

INSWEB CORP
Form DEF 14A
June 02, 2006
UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of
the Securities Exchange Act of 1934 (Amendment No.)

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Pursuant to §240.14a-12

INSWEB CORPORATION

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.
 - (1) Title of each class of securities to which transaction applies:
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 - (1) Amount Previously Paid:
 - (2) Form, Schedule or Registration Statement No.:
 - (3) Filing Party:
 - (4) Date Filed:

June 2, 2006

Dear Stockholder:

This year's annual meeting of stockholders will be held on Monday, July 24, 2006, at 3:30 p.m. local time, at the corporate headquarters of InsWeb Corporation, located at 11290 Pyrites Way, Suite 200, Gold River, California 95670. You are cordially invited to attend.

The Notice of Annual Meeting of Stockholders and a Proxy Statement, which describe the formal business to be conducted at the meeting, follow this letter.

After reading the Proxy Statement, please promptly mark, sign and return the enclosed proxy card in the postage-paid envelope to assure that your shares will be represented. Your shares cannot be voted unless you date, sign, and return the enclosed proxy card or attend the annual meeting in person. Regardless of the number of shares you own, your careful consideration of, and vote on, the matters before our stockholders are important.

A copy of InsWeb's Annual Report to Stockholders is also enclosed for your information. At the annual meeting we will review InsWeb's activities over the past year and our plans for the future. The Board of Directors and management look forward to seeing you at the annual meeting.

Very truly yours,

Hussein A. Enan
*Chairman of the Board and
Chief Executive Officer*

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS TO BE HELD JULY 24, 2006

TO THE STOCKHOLDERS:

Please take notice that the annual meeting of the stockholders of InsWeb Corporation, a Delaware corporation (InsWeb), will be held on Monday, July 24, 2006, at 3:30 p.m. local time, at the corporate headquarters of InsWeb, located at 11290 Pyrites Way, Suite 200, Gold River, California 95670, for the following purposes:

1. To elect one (1) Class I director to hold office for a three-year term and until his successor is elected and qualified.
2. To consider and ratify the appointment of Ernst & Young LLP as InsWeb s independent registered public accounting firm for the year ending December 31, 2006.
3. To transact such other business as may properly come before the meeting.

Stockholders of record at the close of business on May 26, 2006 are entitled to notice of, and to vote at, this meeting and any adjournment or postponement. For ten days prior to the meeting, a complete list of stockholders entitled to vote at the meeting will be available for examination by any stockholder, for any purpose relating to the meeting, during ordinary business hours at InsWeb s principal offices located at 11290 Pyrites Way, Suite 200, Gold River, California 95670.

By order of the Board of Directors,

L. Eric Loewe
*Senior Vice President, Secretary and
General Counsel*

Gold River, California
June 2, 2006

TABLE OF CONTENTS

	Page
<u>PROXY STATEMENT FOR ANNUAL MEETING OF STOCKHOLDERS</u>	1
<u>SOLICITATION AND VOTING OF PROXIES</u>	1
<u>INFORMATION ABOUT INSWEB</u>	2
<u>Stock Ownership of Certain Beneficial Owners and Management</u>	2
<u>Management</u>	4
<u>General Corporate Governance Matters</u>	5
<u>Section 16(a) Beneficial Ownership Reporting Compliance</u>	10
<u>EXECUTIVE COMPENSATION AND OTHER MATTERS</u>	10
<u>Executive Compensation</u>	10
<u>Stock Options Granted in Fiscal 2005</u>	11
<u>Option Exercises and Fiscal 2005 Year-End Values</u>	12
<u>Compensation of Directors</u>	13
<u>Employment Contracts and Termination of Employment and Change of Control</u>	
<u>Arrangements</u>	13
<u>Certain Relationships and Related Transactions</u>	14
<u>REPORT OF THE COMPENSATION COMMITTEE ON EXECUTIVE COMPENSATION</u>	15
<u>REPORT OF THE AUDIT COMMITTEE</u>	16
<u>PRINCIPAL ACCOUNTANT FEES AND SERVICES</u>	17
<u>COMPARISON OF STOCKHOLDER RETURN</u>	18
<u>PROPOSAL NO. 1: ELECTION OF DIRECTOR</u>	19
<u>Vote Required and Board of Directors Recommendation</u>	19
<u>PROPOSAL NO. 2: RATIFICATION OF APPOINTMENT OF INDEPENDENT REGISTERED PUBLIC</u>	
<u>ACCOUNTING FIRM</u>	20
<u>Vote Required and Board of Directors Recommendation</u>	20
<u>STOCKHOLDER PROPOSALS TO BE PRESENTED AT NEXT ANNUAL MEETING</u>	21
<u>TRANSACTION OF OTHER BUSINESS</u>	22

