CRAWFORD & CO
Form 10-K
March 07, 2018
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UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D. C. 20549
Form 10-K

x ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended December 31, 2017
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 incorporation or organization)	(I.R.S. Employer Identification Number)
5335 Triangle Parkway, Peachtree Corners, Georgia	30092
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code
(404) 300-1000
Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Name of Each Exchange on Which Registered
Class A Common Stock — $1.00 Par Value	New York Stock Exchange
Class B Common Stock — $1.00 Par Value	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act:
None
(Title of Class)

Indicate by check mark if the Registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes o No x
Indicate by check mark if the Registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes o No x
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 x No o
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 (§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 x No o
Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§229.405 of this chapter) is not contained herein, and will not be contained, to the best of Registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. o

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

Large accelerated filer o	Accelerated filer x	Non-accelerated filer o (Do not check if a smaller reporting company)	Smaller reporting company o

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards pursuant to Section 13(a) of the Exchange Act. o

Indicate by check mark whether the Registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes o No x

The aggregate market value of the Registrant's voting and non-voting common stock held by non-affiliates of the Registrant was $248,977,216 as of June 30, 2017, based upon the closing prices of such stock as reported on the NYSE on such date. For purposes hereof, beneficial ownership is determined under rules adopted pursuant to Section 13 of the Securities Exchange Act of 1934, and excludes voting and non-voting common stock beneficially owned by the directors and executive officers of the Registrant, some of whom may not be deemed to be affiliates upon judicial determination.

The number of shares outstanding of each class of the Registrant's common stock, as of February 15, 2018, was:
Class A Common Stock — $1.00 Par Value — 31,434,546 Shares
Class B Common Stock — $1.00 Par Value — 24,477,723 Shares

Documents incorporated by reference:
Portions of the Registrant's proxy statement for its 2018 annual shareholders' meeting, which proxy statement will be filed within 120 days of the Registrant's year end, are incorporated by reference into Part III hereof.

CRAWFORD & COMPANY

FORM 10-K
For The Year Ended December 31, 2017

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We use the terms "Crawford", "the Company", "the Registrant", "we", "us" and "our" to refer to the business of Crawford & Company, its subsidiaries, and variable interest entities.

Cautionary Statement Concerning Forward-Looking Statements

This report contains and incorporates by reference 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 or incorporated by reference 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, our expected future operating results and financial condition, our ability to grow our revenues and reduce our operating expenses, expectations regarding our anticipated contributions to our underfunded defined benefit pension plans, collectability of our billed and unbilled accounts receivable, financial results from our recent acquisitions, our continued compliance with the financial and other covenants contained in our financing agreements, expectations regarding the timing, costs and synergies from our global business and technology services centers, and our other long-term capital resource and 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 in this report and in the statements incorporated by reference in this report. These risks and uncertainties include, but are not limited to, those described in Part I, "Item 1A. Risk Factors" and elsewhere in this report and those described from time to time in our other reports filed with the Securities and Exchange Commission.

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 prove to 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. 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 suggested 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.

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PART I

ITEM 1. BUSINESS

Headquartered in Atlanta, Georgia, and founded in 1941, the Company is the world's largest publicly listed 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. For the year ended December 31, 2017, the Company reported total revenues before reimbursements of $1.106 billion.

Shares of the Company's two classes of common stock are traded on the New York Stock Exchange ("NYSE") under the symbols CRD-A and CRD-B, 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.

DESCRIPTION OF SERVICES

The Crawford Solution® 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. The Crawford Solution is delivered to clients through the Company's four operating segments: U.S. Services, which serves the U.S. property and casualty insurance company markets; International, which serves the property and casualty insurance company and self-insurance markets outside of the U.S.; Broadspire®, which serves the self-insurance marketplace, primarily in the U.S.; and Garden City Group, which serves the class action, regulatory, mass tort, bankruptcy, and other legal administration markets, primarily in the U.S.

A significant portion of our revenues are derived from international operations. For a discussion of certain risks attendant to international operations, see Item 1A, "Risk Factors."

U.S. SERVICES. The U.S. Services segment accounted for 24.4% of the Company's revenues before reimbursements in 2017. The Company's U.S. Services segment provides claims management services in the U.S. The Company's U.S. Services segment revenues are substantially derived from the insurance company market. Insurance companies customarily manage their own claims administration function, but often rely upon third-parties for certain services which the Company provides, primarily with respect to field investigation, evaluation and resolution of property and casualty insurance claims, and the provision of outsourced managed contractor services.

Claims management services offered by our U.S. Services segment are provided to clients pursuant to a variety of different referral assignments which generally are classified by the underlying insured risk categories used by insurance companies. These major risk categories are:

- Property — losses caused by physical damage to commercial or residential real property and certain types of personal property.
- Catastrophe — losses caused by all types of natural disasters, such as fires, hailstorms, hurricanes, earthquakes and floods, and man-made disasters such as oil spills, chemical releases, and explosions.

- Public Liability — a wide range of non-automobile liability claims such as product liability; owners, landlords and tenants liabilities; and comprehensive general liability.

- Automobile — all types of losses involving use of an automobile, including bodily injury, physical damage, medical payments, collision, fire, theft, and comprehensive liability.

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U.S. Services is comprised of four major service lines: U.S. Claims Field Operations, U.S. Technical Services, U.S. Catastrophe Services, and U.S. Contractor Connection®.

- U.S. Claims Field Operations is the largest service line of the Company's U.S. Services segment. Solutions provided by U.S. Claims Field Operations include property claims management, casualty claims management, and vehicle claims services.

- U.S. Technical Services is focused on large, complex losses with a national team of technical adjusters and industry experts servicing a broad range of industries, including commercial property, aviation, forensic accounting, marine and transportation, retail, building and construction, cyber and energy. This service line is part of Crawford Global Technical Services ("GTS®"), a group of skilled adjusters with technical training and specialized expertise, such as in forensics, engineering, accounting, or chemistry, with relationships spanning the insurance industry and Fortune 1000 corporations.

- U.S. Catastrophe Services, operating through our wholly owned subsidiary Crawford Catastrophe Services, LLC, provides independent adjusting resources and temporary services for insurance claims management in response to natural or man-made disasters. We have one of the largest trained and credentialed field forces in the industry available for response to catastrophic occurrences. U.S. Catastrophe Services utilizes a proprietary response mechanism to ensure prompt, effective management of catastrophic events for our clients.

- U.S. Contractor Connection is the largest independently managed contractor network in the industry, with approximately 5,000 credentialed residential and commercial contractors. This innovative service provides a customer-centric solution for a wide range of loss types from high-frequency, low-complexity claims to large complex repairs, optimizing the time and work process needed to resolve property claims. U.S. Contractor Connection supports our business process outsourcing strategy by providing high-quality outsourced contractor management to national and regional personal and commercial insurance carriers as well as directly to consumer markets.

In addition to these four major service lines, the U.S. Services segment, through the Company's WeGoLook®, LLC subsidiary, provides a variety of on-demand inspection, verification, and other field services for businesses and consumers through a mobile platform of independent contractors.

INTERNATIONAL. The International segment accounted for 40.7% of the Company's revenues before reimbursements in 2017. International segment revenues are primarily derived from the property and casualty insurance company markets, with additional revenues from the self-insured markets in the U.K., Canada, Asia-Pacific (which includes Australia and New Zealand, as well as the Middle East and Africa), and Europe and Rest of World (which together consist of continental Europe and Latin America). The major elements of international claims management services are substantially the same as those provided to U.S. property and casualty insurance company clients by our U.S. Services segment. The International segment also derives revenues from third-party administration services provided under the Broadspire brand.

BROADSPIRE. Our Broadspire segment, which operates in the U.S., accounted for 28.0% of the Company's revenues before reimbursements in 2017. Broadspire Services, Inc., a wholly-owned subsidiary of the Company, is a leading third-party administrator to employers and insurance companies.

Through the Broadspire segment, we provide a complete range of claims and risk management services to clients in the self-insured or commercially insured marketplace. In addition to field investigation and evaluation of claims, Broadspire also offers initial loss reporting services for claimants; loss mitigation services, such as medical bill

review, medical case management and vocational rehabilitation; risk management information services; and administration of trust funds established to pay claims. Broadspire services are provided through three major service lines: Workers' Compensation, Disability, and Liability Claims Management; Medical Management; and Risk Management Information Services.

- The Workers' Compensation, Disability, and Liability Claims Management service line offers a comprehensive, integrated approach to workers' compensation, disability, and liability claims management. This service line also includes Accident & Health claims programs, including affinity-type claims, and disability and leave management services to help employees return to their jobs as soon as possible.

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- The Medical Management service line offers case managers who proactively manage medical treatment while facilitating an understanding of, and participation in, the rehabilitation process. These programs aim to help employees recover as quickly as possible in a cost-effective method.

- Risk Management Information Services are provided to the existing client base of the Company through Risk Sciences Group, Inc. ("RSG"), a wholly-owned subsidiary of the Company. RSG is a leading risk management information systems software and services company with a history of providing customized risk management solutions to Fortune 1000 companies, insurance carriers, and brokers.

GARDEN CITY GROUP. The Garden City Group segment accounted for 6.9% of the Company's revenues before reimbursements in 2017. Since 1984, Garden City Group, LLC ("GCG"), a wholly-owned subsidiary of the Company, has helped law firms, corporations, government agencies, and courts bring their toughest national and international legal settlement administration projects to timely, positive conclusions by providing essential notification, claims processing, and distribution services related to securities, antitrust, employment, product liability, and other class action settlements, as well as mass tort, bankruptcy, regulatory, and data breach matters. GCG's services include identifying and qualifying class members, handling all written, electronic, and telephonic communications with claimants, and determining and dispensing settlement payments. Such services are generally referred to by the Company as class action services. GCG further provides back-office Business Process Outsourcing ("BPO") services via its contact center located in Dublin, Ohio. GCG provides field-experienced, multi-disciplined and technology-driven teams to support cases or projects with appropriate administrative services and resources. GCG offers solutions in several core areas:

- Class Action Services — technology-intensive administrative services for plaintiff and defense counsel as well as corporate defendants and federal and state regulators to expedite high-volume class action and regulatory settlements.

- Bankruptcy Services — cost-effective, end-to-end solutions for managing the administration of bankruptcy and other restructuring events.

- GCG Communications — legal notice and customer outreach programs for successful case and communication program administration.

- GCG Solutions — BPO services encompassing fulfillment, mail intake, call center and multimedia outreach solutions, payment distribution, and product recall needs.

FINANCIAL RESULTS

The percentages of the Company's total revenues before reimbursements derived from each operating segment are shown in the following table:

Year Ended December 31,	2017	2016	2015
U.S. Services	24.4 %	20.9 %	20.8 %
International	40.7 %	43.0 %	42.7 %
Broadspire	28.0 %	27.2 %	25.0 %
Garden City Group	6.9 %	8.9 %	11.5 %
	100.0%	100.0%	100.0%

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 in accordance with the provisions of

Accounting Standards Codification ("ASC") 810, "Consolidation," in order to provide sufficient time for accumulation of their results and, accordingly, the Company's December 31, 2017, 2016, and 2015 consolidated financial statements include the financial position of such operations as of October 31, 2017 and 2016, respectively, and the results of such operations and cash flows for the fiscal periods ended October 31, 2017, 2016, and 2015, respectively.

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In the normal course of the Company's business, it sometimes incurs certain out-of-pocket expenses that are thereafter reimbursed by its clients. Under generally accepted accounting principles in the U.S. ("GAAP"), these out-of-pocket expenses and associated reimbursements are required to be included when reporting expenses and revenues, respectively, in the Company's consolidated results of operations. However, because the amounts of reimbursed expenses and related revenues offset each other in the accompanying consolidated statements of operations with no impact to net income or operating earnings, management does not believe it is informative or beneficial to include these amounts in a discussion of our expenses and revenues, respectively. As a result, unless otherwise indicated, revenue amounts on a consolidated basis and for each of our operating segments described herein exclude reimbursements for out-of-pocket expenses. A reconciliation of revenues before reimbursements to consolidated revenues determined in accordance with GAAP is self-evident from the face of the accompanying consolidated financial statements.

Additional financial information regarding each of the Company's segments and geographic areas, including the information required by Item 101(b) of Regulation S-K, is included in Note 13, "Segment and Geographic Information," to the audited consolidated financial statements included in Item 8 of this Annual Report on Form 10-K.

MATERIAL CUSTOMERS

No single customer accounted for 10% or more of our consolidated revenues in 2017, 2016 or 2015. However, revenues and operating earnings from the Garden City Group operating segment are project based and can vary significantly from period to period depending on the timing of project engagement and the work performed in a given period. During the years ended December 31, 2017, 2016, and 2015, Garden City Group derived more than 10% of its revenues from the Deepwater Horizon class action settlement project, and during 2015 also derived more than 10% of its revenue from another non-Gulf related class action settlement project. Revenues and operating earnings from these projects in 2017 were at a reduced rate as compared to 2016 and 2015. We expect activity on the Deepwater Horizon class action settlement project to continue in 2018, although at further reduced rates.

In addition, for the year ended December 31, 2017, our U.S. Services segment derived in excess of 10% of its revenue from one customer, and during the years ended 2016 and 2015 derived more than 10% of its revenue from each of two customers. Individually neither of these customers accounted for more than 10% of our consolidated revenues in any year. The services provided to these customers are primarily project based and are covered by the terms of multiple contractual arrangements which expire at various times in the future.

In the event we are not able to retain these significant relationships, or replace any lost revenues from such relationships as the projects reach their respective end dates, revenues and operating earnings within these segments, and possibly for the Company as a whole, could be materially adversely affected.

INTELLECTUAL PROPERTY AND TRADEMARKS

The Company's intellectual property portfolio is an important asset which it seeks to expand and protect globally through a combination of trademarks, trade names, copyrights and trade secrets. The Company owns a number of active trademark applications and registrations which expire at various times. As the laws of many countries do not protect intellectual property to the same extent as the laws of the U.S., the Company cannot ensure that it will be able to adequately protect its intellectual property assets outside of the U.S. The failure to protect our intellectual property assets could have a material adverse affect on our business; however, the loss of any single patent, trademark or service mark, taken alone, would not have a material adverse effect on any of our segments or on the Company as a whole.

SERVICE DELIVERY

The Company's claims management services are offered primarily through its global network serving clients in more than 70 countries. Contractor Connection services are offered by providing high-quality outsourced contractor management to national and regional insurance carriers. WeGoLook services are offered through a mobile platform of independent contractors.

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COMPETITION

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 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 Company competes with a substantial number of smaller local and regional claims management services firms. Many of these smaller firms have rate structures that are lower than the Company's or may, in certain markets, have local knowledge which provides a competitive advantage. We do not believe these smaller firms offer the broad spectrum of claims management services in the range of locations the Company provides and, although such firms may secure business which has a local or regional source, the Company believes its quality product offerings, broader scope of services, and geographically dispersed offices provide us with an overall competitive advantage in securing business from both U.S. and international clients. There are also national and global independent companies that provide a similar broad spectrum of claims management services and who directly compete with the Company.

The legal settlement administration market within which our Garden City Group segment operates is highly competitive but is comprised of a limited 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 class action settlements, the volume of bankruptcy filings and the resulting settlements, the volume of mass torts 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 outlined in each project. Competition in this segment is primarily on pricing, resource allocation ability, and experience servicing similar matters. We believe our experienced leadership, coupled with global resources and technology, provide a competitive advantage in this market.

EMPLOYEES

At December 31, 2017, our total number of full-time equivalent employees ("FTEs") was approximately 8,800. In addition, the Company from time to time, uses the resources of a pool of temporary employees and a network of independent contractors, as and when the demand for services requires. These temporary employees primarily provide catastrophe adjuster services. The Company provides many of its employees with formal classroom training in basic and advanced skills relating to claims administration and healthcare management services. In many cases, employees are required to complete these or other professional courses in order to qualify for promotions. The Company generally considers its relations with its employees to be good.

BACKLOG

Backlog is not meaningful other than in our Garden City Group segment. At December 31, 2017 and 2016, our Garden City Group segment had an estimated revenue backlog related to projects awarded totaling approximately $66 million and $81 million, respectively. Additional information regarding this backlog is contained in Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations" of this Annual Report on Form 10-K under the caption "Garden City Group."

