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PROTECTING CUSTOMER DATA IN THE INSURANCE INDUSTRY – EMBRACING DATA PROTECTION LAWS IN KENYA

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Being a Compliance Officer in the insurance industry, I have concerns regarding how the Data Protection Act of 2019 and the Data Protection Regulations in Kenya might affect our communication with customers. It is crucial for insurance companies to acknowledge the significance of these laws and adjust their practices accordingly. Our focus should be on building trust and safeguarding customer data as trust forms the basis of our relationship. Trust is the foundation of our relationship with customers, and by prioritizing their data

security, we lay the groundwork for long-lasting, successful partnerships.

The Data Protection Act of 2019, which went into force on November 25th, 2019, was a big step in protecting individuals' privacy. The legislation establishes the Office of the Data Protection Commissioner (ODPC), which is led by the current Data Protection Commissioner, Immaculate Kassait, to guarantee that personal data is treated legitimately and with regard for data subjects' rights.

The necessity to register as data processors and controllers under Section 18 of the Act is one of the most important requirements the insurance business confronts. This registration procedure lays the groundwork for appropriate data management and consumer information protection. The Act specifies detailed criteria for determining necessary registration thresholds, such as the type of the sector, the volume of data handled, and if sensitive personal data is involved.

Furthermore, Section 37 of the Act addresses the commercial use of data. Insurance companies must obtain express consent from data subjects before using their personal data for commercial purposes. Moreover, if personal data is used for commercial purposes, it should be anonymized wherever possible to protect the data subject's identity. This provision ensures that customer information is not misused for marketing or other commercial activities without their explicit consent.

The Data Protection (General) Regulations of 2021 complement the Act by providing detailed procedures for enforcing data subjects' rights and defining the responsibilities of Data Controllers and Data Processors. The Regulations include restrictions on the commercial use of



data, which is particularly significant for the insurance industry that relies on customer data for marketing and customer relationship management.

Under Regulation 14, a data controller or data processor is considered to use personal data for commercial purposes when it is employed to advance commercial or economic interests, such as inducing a person to buy or subscribe to products or services. This means that any direct marketing activities must adhere to specific requirements laid out in Regulation 15, which includes obtaining explicit consent from data subjects and providing an easy opt-out mechanism.

While these data privacy rules provide the necessary foundation for the security of consumer information, insurance businesses must be mindful of the implications of data breaches. A breach of personal data can result in administrative fines of up to Ksh. 5 million or 1% of the previous year's annual revenue, whichever is less. Furthermore, insurance firms may be compelled to pay harmed data subjects as well as face enforcement notices. As a result, it is critical to put in place robust security measures and be vigilant in ensuring that only authorized individuals have access to sensitive data.

To curb potential challenges arising from these data protection laws, I recommend that insurance companies do the following:

Data Protection Training

Conduct regular training sessions for all employees to educate them about data protection laws, the importance of customer privacy, and the consequences of non-compliance. Awareness and understanding are the first lines of defense against data breaches.

Data Mapping and Classification

Perform a comprehensive data mapping exercise to identify all data processing activities within the organization. Classify the data based on its sensitivity and ensure that proper measures are in place to protect personal data.

Consent Management

Implement a robust consent management system to ensure that customers provide explicit consent for the use of their personal data. Keep records of consent to demonstrate compliance during audits.

Data Anonymization

Whenever possible, anonymize personal data to minimize the risk of identity exposure. This practice not only aligns with data protection laws but also builds trust with customers, knowing their information is treated with care.

Data Breach Response Plan

Develop and regularly update a data breach response plan to enable swift and effective action in case of a security incident. Having a well-prepared plan will help minimize the impact on both customers and the organization.

Third-Party Data Processors

Ensure that third-party data processors comply with data protection laws and have adequate security measures in place. Implement contractual agreements that hold them accountable for any breaches related to the data they process on behalf of the insurance company.

Regular Audits and Reviews

Conduct regular audits and reviews of data processing practices to identify and rectify potential compliance gaps. Engage internal or external auditors to ensure impartiality and thoroughness.



The insurance sector may assure legal compliance while also strengthening client connections by taking a proactive approach to data protection and complying with the Data Protection Act and Regulations. A dedication to protecting client data will improve the industry's image and create trust among policyholders, resulting in long-term development and profitability.

The Data Protection Act and Data Protection Regulations in Kenya are instrumental in safeguarding customer data in the insurance industry. As a Compliance Officer, I advocate for embracing these laws wholeheartedly, recognizing that they are essential for preserving customer privacy and trust. By adhering to the recommendations provided and being proactive in data protection efforts, the insurance industry can thrive while respecting the rights and privacy of its valued clientele.

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