

Press Releases

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Quotesmith.com Reports First-Quarter 2001 Financial Results

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Quotesmith.com, Inc. (ticker: QUOT, exchange: NASDAQ) News Release - 4/24/2001

Quotesmith.com Reports First-Quarter Financial Results

- Net loss of \$2.4 Million is 73% Reduction over 2000 Q1 Loss
- Per-Policy Acquisition Costs Reduced by 58% over 2000 Q1
- Instant Long-Term Care Insurance Quotes Go Live

DARIEN, Ill., April 24 /PRNewswire/ -- Quotesmith.com, Inc., (Nasdaq: QUOT) today announced financial results for the first quarter ended March 31, 2001.

"We made solid progress in the first quarter in that we reduced our net loss by 73 percent compared to the first quarter last year, reduced our marketing expenses by 72 percent and experienced only a 33 percent decline in new policy sales. We also launched LTCompare, our new long-term care insurance brokerage service," said Robert Bland, chairman and CEO. "Our current business plan objectives are to conserve capital, strive for profitability through further marketing and operating expense efficiencies and to introduce our new multi-company auto insurance engine in the second quarter."

As previously reported, Quotesmith.com shareholders approved a 3-for-1 reverse stock split, effective on March 7, 2001. All share and per share amounts in this press release have been retroactively adjusted to reflect the stock split.

Quotesmith.com ended the quarter with cash and short-term investments of \$24.9 million, and no debt.

Financial Results

Quotesmith.com reported revenue of \$2.4 million for the first quarter of 2001, representing a decrease of 38 percent over revenue of \$3.9 million in the same quarter a year ago. Net loss for the first quarter of 2001 was \$2.4 million, or \$0.43 per share, as compared to a net loss of \$9.1 million or \$1.42 per share for the same period in 2000.

Marketing expenses for the first quarter of 2001 were \$2.9 million, a decrease of 72 percent over the \$10.1 million spent for marketing in the first quarter of 2000.

Policies Sold Recap

In the 2001 first quarter Quotesmith.com sold a total of 6,319 new policies, representing a decrease of 33 percent from 9,388 policies sold in the same quarter a year ago.

Sales of new health and other insurance policies amounted to 1,096 in the first quarter of 2001, which was an increase of 39 percent over 786 such sales in the first quarter of 2000.

Quotesmith.com is committed to diversifying its revenue base by creating new revenue streams from the sale of multiple lines of insurance. As a percentage of total policies sold, sales of non-term life policies rose to 17 percent of total policies sold in the first quarter of 2001 as compared to 8 percent of total policies sold in the like period of 2000.

Reduced Customer Acquisition Costs

Quotesmith.com reported progress in lowering per-policy customer acquisition costs (total marketing costs divided by total new policies sold) as a result of reduced U.S. media rates and more efficient deployment of marketing dollars. The per-policy acquisition cost in the first quarter of 2001 amounted to \$451 and compares favorably to \$1,080 for the first quarter of 2000.

Share Repurchase Program

As part of a previously announced share repurchase program, Quotesmith.com repurchased 404,124 shares in the first quarter of 2001 at an average price of \$1.81 per share. The company had 5,517,779 shares outstanding as of March 31, 2001. In the fourth quarter of 2000 the company repurchased a total of 487,000 shares at an average price of \$2.25 per share.

David Vickers Resigns as Chief Financial Officer

Quotesmith.com also announced that its chief financial officer, David Vickers, has resigned effective June 1 to pursue other interests. "Dave Vickers is a friend, an excellent financial strategist and we wish him well in his new pursuits," said Bland. The Quotesmith.com board has begun a search to find a new CFO.

Revised Financial Targets for 2001

Quotesmith.com is revising the financial targets for 2001 that were announced on January 23, 2001. The company currently intends to further reduce subsequent 2001 marketing expenditures below the levels experienced in the first quarter of 2001 and does not intend to increase its quarterly marketing expenditures again until the launch of its new personal automobile insurance quotation engine has been successful and is producing new policy sales at a satisfactory pace. Based upon these and other factors, the company anticipates 2001 revenues of approximately \$8 to \$9 million with a net loss range of approximately \$7 to \$8 million. The company is currently projecting 2001 year-end cash and investment balances of approximately \$18 to \$19 million.

Quotesmith.com believes that its current capital structure, including cash and short term investments of \$24.9 million, is adequate to reach profitability without the necessity of additional debt or equity financing.

The company does not provide confirmation or updates of its targets except through public announcements.

