

# Press Releases

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## Quotesmith.com Reports 1999 and Fourth Quarter Results

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Quotesmith.com, Inc. (ticker: QUOT, exchange: NASDAQ) News Release - 1/26/2000

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### Quotesmith.com Reports 1999 and Fourth Quarter Results

Record Revenues, Policy Sales and Quote Activity Posted

- Revenues increased 27% over Q3 1999 to \$3 million
- Policies sold increased 33% over Q3 1999 to 6,733
- Completed quotes surged to 1.1 million, a 53% increase over Q3 1999

DARIEN, Ill., Jan. 26 /PRNewswire/ -- Quotesmith.com, Inc., (Nasdaq: QUOT), the only place on earth where you can get instant insurance quotes from more than 300 leading companies, today announced financial results for the fourth quarter and the year ended December 31, 1999.

#### Financial Results

Revenues for the fourth quarter were a record \$3.0 million, a 27% increase over revenues of \$2.4 million reported for the third quarter of 1999 and a 79% increase over revenues of \$1.7 million reported for the same period last year. Total revenues for the year were \$8.4 million, an increase of 51% from 1998's \$5.6 million.

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Net loss for the fourth quarter was \$6.8 million, or \$0.35 per share, compared with a loss of \$.3 million, or \$0.02 per share, in the fourth quarter of 1998. The company reported a net loss of \$13.8 million, or \$0.88 per share, for the year ended December 31, 1999 compared with a net loss of \$.2 million, or \$0.02 per share, in the same period last year.

Increasing insurance shopper activity at Quotesmith.com resulted in a record 6,733 policies sold in the fourth quarter of 1999 representing an increase of 33% from the 5,053 policies sold in the third quarter of 1999 and an increase of 128% from the 2,947 policies sold in the fourth quarter of 1998.

The Company continued to diversify its revenue base during 1999. Total revenue from the sale of term life business decreased to 88% of total revenue during the fourth quarter of 1999 compared to 95% in the prior quarter. Commissions and fees generated from auto and health insurance accounted for the majority of the non-term life revenue.

#### Business Highlights

"Quotesmith.com had a strong 1999 capped by very robust fourth quarter performance," said Robert Bland, Quotesmith.com Chairman and CEO. "Quotesmith.com is achieving record growth levels as a result of our targeted advertising. The \$1.1 trillion U.S. insurance market is ideally suited for Internet application because insurance is itself a virtual business in the form of a set of promises. We're driving forward our business objective of defining and leading how insurance will be distributed on the Internet in an integrated, full service way that pleases insurance buyers and insurance companies alike."

Bland continued, "The momentum we achieved reflects the appeal of the Quotesmith.com insurance price comparison service to a widening audience because we empower insurance shoppers with the broadest selection of insurance quotes and the freedom to apply to the company of their choice. Our emergence as the leading online insurance information site for consumers and small business owners will further accelerate the adoption of buying insurance online. Because we own and operate the largest and most comprehensive insurance pricing databases in America, we're uniquely positioned to distribute insurance online in a revolutionary, customer-focused fashion. For the rest of 2000, we intend to invest heavily in building our brand."

Average daily completed quotes processed for the fourth quarter of 1999 were 11,565, a 53% increase over the 7,535 average daily quotes recorded during the third quarter of 1999 and a 305% increase over the 2,890 average daily quotes recorded during the fourth quarter of 1998. Reported quotes do not include automobile insurance quotes, which are provided by third parties.

Commenting on the company's robust increase in quote activity, Bland said, "Completed quotes are our leading indicator of future revenue growth and we know, through past experience, that there is a time lag of as much as 180 days between a completed quote and a subsequent purchase decision. In the fourth quarter, we experienced a satisfactory quote-to-policy conversion ratio on term life business and exceeded our internal revenue objectives for both the fourth quarter and the full year. While we believe that these better than expected results demonstrate the strong upward momentum of our business, we must also recognize that many term life insurance shoppers were motivated to buy before the advent of insurance Regulation XXX which became effective in a number of states on January 1, 2000."

Average first year commissions and bonus per term life policy was \$415 in the fourth quarter of 1999 vs. \$445 in the third quarter of 1999. Average first year compensation received per policy for the full year was \$445 vs. \$488 in 1998. The Company explained that the decline in first year commissions realized in 1999 was due primarily to declining term life premiums and a shift in business mix to insurance carriers with lower levels of first year commissions.

