

Press Releases

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Quotesmith.com Reports Year-End 2001 and Fourth-Quarter Results

By [Insure.com](http://insure.com) Posted on January 23, 2002

Quotesmith.com, Inc. (ticker: QUOT, exchange: NASDAQ) News Release - 1/23/2002

Quotesmith.com Reports Year-End 2001 and Fourth-Quarter Results

- Quarterly Revenues of \$2.6 Million Rise 48 Percent Over Third Quarter
- Quarterly Net Loss of \$521,000 is Smallest Loss in 11 Quarters
- Policy Sales in Fourth Quarter Rise 22 Percent from Third Quarter
- Full Year Net Loss is \$6.6 Million vs. \$18.6 Million Loss in 2000
- Year End Cash & Investments total \$17.9 Million
- Acquisition of Insure.com Opens New Customer Gateway

DARIEN, Illinois (January 23, 2002) – Quotesmith.com, Inc., (Nasdaq SmallCap: QUOT) today announced financial results for the fourth quarter and year ended December 31, 2001.

"Quotesmith.com had a solid year of reduced net losses and improved customer acquisition efficiencies," said Robert Bland, Quotesmith.com chairman and CEO. "Our competitive position was substantially enhanced on December 7th when we completed the purchase of insure.com considered by many to be the premier online consumer insurance information site in America. The exciting fourth quarter surge in new policy sales indicates that consumers are moving to buy insurance online and that they are attracted to the enormous selection and deep savings that make up our unique offering."

Based upon this momentum, Quotesmith.com believes that 2002 revenues could reach approximately \$10-\$11 million with a net loss of not more than \$1 million and year-end cash and short-term investments of \$17-\$18 million.

2001 Results

Quotesmith.com reported revenues for the year of \$8.9 million, a decrease of 42 percent over 2000 revenues of \$15.2 million. This revenue decline resulted primarily from a planned 71 percent decrease in advertising expense in 2001 to \$7.1 million from \$24.2 million in 2000.

The Company reported a net loss of \$6.6 million, or \$1.22 per share for the year, compared with a net loss of \$18.6 million, or \$2.93 per share in 2000. The decrease in net loss resulted from reduced advertising, operations and general and administrative expenses in 2001 as compared to 2000.

Quotesmith.com ended the year with a strong balance sheet consisting of \$17.9 million in cash and short-term investments, or \$3.36 per share.

"Our direct-to-consumer advertising efforts of recent years are continuing to provide us with thousands of new customers," said Mr. Bland. "Our game plan for 2002 calls for us to successfully integrate quote-and-buy capability into the insure.com audience, further reduce our acquisition costs, launch additional revenue-producing insurance brokerage products and to engineer an upward growth path in revenues and margins. We're working flat out to become a profitable business in 2002 and to build a recurring revenue business that is both technologically unique and prohibitively costly to duplicate."

Fourth Quarter Results

Revenues for the fourth quarter ended December 31, 2001 were \$2.6 million, a 48 percent increase compared to revenues of \$1.7 million reported for the third quarter of 2001 and on par with revenues of \$2.6 million recorded in the fourth quarter of 2000. Revenues in the fourth quarter of 2001 were positively impacted by the receipt of \$551,000 of non-recurring, performance-based life insurance bonus commissions.

The Company reported substantial progress in further reducing its net loss in the fourth quarter. Net loss for the fourth quarter decreased to \$521,000, or \$0.10 per share, compared with a net loss \$1.1 million, or \$0.20 per share, reported for the third quarter of 2001. The fourth quarter 2001 loss also compares favorably to the \$2.4 million, or \$0.39 per share, net loss reported for the fourth quarter of 2000.

The Company's fourth quarter financial results include one month of revenue and expenses related to the insure.com acquisition. Those amounts are immaterial to the Company's consolidated revenues and expenses.

