

CRAWFORD & CO  
Form 10-Q  
November 09, 2015  
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United States  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

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Form 10-Q

R QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE  
ACT OF 1934  
for the quarterly period ended September 30, 2015

OR

o TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE  
ACT OF 1934  
for the transition period from \_\_\_\_ to \_\_\_\_

Commission file number 1-10356

CRAWFORD & COMPANY  
(Exact name of Registrant as specified in its charter)

|                                                                   |                                         |
|-------------------------------------------------------------------|-----------------------------------------|
| Georgia                                                           | 58-0506554                              |
| (State or other jurisdiction of<br>incorporation or organization) | (I.R.S. Employer<br>Identification No.) |
| 1001 Summit Boulevard                                             |                                         |
| Atlanta, Georgia                                                  | 30319                                   |
| (Address of principal executive offices)                          | (Zip Code)                              |
| (404) 300-1000                                                    |                                         |
| (Registrant's telephone number, including area code)              |                                         |

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Indicate by check mark whether the Registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes ☒ No ☐

Indicate by check mark whether the Registrant has submitted electronically and posted on its corporate website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (Section 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the Registrant was required to submit and post such files).

Yes ☒ No ☐

Indicate by check mark whether the Registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer", "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

|                                                  |                                                       |                                                |                                                    |
|--------------------------------------------------|-------------------------------------------------------|------------------------------------------------|----------------------------------------------------|
| Large accelerated filer <input type="checkbox"/> | Accelerated filer <input checked="" type="checkbox"/> | Non-accelerated filer <input type="checkbox"/> | Smaller reporting company <input type="checkbox"/> |
| (Do not check if a smaller reporting company)    |                                                       |                                                |                                                    |

Indicate by check mark whether the Registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes ☐ No ☒

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The number of shares outstanding of each of the Registrant's classes of common stock as of October 30, 2015 was as follows:

Class A Common Stock, \$1.00 par value: 30,377,402

Class B Common Stock, \$1.00 par value: 24,690,172

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CRAWFORD & COMPANY  
Quarterly Report on Form 10-Q  
Quarter Ended September 30, 2015

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## Part I — Financial Information

## Item 1. Financial Statements

## CRAWFORD &amp; COMPANY

## CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

## Unaudited

|                                                                                     | Three Months Ended September 30, |            |
|-------------------------------------------------------------------------------------|----------------------------------|------------|
| (In thousands, except per share amounts)                                            | 2015                             | 2014       |
| Revenues:                                                                           |                                  |            |
| Revenues before reimbursements                                                      | \$ 293,335                       | \$ 293,831 |
| Reimbursements                                                                      | 16,649                           | 21,079     |
| Total Revenues                                                                      | 309,984                          | 314,910    |
| Costs and Expenses:                                                                 |                                  |            |
| Costs of services provided, before reimbursements                                   | 211,106                          | 213,442    |
| Reimbursements                                                                      | 16,649                           | 21,079     |
| Total costs of services                                                             | 227,755                          | 234,521    |
| Selling, general, and administrative expenses                                       | 61,738                           | 59,348     |
| Corporate interest expense, net of interest income of \$227 and \$142, respectively | 2,332                            | 1,680      |
| Restructuring and special charges                                                   | 11,078                           | —          |
| Total Costs and Expenses                                                            | 302,903                          | 295,549    |
| Other Income                                                                        | 217                              | 83         |
| Income Before Income Taxes                                                          | 7,298                            | 19,444     |
| Provision for Income Taxes                                                          | 8,385                            | 9,244      |
| Net (Loss) Income                                                                   | (1,087                           | ) 10,200   |
| Net Loss (Income) Attributable to Noncontrolling Interests                          | 230                              | (8 )       |
| Net (Loss) Income Attributable to Shareholders of Crawford & Company                | \$(857                           | ) \$10,192 |
| (Loss) Earnings Per Share - Basic:                                                  |                                  |            |
| Class A Common Stock                                                                | \$(0.01                          | ) \$0.19   |
| Class B Common Stock                                                                | \$(0.03                          | ) \$0.17   |
| (Loss) Earnings Per Share - Diluted:                                                |                                  |            |
| Class A Common Stock                                                                | \$(0.01                          | ) \$0.19   |
| Class B Common Stock                                                                | \$(0.03                          | ) \$0.17   |

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Weighted-Average Shares Used to Compute Basic (Loss) Earnings Per Share:

|                      |        |        |
|----------------------|--------|--------|
| Class A Common Stock | 30,807 | 30,355 |
| Class B Common Stock | 24,690 | 24,690 |

Weighted-Average Shares Used to Compute Diluted (Loss) Earnings Per Share:

|                      |        |        |
|----------------------|--------|--------|
| Class A Common Stock | 30,807 | 30,988 |
| Class B Common Stock | 24,690 | 24,690 |

Cash Dividends Per Share:

|                      |        |        |
|----------------------|--------|--------|
| Class A Common Stock | \$0.07 | \$0.07 |
| Class B Common Stock | \$0.05 | \$0.05 |

(See accompanying notes to condensed consolidated financial statements)

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CRAWFORD & COMPANY  
 CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS  
 Unaudited

|                                                                                     | Nine Months Ended September 30, |           |
|-------------------------------------------------------------------------------------|---------------------------------|-----------|
| (In thousands, except per share amounts)                                            | 2015                            | 2014      |
| Revenues:                                                                           |                                 |           |
| Revenues before reimbursements                                                      | \$885,510                       | \$857,396 |
| Reimbursements                                                                      | 55,506                          | 53,925    |
| Total Revenues                                                                      | 941,016                         | 911,321   |
| Costs and Expenses:                                                                 |                                 |           |
| Costs of services provided, before reimbursements                                   | 662,537                         | 625,584   |
| Reimbursements                                                                      | 55,506                          | 53,925    |
| Total costs of services                                                             | 718,043                         | 679,509   |
| Selling, general, and administrative expenses                                       | 179,346                         | 179,980   |
| Corporate interest expense, net of interest income of \$587 and \$497, respectively | 6,238                           | 4,532     |
| Restructuring and special charges                                                   | 16,383                          | —         |
| Total Costs and Expenses                                                            | 920,010                         | 864,021   |
| Other Income                                                                        | 701                             | 574       |
| Income Before Income Taxes                                                          | 21,707                          | 47,874    |
| Provision for Income Taxes                                                          | 15,335                          | 20,494    |
| Net Income                                                                          | 6,372                           | 27,380    |
| Net Income Attributable to Noncontrolling Interests                                 | (189)                           | (72)      |
| Net Income Attributable to Shareholders of Crawford & Company                       | \$6,183                         | \$27,308  |
| Earnings Per Share - Basic:                                                         |                                 |           |
| Class A Common Stock                                                                | \$0.14                          | \$0.52    |
| Class B Common Stock                                                                | \$0.08                          | \$0.48    |
| Earnings Per Share - Diluted:                                                       |                                 |           |
| Class A Common Stock                                                                | \$0.14                          | \$0.51    |
| Class B Common Stock                                                                | \$0.08                          | \$0.47    |
| Weighted-Average Shares Used to Compute Basic Earnings Per Share:                   |                                 |           |
| Class A Common Stock                                                                | 30,668                          | 30,178    |

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|                                                                         |        |        |
|-------------------------------------------------------------------------|--------|--------|
| Class B Common Stock                                                    | 24,690 | 24,690 |
| Weighted-Average Shares Used to Compute Diluted Earnings Per Share:     |        |        |
| Class A Common Stock                                                    | 31,156 | 30,957 |
| Class B Common Stock                                                    | 24,690 | 24,690 |
| Cash Dividends Per Share:                                               |        |        |
| Class A Common Stock                                                    | \$0.21 | \$0.17 |
| Class B Common Stock                                                    | \$0.15 | \$0.13 |
| (See accompanying notes to condensed consolidated financial statements) |        |        |



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## CRAWFORD &amp; COMPANY

## CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

Unaudited

|                                                                                                                                              | Three Months Ended September 30, |            |
|----------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------|------------|
| (In thousands)                                                                                                                               | 2015                             | 2014       |
| Net (Loss) Income                                                                                                                            | \$(1,087                         | ) \$10,200 |
| Other Comprehensive Income:                                                                                                                  |                                  |            |
| Net foreign currency translation loss, net of tax benefit of \$0 and \$3, respectively                                                       | (5,975                           | ) (1,325 ) |
| Amortization of actuarial losses for retirement plans included in net periodic pension cost, net of tax of \$2,447 and \$928, respectively   | 7,823                            | 1,952      |
| Other Comprehensive Income                                                                                                                   | 1,848                            | 627        |
| Comprehensive Income                                                                                                                         | 761                              | 10,827     |
| Comprehensive loss (income) attributable to noncontrolling interests                                                                         | 20                               | (26 )      |
| Comprehensive Income Attributable to Shareholders of Crawford & Company                                                                      | \$781                            | \$10,801   |
|                                                                                                                                              | Nine Months Ended September 30,  |            |
| (In thousands)                                                                                                                               | 2015                             | 2014       |
| Net Income                                                                                                                                   | \$6,372                          | \$27,380   |
| Other Comprehensive (Loss) Income:                                                                                                           |                                  |            |
| Net foreign currency translation loss, net of tax benefit of \$0 and \$106, respectively                                                     | (17,233                          | ) (1,245 ) |
| Amortization of actuarial losses for retirement plans included in net periodic pension cost, net of tax of \$4,518 and \$2,772, respectively | 12,624                           | 5,452      |
| Other Comprehensive (Loss) Income                                                                                                            | (4,609                           | ) 4,207    |
| Comprehensive Income                                                                                                                         | 1,763                            | 31,587     |
| Comprehensive loss attributable to noncontrolling interests                                                                                  | 330                              | 101        |
| Comprehensive Income Attributable to Shareholders of Crawford & Company                                                                      | \$2,093                          | \$31,688   |

(See accompanying notes to condensed consolidated financial statements)



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CRAWFORD & COMPANY  
 CONDENSED CONSOLIDATED BALANCE SHEETS  
 Unaudited

|                                                                                                  | *                     |                      |
|--------------------------------------------------------------------------------------------------|-----------------------|----------------------|
| (In thousands)                                                                                   | September 30,<br>2015 | December 31,<br>2014 |
| <b>ASSETS</b>                                                                                    |                       |                      |
| Current Assets:                                                                                  |                       |                      |
| Cash and cash equivalents                                                                        | \$58,329              | \$52,456             |
| Accounts receivable, less allowance for doubtful accounts of \$12,381 and \$10,960, respectively | 178,571               | 180,096              |
| Unbilled revenues, at estimated billable amounts                                                 | 112,073               | 103,163              |
| Income taxes receivable                                                                          | 2,779                 | 2,779                |
| Prepaid expenses and other current assets                                                        | 26,070                | 29,089               |
| Total Current Assets                                                                             | 377,822               | 367,583              |
| Property and Equipment:                                                                          |                       |                      |
| Property and equipment                                                                           | 147,881               | 143,273              |
| Less accumulated depreciation                                                                    | (106,752)             | (102,414)            |
| Net Property and Equipment                                                                       | 41,129                | 40,859               |
| Other Assets:                                                                                    |                       |                      |
| Goodwill                                                                                         | 142,762               | 131,885              |
| Intangible assets arising from business acquisitions, net                                        | 108,391               | 75,895               |
| Capitalized software costs, net                                                                  | 79,819                | 75,536               |
| Deferred income tax assets                                                                       | 68,658                | 66,927               |
| Other noncurrent assets                                                                          | 35,605                | 30,634               |
| Total Other Assets                                                                               | 435,235               | 380,877              |
| <b>TOTAL ASSETS</b>                                                                              | <b>\$854,186</b>      | <b>\$789,319</b>     |

\* Derived from the audited Consolidated Balance Sheet

(See accompanying notes to condensed consolidated financial statements)

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CRAWFORD & COMPANY  
 CONDENSED CONSOLIDATED BALANCE SHEETS — CONTINUED  
 Unaudited

|                                                                                                                                                                             |                       | *                    |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------|----------------------|
| (In thousands, except par value amounts)                                                                                                                                    | September 30,<br>2015 | December 31,<br>2014 |
| <b>LIABILITIES AND SHAREHOLDERS' INVESTMENT</b>                                                                                                                             |                       |                      |
| Current Liabilities:                                                                                                                                                        |                       |                      |
| Short-term borrowings                                                                                                                                                       | \$6,566               | \$2,002              |
| Accounts payable                                                                                                                                                            | 45,853                | 48,597               |
| Accrued compensation and related costs                                                                                                                                      | 63,494                | 82,151               |
| Self-insured risks                                                                                                                                                          | 15,381                | 14,491               |
| Income taxes payable                                                                                                                                                        | 11,860                | 2,618                |
| Deferred income taxes                                                                                                                                                       | 13,924                | 14,523               |
| Deferred rent                                                                                                                                                               | 11,629                | 13,576               |
| Other accrued liabilities                                                                                                                                                   | 41,117                | 35,784               |
| Deferred revenues                                                                                                                                                           | 46,725                | 45,054               |
| Current installments of long-term debt and capital leases                                                                                                                   | 1,808                 | 763                  |
| Total Current Liabilities                                                                                                                                                   | 258,357               | 259,559              |
| Noncurrent Liabilities:                                                                                                                                                     |                       |                      |
| Long-term debt and capital leases, less current installments                                                                                                                | 250,519               | 154,046              |
| Deferred revenues                                                                                                                                                           | 27,066                | 26,706               |
| Self-insured risks                                                                                                                                                          | 9,301                 | 10,041               |
| Accrued pension liabilities                                                                                                                                                 | 115,122               | 142,343              |
| Other noncurrent liabilities                                                                                                                                                | 17,000                | 17,271               |
| Total Noncurrent Liabilities                                                                                                                                                | 419,008               | 350,407              |
| Shareholders' Investment:                                                                                                                                                   |                       |                      |
| Class A common stock, \$1.00 par value; 50,000 shares authorized; 30,347 and 30,497 shares issued and outstanding at September 30, 2015 and December 31, 2014, respectively | 30,347                | 30,497               |
| Class B common stock, \$1.00 par value; 50,000 shares authorized; 24,690 shares issued and outstanding                                                                      | 24,690                | 24,690               |
| Additional paid-in capital                                                                                                                                                  | 41,813                | 38,617               |
| Retained earnings                                                                                                                                                           | 294,193               | 301,091              |
| Accumulated other comprehensive loss                                                                                                                                        | (226,048)             | (221,958)            |
| Shareholders' Investment Attributable to Shareholders of Crawford & Company                                                                                                 | 164,995               | 172,937              |
| Noncontrolling interests                                                                                                                                                    | 11,826                | 6,416                |
| Total Shareholders' Investment                                                                                                                                              | 176,821               | 179,353              |
| <b>TOTAL LIABILITIES AND SHAREHOLDERS' INVESTMENT</b>                                                                                                                       | <b>\$854,186</b>      | <b>\$789,319</b>     |

\* Derived from the audited Consolidated Balance Sheet  
 (See accompanying notes to condensed consolidated financial statements)

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CRAWFORD & COMPANY  
 CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS  
 Unaudited

|                                                                                                | Nine Months Ended September<br>30, |           |
|------------------------------------------------------------------------------------------------|------------------------------------|-----------|
| (In thousands)                                                                                 | 2015                               | 2014      |
| Cash Flows From Operating Activities:                                                          |                                    |           |
| Net income                                                                                     | \$6,372                            | \$27,380  |
| Reconciliation of net income to net cash provided by (used in) operating activities:           |                                    |           |
| Depreciation and amortization                                                                  | 32,219                             | 28,102    |
| Stock-based compensation                                                                       | 2,369                              | 1,931     |
| Changes in operating assets and liabilities, net of effects of acquisitions and dispositions:  |                                    |           |
| Accounts receivable, net                                                                       | 14,190                             | (28,566 ) |
| Unbilled revenues, net                                                                         | (8,604 )                           | (23,083 ) |
| Accrued or prepaid income taxes                                                                | 9,838                              | 9,777     |
| Accounts payable and accrued liabilities                                                       | (31,247 )                          | (36,470 ) |
| Deferred revenues                                                                              | 1,064                              | 1,831     |
| Accrued retirement costs                                                                       | (14,952 )                          | (20,334 ) |
| Prepaid expenses and other operating activities                                                | 9,890                              | (4,816 )  |
| Net cash provided by (used in) operating activities                                            | 21,139                             | (44,248 ) |
| Cash Flows From Investing Activities:                                                          |                                    |           |
| Acquisitions of property and equipment                                                         | (10,296 )                          | (9,207 )  |
| Proceeds from disposals of property and equipment                                              | —                                  | 1,289     |
| Capitalization of computer software costs                                                      | (16,182 )                          | (12,204 ) |
| Cash surrendered in sale of business                                                           | —                                  | (1,554 )  |
| Payments for business acquisitions, net of cash acquired                                       | (68,259 )                          | (3,324 )  |
| Net cash used in investing activities                                                          | (94,737 )                          | (25,000 ) |
| Cash Flows From Financing Activities:                                                          |                                    |           |
| Cash dividends paid                                                                            | (10,151 )                          | (8,353 )  |
| Payments related to shares received for withholding taxes under stock-based compensation plans | (2 )                               | (1,361 )  |
| Proceeds from shares purchased under employee stock-based compensation plans                   | 1,196                              | 1,268     |
| Repurchases of common stock                                                                    | (137 )                             | (3,157 )  |
| Increases in short-term and revolving credit facility borrowings                               | 126,032                            | 118,777   |
| Payments on short-term and revolving credit facility borrowings                                | (31,645 )                          | (67,295 ) |
| Payments on capital lease obligations                                                          | (1,586 )                           | (661 )    |
| Dividends paid to noncontrolling interests                                                     | (186 )                             | —         |
| Other financing activities                                                                     | (4 )                               | (410 )    |
| Net cash provided by financing activities                                                      | 83,517                             | 38,808    |
| Effects of exchange rate changes on cash and cash equivalents                                  | (4,046 )                           | (771 )    |
| Increase (decrease) in cash and cash equivalents                                               | 5,873                              | (31,211 ) |
| Cash and cash equivalents at beginning of year                                                 | 52,456                             | 75,953    |
| Cash and cash equivalents at end of period                                                     | \$58,329                           | \$44,742  |
| (See accompanying notes to condensed consolidated financial statements)                        |                                    |           |



