

Press Releases

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Quotesmith.com Reports Year-End 2002 and Fourth-Quarter Financial Results

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Quotesmith.com, Inc. (ticker: QUOT, exchange: NASDAQ) News Release - 1/28/2003

Quotesmith.com Reports Year-End 2002 and Fourth-Quarter Financial Results

- Full Year Revenue Growth of 22 Percent Achieved on 59 Percent Marketing Expense Reduction
- Full Year Net Loss Declined to \$2.7 Million from \$6.6 Million in 2001
- Cash Used for Operations in 2002 was \$520,000 vs. \$7.45 Million in 2001
- 2003 Profit Guidance Reaffirmed

DARIEN, Illinois (January 28, 2003) -- Quotesmith.com, Inc., (Nasdaq SmallCap: QUOT), the online insurance marketplace that provides instant quotes from over 300 leading insurance companies and enables visitors to buy from the company of their choice, today announced financial results for the fourth quarter and year ended December 31, 2002.

"Quotesmith.com delivered substantially improved revenue and expense results in 2002," said Robert Bland, chairman and CEO. "We achieved revenue growth of 22 percent, slashed our net loss and improved our online order fulfillment systems. We are entering 2003 with a core operating expense structure that is \$3 million below that of 2002. Based upon this momentum, we believe that we can achieve net income of \$1.0-\$1.5 million in 2003 on revenues of \$11-\$12 million. We are very bullish on the future of online insurance as a new and emerging distribution channel. Our focus for 2003 will remain on our business model with an eye toward pursuing opportunities that could be beneficial to our profit goals and long-term shareholder value."

Quotesmith.com chief financial officer, Phillip Perillo, commented, "Our path to profitability has been greatly enhanced by the marketing and operational efficiencies that we achieved in 2002. Most important among those achievements was the realization of expanded gross profit margins per transaction which will serve to strengthen our long-term competitive position. Our revenue per transaction (total revenues divided by policies sold) rose 16 percent to \$507 in 2002 vs. \$436 in 2001, while our per-policy marketing costs decreased by 61 percent to \$137, compared to \$348 in 2001."

Financial Results

Revenues for the fourth quarter ended December 31, 2002 were \$2.3 million, a 9 percent decrease from revenues of \$2.6 million reported for the fourth quarter of 2001. Revenues in the 2001 fourth quarter were positively affected by the receipt of a \$551,000 performance-based life insurance bonus commission. Net loss for the 2002 fourth quarter was \$872,000, or \$0.18 per share, compared with a net loss of \$521,000, or \$0.10 per share reported for the fourth quarter of 2001.

For the full year of 2002, the Company reported 22 percent growth on revenues of \$10.78 million vs. \$8.85 million for 2001. Net loss for the year ended December 31, 2002 totaled \$2.73 million, or \$0.55 per share as compared to a net loss of \$6.63 million, or \$1.22 per share, for 2001.

Operating activities in 2002 required the use of \$520,000 of cash, compared with requirements of \$7.45 million in 2001.

Quotesmith.com ended the year with \$16.3 million, or \$3.32 per share, in cash and marketable securities.

For the fourth quarter, Quotesmith.com reported 4,473 new policies sold, representing a decrease of two percent from the 4,555 policies sold in the fourth quarter of 2001. Policies sold for the year ended December 31, 2002 amounted to 21,251, up 4.8 percent from the 20,282 policies sold reported in 2001.

Quotesmith.com ended the quarter with \$16.3 million, or \$3.34 per share, in cash and short-term investments.

Business Highlights

Cost Effective Customer Acquisition

Quotesmith.com continues to acquire new customers on an increasingly cost effective basis and, in 2002, posted its most efficient customer acquisition results in over seven years. For 2002, the Company achieved \$3.70 in revenue for every \$1 spent in marketing, up from revenues of \$1.26 per \$1 spent in 2001.

Integration of Insure.com

In 2002, Quotesmith.com successfully integrated its insurance price comparison service throughout the Insure.com Web site, which was acquired by Quotesmith.com in December 2001.