		Quarter Ended December 31,				Year Ended December 31,	
	1999	1998	% chg		1999	1998	% chg

Policies sold	6,733	2,947	128%		17,786	10,920	63%
Completed quotes	1,064,000	263,000	305%		2,459,000	831,000	196%

## About Quotesmith.com

Quotesmith.com owns and operates the largest and most comprehensive insurance price comparison service in America. The company provides instant, guaranteed accurate, company-authorized quotes for more than 300 leading insurance companies covering several lines of insurance including auto, motorcycle, life, individual and family comprehensive medical, short term medical, small group medical, dental, small business workers' compensation, Medicare supplement, watercraft, boat, RV and annuities.

In addition to providing the widest selection of instant insurance quotes available from any single source, the Quotesmith.com site also allows visitors to purchase insurance from the company of their choice without having to deal with a commissioned salesperson. Quotesmith.com provides complete, toll-free quote-to-policy-delivery customer service through the use of insurance-experienced, in-house, salaried representatives.

Quotesmith.com is now providing instant individual term life quotes from 130 companies covering all 50 states; instant individual and family medical quotes from 46 companies covering 45 states; instant small group medical quotes from 37 companies covering 37 states; instant workers' compensation quotes from 1 company covering 6 states; instant short term medical quotes from 6 companies covering 39 states; instant Medicare supplement quotes from 64 companies covering all 50 states; instant dental quotes from 47 companies covering all 50 states; instant "no exam" whole life quotes from 59 companies covering all 50 states and fixed annuity quotes from 85 companies covering all 50 states. The company is also providing instant automobile insurance quotes from 56 auto insurers in 47 states through click-through arrangements with Intuit's Quicken Insurance and Progressive Corporation.

Quotesmith.com provides useful reference tools and educational material to assist insurance shoppers. A typical Quotesmith.com quote comes complete with two full pages of policy coverage and reference information, including published underwriting guidelines. Another unique feature is that every Quotesmith.com term life quote also shows the latest independent ratings from A.M. Best, Duff & Phelps, Moody's, Standard & Poor's and Weiss Ratings, Inc.

Quotesmith.com is committed to providing the most comprehensive and useful insurance information experience on the Internet. The company electronically collects consumer demand for coverage and can rapidly communicate such demand directly to insurance companies in an efficient manner. The Quotesmith.com service empowers insurance buyers with near-perfect market information (including knowledge of potential savings) which is instant, easy to use, up-to-the-day accurate and not available from any other single source.

As detailed at [www.quotesmith.com](http://www.quotesmith.com), the company offers visitors two unique guarantees: view the lowest term life premiums in America or receive \$500 in cash; and, every quote is guaranteed accurate or receive a \$500 cash reward. The company's average daily quote volume has been growing rapidly recently. During peak times the company often processes one quote request every four seconds.

Quotesmith.com completed a \$63 million initial public offering in August 1999. The company's shares trade on the Nasdaq Exchange under the symbol "QUOT." Intuit Inc. owns approximately seven percent of the outstanding stock of Quotesmith.com, Inc.

QUOTESMITH.COM, INC.  
STATEMENT OF OPERATIONS

(In thousands, except per share data)

		Quarter Ended December 31,		Year Ended December 31	
	1999	1998		1999	1998
Revenues:					
Commissions and fees	\$2,986	\$1,662		\$8,354	\$5,508
Other	13	13		54	68
Total revenues	2,999	1,675		8,408	5,576
Expenses:					
	7,626	688		14,397	1,791
Operations	1,571	748		5,481	2,690
	1,315	521		3,570	1,293
Total expenses	10,512	1,957		23,448	5,774
Operating loss	(7,513)	(282)		(15,040)	(198)
Interest income	758	7		1,220	2
Net loss	\$(6,755)	\$(275)		\$(13,820)	\$(196)
Net loss per common share, basic and diluted	\$(0.35)	\$(0.02)		\$(0.88)	\$(0.02)
Weighted average common shares and equivalents outstanding, basic and diluted	19,224	12,378		15,711	12,258

SELECTED BALANCE SHEET DATA  
(In thousands)

	December 31, 1999	December 31, 1998

Cash and equivalents	\$ 8,990	\$ 518
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Investments	40,671		--	
Commissions receivable	1,695		1,008	
Other assets	2,934		40	
Total current assets	54,290		1,566	
Total assets	55,178		1,806	
Total current liabilities	5,982		817	
Total liabilities	5,982		817	
Total stockholders' equity	49,196		989	
	55,178		1,806	
stockholders' equity				

#### 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 final prospectus dated August 3, 1999, as filed with the United States Securities and Exchange Commission.

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