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## CRAWFORD &amp; COMPANY

## CONDENSED CONSOLIDATED STATEMENTS OF SHAREHOLDERS' INVESTMENT

Unaudited

(In thousands)

|                                                                 | Common Stock       |                |                            | Accumulated       |                          | Shareholders' Investment Attributable to Shareholders of Crawford & Company | Noncontrolling Interests | Total Shareholders' Investment |
|-----------------------------------------------------------------|--------------------|----------------|----------------------------|-------------------|--------------------------|-----------------------------------------------------------------------------|--------------------------|--------------------------------|
| 2015                                                            | Class A Non-Voting | Class B Voting | Additional Paid-In Capital | Retained Earnings | Other Comprehensive Loss |                                                                             |                          |                                |
| Balance at January 1, 2015                                      | \$30,497           | \$24,690       | \$38,617                   | \$301,091         | \$ (221,958 )            | \$172,937                                                                   | \$ 6,416                 | \$179,353                      |
| Net income                                                      | —                  | —              | —                          | 2,986             | —                        | 2,986                                                                       | 295                      | 3,281                          |
| Other comprehensive loss                                        | —                  | —              | —                          | —                 | (7,445 )                 | (7,445 )                                                                    | (423 )                   | (7,868 )                       |
| Cash dividends paid                                             | —                  | —              | —                          | (3,373 )          | —                        | (3,373 )                                                                    | —                        | (3,373 )                       |
| Stock-based compensation                                        | —                  | —              | 404                        | —                 | —                        | 404                                                                         | —                        | 404                            |
| Common stock activity, net                                      | 36                 | —              | (44 )                      | (120 )            | —                        | (128 )                                                                      | —                        | (128 )                         |
| Increase in value of noncontrolling interest due to acquisition | —                  | —              | —                          | —                 | —                        | —                                                                           | 5,926                    | 5,926                          |
| Balance at March 31, 2015                                       | 30,533             | 24,690         | 38,977                     | 300,584           | (229,403 )               | 165,381                                                                     | 12,214                   | 177,595                        |
| Net income                                                      | —                  | —              | —                          | 4,054             | —                        | 4,054                                                                       | 124                      | 4,178                          |
| Other comprehensive income (loss)                               | —                  | —              | —                          | —                 | 1,717                    | 1,717                                                                       | (306 )                   | 1,411                          |
| Cash dividends paid                                             | —                  | —              | —                          | (3,384 )          | —                        | (3,384 )                                                                    | —                        | (3,384 )                       |
| Stock-based compensation                                        | —                  | —              | 876                        | —                 | —                        | 876                                                                         | —                        | 876                            |
| Common stock activity, net                                      | 173                | —              | 260                        | —                 | —                        | 433                                                                         | —                        | 433                            |
| Balance at June 30, 2015                                        | 30,706             | 24,690         | 40,113                     | 301,254           | (227,686 )               | 169,077                                                                     | 12,032                   | 181,109                        |
| Net loss                                                        | —                  | —              | —                          | (857 )            | —                        | (857 )                                                                      | (230 )                   | (1,087 )                       |
| Other comprehensive income                                      | —                  | —              | —                          | —                 | 1,638                    | 1,638                                                                       | 210                      | 1,848                          |
| Cash dividends paid                                             | —                  | —              | —                          | (3,394 )          | —                        | (3,394 )                                                                    | —                        | (3,394 )                       |
|                                                                 | —                  | —              | 1,089                      | —                 | —                        | 1,089                                                                       | —                        | 1,089                          |

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|                                                                                  |                    |                |                            |                   |                          |                                                                             |                          |                                |
|----------------------------------------------------------------------------------|--------------------|----------------|----------------------------|-------------------|--------------------------|-----------------------------------------------------------------------------|--------------------------|--------------------------------|
| Stock-based compensation                                                         |                    |                |                            |                   |                          |                                                                             |                          |                                |
| Common stock activity, net                                                       | (359 )             | —              | 611                        | (2,810 )          | —                        | (2,558 )                                                                    | —                        | (2,558 )                       |
| Dividends paid to noncontrolling interests                                       | —                  | —              | —                          | —                 | —                        | —                                                                           | (186 )                   | (186 )                         |
| Balance at September 30, 2015                                                    | \$30,347           | \$24,690       | \$41,813                   | \$294,193         | \$ (226,048 )            | \$164,995                                                                   | \$ 11,826                | \$176,821                      |
|                                                                                  | Common Stock       |                |                            |                   | Accumulated              | Shareholders' Investment Attributable to Shareholders of Crawford & Company | Noncontrolling Interests | Total Shareholders' Investment |
| 2014                                                                             | Class A Non-Voting | Class B Voting | Additional Paid-In Capital | Retained Earnings | Other Comprehensive Loss |                                                                             |                          |                                |
| Balance at January 1, 2014                                                       | \$29,875           | \$24,690       | \$39,285                   | \$285,165         | \$ (179,210 )            | \$199,805                                                                   | \$ 7,728                 | \$207,533                      |
| Net income (loss)                                                                | —                  | —              | —                          | 6,652             | —                        | 6,652                                                                       | (66 )                    | 6,586                          |
| Other comprehensive loss                                                         | —                  | —              | —                          | —                 | (2,513 )                 | (2,513 )                                                                    | (359 )                   | (2,872 )                       |
| Cash dividends paid                                                              | —                  | —              | —                          | (2,489 )          | —                        | (2,489 )                                                                    | —                        | (2,489 )                       |
| Stock-based compensation                                                         | —                  | —              | (449 )                     | —                 | —                        | (449 )                                                                      | —                        | (449 )                         |
| Common stock activity, net                                                       | 187                | —              | (1,471 )                   | (1,218 )          | —                        | (2,502 )                                                                    | —                        | (2,502 )                       |
| Decrease in value of noncontrolling interest due to sale of controlling interest | —                  | —              | —                          | —                 | —                        | —                                                                           | (638 )                   | (638 )                         |
| Dividends paid to noncontrolling interests                                       | —                  | —              | —                          | —                 | —                        | —                                                                           | (142 )                   | (142 )                         |
| Balance at March 31, 2014                                                        | 30,062             | 24,690         | 37,365                     | 288,110           | (181,723 )               | 198,504                                                                     | 6,523                    | 205,027                        |
| Net income                                                                       | —                  | —              | —                          | 10,464            | —                        | 10,464                                                                      | 130                      | 10,594                         |
| Other comprehensive income                                                       | —                  | —              | —                          | —                 | 6,284                    | 6,284                                                                       | 168                      | 6,452                          |
| Cash dividends paid                                                              | —                  | —              | —                          | (2,502 )          | —                        | (2,502 )                                                                    | —                        | (2,502 )                       |
| Stock-based compensation                                                         | —                  | —              | 1,192                      | —                 | —                        | 1,192                                                                       | —                        | 1,192                          |
| Common stock activity, net                                                       | 153                | —              | 163                        | (1,235 )          | —                        | (919 )                                                                      | —                        | (919 )                         |
|                                                                                  | 30,215             | 24,690         | 38,720                     | 294,837           | (175,439 )               | 213,023                                                                     | 6,821                    | 219,844                        |



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|                                                  |          |          |          |           |              |           |         |           |
|--------------------------------------------------|----------|----------|----------|-----------|--------------|-----------|---------|-----------|
| Balance at<br>June 30, 2014                      |          |          |          |           |              |           |         |           |
| Net income                                       | —        | —        | —        | 10,192    | —            | 10,192    | 8       | 10,200    |
| Other<br>comprehensive<br>income                 | —        | —        | —        | —         | 609          | 609       | 18      | 627       |
| Cash dividends<br>paid                           | —        | —        | —        | (3,362 )  | —            | (3,362 )  | —       | (3,362 )  |
| Stock-based<br>compensation                      | —        | —        | 1,188    | —         | —            | 1,188     | —       | 1,188     |
| Common stock<br>activity, net                    | 194      | —        | 616      | (322 )    | —            | 488       | —       | 488       |
| Dividends paid to<br>noncontrolling<br>interests | —        | —        | —        | —         | —            | —         | (225 )  | (225 )    |
| Balance at<br>September 30,<br>2014              | \$30,409 | \$24,690 | \$40,524 | \$301,345 | \$(174,830 ) | \$222,138 | \$6,622 | \$228,760 |

(See accompanying notes to condensed consolidated financial statements)

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NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Unaudited

Based in Atlanta, Georgia, Crawford & Company ("Crawford" or "the Company") is the world's largest (based on annual revenues) independent provider of claims management solutions to the risk management and insurance industry, as well as to self-insured entities, with an expansive global network serving clients in more than 70 countries. The Crawford Solution<sup>SM</sup> offers comprehensive, integrated claims services, business process outsourcing and consulting services for major product lines including property and casualty claims management; workers' compensation claims and medical management; and legal settlement administration.

Shares of the Company's two classes of common stock are traded on the New York Stock Exchange ("NYSE") under the symbols CRDA and CRDB, respectively. The Company's two classes of stock are substantially identical, except with respect to voting rights and the Company's ability to pay greater cash dividends on the non-voting Class A Common Stock than on the voting Class B Common Stock, subject to certain limitations. In addition, with respect to mergers or similar transactions, holders of Class A Common Stock must receive the same type and amount of consideration as holders of Class B Common Stock, unless different consideration is approved by the holders of 75% of the Class A Common Stock, voting as a class. The Company's website is [www.crawfordandcompany.com](http://www.crawfordandcompany.com). The information contained on, or hyperlinked from, the Company's website is not a part of, and is not incorporated by reference into, this report.

1. Basis of Presentation

The accompanying unaudited condensed consolidated financial statements of the Company have been prepared in accordance with U.S. generally accepted accounting principles ("GAAP") for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X promulgated by the United States Securities and Exchange Commission (the "SEC"). Accordingly, these unaudited condensed consolidated financial statements do not include all of the information and footnotes required by GAAP for complete financial statements. Operating results for the three months and nine months ended, and the Company's financial position as of, September 30, 2015 are not necessarily indicative of the results or financial position that may be expected for the year ending December 31, 2015 or for other future periods. The financial results from the Company's operations outside of the U.S., Canada, the Caribbean, and certain subsidiaries in the Philippines, are reported and consolidated on a two-month delayed basis (fiscal year-end of October 31) as permitted by GAAP in order to provide sufficient time for accumulation of their results.

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. In the opinion of management, all adjustments (consisting only of normal recurring accruals and adjustments) considered necessary for a fair presentation have been included. There have been no material changes to our significant accounting policies and estimates from those disclosed in the Company's Annual Report on Form 10-K for the year ended December 31, 2014.

Certain prior period amounts within the EMEA/AP segment have been reclassified to conform to the current presentation. These reclassifications had no effect on the Company's reported segment or consolidated results. Significant intercompany transactions have been eliminated in consolidation.

The Condensed Consolidated Balance Sheet information presented herein as of December 31, 2014 has been derived from the audited consolidated financial statements as of that date, but does not include all of the information and footnotes required by GAAP for complete financial statements. For further information, refer to the consolidated financial statements and footnotes thereto included in the Company's Annual Report on Form 10-K for the year ended December 31, 2014.

The Company consolidates the liabilities of its deferred compensation plan and the related assets, which are held in a rabbi trust and considered a variable interest entity ("VIE") of the Company. The rabbi trust was created to fund the liabilities of the Company's deferred compensation plan. The Company is considered the primary beneficiary of the

rabbi trust because the Company directs the activities of the trust and can use the assets of the trust to satisfy the liabilities of the Company's deferred compensation plan. At September 30, 2015 and December 31, 2014, the liabilities of the deferred compensation plan were \$9,750,000 and \$11,051,000, respectively, which represented obligations of the Company rather than of the rabbi trust, and the values of the assets held in the related rabbi trust were \$15,787,000 and \$15,519,000, respectively. These liabilities and assets are included in "Other noncurrent liabilities" and "Other noncurrent assets," respectively, on the Company's unaudited Condensed Consolidated Balance Sheets.

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NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Unaudited

The Company owns 51% of the capital stock of Lloyd Warwick International Limited ("LWI"). The Company has also agreed to provide financial support to LWI of up to approximately \$10,000,000. Because of this controlling financial interest, and because Crawford has the obligation to absorb certain of LWI's losses through the additional financial support that LWI may require, LWI is considered a VIE of the Company. LWI also does not meet the business scope exception, as Crawford provides more than half of its financial support, and because LWI lacks sufficient equity at risk to permit it to carry on its activities without this additional financial support. Creditors of LWI have no recourse to Crawford's general credit. Accordingly, Crawford is considered the primary beneficiary and is consolidating LWI. Total assets and liabilities of LWI as of September 30, 2015 were \$9,040,000 and \$11,408,000, respectively. Included in LWI's total liabilities is a loan from Crawford of \$9,914,000.

2. Business Acquisition

On December 1, 2014, the Company acquired 100% of the capital stock of GAB Robins Holdings UK Limited ("GAB Robins"), a U.K. based international loss adjusting and claims management provider, for cash consideration of \$71,812,000. During the third quarter 2015, the Company paid an additional \$2,182,000 related to net debt and net working capital adjustments under the terms of the acquisition agreement which increased the purchase price to \$73,994,000. Because the financial results of certain of the Company's international subsidiaries, including those in the U.K. through which GAB Robins reports, are included in the Company's consolidated financial statements on a two-month delayed basis, the results of operations of GAB Robins, and the preliminary application of purchase accounting to the assets acquired, and liabilities and noncontrolling interests assumed, in that acquisition have been reflected in the Company's unaudited condensed consolidated results for the three months and nine months ended September 30, 2015. As a result, comparability to prior periods' results and financial condition may be limited. The purchase was accounted for under the guidance of Accounting Standards Codification ("ASC") 805-10 as a business combination under the acquisition method.

As a requirement of accounting under the acquisition method, all identifiable assets acquired and liabilities assumed and noncontrolling interests were recognized using fair value measurements. Based upon the timing of the acquisition, the allocation of the purchase price is preliminary and subject to change, as the Company gathers additional information related to, among other things, unbilled accounts receivable, intangible assets, deferred taxes, other assets, accrued liabilities, noncontrolling interests, and uncertain tax positions. During the measurement period since the acquisition, adjustments have been made to the preliminary purchase accounting for receivables, prepaid and other current assets acquired, other current liabilities assumed, and a payment for adjustments to net debt and net working capital based on additional information gathered. These measurement period adjustments did not affect amounts recorded to the income statement during the nine months ended September 30, 2015. The purchase price included \$6,329,000 placed in escrow for up to two years related to certain acquired contingencies per the terms of the acquisition agreement. As of September 30, 2015, \$1,600,000 of the previously escrowed amount has been released. The acquisition was funded primarily through borrowings in the U.K. under the Company's credit facility.

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## NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## Unaudited

The following table summarizes the preliminary purchase price allocation to the tangible and intangible assets acquired and liabilities assumed and noncontrolling interests in the GAB Robins acquisition included in the Company's condensed consolidated financial statements on the two-month delayed basis as discussed above:

| (in thousands)                                       | Opening Balance Sheet,<br>Adjusted as of September<br>30, 2015 |
|------------------------------------------------------|----------------------------------------------------------------|
| Assets                                               |                                                                |
| Cash and cash equivalents                            | \$5,735                                                        |
| Accounts receivable                                  | 19,182                                                         |
| Unbilled revenues, at estimated billable amounts     | 7,169                                                          |
| Prepaid expenses and other current assets            | 7,443                                                          |
| Property and equipment                               | 4,083                                                          |
| Goodwill                                             | 16,358                                                         |
| Intangible assets                                    | 40,535                                                         |
| Other noncurrent assets                              | 1,933                                                          |
| Deferred income tax assets                           | 4,833                                                          |
| Total Assets                                         | \$107,271                                                      |
| Liabilities                                          |                                                                |
| Other current liabilities                            | \$22,771                                                       |
| Noncurrent liabilities                               | 4,580                                                          |
| Total Liabilities                                    | 27,351                                                         |
| Net Assets Acquired, Before Noncontrolling Interests | 79,920                                                         |
| Noncontrolling interests                             | 5,926                                                          |
| Net Assets Acquired, Net of Noncontrolling Interests | \$73,994                                                       |

Intangible assets acquired include customer relationships, trademarks, internally developed software and non-compete agreements. The intangibles acquired are made up largely of customer relationships of \$38,210,000 being amortized over a preliminary estimated life of 18 years, and the remaining assets listed above are being amortized over periods ranging from two to five years. For the three months and nine months ended September 30, 2015, the Company recognized amortization expense of \$783,000 and \$2,074,000, respectively, in its unaudited condensed consolidated financial statements related to these intangibles. Goodwill is attributable to the synergies of the work force in place and business resources as a result of the combination of the companies. The Company does not expect that goodwill attributable to the acquisition will be deductible for tax purposes. For the three months and nine months ended September 30, 2015, GAB Robins accounted for \$19,647,000 and \$57,743,000 of the Company's consolidated revenues before reimbursements, respectively. The results of GAB Robins are reported in the EMEA/AP segment. For the three months and nine months ended September 30, 2015, GAB Robins contribution to the Company's earnings and earnings per share were not material to the unaudited condensed consolidated financial statements and as such, no pro forma information is required to be presented.

## 3. Recently Issued Accounting Standards

## Business Combinations-Simplifying the Accounting for Measurement-Period Adjustments

In September 2015, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2015-16, "Simplifying the Accounting for Measurement-Period Adjustments." Under ASU 2015-16, in accounting for adjustments made to provisional amounts recognized in a business combination the requirement to retrospectively account for those adjustments is eliminated. The amendments in this update are effective for public

companies for fiscal years beginning after December 15, 2015, with early adoption permitted. The Company adopted the standard effective in the third quarter 2015, although it had no impact on the Company's results of operations, financial condition and cash flows for the nine months ended September 30, 2015.

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### NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

#### Unaudited

#### Revenue from Contracts with Customers

In May 2014, the FASB issued ASU 2014-09, "Revenue from Contracts with Customers." Under ASU 2014-09, companies will be required to recognize revenue to depict the transfer of goods or services to customers in amounts that reflect the consideration (that is, payment) to which the company expects to be entitled in exchange for those goods or services. The new standard also will result in enhanced disclosures about revenue, provide guidance for transactions that were not previously addressed comprehensively (for example, service revenue and contract modifications) and modify guidance for multiple-element arrangements. In August 2015, the FASB issued ASU 2015-14, which deferred by one year the effective date of ASU 2014-09. The one year deferral of the effective date of this standard changes the effective date for the Company to January 1, 2018. Early adoption is permitted, but not before the original effective date. The Company is currently evaluating the effect this standard may have on its results of operations, financial condition and cash flows.

#### Simplifying the Presentation of Debt Issuance Costs

In April 2015, the FASB issued ASU 2015-03, "Interest-Imputation of Interest (Subtopic 835-30): Simplifying the Presentation of Debt Issuance Costs." The new standard is intended to simplify the presentation of debt issuance costs by requiring that debt issuance costs related to a recognized debt liability be presented in the balance sheet as a direct deduction from the carrying amount of that debt liability, consistent with debt discounts. The standard is effective for fiscal years beginning after December 15, 2015, and interim periods within those fiscal years. Early adoption is permitted. At the Emerging Issues Task Force ("EITF") meeting held in June 2015, the EITF clarified that fees incurred to secure revolving debt arrangements were not addressed by ASU 2015-03 and the SEC observer at the EITF meeting stated that the SEC would not object to an entity deferring and presenting debt issuance costs as an asset and subsequently amortizing the deferred debt issuance costs ratably over the term of the revolving debt agreement. Following this announcement, management determined that adoption of this standard is not expected to have any impact on the financial statements of the Company.

#### Accounting for Fees Paid in a Cloud Computing Arrangement

In April 2015, the FASB issued ASU 2015-05, "Intangibles-Goodwill and Other-Internal-Use Software (Subtopic 350-40), Customer's Accounting for Fees Paid in a Cloud Computing Arrangement." This ASU amended guidance on internal use software to clarify how customers in cloud computing arrangements should determine whether the arrangement includes a software license. The new guidance specifies that these licenses should be accounted for as licenses of intangible assets. The guidance is effective for annual periods, including interim periods within those annual periods beginning after December 15, 2015. The Company is currently evaluating the effect this standard may have on its results of operations, financial condition and cash flows.

#### Amendments to the Consolidation Analysis

In February 2015, FASB issued ASU 2015-02, "Consolidation (topic 810): Amendments to the Consolidation Analysis." ASU 2015-02 focuses on the consolidation evaluation for reporting organizations (public and private companies) that are required to evaluate whether they should consolidate certain legal entities. The standard is effective for fiscal years beginning after December 15, 2016, and interim periods within those years. Early adoption is permitted. The Company is currently evaluating the effect this standard may have on its results of operations, financial condition and cash flows.

#### Reporting Discontinued Operations and Disclosures of Disposals of Components of an Entity

In April 2014, FASB issued ASU 2014-08, "Reporting Discontinued Operations and Disclosures of Disposals of Components of an Entity." Under ASU 2014-8, only disposals that represent a strategic shift that has (or will have) a major effect on the entity's results and operations would qualify as discontinued operations. In addition, the ASU (1) expands the disclosure requirements for disposals that meet the definition of a discontinued operation, (2) requires entities to disclose information about disposals of individually significant components, and (3) defines "discontinued operations" similarly to how it is defined under International Financial Reporting Standards 2, "Non-current Assets Held for Sale and Discontinued Operations." The standard became effective in the first quarter of 2015 for public

organizations with calendar year-ends. The Company adopted the standard effective in the first quarter 2015, although it had no impact on the Company's results of operations, financial condition and cash flows for the nine months ended September 30, 2015.



