

Press Releases

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Quotesmith.com Reports Third Quarter 1999 Results

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Quotesmith.com, Inc. (ticker: QUOT, exchange: NASDAQ) News Release - 10/18/1999

Quotesmith.com Reports Third Quarter Results

Record Revenues, Policy Sales and Quote Activity Posted

- Revenues increased to \$2.4 million, a 49% increase over Q2 1999
- Policies sold increased to 5,053, a 60% increase over Q2 1999
- Total quotes reached 693,000, an 89% increase over Q2 1999

DARIEN, Ill., Oct. 18 /PRNewswire/ -- Quotesmith.com, Inc., (Nasdaq: QUOT), the Internet insurance price comparison service that enables consumers to save money by obtaining instant quotes from more than 300 leading insurance companies and to have the ability to buy from any company, today reported record revenue of \$2.4 million for the third quarter ended September 30, 1999, a 75% increase over revenue of \$1.3 million reported for the same period last year and a 49% increase over the revenues of \$1.6 million reported for the second quarter of 1999.

Net loss for the third quarter ended September 30, 1999 was \$3.9 million, or \$0.23 per share, compared with a net loss of \$115,000, or \$0.01 per share in the same period last year. The company reported a net loss of \$1.7 million or \$0.12 per share in the second quarter of 1999.

Increased insurance shopper activity at Quotesmith.com resulted in a record 5,053 policies sold in the third

quarter of 1999 representing an increase of 81% from the 2,788 policies sold in the same period last year. Sequential quarterly growth of policies sold in the third quarter of 1999 amounted to an increase of 60% from the 3,165 policies sold in the second quarter of 1999.

In reviewing the third quarter, Chairman and CEO Robert Bland commented, "We hit on all cylinders during the third quarter of 1999. We raised gross proceeds of \$63 million in our initial public offering, we sold a record 5,000 plus policies, we recorded record quote activity including several days of having exceeded 10,000 quotes per day and during peak times, often processed up to one quote every four seconds. The momentum we achieved reflects the appeal of the Quotesmith.com insurance price comparison service because we give insurance shoppers the widest selection of insurance quotes and the freedom to apply to the company of their choice."

"Our IPO proceeds will enable us to invest aggressively in building our business, brand and customer base, and to enhance our product and service offerings. 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. We believe that our new capital, combined with our seasoned management team and our growing insurance price comparison databases, will reinforce our momentum as the leading online distributor of insurance and create additional brand name awareness and customer flow for Quotesmith.com and our participating insurance companies. Our emergence as the leading online insurance information site for consumers and small business owners will further accelerate the adoption of online insurance buying by an increasing range of customers. For the rest of 1999 and 2000 we expect to invest heavily in building our brand," continued Mr. Bland.

Advertising expenditures were \$4.6 million in the third quarter of 1999, compared to \$482,000 in the comparable quarter of 1998.

Average daily quotes processed for the third quarter of 1999 were 7,535, a 162% increase over the 2,875 average daily quotes recorded during the third quarter of 1998 and a 87% increase over the 4,023 average daily quotes recorded during the second quarter of 1999. Reported quotes do not include automobile insurance quotes, which are provided by third parties.

Commenting on the financial results for the quarter, Mr. Bland indicated "Quotation activity is our lead indicator for revenue growth. Although there is a time lag of as much as 180 days between quote activity and the issuance of a policy, we are optimistic that we will be able to convert a substantial number of these quote requests into revenue in the coming quarters. In the current quarter, we also saw a substantial increase in our quote-to-policy conversion ratio resulting in an incremental 900 paid policies. Our conversion ratio has fluctuated in the past and we are reluctant to predict a trend; however, even if the entire impact of the increased conversion ratio is extracted from our results, we substantially outperformed analysts' expectations for the third quarter demonstrating the strong upward momentum of our business."

Average first year commissions realized was \$429 per policy sold in the third quarter of 1999 vs. \$411 in the third quarter of 1998. Average first year commissions received in the second quarter of 1999 were \$456 per policy. The Company explained that the decline in first year commissions realized during third quarter was due primarily to declining term life premiums.

		Three Months Ended September 30,				Nine Months Ended September 30,	
	1999	1998	% chg		1999	1998	% chg
Policies sold	5,053	2,788	81%		11,053	7,973	39%
Total quotes	693,000	265,000	162%		1,395,000	568,000	146%

About Quotesmith.com

Quotesmith.com is the Internet-based insurance price comparison service which allows consumers to save money by obtaining instant insurance quotes from over 300 leading insurance companies. Quotesmith.com owns and operates the largest and most comprehensive insurance price-comparison service in America. The Company provides up-to-the-day accurate quotes for several lines of insurance including auto, motorcycle, life, individual & family medical, group medical, dental, Medicare supplement and annuities. The Company's Web site allows insurance shoppers to instantly navigate the U.S. insurance markets with confidence and clarity.

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.

Our flagship product, term life, is available to residents of all 50 states. The Quotesmith.com insurance web site and our customer service department provide useful tools 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, in order to optimize and match each individual with the best policy possible. 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 with 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. Quotesmith.com also provides complete, toll-free quote-to-policy-delivery customer service through the use of in-house, insurance-experienced, salaried representatives.

As detailed at www.quotesmith.com, the Company offers visitors two unique guarantees: View the lowest term life premiums in America or receive \$500 cash, plus every quote is guaranteed accurate or you will receive a \$500 cash reward.

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. (Nasdaq: INTU) owns approximately 7 percent of the outstanding stock of Quotesmith.com, Inc.

QUOTESMITH.COM, INC. STATEMENT OF OPERATIONS (In thousands, except per share data)					
	Quarter Ended September 30,			Nine Months Ended September 30,	
	1999	1998		1999	1998
	(unaudited)			(unaudited)	
Revenues:					
Commissions revenues	\$2,349	\$1,330		\$5,358	\$3,846
Other revenue	10	15		51	55
Total revenues	2,359	1,345		5,409	3,901
Expenses:					
	4,639	482		6,771	1,103
Operations	4,639	482		6,771	1,103
	871	283		2,255	773

Total expenses	6,729	1,498		12,936	3,816
Operating inc. (loss)	(4,370)	(153)		(7,527)	85
Interest income (exp), net	421	5		462	(5)
Income (loss) before taxes	(3,949)	(148)		(7,065)	80
Income taxes		33			
Net income (loss)	\$(3,949)	\$(115)		\$(7,065)	\$80
Net income (loss) per common share, basic and diluted	\$(0.23)	\$(0.01)		\$(0.49)	\$(0.01)
Weighted average common shares and equivalents outstanding:	16,999	12,359		14,527	12,217
Basic					
Diluted	16,999	12,359		14,527	12,263

SELECTED BALANCE SHEET DATA

	September 30, 1999 (unaudited)	December 31, 1998
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Cash	\$ 2,964	\$ 518
Investments	53,419	--
Commissions receivable	1,208	1,008
Total current assets	58,172	1,566
Total assets	58,687	1,806
Total current liabilities	2,787	816
Total liabilities	2,787	816
Total stockholders' equity	55,900	989
Total liabilities &	58,687	1,806

stockholders' equity				
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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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