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AVAILABLE INFORMATION

The Company, a Georgia corporation, is required to file annual, quarterly and current reports, proxy statements and other information with the Securities and Exchange Commission ("SEC"). The public may read and copy any materials that the Company files with the SEC at the SEC's Public Reference Room at 100 F Street, N.E., Washington, D.C. 20549. Information on the operation of the Public Reference Room may be obtained by calling the SEC at 1-800-SEC-0330.

The Company's Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and amendments to reports filed pursuant to Sections 13(a) and 15(d) of the Securities Exchange Act of 1934 are available free of charge on our website, www.crawfordandcompany.com through the "Investor Relations" link located under the "About Us" tab, as soon as reasonably practicable after these reports are electronically filed or furnished to the SEC. The information contained on, or hyperlinked from, our website is not a part of, nor is it incorporated by reference into, this Annual Report on Form 10-K. In addition, the SEC maintains an Internet site that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC at http://www.sec.gov. Copies of the Company's Annual Report will also be made available, free of charge, upon written request to Corporate Secretary, Legal Department, Crawford & Company, 5335 Triangle Parkway, Peachtree Corners, Georgia, 30092.

ITEM 1A. RISK FACTORS

You should carefully consider the risks described below, together with the other information contained or incorporated by reference in this Annual Report on Form 10-K and in our other filings with the SEC from time to time when evaluating our business and prospects. Any of the events discussed in the risk factors below may occur, and our business, results of operations or financial condition could be materially adversely affected. Additional risks and uncertainties not presently known to us, or that we currently deem immaterial, may also materially adversely affect our financial condition or results of operations.

MARKET CONDITIONS

We depend on case volumes for a significant portion of our revenues. Case volumes are not subject to accurate forecasting, and a decline in case volumes may materially adversely affect our financial condition and results of operations.

Because we depend on case volume for revenue streams, a reduction in case referrals for any reason may materially adversely impact our results of operations and financial condition. We are unable to predict case volumes for a number of reasons, including the following:

- changes in the degree to which property and casualty insurance carriers or self-insured entities outsource, or intend to outsource, their claims handling functions are generally not disclosed in advance;
- we cannot predict the length or timing of any insurance cycle, described below;
- changes in the overall employment levels and associated workplace injury rates could impact the number of total claims and our case volumes and are not subject to accurate forecasting;

- the frequency and severity of weather-related, natural, and man-made disasters, which are a significant source of cases for us, are also generally not subject to accurate forecasting;
- potential consolidation of clients in the markets we operate could impact the volume of cases referred to providers;
- major insurance carriers, underwriters, and brokers could elect to expand their activities as administrators and adjusters, which would directly compete with our business; and
- we may not desire to or be able to renew existing major contracts with clients.

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If our case volume referrals decline for any of the foregoing, or any other reason, our revenues may decline, which could materially adversely affect our financial condition and results of operations.

We are subject to insurance underwriting market cycle risks. We may not be able to identify new revenue sources not directly tied to this cycle and, in that event, would remain subject to its risks.

Although the insurance industry underwriting cycle has been characterized in recent years as soft, the property-casualty underwriting cycle remains volatile and could rapidly transition to a harder market due to certain factors such as the occurrence of significant catastrophic losses or the performance of capital markets. In softer insurance markets, insurance premiums and deductible levels are generally in decline and industry-wide claim volumes generally increase, which should increase claim referrals to us, provided property and casualty insurance carriers do not reduce the number of claims they outsource to independent firms such as ours. Because the underwriting cycle can change suddenly due to unforeseen events in the financial markets or catastrophic claims activity, we cannot predict what impact the current market may have on us in the future or the timing of when the market may change in the future. Indicators of a hard insurance underwriting cycle generally include higher premiums, higher deductibles, lower liability limits, increased excluded coverages, increased reservation of rights letters, and more unpaid claims. During a hard insurance underwriting market, insurance companies typically become very selective in the risks they underwrite, and insurance premiums and policy deductibles increase. This often results in a reduction in industry-wide claims volumes, which reduces claim referrals to us unless we are able to grow in our market share.

We try to mitigate this risk exposure through the development and marketing of services that are not affected by the insurance underwriting cycle. However, there can be no assurance that our mitigation efforts will be effective with respect to eliminating or reducing underwriting market cycle risk. To the extent we cannot effectively minimize the risk through diversification, our financial condition and results of operations could be materially adversely impacted by, or during, future hard market cycles.

In recent periods, we have derived a material amount of our revenues from a limited number of clients and projects. As these projects near completion, if we are not able to replace these revenues, our financial condition and results of operations could be materially adversely affected.

From time to time, we derive a material portion of our revenues from a limited number of clients. For example, for the years ended December 31, 2017, 2016, and 2015, our Garden City Group segment derived more than 10% of its revenues from the Deepwater Horizon class action settlement project, and during 2015 also derived more than 10% of its revenue from a separate class action settlement project. Individually, neither of these projects accounted for in excess of 10% of our consolidated revenues in any year. Revenues and operating earnings from these projects in 2017 were at a reduced rate as compared to 2016 and 2015. We expect activity on the Deepwater Horizon class action settlement project to continue in 2018, although at further reduced rates.

In addition, for the years ended December 31, 2017, 2016, and 2015, our U.S. Services segment derived in excess of 10% of its revenue from one customer, and during 2016 and 2015 also derived more than 10% of its revenue from another customer. Individually, neither of these customers accounted for more than 10% of our consolidated revenues in any year. The services provided to these customers are primarily project based and are covered by the terms of multiple contractual arrangements which expire at various times in the future.

In the event we are not able to retain these significant relationships, or replace any lost revenues from such relationships as the projects reach their respective end dates, revenues and operating earnings within these segments,

and possibly for the Company as a whole, could be materially adversely affected.

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Garden City Group service revenues are project-based and can fluctuate significantly from period to period.

Our Garden City Group service revenues are project-based and can fluctuate significantly from period to period. Revenues from this segment are in part dependent on product liability, anti-trust, employment, mass tort, bankruptcy and securities class action cases and settlements. Legislation or a change in market conditions could curtail, slow or limit growth of this part of our business. Tort reforms in the U.S., at either the national or state levels, could limit the number and size of future class action cases and settlements. Any slowdown in the referral of projects to the Garden City Group segment or the commencement of services under the projects in any period, including for reasons outside of our control, could materially adversely impact our financial condition and results of operations.

TECHNOLOGY AND DATA SECURITY

We manage a large amount of highly sensitive and confidential consumer information including personally identifiable information, protected health information and financial information. Unauthorized access to, alteration or disclosure of this data, whether as a result of criminal conduct, advances in computer hacking or otherwise, could result in a material loss of business, substantial legal liability or significant harm to our reputation.

We manage a large amount of highly sensitive and confidential consumer information including personally identifiable information, protected health information and financial information. A security incident impacting our own data centers or those controlled by our service providers may compromise the confidentiality, integrity or availability of this confidential consumer information. Unauthorized access to or disclosure of confidential consumer information stored by us or our service providers may occur through break-ins, breaches of a secure network by an unauthorized party, employee theft or misuse or other misconduct. It is also possible that unauthorized access to or disclosure of such confidential consumer information may be obtained through inadequate use of security controls by us or our employees. If there were an inadvertent disclosure of confidential consumer information, or if a third party were to gain unauthorized access to the confidential consumer information, our operations could be disrupted, our reputation could be damaged and we could be subject to claims or other liabilities, regulatory investigations, or fines. In addition, such perceived or actual unauthorized disclosure of the information we collect or breach of our security could damage our reputation, result in the loss of customers and harm our business.

Increasing regulatory focus on privacy issues and expanding laws could impact our business models and expose us to increased liability.

U.S. privacy and data security laws apply to our various businesses. We also do business globally in countries that have more stringent data protection laws than those in the United States that may be inconsistent across jurisdictions and are subject to evolving and differing interpretations. Governments, privacy advocates and class action attorneys are increasingly scrutinizing how companies collect, process, use, store, share and transmit personal data. Globally, new laws, such as the General Data Protection Regulation ("GDPR") in Europe, and industry self-regulatory codes have been enacted and more are being considered that may affect our ability to respond to customer requests under the laws, and to implement our business models effectively. These requirements, among others, may force us to bear the burden of more onerous obligations in our contracts. Any perception of our practices, products or services as a violation of individual privacy rights may subject us to public criticism, class action lawsuits, reputational harm, or investigations or claims by regulators, industry groups or other third parties, all of which could disrupt our business and expose us to increased liability. Additionally, we store information on behalf of our customers and if our customers fail to comply with contractual obligations or applicable laws, it could result in litigation or reputational harm to us.
Transferring personal information across international borders is becoming increasingly complex. For example, European data transfers outside the European Economic Area are highly regulated. The mechanisms that we and many

other companies rely upon for European data transfers are being contested in the European court system. We are closely monitoring developments related to requirements for transferring personal data outside the EU. These requirements may result in an increase in the obligations required to provide our services in the EU or in sanctions and fines for non-compliance. Several other countries, including Canada and Australia, have also established specific legal requirements for cross-border transfers of personal information. These developments in Europe and elsewhere could harm our business, financial condition and results of operations.

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We may not be able to develop or acquire necessary IT resources to support and grow our business. Our failure to do this could materially adversely affect our business, results of operations, and financial condition.

We have made substantial investments in software and related technologies that are critical to the core operations of our business. These IT resources will require future maintenance and enhancements, potentially at substantial costs. Additionally, these IT resources may become obsolete in the future and require replacement, potentially at substantial costs. We may not be able to develop, acquire replacement resources or identify new technology resources necessary to support and grow our business. Any failure to do so, or to do so in a timely manner or at a cost considered reasonable by us, could materially adversely affect our business, results of operations, and financial condition.

If we do not protect our proprietary information and technology resources and prevent third parties from making unauthorized use of our proprietary information, intellectual property, and technology, our financial results could be harmed.

We rely on a combination of trademark, trade name, copyright and trade secret laws to protect our proprietary information, intellectual property, and technology. However, all of these measures afford only limited protection and may be challenged, invalidated or circumvented by third parties. Third parties may copy aspects of our processes, products or materials, or otherwise obtain and use our proprietary information without authorization. Unauthorized copying or use of our intellectual property or proprietary information could materially adversely affect our financial condition and results of operations. Third parties may also develop similar or superior technology independently, including by designing around any of our proprietary technology. Furthermore, the laws of some foreign countries do not offer the same level of protection of our proprietary rights as the laws of the U.S., and we may be subject to unauthorized use of our intellectual property in those countries. Any legal action that we may bring to protect intellectual property and proprietary information could be unsuccessful, expensive and may distract management from day-to-day operations.

We currently operate on multiple proprietary software platforms to support our service offerings and internal corporate systems. The failure or obsolescence of any of these platforms, if not remediated or replaced, could materially adversely affect our business, results of operations, and financial condition

We currently utilize multiple software platforms to support our service offerings. We believe certain of these software platforms distinguish our service offerings from our competitors. The failure of one or more of our software platforms to function properly, or the failure of these platforms to remain competitive, could materially adversely affect our business, results of operations, and financial condition.

BUSINESS AND OPERATIONS

A significant portion of our operations are international. These international operations subject us to political, legal, operational, exchange rate and other risks not generally present in U.S. operations, which could materially negatively affect those operations or our business as a whole.

Our international operations subject us to political, legal, operational, exchange rate and other risks that we do not face in our domestic operations. We face, among other risks, the risk of discriminatory regulation; nationalization or expropriation of assets; changes in both domestic and foreign laws regarding taxation, trade and investment abroad; potential loss of proprietary information due to piracy, misappropriation or laws that may be less protective of our

intellectual property rights; or price controls and exchange controls or other restrictions that could prevent us from transferring funds from these operations out of the countries in which they were earned or converting local currencies we hold into U.S. dollars or other currencies.

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International operations also subject us to numerous additional laws and regulations that are in addition to, or may be different from, those affecting U.S. businesses, such as those related to labor, employment, worker health and safety, antitrust and competition, trade restriction, environmental protection, consumer protection, import/export and anti-corruption, including but not limited to the Foreign Corrupt Practices Act ("FCPA"). Although we have put into place policies and procedures aimed at ensuring legal and regulatory compliance, our employees, subcontractors, and agents could inadvertently or intentionally take actions that violate any of these requirements. Violations of these regulations could impact our ability to conduct business, or subject us to criminal or civil enforcement actions, any of which could have a material adverse effect on our business, financial condition or results of operations.

We currently, and from time to time in the future may, outsource a portion of our internal business functions to third-party providers. Outsourcing these functions has significant risks, and our failure to manage these risks successfully could materially adversely affect our business, results of operations, and financial condition.

We currently, and from time to time in the future may, outsource significant portions of our internal business functions to third-party providers. Third-party providers may not comply on a timely basis with all of our requirements, or may not provide us with an acceptable level of service. In addition, our reliance on third-party providers could have significant negative consequences, including significant disruptions in our operations and significantly increased costs to undertake our operations, either of which could damage our relationships with our customers. As a result of our outsourcing activities, it may also be more difficult for us to recruit and retain qualified employees for our business needs at any time. Our failure to successfully outsource any material portion of our business functions could materially adversely affect our business, results of operations, and financial condition.

As a U.S. based Multi-national Corporation we could be adversely impacted by changes in our effective tax rate.

On December 22, 2017, the Tax Cuts and Jobs Act (the “Tax Act”) was enacted, which could have a material impact on our results. The Tax Act significantly changes U.S. federal income tax law. The changes include, but are not limited to: a federal corporate rate reduction from 35% to 21%, limitations on the deductibility of interest expense and executive compensation, creation of a new minimum tax on global intangible low taxed income (“GILTI”), and a one-time U.S. tax liability on those earnings which have not previously been repatriated to the U.S. (the “Transition Tax”) as a result of the transition of U.S. international taxation from a worldwide tax system to a modified territorial tax system. We have made initial estimates of the impacts of the Tax Act as allowed under Staff Accounting Bulletin No. 118 (“SAB 118”). The ultimate impact of the Tax Act may differ from the Company’s current estimates under SAB 118 due to changes in interpretations and assumptions made by the Company as well as the issuance of any further regulations or guidance that may alter the operation of the U.S. federal income tax code. Various uncertainties also exist in terms of how U.S. states and any foreign countries within which we operate will react to the Tax Act, which could have additional impacts on our results.

We are continuing to ramp up and integrate our Global Business Services Center in the Philippines and a Global Technology Services Center in India (the "Centers"). If we are unable to timely and cost effectively ramp up and integrate operations at the Centers, or fail to achieve the expected operational synergies therefrom on a timely basis or at all, or if the tax rules relating to international operations change, our results of operations and financial condition may be materially adversely affected.

In 2014, we established a wholly-owned global business services center in the Philippines. We have subsequently expanded our offshore operations to include Information Technology services performed in India. The Centers provide us venues for global consolidation of certain business functions, shared services, and currently outsourced

processes. The Centers, which will continue to be phased in through 2018, are expected to allow us to continue to strengthen our client service, realize additional operational efficiencies, and invest in new capabilities for growth. No assurances can be provided of our ability to timely or cost effectively complete and ramp up operations at the Centers, or to achieve expected cost savings on a timely basis, or at all.

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We may not be able to have the Centers fully staffed and operational on a timely basis, or at presently anticipated costs. In addition, our anticipated efficiencies and future estimated cost savings are based on several assumptions that may prove to be inaccurate, including, but not limited to, our expectations about the tax deductibility of certain costs, and, as a result, there can be no assurance that we will realize these efficiencies and cost savings in the expected time line or at all. Our inability to have the Centers staffed and operational within our presently anticipated time frame or at presently anticipated costs, or our failure or delays in achieving projected levels of efficiencies and cost savings from such measures, including as a result of developments outside of our control, or any unanticipated inefficiencies resulting from establishing the Centers, could materially adversely affect our results of operations and financial condition.

We are, and may become, party to lawsuits or other claims that could adversely impact our business.

In the normal course of the claims administration services business, we are from time to time named as a defendant in suits by insureds or claimants contesting decisions by us or our clients with respect to the settlement of claims. Additionally, our clients have in the past brought, and may, in the future bring, claims for indemnification on the basis of alleged actions on our part or on the part of our agents or our employees in rendering services to clients. There can be no assurance that additional lawsuits will not be filed against us. There also can be no assurance that any such lawsuits will not have a disruptive impact upon the operation of our business, that the defense of the lawsuits will not consume the time and attention of our senior management and financial resources or that the resolution of any such litigation will not have a material adverse effect on our business, financial condition and results of operations.