PROXY STATEMENT FOR ANNUAL MEETING OF STOCKHOLDERS

The accompanying proxy is solicited by the Board of Directors of InsWeb Corporation, a Delaware corporation (InsWeb or the Company), for use at its annual meeting of stockholders to be held on July 24, 2006, or any adjournment or postponement thereof, for the purposes set forth in the accompanying Notice of Annual Meeting of Stockholders. The date of this Proxy Statement is June 9, 2006, the approximate date on which this Proxy Statement and the accompanying form of proxy were first sent or given to stockholders.

SOLICITATION AND VOTING OF PROXIES

The cost of soliciting proxies will be borne by InsWeb. In addition to soliciting stockholders by mail, InsWeb will request banks and brokers, and other custodians, nominees and fiduciaries, to solicit their customers who have stock of InsWeb registered in the names of such persons and will reimburse them for their reasonable, out-of-pocket costs. InsWeb may use the services of its officers, directors and others to solicit proxies, personally or by telephone, without additional compensation. In addition, InsWeb has retained American Stock Transfer & Trust Co., a registrar and transfer agent firm, for assistance in connection with the annual meeting at no additional cost except for reasonable out-of-pocket expenses.

On May 26, 2006, there were 4,089,594 shares of InsWeb s Common Stock outstanding, all of which are entitled to vote with respect to all matters to be acted upon at the annual meeting. Each stockholder of record as of that date is entitled to one vote for each share of Common Stock held by him or her. InsWeb s bylaws provide that a majority of all of the shares of the stock entitled to vote, whether present in person or represented by proxy, shall constitute a quorum for the transaction of business at the meeting. Votes for and against, abstentions and broker non-votes will each be counted as present for purposes of determining the presence of a quorum.

All valid proxies received before the meeting will be exercised. All shares represented by a proxy will be voted, and where a stockholder specifies by means of his or her proxy a choice with respect to any matter to be acted upon, the shares will be voted in accordance with that specification. If no choice is indicated on the proxy, the shares will be voted in favor of the proposal. A stockholder giving a proxy has the power to revoke his or her proxy at any time before the time it is exercised by delivering to the Secretary of InsWeb a written instrument revoking the proxy or a duly executed proxy with a later date, or by attending the meeting and voting in person.

INFORMATION ABOUT INSWEB**Stock Ownership of Certain Beneficial Owners and Management**

The following table sets forth, as of May 26, 2006, certain information with respect to the beneficial ownership of InsWeb's Common Stock by (i) each stockholder known by InsWeb to be the beneficial owner of more than 5% of InsWeb's Common Stock, (ii) each director of InsWeb, (iii) the Chief Executive Officer and each of the other executive officers of InsWeb that received a total salary and bonus in excess of \$100,000 for the year ended December 31, 2005, and (iv) all current directors and executive officers of InsWeb as a group.

Name of Beneficial Owner(1)	Number of Shares Beneficially Owned	Percent of Common Stock Outstanding(2)
5% Stockholders		
Hassan Elsawaf(3)	506,269	12.4 %
Lloyd I. Miller III(4)	474,417	11.6 %
Directors and Executive Officers		
Hussein A. Enan(5)	1,531,746	34.9 %
James M. Corroon(6)	41,273	1.0 %
Dennis H. Chookaszian(7)	48,616	1.2 %
Thomas W. Orr(8)	45,700	1.1 %
Robert A. Puccinelli(9)	57,290	1.4 %
William D. Griffin(10)	156,667	3.7 %
L. Eric Loewe(11)	125,914	3.0 %
Current directors and executive officers as a group (7 persons)(12)	2,007,206	41.3 %

* Less than 1%.

