

United States
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
for the quarterly period ended September 30, 2019

OR

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

(State or other jurisdiction of incorporation or organization)

58-0506554

(I.R.S. Employer Identification No.)

5335 Triangle Parkway

Peachtree Corners, Georgia

(Address of principal executive offices)

30092

(Zip Code)

(404) 300-1000

(Registrant's telephone number, including area code)

Securities Registered Pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Class A Common Stock — \$1.00 Par Value	CRD-A	New York Stock Exchange, Inc.
Class B Common Stock — \$1.00 Par Value	CRD-B	New York Stock Exchange, Inc.

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

Yes No

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

Yes No

Indicate by check mark whether the Registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a 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	<input type="checkbox"/>	Accelerated filer	<input checked="" type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>
		Emerging growth company	<input type="checkbox"/>

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.

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

Yes No

The number of shares outstanding of each class of the Registrant's common stock, as of October 29, 2019, was as follows:

Class A Common Stock, \$1.00 par value: 30,428,832
Class B Common Stock, \$1.00 par value: 22,694,718

CRAWFORD & COMPANY
Quarterly Report on Form 10-Q
Quarter Ended September 30, 2019

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Part I — Financial Information

Item 1. Financial Statements

CRAWFORD & COMPANY
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
 Unaudited

<i>(In thousands, except per share amounts)</i>	Three Months Ended September 30,	
	2019	2018
Revenues:		
Revenues before reimbursements	\$ 254,677	\$ 255,029
Reimbursements	11,165	9,834
Total Revenues	265,842	264,863
Costs and Expenses:		
Costs of services provided, before reimbursements	180,849	179,238
Reimbursements	11,165	9,834
Total costs of services	192,014	189,072
Selling, general, and administrative expenses	52,564	63,247
Corporate interest expense, net of interest income of \$0 and \$274, respectively	3,162	2,398
Arbitration and claim settlements	1,200	—
Loss on disposition of business line	—	1,201
Total Costs and Expenses	248,940	255,918
Other (Loss) Income, net	(883)	762
Income Before Income Taxes	16,019	9,707
Provision for Income Taxes	5,328	1,828
Net Income	10,691	7,879
Net Loss Attributable to Noncontrolling Interests and Redeemable Noncontrolling Interests	355	17
Net Income Attributable to Shareholders of Crawford & Company	\$ 11,046	\$ 7,896
Earnings Per Share - Basic:		
Class A Common Stock	\$ 0.22	\$ 0.15
Class B Common Stock	\$ 0.19	\$ 0.13
Earnings Per Share - Diluted:		
Class A Common Stock	\$ 0.21	\$ 0.15
Class B Common Stock	\$ 0.19	\$ 0.13
Weighted-Average Shares Used to Compute Basic Earnings Per Share:		
Class A Common Stock	30,645	30,713
Class B Common Stock	22,831	24,446
Weighted-Average Shares Used to Compute Diluted Earnings Per Share:		
Class A Common Stock	31,140	31,390
Class B Common Stock	22,831	24,446

(See accompanying notes to condensed consolidated financial statements)

CRAWFORD & COMPANY
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
Unaudited

<i>(In thousands, except per share amounts)</i>	Nine Months Ended September 30,	
	2019	2018
Revenues:		
Revenues before reimbursements	\$ 758,616	\$ 807,177
Reimbursements	31,449	41,282
Total Revenues	790,065	848,459
Costs and Expenses:		
Costs of services provided, before reimbursements	533,664	574,380
Reimbursements	31,449	41,282
Total costs of services	565,113	615,662
Selling, general, and administrative expenses	171,407	188,907
Corporate interest expense, net of interest income of \$539 and \$1,446, respectively	8,346	7,402
Arbitration and claim settlements	12,552	—
Loss on disposition of business line	—	18,996
Total Costs and Expenses	757,418	830,967
Other (Loss) Income, net	(2,443)	2,644
Income Before Income Taxes	30,204	20,136
Provision for Income Taxes	11,120	6,255
Net Income	19,084	13,881
Net Loss Attributable to Noncontrolling Interests and Redeemable Noncontrolling Interests	713	159
Net Income Attributable to Shareholders of Crawford & Company	\$ 19,797	\$ 14,040
Earnings Per Share - Basic:		
Class A Common Stock	\$ 0.39	\$ 0.28
Class B Common Stock	\$ 0.33	\$ 0.22
Earnings Per Share - Diluted:		
Class A Common Stock	\$ 0.39	\$ 0.28
Class B Common Stock	\$ 0.33	\$ 0.22
Weighted-Average Shares Used to Compute Basic Earnings Per Share:		
Class A Common Stock	30,701	30,829
Class B Common Stock	23,071	24,455
Weighted-Average Shares Used to Compute Diluted Earnings Per Share:		
Class A Common Stock	31,116	31,451
Class B Common Stock	23,071	24,455

(See accompanying notes to condensed consolidated financial statements)

CRAWFORD & COMPANY
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
Unaudited

<i>(In thousands)</i>	Three Months Ended September 30,	
	2019	2018
Net Income	\$ 10,691	\$ 7,879
Other Comprehensive Loss:		
Net foreign currency translation loss, net of tax of \$0 and \$0, respectively	(3,017)	(4,730)
Amortization of actuarial losses for retirement plans included in net periodic pension cost, net of tax of \$673 and \$826, respectively	1,984	1,833
Other Comprehensive Loss	(1,033)	(2,897)
Comprehensive Income	9,658	4,982
Comprehensive loss attributable to noncontrolling interests and redeemable noncontrolling interests	900	468
Comprehensive Income Attributable to Shareholders of Crawford & Company	\$ 10,558	\$ 5,450

<i>(In thousands)</i>	Nine Months Ended September 30,	
	2019	2018
Net Income	\$ 19,084	\$ 13,881
Other Comprehensive Income:		
Net foreign currency translation loss, net of tax of \$0 and \$0, respectively	(2,621)	(3,333)
Amortization of actuarial losses for retirement plans included in net periodic pension cost, net of tax of \$2,024 and \$2,455, respectively	5,976	5,535
Other Comprehensive Income	3,355	2,202
Comprehensive Income	22,439	16,083
Comprehensive loss attributable to noncontrolling interests and redeemable noncontrolling interests	1,684	414
Comprehensive Income Attributable to Shareholders of Crawford & Company	\$ 24,123	\$ 16,497

(See accompanying notes to condensed consolidated financial statements)

CRAWFORD & COMPANY
CONDENSED CONSOLIDATED BALANCE SHEETS
Unaudited

<i>(In thousands)</i>	September 30, 2019	* December 31, 2018
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 46,101	\$ 53,119
Accounts receivable, less allowance for doubtful accounts of \$9,786 and \$9,625, respectively	131,329	131,117
Unbilled revenues, at estimated billable amounts	115,672	108,291
Income taxes receivable	4,084	4,084
Prepaid expenses and other current assets	24,253	24,237
Total Current Assets	321,439	320,848
Net Property and Equipment	32,035	34,303
Other Assets:		
Operating lease right-of-use assets, net	93,610	—
Goodwill	97,152	96,890
Intangible assets arising from business acquisitions, net	76,529	85,023
Capitalized software costs, net	66,352	72,210
Deferred income tax assets	19,687	22,146
Other noncurrent assets	68,687	70,022
Total Other Assets	422,017	346,291
TOTAL ASSETS	\$ 775,491	\$ 701,442

* Derived from the audited Consolidated Balance Sheet

(See accompanying notes to condensed consolidated financial statements)

CRAWFORD & COMPANY
CONDENSED CONSOLIDATED BALANCE SHEETS — CONTINUED
Unaudited

<i>(In thousands, except par value amounts)</i>	September 30, 2019	* December 31, 2018
LIABILITIES AND SHAREHOLDERS' INVESTMENT		
Current Liabilities:		
Short-term borrowings	\$ 33,606	\$ 23,195
Accounts payable	31,178	37,834
Accrued compensation and related costs	66,559	66,530
Self-insured risks	14,873	15,246
Income taxes payable	2,236	3,145
Deferred rent	—	15,919
Operating lease liabilities	30,073	—
Other accrued liabilities	37,242	32,391
Deferred revenues	29,007	30,961
Current installments of finance leases	13	89
Total Current Liabilities	244,787	225,310
Noncurrent Liabilities:		
Long-term debt and finance leases, less current installments	155,761	167,126
Operating lease liabilities	78,371	—
Deferred revenues	23,839	21,713
Accrued pension liabilities	71,093	74,323
Other noncurrent liabilities	29,761	32,024
Total Noncurrent Liabilities	358,825	295,186
Redeemable Noncontrolling Interests	4,846	5,500
Shareholders' Investment:		
Class A common stock, \$1.00 par value; 50,000 shares authorized; 30,420 and 30,927 shares issued and outstanding at September 30, 2019 and December 31, 2018, respectively	30,420	30,927
Class B common stock, \$1.00 par value; 50,000 shares authorized; 22,727 and 24,408 shares issued and outstanding at September 30, 2019 and December 31, 2018, respectively	22,727	24,408
Additional paid-in capital	62,716	58,793
Retained earnings	260,621	273,607
Accumulated other comprehensive loss	(212,122)	(216,447)
Shareholders' Investment Attributable to Shareholders of Crawford & Company	164,362	171,288
Noncontrolling interests	2,671	4,158
Total Shareholders' Investment	167,033	175,446
TOTAL LIABILITIES AND SHAREHOLDERS' INVESTMENT	\$ 775,491	\$ 701,442

* Derived from the audited Consolidated Balance Sheet

(See accompanying notes to condensed consolidated financial statements)

CRAWFORD & COMPANY
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
Unaudited

<i>(In thousands)</i>	Nine Months Ended September 30,	
	2019	2018
Cash Flows From Operating Activities:		
Net income	\$ 19,084	\$ 13,881
Reconciliation of net income to net cash provided by operating activities:		
Depreciation and amortization	30,086	33,284
Stock-based compensation	2,610	4,838
Loss on disposition of business line	—	18,996
Changes in operating assets and liabilities:		
Accounts receivable, net	1,108	12,811
Unbilled revenues, net	(8,740)	(26,156)
Accrued or prepaid income taxes	443	788
Accounts payable and accrued liabilities	(4,361)	(10,665)
Deferred revenues	514	(2,068)
Accrued retirement costs	1,545	(26,486)
Prepaid expenses and other operating activities	36	(3,196)
Net cash provided by operating activities	42,325	16,027
Cash Flows From Investing Activities:		
Acquisitions of property and equipment	(5,664)	(12,406)
Cash proceeds from disposition of business line	—	40,275
Capitalization of computer software costs	(7,276)	(13,098)
Payments for business acquisitions, net of cash acquired	(2,296)	(2,500)
Other investing activities	—	(218)
Net cash (used in) provided by investing activities	(15,236)	12,053
Cash Flows From Financing Activities:		
Cash dividends paid	(9,894)	(10,159)
Proceeds from shares purchased under employee stock-based compensation plans	1,909	1,301
Repurchases of common stock	(25,673)	(7,715)
Increases in short-term and revolving credit facility borrowings	65,449	89,554
Payments on short-term and revolving credit facility borrowings	(64,962)	(100,895)
Payments on finance lease obligations	(106)	(361)
Dividends paid to noncontrolling interests	(458)	(349)
Net cash used in financing activities	(33,735)	(28,624)
Effects of exchange rate changes on cash and cash equivalents	(372)	(128)
Decrease in cash and cash equivalents	(7,018)	(672)
Cash and cash equivalents at beginning of year	53,119	54,011
Cash and cash equivalents at end of period	\$ 46,101	\$ 53,339

(See accompanying notes to condensed consolidated financial statements)

CRAWFORD & COMPANY
CONDENSED CONSOLIDATED STATEMENTS OF SHAREHOLDERS' INVESTMENT
Unaudited
(In thousands, except per share amounts)

2019	Common Stock		Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Shareholders' Investment Attributable to Shareholders of Crawford & Company	Noncontrolling Interests	Total Shareholders' Investment
	Class A Non-Voting	Class B Voting						
Balance at January 1, 2019	\$ 30,927	\$ 24,408	\$ 58,793	\$ 273,607	\$ (216,447)	\$ 171,288	\$ 4,158	\$ 175,446
Net income ⁽¹⁾	—	—	—	6,109	—	6,109	37	6,146
Other comprehensive income (loss)	—	—	—	—	5,073	5,073	(16)	5,057
Cash dividends paid (Class A - \$0.07 per share, Class B - \$0.05 per share)	—	—	—	(3,282)	—	(3,282)	—	(3,282)
Stock-based compensation	—	—	(247)	—	—	(247)	—	(247)
Repurchases of common stock	(421)	(1,377)	—	(14,620)	—	(16,418)	—	(16,418)
Common stock activity, net	115	—	(225)	—	—	(110)	—	(110)
Dividends paid to noncontrolling interests	—	—	—	—	—	—	(84)	(84)
Balance at March 31, 2019	\$ 30,621	\$ 23,031	\$ 58,321	\$ 261,814	\$ (211,374)	\$ 162,413	\$ 4,095	\$ 166,508
Net income ⁽¹⁾	—	—	—	2,642	—	2,642	(12)	2,630
Other comprehensive loss	—	—	—	—	(260)	(260)	(409)	(669)
Cash dividends paid (Class A - \$0.07 per share, Class B - \$0.05 per share)	—	—	—	(3,313)	—	(3,313)	—	(3,313)
Stock-based compensation	—	—	1,646	—	—	1,646	—	1,646
Repurchases of common stock	(280)	(73)	—	(2,814)	—	(3,167)	—	(3,167)
Common stock activity, net	326	—	634	—	—	960	—	960
Dividends paid to noncontrolling interests	—	—	—	—	—	—	(196)	(196)
Balance at June 30, 2019	\$ 30,667	\$ 22,958	\$ 60,601	\$ 258,329	\$ (211,634)	\$ 160,921	\$ 3,478	\$ 164,399
Net income ⁽¹⁾	—	—	—	11,046	—	11,046	(84)	10,962
Other comprehensive loss	—	—	—	—	(488)	(488)	(545)	(1,033)
Cash dividends paid (Class A - \$0.07 per share, Class B - \$0.05 per share)	—	—	—	(3,299)	—	(3,299)	—	(3,299)
Stock-based compensation	—	—	1,211	—	—	1,211	—	1,211
Repurchases of common stock	(402)	(231)	—	(5,455)	—	(6,088)	—	(6,088)
Common stock activity, net	155	—	904	—	—	1,059	—	1,059
Dividends paid to noncontrolling interests	—	—	—	—	—	—	(178)	(178)
Balance at September 30, 2019	\$ 30,420	\$ 22,727	\$ 62,716	\$ 260,621	\$ (212,122)	\$ 164,362	\$ 2,671	\$ 167,033

⁽¹⁾The total net income presented in the condensed consolidated statements of shareholders' investment for the three months ended March 31, June 30 and September 30, 2019 excludes \$377, \$6 and \$271, respectively, in net loss attributable to the redeemable noncontrolling interests.