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## NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Unaudited

## 4. Derivative Instruments

In February 2011, the Company entered into a U.S. dollar and Canadian dollar ("CAD") cross currency basis swap with an initial notional amount of CAD34,749,000 as an economic hedge to an intercompany note payable to the U.S. parent by a Canadian subsidiary. The cross currency basis swap requires the Canadian subsidiary to deliver quarterly payments of CAD589,000 to the counterparty and entitles the U.S. parent to receive quarterly payments of U.S. \$593,000. The Canadian subsidiary also makes interest payments to the counterparty based on 3-month Canada Bankers Acceptances plus a spread, and the U.S. parent receives payments based on U.S. 3-month LIBOR. The cross currency basis swap expires on September 30, 2025. The Company has elected to not designate this swap as a hedge of the intercompany note from the Canadian subsidiary. Accordingly, changes in the fair value of this swap, as well as changes in the value of the intercompany note, are recorded as gains or losses in "Selling, general, and administrative expenses" in the Company's unaudited Condensed Consolidated Statements of Operations over the term of the swap and are expected to substantially offset one another. The changes in the fair value of the cross currency basis swap will not exactly offset changes in the value of the intercompany note, as the fair value of this swap is determined based on forward rates while the value of the intercompany note is determined based on end of period spot rates. The net gains and losses for the three months and nine months ended September 30, 2015 and 2014 were not significant. The Company believes there have been no material changes in the creditworthiness of the counterparty to this cross currency basis swap agreement and believes the risk of nonperformance by such party is minimal.

This swap agreement contains a provision providing that if the Company is in default under its credit facility, the Company may also be deemed to be in default under the swap agreement. If there were such a default, the Company could be required to contemporaneously settle some or all of the obligation under the swap agreement at values determined at the time of default. At September 30, 2015, no such default existed, and the Company had no assets posted as collateral under its swap agreement.

## 5. Income Taxes

The Company's consolidated effective income tax rate may change periodically due to changes in enacted tax rates, fluctuations in the mix of income earned from the Company's various domestic and international operations, which are subject to income taxes at different rates, the Company's ability to utilize net operating loss and tax credit carryforwards, and amounts related to uncertain income tax positions. At September 30, 2015, the Company estimates that its effective income tax rate for 2015 will be approximately 83% after considering known discrete items. The Company's effective tax rate is higher in the 2015 period primarily due to the overall low level of taxable income, fluctuations in the mix of income earned, changes in enacted tax rates, and current year losses in certain operations, including losses due to restructuring and special charges, in jurisdictions with lower tax rates or in jurisdictions where the losses are unable to be benefited.

## 6. Defined Benefit Pension Plans

Net periodic benefit cost related to all of the Company's defined benefit pension plans recognized in the Company's unaudited Condensed Consolidated Statements of Operations for the three months and nine months ended September 30, 2015 and 2014 included the following components:

| (in thousands)                 | Three months ended |                    | Nine months ended  |                    |
|--------------------------------|--------------------|--------------------|--------------------|--------------------|
|                                | September 30, 2015 | September 30, 2014 | September 30, 2015 | September 30, 2014 |
| Service (benefit) cost         | \$(208)            | ) \$ 694           | \$ 1,224           | \$ 2,098           |
| Interest cost                  | 8,187              | 8,937              | 24,459             | 26,851             |
| Expected return on assets      | (10,604)           | ) (11,498)         | ) (31,428)         | ) (34,560)         |
| Amortization of actuarial loss | 3,396              | 3,123              | 9,660              | 8,967              |
| Net periodic benefit cost      | \$ 771             | \$ 1,256           | \$ 3,915           | \$ 3,356           |

For the nine-month period ended September 30, 2015, the Company made contributions of \$9,000,000 and \$4,945,000 to its underfunded U.S. and U.K. defined benefit pension plans, respectively, compared with contributions of \$14,850,000 and \$5,204,000, respectively, in the comparable period in 2014. The Company is not required to make any additional contributions to its U.S. defined benefit pension plan or to the U.K. plans for the remainder of 2015; however, the Company expects to make additional contributions of approximately \$3,000,000 and \$1,700,000 to its U.S. and U.K. plans, respectively, during the remainder of 2015.

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## NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## Unaudited

During the three months and nine months ended September 30, 2015, a majority of the employees covered under the defined benefit pension plan in the Netherlands elected to convert to a newly created defined contribution plan effective January 1, 2015. This was accounted for as a curtailment of the defined benefit pension plan which resulted in the reduction of the projected benefit obligation in the amount of \$5,500,000, reduction of the deferred tax asset of \$1,400,000, and a reduction in accumulated other comprehensive loss of \$4,100,000. This change resulted in a reduction in Net Periodic Pension Costs for the three months and nine months ended September 30, 2015 of \$673,000. This reduction was substantially offset by an increase in defined contribution expense.

## 7. Net (Loss) Income Attributable to Shareholders of Crawford &amp; Company per Common Share

The Company computes (loss) earnings per share of its non-voting Class A Common Stock ("CRDA") and voting Class B Common Stock ("CRDB") using the two-class method, which allocates the undistributed (loss) earnings in each period to each class on a proportionate basis. The Company's Board of Directors has the right, but not the obligation, to declare higher dividends on the CRDA shares than on the CRDB shares, subject to certain limitations. In periods when the dividend is the same for CRDA and CRDB or when no dividends are declared or paid to either class, the two-class method generally will yield the same (loss) earnings per share for CRDA and CRDB. During the first, second, and third quarters of 2015 and 2014 the Board of Directors declared a higher dividend on CRDA than on CRDB.

The computations of basic net (loss) income attributable to shareholders of Crawford & Company per common share were as follows:

|                                                           | Three months ended    |            |                       |         | Nine months ended     |            |                       |          |
|-----------------------------------------------------------|-----------------------|------------|-----------------------|---------|-----------------------|------------|-----------------------|----------|
|                                                           | September 30,<br>2015 |            | September 30,<br>2014 |         | September 30,<br>2015 |            | September 30,<br>2014 |          |
| (in thousands, except per share amounts)                  | CRDA                  | CRDB       | CRDA                  | CRDB    | CRDA                  | CRDB       | CRDA                  | CRDB     |
| (Loss) earnings per share - basic:                        |                       |            |                       |         |                       |            |                       |          |
| Numerator:                                                |                       |            |                       |         |                       |            |                       |          |
| Allocation of undistributed (loss) earnings               | \$(2,360 )            | \$(1,891 ) | \$3,766               | \$3,064 | \$(2,198 )            | \$(1,770 ) | \$10,425              | \$8,530  |
| Dividends paid                                            | 2,160                 | 1,234      | 2,128                 | 1,234   | 6,447                 | 3,704      | 5,144                 | 3,209    |
| Net (loss) income available to common shareholders, basic | \$(200 )              | \$(657 )   | \$5,894               | \$4,298 | \$4,249               | \$1,934    | \$15,569              | \$11,739 |
| Denominator:                                              |                       |            |                       |         |                       |            |                       |          |
| Weighted-average common shares outstanding, basic         | 30,807                | 24,690     | 30,355                | 24,690  | 30,668                | 24,690     | 30,178                | 24,690   |
| (Loss) earnings per share - basic                         | \$(0.01 )             | \$(0.03 )  | \$0.19                | \$0.17  | \$0.14                | \$0.08     | \$0.52                | \$0.48   |

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## NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## Unaudited

The computations of diluted net (loss) income attributable to shareholders of Crawford & Company per common share were as follows:

|                                                                                                                                                                                        | Three months ended    |            |                       |         | Nine months ended     |            |                       |          |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------|------------|-----------------------|---------|-----------------------|------------|-----------------------|----------|
|                                                                                                                                                                                        | September 30,<br>2015 |            | September 30,<br>2014 |         | September 30,<br>2015 |            | September 30,<br>2014 |          |
| (in thousands, except per share amounts)                                                                                                                                               | CRDA                  | CRDB       | CRDA                  | CRDB    | CRDA                  | CRDB       | CRDA                  | CRDB     |
| (Loss) earnings per share - diluted:                                                                                                                                                   |                       |            |                       |         |                       |            |                       |          |
| Numerator:                                                                                                                                                                             |                       |            |                       |         |                       |            |                       |          |
| Allocation of undistributed (loss) earnings                                                                                                                                            | \$(2,360 )            | \$(1,891 ) | \$3,801               | \$3,029 | \$(2,214 )            | \$(1,754 ) | \$10,545              | \$8,410  |
| Dividends paid                                                                                                                                                                         | 2,160                 | 1,234      | 2,128                 | 1,234   | 6,447                 | 3,704      | 5,144                 | 3,209    |
| Net (loss) income available to common shareholders, diluted                                                                                                                            | \$(200 )              | \$(657 )   | \$5,929               | \$4,263 | \$4,233               | \$1,950    | \$15,689              | \$11,619 |
| Denominator:                                                                                                                                                                           |                       |            |                       |         |                       |            |                       |          |
| Weighted-average common shares outstanding, basic                                                                                                                                      | 30,807                | 24,690     | 30,355                | 24,690  | 30,668                | 24,690     | 30,178                | 24,690   |
| Weighted-average effect of dilutive securities                                                                                                                                         | —                     | —          | 633                   | —       | 488                   | —          | 779                   | —        |
|                                                                                                                                                                                        | 30,807                | 24,690     | 30,988                | 24,690  | 31,156                | 24,690     | 30,957                | 24,690   |
| (Loss) earnings per share - diluted                                                                                                                                                    | \$(0.01 )             | \$(0.03 )  | \$0.19                | \$0.17  | \$0.14                | \$0.08     | \$0.51                | \$0.47   |
| Listed below are the shares excluded from the denominator in the above computation of diluted (loss) earnings per share for CRDA because their inclusion would have been antidilutive: |                       |            |                       |         |                       |            |                       |          |

| (in thousands)                                                                                                                                       | Three months ended    |                       | Nine months ended     |                       |
|------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|
|                                                                                                                                                      | September 30,<br>2015 | September 30,<br>2014 | September 30,<br>2015 | September 30,<br>2014 |
| Shares underlying stock options excluded due to the options' respective exercise prices being greater than the average stock price during the period | 15                    | —                     | 32                    | —                     |
| Performance stock grants excluded because performance conditions had not been met <sup>(1)</sup>                                                     | 1,819                 | 2,267                 | 1,969                 | 2,267                 |

Compensation cost is recognized for these performance stock grants based on expected achievement rates; however, no consideration is given to these performance stock grants when calculating (loss) earnings per share until the performance measurements have been achieved. As of September 30, 2015, the Company does not expect these performance measurements to be achieved by December 31, 2015.

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## NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## Unaudited

The following table details shares issued during the three months and nine months ended September 30, 2015 and September 30, 2014. These shares are included from their dates of issuance in the weighted-average common shares used to compute basic (loss) earnings per share for CRDA in the table above. There were no shares of CRDB issued during any of these periods.

| (in thousands)                                                   | Three months ended |                    | Nine months ended  |                    |
|------------------------------------------------------------------|--------------------|--------------------|--------------------|--------------------|
|                                                                  | September 30, 2015 | September 30, 2014 | September 30, 2015 | September 30, 2014 |
| CRDA issued under non-employee director stock plan               | 4                  | 2                  | 59                 | 62                 |
| CRDA issued under the Employee Stock Purchase Plan               | 107                | 155                | 107                | 155                |
| CRDA issued under the U.K. ShareSave Scheme                      | 5                  | 3                  | 101                | 264                |
| CRDA issued under the International Employee Stock Purchase Plan | 7                  | 12                 | 7                  | 12                 |
| CRDA issued under the Executive Stock Bonus Plan                 | 20                 | 66                 | 94                 | 317                |
| CRDA issued upon stock option plan exercises                     | —                  | —                  | —                  | 106                |

Effective August 16, 2014, the Company's then existing stock repurchase authorization was replaced with a new authorization pursuant to which the Company has been authorized to repurchase up to 2,000,000 shares of CRDA or CRDB (or both) through July 2017 (the "2014 Repurchase Authorization"). Under the 2014 Repurchase Authorization, repurchases may be made in open market or privately negotiated transactions at such times and for such prices as management deems appropriate, subject to applicable contractual and regulatory restrictions.

During the three months and nine months ended September 30, 2015, the Company repurchased 500,000 shares and 517,700 shares of CRDA, respectively, at an average cost of \$6.62 and \$6.66 per share, respectively. The non-cash repurchase of 500,000 shares during the three months and nine months ended September 30, 2015 was made pursuant to a note payable agreement for \$3,310,000. During the three months and nine months ended September 30, 2014, the Company repurchased 44,254 and 382,192 shares of CRDA, respectively, at an average cost of \$8.27 and \$8.26 per share, respectively. The Company did not repurchase any shares of CRDB during any of these periods.

## 8. Accumulated Other Comprehensive Loss

Comprehensive (loss) income for the Company consists of the total of net (loss) income, foreign currency translation adjustments, and accrued pension and retiree medical liability adjustments. The changes in components of "Accumulated other comprehensive loss" ("AOCL"), net of taxes and noncontrolling interests, included in the Company's unaudited condensed consolidated financial statements were as follows:

| (in thousands)                                                   | Three months ended September 30, 2015    |                                       |                                                         | Nine months ended September 30, 2015     |                                       |                                                         |
|------------------------------------------------------------------|------------------------------------------|---------------------------------------|---------------------------------------------------------|------------------------------------------|---------------------------------------|---------------------------------------------------------|
|                                                                  | Foreign currency translation adjustments | Retirement liabilities <sup>(1)</sup> | AOCL attributable to shareholders of Crawford & Company | Foreign currency translation adjustments | Retirement liabilities <sup>(1)</sup> | AOCL attributable to shareholders of Crawford & Company |
| Beginning balance                                                | \$(15,188 )                              | \$(212,498 )                          | \$(227,686 )                                            | \$(4,659 )                               | \$(217,299 )                          | \$(221,958 )                                            |
| Other comprehensive loss before reclassifications                | (6,185 )                                 | —                                     | (6,185 )                                                | (16,714 )                                | —                                     | (16,714 )                                               |
| Amounts reclassified from accumulated other comprehensive income | —                                        | 7,823                                 | 7,823                                                   | —                                        | 12,624                                | 12,624                                                  |
| Net current period other comprehensive (loss) income             | (6,185 )                                 | 7,823                                 | 1,638                                                   | (16,714 )                                | 12,624                                | (4,090 )                                                |

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|                |              |               |               |              |               |               |
|----------------|--------------|---------------|---------------|--------------|---------------|---------------|
| Ending balance | \$ (21,373 ) | \$ (204,675 ) | \$ (226,048 ) | \$ (21,373 ) | \$ (204,675 ) | \$ (226,048 ) |
|----------------|--------------|---------------|---------------|--------------|---------------|---------------|

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## NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Unaudited

| (in thousands)                                                         | Three months ended September 30, 2014             |                                          |                                                                        | Nine months ended September 30, 2014              |                                          |                                                                        |
|------------------------------------------------------------------------|---------------------------------------------------|------------------------------------------|------------------------------------------------------------------------|---------------------------------------------------|------------------------------------------|------------------------------------------------------------------------|
|                                                                        | Foreign<br>currency<br>translation<br>adjustments | Retirement<br>liabilities <sup>(1)</sup> | AOCL<br>attributable<br>to<br>shareholders<br>of Crawford<br>& Company | Foreign<br>currency<br>translation<br>adjustments | Retirement<br>liabilities <sup>(1)</sup> | AOCL<br>attributable<br>to<br>shareholders<br>of Crawford<br>& Company |
| Beginning balance                                                      | \$3,815                                           | \$(179,254 )                             | \$(175,439 )                                                           | \$3,544                                           | \$(182,754 )                             | \$(179,210 )                                                           |
| Other comprehensive loss before<br>reclassifications                   | (1,343 )                                          | —                                        | (1,343 )                                                               | (1,072 )                                          | —                                        | (1,072 )                                                               |
| Amounts reclassified from<br>accumulated other<br>comprehensive income | —                                                 | 1,952                                    | 1,952                                                                  | —                                                 | 5,452                                    | 5,452                                                                  |
| Net current period other<br>comprehensive income                       | (1,343 )                                          | 1,952                                    | 609                                                                    | (1,072 )                                          | 5,452                                    | 4,380                                                                  |
| Ending balance                                                         | \$2,472                                           | \$(177,302 )                             | \$(174,830 )                                                           | \$2,472                                           | \$(177,302 )                             | \$(174,830 )                                                           |

Retirement liabilities reclassified to net income are related to the amortization of actuarial losses and are included <sup>(1)</sup> in "Selling, general, and administrative expenses" in the Company's unaudited Condensed Consolidated Statements of Operations. See Note 6, "Defined Benefit Pension Plans" for additional details.

As discussed in Note 6, "Defined Benefit Pension Plans," during the three months ended September 30, 2015, there was a curtailment of the defined benefit pension plan in the Netherlands which resulted in the reduction of the projected benefit obligation in the amount of \$5,500,000, reduction of the deferred tax asset of \$1,400,000, and a reduction in accumulated other comprehensive loss of \$4,100,000.

The other comprehensive loss amounts attributable to noncontrolling interests shown in the Company's unaudited Condensed Consolidated Statements of Shareholders' Investment are foreign currency translation adjustments.

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## NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Unaudited

## 9. Fair Value Measurements

The following table presents the Company's assets and liabilities that are measured at fair value on a recurring basis and are categorized using the fair value hierarchy:

|                                                  |       | Fair Value Measurements at September 30, 2015      |                                                           |                                                    |
|--------------------------------------------------|-------|----------------------------------------------------|-----------------------------------------------------------|----------------------------------------------------|
|                                                  |       | Quoted Prices<br>in<br>Active Markets<br>(Level 1) | Significant<br>Other<br>Observable<br>Inputs<br>(Level 2) | Significant<br>Unobservable<br>Inputs<br>(Level 3) |
| (in thousands)                                   | Total |                                                    |                                                           |                                                    |
| Assets:                                          |       |                                                    |                                                           |                                                    |
| Money market funds <sup>(1)</sup>                | \$ 11 | \$ 11                                              | \$—                                                       | \$—                                                |
| Derivative not designated as hedging instrument: |       |                                                    |                                                           |                                                    |
| Cross currency basis swap <sup>(2)</sup>         | 5,603 | —                                                  | 5,603                                                     | —                                                  |
| Liabilities:                                     |       |                                                    |                                                           |                                                    |
| Contingent earnout liability <sup>(3)</sup>      | 1,253 | —                                                  | —                                                         | 1,253                                              |

The fair values of the money market funds were based on recently quoted market prices and reported transactions <sup>(1)</sup> in an active marketplace. Money market funds are included in the Company's unaudited Condensed Consolidated Balance Sheets as "Cash and cash equivalents."

The fair value of the cross currency basis swap was derived from a discounted cash flow analysis based on the terms of the swap and the forward curves for foreign currency rates and interest rates adjusted for the <sup>(2)</sup> counterparty's credit risk. The fair value of the cross currency basis swap is included in "Other noncurrent assets" on the Company's unaudited Condensed Consolidated Balance Sheets, based upon the term of the cross currency basis swap.