LIQUIDITY AND CAPITAL

Our U.S. qualified defined benefit pension plan (the "U.S. Qualified Plan") and certain international defined benefit plans in Germany, Norway, and the Philippines (the "other international plans") are underfunded. Future funding requirements, including those imposed by any further regulatory changes, could restrict cash available for our operating, financing, and investing requirements.

At the end of the most recent measurement periods for our U.S. Qualified Plan and certain of our other international defined benefit pension plans, the projected benefit obligations for these specific plans were underfunded by $87.0 million. In recent years we have been required to make significant contributions to these plans and will have to make significant future contributions. Crawford expects to make discretionary contributions of $9.0 million per annum to the U.S. Qualified Plan for the next five fiscal years to improve the funded status of the plan and minimize future required contributions. In addition, regulatory requirements in the U.K. require us to make additional contributions to our U.K. Plans, even though they have assets in excess of their projected benefit obligations as of December 31, 2017. Volatility in the capital markets and future legislation may have a negative impact on our U.S., U.K. and other international pension plans, which may further increase the underfunded portion of our pension plans and our attendant funding obligations. Expected and required contributions to our underfunded defined benefit pension plans will reduce our liquidity, restrict available cash for our operating, financing, and investing needs and may materially adversely affect our financial condition and our ability to deploy capital to other opportunities.

While we intend to comply with our future funding requirements through the use of cash from operations, there can be no assurance that we will generate enough cash to do so. Our inability to fund these obligations through cash from operations could require us to seek funding from other sources, including through additional borrowings under our Credit Facility (defined below), if available, proceeds from debt or equity financings, or asset sales. There can be no assurance that we would be able to obtain any such external funding in amounts, at times and on terms that we deem commercially reasonable, in order for us to meet these obligations. Furthermore, any of the foregoing could materially

increase our outstanding debt or debt service requirements, or dilute the value of the holdings of our current shareholders, as the case may be. Our inability to comply with any funding obligations in a timely manner could materially adversely affect our financial condition.

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We have debt covenants in our credit facility that require us to maintain compliance with certain financial ratios and other requirements. If we are not able to maintain compliance with these requirements, all of our outstanding debt could become immediately due and payable.

We are party to a credit facility, amended and restated as of October 11,2017, with Wells Fargo Bank, N.A., Bank of America, N.A., RBS Citizens, N.A., and the other lenders a party thereto, (as amended, the "Credit Facility"). The Credit Facility contains various representations, warranties and covenants, including covenants limiting liens, indebtedness, guarantees, mergers and consolidations, substantial asset sales, investments and loans, sale and leasebacks, restrictions on dividends and distributions, and other fundamental changes in our business. Additionally, the Credit Facility contains covenants requiring us to remain in compliance with a maximum leverage ratio and a minimum fixed charge coverage ratio. If we do not maintain compliance with the covenant requirements, we may be in default under the Credit Facility. In such an event, the lenders under the Credit Facility would generally have the right to declare all then-outstanding amounts thereunder immediately due and payable. If we could not obtain a required waiver on satisfactory terms, we could be required to renegotiate the terms of the Credit Facility or immediately repay this indebtedness. Any such renegotiation could result in less favorable terms, including additional fees, higher interest rates and accelerated payments, and would necessitate significant time and attention of management, which could divert their focus from business operations. Any required payment may necessitate the sale of assets or other uses of resources that we do not believe would be in our best interests. While we do not presently expect to be in violation of any of these requirements, no assurances can be given that we will be able to continue to comply with them in the future. Any failure to continue to comply with such requirements could materially adversely affect our borrowing ability and access to liquidity, and thus our overall financial condition, as well as our ability to operate our business.

In recent periods we have incurred impairment charges that reduced the carrying value of our intangible assets and goodwill; in the future we may be required to incur additional impairment charges on a portion or all of the carrying value of our intangible assets and goodwill, which may adversely affect our financial condition and results of operations.

Each year, and more frequently on an interim basis if appropriate, we are required by ASC Topic 350, "Intangibles--Goodwill and Other," to assess the carrying value of our indefinite lived intangible assets and goodwill to determine whether the carrying value of those assets is impaired. Such assessment and determination involves significant judgments to estimate the fair value of our reporting units, including estimating future cash flows, near term and long term revenue growth, and determining appropriate discount rates, among other assumptions. During the year ended December 31, 2017, we recorded $19.6 million in goodwill impairment charges related to our Garden City group reporting unit. If our future financial results deteriorate or our estimations or assumptions prove to be incorrect, we could be required to take additional impairment charges. In particular, we believe the $19.4 million of goodwill in our U.S. Services segment excluding U.S. Contractor Connection operations reporting unit is most exposed to potential impairment. We intend to continue to monitor the performance of our reporting units and, should actual operating earnings consistently fall below forecasted operating earnings, we will perform an interim goodwill impairment analysis. Any such charges could materially adversely affect our financial results in the periods in which they are recorded.

Control by a principal shareholder could adversely affect the Company and our other shareholders.

As of December 31, 2017, Jesse C. Crawford, a member of our Board of Directors, and the father of Jesse C. Crawford, Jr., who is also a member of the Board of Directors, beneficially owned approximately 52% of our outstanding voting Class B Common Stock. As a result, he has the ability to control substantially all matters submitted

to our shareholders for approval, including the election and removal of directors. He also has the ability to control our management and affairs. As of December 31, 2017, Mr. Crawford also beneficially owned approximately 35% of our outstanding non-voting Class A Common Stock. This concentration of ownership of our stock may delay or prevent a change in control; impede a merger, consolidation, takeover, or other business combination involving us; discourage a potential acquirer from making a tender offer or otherwise attempting to obtain control of us; reduce the liquidity, and thus the trading price, of our stock; or result in other actions that may be opposed by, or not be in the best interests of, the Company and our other shareholders.

COMPETITION AND EMPLOYEES

We operate in highly competitive markets and face intense competition from both established entities and new entrants into those markets. Our failure to compete effectively may adversely affect us.

Our ability to retain clients and maintain and increase case referrals is also dependent in part on our ability to continue to provide high-quality, competitively priced services and effective sales efforts.

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. We are also impacted by decisions insurance companies and self-insured entities 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.

The legal settlement administration market within which our Garden City Group segment operates is highly competitive but is comprised of a limited 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 class action settlements, the volume of bankruptcy filings and the resulting settlements, volume of mass torts and general economic conditions.

We may not be able to recruit, train, and retain qualified personnel, including retaining a sufficient number of on-call claims adjusters, to respond to catastrophic events that may, singularly or in combination, significantly increase our clients' needs for adjusters.

Our catastrophe related work and revenues can fluctuate dramatically based on the frequency and severity of natural and man-made disasters. When such events happen, our clients usually require a sudden and substantial increase in the need for catastrophic claims services, which can strain our capacity. Our internal resources are sometimes not sufficient to meet these sudden and substantial increases in demand. When these situations occur, we must retain outside adjusters (temporary employees and contractors) to increase our capacity. There can be no assurance that we will be able to retain such outside adjusters with the requisite qualifications, at the times needed or on terms that we believe are economically reasonable. Insurance companies and other loss adjusting firms also aggressively compete for these independent adjusters, who often command high prices for their services at such times of peak demand. Such competition could reduce availability, increase our costs and reduce our revenues. Our failure to timely, efficiently, and competently provide these services to our clients could result in reduced revenues, loss of customer goodwill and a materially negative impact on our results of operations.

The risks described above are not the only ones we face, but are the ones currently deemed the most material by us based on available information. New risks may emerge from time to time, and it is not possible for management to predict all such risks, nor can we assess the impact of known risks on our business or the extent to which any factor or combination of factors may cause actual results to differ materially from those contained in any forward-looking statement.

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ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 2. PROPERTIES

As of December 31, 2017, the Company owned an office in Kitchener, Ontario. As of December 31, 2017, the Company leased approximately 300 other office locations under various leases with varying terms. For additional information on the Company's significant operating leases and subleases, see Note 6 "Commitments Under Operating Leases" of our accompanying audited consolidated financial statements included in Item 8 of this Annual Report on Form 10-K. Other office locations are occupied under various short-term rental arrangements. The Company generally believes that its office locations are sufficient for its operations and that, if it were necessary to obtain different or additional office locations, such locations would be available at times, and on commercially reasonable terms, as would be necessary for the conduct of its business. No assurances can be given, however, that the Company would be able to obtain such office locations as and when needed, or on terms it considered to be reasonable, if at all.

ITEM 3. LEGAL PROCEEDINGS

In the normal course of the claims administration services business, the Company is from time to time named as a defendant in suits by insureds or claimants contesting decisions by the Company or its clients with respect to the settlement of claims. Additionally, clients of the Company have, in the past, brought and may, in the future bring, claims for indemnification on the basis of alleged actions on the part of the Company, its agents or its employees in rendering service 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 its various insurance coverages. In the opinion of the Company, adequate reserves have been provided for such known risks. No assurances can be provided, however, that the result of any such action, claim or proceeding, now known or occurring in the future, will not result in a material adverse effect on our business, financial condition or results of operations.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

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PART II

ITEM 5. MARKET FOR THE REGISTRANT'S COMMON EQUITY, RELATED SHAREHOLDER MATTERS, AND ISSUER PURCHASES OF EQUITY SECURITIES

Shares of the Company's two classes of common stock are traded on the NYSE under the symbols CRD-A and CRD-B, 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 following table sets forth, for the quarterly periods indicated, the high and low sales prices per share for CRD-A and CRD-B, as reported on the NYSE:

2017	First	Second	Third	Fourth
CRD-A — High	$9.46	$9.17	$9.71	$9.95
CRD-A — Low	$7.45	$7.14	$6.91	$7.13
CRD-B — High	$12.85	$11.12	$12.23	$12.37
CRD-B — Low	$9.20	$8.71	$8.35	$8.63

2016	First	Second	Third	Fourth
CRD-A — High	$6.02	$ 7.89	$9.72	$10.47
CRD-A — Low	$3.89	$ 5.65	$7.70	$8.57
CRD-B — High	$6.48	$ 8.57	$12.09	$13.66
CRD-B — Low	$4.03	$ 6.14	$8.48	$10.90

During the year ended December 31, 2017, we declared and paid quarterly cash dividends totaling $0.28 per share and $0.20 per share on CRD-A and CRD-B, respectively. During the year ended December 31, 2016, we declared and paid quarterly cash dividends totaling $0.28 per share and $0.20 per share on CRD-A and CRD-B, respectively. In addition, during the quarter ending March 31, 2018, we declared cash dividends of $0.07 per share on CRD-A and $0.05 per share on CRD-B, which dividends are payable on March 9, 2018 to shareholders of record at the close of business on February 26, 2018.

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 dividends in the future could be impacted by many factors including the funding requirements of our defined benefit pension plans, required or planned 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 or other applicable documents. The covenants in our Credit Facility limit restricted payments, which include dividend payments to shareholders. See Note 4, "Short-Term and Long-Term Debt, Including Capital Leases" to the audited consolidated financial statements included in Item 8 of this Annual Report on Form 10-K.

The number of record holders of each class of the Company's common stock as of December 31, 2017 was as follows: CRD-A — 2,829 and CRD-B — 417.

The Company's share repurchase authorization, approved in August 2014, (the "2014 Repurchase Authorization") provided the Company with the ability to repurchase up to 2,000,000 shares of CRD-A or CRD-B (or both). The 2014 Repurchase Authorization was terminated on July 28, 2017.

Effective July 29, 2017, the Company's Board of Directors authorized the repurchase of up to 2,000,000 shares of CRD-A or CRD-B (or both) through July 2020 (the "2017 Repurchase Authorization"). Under the 2017 Repurchase Authorization, repurchases may be made for cash, in the open market or privately negotiated transactions at such times and for such prices as management deems appropriate, subject to applicable contractual and regulatory restrictions.

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Through December 31, 2017, the Company had repurchased 699,800 shares of CRD-A and 188,200 shares of CRD-B under the 2014 and 2017 Repurchase Authorizations at an average cost of $8.21 and $8.88, respectively. At December 31, 2017, the Company had remaining authorization to repurchase 1,666,671 shares under the 2017 Repurchase Authorization.

The following graph and table show the value as of December 31, 2017 of a $100 investment in the Company's Class B common stock as of December 31, 2012 as compared to a similar investment in each of (i) the S&P 500 Index, and (ii) the S&P 500 Property-Casualty Insurance Index, in each case on a total return basis assuming the reinvestment of all dividends. We caution you not to draw any conclusions from the data in this performance graph, as past results do not necessarily indicate future performance.

Comparison of Cumulative Five Year Total Return
nCrawford & Company (Class B) tS&P 500 Index lS&P Property-Casualty Insurance Index

TOTAL RETURN TO SHAREHOLDERS
(Includes reinvestment of dividends)

	Base Period	INDEXED RETURNS YEARS ENDED DECEMBER 31,				
Company / Index	2012	2013	2014	2015	2016	2017
Crawford & Company (Class B)	100.00	117.83	133.63	71.06	172.30	134.69
S&P 500 Index	100.00	132.39	150.51	152.59	170.84	208.14
S&P Property-Casualty Insurance Index	100.00	138.29	160.07	175.32	202.86	248.27

The foregoing graph and table are not, and shall not be deemed to be, filed as part of the Company's annual report on Form 10-K. Such graph and table do not constitute soliciting material and should not be deemed filed or incorporated by reference into any filing of the Company under the Securities Act of 1933, or the Securities Exchange Act of 1934, except to the extent specifically incorporated by reference therein by the Company.

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ITEM 6. SELECTED FINANCIAL DATA

The following selected financial data should be read in conjunction with Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the audited consolidated financial statements and notes thereto contained in Item 8, "Financial Statements and Supplementary Data" of this Annual Report on Form 10-K.

Year Ended December 31,	2017	2016	2015	2014	2013
	(In thousands, except per share amounts and percentages)				
Revenues before Reimbursements	$1,105,832	$1,109,286	$1,170,385	$1,142,851	$1,163,445
Reimbursements	57,877	68,302	71,135	74,112	89,985
Total Revenues	1,163,709	1,177,588	1,241,520	1,216,963	1,253,430
Total Costs of Services	841,988	856,675	940,352	914,814	936,427
U.S. Services Operating Earnings (1)	35,673	35,624	32,622	18,039	11,895
International Operating Earnings (1)	47,236	43,248	18,087	25,344	38,795
Broadspire Operating Earnings (1)	32,729	30,003	24,017	15,469	8,245
Garden City Group Operating (Loss) Earnings (1)	(4,373)	7,225	12,299	22,849	46,752
Unallocated Corporate and Shared Costs and Credits, Net	(15,559)	(23,971)	(16,605)	(8,582)	(10,829)
Net Corporate Interest Expense	(9,062)	(9,185)	(8,383)	(6,031)	(6,423)
Stock Option Expense	(1,718)	(621)	(433)	(859)	(948)
Amortization of Customer-Relationship Intangible Assets	(10,982)	(9,592)	(9,668)	(6,341)	(6,385)
Goodwill Impairment Charges	(19,598)	—	(49,314)	—	—
Restructuring and Special Charges	(12,084)	(9,490)	(34,395)	—	—
Income Taxes	(15,039)	(25,565)	(13,832)	(28,780)	(29,766)
Net Loss (Income) Attributable to Noncontrolling Interests and Redeemable Noncontrolling Interests	442	(1,710)	117	(484)	(358)
Net Income (Loss) Attributable to Shareholders of Crawford & Company	$27,665	$35,966	$(45,488)	$30,624	$50,978
Earnings (Loss) Per Share - Basic (2):					
CRD-A	$0.53	$0.68	$(0.79)	$0.59	$0.95
CRD-B	$0.45	$0.60	$(0.87)	$0.52	$0.91
Earnings (Loss) Per share - Diluted (2):					
CRD-A	$0.52	$0.67	$(0.79)	$0.57	$0.93
CRD-B	$0.45	$0.60	$(0.87)	$0.52	$0.90
Current Assets	$370,367	$364,731	$370,177	$367,583	$369,681
Total Assets	$787,936	$735,859	$783,406	$789,319	$790,058
Current Liabilities	$256,591	$230,287	$258,348	$259,559	$317,393
Long-Term Debt and Capital Leases, Less Current Installments	$200,460	$187,002	$225,365	$154,046	$101,779
Total Debt	$225,672	$188,014	$247,282	$156,811	$137,645
Shareholders' Investment Attributable to Shareholders of Crawford & Company	$182,320	$153,883	$113,693	$172,937	$199,805
Total Capital	$407,992	$341,897	$360,975	$329,748	$337,450
Current Ratio	1.4:1	1.6:1	1.4:1	1.4:1	1.2:1
Total Debt to Total Capital Ratio	55.3%	55.0%	68.5%	47.6%	40.8%
	16.5%	26.9%	(31.7)%	16.4%	30.3%

Return on Average Shareholders' Investment					
Cash Provided by Operating Activities	$40,757	$98,864	$61,655	$6,606	$77,844
Cash Used in Investing Activities	$(81,866)	$(32,966)	$(101,178)	$(31,767)	$(33,528)
Cash Provided By (Used in) Financing Activities	$10,343	$(55,151)	$67,889	$4,532	$(39,132)
Shareholders' Investment Attributable to Shareholders of Crawford & Company Per Diluted Share	$3.21	$2.74	$2.06	$3.11	$3.60
Cash Dividends Per Share:					
CRD-A	$0.28	$0.28	$0.28	$0.24	$0.18
CRD-B	$0.20	$0.20	$0.20	$0.18	$0.14
Weighted-Average Shares and Share-Equivalents:					
Basic	55,928	55,483	55,286	54,927	54,543
Diluted	56,764	56,220	55,286	55,673	55,545

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(1) This is a segment financial measure calculated in accordance with ASC Topic 280, "Segment Reporting," and representing segment earnings before certain unallocated corporate and shared costs and credits, net corporate interest expense, stock option expense, amortization of customer-relationship intangible assets, goodwill impairment charges, restructuring and special charges and credits, income taxes, and net loss or income attributable to noncontrolling interests and redeemable noncontrolling interests.