(See accompanying notes to condensed consolidated financial statements)

	Common Stock		Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Shareholders' Investment Attributable to Shareholders of Crawford & Company	Noncontrolling Interests	Total Shareholders' Investment
	Class A Non- Voting	Class B Voting						
2018								
Balance at January 1, 2018	\$ 31,439	\$ 24,502	\$ 53,170	\$ 269,686	\$ (196,477)	\$ 182,320	\$ 4,644	\$ 186,964
Net income ⁽¹⁾	—	—	—	8,569	—	8,569	188	8,757
Other comprehensive income	—	—	—	—	8,940	8,940	229	9,169
Cash dividends paid (Class A - \$0.07 per share, Class B - \$0.05 per share)	—	—	—	(3,421)	—	(3,421)	—	(3,421)
Stock-based compensation	—	—	1,565	—	—	1,565	—	1,565
Repurchases of common stock	(1,012)	(54)	—	(7,794)	—	(8,860)	—	(8,860)
Common stock activity, net	102	—	(88)	—	—	14	—	14
Cumulative-effect adjustment of ASC 606	—	—	—	642	—	642	—	642
Balance at March 31, 2018	\$ 30,529	\$ 24,448	\$ 54,647	\$ 267,682	\$ (187,537)	\$ 189,769	\$ 5,061	\$ 194,830
Net loss ⁽¹⁾	—	—	—	(2,425)	—	(2,425)	305	(2,120)
Other comprehensive loss	—	—	—	—	(4,037)	(4,037)	(33)	(4,070)
Cash dividends paid (Class A - \$0.07 per share, Class B - \$0.05 per share)	—	—	—	(3,363)	—	(3,363)	—	(3,363)
Stock-based compensation	—	—	1,790	—	—	1,790	—	1,790
Common stock activity, net	69	—	240	—	—	309	—	309
Dividends paid to noncontrolling interests	—	—	—	—	—	—	(167)	(167)
Balance at June 30, 2018	\$ 30,598	\$ 24,448	\$ 56,677	\$ 261,894	\$ (191,574)	\$ 182,043	\$ 5,166	\$ 187,209
Net income ⁽¹⁾	—	—	—	7,896	—	7,896	305	8,201
Other comprehensive loss	—	—	—	—	(2,446)	(2,446)	(451)	(2,897)
Cash dividends paid	—	—	—	(3,375)	—	(3,375)	—	(3,375)
Stock-based compensation	—	—	1,483	—	—	1,483	—	1,483
Acquisition of noncontrolling interest	—	—	(218)	—	—	(218)	—	(218)
Repurchases of common stock	(43)	(11)	—	(425)	—	(479)	—	(479)
Common stock activity, net	155	—	823	—	—	978	—	978
Dividends paid to noncontrolling interests	—	—	—	—	—	—	(182)	(182)
Balance at September 30, 2018	\$ 30,710	\$ 24,437	\$ 58,765	\$ 265,990	\$ (194,020)	\$ 185,882	\$ 4,838	\$ 190,720

⁽¹⁾ The total net income presented in the condensed consolidated statements of shareholders' investment for the three months ended March 31, June 30 and September 30, 2018 excludes \$327, \$308 and \$322 respectively, in net loss attributable to the redeemable noncontrolling interests.

(See accompanying notes to condensed consolidated financial statements)

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
Unaudited

Based in Atlanta, Georgia, Crawford & Company ("Crawford" or "the Company") is the world's largest publicly listed independent provider of claims management and outsourcing 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.

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. The Company's website is www.crawco.com. The information contained on, or hyperlinked from, the Company's website is not a part of, and is not incorporated by reference into, this report.

1. Basis of Presentation

The accompanying unaudited condensed consolidated financial statements of the Company have been prepared in accordance with U.S. generally accepted accounting principles ("GAAP") for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X promulgated by the United States Securities and Exchange Commission (the "SEC"). Accordingly, these unaudited condensed consolidated financial statements do not include all of the information and footnotes required by GAAP for complete financial statements. The Company's operating results for the three months and nine months ended and financial position as of September 30, 2019 are not necessarily indicative of the results or financial position that may be expected for the year ending December 31, 2019 or for other future periods. The financial results from the Company's operations outside of the U.S., Canada, the Caribbean, and certain subsidiaries in the Philippines, are reported and consolidated on a two-month delayed basis (fiscal year-end of October 31) as permitted by GAAP in order to provide sufficient time for accumulation of their results.

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. In the opinion of management, all adjustments (consisting only of normal recurring accruals and adjustments) considered necessary for a fair presentation have been included. There have been no material changes to our significant accounting policies and estimates from those disclosed in the Company's Annual Report on Form 10-K for the year ended December 31, 2018 other than as disclosed herein.

Certain prior period amounts among the segments have been reclassified to conform to the current presentation. These reclassifications had no effect on the Company's reported consolidated results. Significant intercompany transactions have been eliminated in consolidation.

The Condensed Consolidated Balance Sheet information presented herein as of December 31, 2018 has been derived from the audited consolidated financial statements as of that date, but does not include all of the information and footnotes required by GAAP for complete financial statements. For further information, refer to the consolidated financial statements and footnotes thereto included in the Company's Annual Report on Form 10-K for the year ended December 31, 2018.

The Company consolidates the liabilities of its deferred compensation plan and the related assets, which are held in a rabbi trust and also considered a variable interest entity ("VIE") of the Company. The rabbi trust was created to fund the liabilities of the Company's deferred compensation plan. The Company is considered the primary beneficiary of the rabbi trust because the Company directs the activities of the trust and can use the assets of the trust to satisfy the liabilities of the Company's deferred compensation plan. At September 30, 2019 and December 31, 2018, the liabilities of the deferred compensation plan were \$8,790,000 and \$8,914,000, respectively, which represented obligations of the Company rather than of the rabbi trust, and the values of the assets held in the related rabbi trust were \$16,634,000 and \$16,402,000, respectively. These liabilities and assets are included in "Other noncurrent liabilities" and "Other noncurrent assets," respectively, on the Company's unaudited Condensed Consolidated Balance Sheets.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
Unaudited

The Company owns 51% of the capital stock of Lloyd Warwick International Limited ("LWI"). The Company has also agreed to provide financial support to LWI of up to approximately \$10,000,000. Because of this controlling financial interest, and because Crawford has the obligation to absorb certain of LWI's losses through the additional financial support that LWI may require, LWI is considered a VIE of the Company. LWI also does not meet the business scope exception, as Crawford provides more than half of its financial support, and because LWI lacks sufficient equity at risk to permit it to carry on its activities without this additional financial support. Creditors of LWI have no recourse to Crawford's general credit. Accordingly, Crawford is considered the primary beneficiary and consolidates LWI. Total assets and liabilities of LWI as of September 30, 2019 were \$12,468,000 and \$8,261,000, respectively. Total assets and liabilities of LWI as of December 31, 2018 were \$12,232,000 and \$10,423,000, respectively. Included in LWI's total liabilities is a loan from Crawford of \$4,217,000 and \$6,934,000 as of September 30, 2019 and December 31, 2018, respectively.

Noncontrolling interests represent the minority shareholders' share of the net income or loss and shareholders' investment in consolidated subsidiaries. Noncontrolling interests are presented as a component of shareholders' investment in the unaudited Condensed Consolidated Balance Sheets and reflect the initial fair value of these investments by noncontrolling shareholders, along with their proportionate share of the income or loss of the subsidiaries, less any dividends or distributions. Noncontrolling interests that are redeemable at the option of the holder are presented outside of shareholders' investment as "Redeemable Noncontrolling Interests" and are recorded at either their initial fair value plus any profits or losses or estimated redemption value if an adjustment is required.

2. Recently Issued Accounting Standards

Adoption of New Accounting Standards

Financial Accounting for Leases

In February 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2016-02, "Financial Accounting for Leases" together with its subsequent related amendments in 2018 and 2019, collectively referred to as Topic 842. Under Topic 842, a lessee is required to recognize assets and liabilities for leases with lease terms of more than 12 months. Topic 842 also requires disclosures to help investors and other financial statement users better understand the amount, timing, and uncertainty of cash flows arising from leases. These disclosures include qualitative and quantitative requirements, providing additional information about the amounts recorded in the financial statements. The Company adopted Topic 842 as of January 1, 2019 ("transition date") using the modified retrospective approach and as a result did not adjust the comparative period financial information or make the Topic 842 required lease disclosures for periods before the transition date. The Company elected the package of practical expedients to not reassess prior conclusions related to contracts containing leases, lease classification, lease term and initial direct costs as well as the practical expedient to choose not to separate nonlease components from lease components and instead account for each as a single lease component for all classes of its assets. As a result of adopting Topic 842, the Company recognized operating lease right-of-use assets of \$107.3 million and current and noncurrent operating lease liabilities of \$33.0 million and \$89.3 million, respectively, and reversed deferred rents of \$15.0 million on its unaudited Condensed Consolidated Balance Sheets. The adoption of Topic 842 resulted in no material impact to the Company's results of operations or cash flows and did not impact the Company's compliance with the financial covenants under its credit facility. See Note 4, "Lease Commitments" for further discussion on the Company's leases.

Reclassification of Certain Tax Effects from Accumulated Other Comprehensive Income

In February 2018, the FASB issued ASU 2018-02, "Income Statement-Reporting Comprehensive Income (Topic 220): Reclassification of Certain Tax Effects from Accumulated Other Comprehensive Income." This update allows companies to reclassify stranded tax effects resulting from the 2017 Tax Cuts and Jobs Act ("Tax Act"), from accumulated other comprehensive income (loss) to retained earnings. This update is effective for annual periods beginning after December 15, 2018, and interim periods thereafter. The Company adopted this ASU for the period ended March 31, 2019 and elected not to reclassify the income tax effects of the Tax Act from accumulated other comprehensive loss to retained earnings.

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Pending Adoption of Recently Issued Accounting Standards

Measurement of Credit Losses on Financial Instruments

In June 2016, the FASB issued ASU 2016-13, "Measurement of Credit Losses on Financial Instruments" together with its subsequent related amendments in 2018 and 2019, collectively referred to as Topic 326. Topic 326 replaces the incurred loss methodology to record credit losses with a methodology that reflects the expected credit losses for financial assets not accounted for at fair value, including trade receivables, with gains and losses recognized through income. The expected credit loss methodology incorporates past experience, current conditions and reasonable and supportable forecasts affecting collectability of these assets. Topic 326 is effective for annual periods beginning after December 15, 2019, and interim periods within those fiscal years. Early adoption is permitted for fiscal years beginning after December 15, 2018, and interim periods within those fiscal years. The Company plans to adopt Topic 326 on January 1, 2020 using a modified retrospective approach. The Company is currently evaluating the effect Topic 326 may have on its results of operations, financial condition and cash flows.

Changes to the Disclosure Requirements for Fair Value Measurement

In August 2018, the FASB issued ASU 2018-13, "Fair Value Measurement (Topic 820)." This update amends the disclosure requirements on fair value measurements in Topic 820, Fair Value Measurement, by removing and modifying certain disclosure requirements and adding others. This update removes the requirement to disclose the amount of and reasons for transfers between Level 1 and Level 2 of the fair value hierarchy, the policy for timing of transfers between levels and the valuation processes for Level 3 fair value measurements. This update requires the disclosure of the changes in unrealized gains and losses for the period included in other comprehensive income for recurring Level 3 fair value measurements held at the end of the reporting period and the range and weighted average of significant unobservable inputs used to develop Level 3 fair value measurements. Further, this update clarifies that transfers into and out of Level 3 of the fair value hierarchy and purchases and issues of Level 3 assets and liabilities are required to be disclosed. These updates are effective for annual periods beginning after December 15, 2019, and interim periods thereafter. Early adoption is permitted and early adoption of any removed or modified disclosures upon issuance of this update is permitted while delaying adoption of the additional disclosures until the effective date. The Company is currently evaluating the effect this ASU will have on its Fair Value Measurements disclosure.

Compensation-Retirement Benefits: Changes to the Disclosure Requirements for Defined Benefit Plans

In August 2018, the FASB issued ASU 2018-14, "Compensation-Retirement Benefits-Defined Benefit Plans-General (Subtopic 715-20)." This update modifies the disclosure requirements for employers that sponsor defined benefit pension or other postretirement plans. This update removes certain disclosure requirements including, but not limited to, the amounts in accumulated other comprehensive income expected to be recognized as components of net periodic benefit cost over the next fiscal year and the amount and timing of plan assets expected to be returned to the employer. This update requires the disclosure of the weighted-average interest crediting rates for cash balance plans and other plans with promised interest crediting rates and an explanation of the reasons for significant gains and losses related to changes in the benefit obligation for the period. This update also clarifies requirements for entities that provide aggregate disclosures for two or more plans. The update is effective for annual periods beginning after December 15, 2020, and interim periods thereafter. Early adoption is permitted. The Company is currently evaluating the effect this ASU will have on its Retirement Plans disclosure.

Customer's Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement That is a Service Contract

In August 2018, the FASB issued ASU 2018-15, "Intangibles-Goodwill and Other-Internal-Use Software (Subtopic 350-40)." This update aligns the requirements for capitalizing implementation costs incurred in a hosting arrangement that is a service contract with the requirements for capitalizing implementation costs incurred to develop or obtain internal-use software, including hosting arrangements that include an internal-use software license. This update also requires the entity (customer) to expense the capitalized implementation costs of a hosting arrangement that is a service contract over the term of the hosting arrangement. Further, this update requires the presentation of the expense in the statement of income, the presentation of the costs on the statement of financial position and the classification of payments in the statement of cash flows related to capitalized implementation costs to be treated the same as the fees of the associated hosting arrangement. The update is effective for annual periods beginning after December 15, 2019, and interim periods thereafter. Early adoption is permitted. The Company is currently evaluating the effect this ASU will have on its results of operations, financial condition and cash flows.

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3. Revenue Recognition

As of January 1, 2018, the Company adopted Accounting Standards Codification ("ASC") 606 using the modified retrospective method for those contracts which were not substantially completed as of the transition date. The reported results for the three and nine months ended September 30, 2019 and 2018 reflect the application of ASC 606.

Revenue from Contracts with Customers

Revenues are recognized when control of the promised services is transferred to the Company's customers in an amount that reflects the consideration the Company expects to be entitled to in exchange for those services. Revenues are recognized net of any sales, use or value added taxes collected from customers, which are subsequently remitted to governmental authorities. As the Company completes its performance obligations which are identified below, it has an unconditional right to consideration as outlined in the Company's contracts. Generally, the Company's accounts receivable are expected to be collected in less than two months, in accordance with the underlying payment terms.

The Company's Crawford Claims Solutions segment generates revenue for adjusting services provided to insurance companies and self-insured entities related to property, casualty and catastrophe losses caused by physical damage to commercial and residential real property and certain types of personal property. The Company charges on a fee-per-claim basis for each optional purchase of the claims management services exercised by its customer. Revenue is recognized over time as the performance obligations are satisfied through the effort expended to research, investigate, evaluate, document and report the claim and control of these services is transferred to the customer. Revenue is recognized based on historical claim closure rates and claim type for fixed fee claims applied utilizing a portfolio approach based on time elapsed for these claims. For claims billed on a time and expense incurred basis, which are considered variable consideration, the Company recognizes revenue at the amount in which it has the right to invoice for services performed. These methods of revenue recognition are the most accurate depiction of the transfer of the claims management services to the customer. The Company also generates revenue by providing on-demand inspection, verification and other task specific field services for businesses and consumers. Task assignment services are single optional purchase performance obligations which are generally satisfied at a point in time when the control of the service is transferred to the customer. Therefore, revenue is recognized when the customer receives the service requested.