The fair value of the contingent earnout liability for the 2014 acquisition of Buckley Scott Holdings Limited ("Buckley Scott") was estimated using an internally-prepared probability-weighted discounted cash flow analysis. The fair value analysis relied upon both Level 2 data (publicly observable data such as market interest rates and capital structures of peer companies) and Level 3 data (internal data such as the Company's operating projections). <sup>(3)</sup> As such, the liability is a Level 3 fair value measurement. The valuation is sensitive to Level 3 data, with a maximum possible earnout of \$2,048,000. As such, the fair value is not expected to vary materially from the balance recorded. The fair value of the contingent earnout liability is included in "Other noncurrent liabilities" on the Company's unaudited Condensed Consolidated Balance Sheets, based upon the term of the contingent earnout agreement. The fair value of the earnout was \$1,153,000 at December 31, 2014. The change in the Level 3 fair value at September 30, 2015 was due to foreign currency translation adjustments and imputed interest.

## Fair Value Disclosures

There were no transfers of assets between fair value levels during the three months or nine months ended September 30, 2015. The categorization of assets and liabilities within the fair value hierarchy and the measurement techniques are reviewed quarterly. Any transfers between levels are deemed to have occurred at the end of the quarter. The fair values of accounts receivable, unbilled revenues, accounts payable and short-term borrowings approximate their respective carrying values due to the short-term maturities of the instruments. The interest rate on the Company's variable rate long-term debt resets at least every 90 days; therefore, the carrying value approximates fair value. These assets and liabilities are measured within Level 2 of the hierarchy.





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## NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Unaudited

## 10. Segment Information

Financial information for the three months and nine months ended September 30, 2015 and 2014 related to the Company's reportable segments, including a reconciliation from segment operating earnings to income before income taxes, the most directly comparable GAAP financial measure, is presented below.

| (in thousands)                                           | Three months ended |                    | Nine months ended  |                    |
|----------------------------------------------------------|--------------------|--------------------|--------------------|--------------------|
|                                                          | September 30, 2015 | September 30, 2014 | September 30, 2015 | September 30, 2014 |
| Revenues:                                                |                    |                    |                    |                    |
| Americas                                                 | \$92,007           | \$ 92,181          | \$280,664          | \$ 273,673         |
| Europe, Middle East, Africa and Asia-Pacific ("EMEA/AP") | 98,271             | 86,173             | 286,725            | 253,755            |
| Broadspire                                               | 74,225             | 68,242             | 217,590            | 199,706            |
| Legal Settlement Administration                          | 28,832             | 47,235             | 100,531            | 130,262            |
| Total segment revenues before reimbursements             | 293,335            | 293,831            | 885,510            | 857,396            |
| Reimbursements                                           | 16,649             | 21,079             | 55,506             | 53,925             |
| Total revenues                                           | \$309,984          | \$ 314,910         | \$941,016          | \$ 911,321         |
| Segment Operating Earnings:                              |                    |                    |                    |                    |
| Americas                                                 | \$12,163           | \$ 7,036           | \$27,035           | \$ 22,112          |
| EMEA/AP                                                  | 6,652              | 4,225              | 9,286              | 10,435             |
| Broadspire                                               | 7,429              | 4,422              | 16,972             | 9,140              |
| Legal Settlement Administration                          | 1,141              | 7,668              | 9,813              | 18,335             |
| Total segment operating earnings                         | 27,385             | 23,351             | 63,106             | 60,022             |
| Deduct:                                                  |                    |                    |                    |                    |
| Unallocated corporate and shared costs, net              | (4,297             | ) (500             | ) (11,639          | ) (2,190           |
| Net corporate interest expense                           | (2,332             | ) (1,680           | ) (6,238           | ) (4,532           |
| Stock option expense                                     | (30                | ) (184             | ) (357             | ) (680             |
| Amortization of customer-relationship intangible assets  | (2,350             | ) (1,543           | ) (6,782           | ) (4,746           |
| Restructuring and special charges                        | (11,078            | ) —                | (16,383            | ) —                |
| Income before income taxes                               | \$7,298            | \$ 19,444          | \$21,707           | \$ 47,874          |

Intersegment transactions are not material for any period presented.

Operating earnings is the primary financial performance measure used by the Company's senior management and chief operating decision maker ("CODM") to evaluate the financial performance of the Company's four operating segments and make resource allocation decisions. The Company believes this measure is useful to others in that it allows them to evaluate segment operating performance using the same criteria used by the Company's senior management and CODM. Operating earnings will differ from net income computed in accordance with GAAP since operating earnings represent segment earnings before certain unallocated corporate and shared costs, net corporate interest expense, stock option expense, amortization of customer-relationship intangible assets, restructuring and special charges, income taxes, and net income or loss attributable to noncontrolling interests.

Segment operating earnings includes allocations of certain corporate and shared costs. If the Company changes its allocation methods or changes the types of costs that are allocated to its four operating segments, prior period amounts presented in the current period financial statements are adjusted to conform to the current allocation process.

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## NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## Unaudited

Revenues by major service line in the U.S. and by area for other regions in the Americas segment and by major service line for the Broadspire segment are shown in the following table. It is not practicable to provide revenues by service line for the EMEA/AP segment. The Company considers all Legal Settlement Administration revenues to be derived from one service line.

| (in thousands)                                        | Three months ended |                    | Nine months ended  |                    |
|-------------------------------------------------------|--------------------|--------------------|--------------------|--------------------|
|                                                       | September 30, 2015 | September 30, 2014 | September 30, 2015 | September 30, 2014 |
| <b>Americas</b>                                       |                    |                    |                    |                    |
| U.S. Claims Field Operations                          | \$ 19,332          | \$ 23,843          | \$ 59,312          | \$ 75,798          |
| U.S. Technical Services                               | 7,642              | 6,044              | 21,708             | 19,069             |
| U.S. Catastrophe Services                             | 19,461             | 12,301             | 60,166             | 30,098             |
| Subtotal U.S. Claims Services                         | 46,435             | 42,188             | 141,186            | 124,965            |
| U.S. Contractor Connection                            | 15,646             | 12,637             | 44,498             | 39,767             |
| Subtotal U.S. Property & Casualty                     | 62,081             | 54,825             | 185,684            | 164,732            |
| Canada--all service lines                             | 27,042             | 33,575             | 85,283             | 98,083             |
| Latin America/Caribbean--all service lines            | 2,884              | 3,781              | 9,697              | 10,858             |
| Total Revenues before Reimbursements--Americas        | \$ 92,007          | \$ 92,181          | \$ 280,664         | \$ 273,673         |
| <b>Broadspire</b>                                     |                    |                    |                    |                    |
| Workers' Compensation and Liability Claims Management | \$ 30,583          | \$ 28,109          | \$ 90,120          | \$ 84,113          |
| Medical Management                                    | 39,983             | 36,257             | 116,301            | 104,103            |
| Risk Management Information Services                  | 3,659              | 3,876              | 11,169             | 11,490             |
| Total Revenues before Reimbursements--Broadspire      | \$ 74,225          | \$ 68,242          | \$ 217,590         | \$ 199,706         |

## 11. Commitments and Contingencies

As part of the Company's credit facility, the Company maintains a letter of credit facility to satisfy certain of its own contractual requirements. At September 30, 2015, the aggregate committed amount of letters of credit outstanding under the credit facility was \$17,211,000.

In the normal course of its business, the Company is sometimes named as a defendant or responsible party in suits or other actions by insureds or claimants contesting decisions made by the Company or its clients with respect to the settlement of claims. Additionally, certain clients of the Company have in the past brought, and may, in the future bring, claims for indemnification on the basis of alleged actions by the Company, its agents, or its employees in rendering services to clients. The majority of these claims are of the type covered by insurance maintained by the Company. However, the Company is responsible for the deductibles and self-insured retentions under various insurance coverages. In the opinion of Company management, adequate provisions have been made for such known and foreseeable risks.

The Company is subject to numerous federal, state, and foreign labor, employment, worker health and safety, antitrust and competition, environmental and consumer protection, import/export, anti-corruption, and other laws, and from time to time the Company faces claims and investigations by employees, former employees, and governmental entities under such laws. Such claims, investigations, and any litigation involving the Company could divert management's time and attention from the Company's business operations and could potentially result in substantial costs of defense, settlement or other disposition, which could have a material adverse effect on the Company's results of operations, financial position, and cash flows. In the opinion of Company management, adequate provisions have been made for any items that are probable and reasonably estimable.

The 2014 acquisition of Buckley Scott contains an earnout provision based on Buckley Scott achieving certain financial results during the two-year period following the completion of the acquisition, with a current estimated fair

value of \$1,253,000. The maximum potential earnout is \$2,048,000.

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## NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## Unaudited

Effective June 24, 2015, the Company entered into 10-year operating leases for approximately 16,000 square feet of office space in London, England, for its EMEA/AP segment as a replacement and consolidation of certain of its London facilities. The Company has future total lease payments associated with the leases of approximately \$15,230,000 subject to market rate adjustments on the fifth anniversary of the lease commitment date. Additionally, the Company is responsible for certain value-added taxes and operating expenses.

The Company has voluntarily self-reported to the Securities and Exchange Commission (the "SEC") and the Department of Justice (the "DOJ") certain potential violations of the Foreign Corrupt Practices Act discovered by the Company during the course of its regular internal audit process. Upon discovery, the Company, with the oversight of the Audit Committee and the Board of Directors, proactively initiated an investigation into this matter with the assistance of external legal counsel and external forensic accountants. The Company has been cooperating fully, and expects to continue to cooperate fully, with the SEC and the DOJ in this matter. The Company cannot currently predict when or what, if any, action may be taken by the SEC or the DOJ, or other governmental authorities, or the effect any such actions may have on the Company's results of operations, cash flows or financial position.

## 12. Restructuring and Special Charges

## Restructuring Charges

Restructuring charges incurred for the three months and nine months ended September 30, 2015 of \$6,100,000 and \$11,405,000 respectively were related to the establishment of the Company's Global Business Services Center ("the Center") in Manila, Philippines, integration costs related to the GAB Robins acquisition and EMEA/AP restructuring and other restructuring activities in the Americas segment.

The following table shows the costs incurred by type of restructuring activity:

| Restructuring Charges                                                             | Three months ended<br>September 30, 2015 | Nine months ended<br>September 30, 2015 |
|-----------------------------------------------------------------------------------|------------------------------------------|-----------------------------------------|
| (in thousands)                                                                    |                                          |                                         |
| Establishment of the Center in Manila, Philippines                                | \$1,604                                  | \$3,863                                 |
| Integration costs related to the GAB Robins acquisition and EMEA/AP restructuring | 4,177                                    | 5,224                                   |
| Other restructuring activities in the Americas segment                            | 319                                      | 2,318                                   |
| Total restructuring charges                                                       | \$6,100                                  | \$11,405                                |

Costs associated with the Center were primarily for professional fees and severance costs. Integration costs related to the GAB acquisition and EMEA/AP restructuring were predominantly made up of severance and to a lesser extent professional fees and other costs. The restructuring charges in the Americas segment were for severance.

As of September 30, 2015, the following liabilities remained on the Company's unaudited Condensed Consolidated Balance Sheets related to restructuring charges recorded in 2012 and 2015. The rollforwards of these costs to September 30, 2015 were as follows:

| Restructuring Charges              | Three months ended September 30, 2015 |                                                 |                     |                              |         |
|------------------------------------|---------------------------------------|-------------------------------------------------|---------------------|------------------------------|---------|
| (in thousands)                     | Deferred rent                         | Accrued<br>compensation<br>and related<br>costs | Accounts<br>payable | Other accrued<br>liabilities | Total   |
| Beginning balance, June 30, 2015   | \$1,061                               | \$590                                           | \$1,293             | \$308                        | \$3,252 |
| Additions                          | —                                     | 4,926                                           | 1,174               | —                            | 6,100   |
| Adjustments to accruals            | (39)                                  | —                                               | —                   | —                            | (39)    |
| Cash payments                      | —                                     | (4,153)                                         | (1,561)             | (211)                        | (5,925) |
| Ending balance, September 30, 2015 | \$1,022                               | \$1,363                                         | \$906               | \$97                         | \$3,388 |



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## NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Unaudited

| Restructuring Charges<br><br>(in thousands) | Nine months ended September 30, 2015 |                                        |                  |                           |         |
|---------------------------------------------|--------------------------------------|----------------------------------------|------------------|---------------------------|---------|
|                                             | Deferred rent                        | Accrued compensation and related costs | Accounts payable | Other accrued liabilities | Total   |
| Beginning balance, January 1, 2015          | \$1,431                              | \$131                                  | \$—              | \$308                     | \$1,870 |
| Additions                                   | —                                    | 7,524                                  | 3,881            | —                         | 11,405  |
| Adjustments to accruals                     | (409)                                | —                                      | —                | —                         | (409)   |
| Cash payments                               | —                                    | (6,292)                                | (2,975)          | (211)                     | (9,478) |
| Ending balance, September 30, 2015          | \$1,022                              | \$1,363                                | \$906            | \$97                      | \$3,388 |

## Special Charges

The Company recorded special charges for the three months and nine months ended September 30, 2015, of \$4,978,000. The special charges were comprised of two components: (1) \$1,627,000 in expenses related to the separation of the Company's former president and chief executive officer, and (2) legal and professional fees of \$3,351,000 related to the ongoing investigation of potential violations of the Foreign Corrupt Practices Act disclosed in Note 11 "Commitments and Contingencies." At September 30, 2015, \$1,674,000 of liabilities for costs related to the investigation remained on the Company's Condensed Consolidated Balance Sheets in "Other accrued liabilities." Total restructuring and special charges for the three months and nine months ended September 30, 2015 were \$11,078,000 and \$16,383,000 respectively. There were no restructuring and special charges during the three months and nine months ended September 30, 2014.

## 13. Subsequent Event

Effective November 5, 2015, Crawford & Company, certain of its subsidiaries, Wells Fargo Bank, National Association, as agent and a lender, and the other signatories thereto, entered into the Fifth Amendment to the Credit Agreement (the "Amendment"). Pursuant to the Amendment, among other things, the definition of Consolidated EBITDA was revised to exclude certain restructuring charges, not to exceed \$27,000,000 in 2015 and \$13,000,000 in 2016, and \$38,000,000 in the aggregate. Additionally, the maximum leverage ratio, with which the Company is required to comply, was increased from 3.25 to 1.00 to 3.75 to 1.00 for fiscal quarters ending December 31, 2015 through September 30, 2016, with step-downs to 3.50 to 1.00 thereafter for fiscal quarters ending December 31, 2016 through September 30, 2017 and to 3.25 to 1.00 for fiscal quarters thereafter. In addition, the minimum fixed charge coverage ratio as of the last day of any fiscal quarter was decreased to be 1.25 to 1.00 from 1.50 to 1.00. The Amendment also allows for the disposition of immaterial foreign subsidiaries with a book value not to exceed \$15,000,000 in the aggregate.

The Amendment did not change availability under or the maturity date of the credit facility.

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REVIEW REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Shareholders and Board of Directors of  
Crawford & Company

We have reviewed the condensed consolidated balance sheet of Crawford & Company as of September 30, 2015, and the related condensed consolidated statements of operations, comprehensive income, and shareholders' investment for the three-month and nine-month periods ended September 30, 2015 and 2014, and the condensed consolidated statements of cash flows for the nine-month periods ended September 30, 2015 and 2014. These financial statements are the responsibility of the Company's management.

We conducted our review in accordance with the standards of the Public Company Accounting Oversight Board (United States). A review of interim financial information consists principally of applying analytical procedures and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with the standards of the Public Company Accounting Oversight Board (United States), the objective of which is the expression of an opinion regarding the financial statements taken as a whole.

Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to the condensed consolidated financial statements referred to above for them to be in conformity with U.S. generally accepted accounting principles.

We have previously audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheet of Crawford & Company as of December 31, 2014, and the related consolidated statements of income, comprehensive income, cash flows, and shareholders' investment for the year then ended (not presented herein) and we expressed an unqualified opinion on those consolidated financial statements in our report dated February 23, 2015. In our opinion, the accompanying condensed consolidated balance sheet as of December 31, 2014 is fairly stated, in all material respects, in relation to the consolidated balance sheet from which it has been derived.

/s/ Ernst & Young LLP

Atlanta, Georgia

November 9, 2015



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### Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

#### Cautionary Statement Concerning Forward-Looking Statements

This report contains forward-looking statements within the meaning of that term in the Private Securities Litigation Reform Act of 1995, Section 27A of the Securities Act of 1933, and Section 21E of the Securities Exchange Act of 1934. Statements contained in this report that are not statements of historical fact are forward-looking statements made pursuant to the "safe harbor" provisions thereof. These statements may relate to, among other things, expectations regarding the performance of our various operating segments, anticipated contributions to our underfunded defined benefit pension plans, collectability of our billed and unbilled accounts receivable, our continued compliance with the financial and other covenants contained in our financing agreements, our expected future operating results and financial condition, and other long-term liquidity requirements. These statements may also relate to our business strategies, goals and expectations concerning our market position, future operations, margins, case and project volumes, profitability, contingencies, liquidity position, and capital resources. The words "anticipate", "believe", "could", "would", "should", "estimate", "expect", "intend", "may", "plan", "goal", "strategy", "predict", "project", "will" and similar terms and phrases, or the negatives thereof, identify forward-looking statements contained in this report.

Although we believe the assumptions upon which these forward-looking statements are based are reasonable, any of these assumptions could prove to be inaccurate and the forward-looking statements based on these assumptions could be incorrect. Our operations and the forward-looking statements related to our operations involve risks and uncertainties, many of which are outside our control, and any one of which, or a combination of which, could materially adversely affect our financial condition and results of operations, and whether the forward-looking statements ultimately prove to be correct. Included among the risks and uncertainties we face are risks related to the following:

- a decline in cases referred to us for any reason, including changes in the degree to which property and casualty insurance carriers outsource their claims handling functions,
- the project-based nature of our Legal Settlement Administration segment, including associated fluctuations in revenue,
- changes in global economic conditions,
- changes in interest rates,
- changes in foreign currency exchange rates,
- changes in regulations and practices of various governmental authorities,
- changes in our competitive environment,
- changes in the financial condition of our clients,
- the loss of any material customer,
- our ability to successfully integrate the operations of acquired businesses,
- our ability to achieve projected levels of efficiencies and cost savings from our Global Business Services Center in Manila, Philippines (the "Center"),
- regulatory changes related to funding of defined benefit pension plans,
- our underfunded U.S. and U.K. defined benefit pension plans and our future funding obligations thereunder,
- our ability to complete any transaction involving the acquisition or disposition of assets on terms and at times acceptable to us,
- our ability to identify new revenue sources not tied to the insurance underwriting cycle,
- our ability to develop or acquire information technology resources to support and grow our business,
- our ability to attract and retain qualified personnel,
- our ability to renew existing contracts with clients on satisfactory terms,
- our ability to collect amounts due from our clients and others,
- continued availability of funding under our financing agreements,
- general risks associated with doing business outside the U.S.,
- our ability to comply with the covenants in our financing or other agreements,

• changes in market conditions or legislation (including judicial interpretation thereof) relating to class actions, which may make it more difficult for plaintiffs to bring such actions,

• changes in the frequency or severity of man-made or natural disasters,

• the ability of our third-party service providers, used for certain aspects of our internal business functions, to meet expected service levels,

• our ability to prevent cybersecurity breaches and cyber incidents,

• our ability to achieve targeted integration goals with the consolidation and migration of multiple software platforms,

• risks associated with our having a controlling shareholder, and

• impairments of goodwill or our other indefinite-lived intangible assets.

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As a result, undue reliance should not be placed on any forward-looking statements. Actual results and trends in the future may differ materially from those expressed or implied by the forward-looking statements. Forward-looking statements speak only as of the date they are made and we undertake no obligation to publicly update any of these forward-looking statements in light of new information or future events.