2

- (1) The persons named in the table above have sole voting and investment power with respect to all shares of Common Stock shown as beneficially owned by them, subject to community property laws where applicable and to the information contained in the footnotes to this table.
- (2) Calculated on the basis of 4,089,594 shares of Common Stock outstanding as of May 26, 2006. Shares of common stock subject to options presently exercisable or exercisable within 60 days of May 26, 2006, are deemed to be outstanding for the purpose of computing the percentage ownership of the person holding the options, but are not treated as outstanding for the purpose of computing the percentage ownership for any other person or entity.
- (3) The address for Mr. Elsayaf is c/o InsWeb Corporation, 11290 Pyrites Way, Suite 200, Gold River, California 95670.
- (4) Based on information contained in a Schedule 13G filed by the stockholder with the Securities and Exchange Commission on April 24, 2006, the address for Mr. Miller is 4500 Gordon Drive, Naples, Florida 34102.
- (5) Includes 41,250 shares held by Mr. Enan's spouse. Also includes 303,667 shares subject to options exercisable within 60 days following May 26, 2006. The address for Mr. Enan is c/o InsWeb Corporation, 11290 Pyrites Way, Suite 200, Gold River, California 95670.
- (6) Includes 41,273 shares subject to options exercisable within 60 days following May 26, 2006.
- (7) Includes 416 shares held by Mr. Chookaszian's spouse, which he disclaims beneficial ownership of. Also, includes 48,200 shares subject to options exercisable within 60 days following May 26, 2006.
- (8) Includes 45,700 shares subject to options exercisable within 60 days following May 26, 2006.
- (9) Includes 44,790 shares subject to options exercisable within 60 days following May 26, 2006.
- (10) Includes 156,667 shares subject to options exercisable within 60 days following May 26, 2006.
- (11) Includes 124,614 shares subject to options exercisable within 60 days following May 26, 2006.
- (12) Includes 764,911 shares subject to options exercisable within 60 days following May 26, 2006.

Management*Executive Officers of the Registrant*

As of May 26, 2006, InsWeb's executive officers were as follows:

Name	Position With InsWeb	Age
Hussein A. Enan	Chairman of the Board and Chief Executive Officer	60
William D. Griffin	Chief Financial Officer	48
L. Eric Loewe	Senior Vice President, General Counsel and Secretary	48

Hussein A. Enan co-founded InsWeb in February 1995 and has served as its Chairman of the Board since its inception. Mr. Enan served as InsWeb's Chief Executive Officer from February 1995 to June 2002 and was reinstated to that position in August 2004. Mr. Enan also served as InsWeb's President 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 that merged with his own wholly-owned company, Enan & Company, a reinsurance intermediary, in March 1992. Mr. Enan founded Enan & Company in February 1979.

William D. Griffin joined InsWeb in May 2001 as Chief Financial Officer. From August 1999 to February 2001, Mr. Griffin was Chief Financial Officer of ZipSend, Inc., an Internet services company, of which he was a co-founder. From October 1998 through August 1999, Mr. Griffin provided consulting services to various early stage Internet and technology companies. Prior to that, from May 1990 through September 1998, Mr. Griffin was Senior Vice President and Chief Financial Officer of Inference Corporation, a customer services software company.

L. Eric Loewe joined InsWeb in October 1998 as Corporate Counsel, Legal and Regulatory, responsible for all regulatory compliance issues, and has served as Senior Vice President and General Counsel since September 2000 and as Secretary since July 2001. Mr. Loewe held various positions with the National Association of Independent Insurers (the NAII) from January 1980 to September 1998. As Senior Counsel for the NAII, Mr. Loewe was responsible for legislation and regulations affecting its 570 member companies. Mr. Loewe is a member of the Illinois and California bars.

Directors

This section sets forth certain information about InsWeb's current directors, including the Class I nominee to be elected at the annual meeting.

Name	Position with InsWeb	Age	Director Since
<i>Class I director nominated for re-election at the 2006 Annual Meeting of Stockholders:</i>			
Robert A. Puccinelli(1)(2)(3)	Director	68	1998
<i>Class II directors whose terms expire at the 2007 Annual Meeting of Stockholders:</i>			
James M. Corroon(1)(3)	Vice Chairman of the Board	66	1996
Thomas W. Orr(1)(2)(3)	Director	72	2003
<i>Class III directors whose terms expire at the 2008 Annual Meeting of Stockholders:</i>			
Hussein A. Enan	Chairman of the Board	60	1995
Dennis H. Chookaszian(2)(3)	Director	62	2003

(1) Member of the Audit Committee.

- (2) Member of the Compensation Committee.
- (3) Member of the Nominating and Corporate Governance Committee.

Robert A. Puccinelli has been a director of InsWeb since May 1998. From October 1985 until he retired in May 1995, Mr. Puccinelli was Chairman and Chief Executive Officer of Industrial Indemnity, a nationwide property and casualty insurance company.