The following table presents Crawford Claims Solutions revenues before reimbursements disaggregated by geography for the three months and nine months ended September 30, 2019 and 2018:

<i>(in thousands)</i>	Three Months Ended		Nine Months Ended	
	September 30, 2019	September 30, 2018	September 30, 2019	September 30, 2018
U.S.	\$ 35,982	\$ 34,480	\$ 103,743	\$ 110,426
U.K.	15,123	15,803	47,325	47,397
Canada	12,008	11,692	36,276	38,857
Australia	11,886	11,739	35,220	33,889
Europe	7,429	7,234	21,265	23,887
Rest of World	3,822	4,384	11,743	14,432
Total Crawford Claims Solutions Revenues before Reimbursements	\$ 86,250	\$ 85,332	\$ 255,572	\$ 268,888

The Crawford TPA Solutions segment (formerly referred to as "Global TPA Solutions: Broadspire") is a third party administrator that generates revenue through its Claims Management and Medical Management service lines.

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The Claims Management service line includes Workers' Compensation, Liability, Property and Disability Claims Management. This service line also performs additional services such as Accident & Health claims programs, including Affinity type claims, and disability and leave management services. Each claim referred by the customer is considered an additional optional purchase of claims management services under the agreement with the customer. The transaction price is specified in the contract and is fixed for each service. Revenue is recognized over time as services are provided as the performance obligations are satisfied through the effort expended to research, investigate, evaluate, document, and report the claim and control of these services is transferred to the customer. Revenue is recognized based on historical claim closure rates and claim type applied utilizing a portfolio approach based on time elapsed for these claims as the Company believes this is the most accurate depiction of the transfer of the claims management services to its customer. This service line also provides Risk Management Information Services. For non-claim services, revenue is recognized over time as services are provided and control of these services is transferred to the customer. Revenue is recognized as time elapses as this is the most accurate depiction of the transfer of the service to the customer.

The Company's obligation to manage claims under the Claims Management service line can range from less than one year, on a one- or two-year basis or for the lifetime of the claim. Under certain claims management agreements, the Company receives consideration from a customer at contract inception prior to transferring services to the customer, however, it would begin performing services immediately. The period between a customer's payment of consideration and the completion of the promised services could be greater than one year. There is no difference between the amount of promised consideration and the cash selling price of the promised services. The fee is billed upfront by the Company in order to provide customers with simplified and predictable ways of purchasing its services and it is customary to invoice service fees when the claim is assigned. The Company considered whether a significant financing component exists and determined that there is not a significant financing component at the contract level.

The Medical Management service line offers case managers who provide administration services by proactively managing medical treatment for claimants while facilitating an understanding of and participation in their rehabilitation process. Revenue for Medical Management services is recognized over time as the performance obligations are satisfied through the effort expended to manage the medical treatment for claimants and control of these services is transferred to the customer. Medical Management services are generally billed based on time incurred, are considered variable consideration, and revenue is recognized at the amount in which the Company has the right to invoice for services performed. This method of revenue recognition is the most accurate depiction of the transfer of the Medical Management service to the customer. Medical bill review services provide an analysis of medical charges for clients' claims to identify opportunities for savings. Medical bill review services revenues are recognized over time as control of the service is transferred to the customer. Revenue is recognized based upon the transfer of the results of the medical bill review service to the customer as this is the most accurate depiction of the transfer of the service to the customer.

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The following tables present Crawford TPA Solutions revenues before reimbursements disaggregated by service line and geography for the three months and nine months ended September 30, 2019 and 2018:

<i>(in thousands)</i>	Three Months Ended September 30, 2019			Three Months Ended September 30, 2018		
	Claims Management Services	Medical Management Services	Total	Claims Management Services	Medical Management Services	Total
U.S.	\$ 37,352	\$ 43,024	\$ 80,376	\$ 37,294	\$ 42,685	\$ 79,979
U.K.	2,730	—	\$ 2,730	2,863	—	2,863
Canada	8,210	—	8,210	9,081	—	9,081
Europe and Rest of World	8,179	—	8,179	8,348	—	8,348
Total Crawford TPA Solutions Revenues before Reimbursements	\$ 56,471	\$ 43,024	\$ 99,495	\$ 57,586	\$ 42,685	\$ 100,271

<i>(in thousands)</i>	Nine Months Ended September 30, 2019			Nine Months Ended September 30, 2018		
	Claims Management Services	Medical Management Services	Total	Claims Management Services	Medical Management Services	Total
U.S.	\$ 109,700	\$ 127,691	\$ 237,391	\$ 112,616	\$ 128,359	\$ 240,975
U.K.	8,243	—	\$ 8,243	9,387	—	9,387
Canada	25,466	—	25,466	27,580	—	27,580
Europe and Rest of World	25,707	—	25,707	25,210	—	25,210
Total Crawford TPA Solutions Revenues before Reimbursements	\$ 169,116	\$ 127,691	\$ 296,807	\$ 174,793	\$ 128,359	\$ 303,152

The Company's Crawford Specialty Solutions segment principally generates revenues through its Global Technical Services and Contractor Connection service lines. The Garden City Group business, which was part of Crawford Specialty Solutions, was disposed of as of June 15, 2018. See Note 13, "Disposition of Business Line" for further discussion about this transaction.

The Global Technical Services service line generates revenues for claims management services provided to insurance companies and self-insured entities related to large, complex losses with technical adjusting and industry experts servicing a broad range of industries. Revenue is recognized over time as the performance obligations are satisfied through the effort expended to research, investigate, evaluate, document and report the claim and control of these services is transferred to the customer. Revenue is recognized based on historical claim closure rates and claim type for fixed fee claims, applied utilizing a portfolio approach based on time elapsed for these claims. For claims billed on a time and expense incurred basis, which are considered variable consideration, the Company recognizes revenue at the amount in which it has the right to invoice for services performed. These methods of revenue recognition are the most accurate depiction of the transfer of the claims management services to the customer.

The Contractor Connection service line generates revenue through its independently managed contractor network. Contractor Connection primarily generates revenue by receiving a fee for each project that is sold by its network of contractors. Revenue is recognized at a point in time once the consumer accepts the contractor's proposal as Contractor Connection's performance obligation of referring projects to its contractors has been completed and the Company is entitled to consideration at that time. The contractor takes control of the service upon the consumer's acceptance of the contractor's proposal.

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The following table presents Crawford Specialty Solutions revenues before reimbursements disaggregated by service line and geography for the three months and nine months ended September 30, 2019:

<i>(in thousands)</i>	Three Months Ended September 30, 2019			Three Months Ended September 30, 2018		
	Global Technical Services	Contractor Connection	Total	Global Technical Services	Contractor Connection	Total
U.S.	\$ 10,202	\$ 19,617	\$ 29,819	\$ 10,003	\$ 18,682	\$ 28,685
U.K.	11,728	1,263	12,991	11,931	2,034	13,965
Canada	6,294	1,838	8,132	6,117	2,268	8,385
Australia	5,935	222	6,157	6,494	240	6,734
Europe	5,141	2	5,143	5,277	1	5,278
Rest of World	6,690	—	6,690	6,379	—	6,379
Total Crawford Specialty Solutions Revenues before Reimbursements	\$ 45,990	\$ 22,942	\$ 68,932	\$ 46,201	\$ 23,225	\$ 69,426

<i>(in thousands)</i>	Nine Months Ended September 30, 2019				Nine Months Ended September 30, 2018			
	Global Technical Services	Contractor Connection	Garden City Group	Total	Global Technical Services	Contractor Connection	Garden City Group	Total
U.S.	\$ 30,888	\$ 60,270	\$ —	\$ 91,158	\$ 29,607	\$ 56,706	\$ 28,827	\$ 115,140
U.K.	34,444	3,955	—	38,399	34,446	6,308	—	40,754
Canada	19,522	5,773	—	25,295	18,761	6,208	1,048	26,017
Australia	16,881	608	—	17,489	17,833	999	—	18,832
Europe	14,793	3	—	14,796	16,356	3	—	16,359
Rest of World	19,100	—	—	19,100	18,035	—	—	18,035
Total Crawford Specialty Solutions Revenues before Reimbursements	\$ 135,628	\$ 70,609	\$ —	\$ 206,237	\$ 135,038	\$ 70,224	\$ 29,875	\$ 235,137

In the normal course of business, the Company's operating segments incur certain out-of-pocket expenses that are thereafter reimbursed by its customers. The Company controls the promised good or service before it is transferred to its customer, therefore it is a principal in the transaction. These out-of-pocket expenses and associated reimbursements are reported on a gross basis within expenses and revenues, respectively, in the Company's unaudited Condensed Consolidated Statements of Operations.

Arrangements with Multiple Performance Obligations

For claims management services, the Company typically has one performance obligation; however, it also provides the customer with an option to acquire additional services. The Company sells multiple lines of claims processing and different levels of processing depending on the complexity of the claims. The Company typically provides a menu of offerings from which the customer chooses to purchase at its option. The price of each service is separate and distinct and provides a separate and distinct value to the customer. Pricing is consistent for each service irrespective of the other services or quantities requested by the customer. For example, if the Company provides claims processing for both auto and general liability, those services are priced and delivered independently.

Contract Balances

The timing of revenue recognition, billings and cash collections result in billed accounts receivables, contract assets (reported as "Unbilled revenues at estimated billable amounts") and contract liabilities (reported as "Deferred revenues") on the Company's unaudited Condensed Consolidated Balance Sheets. Unbilled revenues is a contract asset for revenue that has been recognized in advance of billing the customer, resulting from professional services delivered that the Company expects and is entitled to receive as consideration under certain contracts. Billing requirements vary by contract but substantially all unbilled revenues are billed within one year.

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When the Company receives consideration from a customer prior to transferring services to the customer under the terms of certain claims management agreements, it records deferred revenues on the Company's unaudited Condensed Consolidated Balance Sheets, which represents a contract liability. These fixed-fee service agreements typically result from the Crawford TPA Solutions segment and require the Company to handle claims on either a one- or two-year basis, or for the lifetime of the claim. In cases where it handles a claim on a non-lifetime basis, the Company typically receives an additional fee on each anniversary date that the claim remains open. For service agreements where it provides services for the life of the claim, the Company is paid one upfront fee regardless of the duration of the claim. The Company recognizes deferred revenues as revenues as it performs services and transfers control of the services to the customer and satisfies the performance obligation which it determines utilizing a portfolio approach.

The Company's deferred revenues for claims handled for one or two years are not as sensitive to changes in claim closing rates since the performance obligations are satisfied within a fixed length of time. Deferred revenues for lifetime claim handling are more sensitive to changes in claim closing rates since the Company is obligated to handle these claims to conclusion with no additional fees received for long-lived claims. For all fixed fee service agreements, revenues are recognized over the expected service periods by type of claim. Based upon its historical averages, the Company closes approximately 98% of all cases referred to it under lifetime claim service agreements within five years from the date of referral. Also, within that five-year period, the percentage of cases remaining open in any one particular year has remained relatively consistent from period to period. Each quarter the Company evaluates its historical case closing rates by type of claim utilizing a portfolio approach and makes adjustments to deferred revenues as necessary. As a portfolio approach is utilized to recognize deferred revenues, any changes in estimates will impact the timing of revenue recognition and any changes in estimates are recognized in the period in which they are determined.

The table below presents the deferred revenues balance as of January 1, 2019 and the significant activity affecting deferred revenues during the nine months ended September 30, 2019:

<i>(In Thousands)</i>	
Customer Contract Liabilities	Deferred Revenue
Balance at January 1, 2019	\$ 52,673
Quarterly additions	20,790
Revenue recognized from the prior periods	(13,871)
Revenue recognized from current quarter additions	(5,485)
Balance as of March 31, 2019	54,107
Quarterly additions	18,536
Revenue recognized from the prior periods	(12,640)
Revenue recognized from current quarter additions	(6,322)
Balance as of June 30, 2019	53,681
Quarterly additions	20,411
Revenue recognized from the prior periods	(16,597)
Revenue recognized from current quarter additions	(4,649)
Balance as of September 30, 2019	\$ 52,846

Remaining Performance Obligations

As of September 30, 2019, the Company had \$92.0 million of remaining performance obligations related to claims and non-claims services in which the price is fixed. Remaining performance obligations consist of deferred revenues as well as certain unbilled receivables that are considered contract assets. The Company expects to recognize approximately 70% of our remaining performance obligations as revenues within one year and the remaining balance thereafter.

Costs to Obtain a Contract

The Company has a sales incentive compensation program where remuneration is based on the revenues recognized in the period and does not represent an incremental cost to the Company which provides a future benefit expected to be longer than one year and would meet the criteria to be capitalized and presented as a contract asset on the Company's unaudited Condensed Consolidated Balance Sheets.

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Practical Expedients Elected

As a practical expedient, the Company does not adjust the consideration in a contract for the effects of a significant financing component it expects, at contract inception, when the period between a customer's payment of consideration and the transfer of promised services to the customer will be one year or less.

For claims management services that are billed on a time and expense incurred or per unit basis and revenue is recognized over time, the Company recognizes revenue at the amount to which it has the right to invoice for services performed.

The Company does not disclose the value of remaining performance obligations for (i) contracts for which it recognizes revenue at the amount to which it has the right to invoice for services performed, and (ii) contracts with variable consideration allocated entirely to a single performance obligation.

4. Lease Commitments

The Company determines if an arrangement is a lease at inception. The Company's and its subsidiaries' leases include office space, computer equipment, and automobiles under operating and finance leases. These lease agreements have remaining lease terms of 1 to 11 years. Some of these lease agreements include options to extend the leases for up to 5 years, options to terminate the leases within 1 year, rental escalation clauses and periodic adjustments for inflation, all of which are considered in the determination of lease payments. These lease agreements do not contain any material residual value guarantees or material restrictive covenants.

For leases with terms greater than 12 months, the Company records the related right-of-use asset and lease liability at the present value of the fixed lease payments over the term. Variable lease payments are not included in the calculation of the right-of-use asset and lease liability. The Company does not separate nonlease components from lease components and instead accounts for each as a single lease component for all classes of its assets. The Company applies a portfolio approach to effectively account for the right-of-use asset and lease liability for certain equipment leases.

When available, the Company uses the rate implicit in the lease to discount lease payments to present value; however, most of the Company's leases do not provide a readily determinable implicit rate. Therefore, the Company must estimate its incremental borrowing rate to discount the lease payments based on information available at lease commencement.

The Company, as sublessor, subleases certain office space which mostly consists of a two-building office complex in Plantation, Florida in which the terms of the primary lease and the related subleases end in December 2021. Under all of its executed sublease arrangements, the sublessees are obligated to pay the Company sublease payments of \$1.1 million during the remainder of 2019, \$4.3 million in 2020, \$4.2 million in 2021 and \$0.2 million in 2022.

The Company's finance leases are not material for the three months or nine months ended or as of September 30, 2019 and are excluded from the disclosures below. The following table presents the lease-related assets and liabilities recorded on the Company's unaudited Condensed Consolidated Balance Sheets related to its operating leases:

<i>(in thousands)</i>	Classification on Balance Sheet	September 30, 2019
Assets:		
Operating lease	Operating lease right-of-use assets, net	\$ 93,610
Liabilities:		
Current operating lease liabilities	Current operating lease liabilities	30,073
Noncurrent operating lease liabilities	Noncurrent operating lease liabilities	78,371
Total operating lease liabilities		\$ 108,444
<hr/>		
Weighted-Average Remaining Lease Term		5.43 years
Weighted-Average Discount Rate ⁽¹⁾		5.6%

⁽¹⁾ Upon adoption of Topic 842, discount rates used for existing leases were established at the transition date.