The following Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") should be read in conjunction with 1) our unaudited condensed consolidated financial statements and accompanying notes thereto for the three months and nine months ended September 30, 2015 and 2014 and as of September 30, 2015 and December 31, 2014 contained in Item 1 of this Quarterly Report on Form 10-Q, and 2) our Annual Report on Form 10-K for the year ended December 31, 2014. As described in Note 1, "Basis of Presentation," the financial results of our international subsidiaries, other than those in Canada, the Caribbean, and certain subsidiaries in the Philippines, are included in our consolidated financial statements on a two-month delayed basis (fiscal year-end of October 31) as permitted by U.S. generally accepted accounting principles ("GAAP") in order to provide sufficient time for accumulation of their results.

### Business Overview

Based in Atlanta, Georgia, Crawford & Company ([www.crawfordandcompany.com](http://www.crawfordandcompany.com)) is the world's largest (based on annual revenues) independent provider of claims management solutions to the risk management and insurance industry, as well as to self-insured entities, with an expansive global network serving clients in more than 70 countries. The Crawford Solution<sup>SM</sup> offers comprehensive, integrated claims services, business process outsourcing and consulting services for major product lines including property and casualty claims management, workers' compensation claims and medical management, and legal settlement administration.

Shares of the Company's two classes of common stock are traded on the New York Stock Exchange under the symbols CRDA and CRDB, respectively. The Company's two classes of stock are substantially identical, except with respect to voting rights and the Company's ability to pay greater cash dividends on the non-voting Class A Common Stock than on the voting Class B Common Stock, subject to certain limitations. In addition, with respect to mergers or similar transactions, holders of Class A Common Stock must receive the same type and amount of consideration as holders of Class B Common Stock, unless different consideration is approved by the holders of 75% of the Class A Common Stock, voting as a class.

As discussed in more detail in subsequent sections of this MD&A, we have four operating segments: Americas; Europe, Middle East, Africa and Asia-Pacific ("EMEA/AP"); Broadspire; and Legal Settlement Administration. Our four operating segments represent components of our Company for which separate financial information is available, and which is evaluated regularly by our chief operating decision maker ("CODM") in deciding how to allocate resources and in assessing operating performance. Americas primarily serves the property and casualty insurance company markets in the U.S., Canada, Latin America, and the Caribbean. EMEA/AP serves the property and casualty insurance company and self-insurance markets in Europe, the United Kingdom ("U.K."), and the Asia-Pacific region (which includes the Middle East, Africa, Australia and New Zealand). Broadspire serves the self-insurance marketplace, primarily in the U.S. Legal Settlement Administration serves the securities, bankruptcy, and other legal settlement markets, primarily in the U.S.

Insurance companies, which represent the major source of our global revenues, customarily manage their own claims administration function but often rely on third parties for certain services which we provide, primarily field investigation and the evaluation of property and casualty insurance claims. We are also experiencing increased utilization by insurance companies of the managed repair network provided by our Contractor Connection division. Self-insured entities typically rely on us for a broader range of services. In addition to field investigation and claims evaluation, we may also provide initial loss reporting services for their claimants, loss mitigation services such as medical bill review, medical case management and vocational rehabilitation, risk management information services, and trust fund administration to pay their claims.

We also perform legal settlement administration services related to securities, product liability, and other class action settlements and bankruptcies, including identifying and qualifying class members, determining and dispensing settlement payments, and administering settlement funds. Such services are usually referred to by us as class action

services.

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The global claims management services market is highly competitive and comprised of a large number of companies of varying size and that offer a varied scope of services. The demand from insurance companies and self-insured entities for services provided by independent claims service firms like us is largely dependent on industry-wide claims volumes, which are affected by, among other things, the insurance underwriting cycle, weather-related events, general economic activity, overall employment levels, and workplace injury rates. Demand is also impacted by decisions insurance companies and self-insured entities may make with respect to the level of claims outsourced to independent claim service firms as opposed to those handled by their own in-house claims adjusters. In addition, our ability to retain clients and maintain or increase case referrals is also dependent in part on our ability to continue to provide high-quality, competitively priced services and effective sales efforts.

We typically earn our revenues on an individual fee-per-claim basis for claims management services we provide to insurance companies and self-insured entities. Accordingly, the volume of claim referrals to us is a key driver of our revenues. Generally, fees are earned on cases as services are provided, which generally occurs in the period the case is assigned to us, although sometimes a portion or substantially all of the revenues generated by a specific case assignment will be earned in subsequent periods. We cannot predict the future trend of case volumes for a number of reasons, including the frequency and severity of weather-related cases and the occurrence of natural and man-made disasters, which are a significant source of cases for us and are not subject to accurate forecasting.

The legal settlement administration market is also highly competitive but is comprised of a smaller number of specialized entities. The demand for legal settlement administration services is generally not directly tied to or affected by the insurance underwriting cycle. The demand for these services is largely dependent on the volume of securities and product liability class action settlements, the volume of Chapter 11 bankruptcy filings and the resulting settlements, and general economic conditions. Our revenues for legal settlement administration services are largely project-based, and we earn these revenues as we perform individual tasks and deliver the outputs as outlined in each project.

In recent periods we have derived a material portion of our revenues and operating earnings from a limited number of client engagements and special projects within our Legal Settlement Administration segment, specifically our work on the gulf-related class action settlement. Revenues, and related operating earnings, from the Legal Settlement Administration projects have reduced from prior periods, and we expect them to continue to be at a reduced rate through the remainder of 2015. No assurances of timing of the project end dates and, therefore, continued revenues or operating earnings, can be provided. In the event we are unable to replace revenues and related operating earnings from these projects as they wind down, or upon the termination or other expiration thereof, with revenues and operating earnings from new projects and customers within this or other segments, there could be a material adverse effect on our results of operations.

The Company has voluntarily self-reported to the Securities and Exchange Commission (the "SEC") and the Department of Justice (the "DOJ") certain potential violations of the Foreign Corrupt Practices Act discovered during the course of our regular internal audit process. Upon discovery, management, with the oversight of the Audit Committee and the Board of Directors, proactively initiated an investigation into this matter with the assistance of external legal counsel and external forensic accountants. We have been cooperating fully, and we expect to continue to cooperate fully, with the SEC and the DOJ in this matter. We cannot currently predict when or what, if any, action may be taken by the SEC or the DOJ, or other governmental authorities, or the effect any such actions may have on our results of operations, cash flows or financial position.

## Results of Operations

### Executive Summary

Consolidated revenues before reimbursements decreased \$0.5 million or 0.2% for the three months ended September 30, 2015 but increased \$28.1 million or 3.3% for the nine months ended September 30, 2015 compared with the same periods of 2014. The slight decrease in revenues for the third quarter was due to a decrease in revenues in our Americas and Legal Settlement Administration segments, partially offset by increases in our EMEA/AP and Broadspire segment revenues. The increase in revenues for the nine-month period was due to increases in revenues in our EMEA/AP, Broadspire, and Americas segments offsetting a decrease in our Legal Settlement Administration

segment revenues. In the EMEA/AP segment \$19.6 million and \$57.7 million in revenues for the three months and nine months ended September 30, 2015, respectively, were attributable to the GAB Robins acquisition. Changes in foreign exchange rates reduced revenues in the Americas segment by \$5.8 million and in the EMEA/AP segment by \$12.5 million for the three months ended September 30, 2015. Changes in foreign exchange rates reduced revenues in the Americas segment by \$14.6 million and in the EMEA/AP segment by \$30.5 million for the nine months ended September 30, 2015.

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Cost of services provided, before reimbursements decreased \$2.3 million or 1.1% for the three months ended September 30, 2015 but increased \$37.0 million or 5.9% for the nine months ended September 30, 2015, compared with the same periods of 2014. Included in the cost of services are costs for the contractor repair business acquired as a part of our December 1, 2014 acquisition of 100% of the capital stock of GAB Robins Holdings UK Limited ("GAB Robins") which accounted for \$8.6 million and \$24.8 million of the costs for the three-month and nine-month periods ended September 30, 2015, respectively. The decrease for the three-month period ended September 30, 2015, as compared with the same period in 2014, was due to a decrease in non-employee labor associated with the Legal Settlement Administration segment. The increase for the nine-month period ended September 30, 2015, as compared with the same period 2014, was due to increased compensation expenses associated with our outsourcing contract with a major U.S. insurance carrier in the Americas segment, higher self insured costs, and costs associated with the integration of GAB Robins.

Selling, general, and administrative ("SG&A") expenses were 4.0% higher in the quarter and 0.4% lower in the nine months ended September 30, 2015 compared with the same periods of 2014. The increase in costs for the three months ended September 30, 2015 was primarily due to an increase in SG&A expenses from the GAB Robins acquisition and increased self-insurance costs. The slight decrease for the nine months ended September 30, 2015 was primarily attributable to a decrease in professional fees and incentive compensation, largely offset by increases in SG&A expenses from the GAB Robins acquisition.

On December 1, 2014, we completed the acquisition of GAB Robins, a U.K. based international loss adjusting and claims management provider for cash consideration of \$71.8 million. During the third quarter of 2015, the Company paid an additional \$2.2 million related to net debt and net working capital adjustments under the terms of the acquisition agreement which increased the purchase price to \$74.0 million. Because the financial results of certain of our international subsidiaries, including those in the U.K. through which GAB Robins reports, are included in our consolidated financial statements on a two-month delayed basis, the results of operations of GAB Robins, and the preliminary application of purchase accounting principles to the assets acquired, and liabilities assumed, in that acquisition are being reflected in the Company's unaudited condensed consolidated results for the three months and nine months ended September 30, 2015. As a result, comparability to prior periods' results and financial condition may be limited.

**Restructuring and Special Charges**

During the three months and nine months ended September 30, 2015, we recorded \$11.1 million and \$16.4 million, respectively, in restructuring and special charges. Included in these totals are restructuring charges for the three months and nine months ended September 30, 2015, of \$6.1 million and \$11.4 million respectively, as summarized below:

| Restructuring Charges                                                             | Three months ended<br>September 30,<br>2015 | Nine months ended<br>September 30,<br>2015 |
|-----------------------------------------------------------------------------------|---------------------------------------------|--------------------------------------------|
| (in thousands)                                                                    |                                             |                                            |
| Establishment of the Center in Manila, Philippines                                | \$1,604                                     | \$3,863                                    |
| Integration costs related to the GAB Robins acquisition and EMEA/AP restructuring | 4,177                                       | 5,224                                      |
| Other restructuring activities in the Americas segment                            | 319                                         | 2,318                                      |
| Total restructuring charges                                                       | \$6,100                                     | \$11,405                                   |

The Center provides us a venue for global consolidation of certain business functions, shared services, and currently outsourced processes. The Center, which is expected to be phased in through 2018, is expected to allow us to continue to strengthen our client service, realize additional operational efficiencies, and invest in new capabilities for growth. A total estimated restructuring charge of approximately \$6.3 million is expected to be incurred for all of 2015, which is expected to be partially offset by initial savings in 2015 of approximately \$1.5 million. No assurances can be provided of our ability to timely or cost effectively complete and ramp up operations at the Center, or to achieve expected cost savings on a timely basis or at all.

We expect to incur a total of approximately \$8.4 million in restructuring charges in 2015 associated with the integration of GAB Robins and the restructuring activities of our EMEA/AP segment.

The Americas previously announced restructuring activities, totaling \$2.3 million, are substantially complete for 2015.

We recorded special charges for the three-month and nine-month periods ended September 30, 2015 of \$5.0 million for certain legal and professional fees and employee separation costs.

In addition to the activities discussed above, we plan to incur restructuring charges in the fourth quarter of approximately \$10.0 to \$15.0 million to remove approximately \$25.0 to \$28.0 million of annual costs.



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We expect the total cost reduction plans to provide a benefit of approximately \$47.0 to \$50.0 million in 2016 over the 2015 run rate. The majority of the cost benefit will be achieved by reducing administrative and back office costs in our shared service support centers, Americas and EMEA/AP administrative costs, along with duplicative layers of upper level management.

### Operating Earnings of our Operating Segments

We believe that a discussion and analysis of the segment operating earnings of our four operating segments is helpful in understanding the results of our operations. Operating earnings is our segment measure of profitability presented in conformity with the Financial Accounting Standards Board's ("FASB") Accounting Standards Codification ("ASC") Topic 280 "Segment Reporting." Operating earnings is the primary financial performance measure used by our senior management and CODM to evaluate the financial performance of our operating segments and make resource allocation decisions. Operating earnings includes costs for administrative functions required to run our business. For most of our international operations, including all EMEA/AP, Canadian and Latin American operations, and for Legal Settlement Administration, most administrative functions, such as finance, human resources, information technology, quality and compliance, are embedded in those locations and are considered direct costs of those operations. For our domestic operations (primarily Broadspire and U.S. Claims Services within the Americas segment), we have a centralized shared-services arrangement for most of these administrative functions, and we allocate the costs of those services to the segments as indirect costs based on usage. Although some of the administrative services in our shared-services center benefit, and are allocated to, all four of our operating segments, the majority of these shared services are allocated to Broadspire and U.S. Claims Services within the Americas segment.

We believe operating earnings is a measure that is useful to others in that it allows them to evaluate segment operating performance using the same criteria used by our senior management and CODM. Segment operating earnings represent segment earnings, including the direct and indirect costs of administrative functions, but excluding certain unallocated corporate and shared costs, net corporate interest expense, stock option expense, amortization of customer-relationship intangible assets, restructuring and special charges, income taxes, and net income or loss attributable to noncontrolling interests.

Income taxes, net corporate interest expense, stock option expense, and amortization of customer-relationship intangible assets are recurring components of our net income, but they are not considered part of our segment operating earnings because they are managed on a corporate-wide basis. Income taxes are calculated for the Company on a consolidated basis based on statutory rates in effect in the various jurisdictions in which we provide services, and vary significantly by jurisdiction. Net corporate interest expense results from capital structure decisions made by senior management and the Board of Directors and affects the Company as a whole. Stock option expense represents the non-cash costs generally related to stock options and employee stock purchase plan expenses which are not allocated to our operating segments. Amortization expense is a non-cash expense for customer-relationship intangible assets acquired in business combinations. None of these costs relate directly to the performance of our services or operating activities and, therefore, are excluded from segment operating earnings in order to better assess the results of each segment's operating activities on a consistent basis.

Unallocated corporate and shared costs represent expenses related to our chief executive officer and Board of Directors, certain provisions for bad debt allowances or subsequent recoveries such as those related to bankrupt clients, defined benefit pension costs or credits for our frozen U.S. pension plan, and certain self-insurance costs and recoveries, and professional fees related to certain corporate projects that are not allocated to our individual operating segments.

Restructuring and special charges are not allocated to any particular operating segment as they arise from non-core items not directly related to our normal business or operations, or our future performance.

Additional discussion and analysis of our income taxes, net corporate interest expense, stock option expense, amortization of customer-relationship intangible assets, restructuring and special charges, and unallocated corporate and shared costs follows the discussion and analysis of the results of operations of our four operating segments.

### Segment Revenues

In the normal course of business, our operating segments incur certain out-of-pocket expenses that are thereafter reimbursed by our clients. Under GAAP, these out-of-pocket expenses and associated reimbursements are required to be included when reporting revenues and expenses in our consolidated results of operations. The amounts of reimbursed expenses and related revenues offset each other in our results of operations with no impact to our net income or operating earnings. A reconciliation of revenues before reimbursements to consolidated revenues determined in accordance with GAAP is self-evident from the face of the accompanying unaudited Condensed Consolidated Statements of Operations.

Segment Operating Expenses

Our discussion and analysis of segment operating expenses is comprised of two components: "Direct Compensation, Fringe Benefits & Non-Employee Labor" and "Expenses Other Than Direct Compensation, Fringe Benefits & Non-Employee Labor."

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"Direct Compensation, Fringe Benefits & Non-Employee Labor" includes direct compensation, payroll taxes, and benefits provided to the employees of each segment, as well as payments to outsourced service providers that augment our staff in each segment. As a service company, these costs represent our most significant and variable operating expenses. As noted above, in our EMEA/AP and Legal Settlement Administration segments, these costs include direct compensation, payroll taxes, and benefits of certain administrative functions that are embedded in those locations and are considered direct costs of those locations. Likewise, in the Americas segment, administrative costs for Canada, Latin America and the Caribbean are embedded in those locations and are considered direct costs. In our U.S. Claims Services and Broadspire operations certain administrative functions are performed by centralized headquarters staff. These costs are considered indirect and are not included in "Direct Compensation, Fringe Benefits & Non-Employee Labor." Accordingly, the "Direct Compensation, Fringe Benefits & Non-Employee Labor" and "Expenses Other Than Direct Compensation, Fringe Benefits & Non-Employee Labor" components are not comparable across segments, but are comparable within each segment across periods.

The allocated indirect costs of our shared-services infrastructure are included in "Expenses Other Than Direct Compensation, Fringe Benefits & Non-Employee Labor." In addition to allocated corporate and shared costs, "Expenses Other Than Direct Compensation, Fringe Benefits & Non-Employee Labor" includes travel and entertainment, office rent and occupancy costs, automobile expenses, office operating expenses, data processing costs, cost of risk, professional fees, and amortization and depreciation expense other than amortization of customer-relationship intangible assets.

Unless noted in the following discussion and analysis, revenue amounts exclude reimbursements for out-of-pocket expenses and expense amounts exclude reimbursed out-of-pocket expenses.