(2) The Company computes earnings (loss) per share of CRD-A and CRD-B using the two-class method, which allocates the undistributed earnings (loss) for 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 CRD-A than on CRD-B, subject to certain limitations. In periods when the dividend is the same for CRD-A and CRD-B or when no dividends are declared or paid to either class, the two-class method generally will yield the same earnings (loss) per share for CRD-A and CRD-B.

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ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") is intended to help the reader understand Crawford & Company, our operations, and our business environment. This MD&A is provided as a supplement to — and should be read in conjunction with — our audited consolidated financial statements and the accompanying notes thereto contained in Item 8, "Financial Statements and Supplementary Data," of this Annual Report on Form 10-K. As described in Note 1, "Significant Accounting and Reporting Policies," of those accompanying audited consolidated financial statements, financial results from our 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 in accordance with the provisions of ASC 810, "Consolidation," in order to provide sufficient time for accumulation of their results. Accordingly, the Company's December 31, 2017, 2016, and 2015 consolidated financial statements include the financial position of such operations as of October 31, 2017 and 2016, respectively, and the results of their operations and cash flows for the fiscal periods ended October 31, 2017, 2016 and 2015, respectively.

Business Overview

Based in Atlanta, Georgia, Crawford & Company (www.crawfordandcompany.com) is the world's largest publicly listed 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® 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 NYSE under the symbols CRD-A and CRD-B, 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: U.S. Services, International, Broadspire, and Garden City Group. Our four operating segments represent components of the 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. U.S. Services primarily serves the U.S. property and casualty insurance company markets. International serves the property and casualty insurance company and self-insurance markets outside the U.S. Broadspire serves the self-insurance marketplace, primarily in the U.S. Garden City Group serves the class action, regulatory, mass tort, bankruptcy, and other legal administration markets, primarily in the U.S.

Insurance companies rely on us for certain services such as field investigation and the evaluation of property and casualty insurance claims. Our Contractor Connection service line provides a managed contractor network to insurance carriers and consumer markets.

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 class action settlements, mass tort claims and bankruptcies, including identifying and qualifying class members, determining and dispensing settlement payments, and administering settlement funds.

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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 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 within which our Garden City Group segment operates is highly competitive but is comprised of a limited 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 class action settlements, the volume of bankruptcy filings and the resulting settlements, the volume of mass torts 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 outlined in each project.

On January 4, 2017, the Company acquired 85% of the outstanding membership interests of WeGoLook®, LLC, an Oklahoma limited liability company, and certain non-compete agreements, for consideration of $36,125,000 on a debt free valuation basis. WeGoLook provides a variety of on-demand inspection, verification, and other field services for businesses and consumers through a mobile platform of independent contractors.

In 2014, we established a wholly-owned global business services center in the Philippines. We have subsequently expanded our offshore operations to include Information Technology services performed in India. The Centers provide us venues for global consolidation of certain business functions, shared services, and currently outsourced processes. The Centers, which will continue to be phased in through 2018, are expected to allow us to continue to strengthen our client service, realize additional operational efficiencies, and invest in new capabilities for growth. No assurances can be provided of our ability to timely or cost effectively complete and ramp up operations at the Centers, or to achieve expected cost savings on a timely basis, or at all. Costs associated with the establishment and phase-in of the Centers were $0.4 million in 2017, $3.7 million in 2016, and $4.4 million in 2015. Costs to be incurred in 2018 are not expected to be significant.

In 2015 we announced various restructuring plans intended to, among other things, reduce overhead costs in certain functions and in our business segments, and streamline senior management to reduce costs and further improve execution. These plans included restructuring and integration costs and other special charges discussed in Note 16, "Restructuring and Special Charges" to the audited consolidated financial statements included in Item 8 of this Annual Report on Form 10-K. Restructuring and special charges, exclusive of costs related to the establishment and phase-in of the Centers, for these and other similar plans totaled $11.6 million in 2017, $5.7 million in 2016 and $30.0 million in 2015. We do not anticipate any restructuring and special charges in 2018.

Non-cash goodwill impairment charges for 2017 were $19.6 million. There were no goodwill impairment charges in 2016. We incurred non-cash goodwill impairment charges of $49.3 million in 2015. See the "Critical Accounting Policies" in Item 7 and Note 3, "Goodwill and Intangible Assets" of our accompanying audited consolidated financial statements included in Item 8 of this Annual Report on Form 10-K for further discussion about goodwill impairment charges.

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On December 22, 2017, the Tax Cuts and Jobs Act (the "Tax Act") was enacted. The Tax Act significantly changes U.S. Federal income tax law. The changes include, but are not limited to: a federal corporate rate reduction from 35% to 21%, limitations on the deductibility of interest expense and executive compensation, creation of a new minimum tax on global intangible low taxed income ("GILTI"), and a one-time U.S. tax liability on those earnings which have not previously been repatriated to the U.S. (the "Transition Tax") as a result of the transition of U.S. international taxation from a worldwide tax system to a modified territorial tax system. In connection with our initial analysis of the impact of the Tax Act, we have recorded a provisional estimate in accordance with Staff Accounting Bulletin No. 118 ("SAB 118") of net tax expense of $3.8 million in the period ended December 31, 2017. This expense consists of provisional estimates of $7.6 million net expense for the Transition Tax, which we estimate will be fully offset by foreign tax credit carryforwards, and $3.8 million net benefit for remeasurement of our domestic deferred tax balances for the corporate rate reduction.

We have not completed our accounting for the income tax effects of certain elements of the Tax Act, including GILTI, executive compensation, Transition Tax including associated foreign tax credits, and state taxes. Additionally, any changes to these provisional estimates would require us to reassess the realizability of our domestic deferred tax assets. Due to the complexity of these new tax rules, we are continuing to evaluate these provisions of the Tax Act and whether GILTI taxes would be recorded as a current period expense when incurred or whether such amounts should be factored into a company's measurement of its deferred taxes. As a result, we have not included an estimate of the tax impacts related to these items for the period ended December 31, 2017. We will continue to refine these estimates in accordance with SAB 118.

See Note 7, "Income Taxes" of our accompanying audited consolidated financial statements included in Item 8 of this Annual Report on Form 10-K for further discussion about income taxes.

Results of Operations

Executive Summary

Consolidated revenues before reimbursements were $1.106 billion in 2017, a decrease of 0.3% compared with $1.109 billion in 2016. Net income attributable to Crawford & Company was $27.7 million in 2017, compared with $36.0 million in 2016. During 2017, the Company recorded restructuring and special charges of $12.1 million compared to $9.5 million in 2016.

Segment operating earnings (a measure of segment operating performance used by our management that is defined and discussed in more detail below) improved in our U.S. Services, International and Broadspire segments from 2016 to 2017. We experienced an operating earnings decline in our Garden City Group segment from 2016 to 2017.

Compared with 2016, our consolidated revenues before reimbursements decreased 0.3% in 2017 due primarily to revenue declines in the International and Garden City Group segments, partially offset by an increase in revenues in the U.S. Services and Broadspire segments. Changes in foreign exchange rates decreased our International segment revenues by $8.5 million, or approximately 1.7%, for 2017 compared with 2016. Revenues in the International segment were also impacted due to a change in the operating model in the U.K. contractor repair business where we are now acting in an agency role instead of the contract principal in certain relationships with clients related to our Contractor Connection service line, which represents a $16.0 million revenue reduction for the 2017 period as compared to the prior year.

In the U.S. Services segment, operating earnings increased slightly from 2016 to 2017 due to incremental revenues and associated earnings in U.S. Claims Services due to cases received from hurricanes Harvey, Irma and Maria in the

current year, partially offset by the initial start-up costs and operating losses attributable to WeGoLook and a branding campaign in 2017 to further expand the presence of Contractor Connection in the consumer repair market.

Operating earnings in our International segment increased in 2017 compared to 2016 due to the impact of cost reduction initiatives implemented in 2016 and 2017.

Broadspire's operating earnings improved from 2016 to 2017. The improvements were due to higher revenues from both new and existing clients, and improved control over operating expenses.

Garden City Group's operating earnings declined in 2017 compared to 2016, reflecting a decline in revenues from the Deepwater Horizon class action settlement project, and a lower volume of case administration work on new and existing projects in 2017, which negatively impacted operating earnings.

Selling, general and administrative ("SG&A") expenses were slightly lower in 2017 than in 2016. The decrease in 2017 was due to a decrease in professional fees and other administrative expenses, partially offset by costs associated with a branding campaign in our U.S. Services segment compared with the 2016 period.

Segment Operating Earnings

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 as discussed in Note 13, "Segment and Geographic Information," to the accompanying audited consolidated financial statements included in Item 8 of this Annual Report on Form 10-K. 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 and certain compensation decisions.

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 certain administrative functions required to operate our business, but excludes unallocated corporate and shared costs and credits, net corporate interest expense, stock option expense, amortization of customer-relationship intangible assets, goodwill impairment charges, restructuring and special charges, income taxes, and net income or loss attributable to noncontrolling interests and redeemable noncontrolling interests.

For most of our international operations and for Garden City Group, many 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 the U.S. Services segments), 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, more than one of our operating segments, the majority of these shared services are allocated to the Broadspire and U.S. Services segments.

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, affecting 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 finite-lived customer relationship and trade name 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.

Although associated with particular operating segments, goodwill impairment charges are not allocated to any particular segment since they do not impact our performance and are not expected to impact our future performance.

Restructuring and special charges arise from time to time from events (such as internal restructurings, losses on subleases, establishment of new operations, and asset impairments) that are not allocated to any particular segment since they historically have not regularly impacted our performance and are not expected to impact our future performance on a regular basis.

Unallocated corporate and shared costs and credits include expenses and credits 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, certain unallocated professional fees, and certain self-insurance costs and recoveries that are not allocated to our individual operating segments.

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

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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 expenses and revenues, respectively, in our consolidated results of operations. In the discussion and analysis of results of operations which follows, we do not include a gross up of expenses and revenues for these pass-through reimbursed expenses. 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 statements of operations. Unless noted in the following discussion and analysis, revenue amounts exclude reimbursements for out-of-pocket expenses.

Segment 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".

"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. In our International and Garden City Group segments, these costs include direct compensation, payroll taxes, and benefits of certain administrative functions that are embedded in those locations and are considered direct operating costs of those locations. In our U.S. 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 segments reconciled to income before income taxes and net income attributable to shareholders of Crawford & Company, are as shown in the following table.

Year Ended December 31,	2017	2016	2015	% Change from Prior Year 2017	% Change from Prior Year 2016
	(In thousands, except percentages)				
Revenues Before Reimbursements:					
U.S. Services	$269,636	$231,384	$242,676	16.5 %	(4.7)%
International	449,894	477,262	499,900	(5.7)%	(4.5)%
Broadspire	310,102	301,977	293,032	2.7 %	3.1 %
Garden City Group	76,200	98,663	134,777	(22.8)%	(26.8)%
Total, before reimbursements	1,105,832	1,109,286	1,170,385	(0.3)%	(5.2)%
Reimbursements	57,877	68,302	71,135	(15.3)%	(4.0)%
Total Revenues	$1,163,709	$1,177,588	$1,241,520	(1.2)%	(5.1)%
Direct Compensation, Fringe Benefits & Non-Employee Labor:					
U.S. Services	$169,641	$136,183	$149,857	24.6 %	(9.1)%
% of related revenues before reimbursements	63.0 %	59.0 %	61.8 %		
International	292,384	304,024	334,415	(3.8)%	(9.1)%
% of related revenues before reimbursements	65.0 %	63.7 %	66.9 %		
Broadspire	171,460	167,037	159,169	2.6 %	4.9 %
% of related revenues before reimbursements	55.3 %	55.4 %	54.3 %		
Garden City Group	54,246	64,816	92,958	(16.3)%	(30.3)%
% of related revenues before reimbursements	71.2 %	65.7 %	69.0 %		
Total	$687,731	$672,060	$736,399	2.3 %	(8.7)%
% of Revenues before reimbursements	62.2 %	60.6 %	62.9 %		
Expenses Other than Direct Compensation, Fringe Benefits & Non-Employee Labor:					
U.S. Services	$64,322	$59,577	$60,197	8.0 %	(1.0)%
% of related revenues before reimbursements	23.9 %	25.7 %	24.8 %		
International	110,274	129,990	147,398	(15.2)%	(11.8)%
% of related revenues before reimbursements	24.5 %	27.2 %	29.5 %		
Broadspire	105,913	104,937	109,846	0.9 %	(4.5)%
% of related revenues before reimbursements	34.2 %	34.7 %	37.5 %		
Garden City Group	26,327	26,622	29,520	(1.1)%	(9.8)%
% of related revenues before reimbursements	34.5 %	27.0 %	21.9 %		
Total, before reimbursements	306,836	321,126	346,961	(4.4)%	(7.4)%
% of Revenues before reimbursements	27.7 %	28.9 %	29.6 %		
Reimbursements	57,877	68,302	71,135	(15.3)%	(4.0)%
Total	$364,713	$389,428	$418,096	(6.3)%	(6.9)%
% of Revenues	31.3 %	33.1 %	33.7 %		
Segment Operating Earnings (Loss):					
U.S. Services	$35,673	$35,624	$32,622	0.1 %	9.2 %
% of related revenues before reimbursements	13.2 %	15.4 %	13.4 %		
International	47,236	43,248	18,087	9.2 %	139.1 %
% of related revenues before reimbursements	10.5 %	9.1 %	3.6 %		
Broadspire	32,729	30,003	24,017	9.1 %	24.9 %
% of related revenues before reimbursements	10.6 %	9.9 %	8.2 %		
Garden City Group	(4,373)	7,225	12,299	(160.5)%	(41.3)%

% of related revenues before reimbursements	(5.7)%	7.3%	9.1%		
Deduct:					
Unallocated corporate and shared costs and credits, net	(15,559)	(23,971)	(16,605)	(35.1)%	44.4%
Net corporate interest expense	(9,062)	(9,185)	(8,383)	(1.3)%	9.6%
Stock option expense	(1,718)	(621)	(433)	176.7%	43.4%
Amortization of customer-relationship intangible assets	(10,982)	(9,592)	(9,668)	14.5%	(0.8)%
Goodwill impairment charges	(19,598)	—	(49,314)	nm	nm
Restructuring and special charges	(12,084)	(9,490)	(34,395)	27.3%	(72.4)%
Income (Loss) Before Income Taxes	42,262	63,241	(31,773)	(33.2)%	299.0%
Income taxes	(15,039)	(25,565)	(13,832)	(41.2)%	84.8%
Net Income (Loss)	27,223	37,676	(45,605)	(27.7)%	182.6%
Net loss (income) attributable to noncontrolling interests and redeemable noncontrolling interests	442	(1,710)	117	125.8%	1,561.5%
Net Income (Loss) Attributable to Shareholders of Crawford & Company	$27,665	$35,966	$(45,488)	23.1%	179.1%

nm = not meaningful

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YEAR ENDED DECEMBER 31, 2017 COMPARED WITH YEAR ENDED DECEMBER 31, 2016

U.S. SERVICES SEGMENT

Operating Earnings

Operating earnings for our U.S. Services segment increased slightly from $35.6 million in 2016 to $35.7 million in 2017, representing an operating margin of 13.2% in 2017 compared with 15.4% in 2016. Operating earnings increased from 2016 to 2017 due to the incremental revenues and associated earnings in U.S. Claims Services due to cases received from hurricanes in the current year, partially offset by initial start-up costs and operating losses attributable to WeGoLook and costs associated with a branding campaign in 2017 to further expand the presence of Contractor Connection in the consumer repair market.