The Company did not repurchase any shares in the fourth quarter as part of its previously announced repurchase program. The Company's Board has authorized the repurchase of up to 1.17 million shares and the Company has repurchased a total of 1.1 million shares under such authorization. The Company had 5,340,279 shares outstanding as of December 31, 2001.

Policy Sales for 2001

The Company sold 20,282 policies in 2001, down 47 percent from 38,513 policies sold in 2000. For the fourth quarter, Quotesmith.com sold 4,555 new policies, representing a sequential quarterly increase of 22 percent from the 3,721 policies sold in the third quarter of 2001 and a decrease of 46 percent from the 8,479 policies sold in the fourth quarter of 2000.

Quotesmith.com has now completed nearly 105,000 policy sales and considers this customer base to be an important source of potential future sales.

Continued Progress on Reducing Customer Acquisition Costs

The average new policy acquisition cost (total selling and marketing costs divided by the number of new policy sales) decreased 45 percent to \$348 in 2001 from \$628 in 2000. For the fourth quarter of 2001, the average marketing cost per policy sold declined to \$177 from \$358 in the fourth quarter of 2000.

Quotesmith.com attributes these acquisition cost improvements to the normal lag effect of self-directed buyers responding to prior advertising with reduced advertising expenses, normal timing fluctuations as respects commission receipts and the elimination by the Company of certain media buys in 2001.

September 11 Attack on America Increased Demand for Life Insurance in Fourth Quarter

Quotesmith.com experienced a 25 percent increase in life insurance coverage requests in the fourth quarter of 2001 as compared to the third quarter of 2001. The Company believes that this increase in demand for life insurance was triggered by the September 11th attack on America.

The Company's 2001 revenues were not impacted by the increase in demand for life insurance coverage requests in the fourth quarter of 2001. To the extent that the fourth quarter increase in coverage requests may turn into firm policy sales at historical conversion rates, the Company estimates that it will realize such revenues during the first and second quarters of 2002. However, there is no assurance that the Company will realize any increase in revenues relative to the increase in coverage requests during the fourth quarter.

Insure.com Acquisition to Open New Customer Gateway

In December, Quotesmith.com acquired selected assets of privately-held West Hartford, CT-based Insurance News Network, LLC, including its flagship Web site, insure.com. The Company paid \$1.4 million in cash to acquire these assets. The intangible assets acquired are being amortized over three years on a straight-line basis. In addition, the Company issued 316,000 stock options.

Ranked among the top seven most visited insurance sites on the Internet, insure.com is a content-rich site that provides insurance news, information and decision-making tools. The site typically serves an average of over 400,000 unique visitors every month and boasts a 7,500-page library of insurance articles, content and decision-making tools that are well organized and served up in an easy-to-navigate format.

"The acquisition of insure.com gives us a permanent new customer gateway and reduces our reliance on direct-to-consumer marketing going forward," remarked Quotesmith.com executive vice president Bill Thoms. "Insure.com has fantastic brand name recognition, the best consumer insurance content on the Web and the potential to further reduce our new customer acquisition costs."

This acquisition will create an expanded online consumer insurance information resource that combines the ability to obtain the lowest quotes offered by more than 300 auto, life, health and annuity insurers - including the freedom to buy insurance from any Company shown - combined with world-class editorial content and decision-making tools designed to speed up and simplify the purchase of insurance.

2002 Innovation Plans for Sustained Sector Leadership

Quotesmith.com plans to launch three key services in 2002 that were not launched in 2001 due to technical delays.

Personal Auto - As previously announced, Quotesmith.com intends to enter the auto insurance brokerage business

in order to capture new and renewal commission income and satisfy Web site visitor demand for this line of insurance. In recent years the Company had been directing all of its auto traffic to a single insurance company in exchange for one-time referral fee income. In August of 2001 the Company launched its new auto insurance service for Illinois residents but then withdrew the service from the market within 45 days due to technical problems. In October, the Company announced the availability of a new, multi-company auto insurance price comparison service for its customers using third party technology whereby the Company is receiving one-time referral fee income in exchange for such traffic. The Company's proprietary auto insurance service was launched for California residents in January 2002 and is now currently slated to expand into additional key states in 2002.