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Operating results for our Americas, EMEA/AP, Broadspire, and Legal Settlement Administration segments reconciled to income before income taxes and net (loss) income attributable to shareholders of Crawford & Company were as follows:

| (in thousands, except percentages)                                             | Three months ended |                    | Nine months ended  |                    |
|--------------------------------------------------------------------------------|--------------------|--------------------|--------------------|--------------------|
|                                                                                | September 30, 2015 | September 30, 2014 | September 30, 2015 | September 30, 2014 |
| Revenues:                                                                      |                    |                    |                    |                    |
| Americas                                                                       | \$92,007           | \$92,181           | \$280,664          | \$273,673          |
| EMEA/AP                                                                        | 98,271             | 86,173             | 286,725            | 253,755            |
| Broadspire                                                                     | 74,225             | 68,242             | 217,590            | 199,706            |
| Legal Settlement Administration                                                | 28,832             | 47,235             | 100,531            | 130,262            |
| Total revenues, before reimbursements                                          | 293,335            | 293,831            | 885,510            | 857,396            |
| Reimbursements                                                                 | 16,649             | 21,079             | 55,506             | 53,925             |
| Total Revenues                                                                 | \$309,984          | \$314,910          | \$941,016          | \$911,321          |
| Direct Compensation, Fringe Benefits & Non-Employee Labor:                     |                    |                    |                    |                    |
| Americas                                                                       | \$57,767           | \$60,588           | \$183,462          | \$176,256          |
| % of related revenues before reimbursements                                    | 62.8               | % 65.7             | % 65.4             | % 64.4             |
| EMEA/AP                                                                        | 61,815             | 59,987             | 188,131            | 178,793            |
| % of related revenues before reimbursements                                    | 62.9               | % 69.6             | % 65.6             | % 70.5             |
| Broadspire                                                                     | 39,062             | 37,371             | 118,012            | 112,478            |
| % of related revenues before reimbursements                                    | 52.6               | % 54.8             | % 54.2             | % 56.3             |
| Legal Settlement Administration                                                | 21,448             | 31,991             | 70,773             | 90,977             |
| % of related revenues before reimbursements                                    | 74.4               | % 67.7             | % 70.4             | % 69.8             |
| Total                                                                          | \$180,092          | \$189,937          | \$560,378          | \$558,504          |
| % of Revenues before reimbursements                                            | 61.4               | % 64.6             | % 63.3             | % 65.1             |
| Expenses Other than Direct Compensation, Fringe Benefits & Non-Employee Labor: |                    |                    |                    |                    |
| Americas                                                                       | \$22,077           | \$24,557           | \$70,167           | \$75,305           |
| % of related revenues before reimbursements                                    | 24.0               | % 26.7             | % 25.0             | % 27.5             |
| EMEA/AP                                                                        | 29,804             | 21,961             | 89,308             | 64,527             |
| % of related revenues before reimbursements                                    | 30.3               | % 25.5             | % 31.2             | % 25.4             |
| Broadspire                                                                     | 27,734             | 26,449             | 82,606             | 78,088             |
| % of related revenues before reimbursements                                    | 37.4               | % 38.7             | % 38.0             | % 39.1             |
| Legal Settlement Administration                                                | 6,243              | 7,576              | 19,945             | 20,950             |
| % of related revenues before reimbursements                                    | 21.6               | % 16.1             | % 19.8             | % 16.1             |
| Total before reimbursements                                                    | 85,858             | 80,543             | 262,026            | 238,870            |
| % of Revenues before reimbursements                                            | 29.3               | % 27.4             | % 29.6             | % 27.9             |
| Reimbursements                                                                 | 16,649             | 21,079             | 55,506             | 53,925             |
| Total                                                                          | \$102,507          | \$101,622          | \$317,532          | \$292,795          |
| % of Revenues                                                                  | 33.1               | % 32.3             | % 33.7             | % 32.1             |
| Operating Earnings:                                                            |                    |                    |                    |                    |
| Americas                                                                       | \$12,163           | \$7,036            | \$27,035           | \$22,112           |
| % of related revenues before reimbursements                                    | 13.2               | % 7.6              | % 9.6              | % 8.1              |
| EMEA/AP                                                                        | 6,652              | 4,225              | 9,286              | 10,435             |
| % of related revenues before reimbursements                                    | 6.8                | % 4.9              | % 3.2              | % 4.1              |
| Broadspire                                                                     | 7,429              | 4,422              | 16,972             | 9,140              |

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|                                                                      |         |   |           |   |         |   |          |   |
|----------------------------------------------------------------------|---------|---|-----------|---|---------|---|----------|---|
| % of related revenues before reimbursements                          | 10.0    | % | 6.5       | % | 7.8     | % | 4.6      | % |
| Legal Settlement Administration                                      | 1,141   |   | 7,668     |   | 9,813   |   | 18,335   |   |
| % of related revenues before reimbursements                          | 4.0     | % | 16.2      | % | 9.8     | % | 14.1     | % |
| Deduct:                                                              |         |   |           |   |         |   |          |   |
| Unallocated corporate and shared costs, net                          | (4,297  | ) | (500      | ) | (11,639 | ) | (2,190   | ) |
| Net corporate interest expense                                       | (2,332  | ) | (1,680    | ) | (6,238  | ) | (4,532   | ) |
| Stock option expense                                                 | (30     | ) | (184      | ) | (357    | ) | (680     | ) |
| Amortization of customer-relationship intangible assets              | (2,350  | ) | (1,543    | ) | (6,782  | ) | (4,746   | ) |
| Restructuring and special charges                                    | (11,078 | ) | —         |   | (16,383 | ) | —        |   |
| Income before income taxes                                           | 7,298   |   | 19,444    |   | 21,707  |   | 47,874   |   |
| Provision for income taxes                                           | (8,385  | ) | (9,244    | ) | (15,335 | ) | (20,494  | ) |
| Net Income                                                           | (1,087  | ) | 10,200    |   | 6,372   |   | 27,380   |   |
| Net loss (income) attributable to noncontrolling interests           | 230     |   | (8        | ) | (189    | ) | (72      | ) |
| Net (loss) income attributable to shareholders of Crawford & Company | \$(857  | ) | \$ 10,192 |   | \$6,183 |   | \$27,308 |   |

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## AMERICAS

Operating earnings for our Americas segment were \$12.2 million, or 13.2% of revenues before reimbursements, in the third quarter of 2015, compared with \$7.0 million, or 7.6% of revenues before reimbursements, in the third quarter of 2014. The increase for the 2015 third quarter compared with the 2014 third quarter was primarily due to cost reduction initiatives made in the first and second quarters of 2015. For the nine months ended September 30, segment operating earnings increased to \$27.0 million, or 9.6% of revenues before reimbursements in 2015, from \$22.1 million, or 8.1% of revenues before reimbursements, in 2014. The increase for the nine months ended September 30 compared with the 2014 period was due to an increase in revenues and cost reduction initiatives in the 2015 period.

## Revenues before Reimbursements

Americas revenues are primarily generated from the property and casualty insurance markets in the U.S., Canada, Latin America and the Caribbean. Americas revenues before reimbursements by major service line in the U.S. and by area for other regions for the three months and nine months ended September 30, 2015 and 2014 were as follows:

| (in thousands, except percentages)         | Three months ended |                    |          | Nine months ended  |                    |          |  |
|--------------------------------------------|--------------------|--------------------|----------|--------------------|--------------------|----------|--|
|                                            | September 30, 2015 | September 30, 2014 | Variance | September 30, 2015 | September 30, 2014 | Variance |  |
| U.S. Claims Field Operations               | \$19,332           | \$23,843           | (18.9)%  | \$59,312           | \$75,798           | (21.7)%  |  |
| U.S. Technical Services                    | 7,642              | 6,044              | 26.4%    | 21,708             | 19,069             | 13.8%    |  |
| U.S. Catastrophe Services                  | 19,461             | 12,301             | 58.2%    | 60,166             | 30,098             | 99.9%    |  |
| Subtotal U.S. Claims Services              | 46,435             | 42,188             | 10.1%    | 141,186            | 124,965            | 13.0%    |  |
| U.S. Contractor Connection                 | 15,646             | 12,637             | 23.8%    | 44,498             | 39,767             | 11.9%    |  |
| Subtotal U.S. Property & Casualty          | 62,081             | 54,825             | 13.2%    | 185,684            | 164,732            | 12.7%    |  |
| Canada--all service lines                  | 27,042             | 33,575             | (19.5)%  | 85,283             | 98,083             | (13.1)%  |  |
| Latin America/Caribbean--all service lines | 2,884              | 3,781              | (23.7)%  | 9,697              | 10,858             | (10.7)%  |  |
| Total Revenues before Reimbursements       | \$92,007           | \$92,181           | (0.2)%   | \$280,664          | \$273,673          | 2.6%     |  |

Overall, there was a slight decrease in revenues in the Americas segment in the third quarter 2015 compared with the third quarter 2014. There was an increase in U.S. Claims Services revenues in the third quarter 2015 compared with the third quarter 2014 primarily due to an increase in the U.S. Catastrophe Services service line resulting from an outsourcing project for a major U.S. insurance carrier, partially offset by a decrease in the U.S. Claims Field Operations service line due to a reduction of weather-related case volumes. The outsourcing project for a major U.S. insurance carrier resulted in \$13.2 million in revenues in the 2015 period, compared with \$6.0 million in the 2014 period, responsible for a 7.8% positive variance in revenues in the three months ended September 30, 2015, compared with the 2014 period. Changes in foreign exchange rates reduced our Americas revenues by approximately 6.3% for the three months ended September 30, 2015 compared with the related 2014 period. The variance in revenues was also negatively impacted by approximately \$1.1 million or 1.2% of 2014 revenues, as a result of the January 1, 2015 transfer of affinity claims which are now handled by our Broadspire segment. Changes in the overall mix of services provided and rates charged for those services increased revenues by approximately 7.3% in the three months ended September 30, 2015, compared with the 2014 period.

U.S. Contractor Connection revenues in the third quarter of 2015 increased compared with the third quarter of 2014 due to an increase in cases received and higher average case values in the 2015 period. Revenues in Canada decreased in the third quarter 2015 compared with the third quarter 2014 due to changes in foreign exchange rates and a reduction in weather related cases received in the current period. Absent foreign exchange rate fluctuations, Canadian revenues would have been \$32.3 million for the third quarter of 2015. The revenue decrease in Latin America/Caribbean for the third quarter of 2015 was due primarily to a reduction in high frequency, low severity cases in Brazil where we are exiting the affinity, mass market, and vehicle service lines in that country.

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The increase in U.S. Claims Services revenues for the nine months ended September 30, 2015 compared with the same 2014 period was due to an increase in revenues in the U.S. Catastrophe Services service line resulting from an outsourcing project for a major U.S. insurance carrier, partially offset by a decrease in the U.S. Claims Field Operations service line due to a reduction of weather-related case volumes. The outsourcing project resulted in \$39.5 million in revenues in the 2015 period, compared with \$10.9 million in the 2014 period, responsible for a 10.4% positive variance in revenues in the nine months ended September 30, 2015, compared with the 2014 period. Changes in foreign exchange rates reduced our Americas revenues by approximately 5.3% for the nine months ended September 30, 2015 compared with the related 2014 period. The variance in revenues was negatively impacted by approximately \$3.3 million, or 1.2% of 2014 revenues, as a result of the January 1, 2015 transfer of affinity claims which are now handled by our Broadspire segment. Changes in the overall mix of services provided and rates charged for those services increased revenues by approximately 6.4% in the nine months ended September 30, 2015, compared with the 2014 period. All of these factors netted to positively impact revenues, despite the decrease in cases discussed below.

For the nine months ended September 30, 2015, U.S. Contractor Connection revenues increased compared with the 2014 period due to an increase in cases received and higher average case values in the 2015 period. Revenues in Canada decreased in the 2015 period compared with the 2014 period due to changes in foreign exchange rates. Revenues in Canada would have been \$98.4 million for the 2015 nine-month period on a constant-dollar basis. The revenue decrease in Latin America/Caribbean for the nine months ended September 30, 2015 was primarily due to a change in the mix of services provided and the rates charged for those services, including a reduction in high-frequency, low-severity cases in Brazil for the aforementioned reasons.

**Reimbursed Expenses included in Total Revenues**

Reimbursements for out-of-pocket expenses incurred in our Americas segment, which are included in total Company revenues, were \$3.5 million and \$4.8 million for the three-month periods ended September 30, 2015 and 2014, respectively. Reimbursements were \$10.9 million and \$13.8 million for the nine-month periods ended September 30, 2015 and 2014, respectively. The decrease in reimbursements is related to the reduction in revenues in the service lines where applicable. The outsourcing project in U.S. Claims Services discussed above is a primary source of the 2015 revenue increases but does not have reimbursed expenses.

**Case Volume Analysis**

Americas unit volumes by underlying case category, as measured by cases received, for the three months and nine months ended September 30, 2015 and 2014 were as follows:

| (whole numbers, except percentages)        | Three months ended |                    |        | Variance | Nine months ended  |                    |        | Variance |
|--------------------------------------------|--------------------|--------------------|--------|----------|--------------------|--------------------|--------|----------|
|                                            | September 30, 2015 | September 30, 2014 |        |          | September 30, 2015 | September 30, 2014 |        |          |
| U.S. Claims Field Operations               | 36,633             | 53,694             | (31.8) | )%       | 111,874            | 167,049            | (33.0) | )%       |
| U.S. Technical Services                    | 2,112              | 1,459              | 44.8   | %        | 5,642              | 4,419              | 27.7   | %        |
| U.S. Catastrophe Services                  | 5,960              | 7,252              | (17.8) | )%       | 25,719             | 21,665             | 18.7   | %        |
| Subtotal U.S. Claims Services              | 44,705             | 62,405             | (28.4) | )%       | 143,235            | 193,133            | (25.8) | )%       |
| U.S. Contractor Connection                 | 51,815             | 46,204             | 12.1   | %        | 147,387            | 145,043            | 1.6    | %        |
| Subtotal U.S. Property & Casualty          | 96,520             | 108,609            | (11.1) | )%       | 290,622            | 338,176            | (14.1) | )%       |
| Canada--all service lines                  | 48,133             | 49,916             | (3.6)  | )%       | 140,841            | 141,908            | (0.8)  | )%       |
| Latin America/Caribbean--all service lines | 6,728              | 17,616             | (61.8) | )%       | 31,588             | 51,975             | (39.2) | )%       |
| Total Americas Cases Received              | 151,381            | 176,141            | (14.1) | )%       | 463,051            | 532,059            | (13.0) | )%       |

Overall, there was a decrease in segment unit volume, measured principally by cases received, of 14.1% for the third quarter and 13.0% for the nine months ended September 30, 2015, primarily due to a reduction in high volume, low severity claims in the U.S. and Latin America. Total cases received for U.S. Claims Services decreased in the three months and nine months ended September 30, 2015 compared with the same periods in 2014 due to the transfer of affinity claims to our Broadspire segment, and fewer cases in our U.S. Claims Field Operations service line due to a reduction in weather-related activity and a reduction in high-frequency, low-severity vehicle appraisals.

Approximately 10,500 and 26,100 affinity cases were included in U.S. Claims Field Operations cases received in the three months and nine months ended September 30, 2014, respectively. The outsourcing project previously mentioned involved the Company providing adjusters to work on the clients premises; accordingly, there were no associated claim volumes for the Company in either period associated with these revenues. Excluding the affinity cases from the 2014 case volumes, the decrease in Americas cases received would have been 8.6% for the three months ended September 30, 2015 and 8.5% for the nine months ended September 30, 2015 compared with the 2014 periods, respectively.



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The increases in U.S. Contractor Connection cases for the three months and nine months ended September 30, 2015 compared with the 2014 periods were due to the ongoing expansion of our contractor network and the continued trend of insurance carriers moving high-frequency, low-complexity property cases directly to our contractor managed repair networks.

The 2015 decreases in cases in Canada for the three months and nine months ended September 30, 2015 were primarily due to a decline in weather related volumes from existing clients compared with the 2014 periods. The 2015 decreases in cases in Latin America and the Caribbean were primarily due to a reduction in high-frequency, low-severity affinity, mass market, and vehicle claims in Brazil due to our decision to exit those service lines in that country.

### Direct Compensation, Fringe Benefits & Non-Employee Labor

The most significant expense in our Americas segment is the compensation of employees, including related payroll taxes and fringe benefits, and the payments to outsourced service providers that augment our staff. Americas direct compensation, fringe benefits, and non-employee labor expense, as a percentage of segment revenues before reimbursements, was 62.8% in the third quarter of 2015 decreasing from 65.7% in the third quarter of 2014. For the nine months ended September 30, 2015, Americas direct compensation, fringe benefits, and non-employee labor expense, as a percentage of segment revenues before reimbursements, was 65.4%, compared with 64.4% for the comparable period in 2014. The decrease in the third quarter was due to a realignment of staff in our U.S. Claims Field Operations in the 2015 period. The increase in the year-to-date period was primarily due to the higher compensation costs required to service the outsourcing project referred to above.

The dollar amount of these expenses decreased in the 2015 three-month period to \$57.8 million from \$60.6 million in the comparable 2014 period and increased in the nine months ended September 30, 2015 to \$183.5 million from \$176.3 million in the comparable 2014 period. There was an average of 2,894 full-time equivalent employees (including 459 catastrophe adjusters) in this segment during the first nine months of 2015, compared with an average of 2,716 employees (including 284 catastrophe adjusters) during the 2014 period. The decrease in expenses in the third quarter of 2015 compared with the third quarter of 2014 was primarily due to a realignment of staff in our U.S. Claims Field Operations. The increase in the year-to-date period was primarily due to the higher compensation costs required to service the outsourcing project referred to above.

### Expenses Other than Reimbursements, Direct Compensation, Fringe Benefits & Non-Employee Labor

Americas segment expenses other than reimbursements, direct compensation, fringe benefits, and non-employee labor were \$22.1 million, or 24.0% of segment revenues before reimbursements, for the quarter ended September 30, 2015 compared with \$24.6 million, or 26.7% of segment revenues before reimbursements, for the comparable quarter of 2014. The 2015 third quarter decrease was due to continuing expense controls including a reduction in rent and other office expenses, and reductions in other administrative expenses including bad debt expense from current collections of accounts receivable. The expenses were \$70.2 million, or 25.0% of segment revenues before reimbursements, for the nine months ended September 30, 2015, compared with \$75.3 million, or 27.5% of segment revenues before reimbursements, for the comparable period of 2014. The decrease was primarily due to a reduction of office locations in the U.S. and related administrative cost reductions.

### EMEA/AP

Operating earnings in our EMEA/AP segment increased to \$6.7 million, or 6.8% of revenues before reimbursements, for the three months ended September 30, 2015 compared with 2014 third quarter operating earnings of \$4.2 million, or 4.9% of revenues before reimbursements. Operating earnings decreased to \$9.3 million, or 3.2% of revenues before reimbursements, for the nine months ended September 30, 2015, compared with \$10.4 million, or 4.1% of revenues before reimbursements, for the comparable period of 2014. The increase in EMEA/AP operating earnings in the third quarter was due to cost reduction initiatives implemented in the 2015 period. The decline in EMEA/AP operating earnings for the nine months ended September 30, 2015 was due to a reduction in weather-related claim activity and decline in high-frequency, low-complexity claims in the U.K. and Asia-Pacific in the 2015 periods, partially offset by an improvement in our European operations and cost reduction initiatives.



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## Revenues before Reimbursements

EMEA/AP revenues are primarily derived from the property and casualty insurance company market, with additional revenues from the self-insured market. Revenues before reimbursements by major region for the three months and nine months ended September 30, 2015 and 2014 were as follows:

| (in thousands, except percentages)           | Three months ended |                    |          |    | Nine months ended  |                    |          |    |
|----------------------------------------------|--------------------|--------------------|----------|----|--------------------|--------------------|----------|----|
|                                              | September 30, 2015 | September 30, 2014 | Variance |    | September 30, 2015 | September 30, 2014 | Variance |    |
| U.K.                                         | \$47,939           | \$ 32,002          | 49.8     | %  | \$139,642          | \$ 94,784          | 47.3     | %  |
| Europe                                       | 21,571             | 24,687             | (12.6    | )% | 67,960             | 76,267             | (10.9    | )% |
| Asia-Pacific                                 | 28,761             | 29,484             | (2.5     | )% | 79,123             | 82,704             | (4.3     | )% |
| Total EMEA/AP Revenues before Reimbursements | \$98,271           | \$ 86,173          | 14.0     | %  | \$286,725          | \$ 253,755         | 13.0     | %  |

The increases in revenues in the U.K. for the third quarter and first nine months of 2015 compared with the third quarter and first nine months of 2014 were due to the acquisition of GAB Robins, which accounted for \$19.6 million and \$57.7 million in revenues for the three months and nine months ended September 30, 2015. Revenues in Europe decreased in the three months and nine months ended September 30, 2015 compared with the 2014 periods primarily due to changes in foreign exchange rates. Absent foreign exchange rate fluctuations, Europe revenues would have been \$26.9 million and \$82.9 million for the three and nine months ended September 30, 2015. The decreases in Asia Pacific revenues for both periods in 2015 compared with the same periods in 2014 were also due to changes in foreign exchange rates, as well as to a reduction in high volume, low severity cases in Singapore and China. Absent foreign exchange rate fluctuations, Asia Pacific revenues would have been \$33.2 million and \$89.4 million for the three and nine months ended September 30, 2015.

As a component of our acquisition of GAB Robins, the Company acquired a contractor repair business where we are the principal in the relationship with clients. As the principal in this business, both revenues and the corresponding contractor costs are reported at gross values. These contractor expenses are recorded within "Expenses Other than Reimbursements, Direct Compensation, Fringe Benefits & Non-Employee Labor." They are reported in this category instead of "Direct Compensation, Fringe Benefits & Non-Employee Labor," as the services performed by these outside contractors are not services that can be performed by our workforce. The Middle East and Africa operations were transferred to Asia-Pacific effective January 1, 2015. The geographic region previously named Continental Europe, Middle East, and Africa ("CEMEA") has been renamed to Europe. The results of prior periods have been revised to conform to the current presentation.

Overall case volumes increased 14.9% for the three months ended September 30, 2015 compared with the same period of 2014. Changes in foreign exchange rates decreased our EMEA/AP segment revenues by approximately 14.5% for the three months ended September 30, 2015 as compared with the 2014 period. Changes in product mix and in the rates charged for those services accounted for a 2.3% revenue increase for the three months ended September 30, 2015 compared with the same period in 2014, net of the impact of the GAB Robins revenues and cases.