James M. Corroon has been a director of InsWeb since August 1996 and has served as Vice Chairman of the Board since May 1999. Since September 2004, Mr. Corroon has served as Vice Chairman of Fort Point Insurance Services, Inc., an insurance brokerage firm. From July 1999 to December 2000, he was a full-time employee of InsWeb and a member of the senior management team. Mr. Corroon has been a director of Willis Corroon of California, an insurance services firm, since January 1996. From October 1966 to December 1995, Mr. Corroon held various management positions with Willis Corroon and its predecessor entity, Corroon & Black Corporation.

Thomas W. Orr has been a director of InsWeb since January 2003. Mr. Orr was a partner in the accounting firm of Bregante and Company from January 1992 to June 2002. From 1987 to 1991, Mr. Orr was Chief Financial Officer of Scripps League Newspaper, Inc. Prior to 1987, Mr. Orr worked for the accounting firm of Arthur Young & Company (predecessor to Ernst & Young, LLP) from 1958 until he retired as an audit partner in 1986.

Dennis H. Chookaszian has been a director of InsWeb since April 2003. From November 1999 until he retired in February 2001, Mr. Chookaszian was Chairman and Chief Executive Officer of mPower Advisors, L.L.C., an online investment advisory service firm. From September 1992 to February 1999, Mr. Chookaszian served as Chairman and Chief Executive Officer of the CNA insurance company, and prior to that held the positions of President and Chief Operating Officer (1990-1992) and Chief Financial Officer (1975-1990), respectively, of that company. Mr. Chookaszian serves on the boards of the Chicago Mercantile Exchange, Sapient Corporation, a business consulting and technology services firm, and Career Education Corporation, a postsecondary education provider.

The Board of Directors has determined that, other than Mr. Enan, each of the members of the Board is an independent director for purposes of the Nasdaq Marketplace Rules.

General Corporate Governance Matters

Available Information

You may obtain free copies of our annual reports on Form 10-K, quarterly reports on Form 10-Q and current reports on Form 8-K and amendments to those reports, as well as other Corporate Governance Materials on our website at <http://investor.insweb.com>, or by contacting our corporate office by calling (916) 853-3300, or by sending an e-mail message to investor@insweb.com.

We electronically file our annual reports on Form 10-K, quarterly reports on Form 10-Q and current reports on Form 8-K with the Securities and Exchange Commission (SEC) pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934. Any materials we file with the SEC are accessible to the public at the SEC's Public Reference Room at 450 Fifth Street, NW, Washington, DC 20549. The public may also utilize the SEC's Internet website, which contains reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC. The address of the SEC website is <http://www.sec.gov>.

Board Meetings and Committees

During the year ended December 31, 2005, the Board of Directors of InsWeb held seven meetings. During that period, the Audit Committee of the Board held six meetings, the Compensation Committee of

the Board held five meetings, and the Nominating and Corporate Governance Committee of the Board held one meeting. All directors attended or participated in more than 75% of the total number of meetings of the Board and any of the committees of the Board on which such director served during that period.

Audit Committee. The current members of the Audit Committee are Messrs. Orr, Corroon and Puccinelli. Mr. Orr is chairman of the committee. The Board of Directors has determined that each of the members of the Audit Committee is independent for purposes of the Nasdaq Marketplace Rules as they apply to audit committee members. The Board of Directors has also determined that Mr. Orr is an audit committee financial expert, as defined in the rules of the Securities and Exchange Commission. The functions of the Audit Committee include overseeing the quality of our financial reports and other financial information, retention of independent registered public accounting firm, reviewing and approving the planned scope, proposed fee arrangements and results of InsWeb's annual audit, reviewing our critical accounting policies and the adequacy of our accounting and financial controls, and reviewing the independence of InsWeb's accountants. For additional information concerning the Audit Committee, see Report of the Audit Committee and Principal Accounting Firm Fees below.

Compensation Committee. The current members of the Compensation Committee are Messrs. Chookaszian, Orr and Puccinelli. Mr. Chookaszian is chairman of the committee. The Compensation Committee reviews and determines the salary and bonus criteria of and stock option grants to all executive officers. For additional information about the Compensation Committee, see Report of the Compensation Committee on Executive Compensation and Executive Compensation and Other Matters below.