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The components of operating lease costs within the Company's unaudited Condensed Consolidated Statements of Operations consisted of the following for the three months and nine months ended September 30, 2019:

<i>(in thousands)</i>	Three Months Ended		Nine Months Ended	
	September 30, 2019		September 30, 2019	
Operating lease cost	\$	9,298	\$	28,410
Variable lease cost		2,078		5,849
Sublease income		1,114		3,086

Supplemental cash flow information related to operating leases for the three months and nine months ended September 30, 2019 were as follows:

<i>(in thousands)</i>	Three Months Ended		Nine Months Ended	
	September 30, 2019		September 30, 2019	
Cash paid for amounts included in the measurement of lease liabilities:				
Operating cash flows for operating leases	\$	9,806	\$	29,220
Right-of-use assets obtained in exchange for lease obligations ⁽¹⁾	\$	1,294	\$	13,310

⁽¹⁾ The nine months ended September 30, 2019 amount excludes \$122.3 million of right-of-use assets recognized upon adoption of Topic 842.

Future undiscounted operating lease payments reconciled to total operating lease liabilities are as follows:

<i>(in thousands)</i>	September 30, 2019	
2019	\$	9,398
2020		32,187
2021		25,827
2022		14,876
2023		10,875
Thereafter		33,540
Total undiscounted lease payments		126,703
Less imputed interest		(18,259)
Present value of future lease payments	\$	108,444

The Company has entered into operating lease agreements that have not yet commenced as of September 30, 2019 with legally binding minimum lease payments of \$4.5 million. The leases are expected to commence during the three months ended December 31, 2019, and have lease terms between 3 years and 10 years.

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5. Income Taxes

The Company's consolidated effective income tax rate may change periodically due to changes in enacted tax rates, fluctuations in the mix of income earned from the Company's various domestic and international operations, which are subject to income taxes at different rates, the Company's ability to utilize net operating loss and tax credit carryforwards, and amounts related to uncertain income tax positions. The provision for income taxes on consolidated income before income taxes totaled \$5.3 million and \$1.8 million for the three months ended September 30, 2019 and 2018, respectively. The provision for income taxes on consolidated income before income taxes totaled \$11.1 million and \$6.3 million for the nine months ended September 30, 2019 and 2018, respectively. The overall effective tax rate increased to 36.8% for the nine months ended September 30, 2019 compared with 31.1% for the 2018 period primarily due to a one-time tax planning benefit in 2018 related to the voluntary contribution of \$10.0 million to the Company's U.S. defined benefit pension plan, the impact of the sale of the Garden City Group business (the "GCG Business") in 2018, and the arbitration and claim settlements in 2019. See Note 13, "Disposition of Business Line" and Note 11, "Commitments and Contingencies" for further discussion of these items.

6. Defined Benefit Pension Plans

Net periodic cost (benefit) related to all of the Company's defined benefit pension plans recognized in the Company's unaudited Condensed Consolidated Statements of Operations for the three months and nine months ended September 30, 2019 and 2018 included the following components:

<i>(in thousands)</i>	Three Months Ended		Nine Months Ended	
	September 30, 2019	September 30, 2018	September 30, 2019	September 30, 2018
Service cost	\$ 332	\$ 355	\$ 1,004	\$ 1,099
Interest cost	5,565	5,282	16,763	16,017
Expected return on assets	(7,371)	(8,718)	(22,214)	(26,478)
Amortization of actuarial loss	2,689	2,696	8,073	8,117
Net periodic cost (benefit)	\$ 1,215	\$ (385)	\$ 3,626	\$ (1,245)

For the three months ended September 30, 2019 and 2018, the non-service components of net periodic pension costs of \$883,000 of expense and \$740,000 of income, respectively, are included in "Other (Loss) Income, net" on the unaudited Condensed Consolidated Statement of Operations. For the nine months ended September 30, 2019 and 2018, the non-service components of net periodic pension costs of \$2,622,000 of expense and \$2,344,000 of income, respectively, are included in "Other (Loss) Income, net" on the unaudited Condensed Consolidated Statement of Operations. For the nine month period ended September 30, 2019, the Company made no contributions to the U.S. defined benefit pension plan and contributions of \$527,000 to the U.K. defined benefit pension plans, compared with contributions of \$19,000,000 and \$4,168,000, respectively, in the comparable 2018 period.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
Unaudited

7. Net Income Attributable to Shareholders of Crawford & Company per Common Share

The Company computes earnings per share of its non-voting Class A Common Stock ("CRD-A") and voting Class B Common Stock ("CRD-B") using the two-class method, which allocates the undistributed earnings in each period to each class on a proportionate basis. The Company's Board of Directors has the right, but not the obligation, to declare higher dividends on the CRD-A shares than on the CRD-B shares, 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 per share for CRD-A and CRD-B. During the first three quarters of 2019 and 2018, the Board of Directors declared a higher dividend on CRD-A than on CRD-B.

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

	Three Months Ended				Nine Months Ended			
	September 30, 2019		September 30, 2018		September 30, 2019		September 30, 2018	
	CRD-A	CRD-B	CRD-A	CRD-B	CRD-A	CRD-B	CRD-A	CRD-B
<i>(in thousands, except per share amounts)</i>								
Earnings per share - basic:								
Numerator:								
Allocation of undistributed earnings	\$ 4,439	\$ 3,308	\$ 2,518	\$ 2,004	\$ 5,654	\$ 4,249	\$ 2,165	\$ 1,717
Dividends paid	2,157	1,142	2,152	1,223	6,449	3,445	6,491	3,668
Net income attributable to common shareholders, basic	<u>\$ 6,596</u>	<u>\$ 4,450</u>	<u>\$ 4,670</u>	<u>\$ 3,227</u>	<u>\$ 12,103</u>	<u>\$ 7,694</u>	<u>\$ 8,656</u>	<u>\$ 5,385</u>
Denominator:								
Weighted-average common shares outstanding, basic	<u>30,645</u>	<u>22,831</u>	30,713	24,446	<u>30,701</u>	<u>23,071</u>	30,829	24,455
Earnings per share - basic	<u>\$ 0.22</u>	<u>\$ 0.19</u>	<u>\$ 0.15</u>	<u>\$ 0.13</u>	<u>\$ 0.39</u>	<u>\$ 0.33</u>	<u>\$ 0.28</u>	<u>\$ 0.22</u>

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

	Three Months Ended				Nine Months Ended			
	September 30, 2019		September 30, 2018		September 30, 2019		September 30, 2018	
	CRD-A	CRD-B	CRD-A	CRD-B	CRD-A	CRD-B	CRD-A	CRD-B
<i>(in thousands, except per share amounts)</i>								
Earnings per share - diluted:								
Numerator:								
Allocation of undistributed earnings	\$ 4,470	\$ 3,277	\$ 2,542	\$ 1,980	\$ 5,687	\$ 4,216	\$ 2,184	\$ 1,698
Dividends paid	2,157	1,142	2,152	1,223	6,449	3,445	6,491	3,668
Net income attributable to common shareholders, diluted	<u>\$ 6,627</u>	<u>\$ 4,419</u>	<u>\$ 4,694</u>	<u>\$ 3,203</u>	<u>\$ 12,136</u>	<u>\$ 7,661</u>	<u>\$ 8,675</u>	<u>\$ 5,366</u>
Denominator:								
Weighted-average common shares outstanding, basic	<u>30,645</u>	<u>22,831</u>	30,713	24,446	<u>30,701</u>	<u>23,071</u>	30,829	24,455
Weighted-average effect of dilutive securities	495	—	677	—	415	—	622	—
Weighted-average common shares outstanding, diluted	<u>31,140</u>	<u>22,831</u>	<u>31,390</u>	<u>24,446</u>	<u>31,116</u>	<u>23,071</u>	<u>31,451</u>	<u>24,455</u>
Earnings per share - diluted	<u>\$ 0.21</u>	<u>\$ 0.19</u>	<u>\$ 0.15</u>	<u>\$ 0.13</u>	<u>\$ 0.39</u>	<u>\$ 0.33</u>	<u>\$ 0.28</u>	<u>\$ 0.22</u>

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
Unaudited

Listed below are the shares excluded from the denominator in the preceding computation of diluted earnings per share for CRD-A because their inclusion would have been antidilutive:

<i>(in thousands)</i>	Three Months Ended		Nine Months Ended	
	September 30, 2019	September 30, 2018	September 30, 2019	September 30, 2018
Shares underlying stock options excluded	572	1,230	592	1,172
Performance stock grants excluded because performance conditions have not been met ⁽¹⁾	1,094	778	1,041	778

⁽¹⁾ Compensation cost is recognized for these performance stock grants based on expected achievement rates; however, no consideration is given to these performance stock grants when calculating diluted earnings per share until the performance measurements have been achieved.

The following table details shares issued during the three and nine months ended September 30, 2019 and September 30, 2018. These shares are included from their dates of issuance in the weighted-average common shares used to compute basic and diluted earnings per share for CRD-A in the table above. There were no shares of CRD-B issued during any of these periods.

<i>(in thousands)</i>	Three Months Ended		Nine Months Ended	
	September 30, 2019	September 30, 2018	September 30, 2019	September 30, 2018
CRD-A issued under Non-Employee Director Stock Plan	2	7	87	114
CRD-A issued under the Employee Stock Purchase Plan	131	144	131	144
CRD-A issued under the U.K. ShareSave Scheme	14	3	280	57
CRD-A issued under International Plan	4	9	4	9
CRD-A issued under Executive Stock Bonus Plan	—	—	30	—
CRD-A issued under 2016 Omnibus Stock and Incentive Plan	3	—	62	—

The Company's share repurchase authorization, approved in July 2017 (the "2017 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 2017 Repurchase Authorization was terminated on May 8, 2019.

Effective May 9, 2019, the Company's Board of Directors authorized the repurchase of up to 2,000,000 shares of CRD-A or CRD-B (or a combination of the two) through December 31, 2020 (the "2019 Repurchase Authorization"). Under the 2019 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. At September 30, 2019, the Company had remaining authorization to repurchase 1,014,541 shares under the 2019 Repurchase Authorization.

During the three months ended September 30, 2019, the Company repurchased 401,892 shares of CRD-A and 231,137 shares of CRD-B at an average cost of \$9.72 and \$9.43, respectively. During the three months ended September 30, 2018, the Company repurchased 43,190 shares of CRD-A and 10,867 shares of CRD-B at an average cost of \$8.86 and \$8.87, respectively.

During the nine months ended September 30, 2019, the Company repurchased 1,103,398 shares of CRD-A and 1,680,377 shares of CRD-B at an average cost of \$9.33 and \$9.16, respectively, of which 421,427 shares of CRD-A and 1,376,889 shares of CRD-B were purchased pursuant to a stock purchase agreement authorized by the Board of Directors separate from the 2017 Repurchase Authorization and the 2019 Repurchase Authorization. During the nine months ended September 30, 2018, the Company repurchased 1,055,148 shares of CRD-A and 64,755 shares of CRD-B at an average cost of \$8.30 and \$8.95, respectively.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
Unaudited

8. Accumulated Other Comprehensive Loss

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

<i>(in thousands)</i>	Three Months Ended September 30, 2019			Nine Months Ended September 30, 2019		
	Foreign currency translation adjustments	Retirement liabilities ⁽¹⁾	AOCL attributable to shareholders of Crawford & Company	Foreign currency translation adjustments	Retirement liabilities ⁽¹⁾	AOCL attributable to shareholders of Crawford & Company
Beginning balance	\$ (35,531)	\$ (176,103)	\$ (211,634)	\$ (36,352)	\$ (180,095)	\$ (216,447)
Other comprehensive loss before reclassifications	(2,472)	—	(2,472)	(1,651)	—	(1,651)
Amounts reclassified from accumulated other comprehensive income	—	1,984	1,984	—	5,976	5,976
Net current period other comprehensive (loss) income	(2,472)	1,984	(488)	(1,651)	5,976	4,325
Ending balance	<u>\$ (38,003)</u>	<u>\$ (174,119)</u>	<u>\$ (212,122)</u>	<u>\$ (38,003)</u>	<u>\$ (174,119)</u>	<u>\$ (212,122)</u>

<i>(in thousands)</i>	Three Months Ended September 30, 2018			Nine Months Ended September 30, 2018		
	Foreign currency translation adjustments	Retirement liabilities ⁽¹⁾	AOCL attributable to shareholders of Crawford & Company	Foreign currency translation adjustments	Retirement liabilities ⁽¹⁾	AOCL attributable to shareholders of Crawford & Company
Beginning balance	\$ (25,119)	\$ (166,455)	\$ (191,574)	\$ (26,320)	\$ (170,157)	\$ (196,477)
Other comprehensive loss before reclassifications	(4,279)	—	(4,279)	(3,078)	—	(3,078)
Amounts reclassified from accumulated other comprehensive income	—	1,833	1,833	—	5,535	5,535
Net current period other comprehensive (loss) income	(4,279)	1,833	(2,446)	(3,078)	5,535	2,457
Ending balance	<u>\$ (29,398)</u>	<u>\$ (164,622)</u>	<u>\$ (194,020)</u>	<u>\$ (29,398)</u>	<u>\$ (164,622)</u>	<u>\$ (194,020)</u>

⁽¹⁾ Retirement liabilities reclassified to net income are related to the amortization of actuarial losses and are included in "Other (Loss) Income, net" in the Company's unaudited Condensed Consolidated Statements of Operations. See Note 6, "Defined Benefit Pension Plans" for additional details.

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

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
Unaudited

9. Fair Value Measurements

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

<i>(in thousands)</i>	Total	Fair Value Measurements at September 30, 2019		
		Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets:				
Money market funds ⁽¹⁾	\$ 10,031	\$ 10,031	\$ —	\$ —
Liabilities:				
Contingent earnout liability ⁽²⁾	697	—	—	697

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

(2) The contingent earnout liability relates to recent business acquisitions by the Crawford Specialty Solutions operating segment. The fair value of the contingent earnout liability was estimated using internally-prepared revenue projections, which is Level 3 data, with the maximum possible earnout of \$1,152,000. As such, the fair value is not expected to vary materially. The fair value of the contingent earnout liability is included in "Other accrued liabilities" and "Other noncurrent liabilities" on the Company's unaudited Condensed Consolidated Balance Sheets, based upon the term of each contingent earnout agreement.

Fair Value Disclosures

There were no transfers of assets between fair value levels during the three months and nine months ended September 30, 2019. The categorization of assets and liabilities within the fair value hierarchy and the measurement techniques are reviewed quarterly. Any transfers between levels are deemed to have occurred at the end of the quarter.

The fair values of accounts receivable, unbilled revenues, accounts payable and short-term borrowings approximate their respective carrying values due to the short-term maturities of the instruments. The interest rate on the Company's variable rate long-term debt resets at least every 90 days; therefore, the recorded value approximates fair value. These assets and liabilities are measured within Level 2 of the fair value hierarchy.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
Unaudited

10. Segment Information

Financial information for the three months and nine months ended September 30, 2019 and 2018 related to the Company's reportable segments, including a reconciliation from segment operating earnings to income before income taxes, the most directly comparable GAAP financial measure, is presented below.