For the nine-month period ended September 30, 2015 compared with the 2014 period, overall case volumes increased 11.9%. Changes in foreign exchange rates decreased our EMEA/AP segment revenues by approximately 12.0% for the nine months ended September 30, 2015 as compared with the 2014 period. Changes in product mix and in the rates charged for those services accounted for a 0.7% revenue decrease for the nine months ended September 30, 2015 compared with the same period in 2014, net of the impact of the GAB Robins revenues and cases.

## Reimbursed Expenses included in Total Revenues

Reimbursements for out-of-pocket expenses incurred in our EMEA/AP segment, which are included in total Company revenues, increased to \$6.8 million and \$18.3 million for the three months and nine months ended September 30, 2015, respectively, from \$6.1 million and \$16.6 million in the comparable periods in 2014. This increase primarily resulted from the GAB Robins acquisition, net of a decline in weather-related activity in the U.K.

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## Case Volume Analysis

EMEA/AP unit volumes by region, measured by cases received, for the three months and nine months ended September 30, 2015 and 2014 were as follows:

| (whole numbers, except percentages) | Three months ended |                    |          | Nine months ended  |                    |          |
|-------------------------------------|--------------------|--------------------|----------|--------------------|--------------------|----------|
|                                     | September 30, 2015 | September 30, 2014 | Variance | September 30, 2015 | September 30, 2014 | Variance |
| U.K.                                | 32,821             | 20,091             | 63.4 %   | 94,415             | 68,223             | 38.4 %   |
| Europe                              | 71,434             | 65,495             | 9.1 %    | 211,993            | 187,779            | 12.9 %   |
| Asia-Pacific                        | 37,615             | 37,917             | (0.8 )%  | 115,783            | 121,179            | (4.5 )%  |
| Total EMEA/AP Cases Received        | 141,870            | 123,503            | 14.9 %   | 422,191            | 377,181            | 11.9 %   |

Overall case volumes were 14.9% and 11.9% higher in the three months and nine months ended September 30, 2015, respectively, compared with the same periods in 2014. The U.K. case volumes include the impact of the GAB Robins acquisition, which accounted for 14,200 cases in the third quarter and 39,200 in the year-to-date period. Excluding the acquisition, U.K. case volumes were down as compared with the 2014 periods, primarily due to a continued decline in the general property market as well as a general decline in high-frequency, low-complexity claims. The increases in case volumes in Europe were primarily in Spain, Germany, and Scandinavia, due to expanding insurer contracts. The decreases in Asia-Pacific were due to a decline in high frequency, low severity cases in Singapore and China. Excluding the cases from the GAB Robins acquisition, EMEA/AP cases received would have increased 3.4% for the three months ended September 30, 2015 and increased 1.5% for the nine months ended September 30, 2015 compared with the 2014 periods.

## Direct Compensation, Fringe Benefits &amp; Non-Employee Labor

As a percentage of revenues before reimbursements, direct compensation, fringe benefits, and non-employee labor expenses were 62.9% and 65.6% for the three months and nine months ended September 30, 2015, respectively, compared with 69.6% and 70.5% for each of the comparable periods in 2014. These variances were primarily a function of the mix of services provided. The dollar amount of these expenses increased for the 2015 three-month period to \$61.8 million from \$60.0 million in the same 2014 period. The dollar amount of these expenses increased for the 2015 nine-month period to \$188.1 million from \$178.8 million in 2014. These increases are primarily due to the GAB Robins acquisition in the U.K. Excluding the impact of the GAB Robins contractor repair revenue, direct compensation, fringe benefits, and non-employee labor expenses would have been 68.9% of revenues in the 2015 third quarter and 71.8% in the 2015 nine-month period. The decrease in expense as a percent of revenues in the third quarter is due to cost reduction initiatives implemented in 2015, and the increase in the year-to-date period is due to reduced utilization of our U.K. staff in the 2015 period and the GAB Robins integration. There was an average of 3,353 full-time equivalent employees in this segment in the nine months ended September 30, 2015 compared with an average of 2,951 in the 2014 period. The 2015 average includes 471 full-time equivalent employees from the GAB Robins and Buckley Scott acquisitions.

## Expenses Other than Reimbursements, Direct Compensation, Fringe Benefits &amp; Non-Employee Labor

Expenses other than reimbursements, direct compensation, fringe benefits, and non-employee labor were 30.3% and 31.2% of EMEA/AP revenues before reimbursements for the three months and nine months ended September 30, 2015, respectively, compared with 25.5% and 25.4%, respectively for the comparable periods in 2014. The amount of the expenses increased to \$29.8 million in the third quarter of 2015 from \$22.0 million in the third quarter of 2014 and to \$89.3 million in the nine months ended September 30, 2015 from \$64.5 million from the 2014 period. The increases in both amount and percentage is primarily due to the GAB Robins acquisition in the U.K. and due to the contractor repair business discussed above. Excluding the increase from the GAB Robins contractor repair business, expenses other than reimbursements, direct compensation, fringe benefits & non-employee labor would have been 23.6% of revenues in the 2015 third quarter and 24.6% in the nine months ended September 30, 2015. This variance is due to cost reduction initiatives implemented in 2015.

## BROADSPIRE

Our Broadspire segment reported operating earnings of \$7.4 million, or 10.0% of revenues before reimbursements, for the third quarter of 2015, compared with \$4.4 million, or 6.5% of revenues before reimbursements, for the third quarter of 2014. For the nine months ended September 30, 2015, Broadspire operating earnings were \$17.0 million, or 7.8% of revenues before reimbursements compared with \$9.1 million, or 4.6% of revenues before reimbursements for the comparable 2014 period.

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## Revenues before Reimbursements

Broadspire segment revenues are primarily derived from workers' compensation and liability claims management, medical management services, such as medical bill review, medical case management and vocational rehabilitation for workers' compensation, and risk management information services provided to the U.S. self-insured marketplace. Beginning January 1, 2015, the affinity business previously handled by our U.S. Claims Services service line in the Americas segment was rebranded as accident and health services and is now in our Broadspire segment. These revenues were \$1.3 million and \$4.0 million in the three months and nine months ended September 30, 2015, respectively, and are included in the workers' compensation and liability claims management service line. Broadspire revenues before reimbursements by major service line for the three months and nine months ended September 30, 2015 and 2014 were as follows:

| (in thousands, except percentages)                    | Three months ended |                    |       | Variance | Nine months ended  |                    |       | Variance |
|-------------------------------------------------------|--------------------|--------------------|-------|----------|--------------------|--------------------|-------|----------|
|                                                       | September 30, 2015 | September 30, 2014 |       |          | September 30, 2015 | September 30, 2014 |       |          |
| Workers' Compensation and Liability Claims Management | \$30,583           | \$ 28,109          | 8.8   | %        | \$90,120           | \$ 84,113          | 7.1   | %        |
| Medical Management                                    | 39,983             | 36,257             | 10.3  | %        | 116,301            | 104,103            | 11.7  | %        |
| Risk Management Information Services                  | 3,659              | 3,876              | (5.6) | )%       | 11,169             | 11,490             | (2.8) | )%       |
| Total Broadspire Revenues before Reimbursements       | \$74,225           | \$ 68,242          | 8.8   | %        | \$217,590          | \$ 199,706         | 9.0   | %        |

The overall increase in 2015 revenues compared with the same periods in 2014 was primarily due to organic growth, new clients, higher client retention, the transfer of accident and health cases from our U.S. Claims Services service line in the Americas segment, and increased medical management services referrals. The transfer of accident and health cases from our U.S. Claims Services service line accounted for 2.0% and 2.1% of the increases for the three months and nine months ended September 30, 2015, respectively, when compared with the comparable 2014 periods. Revenues were positively impacted by unit volumes for the Broadspire segment, measured principally by cases received, which increased 17.3% from the 2014 third quarter to the 2015 third quarter, and increased 23.0% for the nine months ended September 30, 2015 compared with the same period in 2014. These increases were partially offset by changes in the mix of services provided and in the rates charged for those services, which increased revenues by approximately 7.4% in the three months ended September 30, 2015 and by approximately 2.0% in the nine months ended September 30, 2015, net of the impact of the high-frequency, low-severity accident and health revenues and cases.

## Reimbursed Expenses included in Total Revenues

Reimbursements for out-of-pocket expenses incurred in our Broadspire segment, which are included in total Company revenues, were \$1.1 million and \$3.2 million for the three months and nine months ended September 30, 2015, respectively, compared with \$1.1 million and \$3.0 million in the comparable 2014 periods.

## Case Volume Analysis

Broadspire unit volumes by major underlying case category, as measured by cases received, for the three months and nine months ended September 30, 2015 and 2014 were as follows:

| (whole numbers, except percentages) | Three months ended |                    |       | Variance | Nine months ended  |                    |       | Variance |
|-------------------------------------|--------------------|--------------------|-------|----------|--------------------|--------------------|-------|----------|
|                                     | September 30, 2015 | September 30, 2014 |       |          | September 30, 2015 | September 30, 2014 |       |          |
| Workers' Compensation               | 46,160             | 50,076             | (7.8) | )%       | 136,934            | 132,834            | 3.1   | %        |
| Casualty                            | 37,938             | 17,120             | 121.6 | %        | 108,665            | 52,772             | 105.9 | %        |
| Other                               | 27,024             | 27,511             | (1.8) | )%       | 84,917             | 83,054             | 2.2   | %        |
| Total Broadspire Cases Received     | 111,122            | 94,707             | 17.3  | %        | 330,516            | 268,660            | 23.0  | %        |

Overall case volumes were 17.3% higher in the three months ended September 30, 2015 compared with the same period in 2014. The increase in casualty cases in the third quarter of 2015 compared with the same period in 2014 was primarily due to handling approximately 16,900 accident and health cases in 2015, which in prior years were handled

by our U.S. Claims Services service line in the Americas segment. All accident and health cases in the U.S. are now handled by our Broadspire segment. Excluding the accident and health cases, there was a 0.6% decrease in Broadspire cases received from the 2014 third quarter to the 2015 third quarter.

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The increase in workers' compensation cases in the nine months ended September 30, 2015 resulted from new clients and higher case volumes from existing clients. The increase in casualty cases in the first nine months of 2015 compared with the same period in 2014 was partially due to new clients and from the handling of approximately 48,800 accident and health cases in the first nine months of 2015, which in prior periods were handled by our U.S. Claims Services service line in the Americas segment. Excluding the accident and health cases, the increase in Broadspire cases received from the 2014 year-to-date period to the 2015 period would have been 4.9%.

### Direct Compensation, Fringe Benefits & Non-Employee Labor

Our most significant expense in our Broadspire segment is the compensation of employees, including related payroll taxes and fringe benefits, and the payments to outsourced service providers that augment the functions performed by our employees. Broadspire direct compensation, fringe benefits, and non-employee labor expenses, as a percent of the related revenues before reimbursements, decreased from 54.8% for the 2014 third quarter to 52.6% in the 2015 third quarter. For the nine months ended September 30, direct compensation and fringe benefits, and non-employee labor, as a percent of the related revenues before reimbursements, decreased from 56.3% in 2014 to 54.2% in the comparable 2015 period. The declines in the percent of revenues were due to improved employee utilization. The amount of these expenses increased from \$37.4 million in the 2014 third quarter to \$39.1 million in the 2015 third quarter, and increased from \$112.5 million in 2014 to \$118.0 million for the nine months ended September 30, 2015, due to the growth in revenues.

Average full-time equivalent employees in this segment totaled 1,881 in the first nine months of 2015, up from 1,674 in the comparable 2014 period. The increase in employees was due to conversion of outsourced contractors to full time employees in the Center and the transfer of employees handling accident and health cases from the Americas segment.

### Expenses Other than Reimbursements, Direct Compensation, Fringe Benefits & Non-Employee Labor

Broadspire segment expenses other than reimbursements, direct compensation, fringe benefits, and non-employee labor as a percent of revenues before reimbursements were 37.4% and 38.0%, respectively for the three months and nine months ended September 30, 2015, compared with 38.7% and 39.1%, respectively in the comparable 2014 periods. The decreases in the percentage of revenues were due to expense growth being less than the growth in revenues in the 2015 periods. The amount of these expenses increased from \$26.4 million in the 2014 third quarter to \$27.7 million in the 2015 third quarter, and increased from \$78.1 million in 2014 to \$82.6 million for the nine months ended September 30, 2015, due to the growth in revenues.

## LEGAL SETTLEMENT ADMINISTRATION

Legal Settlement Administration revenues in the third quarter and first nine months of 2015 declined compared with prior year period levels primarily because of lower revenues from the Deepwater Horizon class action settlement project and a few other large projects. We expect activity on the Deepwater Horizon special project to continue through the remainder of 2015, although at a reduced rate.

Our Legal Settlement Administration segment reported operating earnings of \$1.1 million and \$9.8 million for the three months and nine months ended September 30, 2015, respectively, compared with \$7.7 million and \$18.3 million in the comparable 2014 periods. The related segment operating margin decreased from 16.2% for the three months ended September 30, 2014 to 4.0% in the comparable 2015 period, and from 14.1% for the nine months ended September 30, 2014 to 9.8% in the comparable 2015 period.

### Revenues before Reimbursements

Legal Settlement Administration revenues are primarily derived from legal settlement administration services related to securities, product liability, and other class action settlements, and bankruptcies, primarily in the U.S. As discussed above, Legal Settlement Administration revenues before reimbursements decreased to \$28.8 million for the three months ended September 30, 2015 from \$47.2 million for the comparable 2014 period. For the nine-month period ended September 30, 2015, Legal Settlement Administration revenues before reimbursements decreased to \$100.5 million from \$130.3 million for the same period in 2014. Legal Settlement Administration revenues are project-based and can fluctuate significantly primarily due to the timing of projects awarded. At September 30, 2015 we had a backlog of projects awarded totaling approximately \$76.0 million, compared with \$89.0 million at September 30,



2014. Of the \$76.0 million backlog at September 30, 2015, an estimated \$25.0 million is expected to be recognized as revenues over the remainder of 2015.

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### Reimbursed Expenses included in Total Revenues

The nature and volume of work performed in our Legal Settlement Administration segment typically requires more reimbursable out-of-pocket expenditures than our other operating segments. Reimbursements for out-of-pocket expenses incurred in our Legal Settlement Administration segment, which are included in total Company revenues, can vary depending on the amount and types of projects and were \$5.2 million in the third quarter of 2015 compared with \$9.0 million in the comparable 2014 period. Reimbursements for the nine months ended September 30, 2015 were \$23.1 million compared with \$20.5 million in the comparable period in 2014. The decrease in the third quarter was the result of a significant increase in case administration work on specific large projects in the 2014 third quarter, although the increase for the year was due to a higher volume of case administration work for settlements in the 2015 full year period compared with the prior year.

### Transaction Volume

Legal Settlement Administration services are generally project based and not denominated by individual claims. Depending upon the nature of projects and their respective stages of completion, the volume of transactions or tasks performed by us in any period can vary, sometimes significantly.

### Direct Compensation, Fringe Benefits & Non-Employee Labor

Legal Settlement Administration direct compensation, fringe benefits, and non-employee labor expenses as a percent of revenues before reimbursements was 74.4% in the three months ended September 30, 2015 compared with 67.7% in the comparable 2014 period. The amount of related expenses declined to \$21.4 million for the third quarter of 2015 compared with \$32.0 million for the comparable 2014 period. For the nine-month period ended September 30, 2015, these expenses as a percent of revenues before reimbursements were 70.4% compared with 69.8% in the same 2014 period. The dollar amount of these expenses were \$70.8 million for the 2015 period and \$91.0 million for the 2014 period. The declines in dollar amounts were primarily due to the winding down of the Deepwater Horizon special project. The increases in the percent of revenues were due to lower employee utilization in the 2015 period as a result of the reduced revenues. Average full-time equivalent employees in this segment totaled 746 for the nine-month period ended September 30, 2015 and 795 for the comparable period in 2014.

### Expenses Other than Reimbursements, Direct Compensation, Fringe Benefits & Non-Employee Labor

Legal Settlement Administration expenses other than reimbursements, direct compensation, fringe benefits, and non-employee labor as a percent of related revenues before reimbursements were 21.6% and 19.8% for the three months and nine months ended September 30, 2015 compared with 16.1% for both of the comparable 2014 periods. The dollar amount of these expenses decreased to \$6.2 million in the 2015 third quarter as compared with \$7.6 million in the 2014 third quarter. The dollar amount of these expenses decreased to \$19.9 million in the first nine months of 2015 compared with \$21.0 million in the comparable 2014 period. The declines in dollar amounts were due to the reduction in revenues in the 2015 period. The increases in expenses as a percent of revenues were due to the reduction in variable expenses being lower than the reduction in revenues in the 2015 periods. During the nine-month period ended September 30, 2014, we reduced a contingent consideration liability from a previous acquisition by \$2.0 million after concluding the consideration would not be paid. We also impaired and expensed the \$1.3 million net book value of a customer list obtained in that acquisition.

## EXPENSES AND CREDITS EXCLUDED FROM SEGMENT OPERATING EARNINGS

### Income Taxes

Our consolidated effective income tax rate for financial reporting purposes changes periodically due to fluctuations in the mix of income earned from our various domestic and international operations which are subject to income taxes at varied rates, our ability to utilize net operating loss and tax credit carryforwards, amounts related to uncertain income tax positions, and changes in enacted tax rates. At September 30, 2015, we estimate that our effective income tax rate for 2015 will be approximately 83% after considering known discrete items.

The provision for income taxes on consolidated income totaled \$15.3 million and \$20.5 million for the nine months ended September 30, 2015 and 2014, respectively. The decrease in the provision for income taxes on consolidated income for the nine months ended September 30, 2015 compared with the comparable period of 2014 was primarily due to the overall decrease in income. The overall effective tax rate increased for the nine months ended

September 30, 2015 as compared with the 2014 period due primarily to our overall low level of taxable income, our inability to recognize tax benefits for certain international net operating losses, fluctuations in the mix of income earned, and changes in enacted tax rates. Current year losses in certain operations, including losses due to restructuring and special charges, are in jurisdictions with lower tax rates or where the losses are unable to be benefited.

Table of Contents**Net Corporate Interest Expense**

Net corporate interest expense consists of interest expense that we incur on our short- and long-term borrowings, partially offset by any interest income we earn on available cash balances and short-term investments. These amounts vary based on interest rates, borrowings outstanding, the effect of any interest rate swaps, and the amounts of invested cash. Corporate interest expense totaled \$2.6 million and \$1.8 million for the three months ended September 30, 2015 and 2014, respectively. Interest income totaled \$227,000 and \$142,000 for the three months ended September 30, 2015 and 2014, respectively. Corporate interest expense totaled \$6.8 million and \$5.0 million for the nine months ended September 30, 2015 and 2014, respectively. Interest income totaled \$587,000 and \$497,000 for the nine months ended September 30, 2015 and 2014, respectively. The increases in interest expense for 2015 compared with the 2014 periods was due to increased borrowings outstanding during the 2015 periods, which were used to finance the GAB Robins acquisition. We pay interest based on variable rates. Future levels of interest expense will be dependent on the future direction of interest rates as well as the level of outstanding borrowings.

**Stock Option Expense**

Stock option expense, a component of stock-based compensation, is comprised of non-cash expenses related to stock options granted under our various stock option and employee stock purchase plans. Stock option expense is not allocated to our operating segments. Stock option expense of \$30,000 and \$357,000 was recognized during the three months and nine months ended September 30, 2015, respectively, compared with \$184,000 and \$680,000 for the comparable periods in 2014, respectively. The decreases from the three-month and nine-month comparable periods in 2014 were due to the higher expense recognized in the 2014 periods due to the multi-year vesting schedule of a prior grant.

