

Dutch Good Growth Fund



Ministry of Foreign Affairs of the Netherlands

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Picture: Staff at ForteMicro's Head office

Story of Ny Lyhoung (COO of ForteMicro)

Ny Lyhoung was personally very enthusiastic about micro insurance as he had spent 1.5 years with Forte in Siem Reap which is much more rural compared to Phnom Penh. During these years, he observed how inaccessible insurance was to villagers. Challenges included the complicated paperwork, the little number of policies written in the Khmer language and the prohibitive cost of USD50 for the most basic insurance policy.

"We realised structuring the right product was crucial. As we knew little about the micro insurance industry, we sought help from AIG Indonesia who were extremely supportive in helping us set up and understand the industry. Fundamentally, we knew this outfit had to be run differently from a traditional insurance firm.

In 2013, I was appointed to lead Forte's micro insurance pilot programme. I knew finding a strong partner was key as the name Forte, despite being one of the largest firms in the country, meant nothing to rural folks especially when trying to convince them to hand over five dollars for a piece of paper. Hence, we decided to sign an exclusive agreement with AMK, one of the largest and most trusted microfinance institutions in the country.

Ultimately, it takes a lot of effort educating the poor on the concept of insurance – even those who had bought policies previously. Some of our clients who benefitted from claim payments felt that insurance brought them bad luck as they became sick only after buying the policy. The ones who didn't make a claim felt it was a waste of money since they didn't receive anything in return.

Still I think the industry is an exciting one with plenty of evolving products and technologies. I have seen first-hand the impact of these products on low income families and plan to introduce credit life and life insurance linked to savings soon. I think these products represent a meaningful form of financial inclusion and plays an important role in the country's overall development."

CLMDF II SME profile

ForteMicro



CLMDF II Invested Amount:
USD 1.7M



Sector:
Financial Services – Micro insurance



Picture: ForteMicro works with clients in rural areas of Cambodia

ForteMicro

ForteMicro initially began as an idea by Forte, Cambodia's largest insurance provider. At the time, ForteMicro had a small team of people from different departments within Forte. They met in their spare time to work on building new initiatives for the company outside of traditional insurance. As an executive trainee with Forte at the time, Ny Lyhoung had been a part of this team.

Creating the country's first commercial micro insurance company was one of many ideas which the team discussed. Back in 2010, the only players offering micro insurance in Cambodia were NGOs and ForteMicro felt that their reliance on international donors to subsidise premiums and operational costs was not sustainable in the long-run. Thus, ForteMicro envisioned building a more scalable and independent enterprise that could offer financial protection to the Cambodia's poor.