<i>(in thousands)</i>	Three Months Ended		Nine Months Ended	
	September 30, 2019	September 30, 2018	September 30, 2019	September 30, 2018
Revenues:				
Crawford Claims Solutions	\$ 86,250	\$ 85,332	\$ 255,572	\$ 268,888
Crawford TPA Solutions	99,495	100,271	296,807	303,152
Crawford Specialty Solutions	68,932	69,426	206,237	235,137
Total segment revenues before reimbursements	254,677	255,029	758,616	807,177
Reimbursements	11,165	9,834	31,449	41,282
Total revenues	\$ 265,842	\$ 264,863	\$ 790,065	\$ 848,459
Segment Operating Earnings				
Crawford Claims Solutions	\$ 2,661	\$ (135)	\$ 4,058	\$ 5,110
Crawford TPA Solutions	9,347	8,055	21,106	24,014
Crawford Specialty Solutions	13,301	14,363	38,108	34,423
Total segment operating earnings	25,309	22,283	63,272	63,547
Deduct:				
Unallocated corporate and shared costs, net	(1,649)	(5,798)	(2,393)	(7,316)
Net corporate interest expense	(3,162)	(2,398)	(8,346)	(7,402)
Stock option expense	(450)	(393)	(1,348)	(1,355)
Amortization of customer-relationship intangible assets	(2,829)	(2,786)	(8,429)	(8,342)
Arbitration and claim settlements	(1,200)	—	(12,552)	—
Loss on disposition of business line	—	(1,201)	—	(18,996)
Income before income taxes	\$ 16,019	\$ 9,707	\$ 30,204	\$ 20,136

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

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

During the 2019 first quarter, the Company realigned certain operations within Canada from the Crawford Claims Solutions segment to the Crawford Specialty Solutions segment to be consistent with current operating segment responsibilities. Previously reported amounts have been reclassified to reflect these changes. No other changes in operating responsibilities occurred. These transfers are not material to the Company's financial statements.

Intersegment transactions are not material for any period presented.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
Unaudited

The Company has a global service line reporting structure consisting of Crawford Claims Solutions, Crawford TPA Solutions (formerly referred to as "Crawford TPA Solutions: Broadspire") and Crawford Specialty Solutions, which is comprised of the Global Technical Services and Contractor Connection service lines, and the Garden City Group prior to its disposal on June 15, 2018.

Revenues before reimbursements by major service line in the Crawford TPA Solutions segment, which trades under the Broadspire brand globally, and the Crawford Specialty Solutions segment are shown in the following table. The Company considers all Crawford Claims Solutions revenues to be derived from one service line.

<i>(in thousands)</i>	Three Months Ended		Nine Months Ended	
	September 30, 2019	September 30, 2018	September 30, 2019	September 30, 2018
Crawford TPA Solutions				
Claims Management Services	\$ 56,471	\$ 57,586	\$ 169,116	\$ 174,793
Medical Management Services	43,024	42,685	127,691	128,359
Total Revenues before Reimbursements--Crawford TPA Solutions	\$ 99,495	\$ 100,271	\$ 296,807	\$ 303,152
Crawford Specialty Solutions				
Global Technical Services	\$ 45,990	\$ 46,201	\$ 135,628	\$ 135,038
Contractor Connection	22,942	23,225	70,609	70,224
Garden City Group	—	—	—	29,875
Total Revenues before Reimbursements--Crawford Specialty Solutions	\$ 68,932	\$ 69,426	\$ 206,237	\$ 235,137

11. Commitments and Contingencies

As part of the Company's credit facility, the Company maintains a letter of credit facility to satisfy certain of its own contractual requirements. At September 30, 2019, the aggregate committed amount of letters of credit outstanding under the credit facility was \$11,636,000.

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

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

During the three months ended June 30, 2019, the Company recognized an expense in the amount of \$11.4 million related to an arbitration panel awarding three of four former executives of the Company's former Garden City Group business unit additional payments associated with their departure from the Garden City Group on December 31, 2015. In August 2019, the Company received a claim from the fourth former executive of the Garden City Group. This claim was settled in October for \$1.2 million, which is reflected in the three months ended September 30, 2019 as "Arbitration and claim settlements" on the unaudited Condensed Consolidated Statements of Operations. The total for the nine months ended September 30, 2019 is \$12.6 million, and is presented as "Arbitration and claim settlements" on the unaudited Condensed Consolidated Statements of Operations. There are no other potential claimants related to this matter.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
Unaudited

12. Restructuring Charges

There were no restructuring charges for the three months and nine months ended September 30, 2019 and 2018.

As of September 30, 2019, the following liabilities remained on the Company's unaudited Condensed Consolidated Balance Sheets related to restructuring charges. The rollforward of these liabilities to September 30, 2019 were as follows:

<i>(in thousands)</i>	Three Months Ended September 30, 2019			
	Deferred rent	Accrued compensation and related costs	Other accrued liabilities	Total
Beginning balance, June 30, 2019	\$ —	\$ 401	\$ 486	\$ 887
Additions	—	—	—	—
Adjustments to accruals	—	—	—	—
Cash payments	—	(19)	(8)	(27)
Ending balance, September 30, 2019	\$ —	\$ 382	\$ 478	\$ 860

<i>(in thousands)</i>	Nine Months Ended September 30, 2019			
	Deferred rent	Accrued compensation and related costs	Other accrued liabilities	Total
Beginning balance, December 31, 2018	\$ 1,302	\$ 477	\$ 486	\$ 2,265
Additions	—	—	—	—
Adjustments to accruals ⁽¹⁾	(1,302)	—	—	(1,302)
Cash payments	—	(95)	(8)	(103)
Ending balance, September 30, 2019	\$ —	\$ 382	\$ 478	\$ 860

⁽¹⁾ The deferred rent adjustment relates to the Company's adoption of Topic 842 as of the transition date in which the deferred rent liabilities were reclassified against the right-of-use assets to which the liabilities relate.

13. Disposition of Business Line

On June 15, 2018, the Company completed the sale of its GCG Business which was a component of the Crawford Specialty Services segment. The disposal of this business did not represent a strategic shift in the Company's operations. Pretax losses for the GCG Business, inclusive of retained corporate overhead, of \$3,932,000 are included in the unaudited Condensed Consolidated Statements of Operations for the nine months ended September 30, 2018.

Report of Independent Registered Public Accounting Firm

To the Shareholders and Board of Directors of
Crawford & Company

Results of Review of Interim Financial Statements

We have reviewed the accompanying condensed consolidated balance sheet of Crawford & Company (the Company) as of September 30, 2019, the related condensed consolidated statements of operations, comprehensive income, and shareholders' investment for the three-month and nine-month periods ended September 30, 2019 and 2018, the condensed consolidated statements of cash flows for the nine-month periods ended September 30, 2019 and 2018, and the related notes (collectively referred to as the "condensed consolidated interim financial statements"). Based on our reviews, we are not aware of any material modifications that should be made to the condensed consolidated interim financial statements for them to be in conformity with U.S. generally accepted accounting principles.

We have previously audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated balance sheet of the Company as of December 31, 2018, and the related consolidated statements of operations, comprehensive income, cash flows, and shareholders' investment for the year then ended, and the related notes (not presented herein); and in our report dated February 25, 2019, we expressed an unqualified audit opinion on those consolidated financial statements. In our opinion, the information set forth in the accompanying condensed consolidated balance sheet as of December 31, 2018, is fairly stated, in all material respects, in relation to the consolidated balance sheet from which it has been derived.

Basis for Review Results

These financial statements are the responsibility of the Company's management. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the SEC and the PCAOB. We conducted our review in accordance with the standards of the PCAOB. A review of interim financial statements consists principally of applying analytical procedures and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with the standards of the PCAOB, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

November 4, 2019

/s/ Ernst & Young LLP

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

Cautionary Statement Concerning Forward-Looking Statements

This report contains forward-looking statements within the meaning of that term in the Private Securities Litigation Reform Act of 1995, Section 27A of the Securities Act of 1933, and Section 21E of the Securities Exchange Act of 1934. Statements contained in this report that are not statements of historical fact are forward-looking statements made pursuant to the "safe harbor" provisions thereof. These statements may relate to, among other things, 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 recently completed acquisitions, our continued compliance with the financial and other covenants contained in our financing agreements, 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 contained in this report.

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

- a decline in cases referred to us for any reason, including changes in the degree to which property and casualty insurance carriers outsource their claims handling functions,*
- changes in global economic conditions,*
- changes in interest rates,*
- changes in foreign currency exchange rates,*
- changes in regulations and practices of various governmental authorities,*
- changes in our competitive environment,*
- changes in the financial condition of our clients,*
- the loss of any material customer,*
- our ability to successfully integrate the operations of acquired businesses,*
- regulatory changes related to funding of defined benefit pension plans,*
- our U.S., U.K. and other international defined benefit pension plans and our future funding obligations thereunder,*
- our ability to complete any transaction involving the acquisition or disposition of assets on terms and at times acceptable to us,*
- our ability to identify new revenue sources not tied to the insurance underwriting cycle,*
- our ability to develop or acquire information technology resources to support and grow our business,*
- our ability to attract and retain qualified personnel,*
- our ability to renew existing contracts with clients on satisfactory terms,*
- our ability to collect amounts due from our clients and others,*
- continued availability of funding under our financing agreements,*
- general risks associated with doing business outside the U.S., including changes in tax rates,*
- our ability to comply with the covenants in our financing or other agreements,*
- changes in the frequency or severity of man-made or natural disasters,*
- the ability of our third-party service providers, used for certain aspects of our internal business functions, to meet expected service levels,*
- our ability to prevent or detect cybersecurity breaches and cyber incidents,*
- our ability to achieve targeted integration goals with the consolidation and migration of multiple software platforms,*
- risks associated with our having a controlling shareholder, and*
- impairments of goodwill or our other indefinite-lived intangible assets.*

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

The following Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") should be read in conjunction with (i) our unaudited condensed consolidated financial statements and accompanying notes thereto for the three months and nine months ended September 30, 2019 and 2018, and as of September 30, 2019, and December 31, 2018, contained in Item 1 of this Quarterly Report on Form 10-Q, and (ii) our Annual Report on Form 10-K for the year ended December 31, 2018. As described in Note 1, "Basis of Presentation," the financial results of our operations outside of the U.S., Canada, the Caribbean, and certain subsidiaries in the Philippines are included in our consolidated financial statements on a two-month delayed basis (fiscal year-end of October 31) as permitted by U.S. generally accepted accounting principles ("GAAP") in order to provide sufficient time for accumulation of their results.

Business Overview

Based in Atlanta, Georgia, Crawford & Company (www.crawco.com) is the world's largest publicly listed independent provider of claims management and outsourcing 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. Shares of the Company's two classes of common stock are traded on the New York Stock Exchange 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 Company delivers services to its clients through a global service line reporting structure consisting of three operating segments: (i) Crawford Claims Solutions; (ii) Crawford TPA Solutions (formerly referred to as "Crawford TPA Solutions: Broadspire"), which trades under the Broadspire brand globally; and (iii) Crawford Specialty Solutions. Crawford Claims Solutions serves the global property and casualty insurance company markets. Crawford TPA Solutions serves the global casualty, disability and self-insurance marketplace worldwide. Crawford Specialty Solutions serves the global property and casualty insurance company markets, and prior to the sale of the Garden City Group business line on June 15, 2018, the class action, regulatory, mass tort, bankruptcy, and other legal settlement markets.

As discussed in more detail in subsequent sections of this MD&A, our three operating segments represent components of our Company for which separate financial information is available, and which is evaluated regularly by our chief operating decision maker ("CODM") in deciding how to allocate resources and in assessing operating performance.

During the 2019 first quarter, the Company realigned certain operations within Canada from the Crawford Claims Solutions segment to the Crawford Specialty Solutions segment. Previously reported amounts have been conformed to reflect these changes. No other changes in operating responsibilities occurred. These transfers are not material to the Company's financial statements.

Insurance companies rely on us for certain services such as field investigation and the evaluation of property and casualty insurance claims. 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. Our Contractor Connection service line provides a managed contractor network to insurance carriers and consumer markets. Prior to the June 15, 2018 sale, the Garden City Group service line provided 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.

The global claims management services market is highly competitive and comprised of a large number of companies that vary in 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 that we provide to insurance companies and self-insured entities. Accordingly, the volume of claim referrals to us is a key driver of our revenues. 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.

Results of Operations

Executive Summary

Consolidated revenues before reimbursements for the three months ended September 30, 2019 was slightly below the same period of 2018. For the nine months ended September 30, 2019, revenues decreased \$48.6 million, or 6.0%, compared to 2018 primarily due to the disposition of the Garden City Group service line as of June 15, 2018, which represents a \$29.9 million variance in the year-to-date period compared to 2018. In addition, changes in foreign exchange rates decreased our consolidated revenues by \$7.3 million, or 2.9%, for the three months ended September 30, 2019 and \$19.5 million, or 2.5%, for the nine months ended September 30, 2019 as compared to the prior year periods. To illustrate the impact of these two factors, segment revenues are presented below, using a constant exchange rate, for the three months and nine months ended September 30, 2019, while segment revenues for the nine months ended September 30, 2018 are presented excluding the revenues from the Garden City Group service line:

<i>(in thousands, except percentages)</i>	Three Months Ended			Three Months Ended		
				Based on exchange rates for three months ended September, 2018		
	September 30, 2019	September 30, 2018	% Change	September 30, 2019	September 30, 2018	% Change
Revenues:						
Crawford Claims Solutions	\$ 86,250	\$ 85,332	1.1 %	\$ 89,830	\$ 85,332	5.3%
Crawford TPA Solutions	99,495	100,271	(0.8)%	100,655	100,271	0.4%
Crawford Specialty Solutions	68,932	69,426	(0.7)%	71,514	69,426	3.0%
Total revenues before reimbursements	254,677	255,029	(0.1)%	261,999	255,029	2.7%
Reimbursements	11,165	9,834	13.5 %	11,708	9,834	19.1%
Total Revenues	\$ 265,842	\$ 264,863	0.4 %	\$ 273,707	\$ 264,863	3.3%
<i>(in thousands, except percentages)</i>	Nine Months Ended			Nine Months Ended		
				Based on exchange rates for nine months ended September, 2018 and exclusion of Garden City Group from June 30, 2018		
	September 30, 2019	September 30, 2018	% Change	September 30, 2019	September 30, 2018	% Change
Revenues:						
Crawford Claims Solutions	\$ 255,572	\$ 268,888	(5.0)%	\$ 264,983	\$ 268,888	(1.5)%
Crawford TPA Solutions	296,807	303,152	(2.1)%	300,239	303,152	(1.0)%
Crawford Specialty Solutions	206,237	235,137	(12.3)%	212,895	205,262	3.7 %
Total revenues before reimbursements	758,616	807,177	(6.0)%	778,117	777,302	0.1 %
Reimbursements	31,449	41,282	(23.8)%	32,978	30,748	7.3 %
Total Revenues	\$ 790,065	\$ 848,459	(6.9)%	\$ 811,095	\$ 808,050	0.4 %

Excluding the Garden City Group business and foreign currency implications, consolidated revenues before reimbursements increased \$7.0 million, or 2.7%, for the three months ended September 30, 2019, and increased \$0.8 million, or 0.1%, for the nine months ended September 30, 2019. See Note 13, "Disposition of Business Line" of our accompanying unaudited condensed consolidated financial statements included in Item 1 of this Quarterly Report on Form 10-Q for further discussion about the Garden City Group disposition.

