

Press Releases

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Quotesmith.com Reports First Quarter 2000 Financial Results; Revenues, Policy Sales and Quote Activity Reached Record Levels

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Quotesmith.com, Inc. (ticker: QUOT, exchange: NASDAQ) News Release - 4/18/2000

Quotesmith.com Reports First Quarter Financial Results; Revenues, Policy Sales and Quote Activity Reached Record Levels

DARIEN, Ill., April 18 /PRNewswire/ – Quotesmith.com, Inc., (Nasdaq: QUOT), the buyer-driven insurance information exchange and the only place on earth that provides instant insurance quotes from more than 300 leading insurance companies, today announced financial results for the first quarter ended March 31, 2000.

Financial Results

Revenues for the first quarter ended March 31, 2000 were a record \$3.9 million, a 29% increase over revenues of \$3.0 million reported for the fourth quarter of 1999 and a 165% increase over revenues of \$1.5 million reported for the same period last year. Net loss for the first quarter was \$9.1 million, or \$0.47 per share, compared with a net loss \$6.8 million, or \$0.35 per share reported for the fourth quarter of 1999 and a loss of \$1.4 million, or \$0.11 per share, in the first quarter of 1999.

"The first quarter of 2000 marks the beginning of our 17th year in business and provides a gratifying example of

how we are defining and leading the movement to revolutionize the way consumers and small business owners buy their insurance. Consistent with our goal to be the #1 insurance brand on the Internet, our marketing expenditures from prior quarters began to yield results in the first quarter in the form of record paid policies and new customers," remarked Robert Bland, Quotesmith.com Chairman and CEO.

Quotesmith.com reported a record 9,388 policies sold in the first quarter, representing a sequential quarterly increase of 39% from the 6,733 policies sold in the fourth quarter of 1999 and an increase of 231% from the 2,835 policies sold in the first quarter of 1999. Quotesmith.com ended the quarter with approximately 12,000 applications in underwriting, up from an estimated 8,500 at year-end 1999. Applications in underwriting represent written coverage requests from prospective customers that are in process of being considered for coverage by various insurance companies.

Bland continued, "Our longstanding financial objective is to build a profitable, transaction-based, recurring revenue insurance distribution business. We like the attributes of renewal revenue streams that are inherent to the insurance business. Our planned first quarter marketing and advertising investment of \$10.1 million has set the stage for what we believe will be a strong Year 2000 in terms of revenue growth and continued operational leverage. Our primary expense, direct-to-customer advertising, is highly elastic, discretionary, and does not contain long term commitments. With \$42 million of cash and investments on hand and no debt, we are well positioned to make deliberate choices about growth and preservation of capital in order to implement our business plan in the best interest of our shareholders."

"We are intent on building a great Internet insurance distribution franchise and are extremely excited about our future. At the same time, we, like many others in the Internet community, are mindful of the impact recent stock market volatility will have on many companies, both public and private. We expect that this volatility will result in a renewed focus and search by investors for companies that exhibit sound business fundamentals, a logical business plan, a seasoned management team, superior technology, operational discipline and adequate working capital. We have reiterated our business plan in our recent Annual Report to shareholders and believe that our business model will ultimately result in profitability for Quotesmith.com," said Mr. Bland.

Commissions and fees derived from the sale of individual term life business comprised 88% of total revenue during the first quarter of 2000, which matches the prior quarter. Commissions and fees from auto and health insurance accounted for the balance of the non-term life revenue. Operating costs per paid policy rose to \$241 in the first quarter of 2000 from \$233 in the prior quarter due to increased staffing levels and overtime incurred in the month of January to process the large number of term applications received the last two weeks of 1999.

Commenting on the buying cycle of the Company's customers, Mr. Bland remarked, "While all of our advertising investment is expensed as incurred, we've learned over the years that the self-directed life insurance buyer has a very long decision cycle. In the first quarter, only 4% of our paid policy customers had initially requested coverage from us that quarter, while 96% had initially requested coverage in prior quarters. Our first quarter experience tracks closely with Q4 and Q3 of 1999 and matches our historical experience. The advertising dollars we spend in one month have historically produced new customers for many subsequent months."