Completion of New Online Order Fulfillment System Scalability Improves Accuracy, Reduces Handling Costs, Enables Business Model Scalability

As previously announced, Quotesmith.com completed and launched its new order fulfillment technology infrastructure in December 2002. This new technology solution makes it easier than ever to buy insurance online and is a radical departure from the industry's traditional telephone-based, paper-based methods of handling life and health insurance applications. The Company's new online order entry technology is now powering online orders for 34 of the most popular life and health companies which account for over 85 percent of our revenues.

November Recognition: Quotesmith.com Named Best Life Insurance Site on the Web by Forbes.com

On November 29, 2002 Forbes.com announced that Quotesmith.com had won the distinguished "Forbes Favorite" award for life insurance in its Winter 2002 "Best of the Web" online edition.

Share Repurchase Program Update

As part of its previously announced share repurchase program, Quotesmith.com repurchased 446,050 shares in 2002 at an average price of \$2.69 per share. No shares were repurchased during the fourth Quarter of 2002. The Company has Board authority to repurchase an additional 652,000 shares. Quotesmith.com had 4,908,731 shares outstanding as of December 31, 2002.

Business Outlook

Quotesmith.com continues to execute a business strategy that balances bottom-line returns with investments in long-term growth, and is today reaffirming the financial targets for 2003 that were announced on October 23, 2002.

- Revenues of \$11-\$12 million
- Net profit of \$1.0-\$1.5 million
- Year-end cash and investment balances of \$17-\$18 million

Quotesmith.com believes that its current capital structure, including cash and marketable securities of \$16.3 million, is adequate to reach profitability without the necessity of additional debt or equity financing. This guidance, which is subject to change, is based upon a wide range of business factors and assumptions known or believed to be true by the Company as of this date. Quotesmith.com 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, combined with news, information and decision-making tools that are not available from any other single source. Insure.com plays home to thousands of originally authored articles on various insurance topics that are searchable by subject. Visitors to the Company's Web sites are able to obtain instant quotes from more than 300 leading insurers for twelve different product lines, achieve maximum savings and have the freedom to buy from any company shown. 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. These forward-looking statements are inherently difficult to predict. 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, 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, 2001, and the Company's Quarterly report on Form 10-Q for the quarter ended September 30, 2002, both of which are on file with the United States Securities and Exchange Commission. Quotesmith.com, insure.com, LTCompare and QuotesmithPro are service marks of Quotesmith.com, Inc. All other names are trademarks of their respective owners. Copyright 2003. All rights reserved. Quotesmith.com, Inc.

QUOTESMITH.COM, INC.

STATEMENT OF OPERATIONS

(In thousands, except per share data)

(Unaudited)

	Quarter Ended December 31,		Year Ended December 31,	
	2002	2001	2002	2001
Revenues:				
Commissions and fees	\$2,339	\$2,496	\$10,632	\$8,744
Other	5	73	145	107
Total revenues	2,344	2,569	10,777	8,851
Expenses:				
	1,035	808	2,912	7,052
Operations	1,529	1,724	7,756	6,005
	749	705	3,194	3,503
Total expenses	3,313	3,237	13,862	16,560
Operating loss	(969)	(668)	(3,085)	(7,709)
Interest income	97	147	359	1,076
Net loss	\$(872)	\$(521)	\$(2,726)	\$(6,633)
Net loss per common share, basic and diluted	\$(0.18)	\$(0.10)	\$(0.55)	\$(1.22)
Weighted average common	4,900	5,340	4,964	5,441

shares and
equivalents

outstanding,
basic and

diluted

SELECTED BALANCE SHEET DATA
(In thousands)

	(Unaudited) December 31, <u>2002</u>	December 31, <u>2001</u>
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Cash and investments	\$ 16,308	\$ 17,942
Commissions receivable	1,126	1,352
Total assets	\$19,559	\$23,000
Total liabilities	1,464	1,085
Total stockholders' equity	18,095	21,915
	\$19,559	\$23,000
stockholders' equity		

SOURCE Quotesmith.com, Inc.

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