Commenting on the status of the Personal Auto project, company CEO Robert Bland remarked, "We are dedicated to creating a quick and easy online auto insurance information experience that will revolutionize the way people buy their auto insurance. We currently have signed agency contracts with over 40 automobile insurance companies and have a bold agenda to provide auto insurance shoppers of all ages and profiles with a true panorama of comparative information on a scale not available from any other single source."

Homeowners - In 2002 the Company plans to enter the homeowners insurance market in order to broaden its stable of offerings and to capture multiple year revenue streams.

QuotesmithPro - The Company also experienced delays launching QuotesmithPro in 2001 and is now planning to launch this new service in 2002. QuotesmithPro will be a Web-based comparative insurance policy illustration and agent licensing service designed for use by insurance agents, brokers, consultants and financial planners. QuotesmithPro will help insurance professionals transition from the drudgery of having to deal with multiple-company Web sites and outdated desktop systems by providing an easy, fast and single-source information platform from which customer-ready proposals can be produced in seconds.

Chief Financial Officer Resigns; Additional Management Team Departures are Announced in Drive to Slash Overhead Costs

Quotesmith.com announced today that its chief financial officer, Walter Kulikowski, has resigned effective March 9, 2002 to pursue other interests. "Walt is an excellent financial strategist and we wish him well in his new pursuits," said Mr. Bland. The Quotesmith.com board has begun a search to find a new CFO.

The Company also announced today that it has trimmed the size of its senior management team in order to reduce general and administrative overhead costs. The Company does not expect to incur any material special charges relative to these departures.

Quotesmith.com is today announcing the departures of Ronald Wozniak, vice president of information technology and Burke Christensen, vice president of operations and Will Hemsworth, senior vice president of marketing. "Ron, Burke and Will have served our Company well over the past several years and we wish them well in their new pursuits," said Mr. Bland. "While the decision to reduce executive staff is a difficult one that has affected several dedicated and long-time managers, the economic reality of our business size and growth plans dictate that we

move decisively to shrink the size of our senior management team in order to accelerate our path to profitability."

Bill Thoms, executive vice president and chief operating officer, now manages all operations and customer care relationships; Dr. Hao Chang, senior vice president and chief information officer, now manages all technology; Richard Claahsen, JD, CLU, vice president, now manages all regulatory affairs. As previously announced, insure.com founder and publisher Phil Moeller has joined Quotesmith.com and serves as senior vice president with responsibility for content and business development activities.

2002 Business Outlook

Quotesmith.com is today reaffirming the financial targets for 2002 that were announced on December 7, 2001. The Company anticipates 2002 revenues of \$10 to \$11 million, a net loss of less than \$1 million and year-end cash and investment balances of \$17 to \$18 million.

Quotesmith.com believes that its current capital structure, including cash and short-term investments of \$17.9 million, is adequate to reach profitability without the necessity of additional debt or equity financing.

The Company does not confirm or update its financial projections except in compliance with Regulation FD nor does the Company provide confirmation or update of its financial targets except through public announcements.

About Quotesmith.com

Founded in 1984, Quotesmith.com owns and operates two comprehensive online consumer insurance information services, www.insure.com and www.quotesmith.com. Catering to self-directed insurance shoppers, Quotesmith.com provides a comprehensive array of comparative auto, life and health quotes, including news, information and decision-making tools that are not available from any other single source. Visitors to the company's Web sites are able to obtain instant quotes from more than 300 leading insurers, achieve maximum savings and have the freedom to buy from any company shown. Quotesmith.com generates revenues from the receipt of commissions, fees, content licensing and advertising revenues paid by participating insurers. Quotesmith.com also provides personalized insurance brokerage and policy placement services for its customers. Shares of Quotesmith.com trade on the Nasdaq SmallCap Market under the symbol "QUOT."