Nominating and Corporate Governance Committee. The current members of the Nominating and Corporate Governance Committee are Messrs. Chookaszian, Corroon, Orr and Puccinelli, each of whom is independent for purposes of the Nasdaq Marketplace Rules. Mr. Corroon is chairman of the committee. The functions of the Nominating and Corporate Governance Committee include selecting, evaluating and recommending to the Board qualified candidates for election or appointment to the Board, and recommending corporate governance principles, codes of conduct and compliance mechanisms applicable to the Company.

Director Nominations

The Nominating and Corporate Governance Committee is responsible for the selection, and recommendation to the Board, of nominees for election as director. When considering the nomination of directors for election at an annual meeting, the Nominating and Corporate Governance Committee reviews the needs of the Board of Directors for various skills, background, experience and expected contributions and the qualification standards established from time to time by the Nominating and Corporate Governance Committee. When reviewing potential nominees, including incumbents, the Nominating and Corporate Governance Committee considers the perceived needs of the Board of Directors, the candidate's relevant background, experience and skills and expected contributions to the Board of Directors. The Nominating and Corporate Governance Committee also seeks appropriate input from the Chief Executive Officer from time to time in assessing the needs of the Board of Directors for relevant background, experience and skills of its members.

The Nominating and Corporate Governance Committee's goal is to assemble a Board of Directors that brings to InsWeb a diversity of experience at policy-making levels in business and technology, and in areas that are relevant to InsWeb's activities. Directors should possess the highest personal and professional ethics, integrity and values and be committed to representing the long-term interests of our stockholders. They must have an inquisitive and objective outlook and mature judgment. They must also have experience in positions with a high degree of responsibility and be leaders in the companies or institutions with which they are and have been affiliated. Director candidates must have sufficient time

available in the judgment of the Nominating and Corporate Governance Committee to perform all Board and committee responsibilities that will be expected of them. Members of the Board of Directors are expected to rigorously prepare for, attend and participate in all meetings of the Board of Directors and applicable committees. Other than the foregoing, there are no specific minimum criteria for director nominees, although the Nominating and Corporate Governance Committee believes that it is preferable that at least one member of the Board of Directors should meet the criteria for an audit committee financial expert as defined by SEC rules. Under applicable Nasdaq listing requirements, at least a majority of the members of the Board of Directors must meet the definition of independent director set forth in such requirements. The Nominating and Corporate Governance Committee also believes it appropriate for one or more key members of InsWeb's management, including the Chief Executive Officer, to serve on the Board of Directors.

The Nominating and Corporate Governance Committee will consider candidates for director proposed by directors or management, and will evaluate any such candidates against the criteria and pursuant to the policies and procedures set forth above. If the Nominating and Corporate Governance Committee believes that the Board of Directors requires additional candidates for nomination, the Nominating and Corporate Governance Committee may engage, as appropriate, a third party search firm to assist in identifying qualified candidates. All incumbent directors and nominees will be required to submit a completed directors' and officers' questionnaire as part of the nominating process. The process may also include interviews and additional background and reference checks for non-incumbent nominees, at the discretion of the Nominating and Corporate Governance Committee.

The Nominating and Corporate Governance Committee will also consider candidates for director recommended by a stockholder, provided that any such recommendation is sent in writing to General Counsel, InsWeb Corporation, 11290 Pyrites Way, Suite 200, Gold River, CA 95670-4481, at least 120 days prior to the anniversary of the date definitive proxy materials were mailed to stockholders in connection with the prior year's annual meeting of stockholders and contains the following information:

- the candidate's name, age, contact information and present principal occupation or employment; and
- a description of the candidate's qualifications, skills, background and business experience during at least the last five years, including his or her principal occupation and employment and the name and principal business of any company or other organization where the candidate has been employed or has served as a director.

The Nominating and Corporate Governance Committee will evaluate any candidates recommended by stockholders against the same criteria and pursuant to the same policies and procedures applicable to the evaluation of candidates proposed by directors or management.

In addition, stockholders may make direct nominations of directors for election at an annual meeting, provided the advance notice requirements set forth in our Bylaws have been met. Under our Bylaws, written notice of any such nomination, including certain information and representations specified in the Bylaws, must be delivered to our principal executive offices, addressed to the General Counsel, at least 120 days prior to the anniversary of the date definitive proxy materials were mailed to stockholders in connection with the prior year's annual meeting of stockholders, except that if no annual meeting was held in the previous year or the date of the annual meeting has been advanced by more than 30 days from the date contemplated at the time of the previous year's proxy statement, such notice must be received not later than the close of business on the tenth day following the day on which the public announcement of the date of such meeting is first made.

