

Press Releases

For Media inquiries : pr@insure.com

Quotesmith.com Reports Second Quarter 2001 Financial Results

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Quotesmith.com, Inc. (ticker: QUOT, exchange: NASDAQ) News Release - 7/25/2001

Quotesmith.com Reports Second Quarter Financial Results

DARIEN, Ill., July 25 /PRNewswire/ -- Quotesmith.com, Inc., (Nasdaq: QUOT), the online insurance broker which provides instant quotes from more than 300 leading insurance companies, today announced financial results for the second quarter ended June 30, 2001.

"We executed on our plan to reduce our net losses during the second quarter and first half of this year primarily through reductions in marketing expenses. We recently began to outsource portions of our back office processing which we believe will yield significant unit cost reductions going forward. Earlier this month, we launched our new comparative auto insurance engine in Illinois and are now preparing our Web site to accept online applications and e-signatures in order to speed up and simplify the buying process," said Robert Bland, chairman and CEO. "Our business plan objectives for the remainder of 2001 are to conserve capital, gun for profitability through further marketing efficiencies and expense reductions and to expand our new multi-company auto insurance engine into more key states."

Financial Results

Revenues for the second quarter ended June 30, 2001 were \$2.1 million, an 11% decrease from revenues of \$2.4 million reported for the first quarter of 2001 and a 56% decrease from revenues of \$4.9 million reported for the same period last year. Net loss for the second quarter increased to \$2.6 million, or \$0.48 per share, compared with a net loss of \$2.4 million, or \$0.43 per share reported for the first quarter of 2001 and a loss of \$3.6 million, or \$0.56 per share, in the second quarter of 2000.

On a year-to-date basis, the Company reported revenues of \$4.6 million for the first six months of 2001 as compared to \$8.8 million for the same period in 2000. Net loss for the first six months of 2001 totaled \$5.1 million, or \$0.89 per share, vs. \$12.7 million, or \$1.98 per share, for the first six months of 2000.

As previously reported, Quotesmith.com shareholders approved a 3-for-1 reverse stock split 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 \$21.7 million, or \$4.06 per share, in cash and short-term investments. Total debt outstanding, consisting solely of capitalized lease liabilities, equaled \$0.1 million, or \$0.02 per share, as of June 30, 2001.

Policies Sold Recap

For the second quarter, Quotesmith.com reported 5,314 policies sold, representing a decrease of 56% from the 12,148 policies sold in the second quarter of 2000. Paid policies for the first six months of 2001 amounted to 11,633, down 46% from the 21,536 paid policies reported in the like period of 2000.

Reduced Customer Acquisition Costs

For the first six months of 2001, Quotesmith.com reported continued 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 half of 2001 amounted to \$466 and compares favorably to \$746 for the first half of 2000.

Share Repurchase Program

As part of a previously announced share repurchase program, Quotesmith.com repurchased 170,000 shares in the second quarter of 2001 at an average price of \$2.88 per share. The company had 5,347,779 shares outstanding as of June 30, 2001. In the first quarter of 2001 the company repurchased a total of 404,124 shares at an average price of \$1.81 per share.

New Chief Financial Officer

Quotesmith.com named Walter Kulikowski as its vice president and chief financial officer effective May 14, 2001. Kulikowski came to Quotesmith.com with a long and distinguished record of achievement in the financial management of several Internet, telecom and financial institutions. Kulikowski, 47, replaced David Vickers, who resigned to pursue other interests.

Revised Financial Targets for 2001

Quotesmith.com is revising the financial targets for 2001 that were announced on April 24, 2001. The Company intends to further reduce marketing expenditures until its planned expansion into auto and certain additional lines of the insurance business are further implemented and producing satisfactory financial results. This planned reduction in marketing expenses will cause revenue to decrease and should also reduce the amount of capital drain as compared to previously projected amounts. Based upon these and other factors, the Company now anticipates 2001 revenues of approximately \$8 million with a net loss of approximately \$6.5 million vs. a loss range of \$7 to \$8 million announced on April 24, 2001. The company is currently projecting 2001 year-end cash and investment balances of \$18 to \$19 million.

Quotesmith.com believes that its current capital structure, including cash and investments of \$21.7 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

Personal Auto. In describing the current status of the rollout of Personal Auto, Bland remarked, "Our entry into the personal auto insurance brokerage market is a project of vital long-term importance to us because of the huge size of the U.S. auto insurance market and because of the recurring revenue opportunities associated with auto insurance. Earlier this month we launched our brand new, multi-company auto insurance price comparison engine in Illinois. We expect to rollout into more high population states as the year progresses. Our 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, on or off of the Internet."

LTCompare(R). In February 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 sale to the Quotesmith.com Web site content portfolio.

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.

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 provides personalized customer service assistance and policy placement services for its customers and generates revenues from the receipt of commissions and fees paid by insurance companies. Shares of Quotesmith.com trade on the Nasdaq SmallCap Market 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, 2000, 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

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		Quarter Ended June 30,		Six Months Ended June 30,	
	2001	2000		2001	2000
Revenues:					
Commissions and fees	\$2,131	\$4,903		\$4,522	\$8,773
Other	14	10		29	22
Total revenues	2,145	4,913		4,551	8,795
Expenses:					
	2,565	5,923		5,416	16,061
Operations	1,396	1,832		2,885	4,095
	1,089	1,308		2,001	2,534
Total expenses	5,050	9,063		10,302	22,690
Operating loss	(2,905)	(4,150)		(5,751)	(13,895)
Interest income	300	564		700	1,184
Net loss	\$(2,605)	\$(3,586)		\$(5,051)	\$(12,711)
Net loss per common share, basic and diluted	\$(0.48)	\$(0.56)		\$(0.89)	\$(1.98)
Weighted average common shares and equivalents outstanding, basic and diluted	5,459	6,409		5,689	6,409

SELECTED BALANCE SHEET DATA
(In thousands)

	(Unaudited) September 30, 2001		December 31, 2000

Cash and investments	\$21,699		\$28,297	
Commissions receivable	1,057		1,541	
Other assets	327		453	
Total current assets	23,083		30,291	
Total assets	\$25,375		\$32,643	
Total current liabilities	\$1,834		\$2,848	
Total liabilities	1,940		2,976	
Total stockholders' equity	23,435		29,667	
	\$25,375		\$32,643	
stockholders' equity				

SOURCE Quotesmith.com, Inc.

CONTACT: Walter Kulikowski, CFO of Quotesmith.com, +1-630-515-0170, ext. 295, wkulikowski@quotesmith.com