Revenues from the Crawford Claims Solutions segment increased in the three months ended September 30, 2019 primarily due to an increase in new clients in the U.S. and an increase in Australia. Excluding the effects of foreign currency, revenues from the Crawford TPA Solutions segment increased slightly due to an increase in cases received in the U.S. Revenues from the Crawford Specialty Solutions segment increased due to an increase in the Global Technical Services service line.

To illustrate exposure to the impact of changes in foreign currencies, revenues before reimbursements are presented below by denominated currency for the three months and nine months ended September 30, 2019.

<i>(in thousands)</i>		Three Months Ended				Nine Months Ended			
		September 30, 2019		September 30, 2018		September 30, 2019		September 30, 2018	
		USD equivalent	% of total	USD equivalent	% of total	USD equivalent	% of total	USD equivalent	% of total
U.S.	USD	\$ 146,177	57.4%	\$ 143,144	56.1%	\$ 432,292	57.0%	\$ 466,541	57.8%
U.K.	GBP	30,844	12.1%	32,631	12.8%	93,967	12.4%	97,538	12.0%
Canada	CAD	28,350	11.1%	29,158	11.4%	87,037	11.5%	92,454	11.5%
Australia	AUD	18,648	7.3%	18,859	7.4%	54,223	7.1%	53,838	6.7%
Europe	EUR	13,816	5.4%	14,034	5.5%	40,002	5.3%	42,764	5.3%
Rest of World		16,842	6.6%	17,203	6.7%	51,095	6.7%	54,042	6.7%
Total Revenues, before reimbursements		\$ 254,677		\$ 255,029		\$ 758,616		\$ 807,177	

Costs of services provided, before reimbursements, increased \$1.6 million, or 0.9%, for the three months ended September 30, 2019, and \$40.7 million, or 7.1%, for the nine months ended September 30, 2019, compared with the same periods of 2018. The increase in the third quarter was primarily due to increases in Crawford Claims Solutions and Crawford Specialty Solutions to support new client growth. The decrease in the nine month period was due to the Garden City Group disposition referenced above, lower expenses in Crawford Claims Solutions to support the decrease in weather related activity, and changes in foreign exchange rates.

Selling, general, and administrative ("SG&A") expenses were 16.9% lower in the three months ended September 30, 2019 and 9.3% lower in the nine months ended September 30, 2019 compared with the same periods of 2018. The decrease in the third quarter was due to a decrease in professional fees, non-employee labor and other administrative costs. The decrease in the nine month period was due to the Garden City Group disposition, changes in foreign exchange rates, and a decrease in non-employee labor, professional fees and other administrative costs in 2019.

During the three months ended September 30, 2019, we recognized a pretax charge in the amount of \$1.2 million related to a settlement with the fourth former executive of our former Garden City Group. In the three months ended June 30, 2019, we recorded a pretax charge of \$11.4 million related to an arbitration panel awarding three former executives of the Company's former Garden City Group additional payments associated with their departure from the Garden City Group on December 31, 2015. There are no other potential claimants related to this matter.

During the three months and nine months ended September 30, 2018, we recorded a pretax loss on the disposal of the Garden City Group business line of \$1.2 million and \$19.0 million, respectively.

Operating Earnings of our Operating Segments

We believe that a discussion and analysis of the segment operating earnings of our three operating segments is helpful in understanding the results of our operations. Operating earnings is our segment measure of profitability presented in conformity with the Financial Accounting Standards Board's ("FASB") Accounting Standards Codification ("ASC") Topic 280 "Segment Reporting." Operating earnings is the primary financial performance measure used by our senior management and CODM to evaluate the financial performance of our operating segments and make resource allocation 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 and intangible asset impairment charges, restructuring and special charges, arbitration and claim settlements, loss on disposition of business line, income taxes, and net income or loss attributable to noncontrolling interests and redeemable noncontrolling interests.

Administrative functions such as finance, human resources, information technology, quality and compliance, exist in both a centralized shared-service arrangement and within certain operations. Each of these functions is managed by centralized management and we allocate the costs of those services to the segments as indirect costs based on usage.

Gross profit is defined as segment revenues, less segment direct costs, which exclude centralized indirect administrative support costs allocated to the business.

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.

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.

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.

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, arbitration and claim settlements, and loss on disposition of business line follows the discussion and analysis of the results of operations of our three operating segments.

Segment Revenues

In the normal course of business, our operating segments incur certain out-of-pocket expenses that are thereafter reimbursed by our clients. Under GAAP, these out-of-pocket expenses and associated reimbursements are reported on a gross basis when reporting revenues and expenses, respectively, in our unaudited Condensed Consolidated Statements 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 unaudited Condensed Consolidated Statements of Operations.

Our segment results are impacted by changes in foreign exchange rates. We believe that a non-GAAP discussion and analysis of segment revenues before reimbursements by major region, based on actual exchange rates and using a constant exchange rate, is helpful in understanding the results of our segment operations. Revenues in our Crawford Specialty Solutions segment are also impacted by the disposition of the Garden City Group service line as of June 15, 2018.

Segment Operating Expenses

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

"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.

Costs of administrative functions, including direct compensation, payroll taxes, and benefits, are managed centrally and considered indirect costs. The allocated indirect costs of our shared-services infrastructure are allocated to each segment based on usage and reflected within "Expenses Other Than Direct Compensation, Fringe Benefits & Non-Employee Labor" of each segment.

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.

In addition, we believe that a non-GAAP discussion and analysis of segment gross profit is helpful in understanding the results of our segment operations, excluding indirect centralized administrative support costs. Our discussion and analysis of segment gross profit includes the revenues and direct expenses of each segment.

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.

Operating results for our Crawford Claims Solutions, Crawford TPA Solutions, and Crawford Specialty Solutions segments reconciled to net income before income taxes and net income attributable to shareholders of Crawford & Company were as follows:

	Three Months Ended		Nine Months Ended	
	September 30, 2019	September 30, 2018	September 30, 2019	September 30, 2018
<i>(in thousands, except percentages)</i>				
Revenues:				
Crawford Claims Solutions	\$ 86,250	\$ 85,332	\$ 255,572	\$ 268,888
Crawford TPA Solutions	99,495	100,271	296,807	303,152
Crawford Specialty Solutions	68,932	69,426	206,237	235,137
Total Revenues before reimbursements	254,677	255,029	758,616	807,177
Reimbursements	11,165	9,834	31,449	41,282
Total Revenues	\$ 265,842	\$ 264,863	\$ 790,065	\$ 848,459
Direct Compensation, Fringe Benefits & Non-Employee Labor:				
Crawford Claims Solutions	\$ 56,985	\$ 56,306	\$ 168,951	\$ 176,778
<i>% of related revenues before reimbursements</i>	<i>66.1%</i>	<i>66.0%</i>	<i>66.1%</i>	<i>65.7%</i>
Crawford TPA Solutions	58,594	59,146	177,911	177,706
<i>% of related revenues before reimbursements</i>	<i>58.9%</i>	<i>59.0%</i>	<i>59.9%</i>	<i>58.6%</i>
Crawford Specialty Solutions	35,993	34,758	106,003	120,821
<i>% of related revenues before reimbursements</i>	<i>52.2%</i>	<i>50.1%</i>	<i>51.4%</i>	<i>51.4%</i>
Total	\$ 151,572	\$ 150,210	\$ 452,865	\$ 475,305
<i>% of Revenues before reimbursements</i>	<i>59.5%</i>	<i>58.9%</i>	<i>59.7%</i>	<i>58.9%</i>
Expenses Other than Direct Compensation, Fringe Benefits & Non-Employee Labor:				
Crawford Claims Solutions	\$ 26,604	\$ 29,161	\$ 82,563	\$ 87,000
<i>% of related revenues before reimbursements</i>	<i>30.8%</i>	<i>34.2%</i>	<i>32.3%</i>	<i>32.4%</i>
Crawford TPA Solutions	31,554	33,070	97,790	101,432
<i>% of related revenues before reimbursements</i>	<i>31.7%</i>	<i>33.0%</i>	<i>32.9%</i>	<i>33.5%</i>
Crawford Specialty Solutions	19,638	20,305	62,126	79,893
<i>% of related revenues before reimbursements</i>	<i>28.5%</i>	<i>29.2%</i>	<i>30.1%</i>	<i>34.0%</i>
Total before reimbursements	77,796	82,536	242,479	268,325
<i>% of Revenues before reimbursements</i>	<i>30.5%</i>	<i>32.4%</i>	<i>32.0%</i>	<i>33.2%</i>
Reimbursements	11,165	9,834	31,449	41,282
Total	\$ 88,961	\$ 92,370	\$ 273,928	\$ 309,607
<i>% of Revenues</i>	<i>33.5%</i>	<i>34.9%</i>	<i>34.7%</i>	<i>36.5%</i>
Segment Operating Earnings:				
Crawford Claims Solutions	\$ 2,661	\$ (135)	\$ 4,058	\$ 5,110
<i>% of related revenues before reimbursements</i>	<i>3.1%</i>	<i>(0.2)%</i>	<i>1.6%</i>	<i>1.9%</i>
Crawford TPA Solutions	9,347	8,055	21,106	24,014
<i>% of related revenues before reimbursements</i>	<i>9.4%</i>	<i>8.0%</i>	<i>7.1%</i>	<i>7.9%</i>
Crawford Specialty Solutions	13,301	14,363	38,108	34,423
<i>% of related revenues before reimbursements</i>	<i>19.3%</i>	<i>20.7%</i>	<i>18.5%</i>	<i>14.6%</i>
Deduct:				
Unallocated corporate and shared costs, net	(1,649)	(5,798)	(2,393)	(7,316)
Net corporate interest expense	(3,162)	(2,398)	(8,346)	(7,402)
Stock option expense	(450)	(393)	(1,348)	(1,355)
Amortization of customer-relationship intangible assets	(2,829)	(2,786)	(8,429)	(8,342)
Arbitration and claim settlements	(1,200)	—	(12,552)	—
Loss on disposition of business line	—	(1,201)	—	(18,996)
Income before income taxes	16,019	9,707	30,204	20,136
Provision for income taxes	(5,328)	(1,828)	(11,120)	(6,255)
Net income	10,691	7,879	19,084	13,881
Net loss attributable to noncontrolling interests and redeemable noncontrolling interests	355	17	713	159
Net income attributable to shareholders of Crawford & Company	\$ 11,046	\$ 7,896	\$ 19,797	\$ 14,040

The table below, read together with the reconciliation on the previous page, represents gross profit for our segments reconciled to Segment operating earnings.

	Three Months Ended		Nine Months Ended	
	September 30, 2019	September 30, 2018	September 30, 2019	September 30, 2018
<i>(in thousands, except percentages)</i>				
Revenues Before Reimbursements:				
Crawford Claims Solutions	\$ 86,250	\$ 85,332	\$ 255,572	\$ 268,888
Crawford TPA Solutions	99,495	100,271	296,807	303,152
Crawford Specialty Solutions	68,932	69,426	206,237	235,137
Total Revenues before reimbursements	\$ 254,677	\$ 255,029	\$ 758,616	\$ 807,177
Direct Expenses:				
Crawford Claims Solutions	\$ 66,498	\$ 67,635	\$ 199,190	\$ 211,725
<i>% of related revenues before reimbursements</i>	<i>77.1%</i>	<i>79.3 %</i>	<i>77.9%</i>	<i>78.7%</i>
Crawford TPA Solutions	72,785	73,738	220,956	223,681
<i>% of related revenues before reimbursements</i>	<i>73.2%</i>	<i>73.5 %</i>	<i>74.4%</i>	<i>73.8%</i>
Crawford Specialty Solutions	44,130	43,503	133,771	155,583
<i>% of related revenues before reimbursements</i>	<i>64.0%</i>	<i>62.7 %</i>	<i>64.9%</i>	<i>66.2%</i>
Total segment direct expenses	\$ 183,413	\$ 184,876	\$ 553,917	\$ 590,989
<i>% of related revenues before reimbursements</i>	<i>72.0%</i>	<i>72.5 %</i>	<i>73.0%</i>	<i>73.2%</i>
Segment Gross Profit:				
Crawford Claims Solutions	\$ 19,752	\$ 17,697	\$ 56,382	\$ 57,163
<i>% of related revenues before reimbursements</i>	<i>22.9%</i>	<i>20.7 %</i>	<i>22.1%</i>	<i>21.3%</i>
Crawford TPA Solutions	26,710	26,533	75,851	79,471
<i>% of related revenues before reimbursements</i>	<i>26.8%</i>	<i>26.5 %</i>	<i>25.6%</i>	<i>26.2%</i>
Crawford Specialty Solutions	24,802	25,923	72,466	79,554
<i>% of related revenues before reimbursements</i>	<i>36.0%</i>	<i>37.3 %</i>	<i>35.1%</i>	<i>33.8%</i>
Total segment gross profit	\$ 71,264	\$ 70,153	\$ 204,699	\$ 216,188
<i>% of related revenues before reimbursements</i>	<i>28.0%</i>	<i>27.5 %</i>	<i>27.0%</i>	<i>26.8%</i>
Segment Indirect Costs:				
Crawford Claims Solutions	\$ 17,091	\$ 17,832	\$ 52,324	\$ 52,053
<i>% of related revenues before reimbursements</i>	<i>19.8%</i>	<i>20.9 %</i>	<i>20.5%</i>	<i>19.4%</i>
Crawford TPA Solutions	17,363	18,478	54,745	55,457
<i>% of related revenues before reimbursements</i>	<i>17.5%</i>	<i>18.4 %</i>	<i>18.4%</i>	<i>18.3%</i>
Crawford Specialty Solutions	11,501	11,560	34,358	45,131
<i>% of related revenues before reimbursements</i>	<i>16.7%</i>	<i>16.7 %</i>	<i>16.7%</i>	<i>19.2%</i>
Total segment indirect costs	\$ 45,955	\$ 47,870	\$ 141,427	\$ 152,641
<i>% of related revenues before reimbursements</i>	<i>18.0%</i>	<i>18.8 %</i>	<i>18.6%</i>	<i>18.9%</i>
Segment Operating Earnings:				
Crawford Claims Solutions	\$ 2,661	\$ (135)	\$ 4,058	\$ 5,110
<i>% of related revenues before reimbursements</i>	<i>3.1%</i>	<i>(0.2)%</i>	<i>1.6%</i>	<i>1.9%</i>
Crawford TPA Solutions	9,347	8,055	21,106	24,014
<i>% of related revenues before reimbursements</i>	<i>9.4%</i>	<i>8.0 %</i>	<i>7.1%</i>	<i>7.9%</i>
Crawford Specialty Solutions	13,301	14,363	38,108	34,423
<i>% of related revenues before reimbursements</i>	<i>19.3%</i>	<i>20.7 %</i>	<i>18.5%</i>	<i>14.6%</i>

CRAWFORD CLAIMS SOLUTIONS SEGMENT

Operating earnings in our Crawford Claims Solutions segment increased to \$2.7 million, or 3.1% of revenues before reimbursements, for the three months ended September 30, 2019, compared with an operating loss in 2018 of \$0.1 million, or 0.2% of revenues before reimbursements. For the nine months ended September 30, 2019, operating earnings decreased to \$4.1 million, or 1.6% of revenues before reimbursements, compared with 2018 operating earnings of \$5.1 million, or 1.9% of revenues before reimbursements. The increase in operating earnings in the third quarter was due to an increase in new clients in the U.S. and expense reductions. The decrease in operating earnings for the year-to-date period resulted primarily from an overall decrease in weather related claim activity and revenues in the U.S. and Canada, and lower earnings in Canada and Europe. There was also an increase in centralized administrative support costs to expand technology and sales efforts, as compared to 2018.