New Products and Services

LTCompare(R). On February 8th of this year Quotesmith.com launched its new Web-based long-term care insurance price comparison and purchasing service that promises to replace hours of research and lead to maximum savings for beleaguered long-term care insurance buyers and their families. LTCompare now provides instant quotes from about 15 household-name insurers and includes one-click downloads of brochures, comparative buying guides and regulatory information. Long-term care insurance is considered by many to be the most expensive line of personal insurance and one of the most complex for families to research. LTCompare should add a larger-ticket commission product to the Quotesmith.com Web site content portfolio.

Personal Auto. In describing the current status of the rollout of Personal Auto, Bland remarked, "We've been hard at work for over one year on a project of vital long-term importance to us. And even though this project is about 6 months behind schedule, we intend to enter the auto insurance brokerage business and launch our brand new, multi-company auto insurance price comparison engine by June 30th of this year." The rollout and commercial availability of this new service will be conducted on a state-by-state basis, beginning with the highest population states first. The goal on this ambitious project is to provide auto insurance shoppers of all ages and profiles with a true panorama of comparative information on a scale not seen before.

QuotesmithPro(R) -- In an effort to leverage its existing technology and create new revenue streams, Quotesmith.com also intends to launch QuotesmithPro as a Web-based subscription 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. Subscription pricing for this new service has not yet been set.

Additional lines scheduled for release in 2001 also include homeowner's insurance and international medical insurance.

Recent Accolades for Quotesmith.com

On April 24, 2001 Quotesmith.com was named as one of the Top 10 Insurance Web sites by Personal Finance Online magazine in its inaugural June/July 2001 issue, which appears on newsstands today. On December 26, 2000, FinanCenter.com awarded Quotesmith.com a #1 ranking (99.3 score out of 100) based upon an extensive, multi-site comparison of term life premiums. On September 29, 2000, Money magazine named Quotesmith.com "One of the Top 50 Financial Websites." On September 18, 2000, Quotesmith.com was named "Best of the Net" by About.com's Guide to Personal Life Insurance.

About Quotesmith.com

Founded in 1984, 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 also provides personalized customer service assistance and policy placement services for its customers. Quotesmith.com generates revenues from the receipt of commissions and fees paid by insurance companies. Shares of Quotesmith.com trade on the Nasdaq National Market under the symbol "QUOT."

Cautions about Forward-Looking Statements

Forward-looking statements in this release including, without limitation, statements relating to the Company's

plans, strategies, objectives, expectations, intentions, and adequacy of resources, are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. These forward-looking statements involve known and unknown risks, uncertainties, and other factors that may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. These factors include, among others, the following: 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 and other factors described in filings of the Company with the Securities and Exchange Commission, including its Form 10-K for the year ended December 31, 2000. The Company undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

This communication appears as a matter of information only and is not an insurance solicitation. Accordingly, no employee of Quotesmith.com, Inc. is recommending or endorsing any specific insurance company, coverage or policy type within this communication. 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 of residence 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)					
			Quarter Ended		
			March 31, 2001	December 31, 2000	March 31, 2000
Revenues:					
Commissions and fees			\$2,391	\$2,635	\$3,870
Other			16	11	12
Total revenues			2,407	2,646	3,882
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Net loss		\$ (2,446)	\$ (2,405)	\$ (9,125)

Net loss per common share,	\$ (0.43)		\$ (0.39)		\$ (1.42)
basic and diluted					
Weighted average common shares and equivalents outstanding, basic and diluted	5,624		6,240		6,408

SELECTED BALANCE SHEET DATA
(In thousands)

	March 31, 2001		December 31, 2000
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Cash and equivalents	\$4,015		\$4,269
Investments	20,836		24,028
Commissions receivable	1,213		1,541
Other assets	446		453
Total current assets	26,510		30,291

Total assets	\$28,861		\$32,643
Total current liabilities	\$2,227		\$2,848
Total liabilities	2,345		2,976
Total stockholders' equity	26,516		29,667
Total liabilities & stockholders' equity	\$28,861		\$32,643

OTHER STATISTICAL DATA

			Quarter Ended		
	March 31, 2001		December 31, 2000		March 31, 2000
Completed Quotes					
Term life	465,191		415,255		656,390

Health and Other	418,284		386,764		703,972
Total completed quotes	883,475		802,019		1,360,362
New Policies Sold					
Term life	5,223		5,891		8,602
Health and Other	1,096		1,095		786
Total policies paid	6,319		6,986		9,388
Average first year commission					
per new policy sold	\$378		\$377		\$412
Marketing cost per new policy sold					
policy sold	\$451		\$435		\$1,080
Operating cost per new policy sold					
policy sold	\$236		\$224		\$241

SOURCE Quotesmith.com, Inc.

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