Cautions about Forward-Looking Statements

This announcement may contain forward-looking statements that involve risks, assumptions and uncertainties pursuant to the safe-harbor provisions of the Private Securities Litigation Reform Act of 1995. This announcement also contains forward-looking statements about events and circumstances that have not yet occurred and may not

occur. Expressions of future goals and similar expressions including, without limitation, "intend," "may," "plans," "will," "believe," "should," "could," "hope," "expects," "expected," "does not currently expect," "anticipates," "predicts," "potential" and "forecast," reflecting something other than historical fact, are intended to identify forward-looking statements, but are not the exclusive means of identifying such statements. Investors should be aware that actual results may differ materially from the results predicted and reported results should not be considered an indication of future performance. Reported Web site activity and/or quotes are not necessarily indicative of any present or future revenue. The Company will not necessarily update the information in this press release if any forward-looking statement later turns out to be inaccurate. Potential risks and uncertainties include, among others, Quotesmith.com's ability to successfully launch and realize revenues from new products and services, potential business risks associated with generating revenues from the insure.com platform, limited e-commerce operating history, anticipated losses, unpredictability of future revenues, potential fluctuations in quarterly operating results, seasonality, consumer trends, competition, risks of system interruption, the evolving nature of its business model, the increasingly competitive online commerce environment, dependence on continuing growth of online commerce and risks associated with capacity constraints and the management of growth. More information about potential factors that could affect the company's financial results are included in the company's Annual Report on Form 10-K for the year ended December 31, 2000, and the Company's Quarterly Reports on Form 10-Q for the periods ended March 31, 2001, June 30, 2001 and September 30, 2001 which are on file with the United States Securities and Exchange Commission. Some insurance companies appear at Quotesmith.com for purely informational purposes only and pay no compensation to Quotesmith.com and some insurers pay commissions or fees to Quotesmith.com based upon premium volume or traffic activity produced by Quotesmith.com. Quote availability by state or any other factor is subject to change without notice. Quotesmith.com, insure.com, LTCompare and QuotesmithPro are service marks of Quotesmith.com, Inc. All other names are trademarks of their respective owners. Copyright 2002. All rights reserved. Quotesmith.com, Inc.

QUOTESMITH.COM, INC.
STATEMENT OF OPERATIONS
(In thousands, except per share data)

	Quarter Ended December 31,		Year Ended December 31	
	2001	2000	2001	2000
Revenues:				
Commissions and fees	\$2,496	\$2,635	\$8,744	\$15,190
Other	73	11	107	46
Total revenues	2,569	2,646	8,851	15,236
Expenses:				
	808	3,037	7,052	24,201
Operations	1,724	1,563	6,005	7,445
	705	942	3,503	4,432
Total expenses	3,237	5,542	16,560	36,078
Operating loss	(668)	(2,896)	(7,709)	(20,842)
Interest income	147	491	1,076	2,220

Net loss	\$ (521)	\$ (2,405)	\$ (6,663)	\$ (18,622)
Net loss per common share, basic and diluted	\$ (0.10)	\$ (0.39)	\$ (1.22)	\$ (2.93)
Weighted average common shares and equivalents outstanding, basic and diluted	5,340	6,240	5,441	6,366

SELECTED BALANCE SHEET DATA
(In thousands)

	December 31, 2001	December 31, 2000
Cash and equivalents	\$ 4,033	\$ 4,269
Investments	13,909	24,028
Commissions receivable	1,352	1,541
Other assets	220	453
Total current assets	19,514	30,291
Intangible assets	1,313	0
Total assets	\$22,918	\$32,643
Total current	\$ 1,000	\$ 2,848

liabilities		
Total liabilities	1,085	2,976
Total	21,833	29,667
stockholders' equity		
	\$22,918	\$32,643
stockholders' equity		

SOURCE Quotesmith.com, Inc.

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