

Press Releases

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Quotesmith.com Reports Second Quarter 2000 Financial Results

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Quotesmith.com, Inc. (ticker: QUOT, exchange: NASDAQ) News Release - 7/18/2000

Quotesmith.com Reports Second Quarter Financial Results

Online insurance broker posts narrowed net loss, highest ever revenues and policy sales

Revenues increased 27% over Q1 2000 to a record \$4.9 million

Net loss narrowed to \$3.6 million from Q1 2000 net loss of \$9.1 million

Policies sold increased 29% over Q1 2000 to a record 12,148

Completed quotes totaled 977,000, a 28% decrease from Q1 2000

Marketing costs decreased 42% from Q1 2000 to \$5.9 million

DARIEN, Ill., July 18 /PRNewswire/ -- Quotesmith.com, Inc., (Nasdaq: QUOT), the buyer-driven insurance exchange which provides instant quotes from more than 300 leading insurance companies, today announced financial results for the second quarter ended June 30, 2000.

Financial Results

Revenues for the second quarter ended June 30, 2000 were a record \$4.9 million, a 27% increase over revenues of \$3.9 million reported for the first quarter of 2000 and a 210% increase over revenues of \$1.6 million reported for the same period last year. Net loss for the second quarter decreased to \$3.6 million, or \$0.19 per share, compared with a net loss \$9.1 million, or \$0.47 per share reported for the first quarter of 2000 and a loss of \$1.7 million, or \$0.12 per share, in the second quarter of 1999. On a year-to-date basis, the Company achieved record revenues of

\$8.8 million for the first six months of 2000, up 188% as compared to \$3.1 million for the same period in 1999. Net loss for the first six months of 2000 totaled \$12.7 million, or \$.66 per share, vs. \$3.1 million, or \$.23 per share, for the first six months of 1999.

Quotesmith.com ended the quarter with \$35.8 million, or \$1.86 per share, in cash and short-term investments.

Robust New Customer Growth

For the second quarter, Quotesmith.com reported a record 12,148 policies sold, representing a sequential quarterly increase of 29% from the 9,388 policies sold in the first quarter of 2000 and an increase of 284% from the 3,165 policies sold in the second quarter of 1999. Paid policies for the first six months of 2000 amounted to a record 21,536, up 259% from the 6,000 paid policies reported in the like period of 1999.

Quotesmith.com chairman and CEO, Robert Bland, commented, "We had a solid quarter in all of our key areas. These financial results demonstrate that our unique propositions - get instant quotes from 300 insurance companies, view the lowest premiums, buy from the company of your choice - are resonating with insurance shoppers in a very positive way. Our plan is to continue to maintain a heads-down focus on delivering a faster, easier way to buy insurance for our customers by continuing to give them access to the widest and most informative market overview available from any single source. We believe that insurance, more than any other industry, is ideally suited for Internet distribution. We intend to continue to gun for growth, profitability, technical superiority, scalability and efficiency with every resource we've got."

Progress with Operating Cost Leverage

Operating costs per paid policy declined 37% to \$151 in the second quarter vs. \$241 in the first quarter of 2000. On a year-to-date basis, operational cost per paid policy plunged 47% to \$190 for the first six months of 2000 as compared to \$357 for the first six months of 1999. Declining operating costs per paid policy are due to several factors including the measurement of related expenses against a rising policy count, the shifting of specified customer service functions to certain insurance companies and increased automation.

Health Insurance Policy Sales Momentum

Sales of health insurance in the second quarter, including dental and Medicare supplement policies, surged 42% on a sequential quarterly basis to 1,119 policies vs. 786 for the first quarter of 2000. For the six months ended June 30, 2000, health insurance policy sales reached 1,905, up 1,844% from 98 reported in the like six-month period of last year. Commenting on the rapid rise of health insurance policy sales, Bland added, "We are very excited to see that health insurance sales have become our fastest-growing business. Our unique ability to provide instant quotes for 89 individual and family health insurers, 11 short term medical insurers, 39 dental insurers, 30 small group health insurers and 70 Medicare supplement insurers represents a significant core strength and competitive advantage because this information simply isn't available from any other single source. Going forward, we intend to aggressively expand our health insurance product line."

Commissions and fees derived from the sale of individual term life policies comprised 92% of total revenue during the second quarter of 2000, which is higher than recent quarters due to an influx of paid term life business resulting from the implementation of Regulation XXX earlier in the year. Commissions and fees from auto and health insurance accounted for the balance of the non-term life revenue.

Second Half Outlook

Quotesmith.com intends to further reduce marketing expenditures until its planned expansion into auto and certain additional lines of the insurance business are fully implemented. This planned reduction in marketing expenses will slow the short-term revenue growth rate and should reduce the amount of capital drain as compared to previously projected amounts. Quotesmith.com believes that it will achieve revenues of approximately \$17 million in 2000 vs. \$8.4 million for 1999. Quotesmith.com projects a net loss in 2000 of approximately \$23 million.

About Quotesmith.com

Quotesmith.com owns and operates the industry's largest and most comprehensive insurance price comparison service. The Quotesmith.com Insurance Commerce Platform allows insurance shoppers to instantly view the best prices being offered by more than 300 leading companies, achieve maximum savings and have the freedom to buy from the company of their choice. Quotesmith.com generates revenues from the receipt of commissions and fees paid by insurance companies. Quotesmith.com also provides personalized customer service assistance and policy placement services for its customers. Shares of Quotesmith.com trade on the Nasdaq Exchange 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, "may," "will," "believes," "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 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 is included in the company's Annual Report on Form 10-K for the year ended December 31, 1999, which is 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.

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QUOTESMITH.COM, INC.

STATEMENT OF OPERATIONS

(In thousands, except per share data)

(Unaudited)

	2000	1999	2000	1999
Revenues:				
Commissions and fees	\$4,903	\$1,569	\$8,773	\$3,019
Other		10	18	2231
Total revenues	4,913	1,587	8,795	3,050
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SELECTED BALANCE SHEET DATA
(In thousands)

(Unaudited)
June 30,
2000

December 31,
1999

Cash and investments	\$35,764	\$49,661
Commissions receivable	2,017	1,695
Other assets	642	2,934
Total current assets	38,423	54,290
Total assets	\$40,346	\$55,178

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OTHER STATISTICAL DATA
(Unaudited)

Quarter Ended
June 30,

Six Months Ended
June 30,

	2000	1999	2000	1999
Completed Quotes				
Term life	525,218	216,814	1,181,608	458,003
Health and Other	451,771	149,345	1,155,743	243,940
Total completed quotes	976,989	366,159	2,337,351	701,943
Applications received				

Term life	8,262	6,004	21,649	12,257
Health and Other	1,713	141	3,845	268
Total applications received	9,975	6,145	25,494	12,525
Policies paid				
Term life	11,029	3,067	19,631	5,902
Health and Other	1,119	98	1,905	98
Total policies paid	12,148	3,165	21,536	6,000
Average first year				
revenue per Term life policy	\$402	\$472	\$396	\$475
Operating cost per policy	151	373	190	357*

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