Revenues before Reimbursements

U.S. Services revenues are primarily generated from the property and casualty insurance company markets in the U.S. U.S. Services revenues before reimbursements by major service line were as follows:

Year Ended December 31,	2017	2016	Variance	
	(In thousands)			
U.S. Claims Field Operations	$87,951	$81,456	8.0	%
U.S. Technical Services	31,733	28,659	10.7	%
U.S. Catastrophe Services	69,284	50,549	37.1	%
Subtotal U.S. Claims Services	188,968	160,664	17.6	%
U.S. Contractor Connection	71,924	70,720	1.7	%
U.S. WeGoLook	8,744	—	nm	
Total U.S. Services Revenues before Reimbursements	$269,636	$231,384	16.5	%

Overall, there was an increase in revenues in the U.S. Services segment in 2017 compared with 2016. This increase was primarily due to an increase in weather-related activity resulting from hurricanes Harvey, Irma and Maria which positively impacted all of our U.S. Claims Services service lines. Revenues were also positively impacted by the acquisition of WeGoLook, representing a 3.8% positive variance in 2017 compared with 2016.

Within U.S. Claims Services, the increase in weather-related revenues was primarily in U.S. Catastrophe Services although U.S. Claims Field Operations and U.S. Technical Services revenues were also positively impacted by cases received from the hurricane activity. There was an increase in segment unit volume, measured principally by cases received, of 38.7% over 2016. Excluding the impact of high-frequency, low-complexity cases received from the WeGoLook acquisition, there was an increase in segment unit volume of 9.2%. Changes in the overall mix of services provided and rates charged for those services increased revenues by approximately 9.6% in 2017 compared with 2016.

Revenues in our U.S. Catastrophe Services service line include revenues from an outsourcing project for a major U.S. insurance carrier, which resulted in $20.7 million of revenues in 2017, compared with $34.9 million in 2016. This represents a 6.1% decrease in U.S. Services revenue. The services provided to this customer are primarily project-based and are covered by the terms of multiple contractual arrangements which expire at various times in the future. In the event we are not able to retain these relationships, or replace any lost revenues from these projects as they reach their respective end dates, segment revenues and operating earnings would be negatively impacted.

U.S. Contractor Connection revenues increased 1.7% in 2017 compared with 2016 primarily due to the ongoing expansion of this service solution as insurance carriers continued the trend of moving high-frequency, low-complexity

property cases directly to managed repair networks, although the rate of growth in 2017 was lower than recent years.

Reimbursed Expenses Included in Total Revenues

Reimbursements for out-of-pocket expenses incurred in our U.S. Services segment which are included in total Company revenues were $10.3 million in 2017 compared to $8.2 million in 2016. The 2017 increase was due to the increased revenues, primarily resulting from the hurricane activity.

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Case Volume Analysis

U.S. Services unit volumes by underlying case category, as measured by cases received, for 2017 and 2016 were as follows:

Year Ended December 31,	2017	2016	Variance
U.S. Claims Field Operations	159,897	151,941	5.2 %
U.S. Technical Services	10,266	9,532	7.7 %
U.S. Catastrophe Services	40,426	21,737	86.0 %
Subtotal U.S. Claims Services	210,589	183,210	14.9 %
U.S. Contractor Connection	210,501	202,550	3.9 %
U.S. WeGoLook	114,010	—	nm
Total U.S. Services Cases Received	535,100	385,760	38.7 %

Overall, there was a 38.7% increase in cases received in U.S. Services in 2017 compared to 2016. This was primarily due to the WeGoLook acquisition, which accounted for 29.5% of the increase in U.S. Services cases. Absent the high-frequency, low-complexity cases from the WeGoLook acquisition, total cases received increased by 9.2% in 2017 compared to the 2016 period. This increase is due to an increase in weather-related case activity, primarily in our Catastrophe Services service line, as a result of cases received from hurricanes in the 2017 period. The previously described outsourcing project involved the Company providing adjusters to work on the client's premises; accordingly, there are no associated case volumes referred to the Company for these revenues in either year.

The 2017 increase in U.S. Contractor Connection cases was due to the continued trend of insurance carriers moving high-frequency, low-complexity property cases directly to our contractor managed repair networks, which we expect to continue, and expansion into adjacent services including consumer segments.

Direct Compensation, Fringe Benefits & Non-Employee Labor

The most significant expense in our U.S. Services segment is the compensation of employees, including related payroll taxes and fringe benefits, and payments to outsourced service providers that augment our staff. U.S. Services direct compensation, fringe benefits, and non-employee labor expense, as a percent of segment revenues before reimbursements, was 63.0% for 2017 and 59.0% for 2016. The increase was primarily due to the incremental costs to mobilize staff in areas affected by the hurricanes in 2017.

The dollar amount of these expenses increased from $136.2 million in 2016 to $169.6 million in 2017. There was an average of 1,515 FTEs (including 365 catastrophe adjusters) in 2017 compared with an average of 1,371 FTEs (including 359 catastrophe adjusters) in 2016. The increase in expenses and FTEs in 2017 was primarily due to an increase in employees related to the higher revenues, and the WeGoLook acquisition which resulted in an increase of 115 employees in the 2017 period.

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

U.S. Services segment expenses other than reimbursements, direct compensation, fringe benefits, and non-employee labor increased from $59.6 million in 2016 to $64.3 million in 2017, although as a percent of segment revenues, decreased from 25.7% in 2016 to 23.9% in 2017. The increase in amount was due to the higher revenues and incremental costs to mobilize staff in areas affected by the hurricanes, and a branding campaign to expand the presence of Contractor Connection in the consumer repair market. The decrease in expense as a percent of revenues was due to the higher revenues in the 2017 period.

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INTERNATIONAL SEGMENT

Operating Earnings

International segment operating earnings increased to $47.2 million in 2017, an increase of 9.2% from 2016 operating earnings of $43.2 million. The operating margin increased from 9.1% in 2016 to 10.5% in 2017. The increase in operating earnings was the result of cost reduction initiatives implemented in 2016 and 2017.

Revenues before Reimbursements

International revenues are primarily derived from the property and casualty insurance company markets, with additional revenues from the self-insured markets in the U.K., Canada, Asia-Pacific (which includes Australia and New Zealand, as well as the Middle East and Africa) and Europe and Rest of World (which together consist of continental Europe and Latin America). Revenues before reimbursements by major region were as follows:

	In thousands (except percentages)				
	Based on actual exchange rates			Based on exchange rates for year ended December 31, 2016	
Year Ended December 31,	2017	2016	Variance	2017	Variance
U.K.	$140,188	$171,869	(18.4)%	$153,337	(10.8)%
Canada	108,371	104,261	3.9 %	106,300	2.0 %
Asia-Pacific	109,348	108,456	0.8 %	107,551	(0.8)%
Europe and Rest of World	91,987	92,676	(0.7)%	91,218	(1.6)%
Total International Revenues before Reimbursements	$449,894	$477,262	(5.7)%	$458,406	(4.0)%

Revenues before reimbursements from our International segment totaled $449.9 million in 2017, compared to $477.3 million in 2016. Changes in foreign exchange rates decreased our International segment revenues by $8.5 million, or approximately 1.7%, for 2017 compared with 2016. Absent foreign exchange rate fluctuations, International segment revenues would have been $458.4 million in 2017. Overall case volumes in the International segment decreased 3.0% in 2017 compared with 2016. Revenues in the International segment were negatively impacted due to a change in the operating model in the U.K. contractor repair business where we are acting in an agency role instead of the contract principal in certain relationships with clients in our Contractor Connection service line, which represents a $16.0 million, or 3.4% revenue reduction, for 2017 compared to the prior year. This change had no impact on operating earnings. Changes in product mix and in the rates charged for those services accounted for a 2.4% revenue increase for 2017 compared with 2016.

The decrease in revenues in the U.K. for 2017 compared with 2016 was due to the change in the operating model in the U.K. contractor repair business discussed above, the change in foreign exchange rates and a reduction in weather-related activity compared with the number of cases received from flooding in that region in 2016. The change in revenues from the U.K. contractor repair business operating model was directly offset within operating expenses and had no impact on operating earnings.

Revenues in Canada increased due to an increase in high-frequency, low-complexity case volumes from existing clients, and the change in foreign exchange rates, partially offset by a reduction in weather-related case volumes and cases from the Fort McMurray wildfires in 2016.

Revenues increased slightly in Asia-Pacific due to changes in foreign exchange rates. On a constant-dollar basis, revenues in Asia-Pacific would have decreased slightly due to a reduction in high-frequency, low-complexity cases, partially offset by an increase in revenues in Australia due to weather-related activity.

The revenue decrease in Europe and Rest of World was due to changes in the mix of services provided in Scandinavia, partially offset by an increase in Peru due to an increase in weather-related activity and an increase in high-frequency, low-complexity cases in Germany.

Reimbursed Expenses Included in Total Revenues

Reimbursements for out-of-pocket expenses incurred in our International segment which are included in total Company revenues decreased to $30.5 million in 2017 from $34.4 million in 2016. This decrease was due to lower revenues in the 2017 period, and reduced use of third parties on higher value cases in Europe and Asia-Pacific and in Canada where the Fort McMurray wildfires occurred in 2016.

Case Volume Analysis

International case volumes by region for 2017 and 2016 were as follows:

Year Ended December 31,	2017	2016	Variance
U.K.	114,774	133,252	(13.9)%
Canada	173,337	167,065	3.8 %
Asia-Pacific	84,165	96,496	(12.8)%
Europe and Rest of World	289,039	285,293	1.3 %
Total International Cases Received	661,315	682,106	(3.0)%

Overall case volumes were 3.0% lower in 2017 compared with 2016. The U.K. case volumes were lower in the 2017 period due primarily to flooding-related cases received in 2016. The increase in Canada cases was due to an increase in high-frequency, low-complexity vehicle appraisal cases in the 2017 period. The decrease in Asia-Pacific cases was primarily due to a decline in high-frequency, low-complexity motor cases in Singapore and China. The increase in case volumes in Europe and Rest of World was due to an increase in high-frequency, low-complexity cases in Germany and an increase in weather-related activity in Peru.

Direct Compensation, Fringe Benefits & Non-Employee Labor

The most significant expense in our International segment is the compensation of employees, including related payroll taxes and fringe benefits, and payments to outsourced service providers that augment the functions performed by our employees. Direct compensation expenses, fringe benefits, and non-employee labor, as a percent of International segment revenues before reimbursements, increased from 63.7% in 2016 to 65.0% in 2017. The increase in expenses as a percent of revenues was due to lower revenues. Excluding the impact of the change in the operating model in the U.K. contractor repair business discussed above, direct compensation expenses, fringe benefits, and non-employee labor as a percent of International segment revenues before reimbursements would have been 62.8% in 2017. The U.S. dollar amount of these expenses decreased in 2017 by $11.6 million. The decrease was due to the impact of cost reduction initiatives, a reduction in employees, and the impact of foreign exchange rates. There was an average of 4,202 International FTEs in this segment in 2017, a decrease from an average of 4,236 FTEs in the 2016 period.

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

Expenses other than reimbursements, direct compensation, fringe benefits, and non-employee labor decreased as a percent of International segment revenues before reimbursements, from 27.2% in 2016 to 24.5% in 2017, and the U.S. dollar amount of these expenses also decreased by $19.7 million. Expenses decreased by 2.6% due to the change in the operating model in the U.K. contractor repair business discussed above. The decrease in amount was due to the impact of cost reduction initiatives and changes in exchange rates. The decrease in expenses as a percent of revenues is primarily due to the impact of cost reduction initiatives in 2016 and 2017.

BROADSPIRE SEGMENT

Operating Earnings

Broadspire recorded operating earnings of $32.7 million in 2017, or 10.6% of revenues before reimbursements, compared with operating earnings of $30.0 million in 2016, or 9.9% of revenues before reimbursements. Operating earnings improved from 2016 to 2017 due to higher revenues in our Workers' Compensation, Disability, and Liability Claims Management service line, operational efficiency gains, and a reduction in administrative support costs.

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Revenues before Reimbursements

Broadspire segment revenues are primarily derived from workers' compensation, disability, 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. Broadspire revenues before reimbursements by major service line were as follows:

Year Ended December 31,	2017	2016	Variance
	(In thousands)		
Workers' Compensation, Disability, and Liability Claims Management	$133,665	$127,618	4.7 %
Medical Management	161,264	160,185	0.7 %
Risk Management Information Services	15,173	14,174	7.0 %
Total Broadspire Revenues before Reimbursements	$310,102	$301,977	2.7 %

Broadspire segment revenues before reimbursements increased 2.7% to $310.1 million in 2017 compared with $302.0 million in 2016. The overall increase in 2017 was primarily due to an increase in our Workers' Compensation, Disability, and Liability Claims Management service line, as growth from new Disability clients continues. There were also increases in Medical Management revenues and Risk Management Information Services due to increased referrals in 2017.

Revenues were positively impacted by an increase in unit volumes, measured principally by cases received, which increased revenues by 8.6% from 2016 to 2017. This increase was partially offset by changes in the mix of services provided and in the rates charged for those services, which decreased revenues by approximately 5.9% in 2017. This change is primarily due to an increase in cases in the Disability service line which has lower average case values than Workers' Compensation and Liability 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 $4.1 million in 2017, decreasing slightly from $4.3 million in 2016 due to a reduction in Claims Management referrals.

Case Volume Analysis

Broadspire unit volumes by major underlying case category, as measured by cases received, for 2017 and 2016 were as follows:

Year Ended December 31,	2017	2016	Variance
Workers' Compensation	174,272	178,804	(2.5)%
Casualty	132,541	154,724	(14.3)%
Other	167,709	103,345	62.3 %
Total Broadspire Cases Received	474,522	436,873	8.6 %

Overall, there was an 8.6% increase in cases received in 2017 compared with 2016. This was primarily due to an increase in Disability case referrals from new clients, and an increase Medical Management referrals, both of which are reported in the Other category above. This increase was partially offset by declines in Workers' Compensation and Casualty cases from existing clients. The reduction in Casualty cases was due to a decrease in high-frequency, low-complexity affinity claims.

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Direct Compensation, Fringe Benefits & Non-Employee Labor

The most significant expense in our Broadspire segment is the compensation of employees, including related payroll taxes and fringe benefits, and payments to outsourced service providers that augment the functions performed by our employees. Broadspire direct compensation, fringe benefits, and non-employee labor expense, as a percent of the related revenues before reimbursements, decreased slightly from 55.4% in 2016 to 55.3% in 2017. The amount of these expenses increased from $167.0 million in 2016 to $171.5 million in 2017 due to an increase in employees related to the growth in revenues. Average FTEs in this segment totaled 2,054 in 2017, up from an average of 1,995 FTEs in 2016. The increase in employees was due to the conversion of certain outsourced contractors to full time employees in the Global Business Services Center and the increase in work supporting the increased revenues. The slight decrease in expenses as a percent of revenues was due to the higher revenues in the 2017 period.