Business Highlights

- Average daily completed quotes processed for the first quarter of 2000 were 14,949, a 29% increase over the 11,563 average daily quotes processed during the fourth quarter of 1999 and a 301% increase over the 3,731 average daily quotes processed during the first quarter of 1999. Reported quotes do not include automobile insurance quotes, which are provided by third parties.
- On January 5, 2000, Quotesmith.com reported a record 24,000 quotes processed in a single day.
- On January 16, Quotesmith.com named insurance veteran David I. Vickers as senior vice president and chief financial officer.
- On January 31, Quotesmith.com announced the launch of instant downloadable application capability in

order to speed up the insurance purchase time line for its customers.

- On February 3, Quotesmith.com named former Missouri insurance commissioner, Jay Angoff, as vice president of strategic planning.
- On February 14, Quotesmith.com announced that it was named the exclusive insurance content provider to SURETRADE.
- On February 23, Quotesmith.com announced the availability of a family of new, Internet-only life insurance policies offered by Western- Southern Life Insurance Company.
- On March 2, Quotesmith.com announced that it was named an insurance content provider to Insurance.com, a Fidelity Investments(R) affiliate.
- Also in March, Gomez Advisors again ranked Quotesmith.com #1 in their "Bargain Hunter" sub-category of insurance Web sites.

About Quotesmith.com

Quotesmith.com provides insurance shoppers with instant quotes from more than 300 leading companies across several lines of insurance including auto, life and health. Quotesmith.com owns and operates the industry's largest and most comprehensive insurance price comparison service. Quotesmith.com also assists insurance buyers through its six-day-a-week, toll-free customer service center which is staffed by insurance-experienced, salaried representatives. Quotesmith.com is publicly traded and its shares trade on the Nasdaq 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, 1999 which is on file with the United States Securities and Exchange Commission.

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 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)
 (unaudited)

	Quarter Ended		
	March 31, 2000	December 31, 1999	March 31, 1999
Revenues:			
Commissions and fees	\$3,870	\$2,986	\$1,450
Other revenue	12	13	13
Total revenues	3,882	2,999	1,463
Expenses:			
	10,138	7,626	681
Operations	2,263	1,571	1,507
	1,226	1,315	721
Total expenses	13,627	10,512	2,909
Operating loss	(9,745)	(7,513)	(1,446)
Interest income	620	758	16
Net loss	\$(9,125)	\$(6,755)	\$(1,430)
Net loss per common share, basic and diluted	\$(0.47)	\$(0.35)	\$(0.11)
Weighted average common shares and equivalents outstanding,	19,225	19,224	13,023

basic and

diluted

SELECTED BALANCE SHEET DATA

(In thousands)

(unaudited)

	March 31, 2000	December 31, 1999
Cash and investments	\$41,672	\$49,661
Commissions receivable	1,968	1,695
Other assets	627	2,934
Total current assets	44,267	54,290
Total assets	\$45,935	\$55,178
Total current liabilities	\$5,773	\$5,982
Total liabilities	5,773	5,982
Total stockholders' equity	40,162	49,196
Total liabilities & stockholders' equity	\$45,935	\$55,178

OTHER STATISTICAL DATA

	Quarter Ended		
	March 31, 2000	December 31, 1999	March 31, 1999

Completed Quotes			
Term life	656,390	647,541	241,189
Health and Other	703,972	416,274	94,595
Total completed quotes	1,360,362	1,063,815	335,784
Applications received			
Term life	13,387	13,751	6,253
Health and Other	2,132	1,243	127
Total applications received	15,519	14,994	6,380
Policies paid			
Term life	8,602	6,243	2,835
Health and Other	786	490	--
Total policies paid	9,388	6,733	2,835
Average first year revenue per term life policy	\$386	\$415	\$478
Operating costs per paid policy	\$241	\$233	\$338*

- Excludes the effect of the stock compensation charge of \$549,000.

SOURCE Quotesmith.com, Inc.

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