**Amortization of Customer-Relationship Intangible Assets**

Amortization of customer-relationship intangible assets represents the non-cash amortization expense for finite-lived customer-relationship and trade name intangible assets. Amortization expense associated with these intangible assets totaled \$2.4 million and \$1.5 million for the three-month periods ended September 30, 2015 and 2014, respectively. Amortization expense associated with these intangible assets totaled \$6.8 million and \$4.7 million for the nine-month periods ended September 30, 2015 and 2014, respectively. The increases in the 2015 periods over the 2014 periods were due to the amortization of intangible assets acquired as a part of the GAB Robins and Buckley Scott acquisitions. This amortization is included in "Selling, general, and administrative expenses" in our unaudited Condensed Consolidated Statements of Operations.

**Unallocated Corporate and Shared Costs, Net**

Certain unallocated corporate and shared costs are excluded from the determination of segment operating earnings. For the three months and nine months ended September 30, 2015 and 2014, unallocated corporate and shared costs represented costs of our frozen U.S. defined benefit pension plan, expenses for our chief executive officer and our Board of Directors, certain adjustments to our self-insured liabilities, certain unallocated legal costs and professional fees, costs of our cross currency swap, and certain adjustments and recoveries to our allowances for doubtful accounts receivable. Unallocated corporate and shared costs were \$4.3 million and \$0.5 million for the three months ended September 30, 2015 and 2014, respectively. The increased costs for the three months ended September 30, 2015 compared with the same period in 2014 was a result of settlement of a specific legal claim of \$1.3 million in 2015. There was no such settlement in 2014. In addition, during the 2015 period these expenses increased \$1.2 million due to higher self-insured expenses and \$0.4 million due to U.S. defined benefit pension expense.

Unallocated corporate and shared costs were \$11.6 million and \$2.2 million for the nine months ended September 30, 2015 and 2014, respectively primarily due to \$3.5 million of professional fees incurred for evaluating strategic alternatives and finalizing certain transactions, including transaction costs from the GAB Robins acquisition, and \$1.3 million from the settlement of a specific legal claim in 2015. There were no such charges in the 2014 period. In addition, during the 2015 period these expenses increased \$3.1 million due to higher self-insured expenses and \$1.1 million due to U.S. defined benefit pension expense, compared with the 2014 period.

**Restructuring and Special Charges**

Total restructuring and special charges for the three months and nine months ended September 30, 2015 were \$11.1 million and \$16.4 million, respectively. There were no restructuring and special charges during the three months or

nine months ended September 30, 2014. See the "Restructuring and Special Charges" in the "Results of Operations" section of this in Item 2 where these charges are discussed.

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### LIQUIDITY, CAPITAL RESOURCES, AND FINANCIAL CONDITION

At September 30, 2015, our working capital balance (current assets less current liabilities) was approximately \$119.5 million, an increase of \$11.4 million from the working capital balance at December 31, 2014. Our cash and cash equivalents were \$58.3 million at September 30, 2015, compared with \$52.5 million at December 31, 2014.

Cash and cash equivalents as of September 30, 2015 consisted of \$8.9 million held in the U.S. and \$49.4 million held in our foreign subsidiaries. All of the cash and cash equivalents held by our foreign subsidiaries is available for general corporate purposes. The Company generally does not provide for additional U.S. and foreign income taxes on undistributed earnings of foreign subsidiaries because they are considered to be indefinitely reinvested. The Company's current expectation is that such earnings will be reinvested by the subsidiaries or will be repatriated only when it would be tax effective or otherwise strategically beneficial to the Company such as if a very unusual event or project generated profits significantly in excess of ongoing business reinvestment needs. If such an event occurs, we would analyze our anticipated investment needs in that region and provide for U.S. taxes for earnings that are not expected to be permanently reinvested. Other historical earnings and future foreign earnings necessary for business reinvestment are expected to remain permanently reinvested and will be used to provide working capital for these operations, fund defined benefit pension plan obligations, repay non-U.S. debt, fund capital improvements, and fund future acquisitions. We currently believe that funds expected to be generated from our U.S. operations, along with potential borrowing capabilities in the U.S., will be sufficient to fund our U.S. operations and other obligations, including our funding obligations under our U.S. defined benefit pension plan, for the foreseeable future and, therefore, except in limited circumstances such as those described above, do not expect to repatriate cash held by our foreign subsidiaries in a taxable transaction to fund our U.S. operations. However, if at a future date or time these funds are necessary for our operations in the U.S. or we otherwise believe it is in our best interests to repatriate all or a portion of such funds, we may be required to accrue and pay U.S. taxes to repatriate these funds. No assurances can be provided as to the amount or timing thereof, the tax consequences related thereto, or the ultimate impact any such action may have on our results of operations or financial condition.

#### Cash Provided by/Used in Operating Activities

Cash provided by operating activities was \$21.1 million for the nine months ended September 30, 2015, compared with \$44.2 million used in operating activities for the comparable period of 2014. The improvement in cash provided by operating activities in the first nine months of 2015 compared with the first nine months of 2014 was primarily due to improved collections of accounts receivable and lower payments for accrued liabilities, including incentive compensation, offsetting the decline in net income.

#### Cash Used in Investing Activities

Cash used in investing activities, primarily for acquisitions of businesses, property and equipment, and capitalized software, was \$94.7 million in the nine months ended September 30, 2015 compared with \$25.0 million in the first nine months of 2014. In the first nine months of 2015, cash used in investing activities included \$68.3 million net cash used to complete the acquisition of GAB Robins.

#### Cash Provided by Financing Activities

Cash provided by financing activities was \$83.5 million for the nine months ended September 30, 2015 compared with \$38.8 million for the 2014 period. We paid \$10.2 million in dividends in the first nine months of 2015, compared with \$8.4 million in the first nine months of 2014. During the first nine months of 2015, we increased our short-term borrowings and book overdraft by \$94.4 million, primarily including amounts to fund the GAB Robins acquisition and our ongoing restructuring activities. During the first nine months of 2014, we increased our short-term borrowings and book overdraft by \$51.5 million primarily to fund working capital needs, repurchased \$3.2 million of common stock under our share repurchase program, and paid \$1.4 million of statutory employee withholding taxes on behalf of certain employees who elected to reduce the number of shares of common stock that would have otherwise been issued to them under employee stock-based compensation plans.

#### Other Matters Concerning Liquidity and Capital Resources

Effective November 5, 2015, Crawford & Company, certain of its subsidiaries, Wells Fargo Bank, National Association, as agent and a lender, and the other signatories thereto, entered into the Fifth Amendment to the Credit Agreement (the "Amendment"). Pursuant to the Amendment, among other things, the definition of Consolidated

EBITDA was revised to exclude certain restructuring charges, not to exceed \$27.0 million in 2015 and \$13.0 million in 2016, and \$38.0 million in the aggregate. Additionally, the maximum leverage ratio, with which we are required to comply, was increased from 3.25 to 1.00 to 3.75 to 1.00 for fiscal quarters ending December 31, 2015 through September 30, 2016, with step-downs to 3.50 to 1.00 for fiscal quarters ending December 31, 2016 through September 30, 2017 and to 3.25 to 1.00 for fiscal quarters thereafter. In addition, the minimum fixed charge coverage ratio was decreased to be 1.25 to 1.00 from 1.50 to 1.00. The Amendment also allows for the disposition of immaterial foreign subsidiaries with a book value not to exceed \$15.0 million in the aggregate.

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The Amendment did not change availability under or the maturity date of the credit facility.

As a component of our credit facility, we maintain a letter of credit facility to satisfy certain contractual obligations. Including \$17.2 million of undrawn letters of credit issued under the letter of credit facility, the available balance under our credit facility totaled \$128.8 million at September 30, 2015. Our short-term debt obligations typically peak during the first half of each year due to the annual payment of incentive compensation, contributions to retirement plans, working capital fluctuations, and certain other recurring payments, and generally decline during the balance of the year. The balance of short-term borrowings represents amounts under our credit facility that we expect, but are not required, to repay in the next twelve months. Long- and short-term borrowings outstanding, including current installments and capital leases, totaled \$258.9 million as of September 30, 2015 compared with \$156.8 million at December 31, 2014.

### Defined Benefit Pension Funding and Cost

We sponsor a qualified defined benefit pension plan in the U.S. (the "U.S. Qualified Plan"), three defined benefit plans in the U.K., and defined benefit pension plans in the Netherlands, Norway, Germany, and the Philippines. Effective December 31, 2002, we froze our U.S. Qualified Plan. Our frozen U.S. Qualified Plan and U.K. plans were underfunded by \$126.9 million and \$8.1 million, respectively, at December 31, 2014 based on accumulated benefit obligations of \$548.2 million and \$273.1 million for the U.S. Qualified Plan and the U.K. plans, respectively.

During the three months ended September 30, 2015, a majority of the employees covered under the defined benefit pension plan in the Netherlands elected to convert to a newly created defined contribution plan effective January 1, 2015. This was accounted for as a curtailment of the defined benefit pension plan which resulted in the reduction of the projected benefit obligation in the amount of \$5.5 million, reduction of the deferred tax asset of \$1.4 million, and reduction in accumulated other comprehensive loss of \$4.1 million.

The Company is not required to make any additional contributions to its U.S. Qualified Plan or to the other plans for the remainder of 2015; however, the Company expects to make additional contributions of approximately \$3.0 million and \$1.7 million to the U.S. and U.K. plans, respectively, in the remainder of 2015.

### Future Dividend Payments

Our Board of Directors makes dividend decisions from time to time based in part on an assessment of current and projected earnings and cash flows. Our ability to pay future dividends could be impacted by many factors including the funding requirements of our defined benefit pension plans, repayments of outstanding borrowings, levels of cash expected to be generated by our operating activities, and covenants and other restrictions contained in our credit facility. The covenants in our credit facility limit dividend payments to shareholders.

### Financial Condition

Other significant changes on our unaudited Condensed Consolidated Balance Sheet as of September 30, 2015 compared with our Condensed Consolidated Balance Sheet as of December 31, 2014 were as follows:

Cash and cash equivalents increased \$5.9 million, or \$9.9 million net of currency exchange, primarily due to the decrease in accounts receivable and a decrease in prepaid expenses and other operating expenses.

Accounts receivable decreased \$20.7 million excluding the effect of the GAB Robins acquisition, or \$14.2 million excluding the GAB Robins acquisition and foreign currency exchange impacts. This decrease was primarily due to decreased receivables in Legal Settlement Administration when compared with December 31, 2014 balances.

Unbilled revenues increased \$1.7 million excluding the impact of the GAB Robins acquisition, or \$8.6 million excluding the GAB Robins acquisition and foreign currency exchange impacts. This increase was primarily due to increased unbilled revenues in U.S. Claims Services, the U.K., and Australia, when compared with December 31, 2014 balances.

Accounts payable, accrued compensation and related costs, and other accrued current liabilities decreased \$36.0 million excluding the impact of the GAB Robins acquisition. This decrease was primarily due to the payment of year-end accruals, annual incentive compensation, and the funding of various defined contribution retirement plan obligations.

### Off-Balance Sheet Arrangements

At September 30, 2015, we were not a party to any off-balance sheet arrangements, other than operating leases, which we believe could materially impact our operations, financial condition, or cash flows.





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As disclosed in our Annual Report on Form 10-K for the year ended December 31, 2014, we have certain material obligations under operating lease agreements to which we are a party. In accordance with GAAP, these operating lease obligations and the related leased assets are not reported on our consolidated balance sheet. Our obligations under these operating lease agreements have not changed materially since December 31, 2014, other than the addition of the leases in London, England discussed in Note 11 to the accompanying unaudited condensed consolidated financial statements contained in this Quarterly Report on Form 10-Q.

We also maintain funds in various trust accounts to administer claims for certain clients. These funds are not available for our general operating activities and, as such, have not been recorded in the accompanying unaudited Condensed Consolidated Balance Sheets. We have concluded that we do not have a material off-balance sheet risk related to these funds.

## APPLICATION OF CRITICAL ACCOUNTING POLICIES AND ESTIMATES

There have been no material changes to our critical accounting policies and estimates from those disclosed in our Annual Report on Form 10-K for the year ended December 31, 2014.

### New Accounting Standards Adopted

ASU 2014-08, "Reporting Discontinued Operations and Disclosures of Disposals of Components of an Entity" was adopted during the first quarter 2015 with no impact to the unaudited condensed consolidated financial statements. ASU 2015-16, "Simplifying the Accounting for Measurement-Period Adjustments" was adopted during the third quarter 2015 with no impact to the unaudited condensed consolidated financial statements.

### Pending Adoption of New Accounting Standards

Additional information related to pending adoption of recently issued accounting standards is provided in Note 3 to the accompanying unaudited condensed consolidated financial statements contained in this Quarterly Report on Form 10-Q.

## Item 3. Quantitative and Qualitative Disclosures About Market Risk

For a discussion of quantitative and qualitative disclosures about the Company's market risk, see Item 7A, "Quantitative and Qualitative Disclosures About Market Risk," of our Annual Report on Form 10-K for the year ended December 31, 2014. Our exposures to market risk have not changed materially since December 31, 2014.

## Item 4. Controls and Procedures

### Evaluation of Disclosure Controls and Procedures

We maintain disclosure controls and procedures that are designed to ensure that information required to be disclosed in our Exchange Act reports is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms, and that such information is accumulated and communicated to management, including the Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure. Management necessarily applies its judgment in assessing the costs and benefits of such controls and procedures, which, by their nature, can provide only reasonable assurance regarding management's control objectives. The Company's management, including the Chief Executive Officer and the Chief Financial Officer, does not expect that our disclosure controls and procedures can prevent all possible errors or fraud. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that misstatements due to error or fraud will not occur or that all control issues and instances of fraud, if any, within the Company have been detected. There are inherent limitations in all control systems, including the realities that judgments in decision-making can be faulty, and that breakdowns can occur because of simple errors or mistakes. Additionally, controls can be circumvented by the individual acts of one or more persons. The design of any system of controls is based in part upon certain assumptions about the likelihood of future events, and, while our disclosure controls and procedures are designed to be effective under circumstances where they should reasonably be expected to operate effectively, there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Because of the inherent limitations in any control system, misstatements due to possible errors or fraud may occur and not be detected.



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As of the end of the period covered by this report, we performed an evaluation, under the supervision and with the participation of management, including the Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operations of our disclosure controls and procedures pursuant to Exchange Act Rules 13a-15(b) and 15d-15(b). Based upon the foregoing, the Chief Executive Officer along with the Chief Financial Officer concluded that, as of the end of the period covered by this report, our disclosure controls and procedures were effective at providing reasonable assurance that all information relating to the Company (including its consolidated subsidiaries) required to be disclosed in our Exchange Act reports is recorded, processed, summarized, and reported in a timely manner.

**Changes in Internal Control over Financial Reporting**

We have identified no material changes in our internal control over financial reporting that occurred during the period covered by this report that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

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## PART II — OTHER INFORMATION

## Item 1A. Risk Factors

In addition to the other information set forth in this report, the factors discussed in Part I, "Item 1A. Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2014 could materially affect our business, financial condition, or results of operations. The risks described in this report and in our Annual Report on Form 10-K are not the only risks facing our Company. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial also may materially adversely affect our business, financial condition, or future results.

## Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

Effective August 16, 2014, the Company's then existing stock repurchase authorization was replaced with a new authorization pursuant to which the Company has been authorized to repurchase up to 2,000,000 shares of CRDA or CRDB (or both) through July 2017 (the "2014 Repurchase Authorization"). Under the 2014 Repurchase Authorization, repurchases may be made in open market or privately negotiated transactions at such times and for such prices as management deems appropriate, subject to applicable contractual and regulatory restrictions. The table below sets forth the repurchases of CRDA and CRDB by the company during each month in the quarter ended September 30, 2015. As of September 30, 2015, the Company's authorization to repurchase shares of its common stock was limited to 1,455,300 shares.

| Period                                 | Total<br>Number of<br>Shares<br>Purchased | Average<br>Price Paid<br>Per Share | Total Number of<br>Shares Purchased<br>as Part of Publicly<br>Announced Plans<br>or Programs | Maximum<br>Number of Shares<br>That May be<br>Purchased Under<br>the Plans or<br>Programs |
|----------------------------------------|-------------------------------------------|------------------------------------|----------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------|
| Balance as of June 30, 2015            |                                           |                                    |                                                                                              | 1,955,300                                                                                 |
| July 1, 2015 - July 31, 2015           |                                           |                                    |                                                                                              |                                                                                           |
| CRDA                                   | —                                         | \$—                                | —                                                                                            |                                                                                           |
| CRDB                                   | —                                         | \$—                                | —                                                                                            |                                                                                           |
| Totals as of July 31, 2015             |                                           |                                    |                                                                                              | 1,955,300                                                                                 |
| August 1, 2015 - August 31, 2015       |                                           |                                    |                                                                                              |                                                                                           |
| CRDA                                   | —                                         | \$—                                | —                                                                                            |                                                                                           |
| CRDB                                   | —                                         | \$—                                | —                                                                                            |                                                                                           |
| Totals as of August 31, 2015           |                                           |                                    |                                                                                              | 1,955,300                                                                                 |
| September 1, 2015 - September 30, 2015 |                                           |                                    |                                                                                              |                                                                                           |
| CRDA                                   | 500,000                                   | \$6.62                             | 500,000                                                                                      |                                                                                           |
| CRDB                                   | —                                         | \$—                                | —                                                                                            |                                                                                           |
| Totals as of September 30, 2015        | 500,000                                   |                                    | 500,000                                                                                      | 1,455,300                                                                                 |

## Item 6. Exhibits

See Index to Exhibits on page 47.

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Crawford & Company  
(Registrant)

Date: November 9, 2015

/s/ Harsha V. Agadi  
Harsha V. Agadi  
President and Chief Executive Officer  
(Principal Executive Officer)

Date: November 9, 2015

/s/ W. Bruce Swain  
W. Bruce Swain  
Executive Vice President and Chief Financial Officer  
(Principal Financial Officer)

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INDEX TO EXHIBITS

Exhibit

| No.  | Description                                                                                                                                                                                                                                                                                                                                                                                          |
|------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 3.1  | Restated Articles of Incorporation of the Registrant (incorporated by reference to Exhibit 3.1 to the Registrant's Current Report on Form 8-K filed with the Securities and Exchange Commission on May 14, 2007)                                                                                                                                                                                     |
| 3.2  | Restated By-laws of the Registrant, as amended (incorporated by reference to Exhibit 3.1 of the Registrant's Current Report on Form 8-K filed with the Securities and Exchange Commission on December 22, 2008)                                                                                                                                                                                      |
| 10.1 | Separation Agreement between Jeffrey T. Bowman and the Registrant, dated August 24, 2015                                                                                                                                                                                                                                                                                                             |
| 10.2 | Fifth Amendment to Credit Agreement, dated as of November 5, 2015, by and among Crawford & Company, Crawford & Company Risk Services Investments Limited, Crawford & Company (Canada) Inc., Crawford & Company (Australia) Pty. Ltd., the subsidiary guarantors party thereto, Wells Fargo Bank, National Association, as administrative agent and a lender, and the other signatories party thereto |
| 15   | Letter of Ernst & Young LLP                                                                                                                                                                                                                                                                                                                                                                          |
| 31.1 | Certification of principal executive officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002                                                                                                                                                                                                                                                                                               |
| 31.2 | Certification of principal financial officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002                                                                                                                                                                                                                                                                                               |
| 32.1 | Certification of principal executive officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002                                                                                                                                                                                                                                                |
| 32.2 | Certification of principal financial officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002                                                                                                                                                                                                                                                |
| 101  | XBRL Documents                                                                                                                                                                                                                                                                                                                                                                                       |