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 decreased slightly as a percent of segment revenues before reimbursements to 34.2% in 2017 from 34.7% in 2016, and the dollar amount of these expenses also decreased by $1.0 million. The decrease in both the amount and the percent of segment revenues was due to a reduction in rent and occupancy and other administrative expenses compared with 2016.

GARDEN CITY GROUP SEGMENT

Garden City Group revenues in 2017 declined compared with the 2016 level primarily because of lower revenues from the Deepwater Horizon class action settlement special project, and a lower volume of case administration work on projects in the 2017 period. We expect activity on the Deepwater Horizon class action settlement project to continue in 2018, although at further reduced rates.

Operating (Loss) Earnings

Our Garden City Group segment reported a 2017 operating loss of $(4.4) million, decreasing 160.5% from $7.2 million operating earnings in 2016, with the related operating margin decreasing from 7.3% in 2016 to (5.7)% in 2017. The change in the operating margin was primarily the result of the winding down of the special project, lower volumes discussed above, and a reduction in employee utilization.

Revenues before Reimbursements

Garden City Group revenues are derived primarily from legal settlement administration services related to class action settlements, mass tort claims, and bankruptcies, primarily in the U.S. Garden City Group revenues are project-based and can fluctuate significantly due to the timing of projects awarded. Garden City Group revenues before reimbursements decreased 22.8% to $76.2 million in 2017, compared with $98.7 million in 2016. The decrease in Garden City Group revenues was due primarily to the reduction in activity from the special project discussed above, and a lower volume of case administration work on new and existing projects in 2017.

At December 31, 2017, we had an estimated revenue backlog related to projects awarded totaling $66.0 million, compared to $81.0 million at December 31, 2016. Of the $66.0 million backlog at December 31, 2017, approximately $40.0 million is expected to be included in revenues within the next 12 months.

Reimbursed Expenses Included in Total Revenues

Reimbursements for out-of-pocket expenses incurred in our Garden City Group segment which are included in total Company revenues may vary materially from year to year depending on the amount and types of projects and were $13.0 million in 2017, decreasing from $21.3 million in 2016. This decrease was due to a lower volume of case administration work in 2017.

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Transaction Volume

Garden City Group 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

Garden City Group direct compensation expense, fringe benefits, and non-employee labor expenses, as a percent of segment revenues before reimbursements, increased to 71.2% in 2017 compared with 65.7% in 2016. The increase as a percent of revenues was due to the decline in revenues and excess capacity resulting from a decrease in employee utilization in 2017. The U.S. dollar amount of related expenses declined to $54.2 million in 2017 compared with $64.8 million in 2016. The decrease was primarily due to reduced activity associated with the reduction in revenues from the special project discussed above. There was an average of 467 FTEs in 2017, compared with an average of 519 FTEs in 2016, decreasing due to the lower revenues.

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

Garden City Group expenses other than reimbursements, direct compensation, fringe benefits, and non-employee labor decreased 1.1% to $26.3 million in 2017 from $26.6 million in 2016, but increased as a percent of related segment revenues before reimbursements to 34.5% in 2017 from 27.0% in 2016. The increase in expenses as a percent of revenues before reimbursements was due to the reduction in both fixed and variable expenses being less than the reduction in revenues in 2017.

YEAR ENDED DECEMBER 31, 2016 COMPARED WITH YEAR ENDED DECEMBER 31, 2015

U.S. SERVICES SEGMENT

Operating Earnings

Operating earnings for our U.S. Services segment increased from $32.6 million in 2015 to $35.6 million in 2016, representing an operating margin of 15.4% in 2016 compared with 13.4% in 2015. Operating earnings improved 9.2% from 2015 to 2016 due to the impact of cost reduction initiatives in 2015.

Revenues before Reimbursements

U.S. Services revenues are primarily generated from the property and casualty insurance company markets in the U.S. U.S. Services revenues before reimbursements by major service line were as follows:

Year Ended December 31,	2016	2015	Variance
	(In thousands)		
U.S. Claims Field Operations	$81,456	$85,451	(4.7)%
U.S. Technical Services	28,659	28,612	0.2 %
U.S. Catastrophe Services	50,549	69,290	(27.0)%
Subtotal U.S. Claims Services	160,664	183,353	(12.4)%
U.S. Contractor Connection	70,720	59,323	19.2 %
Total U.S. Services Revenues before Reimbursements	$231,384	$242,676	(4.7)%

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Overall, there was a decrease in revenues in the U.S. Services segment in 2016 compared with 2015. This decrease was primarily due to a reduction in revenues in U.S. Claims Services, partially offset by an increase in revenues in U.S. Contractor Connection. Within U.S. Claims Services, there was a decrease in revenues in U.S. Catastrophe Services discussed below, and a decrease in revenues in our U.S. Claims Field Operations service line due to a decrease in weather-related case volumes in 2016. Revenues were positively impacted in 2016 by segment unit volume, measured principally by cases received, which increased by 0.9% over 2015. Changes in the overall mix of services provided and rates charged for those services increased revenues by approximately 1.3% in 2016 compared with 2015.

Revenues in our U.S. Catastrophe Services service line include revenues from an outsourcing project for a major U.S. insurance carrier, which resulted in $34.9 million of revenues in 2016, compared with $51.3 million in 2015. This decrease represents a 6.8% negative variance in U.S. Services revenue. The services provided to this customer are primarily project-based and are covered by the terms of multiple contractual arrangements which expire at various times in the future. In the event we are not able to retain these relationships, or replace any lost revenues from these projects as they reach their respective end dates, segment revenues and operating earnings would be negatively impacted.

U.S. Contractor Connection revenues increased 19.2% in 2016 compared with 2015 primarily due to the ongoing expansion of this service solution as insurance carriers continued the trend of moving high-frequency, low-complexity property cases directly to managed repair networks. There was also an increase in the average fee per claim in 2016 compared to 2015.

Reimbursed Expenses Included in Total Revenues

Reimbursements for out-of-pocket expenses incurred in our U.S. Services segment which are included in total Company revenues were $8.2 million in both 2016 and 2015. Although there was an overall reduction in revenues, the outsourcing project in U.S. Claims Services discussed above does not have reimbursed expenses.

Case Volume Analysis

U.S. Services unit volumes by underlying case category, as measured by cases received, for 2016 and 2015 were as follows:

Year Ended December 31,	2016	2015	Variance
U.S. Claims Field Operations	151,941	160,035	(5.1)%
U.S. Technical Services	9,532	7,705	23.7 %
U.S. Catastrophe Services	21,737	20,543	5.8 %
Subtotal U.S. Claims Services	183,210	188,283	(2.7)%
U.S. Contractor Connection	202,550	194,113	4.3 %
Total U.S. Services Cases Received	385,760	382,396	0.9 %

Overall, there was as 0.9% increase in cases received in U.S. Services in 2016 compared to 2015. This was due to an increase in U.S. Contractor Connection cases, partially offset by a decrease in U.S. Claims Services cases. The decrease in U.S. Claim Services cases received was primarily due to a decrease in cases in U.S. Claims Field Operations resulting from decreased weather-related activity in 2016 partially offset by increases in U.S. Technical Services and U.S. Catastrophe Services resulting from new clients. The previously described outsourcing project involved the Company providing adjusters to work on the client's premises; accordingly, there are no associated case volumes referred to the Company for these revenues in either year.

The 2016 increase in U.S. Contractor Connection cases was due to the ongoing expansion of our contractor network, the continued trend of insurance carriers moving high-frequency, low-complexity property cases directly to our contractor managed repair networks, which we expect to continue, and expansion into adjacent services including consumer segments.

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Direct Compensation, Fringe Benefits & Non-Employee Labor

The most significant expense in our U.S. Services segment is the compensation of employees, including related payroll taxes and fringe benefits, and payments to outsourced service providers that augment our staff. U.S. Services direct compensation, fringe benefits, and non-employee labor expense, as a percent of segment revenues before reimbursements, was 59.0% for 2016 and 61.8% for 2015. The decrease was due to the impact of certain cost reduction initiatives in 2015 and improved staff utilization.

The dollar amount of these expenses decreased from $149.9 million in 2015 to $136.2 million in 2016. There was an average of 1,371 FTEs (including 359 catastrophe adjusters) in 2016 compared with an average of 1,491 FTEs (including 454 catastrophe adjusters) in 2015. The decrease in expenses and FTEs in 2016 was primarily due to cost reduction initiatives and a decline in compensation costs and personnel required to service the outsourcing project referred to above.

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

U.S. Services segment expenses other than reimbursements, direct compensation, fringe benefits, and non-employee labor decreased from $60.2 million in 2015 to $59.6 million in 2016, although as a percent of segment revenues, increased from 24.8% in 2015 to 25.7% in 2016. The slight decrease in costs was primarily due to the impact of a reduction of office locations in the U.S. and related administrative cost reductions. The increase in expense as a percent of revenues was due to the reduction in variable expenses being less than the reduction in revenues in 2016.

INTERNATIONAL SEGMENT

Operating Earnings

International segment operating earnings increased to $43.2 million in 2016, an increase of 139.1% from 2015 operating earnings of $18.1 million. The operating margin increased from 3.6% in 2015 to 9.1% in 2016. The increase in operating earnings was the result of improvements in all of our major operating regions and the impact of cost reduction initiatives implemented in 2015.

Revenues before Reimbursements

International revenues are primarily derived from the property and casualty insurance company markets, with additional revenues from the self-insured markets in the U.K., Canada, Asia-Pacific (which includes Australia and New Zealand, as well as the Middle East and Africa) and Europe and Rest of World (which together consist of continental Europe and Latin America). Revenues before reimbursements by major region were as follows:

	In thousands (except percentages)				
	Based on actual exchange rates			Based on exchange rates for year ended December 31, 2015	
Year Ended December 31,	2016	2015	Variance	2016	Variance
U.K.	$171,869	$186,375	(7.8)%	$189,388	1.6 %
Canada	104,261	103,618	0.6 %	107,829	4.1 %
Asia-Pacific	108,456	107,536	0.9 %	112,050	4.2 %
Europe and Rest of World	92,676	102,371	(9.5)%	97,361	(4.9)%
Total International Revenues before Reimbursements	$477,262	$499,900	(4.5)%	$506,628	1.3 %

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Revenues before reimbursements from our International segment totaled $477.3 million in 2016, compared to $499.9 million in 2015. Changes in foreign exchange rates decreased our International segment revenues by $29.4 million, or approximately 5.8%, for 2016 compared with 2015. Absent foreign exchange rate fluctuations, International segment revenues would have been $506.6 million in 2016. Overall case volumes in the International segment decreased 12.5% in 2016 compared with 2015. Changes in product mix and in the rates charged for those services accounted for a 13.8% revenue increase for 2016 compared with 2015, due primarily to a reduction in high-frequency, low-complexity motor cases discussed below.

The decrease in revenues in the U.K. for 2016 compared with 2015 was due to the change in foreign exchange rates. Absent foreign exchange rate fluctuations, U.K. revenues would have increased, primarily as a result of cases received from flooding in that country during the 2016 first quarter.

Revenues in Canada increased from 2015 due primarily to an increase from the Fort McMurray wildfires, partially offset by a decrease in high-frequency, low-complexity motor cases.

Revenues increased in Asia-Pacific due to an increase in weather-related activity in Australia, partially offset by a reduction in high-frequency, low-complexity motor cases in Singapore and China where we have exited that product line in those countries.

The lower revenues in Europe and Rest of World were due to a reduction in case volumes and changes in the mix of services provided in Scandinavia, the change in foreign exchange rates, and a reduction in high-frequency, low-complexity motor cases in Brazil where we have exited that product line in that country.

Reimbursed Expenses Included in Total Revenues

Reimbursements for out-of-pocket expenses incurred in our International segment which are included in total Company revenues increased to $34.4 million in 2016 from $28.6 million in 2015. This increase was due to the increased use of third parties on higher value cases in Europe and Asia-Pacific and in Canada from the Fort McMurray wildfires.

Case Volume Analysis

International case volumes by region for 2016 and 2015 were as follows:

Year Ended December 31,	2016	2015	Variance
U.K.	133,252	129,252	3.1 %
Canada	167,065	180,987	(7.7)%
Asia-Pacific	96,496	150,859	(36.0)%
Europe and Rest of World	285,293	318,054	(10.3)%
Total International Cases Received	682,106	779,152	(12.5)%

Overall case volumes were 12.5% lower in 2016 compared with 2015. The U.K. case volumes were higher due primarily to flooding-related cases received in the 2016 first quarter, partially offset by a reduction in high-frequency, low complexity cases. The decrease in Canada cases was due to a decline in high-frequency, low-complexity vehicle appraisal cases in 2016 which offset the increase in cases associated with the Fort McMurray wildfires. The decrease in Asia-Pacific cases was due to a decline in high-frequency, low-complexity motor cases in Singapore and China described above. The reduction in case volumes in Europe and Rest of World was primarily due to a reduction in high-frequency, low-complexity motor cases in Brazil described above, and a reduction of cases in Scandinavia.

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Direct Compensation, Fringe Benefits & Non-Employee Labor

The most significant expense in our International segment is the compensation of employees, including related payroll taxes and fringe benefits, and payments to outsourced service providers that augment the functions performed by our employees. Direct compensation expenses, fringe benefits, and non-employee labor, as a percent of International segment revenues before reimbursements, decreased from 66.9% in 2015 to 63.7% in 2016. The U.S. dollar amount of these expenses also decreased in 2016 by $30.4 million. These decreases were due to the impact of cost reduction initiatives implemented in 2015 and improved staff utilization. There was an average of 4,236 International FTEs in this segment in 2016, a decrease from 4,645 FTEs in the 2015 period.

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

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.

Expenses other than reimbursements, direct compensation, fringe benefits, and non-employee labor decreased as a percent of International segment revenues before reimbursements, from 29.5% in 2015 to 27.2% in 2016, and the U.S. dollar amount of these expenses also decreased by $17.4 million. The decrease in both amount and percentage is primarily due to cost reduction initiatives implemented in 2015.

BROADSPIRE SEGMENT

Operating Earnings

Broadspire recorded operating earnings of $30.0 million in 2016, or 9.9% of revenues before reimbursements, compared with operating earnings of $24.0 million in 2015, or 8.2% of revenues before reimbursements. Operating earnings improved from 2015 to 2016 due to higher revenues and improved control over operating expenses.

Revenues before Reimbursements

Broadspire segment revenues are primarily derived from workers' compensation, disability, 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. Broadspire revenues before reimbursements by major service line were as follows:

Year Ended December 31,	2016	2015	Variance
	(In thousands)		
Workers' Compensation, Disability, and Liability Claims Management	$127,618	$121,875	4.7 %
Medical Management	160,185	156,290	2.5 %
Risk Management Information Services	14,174	14,867	(4.7)%
Total Broadspire Revenues before Reimbursements	$301,977	$293,032	3.1 %

Broadspire segment revenues before reimbursements increased 3.1% to $302.0 million in 2016 compared with $293.0 million in 2015. The overall increase in 2016 was primarily due to increased claims and medical management revenues as well as higher average case values in 2016.

Revenues were positively impacted by changes in the mix of services provided and in the rates charged for those services, which increased revenues by approximately 3.6% in 2016. This increase was partially offset by unit volumes, measured principally by cases received, which decreased revenues by 0.5% from 2015 to 2016.

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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 $4.3 million in 2016, increasing slightly from $4.2 million in 2015 due to the growth in revenues.

Case Volume Analysis

Broadspire unit volumes by major underlying case category, as measured by cases received, for 2016 and 2015 were as follows:

Year Ended December 31,	2016	2015	Variance
Workers' Compensation	178,804	175,938	1.6 %
Casualty	154,724	148,650	4.1 %
Other	103,345	114,475	(9.7)%
Total Broadspire Cases Received	436,873	439,063	(0.5)%

Overall, there was a 0.5% decrease in cases received in 2016 compared with 2015. This was primarily due to a decrease in Medical Management case referrals, which is reported in the Other category above, partially offset by increases in workers' compensation and casualty cases resulting from new clients.

