

Press Releases

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Quotesmith.com Reports Third Quarter 2001 Financial Results

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Quotesmith.com, Inc. (ticker: QUOT, exchange: NASDAQ) News Release - 10/17/2001

Quotesmith.com Reports Third Quarter Financial Results

- Net Loss of \$1.1 Million is Lowest in 10 quarters
- Marketing Acquisition Costs per Policy Sold Plummet 62%
- New Auto Insurance Price Comparison Service Launched in 37 States
- 100,000th Policy Sale Milestone Surpassed

DARIEN, Ill., Oct. 17 /PRNewswire/ -- Quotesmith.com, Inc., (Nasdaq: QUOT), the online insurance broker that provides instant quotes from more than 300 insurers, today announced the financial results for its third quarter ended September 30, 2001.

"Our net loss of \$1.1 million for the third quarter is the lowest net loss we've reported in 10 quarters," said Robert Bland, chairman and CEO. "Our quarterly cash burn rate dropped to \$1.7 million, we made progress in reducing our per-policy marketing acquisition costs, we reached a company milestone by selling our 100,000th policy, and we successfully launched a new comparative automobile insurance quotation service in 37 states under our own brand name using outsourced technology."

In this extraordinary time of economic anxiety, Quotesmith.com is ideally positioned to assist people with strained

household budgets by making it easy to compare prices on costly auto, life and health insurance. These fundamental household insurance products tend to take on special importance during times of economic uncertainty.

Customer Acquisition Milestone

"In recent years, we made substantial investments in direct-to-consumer advertising through traditional media, which are continuing to yield positive results," said Bland. "The acquisition of these first 100,000 policyholders sets the stage for additional future household policy sales and additional revenue opportunities. People are looking for an easier, faster way to shop for insurance, which is exactly what we offer. We are very excited to see so many insurance shoppers voting for us with their pocketbooks."

The Company's near term financial objectives are to continue to conserve capital, further reduce cash burn rate, and to strive for profitability. Quotesmith.com is dedicated to customer-driven innovation and will continue to provide insurance shoppers with an Internet-based panorama of insurance information, instant quotes and the ability to buy from any company shown that is not available from any other single source.

Financial Results

Revenues for the third quarter ended September 30, 2001 were \$1.7 million, a 55% decrease from revenues of \$3.8 million reported for the third quarter of 2000 and a 19% decrease from revenues of \$2.1 million reported for the second quarter of 2001. Net loss for the third quarter decreased to \$1.1 million, or \$0.20 per share, compared with a net loss of \$3.5 million, or \$0.55 per share, in the third quarter of 2000 and a net loss of \$2.6 million, or \$0.48 per share reported for the second quarter of 2001.

On a year-to-date basis, the Company reported revenues of \$6.3 million for the first nine months of 2001 as compared to \$12.6 million for the same period in 2000. Net loss for the first nine months of 2001 totaled \$6.1 million, or \$1.12 per share, which is a 62 percent reduction over the net loss of \$16.2 million, or \$2.53 per share, reported for the first nine 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.

Strong Balance Sheet

Quotesmith.com ended the third quarter with \$20.1 million, or \$3.76 per share, in cash and short-term investments. Total debt outstanding, consisting solely of capitalized lease liabilities, equaled \$0.1 million, or \$0.03 per share, as of September 30, 2001.

Policies Sold Recap

For the third quarter, Quotesmith.com reported 3,830 policies sold, representing a decrease of 57% from the 8,998 policies sold in the third quarter of 2000. Policies sold for the first nine months of 2001 amounted to 15,463, down 49% from the 30,534 paid policies reported in the like period of 2000.

Reduced Customer Acquisition Costs

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 media rates and more efficient deployment of marketing dollars. The per-policy acquisition cost in the third quarter of 2001 amounted to \$216 compared to \$567 for the third quarter of 2000. For the first nine months of 2001, per-policy acquisition costs declined 42 percent to \$404 vs. \$693 for the same period last year.

Share Repurchase Program

As part of a previously announced share repurchase program, Quotesmith.com repurchased 7,500 shares in the third quarter of 2001 at an average price of \$2.03 per share. The Company had 5,340,279 shares outstanding as of September 30, 2001. During the nine months ended September 30, 2001 the company repurchased a total of 581,624 shares at an average price of \$2.12 per share.

Revised Financial Targets for 2001

Quotesmith.com is revising the financial targets for 2001 that were announced on July 25, 2001. For the balance of 2001, the Company intends to maintain marketing expenditures at levels approximating those of the third quarter 2001. Based upon this and other factors, the Company now anticipates 2001 revenues of approximately \$8 million with a 2001 net loss range of \$7 to \$8 million vs. a projected net loss of \$6.5 million announced on July 25, 2001. As previously stated, 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 \$20.1 million, is adequate to reach profitability without the necessity of additional debt or equity financing. The Company does not confirm or update its financial projections except in compliance with Regulation FD.

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 traffic activity produced by Quotesmith.com.

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QUOTESMITH.COM, INC.
STATEMENT OF OPERATIONS
(In thousands, except per share data)
(Unaudited)

	Quarter Ended September 30,			Nine Months Ended September 30,	
	2001	2000		2001	2000
Revenues:					
Commissions and fees	\$1,725	\$3,782		\$6,247	\$12,556
Other	5	13		35	34
Total revenues	1,730	3,795		6,282	12,590
Expenses:					
	828	5,103		6,244	21,164
Operations	1,395	1,787		4,280	5,882
	797	956		2,799	3,490
Total expenses	3,020	7,846		13,323	30,536
Operating loss	(1,290)	(4,051)		(7,041)	(17,946)
Interest income	228	545		928	1,729
Net loss	\$(1,062)	\$(3,506)		\$(6,113)	\$(16,217)
Net loss per common share, basic and diluted	\$(0.20)	\$(0.55)		\$(1.12)	\$(2.53)
Weighted average common shares and equivalents outstanding, basic and diluted	5,345	6,409		5,475	6,409

SELECTED BALANCE SHEET DATA
(In thousands)
(Unaudited)

	September 30, 2001	December 31, 2000
Cash and	\$20,081	\$28,297

investments				
Commissions receivable	902		1,541	
Other assets	252		453	
Total current assets	21,235		30,291	
Total assets	\$23,448		\$32,643	
Total current liabilities	\$989		\$2,848	
Total liabilities	1,084		2,976	
Total stockholders' equity	22,364		29,667	
Total liabilities &	\$23,448		\$32,643	
stockholders' equity				

SOURCE Quotesmith.com, Inc.

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