Stockholder Communications with Directors; Director Attendance at Annual Meetings

Stockholders may communicate with any and all members of our Board of Directors by transmitting correspondence by mail or facsimile addressed to one or more directors by name (or to the Chairman, for a communication addressed to the entire Board) at the following address and fax number:

Name of the Director(s)
c/o Corporate Secretary
InsWeb Corporation
11290 Pyrites Way, Suite 200
Gold River, CA 95670
(916-853-3327) (FAX)

Communications from our stockholders received as indicated above will be forwarded to the indicated director or directors unless the communication is primarily commercial in nature or relates to an improper or irrelevant topic.

We do not have a policy regarding directors' attendance at annual meetings. All directors attended the 2005 Annual Meeting.

Committee Charters and Other Corporate Governance Materials

The Board has adopted a Code of Business Conduct and Ethics that applies to all of our employees and officers and members of the Board of Directors. A copy of the Code of Business Conduct and Ethics is available on the Company's website at <http://investor.insweb.com/index.cfm>.

The Board has also adopted a written charter for each of the Audit Committee, Compensation Committee and Nominating and Corporate Governance Committee. Each charter is available on the Company's website at <http://investor.insweb.com/index.cfm>.

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Securities Exchange Act of 1934 requires InsWeb's executive officers, directors and persons who beneficially own more than 10% of InsWeb's Common Stock to file initial reports of ownership and reports of changes in ownership with the SEC. Such persons are required by SEC regulations to furnish InsWeb with copies of all Section 16(a) forms filed by such persons.

Based on InsWeb's review of reports furnished to InsWeb and representations from certain reporting persons, InsWeb believes that reports of changes in ownership (Form 4) during the year ended December 31, 2005 were timely filed, except for the reporting of the annual grant of options to directors in July 2005 which were reported in August 2005.

EXECUTIVE COMPENSATION AND OTHER MATTERS**Executive Compensation**

The following table sets forth information for the years ended December 31, 2005, 2004 and 2003 concerning the compensation of the Chief Executive Officer and each of the other executive officers of InsWeb that received total salary and bonus compensation in excess of \$100,000 for the year ended December 31, 2005.

SUMMARY COMPENSATION TABLE

Name and Principal Position	Year	Annual Compensation Salary	Bonus(1)	Long term Compensation Awards Securities Underlying Options	All other Compensation(2)
Hussein A. Enan(3) Chairman of the Board and Chief Executive Officer	2005	\$ 250,000	\$	155,000	\$ 6,250
	2004	250,000			6,240
	2003	250,000		6,000	6,250
William D. Griffin Chief Financial Officer	2005	\$ 208,000	\$	25,000	\$ 5,772
	2004	208,000	54,600	25,000	6,240
	2003	205,846		45,000	6,000
L. Eric Loewe Senior Vice President, Secretary and General Counsel	2005	\$ 182,000	\$	25,000	\$ 3,360
	2004	182,000	31,850	15,000	4,600
	2003	180,117		25,000	4,810

(1) Bonuses are based on performance. See Report of the Compensation Committee on Executive Compensation below.

(2) Represents employer contributions to InsWeb's 401(k) plan.

(3) Mr. Enan served as Chairman of the Board throughout the three-year period ended December 31, 2005. He also served as Chief Executive Officer until June 2002 and was reinstated to that position in August 2004.

Stock Options Granted in Fiscal 2005

The following table provides the specified information concerning grants of options to purchase InsWeb's Common Stock made during the year ended December 31, 2005 to the persons named in the Summary Compensation Table.

OPTION GRANTS IN LAST FISCAL YEAR

Name Name	Number of Securities Underlying Options Granted(2)	Individual Grants % of Total Options		Exercise Price (\$/Sh)(3)	Expiration Date	Potential Realizable Value at Assumed Annual Rates of Stock Price Appreciation for Option Term(1)	
		Granted to Employees in Fiscal Year				5%	10%
Hussein A. Enan	78,263	18.4		\$ 2.79	2/10/2015	\$ 137,322	\$ 348,000
	71,737	16.8		\$ 2.79	2/10/2015	\$ 125,871	\$ 318,982
	5,000	1.2		\$ 3.25	7/1/2015	\$ 10,220	