

PRO VC NEW MONEY

# Next Insurance Raises \$250 Million From Munich Re

Funding round values the small-business insurance startup at more than \$1 billion



The headquarters of Munich Re AG in Munich in March 2019. The German reinsurance company reinvested in portfolio company Next Insurance at a valuation of more than \$1 billion. PHOTO: LUKAS BARTH-TUTTAS/SHUTTERSTOCK

*By Yuliya Chernova*

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Reinsurance company Munich Re AG has invested \$250 million in Next Insurance Inc. in a funding round that valued the small-business insurance provider at more than \$1 billion.

Munich Re was the sole investor in the Palo Alto, Calif.-based company's Series C round.

Next Insurance offers general liability, professional liability, workers' compensation and other types of insurance policies for small businesses.

"We are trying to be a one-stop shop for all business needs," said Guy Goldstein, Next Insurance's co-founder and chief executive. The customers it serves "can be anything, from a clown to a general contractor."

Insurance-technology startups have been able to raise significant funding this year, as investors



From left, Next Insurance Inc. co-founders Nissim Tapiro, Guy Goldstein and Alon Huri PHOTO: COURTESY: NEXT INSURANCE INC.

believe that selling policies digitally in a simple way can attract new customers quickly. Auto policy provider Root Insurance Co. was valued at \$3.65 billion, and property insurance company Lemonade Insurance Co. raised capital at a valuation of more than \$2 billion.

Next Insurance remains small relative to other companies in the insurance industry, but as a fast-growing startup in a very large market like small-business insurance—and especially as a company that has an eye to profitability—it can justify a high valuation, Mr. Goldstein said.

Next Insurance sells policies online and through agents. It is licensed to sell insurance in every U.S. state except New York, and is a full insurance carrier in 21 states, Mr. Goldstein said.

One of its perks is that it offers free access to certificates of insurance online, something that helps its customers get new work quickly, Mr. Goldstein said.

In August, the company was collecting premium payments from customers at an annual run rate of \$77 million, Mr. Goldstein said. That compares with \$28 million a year ago. The company has about 70,000 active customers, the CEO said.

With the new financing, Next Insurance plans to invest in hiring to add to its 200-strong team, developing new products, and marketing through television, radio and other campaigns, the CEO said. “We want to become the Geico of small business.”

Munich Re is already an equity investor in Next Insurance, as well as a provider of reinsurance. The company previously led Next Insurance’s Series A round in 2017. Markus Riess, a member of Munich Re’s board of management, is joining the startup’s board, Mr. Goldstein said.

The investment will help “Munich Re expand its footprint in the promising insurance market for small and medium-sized commercial customers in the United States,” said Joachim Wenning,

chairman of the board of management at Munich Re, in a statement.

Next Insurance has raised a total of \$381 million from investors including Munich Re, Redpoint Ventures, Nationwide Mutual Insurance Co., Markel Corp. , American Express Ventures, Ribbit Capital, TLV Partners, Group 11 and Zeev Ventures since its founding in 2016.

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