



CEOCFO

Interviews & News!

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Going from a strictly web based sales organization to one that allows consumers to talk with agents has enabled InsWeb to achieve profitability



Services - Internet Lead Generation
(INSW-NasdaqCM)

InsWeb Corp.

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Hussein A. Enan
Co-Founder, Chairman and CEO

BIO: Hussein Enan has been Chairman of the Board of InsWeb Corporation since founding the company in February 1995, and has held the title of Chief Executive Officer since August 15, 2004. Mr. Enan also served as Chief Executive Officer of InsWeb from inception to June 2002, and as President of the company from May 1999 to June 2000. From March 1992 to November 1994, Mr. Enan was a General Partner at E.W. Blanch, a reinsurance intermediary which, in March 1992, merged with his own wholly owned company, Enan & Company. In February 1979, Mr. Enan founded Enan & Company, which became one of the largest reinsurance intermediaries in the western United States. From November 1970 to March 1979, Mr. Enan held a number of

executive positions at BEP International, a Canadian reinsurance intermediary, before becoming a Senior Partner at the Company. Mr. Enan spent the early part of his career at C.T. Bowring & Company, London. Mr. Enan graduated from the American University in Cairo, Egypt, his native country.

Company Profile:

InsWeb (NasdaqCM:INSW) enables consumers to compare multiple, actionable quotes for auto, term life, health, homeowners, renters and condominium insurance from many of the nation's highly rated insurers. The top-rated online insurance marketplace also provides interactive tools and independent research.

Interview conducted by: Lynn Fosse, Senior Editor

CEOCFO: Mr. Enan, what was your vision when you founded the company and where are you today?

Mr. Enan: "Back in early 1995, nobody really knew what that media called the internet was or what it could do. Initially we thought we would develop software for insurance companies to sell insurance over the internet, but in the process of putting together our business plan, we conducted several focus groups and discovered that consumers would be much more interested in a marketplace concept: going to individual insurance companies sites and filling out the same information over and over again wasn't appealing to them. Today InsWeb offers consumers what they're looking for: choice and ease of comparison."

CEOCFO: What is the revenue model?

Mr. Enan: "Our service is free to consumers. Our revenue is derived from insurance carriers and agents. Depending on the type of consumer, we get paid on a

CPC (cost per click) or a CPA (cost per action) basis. For Automobile insurance, by far our largest product, consumers classified as non-standard (e.g., those who have too many accidents or violations) will be shown logos of up to four advertisers who specialize in that type of consumer; clicking on any of these logos will result in click-through revenue to InsWeb. All other consumers are taken down our generic application, at the end of which we match their profile with the selection criteria of all the providers participating in our platform; the consumer's contact information is then submitted to up to 8 providers, each of whom will owe InsWeb a fee (CPA)."

CEOCFO: You have achieved profitability; please tell us more about that?

Mr. Enan: "It is a great feeling after twelve years! For many years, we were operating under the conventional wisdom that consumers who find you through the internet only want to do business with you on the internet or maybe by phone, but most certainly do not want to have any physical contact with you or any of your providers. So while we were able to generate interest from millions of consumer, we were not able to monetize that interest: consumers took no action. We were scratching our heads as to why that was, until we decided to challenge conventional wisdom and test the market to see whether consumers would actually be receptive to talking to a local agent. We discovered that the overwhelming majority of consumers wanted just that, which meant that we had been cutting ourselves from a large revenue stream: distributing leads to agents. In order to tap into that lode, we decided to build a self-service technology platform for the agents, such that we would not have to deal with thou-

sands of agent phone-in or mail-in enquires. That platform, which we call AgentInsider™, was launched in September 2005, at which point we started recruiting agents. We continued to improve on the platform and, by September 2006, we deemed it essentially complete, which enabled us to reduce our headcount quite a bit. The combination of reduced expenses and the growing revenue stream from AgentInsider allowed us to reach profitability.”

CEOCFO: Is there a typical customer?

Mr. Enan: “It is middle America, really.”

CEOCFO: Do people tend to look for one type of insurance more than others and do people tend to come back once they have gone to you for one type?

Mr. Enan: “Yes and yes. Everybody has to have automobile insurance, so most people shop for automobile insurance. When they see how easy it is, some of them want to know if we can help them with their homeowners or life insurance.”

CEOCFO: Are there types of insurance that you do not offer now that you would like to add to the mix?

Mr. Enan: “We offer pretty much everything, but we currently focus on the most sought-after personal lines of insurance: automobile, homeowners and life. In the future we will expand our other offerings, particularly business insurance.”

CEOCFO: Do most of the major insurance companies work with you?

Mr. Enan: “Yes, we work with the vast majority of personal lines insurance providers – 8 of the top 10.”

CEOCFO: How do you attract people to your site?

Mr. Enan: “It is all done over the internet. We buy millions of impressions everyday; we have banner ads on Yahoo, MSN, and hundreds of other sites. We also do opt-in email through approved vendors. In addition we have a monthly newsletter to which approximately 3 million consumers subscribe.”

CEOCFO: What is ahead for InsWeb?

Mr. Enan: “We believe we are poised for profitable growth. Now that we’ve made the model work, there are lots of opportunities available to us.”

CEOCFO: Is there much in the way of competition for you?

Mr. Enan: “There are a couple of companies who do essentially the same thing; none of them are public. We believe we make the most use of technology, though, which makes our model the most scalable.”

CEOCFO: Why should consumers come

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to InsWeb as opposed to your competitors?

Mr. Enan: “We believe that we provide more value-added content on our site than any of our competitors; we have needs analyzers, FAQ’s, and dozens of helpful articles.”

CEOCFO: Do you find it a key factor is how quickly people can navigate your site?

Mr. Enan: “Definitely. Shopping for insurance is not a fun thing to do. Consumers want to complete the process as quickly as possible; we believe we have done a good job in the “ease of navigation” department.

CEOCFO: Why is, ‘Lower your insurance costs, not your expectations,’ your motto?

Mr. Enan: “The motto tries to convey the notion that consumers can save by obtaining multiple comparative quotes from respectable companies, as opposed to getting cheap insurance from a fly-by-night outfit.

CEOCFO: What is the financial picture for InsWeb?

Mr. Enan: “Very healthy. We have more than \$8 million in the bank, no debt of any kind, positive cash flow and a strong balance sheet.”

CEOCFO: Is the investment community taking notice?

Mr. Enan: “Absolutely! The amount of trading in the stock has been nothing short of incredible: in the first three days after we announced profitability, we traded over 6 million shares... and there are less than 2 million shares floating.”

CEOCFO: Why should potential investors be interested in InsWeb and what might they miss at first glance?

Mr. Enan: “We believe we offer good potential for profitable growth in the years to come. Ours is a highly scalable model – that’s what I found attractive. Once the platforms are built, consumers and the agents - the supply and demand sides of the equation -

actually do most of the work themselves. We get inquiries from over 1 million consumers every month; if we were handling those in the traditional manner, we would probably need an organization about 20,000 strong. InsWeb does it all with under 70 employees – that’s a very respectable \$500,000 in revenues per employee.”

“What investors may also be interested in learning is that my immediate family and I own over one-third of the company; we didn’t sell any shares during or since our IPO in 1999 – in fact we have significantly increased our holdings since the IPO. Also, as a gesture to show investors that my interests are totally aligned with theirs, in April I elected to reduce my salary to \$1 month”