Excluding centralized indirect support costs, gross profit increased from \$17.7 million, or 20.7% of revenues before reimbursements in 2018, to \$19.8 million, or 22.9% of revenues before reimbursements, in the three months ended September 30, 2019, for the reasons referenced above. For the nine month periods, gross profit decreased from \$57.2 million, or 21.3% of revenues before reimbursements, in 2018, to \$56.4 million, but as a percent of revenues increased to 22.1% of revenues before reimbursements in 2019, due to the absence of hurricane runoff revenues present in the prior year.

Revenues before Reimbursements

Crawford Claims Solutions segment revenues are primarily derived from the global property and casualty insurance company markets in the U.S., U.K., Canada, Australia, Europe and Rest of World. Revenues before reimbursements by major region, based on actual exchange rates and using a constant exchange rate, for the three and nine months ended September 30, 2019 and 2018 were as follows:

<i>(in thousands, except percentages)</i>	Three Months Ended					
	Based on actual exchange rates			Based on exchange rates for three months ended September 30, 2018		
	September 30, 2019	September 30, 2018	Variance	September 30, 2019	Variance	
U.S.	\$ 35,982	\$ 34,480	4.4 %	\$ 35,982	4.4 %	
U.K.	15,123	15,803	(4.3)%	16,354	3.5 %	
Canada	12,008	11,692	2.7 %	12,308	5.3 %	
Australia	11,886	11,739	1.3 %	13,120	11.8 %	
Europe	7,429	7,234	2.7 %	8,082	11.7 %	
Rest of World	3,822	4,384	(12.8)%	3,984	(9.1)%	
Total Crawford Claims Solutions Revenues before Reimbursements	\$ 86,250	\$ 85,332	1.1 %	\$ 89,830	5.3 %	

<i>(in thousands, except percentages)</i>	Nine Months Ended					
	Based on actual exchange rates			Based on exchange rates for nine months ended September 30, 2018		
	September 30, 2019	September 30, 2018	Variance	September 30, 2019	Variance	
U.S.	\$ 103,743	\$ 110,426	(6.1)%	\$ 103,743	(6.1)%	
U.K.	47,325	47,397	(0.2)%	50,445	6.4 %	
Canada	36,276	38,857	(6.6)%	37,443	(3.6)%	
Australia	35,220	33,889	3.9 %	38,206	12.7 %	
Europe	21,265	23,887	(11.0)%	22,974	(3.8)%	
Rest of World	11,743	14,432	(18.6)%	12,172	(15.7)%	
Total Crawford Claims Solutions Revenues before Reimbursements	\$ 255,572	\$ 268,888	(5.0)%	\$ 264,983	(1.5)%	

Revenues before reimbursements from our Crawford Claims Solutions segment totaled \$86.3 million in the three months ended September 30, 2019, compared with \$85.3 million in the comparable 2018 period. This increase was due to an increase in new client growth in the U.S. and U.K., and an increase in cases received in Australia. Changes in foreign exchange rates resulted in a decrease of our Crawford Claims Solutions segment revenues by approximately 4.2%, or \$3.6 million, for the three months ended September 30, 2019 as compared with the 2018 period. Absent foreign exchange rate fluctuations, Crawford Claims Solutions segment revenues would have been \$89.8 million for the three months ended September 30, 2019. There was a decrease in segment unit volume, measured principally by cases received, of 8.9% for the three months ended September 30, 2019, compared with the 2018 period. Changes in product mix and in the rates charged for those services accounted for a 14.2% revenue increase for the three months ended September 30, 2019 compared with the same period in 2018 due primarily to a reduction in high-frequency, low-complexity cases.

For the nine months ended September 30, 2019, revenues before reimbursements from our Crawford Claims Solutions segment totaled \$255.6 million, compared with \$268.9 million in the 2018 period. This decrease was primarily due to a decrease in weather related activity in the U.S., as the 2018 period included the runoff of 2017 hurricane claims activity, which negatively impacted revenues by \$13.9 million, or 5.2% of Crawford Claims Solutions segment revenues. Changes in foreign exchange rates resulted in a decrease of our Crawford Claims Solutions segment revenues by approximately 3.5%, or \$9.4 million, for the nine months ended September 30, 2019 as compared with the 2018 period. Absent foreign exchange rate fluctuations, Crawford Claims Solutions segment revenues would have been \$265.0 million for the nine months ended September 30, 2019. There was a decrease in segment unit volume, measured principally by cases received, of 7.7% for the nine months ended September 30, 2019, compared with the 2018 period. Changes in product mix and in the rates charged for those services accounted for a 11.4% revenue increase for the nine months ended September 30, 2019 compared with the same period in 2018.

The increase in revenues in the U.S. for the three months ended September 30, 2019 was primarily due to an increase in new clients, although there was a decrease for the nine months ended September 30, 2019 due to a reduction in weather related activity referenced above. Based on constant foreign exchange rates, there were increases in revenues in the U.K. for 2019 compared with 2018 due to an increase in new clients and expanding new services. Revenues in Canada increased in the third quarter of 2019, although decreased in the year-to-date period due to a reduction in weather related case activity resulting from Ontario windstorms in the 2018 period. There were revenue increases in Australia due to an increase in weather related case activity in the 2019 periods. The revenue increase in Europe in the third quarter was due to a change in the mix of services provided in Scandinavia, although there was a decrease in Europe for the year-to-date period due to a reduction in cases received in Germany, Poland and the Netherlands. The decrease in revenues in Rest of World for the current three month and nine month periods compared with the 2018 periods was primarily due to a reduction in weather related case activity in Asia.

Reimbursed Expenses included in Total Revenues

Reimbursements for out-of-pocket expenses incurred in our Crawford Claims Solutions segment, which are included in total Company revenues, were \$5.6 million and \$4.9 million for the three months ended September 30, 2019 and 2018, respectively. Reimbursements were \$15.4 million and \$14.3 million for the nine months ended September 30, 2019 and 2018, respectively. The increase in reimbursed expenses was due to an increased use of third parties in the U.K. in 2019 compared to 2018.

Case Volume Analysis

Crawford Claims Solutions segment unit volumes by geographic region, measured by cases received, for the three months and nine months ended September 30, 2019 and 2018 were as follows:

<i>(whole numbers, except percentages)</i>	Three Months Ended			Nine Months Ended		
	September 30, 2019	September 30, 2018	Variance	September 30, 2019	September 30, 2018	Variance
U.S.	72,463	81,628	(11.2)%	218,124	235,080	(7.2)%
U.K.	13,312	13,265	0.4 %	40,589	41,466	(2.1)%
Canada	8,911	11,034	(19.2)%	29,302	32,746	(10.5)%
Australia	7,887	7,492	5.3 %	29,721	25,247	17.7 %
Europe	10,067	10,757	(6.4)%	27,326	38,053	(28.2)%
Rest of World	4,656	4,603	1.2 %	13,210	15,706	(15.9)%
Total Crawford Claims Solutions Cases Received	117,296	128,779	(8.9)%	358,272	388,298	(7.7)%

Overall, there were decreases in cases received of 8.9% and 7.7% for the three months and nine months ended September 30, 2019, respectively, compared to the 2018 periods. The decrease in U.S. case volumes in the third quarter was due to a reduction in high frequency, low complexity cases and a change in the mix of services provided, and for the year-to-date period due to a decrease in weather related activity. The U.K. case volumes were higher in the third quarter due to an increase in weather related activity, but lower in the 2019 year-to-date period. The decreases in Canada were due to a reduction in weather related cases, due to Ontario windstorms that were present in the prior year. The increase in cases in Australia was due to an increase in weather related activity in 2019. There were reductions in cases received in Europe in 2019 due to a reduction in high-frequency, low-complexity cases in Germany and Poland. There was a slight increase in cases received in Rest of World in the third quarter, although there was a decrease in the nine months ended September 30, 2019 due to a decline in high-frequency, low-complexity property cases in Asia.

Direct Compensation, Fringe Benefits & Non-Employee Labor

The most significant expense in our Crawford Claims Solutions segment is the compensation of employees, including related payroll taxes and fringe benefits, and the payments to outsourced service providers that augment the functions performed by our employees. As a percentage of revenues before reimbursements, direct compensation, fringe benefits, and non-employee labor expenses were 66.1% for the three months ended September 30, 2019 compared to 66.0% for the 2018 period. For the nine months ended September 30, 2019, direct compensation, fringe benefits, and non-employee labor expenses, as a percent of revenues before reimbursements, were 66.1%, compared with 65.7% for the comparable period in 2018. The increase in expenses as a percent of revenues before reimbursements is due to lower employee utilization in Canada and Europe. The total dollar amount of these expenses increased to \$57.0 million for the three months ended September 30, 2019 from \$56.3 million for the comparable 2018 period, but decreased in the nine months ended September 30, 2019 to \$169.0 million from \$176.8 million in 2018, as a result of the lower revenues and the change in foreign exchange rates. There was an average of 2,908 full-time equivalent employees in this segment in the nine months ended September 30, 2019 compared with an average of 2,980 in the 2018 period.

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

Crawford Claims Solutions expenses other than reimbursements, direct compensation, fringe benefits, and non-employee labor were \$26.6 million for the three months ended September 30, 2019 compared with \$29.2 million for the 2018 period. As a percentage of revenues before reimbursements, expenses other than direct compensation, fringe benefits, and non-employee labor expenses were 30.8% for the three months ended September 30, 2019 compared with 34.2% for the 2018 period. For the nine months ended September 30, 2019, these expenses were \$82.6 million, or 32.3% of segment revenues before reimbursements, compared with \$87.0 million, or 32.4% of segment revenues before reimbursements, for the comparable 2018 period. The decrease in cost is related to expense reductions in 2019 and the change in foreign exchange rates in the 2019 periods. The decrease as a percent of revenues was a result of improved expense reductions, partially offset by an increase in centralized administrative support costs related to investments in technology and expanding sales efforts in the 2019 period.

CRAWFORD TPA SOLUTIONS SEGMENT

Our Crawford TPA Solutions segment, which operates under the Broadspire brand globally, reported operating earnings of \$9.3 million, or 9.4% of revenues before reimbursements, for the third quarter of 2019 as compared to \$8.1 million, or 8.0% of revenues before reimbursements, for the third quarter of 2018. This increase was due to a reduction in administrative expenses. For the nine months ended September 30, 2019, operating earnings were \$21.1 million, or 7.1% of revenues before reimbursements, as compared to \$24.0 million, or 7.9% of revenues before reimbursements, for 2018. The decrease in operating earnings for the 2019 year-to-date period resulted from lower revenues, which were not fully offset by lower expenses.

Excluding centralized indirect support costs, third quarter gross profit increased from \$26.5 million, or 26.5% of revenues before reimbursements, in 2018 to \$26.7 million, or 26.8% of revenues before reimbursements, in 2019. For the year-to-date period, gross profit decreased from \$79.5 million, or 26.2% of revenues before reimbursements, in 2018 to \$75.9 million, or 25.6% of revenues before reimbursements, in 2019, with lower direct expenses not fully offsetting the lower revenues.

Revenues before Reimbursements

Crawford TPA Solutions revenues are derived from the global casualty and disability insurance and self-insured markets in the U.S., U.K., Canada and Europe and Rest of World. Revenues before reimbursements by major region, based on actual exchange rates and using a constant exchange rate, for the three and nine months ended September 30, 2019 and 2018 were as follows:

<i>(in thousands, except percentages)</i>	Three Months Ended				
	Based on actual exchange rates			Based on exchange rates for three months ended September 30, 2018	
	September 30, 2019	September 30, 2018	Variance	September 30, 2019	Variance
U.S.	\$ 80,376	\$ 79,979	0.5 %	\$ 80,376	0.5 %
U.K.	2,730	2,863	(4.6)%	2,955	3.2 %
Canada	8,210	9,081	(9.6)%	8,415	(7.3)%
Europe and Rest of World	8,179	8,348	(2.0)%	8,909	6.7 %
Total Crawford TPA Solutions Revenues before Reimbursements	\$ 99,495	\$ 100,271	(0.8)%	\$ 100,655	0.4 %

<i>(in thousands, except percentages)</i>	Nine Months Ended				
	Based on actual exchange rates			Based on exchange rates for nine months ended September 30, 2018	
	September 30, 2019	September 30, 2018	Variance	September 30, 2019	Variance
U.S.	\$ 237,391	\$ 240,975	(1.5)%	\$ 237,391	(1.5)%
U.K.	8,243	9,387	(12.2)%	8,785	(6.4)%
Canada	25,466	27,580	(7.7)%	26,280	(4.7)%
Europe and Rest of World	25,707	25,210	2.0 %	27,783	10.2 %
Total Crawford TPA Solutions Revenues before Reimbursements	\$ 296,807	\$ 303,152	(2.1)%	\$ 300,239	(1.0)%

Revenues before reimbursements from our Crawford TPA Solutions segment totaled \$99.5 million in the three months ended September 30, 2019 compared with \$100.3 million in the 2018 period. Changes in foreign exchange rates resulted in a decrease of our Crawford TPA Solutions segment revenues by approximately 1.2%, or \$1.2 million, as compared with the 2018 period. Revenues were positively impacted by an increase in unit volumes, measured principally by cases received, of 3.8% for the three months ended September 30, 2019 compared with the same period of 2018. Changes in product mix and in the rates charged for those services accounted for a 3.4% revenue decrease for the 2019 third quarter compared with the 2018 period.

For the nine months ended September 30, 2019, revenues before reimbursements from our Crawford TPA Solutions segment totaled \$296.8 million, compared with \$303.2 million in the 2018 period. Changes in foreign exchange rates resulted in a decrease of our Crawford TPA Solutions segment revenues by approximately 1.1%, or \$3.4 million, for the nine months ended September 30, 2019 as compared with the 2018 period. Revenues were also negatively impacted by a decrease in unit volumes, measured principally by cases received, of 2.8% for the nine months ended September 30, 2019 compared with the same period of 2018. Changes in product mix and in the rates charged for those services, however, accounted for a 1.8% revenue increase for the nine months ended September 30, 2019 compared with the 2018 period.

The slight increase in revenues in the U.S. for the three months ended September 30, 2019 was due to an increase in new clients. The decrease in revenues in the US for the nine months ended September 30, 2019, as compared with the 2018 period was primarily due to a decrease in new Claims Management and Medical Management clients, partially offset by an increase in Disability clients. Based on constant foreign exchange rates, there was an increase in revenues in the U.K. in the third quarter, although there was a decrease in revenues in the U.K. for the nine months ended September 30, 2019, due to client case volume decreases and a change in the mix of services provided. Revenues in Canada decreased in the current year due to a change in the mix of services provided and a reduction in case volumes. Revenues increased in Europe and Rest of World in the third quarter and for the nine months primarily due to growth from both new and existing clients.

Reimbursed Expenses included in Total Revenues

Reimbursements for out-of-pocket expenses incurred in our Crawford TPA Solutions segment were \$3.1 million for the three months ended September 30, 2019, compared with \$2.7 million in the comparable 2018 period. Reimbursements were \$8.7 million for the nine months ended September 30, 2019, compared with \$7.7 million in the comparable 2018 period. The changes in reimbursed expenses was consistent with the revenue and case volume activity between periods.

