



Methodological Bases Of Islamic Insurance

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ABSTRACT

This article discusses in detail the methodological foundations of Islamic insurance. An Islamic bank is “a commercial organization that opens and maintains bank accounts in accordance with Islamic law, makes payments, raises funds for deposits, finances individuals and legal entities, and provides other banking services”. Sharia (Islamic law) requires these transactions to be legal. That is, permission from the Shari’ah production projects that are safe for the given society finances and pays or receives interest on any transactions prohibits.

KEYWORDS

Detail, methodological foundations, Islamic insurance, Islamic bank, commercial organization, bank accounts, Islamic law, payments, banking services, finances individuals, legal entities.

INTRODUCTION

The Islamic insurance model is based on the concept of a gift contributed by each participant to a common fund free of charge with the sincere intention to help other participants in the event of an accident (insured event). The fundamental difference from traditional insurance is that the

insurance company, in fact, plays the role of a management company, authorized to place participants’ funds in certain assets; the funds paid to participants are not based on interest, but on the profit received from the placement of funds from the insurance fund. The funds themselves can only be placed in securities

approved by the Sharia Council. This Standard examines Islamic insurance in terms of definition, sharia status, characteristics, principles, basic elements and types, as well as differences from traditional insurance. The Standard also sets out the restrictions that Islamic financial institutions that offer products based on Islamic insurance must comply with. The standard does not cover social insurance schemes, offered by the state.

THE MAIN FINDINGS AND RESULTS

Islamic insurance is a contractual relationship between a group person in order to settle losses resulting from the action of certain risks to which all such persons may be exposed. This relationship includes making payments as voluntary contributions and leads to the establishment of an insurance fund that has legal status. Person and bears financial responsibility. The resources of this fund are used to compensate any participant who has suffered such damage, taking into account a certain set of rules and an established documentation procedure. The fund is managed either by a select group of policyholders or by a public company that manages insurance operations, invests the fund's assets, and receives a fee for doing so. As for traditional insurance, it is a mu'awada contract, according to which profit is derived from the insurance operation itself and, as a result, falls under the Sharia restrictions on financial transactions in which *garar* is present. Thus, Sharia law prohibits traditional insurance.

Islamic insurance is based on the obligation of the participants to make contributions for

their own interest. Members thus protect their group by paying premiums, which constitute the resources of the insurance fund, and delegate the management of the fund to an elected committee of policyholders or a public company that is licensed to conduct insurance activities. In the latter case, the company performs this function on the basis of a paid contract for the provision of agency services to *Wakala*. In addition to managing insurance operations, the policyholder committee or company also assumes responsibility for investing the fund's assets through *mudarabah* or investment agency agreements.

The management company has the right to dispose of its own capital and capital gains, to receive an agency fee and a certain share of the profit from the investment of insurance assets through a *mudarabah* or investment agency agreement. The company also bears all costs of its operations, including those related to fulfilling the tasks of investing insurance assets.

The policyholder fund is entitled to premiums and profits, funds and reserves related to insurance activities, and insurance surpluses. Policyholders bear all direct costs of managing insurance operations.

There are three types of contractual relationships in Islamic insurance.

- a) The policyholder fund is entitled to premiums and profits, funds and reserves related to insurance activities, and insurance surpluses. Policyholders bear all direct costs of managing insurance operations.

b) The relationship between the company and the policyholder fund, which is a wakala (agency) for management and a mudarabah or investment agency for the investment of the fund's assets.

about the occurrence of the risk, or to the award to the participant a certain part of the compensation. Such a condition stipulated in the insurance policy remains binding if it does not contradict Sharia law or the mandatory terms of the contract.

c) The relationship between policyholders and the foundation in the form of an obligation to make voluntary contributions (donations) at the stage of making contributions, as well as an obligation to provide insurance compensation at the stage of providing compensation for damage in accordance with the provisions of the contract and the constituent documents.

It is allowed to provide in the insurance policy for special cases leading to the loss of the right to compensation for damage, provided that fairness is observed, rights are preserved and there are no unfair provisions.

Islamic insurance is carried out on the basis of the following principles and norms of Sharia, which must be explicitly indicated in the charter, rules or internal documents of the company.

The company must accept for execution various assignments for the management of insurance operations, including the preparation of insurance policies, collection of premiums, payment of indemnities, as well as all terms of reference. The company executes such orders for a certain fee, which must be specified in the contract in order to obtain the consent of the participants to pay it by signing the contract.

Obligation to make voluntary contributions. It must be established that the participant transfers to the account of the insurance fund (hereinafter - the insurance account, approx. ed.) their contributions and profits on them to pay insurance compensation and may undertake obligations to cover the deficit of funds that may occur, which should be stated in the rules.

The company is charged with achieving a common interest in the management of insurance operations. However, it must not guarantee the provision of insurance assets, except in cases of bad faith, negligence or breach of contract.

There are no restrictions on the special conditions of insurance policies in the Shariah. Special conditions may apply to the terms of insurance, refusal to compensate for damage in individual cases, provided that the participant did not notify the company in time

Providing the required information about the insured risks and informing the company about the occurrence of any new circumstances that may lead to an increase in such risks after the conclusion of the contract. If it is proved that the participant has committed fraud or deception, he will subsequently be denied partial or full compensation for damage. In the event of an unintentional distortion of facts by a

participant, compensation for damage will be made in proportion to the exact data that he provided.

Notifying the company acting as agent of the policyholder's fund of the occurrence of the insured risk. The notice should be made within the period specified in the insurance policy, or within a reasonable period if the period is not specified in the policy. If the participant does not send a notification, the company will be entitled to recover compensation from him for the actual damage incurred in relation to the insurance account as a result of the breach of the obligation.

Contributions can be set in accordance with actuarial principles based on statistical methods. In this regard, in addition to determining the type and duration of risk coverage and the insured amount, a special consideration should be given to whether the risk involved is fixed or variable, and the ratio of contributions to risk.

In the case of insurance against the risk of death, the insurance policy must provide that the participant (beneficiary) or his heir is not entitled to receive any compensation in the event of death as a result of a murder in which the specified beneficiary or heir.

The company must comply with the rules and principles of Sharia in all activities, including investing. In particular, the company should refrain from providing insurance coverage for Sharia-prohibited items, activities or purposes.

For the issuance of fatwas (theological and legal opinions), which are binding, the company is forming a Shariah Supervisory Board. In addition, an internal Sharia control

department is being created within the company.

Policyholders should be encouraged to participate in the management of insurance operations through appropriate legal forms that enable them to exercise their rights and protect their interests. Such agreements should include, but is not limited to, representing the interests of policyholders on the Board of Directors.

CONCLUSION

In conclusion, the Islamic financial services sector will be an important factor, foundation and development prospects for Uzbekistan's bright future, which will increase the interest of foreign investors in the country, which reflects the deep roots of Islam in its culture. will be able to make full use of it in the sustainable development of the country.

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