Direct Compensation, Fringe Benefits & Non-Employee Labor

The most significant expense in our Broadspire segment is the compensation of employees, including related payroll taxes and fringe benefits, and payments to outsourced service providers that augment the functions performed by our employees. Broadspire direct compensation, fringe benefits, and non-employee labor expense, as a percent of the related revenues before reimbursements, increased to 55.4% in 2016 compared with 54.3% in 2015. The amount of these expenses increased from $159.2 million in 2015 to $167.0 million in 2016 due to the growth in revenues. The increase as a percent of revenues was due to an increase in employees and increased incentive compensation. Average FTEs in this segment totaled 1,995 in 2016, up from 1,910 FTEs in 2015. The increase in employees was due to the conversion of certain outsourced contractors to full time employees in the Global Business Services Center and the increase in work supporting the increased revenues.

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 decreased as a percent of segment revenues before reimbursements to 34.7% in 2016 from 37.5% in 2015, and the dollar amount of these expenses also decreased by $4.9 million. The decrease in both the amount and the percent of segment revenues was due to a reduction in office expenses, rent and occupancy, and other administrative expenses compared with 2015.

GARDEN CITY GROUP SEGMENT

Garden City Group revenues in 2016 declined compared with the 2015 level primarily because of lower revenues from the Deepwater Horizon class action settlement special project. We expect activity on the Deepwater Horizon class action settlement project to continue in 2017, although at further reduced rates.

Operating Earnings

Our Garden City Group segment reported 2016 operating earnings of $7.2 million, decreasing 41.3% from $12.3 million in 2015, with the related operating margin decreasing from 9.1% in 2015 to 7.3% in 2016. The change in the operating margin was primarily the result of changes in the mix of services provided and the winding down of a major gulf-related special project, partially offset by cost reduction initiatives implemented in 2016.

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Revenues before Reimbursements

Garden City Group revenues are derived primarily from legal settlement administration services related to class action settlements, mass tort claims, and bankruptcies, primarily in the U.S. Garden City Group revenues are project-based and can fluctuate significantly due to the timing of projects awarded. Garden City Group revenues before reimbursements decreased 26.8% to $98.7 million in 2016, compared with $134.8 million in 2015. The decrease in Garden City Group revenues was due primarily to the reduction in activity from the special project discussed above.

At December 31, 2016, we had an estimated revenue backlog related to projects awarded totaling $81.0 million, the same as at December 31, 2015. Of the $81.0 million backlog at December 31, 2016, approximately $73.3 million is expected to be included in revenues within the next 12 months.

Reimbursed Expenses Included in Total Revenues

Reimbursements for out-of-pocket expenses incurred in our Garden City Group segment which are included in total Company revenues may vary materially from year to year depending on the amount and types of projects and were $21.3 million in 2016, decreasing from $30.1 million in 2015. This decrease was due to a lower volume of case administration work in 2016.

Transaction Volume

Garden City Group 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

Garden City Group direct compensation expense, fringe benefits, and non-employee labor expenses, as a percent of segment revenues before reimbursements, decreased to 65.7% in 2016 compared with 69.0% in 2015. The decrease as a percent of revenues was due to improved employee utilization in 2016. The dollar amount of related expenses declined to $64.8 million in 2016 compared with $93.0 million in 2015. The decrease was primarily due to reduced activity associated with the reduction in revenues from the special project discussed above. There was an average of 519 FTEs in 2016, compared with an average of 709 FTEs in 2015, decreasing due to the decreased revenues.

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

Garden City Group expenses other than reimbursements, direct compensation, fringe benefits, and non-employee labor decreased 9.8% to $26.6 million in 2016 from $29.5 million in 2015, but increased as a percent of related segment revenues before reimbursements to 27.0% in 2016 from 21.9% in 2015. The dollar amount of these expenses decreased due to reduced activity associated with the reduction in revenues in 2016. The increase in expenses as a percent of revenues before reimbursements was due to the reduction in variable expenses being less than the reduction in revenues in 2016.

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EXPENSES AND CREDITS EXCLUDED FROM SEGMENT OPERATING EARNINGS

Income Taxes

Our consolidated effective income tax rate for financial reporting purposes may change periodically due to changes in enacted tax rates, changes in tax law, fluctuations in the mix of income earned from our various domestic and international operations, which are subject to income taxes at different rates, our ability to utilize loss and tax credit carryforwards, and amounts related to uncertain income tax positions. Income tax provisions totaled $15.0 million, $25.6 million, and $13.8 million for 2017, 2016, and 2015, respectively. Our effective tax rate for financial reporting purposes was 35.6%, 40.4%, and (43.5)% for 2017, 2016, and 2015, respectively. The Company's 2017 effective income tax rate was impacted by the Tax Cuts and Jobs Act in the U.S. and international restructuring activities. The Company's 2015 effective income tax rate was distortive, primarily due to the largely nondeductible goodwill impairment charge, our inability to recognize tax benefits for certain international net operating losses, and fluctuations in the mix of income earned. Additionally, 2015 losses in certain operations, including losses due to restructuring and special charges, were in jurisdictions with lower tax rates or where the losses are unable to be benefited. Based on our 2018 operating plans, we anticipate our effective tax rate for financial reporting purposes in 2018 to be in the 31% to 33% range before considering any discrete items and assuming no changes to U.S. tax law and policy.

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 interest income we earn on available cash balances and short-term investments. These amounts vary based on interest rates, borrowings outstanding, and the amounts of invested cash. Corporate interest expense totaled $9.9 million, $9.9 million, and $9.0 million for 2017, 2016, and 2015, respectively. Corporate interest income was relatively consistent in each year, totaling $0.8 million, $0.7 million, and $0.6 million in 2017, 2016, and 2015, respectively. We pay interest on borrowings under our Credit Facility based on variable rates. Whether we can expect to see future reductions in interest expense compared with prior periods is dependent on the future direction of interest rates as well as the level of outstanding borrowings relative to prior periods.

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 $1.7 million, $0.6 million and $0.4 million was recognized during 2017, 2016, and 2015, respectively. The increase in the 2017 period was due to a higher proportion of options having been granted in 2017 as a component of our Long Term Incentive Plans. Other stock-based compensation expense related to our Executive Stock Bonus Plan and our 2016 Omnibus Stock and Incentive Plan (pursuant to which we have authority to grant performance shares and restricted shares) is charged to our operating segments and included in the determination of segment operating earnings or loss.

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 $11.0 million, $9.6 million, and $9.7 million in 2017, 2016, and 2015, respectively. The increase in 2017 compared to 2016 was due to amortization of intangible assets acquired in the WeGoLook acquisition. This amortization is included in "Selling, general and administrative expenses" in our Consolidated Statements of Operations.

Unallocated Corporate and Shared Costs and Credits

Certain unallocated costs and credits are excluded from the determination of segment operating earnings. These unallocated corporate and shared costs and credits represent 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 professional fees, and certain adjustments and recoveries to our allowances for doubtful accounts receivable. From time to time, we evaluate which corporate costs and credits are appropriately allocated to one or more of our operating segments. If changes are made to our allocation methodology, prior period allocations are revised to conform to our then-current allocation methodology.

Unallocated corporate and shared costs and credits were $15.6 million, $24.0 million, and $16.6 million in 2017, 2016, and 2015, respectively. The decrease in 2017 compared with 2016 was due to a decrease in U.S. defined benefit plan expense, self-insured expenses, and unallocated professional fees. These costs increased in 2016 compared with 2015 due primarily to an increase in U.S. defined benefit plan expense, unallocated professional fees, and incentive compensation, partially offset by a decrease in acquisition-related costs and self-insured expenses.

Goodwill Impairment Charges

The Company incurred a non-cash goodwill impairment charge of $19.6 million in the fourth quarter of 2017 related to its Garden City Group reporting unit. There were no goodwill impairment charges in 2016. We incurred non-cash goodwill impairment charges of $49.3 million in 2015. See the "Critical Accounting Policies" in Item 7 and Note 3, "Goodwill and Intangible Assets" of our accompanying audited consolidated financial statements included in Item 8 of this Annual Report on Form 10-K for further discussion about goodwill impairment charges.

Restructuring and Special Charges

Total restructuring and special charges were $12.1 million for 2017, $9.5 million in 2016, and $34.4 million in 2015. See Note 16, "Restructuring and Special Charges" of our accompanying audited consolidated financial statements included in Item 8 of this Annual Report on Form 10-K for further discussion about the restructuring and special charges.

Liquidity, Capital Resources, and Financial Condition

We fund our working capital requirements, capital expenditures and acquisitions from net cash provided by operating activities and borrowings under bank credit facilities.

On October 11, 2017, the Company, its subsidiaries Crawford & Company Risk Services Investments Limited (the "UK Borrower"), Crawford & Company (Canada) Inc. (the "Canadian Borrower") and Crawford & Company (Australia) Pty. Ltd. (the "Australian Borrower") (the Company, together with such subsidiaries, as borrowers, the "Borrowers", Wells Fargo Bank, National Association, as administrative agent and a lender ("Wells Fargo"), Bank of America, N.A., as syndication agent and a lender, Citizens Bank, N.A., as documentation agent and a lender, and the other lenders party thereto, entered into an Amended and Restated Credit Agreement (the "Amended and Restated Credit Agreement"), which amended and restated that certain Credit Agreement, dated as of December 8, 2011, by and among, inter alia, the Borrowers, Wells Fargo and the other lenders from time to time party thereto (as previously amended, the "Original Credit Agreement"). In connection with the Amended and Restated Credit Agreement, the Company, the Company’s guarantor subsidiaries party thereto and Wells Fargo entered into an Amended and Restated Pledge and Security Agreement (the "Amended and Restated Pledge and Security Agreement") and an Amended and Restated Guaranty Agreement (the "Amended and Restated Guaranty Agreement"), each dated as of the date of the Amended and Restated Credit Agreement.

The Amended and Restated Credit Agreement: (i) increases the aggregate commitments under the Original Credit Agreement from $400.0 million to $450.0 million, without impacting the Company’s ability, subject to the satisfaction of certain conditions and its receipt of additional commitments, to exercise its option to further increase the revolving loan commitments by up to $200.0 million (previously $100.0 million under the Original Credit Agreement); (ii) extends the maturity date under the Amended and Restated Credit Agreement to November 23, 2022 (the maturity date was November 25, 2018 under the Original Credit Agreement); (iii) reduces the interest margin ranges to 1.30% to 2.10% for LIBOR loans (previously 1.50% to 2.25%) and 0.30% to 1.10% for Base Rate loans (previously 0.50% to 1.25%); (iv) reduces the minimum required fixed charge coverage ratio to 1.10 to 1.00 (previously 1.25 to 1.00);

and (v) amends the leverage ratio tests to set a maximum permitted senior secured leverage ratio of 3.25 to 1.00 and set a maximum permitted total leverage ratio of 4.25 to 1.00, among other things.

The credit facility under the Amended and Restated Credit Agreement (as amended, the "Credit Facility") consists of a $450.0 million revolving credit facility, with a letter of credit subfacility of $200.0 million. The Credit Facility contains sublimits of $185.0 million for borrowings by the UK Borrower, $75.0 million for borrowings by the Canadian Borrower, and $32.5 million for borrowings by the Australian Borrower. The Credit Facility matures, and all amounts outstanding thereunder, will be due and payable on November 23, 2022.

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Borrowings under the Credit Facility may be made in U.S. dollars, Euros, the currencies of Canada, Japan, Australia or United Kingdom and, subject to the terms of the Credit Facility, other currencies. Borrowings under the Credit Facility bear interest, at the option of the applicable Borrower, based on the Base Rate (as defined below) or the London Interbank Offered Rate ("LIBOR"), in each case plus an applicable interest margin based on the Company's leverage ratio (as defined below), provided that borrowings in foreign currencies may bear interest based on LIBOR only. The interest margin for LIBOR loans ranges from 1.30% to 2.10% and for Base Rate loans ranges from 0.30% to 1.10%. Base Rate is defined as the highest of (i) the Federal Funds Rate, as published by the Federal Reserve Bank of New York, plus 1/2 of 1%, (ii) the prime commercial lending rate of the Administrative Agent and (iii) LIBOR for a one month interest period plus 1.0%.

At December 31, 2017 and 2016, a total of $224.3 million and $186.2 million, respectively, was outstanding under the Credit Facility. In addition, undrawn commitments under letters of credit totaling $14.5 million and $14.8 million were outstanding at December 31, 2017 and 2016, respectively, under the letters of credit subfacility of the Credit Facility. These letter of credit commitments were for the Company's own obligations. Including the amounts committed under the letters of credit subfacility, the available borrowing capacity under the Credit Facility totaled $241.3 million and $198.5 million at December 31, 2017 and 2016.

The obligations of the Borrowers under the Amended and Restated Credit Agreement are guaranteed by each existing material domestic subsidiary of the Company, certain other domestic subsidiaries of the Company and certain existing material foreign subsidiaries of the Company that are disregarded entities for U.S. income tax purposes (each such foreign subsidiary, a "Disregarded Foreign Entity"), and such obligations are required to be guaranteed by each subsequently acquired or formed material domestic subsidiary and Disregarded Foreign Entity (each, a "Guarantor"), and the obligations of the Borrowers other than the Company ("Foreign Borrowers") for which the Company is not the primary obligor are also guaranteed by the Company. In addition, (i) the Borrowers' obligations under the Amended and Restated Credit Agreement are secured by a first priority lien (subject to liens permitted by the Amended and Restated Credit Agreement) on substantially all of the personal property of the Company and the Guarantors as set forth in the Amended and Restated Pledge and Security Agreement and (ii) the obligations of the Foreign Borrowers are secured by a first priority lien on 100% of the capital stock of the Foreign Borrowers.

The representations, covenants and events of default in the Credit Facility are customary for financing transactions of this nature, including required compliance with a minimum fixed charge coverage ratio and a maximum leverage ratio (each as defined below).

Under the Credit Facility the fixed charge coverage ratio, defined as the ratio of (i)(A) consolidated earnings before interest expense, income taxes, depreciation, amortization, stock-based compensation expense, and certain other charges and expenses ("EBITDA") minus (B) aggregate income taxes to the extent paid in cash minus (C) unfinanced capital expenditures to (ii) the sum of: (A) consolidated interest expense to the extent paid (or required to be paid) in cash, plus (B) the aggregate of all scheduled payments of principal on funded debt (including the principal component of payments made in respect of capital lease obligations) required to have been made (whether or not such payments are actually made), plus (C) the aggregate of all restricted payments (as defined) paid, plus (D) the aggregate of all earnouts paid or required to be paid, must not be less than 1.10 to 1.00 for the four-quarter period ending at the end of each fiscal quarter.

The leverage ratio, as of the last day of any fiscal quarter, defined as the ratio of (i) consolidated total funded debt minus unrestricted cash to (ii) consolidated EBITDA, must not be greater than 3.25 to 1.00 at the end of each fiscal quarter.

At December 31, 2017, the Company was in compliance with the financial covenants under the Credit Facility. If the Company does not meet the covenant requirements in the future, it would be in default under the Credit Facility. Upon

the occurrence of an event of default, the lenders may terminate the loan commitments, accelerate all loans and exercise any of their rights under the Credit Facility and ancillary documents.

We are not aware of any additional restrictions placed on us, or being considered to be placed on us, related to our ability to access capital, such as borrowings under the Credit Facility. We do not rely on repurchase agreements or the commercial paper market to meet our short-term or long-term funding needs. For additional information on the key covenants contained in our Credit Facility, see "Other Matters Concerning Liquidity and Capital Resources" below.

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We continue the ongoing monitoring of our customers' ability to pay us for the services that we render to them. Based on historical results, we currently believe there is a low likelihood that write-offs of our existing accounts receivable will have a material impact on our financial results. However, if one or more of our key customers files bankruptcy or otherwise becomes unable to make required payments to us, or if overall economic conditions deteriorate, we may need to make material provisions in the future to increase our allowance for accounts receivable.

The operations of our International segment expose us to a number of risks, including foreign currency exchange rate changes that can impact translations of foreign-denominated assets and liabilities into U.S. dollars and future earnings and cash flows from transactions denominated in different currencies, as well as the risk of changes in tax rates or tarriffs on earnings or services provided outside the U.S. Changes in the relative values of non-U.S. currencies to the U.S. dollar affect our financial results. Increases in the value of the U.S. dollar compared with the other functional currencies in certain of the locations in which we do business negatively impacted our revenues and operating earnings in 2017, 2016, and 2015. We cannot predict the impact that foreign currency exchange rates may have on our future revenues or operating earnings in our International segment.

