financial benefit from it. Giving the money to the fund should only aim at helping the needy, and hoping for the Reward of Allah (may He be Exalted). May Allah grant us success! May peace and blessings be upon our Prophet Muhammad, his family, and Companions!

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