

396569 - Ruling On Staffing Agency Business

the question

An employer wants to own a staffing agency business that hires healthcare employees and sends them to work at various hospitals and clinics on temporary contracts. One requirement of this business is having Worker's compensation insurance, General liability insurance, and Malpractice insurance, and providing these insurances to the employees working for the business. Is it permissible for this employer to own such a business, knowing that these types of insurance will have to be obtained as a prerequisite in order for the business to function?

Detailed answer

There is no harm in establishing an employment agency that appoints healthcare workers and sends them to work in various hospitals and clinics under temporary contracts.

If the employer is obliged to have commercial insurance, there is no harm upon him, and the sin is on the one who compelled him.

Sheikh Ibn `Uthaymin (may Allah have mercy on him) was asked: "A man works for a company, and this company deducts two dinars from his salary every month for health insurance, and this deduction is mandatory for the employee. As for his wife and children, it is optional. The question is: Is it permissible for him to include his family in this?"

He replied: "It is not permissible for him to include his family in this; because they may be compensated by way of this deduction and his family may not get sick, and it is possible that his family gets sick and consumes more than what he contributed several times over, so this act revolves between gain and loss, and every contract that revolves between gain and loss is regarded as gambling which has been forbidden.

As for him: As long as the matter is compulsory, he should consider this an injustice from them, then if he incurs something that requires treatment, he should be treated by them only to the extent of what he gave them.

Questioner: But the amount is small, Sheikh! Sheikh: You pay two riyals a month, which means twenty-four riyals a year.

Questioner: For example, he got sick in the first year, the twenty-four riyals are little.

Sheikh: This is the prohibited thing, meaning: he may get sick in the first year and his treatment consumes thousands, and he may never get sick; therefore, we say: it is prohibited, and what was taken from him by force, he should surrender it, and if it happens that he gets sick, he should not be treated by them except to the extent of what he gave them." End quote from "Liqa' Al-Bab Al-Maftuh" (12/99).

And Sheikh Yusuf Al-Shubayli (may Allah preserve him) said: "If the system in the country where a person lives requires automobile insurance, otherwise the person is considered violating the law, then insurance is permissible in this case; due to the need that necessitates it.

However, it should be known that if the system only requires third-party liability insurance, or less than that, then it is not permissible to get more than that; because the need does not require more than that, and from the established principles in Shari`ah is, the need is assessed according to its extent." End quote from Fatawa Al-Islam Al-Yawm.

Therefore; as long as the work and commercial activity is permissible, he may engage in it, and if he is forced to have insurance, there is no harm upon him and the sin is on the one who compelled him.

And Allah knows best.