At December 31, 2017, our working capital balance (current assets less current liabilities) was approximately $113.8 million, compared with $134.4 million at December 31, 2016. The decrease in working capital was due to an increase in short-term borrowings largely to fund the WeGoLook acquisition. Cash and cash equivalents at the end of 2017 totaled $54.0 million, compared with $81.6 million at the end of 2016. The decrease in cash was primarily related to certain international cash balances being utilized to reduce foreign borrowings under our Credit Facility.

Cash and cash equivalents as of December 31, 2017 consisted of $17.8 million held in the U.S. and $36.2 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 the potential tax impact or our anticipated investment needs in that region and provide for 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 foresee a need 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 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. No additional income or withholding taxes have been provided for any undistributed foreign earnings, other than those subject to the Transition Tax nor have any taxes been provided for outside basis difference inherent in these entities as these amounts continue to be indefinitely reinvested in foreign operations. Additionally, due to withholding tax, basis computations, and other related tax considerations, it is not practicable to estimate any taxes to be provided on outside basis differences at this time. The ultimate tax impact related to the Tax Act may differ, possibly materially, due to further refinement of our calculations, changes in interpretation and assumptions, or issuance of additional guidance issued by the relevant tax authorities and we will continue to refine these estimates and our indefinite reinvestment assertion in accordance with SAB 118.

Cash Provided by Operating Activities

Cash provided by operating activities decreased by $58.1 million in 2017, from $98.9 million in 2016 to $40.8 million in 2017. This decrease was primarily due to a decrease in accrued incentive compensation, accounts payable, and pension liabilities, and an increase in receivables and prepaid expenses. Interest payments on our debt were $8.4 million in 2017, and tax payments, net of refunds, were $15.6 million in 2017. During the 2016 period the Company settled a cross currency swap for $4.1 million increasing cash from operations for the prior year period.

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Cash provided by operating activities increased by $37.2 million in 2016, from $61.7 million in 2015 to $98.9 million in 2016. This increase was largely due to higher net income and a decrease in working capital requirements in 2016 compared to 2015. Interest payments on our debt were $8.5 million in 2016, and tax payments, net of refunds, were $16.2 million in 2016.

Cash Used in Investing Activities

Cash used in investing activities increased by $48.9 million in 2017, from $33.0 million in 2016 to $81.9 million in 2017. This increase was primarily due to $36.0 million for the acquisition of WeGoLook and certain non-compete agreements as discussed in Note 2, "Acquisitions and Dispositions of Businesses." Cash used to acquire property and equipment and capitalized software, including capitalization of costs for internally developed software, was $44.9 million in 2017 compared with $29.2 million in 2016. This increase also includes costs incurred for the consolidation and relocation of our Atlanta Support Center as discussed in Note 6, "Commitments Under Operating Leases." We forecast that our property and equipment additions in 2018, including capitalized software, will approximate $45 million due to investments required to fund initiatives in our three-year strategic plan.

Cash used in investing activities decreased by $68.2 million in 2016, from $101.2 million in 2015 to $33.0 million in 2016. This decrease was primarily due to $68.3 million in cash payments for business acquisitions in 2015. Cash used to acquire property and equipment and capitalized software, including capitalization of costs for internally developed software, was $29.2 million in 2016 compared with $32.9 million in 2015.

Cash Provided by (Used in) Financing Activities

Cash provided by financing activities was $10.3 million in 2017. In 2017, we borrowed $94.4 million in short-term borrowings for working capital needs and we repaid a total of $58.5 million in short-term borrowings and $1.2 million in debt and capital lease obligations. The increase in borrowings in the 2017 period was primarily due to borrowings to fund the WeGoLook acquisition and increased working capital requirements. We used cash to pay cash dividends totaling $13.7 million. Also in 2017, we repurchased shares of CRD-A and CRD-B stock totaling $7.4 million, and we received shares of CRD-A stock that were surrendered by employees to settle $1.9 million of withholding taxes owed on the issuance of restricted and performance shares.

Cash used by financing activities was $55.2 million in 2016. We borrowed $80.2 million in short-term borrowings for working capital needs and we repaid a total of $118.0 million in short-term borrowings and $1.5 million in debt and capital lease obligations. We used cash to pay cash dividends totaling $13.6 million. Also in 2016, we received shares of CRD-A stock that were surrendered by employees to settle $1.3 million of withholding taxes owed on the issuance of restricted and performance shares.

Other Matters Concerning Liquidity and Capital Resources

Our short-term debt obligations typically peak during the first quarter of each year due to the payment of incentive compensation awards, contributions to retirement plans, and certain other recurring payments, and generally decline during the balance of the year. Our maximum month-end short-term debt obligations were $32.0 million and $23.3 million in 2017 and 2016, respectively. Our average month-end short-term debt obligations were $8.3 million and $13.3 million in 2017 and 2016, respectively. The outstanding balance of our short-term borrowings, excluding outstanding but undrawn letters of credit under our Credit Facility, was $24.6 million and $30 thousand at December 31, 2017 and 2016, respectively. The balance in short-term borrowings at December 31, 2017 represents amounts under our revolving Credit Facility that we expect, but are not required, to repay in the next twelve months. We have historically used the proceeds from our long-term borrowings to finance, among other things, business acquisitions.

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As described above, we have two principal financial covenants in our Credit Facility. The leverage ratio covenant requires us to comply with a maximum leverage ratio, defined in our Credit Facility as the ratio of (i) consolidated total funded debt minus unrestricted cash to (ii) consolidated earnings before interest expense, income taxes, depreciation, amortization, stock-based compensation expense, and certain other charges and expenses ("EBITDA"). This ratio must not exceed 3.25 to 1.00 as of the last day of each fiscal quarter. The fixed charge coverage ratio covenant requires us to comply with a minimum fixed charge coverage ratio, defined as the ratio of (i)(A) consolidated EBITDA minus (B) aggregate income taxes to the extent paid in cash minus (C) unfinanced capital expenditures to (ii) the sum of: (A) consolidated interest expense to the extent paid (or required to be paid) in cash, plus (B) the aggregate of all scheduled payments of principal on funded debt (including the principal component of payments made in respect of capital lease obligations) required to have been made (whether or not such payments are actually made), plus (C) the aggregate of all restricted payments (as defined) paid, plus (D) the aggregate of all earnouts paid or required to be paid, must not be less than 1.10 to 1.00 for the four-quarter period ending at the end of each fiscal quarter. At December 31, 2017, we were in compliance with all required ratios under our Credit Facility. Based on our financial plans, we expect to be able to remain in compliance with all required covenants throughout 2018. Our compliance with the leverage ratio and fixed charge coverage ratio is particularly sensitive to changes in our EBITDA, and if our financial plans for 2018 or other future periods do not meet our current projections, we could fail to remain in compliance with these financial covenants in our Credit Facility.

Our compliance with the leverage ratio covenant is also sensitive to changes in our level of consolidated total funded debt, as defined in our Credit Facility. In addition to short- and long-term borrowings, capital leases, and bank overdrafts, among other things, consolidated total funded debt includes letters of credit, the need for which can fluctuate based on our business requirements. An increase in borrowings under our Credit Facility could negatively impact our leverage ratio, unless those increased borrowings are offset by a corresponding increase in our EBITDA. In addition, a reduction in EBITDA in the future could limit our ability to utilize available credit under the Credit Facility, which could negatively impact our ability to fund our current operations or make needed capital investments.

Our compliance with the fixed charge coverage ratio covenant, which measures our ability to pay certain recurring expenses such as interest and lease payments, is also sensitive to the level of capital expenditures and restricted payments, as defined in our Credit Facility. A decrease in EBITDA could negatively impact our fixed charge coverage ratio, as could increases in our capital expenditures, interest expense, tax expense or restricted payments. If we do not manage those items carefully, we could be in default under the Credit Agreement, which would negatively impact our ability to fund our current operations or make needed capital investments.

We believe our current financial resources, together with funds generated from operations and existing and potential borrowing capabilities, will be sufficient to maintain our current operations for the next 12 months.

Contractual Obligations

As of December 31, 2017, the impact that our contractual obligations, including estimated interest payments, are expected to have on our liquidity and cash flow in future periods is as follows:

(Note references in the following table refer to the note in the accompanying audited consolidated financial statements in Item 8 of this Annual Report on Form 10-K).

	Payments Due by Period				
	One Year or Less	1 to 3 Years	3 to 5 Years	After 5 Years	Total
	(In thousands)				
Operating lease obligations (Note 6)	$39,321	$61,101	$30,721	$28,010	$159,153

Long-term debt, including current portions (Note 4) [1]	24,641	—	199,642	—	224,283
Capital lease obligations (Note 4) [1]	571	540	278	—	1,389
Total, before interest payments	64,533	61,641	230,641	28,010	384,825
Estimated interest payments under Credit Facility	10,820	22,421	21,199	—	54,440
Total contractual obligations	$75,353	$84,062	$251,840	$28,010	$439,265

[1] Assumes principal amounts are repaid at maturity and not refinanced.

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Approximately $17.2 million of operating lease obligations included in the table above are expected to be funded by sublessors under existing sublease agreements. See Note 6, "Commitments Under Operating Leases" to the audited consolidated financial statements included in Item 8 of this Annual Report on Form 10-K.

Borrowings under our Credit Facility bear interest at a variable rate, based on LIBOR or a Base Rate, in either case plus an applicable margin. Long-term debt refers to the required principal repayment at maturity of the Credit Facility, and may differ significantly from estimates, due to, among other things, actual amounts outstanding at maturity or any refinancings prior to such date. Interest amounts are based on projected borrowings under our Credit Facility and interest rates in effect on December 31, 2017, and the actual interest payments may differ significantly from estimates due to, among other things, changes in outstanding borrowings and prevailing interest rates in the future.

At December 31, 2017, we had approximately $11.3 million of unrecognized income tax benefits related to uncertain tax positions. We cannot reasonably estimate when all of these unrecognized income tax benefits may be settled. We expect $6.2 million in reductions to unrecognized income tax benefits within the next 12 months as a result of projected resolutions of income tax uncertainties.

Gross deferred income tax liabilities as of December 31, 2017 were approximately $51.1 million. This amount is not included in the contractual obligations table because we believe this presentation would not be meaningful. Deferred income tax liabilities are calculated based on temporary differences between the tax basis of assets and liabilities and their respective book basis, which will result in taxable amounts in future years when the liabilities are settled at their reported financial statement amounts. The results of these calculations do not have a direct connection with the amount of cash taxes to be paid in any future periods. As a result, we believe scheduling deferred income tax liabilities as payments due by period could be misleading, because this scheduling would not relate to liquidity needs.

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. (the "U.K. Plans"), and defined benefit pension plans in the Netherlands, Norway, Germany, and the Philippines (the "other international plans"). Future cash funding of our defined benefit pension plans will depend largely on future investment performance, interest rates, changes to mortality tables, and regulatory requirements. Effective December 31, 2002, we froze our U.S. Qualified Plan. The aggregate deficit in the funded status of the U.S. Plan and other international plans totaled $87.0 million and $105.2 million at the end of 2017 and 2016, respectively. The 2017 decrease in the unfunded deficit of our defined benefit pension plans primarily resulted from the return on plan assets, contributions and adoption of updated mortality tables used to determine U.S. Qualified Plan liabilities. During 2017, we made contributions of $9.0 million and $5.6 million to our U.S. Qualified Plan and U.K. Plans, respectively. In 2016, we made contributions of $9.0 million and $5.1 million to our U.S. Qualified Plan and U.K. Plans, respectively. The U.K. Plans were in a funded status totaling $34.7 million and $21.6 million at the end of 2017 and 2016, respectively with the fair value of plan assets exceeding the projected benefit obligation. There was a $13.1 million increase during 2017 in the net prepaid pension balances of the U.K. defined benefit plan that is in an overfunded position.

Our frozen U.S. Qualified Plan was underfunded by $85.8 million at December 31, 2017 based on an accumulated benefit obligation of $474.6 million. Crawford expects to make discretionary contributions of $9.0 million per annum to the U.S. Qualified Plan for the next five fiscal years to improve the funded status of the plan and minimize future required contributions. We estimate that we will make the following annual minimum contributions over the next five years to our frozen U.S. Qualified Plan and the U.K. Plans:

Year Ending December 31,	Estimated U.S. Pension	Estimated U.K. Pension

	Funding (In thousands)	Funding
2018	$ 9,000	$ 5,600
2019	9,000	5,200
2020	9,000	5,200
2021	9,000	5,200
2022	9,000	5,200

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Funding requirements are no longer as sensitive to changes in the expected rate of return on plan assets and the discount rate used to determine the present value of projected benefits payable under the U.S. Qualified plan. The Bipartisan Budget Act of 2015 ("BBA2015") included pension funding reform which greatly reduced the contributions required to the U.S. Qualified Plan. In addition to BBA2015 legislation, pension funding has been governed by rules under the Pension Protection Act of 2006, as amended by the Worker, Retiree and Employer Recovery Act of 2008, the Preservation of Access to Care for Medicare Beneficiaries and Pension Relief Act of 2010, and the Moving Ahead for Progress in the 21st Century Act, and the Highway Transportation Funding Act of 2014. Volatility in the capital markets and future legislation may have a negative impact on our U.S., U.K. and other international pension plans, which may further increase the underfunded portion of our pension plans and our attendant funding obligations. Expected and required contributions to our underfunded defined benefit pension plans will reduce our liquidity, restrict available cash for our operating, financing, and investing needs and may materially adversely affect our financial condition and our ability to deploy capital to other opportunities.

Commercial Commitments

As a component of our Credit Facility, we maintain a letter of credit facility to satisfy certain contractual obligations. At December 31, 2017, the issued, but undrawn, letters of credit totaled approximately $14.5 million. These letters of credit are typically renewed annually, but unless renewed, will expire as follows:

	Amount of Commitment Expiration per Period				
	One Year or Less	1 to 3 Years	3 to 5 Years	After 5 Years	Total
	(In thousands)				
Standby Letters of Credit	$14,500	$ —	$ —	$ —	$14,500

Off-Balance Sheet Arrangements

At December 31, 2017, we were not party to any off-balance sheet arrangements, other than operating leases, which could materially impact our operations, financial condition, or cash flows. 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 sheets.

We maintain funds in trusts 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 consolidated balance sheets. We have concluded that we do not have material off-balance sheet financial risk related to these funds at December 31, 2017.

Changes in Financial Condition

The following addresses changes in our financial condition not addressed elsewhere in this MD&A.

Significant changes on our consolidated balance sheet as of December 31, 2017, compared with our consolidated balance sheet as of December 31, 2016, were as follows:

- Accounts receivable increased by $20.6 million, or $14.8 million excluding the effect of foreign currency exchange impacts and other adjustments, in 2017 compared with 2016. The increase was primarily due to increased receivables in U.S. Services related to the hurricane activity and International operations.
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Prepaid expenses and other current assets and other noncurrent assets increased by $17.6 million in 2017 compared with 2016 primarily due to an increase of $13.1 million in the net prepaid pension balances of the U.K. defined benefit plan that is in a overfunded position.

- Noncurrent deferred income tax assets decreased by $5.0 million primarily due to the tax impact of the Tax Cuts and Jobs Act in the U.S., the adjustments to retirement liabilities recorded in accumulated other comprehensive loss, and the utilization of foreign tax credits and net operating losses.

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Critical Accounting Policies and Estimates

This MD&A addresses our consolidated financial statements, which are prepared in accordance with U.S. GAAP. The preparation of these financial statements requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities, the 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. On an ongoing basis, we evaluate these estimates and judgments based upon historical experience and various other factors that we believe are reasonable under then-existing circumstances. The results of these evaluations form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions.

We believe the following critical accounting policies require significant judgments and estimates in the preparation of our consolidated financial statements. Changes in these underlying estimates could potentially materially affect consolidated results of operations, financial position and cash flows in the period of change. Although some variability is inherent in these estimates, the amounts provided for are based on the best information available to us and we believe these estimates are reasonable.

We have discussed the following critical accounting policies and estimates with the Audit Committee of our Board of Directors, and the Audit Committee has reviewed our related disclosure in this MD&A.

Revenue Recognition

Our revenues are primarily comprised of claims processing or program administration fees. Fees for professional services are recognized as unbi