Case Volume Analysis

Crawford TPA Solutions unit volumes by geographic region, as measured by cases received, for the three months and nine months ended September 30, 2019 and 2018 were as follows:

<i>(whole numbers, except percentages)</i>	Three Months Ended			Nine Months Ended		
	September 30, 2019	September 30, 2018	Variance	September 30, 2019	September 30, 2018	Variance
U.S.	130,718	117,896	10.9 %	369,751	367,138	0.7 %
U.K.	10,411	10,746	(3.1)%	28,474	33,690	(15.5)%
Canada	17,817	23,942	(25.6)%	56,975	72,197	(21.1)%
Europe and Rest of World	54,082	52,637	2.7 %	156,535	156,561	— %
Total Crawford TPA Solutions Cases Received	213,028	205,221	3.8 %	611,735	629,586	(2.8)%

Overall case volumes were 3.8% higher for the three months ended September 30, 2019, compared with 2018, due to client growth in the U.S. Case volumes were 2.8% lower for the nine months ended September 30, 2019, compared with the same period in 2018, primarily due to a reduction in cases in Canada. The increases in the U.S. were due to new client growth in Claims Management, Medical Management, and Disability cases. There was a decrease in the 2019 periods in the U.K. due to client business declines impacting both the three months and nine months ended September 30, 2019. The reduction in Canada was due to a reduction in weather related cases that were present in the prior year, along with lower carrier volumes as more cases were handled internally. The increase in cases received in Europe and Rest of World was due to a change in the mix of cases received in Europe in the third quarter, although cases were consistent for the year-to-date period.

Direct Compensation, Fringe Benefits & Non-Employee Labor

The most significant expense in our Crawford TPA Solutions segment is the compensation of employees, including related payroll taxes and fringe benefits, and the payments to outsourced service providers that augment the functions performed by our employees. For the three months ended September 30, direct compensation, fringe benefits, and non-employee labor, as a percent of the related revenues before reimbursements, decreased from 59.0% in 2018 to 58.9% in 2019. The amount of these expenses decreased from \$59.1 million for the three months ended September 30, 2018 to \$58.6 million for the 2019 comparable period, due to improved employee utilization. For the nine months ended September 30, 2019, direct compensation, fringe benefits, and non-employee labor, as a percent of the related revenues before reimbursements, increased from 58.6% in 2018 to 59.9% in 2019. The amount of these expenses increased slightly from \$177.7 million for the nine months ended September 30, 2018 to \$177.9 million for the 2019 comparable period. The increase in the nine months as a percent of revenues before reimbursements relates to an increase in employees in 2019 and the decline in revenues compared to the 2018 period.

Average full-time equivalent employees in this segment totaled 3,176 in the first nine months of 2019, up from 3,136 in the comparable 2018 period.

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

Crawford TPA Solutions segment expenses other than reimbursements, direct compensation, fringe benefits, and non-employee labor as a percent of revenues before reimbursements were 31.7% and 32.9% for the three months and nine months ended September 30, 2019, respectively, compared with 33.0% and 33.5% in the comparable 2018 periods. The decrease in expenses as a percent of revenues in the third quarter was due to expense controls implemented in 2019. The amount of these expenses decreased from \$33.1 million for the three months ended September 30, 2018 to \$31.6 million in 2019, and from \$101.4 million for the nine months ended September 30, 2018 to \$97.8 million in 2019, due to the lower revenues and expense controls implemented in 2019.

CRAWFORD SPECIALTY SOLUTIONS SEGMENT

Our Crawford Specialty Solutions segment reported operating earnings of \$13.3 million for the nine months ended September 30, 2019, as compared with operating earnings of \$14.4 million in the comparable 2018 period. The related segment operating margin decreased from 20.7% for the quarter ended September 30, 2018, to 19.3% in the comparable 2019 period. This decrease was due to an increase in employees and related compensation expense. Operating earnings for the nine months ended September 30, 2019 totaled \$38.1 million, as compared with operating earnings of \$34.4 million in the comparable 2018 period. The related segment operating margin increased from 14.6% for the nine months ended September 30, 2018 to 18.5% in the comparable 2019 period. The improvement in the year-to-date period was primarily due to the absence of the Garden City Group business which was disposed in June 2018.

Excluding indirect support costs, gross profit in the third quarter decreased from \$25.9 million, or 37.3% of revenues before reimbursements, in 2018 to \$24.8 million, or 36.0% of revenues before reimbursements, in 2019, due to an increase in employees to support client growth. For the nine months, gross profit decreased from \$79.6 million, or 33.8% of revenues before reimbursements, in 2018 to \$72.5 million, but increased as a percent of revenues to 35.1% of revenues before reimbursements, in 2019, due primarily to the absence of the Garden City Group business.

Unless otherwise noted, all amounts presented below for 2018 reflect activity of the Garden City Group service line through June 15, 2018, due to the disposal of that business as of that date.

Revenues before Reimbursements

Crawford Specialty Solutions segment revenues are primarily derived from the global property and casualty insurance company markets in the U.S., U.K., Canada, Australia, Europe and Rest of World, and, prior to the disposition of the Garden City Group business line in June 2018, the legal settlement administration market primarily in the U.S. and Canada. Revenues before reimbursements by major region, based on actual exchange rates, using a constant exchange rate and, in each case, excluding activity from the Garden City Group service line, for the three and nine months ended September 30, 2019 and 2018 were as follows:

<i>(in thousands, except percentages)</i>	Three Months Ended					
	Based on actual exchange rates			Based on exchange rates for three months ended September 30, 2018		
	September 30, 2019	September 30, 2018	Variance	September 30, 2019	September 30, 2018	Variance
U.S.	\$ 29,819	\$ 28,685	4.0 %	\$ 29,819	\$ 28,685	4.0 %
U.K.	12,991	13,965	(7.0)%	14,055	13,965	0.6 %
Canada	8,132	8,385	(3.0)%	8,337	8,385	(0.6)%
Australia	6,157	6,734	(8.6)%	6,794	6,734	0.9 %
Europe	5,143	5,278	(2.6)%	5,546	5,278	5.1 %
Rest of World	6,690	6,379	4.9 %	6,963	6,379	9.2 %
Total Crawford Specialty Solutions Revenues before Reimbursements	\$ 68,932	\$ 69,426	(0.7)%	\$ 71,514	\$ 69,426	3.0 %

	Nine Months Ended					
	Based on actual exchange rates			Based on exchange rates for nine months ended September 30, 2018 and exclusion of Garden City Group from September 30, 2018		
	September 30, 2019	September 30, 2018	Variance	September 30, 2019	September 30, 2018	Variance
<i>(in thousands, except percentages)</i>						
U.S.	\$ 91,158	\$ 115,140	(20.8)%	\$ 91,158	\$ 86,313	5.6 %
U.K.	38,399	40,754	(5.8)%	40,934	40,754	0.4 %
Canada	25,295	26,017	(2.8)%	26,110	24,969	4.6 %
Australia	17,489	18,832	(7.1)%	18,974	18,832	0.8 %
Europe	14,796	16,359	(9.6)%	15,847	16,359	(3.1)%
Rest of World	19,100	18,035	5.9 %	19,872	18,035	10.2 %
Total Crawford Specialty Solutions Revenues before Reimbursements	\$ 206,237	\$ 235,137	(12.3)%	\$ 212,895	\$ 205,262	3.7 %

Revenues before reimbursements from our Crawford Specialty Solutions segment totaled \$68.9 million in the three months ended September 30, 2019, compared with \$69.4 million in the 2018 period. Changes in foreign exchange rates resulted in a decrease of our Crawford Specialty Solutions segment revenues by approximately 3.7%, or \$2.6 million, for the three months ended September 30, 2019, as compared with 2018. Absent foreign exchange rate fluctuations, Crawford Specialty Solutions segment revenues would have been \$71.5 million for the three months ended September 30, 2019. For the nine months ended September 30, 2019, revenues before reimbursements from our Crawford Specialty Solutions segment totaled \$206.2 million, compared with \$235.1 million in the 2018 period. Changes in foreign exchange rates resulted in a decrease of our Crawford Specialty Solutions segment revenues by approximately 3.2%, or \$6.7 million, for the nine months ended September 30, 2019, as compared with the 2018 period. Absent foreign exchange rate fluctuations, Crawford Specialty Solutions segment revenues would have been \$212.9 million for the nine months ended September 30, 2019.

The Garden City Group service line, which was disposed in June 2018, represents a \$29.9 million negative variance, or 12.7% of Crawford Specialty Solutions revenues, in the nine months ended September 30, 2019, compared to the 2018 period.

Overall case volumes were 8.8% lower for the three months ended September 30, 2019 and 6.9% for the nine months ended September 30, 2019, compared with the same periods of 2018. Changes in product mix and in the rates charged for those services accounted for an 11.8% and 10.6% revenue increase for the three months and nine months ended September 30, 2019, respectively, compared with the same periods in 2018.

The increase in revenues in the U.S. for the three months and nine months ended September 30, 2019 was due to an increase in new clients in our Global Technical Services and Contractor Connection service lines, compared with the 2018 period. The decrease in the U.S. in the year-to-date period was due to the Garden City Group disposal. On a constant currency basis, there was a revenue increase in the U.K. in the 2019 third quarter and year-to-date period primarily due to an increase in our Global Technical Services service line. Revenues in Canada increased in the 2019 year-to-date period compared with 2018 due to an increase in clients in Global Technical Services. There was a slight increase in revenues in Australia due to an increase in weather related activity in the current year. There was a revenue increase in Europe in the third quarter resulting from an acquisition in Belgium, although a decrease in revenues in the year-to-date period due to decreased revenues in Italy. The increase in revenues in Rest of World was primarily due to increased weather related activity in Hong Kong.

Reimbursed Expenses included in Total Revenues

Reimbursements for out-of-pocket expenses incurred in our Crawford Specialty Solutions segment can vary materially from period to period depending on the amount and types of projects, primarily in the Garden City Group service line, and were \$2.5 million and \$7.3 million for the three and nine months ended September 30, 2019, respectively, compared with \$2.3 million and \$19.2 million, respectively, in the comparable 2018 periods. The decrease in the 2019 year-to-date period was primarily due to the absence of the Garden City Group service line previously referenced, which had reimbursements of \$13.0 million in the 2018 year-to-date period.

Case Volume Analysis

Crawford Specialty Solutions unit volumes by geographic region, as measured by cases received, for the three months and nine months ended September 30, 2019 and 2018 were as follows:

<i>(whole numbers, except percentages)</i>	Three Months Ended			Nine Months Ended		
	September 30, 2019	September 30, 2018	Variance	September 30, 2019	September 30, 2018	Variance
U.S.	53,420	58,870	(9.3)%	162,737	170,006	(4.3)%
U.K.	3,613	5,217	(30.7)%	9,889	12,741	(22.4)%
Canada	16,418	16,215	1.3 %	52,528	56,336	(6.8)%
Australia	1,262	1,514	(16.6)%	4,294	5,768	(25.6)%
Europe	2,033	2,894	(29.8)%	7,225	11,338	(36.3)%
Rest of World	5,584	5,594	(0.2)%	15,694	14,919	5.2 %
Total Crawford Specialty Solutions Cases Received	82,330	90,304	(8.8)%	252,367	271,108	(6.9)%

Overall case volumes were 8.8% lower in the three months ended September 30, 2019 and 6.9% lower in the nine months ended September 30, 2019, compared with the same periods in 2018. The decrease in U.S. case volumes in the three months and nine months ended September 30, 2019 was due to a decrease in weather related cases in Contractor Connection, compared to the 2018 periods. The U.K. case volumes were lower in the 2019 periods due to a decrease in high-frequency, low-complexity property cases in the Contractor Connection service line. There was a slight increase in cases received in Canada in the third quarter, although a decrease in Canada for the year-to-date period due to a decrease in weather related activity in the current year as Contractor Connection received additional cases from the Ontario windstorms in 2018. The decrease in Australia cases was due to a reduction in high-frequency, low-complexity property cases in the current period. The decrease in cases in Europe was primarily due to a decrease in Global Technical Services in Italy. Cases received in Rest of World was slightly lower in the third quarter, although there was an increase in the year-to-date period due to an increase in weather related cases in Asia.

Garden City Group services were generally project based and not denominated by individual claims and therefore not included in the table above for the nine months ended September 30, 2018.

Direct Compensation, Fringe Benefits & Non-Employee Labor

Crawford Specialty Solutions direct compensation, fringe benefits, and non-employee labor expenses as a percent of revenues before reimbursements were 52.2% in the 2019 third quarter compared to 50.1% in the 2018 third quarter. The dollar amount of these expenses was \$36.0 million for the 2019 third quarter and \$34.8 million for the comparable 2018 period. This increase was due to increased staffing to support client growth. For the nine months, direct compensation, fringe benefits, and non-employee labor expenses as a percent of revenues before reimbursements were 51.4% in both periods, and the dollar amount of these expenses was \$106.0 million in 2019 compared to \$120.8 million for the comparable 2018 period. The decrease in the dollar amount in the 2019 year-to-date period was due to the Garden City Group disposal referenced above. Excluding the impact of the Garden City Group service line, direct compensation expenses, fringe benefits, and non-employee labor as a percent of Crawford Specialty Solutions segment revenues before reimbursements would have been \$103.6 million, or 50.5%, in the nine months ended September 30, 2018. The increase in the percentage of revenues before reimbursements was due to increased compensation expense and an increase in employees in 2019. There was an average of 1,488 full-time equivalent employees in Crawford Specialty Solutions in the 2019 nine month period, compared with an average of 1,259, which excludes the 375 full-time equivalent employees within the Garden City Group, for the comparable 2018 nine month period.

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

Expenses other than reimbursements, direct compensation, fringe benefits, and non-employee labor were 28.5% and 30.1% of Crawford Specialty Solutions revenues before reimbursements for the three months and nine months ended September 30, 2019, respectively, compared with 29.2% and 34.0% for the comparable periods in 2018. The dollar amount of these expenses decreased to \$19.6 million in the 2019 third quarter as compared with \$20.3 million in the comparable 2018 period, and decreased to \$62.1 million in the nine months ended September 30, 2019 as compared to \$79.9 million in the comparable 2018 period. The decrease in the third quarter is due to the lower revenues, and the decrease for the year-to-date period was primarily due to the Garden City Group disposal referenced above, which had \$17.4 million of expenses in the nine month 2018 period.

EXPENSES AND CREDITS EXCLUDED FROM SEGMENT OPERATING EARNINGS

Income Taxes

Our consolidated effective income tax rate may change periodically due to changes in enacted tax rates, 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 net operating loss and tax credit carryforwards, and amounts related to uncertain income tax positions. We estimate that our effective income tax rate for 2019 will be approximately 32% after considering known discrete items as of September 30, 2019.

The provision for income taxes on consolidated income totaled \$5.3 million and \$1.8 million for the three months ended September 30, 2019 and 2018, respectively. The overall effective tax rate increased to 36.8% for the nine months ended September 30, 2019 compared with 31.1% for the 2018 period primarily due to a one-time tax planning benefit in 2018 related to the voluntary contribution of \$10.0 million to the Company's U.S. defined benefit pension plan, the impact of the sale of the Garden City Group business in 2018 and the arbitration and claim settlements in 2019.

Net Corporate Interest Expense

Net corporate interest expense consists of interest expense that we incur on our short- and long-term borrowings, partially offset by any interest income we earn on available cash balances and short-term investments. These amounts vary based on interest rates, borrowings outstanding and the amounts of invested cash. Corporate interest expense totaled \$3.2 million and \$2.7 million for the three months ended September 30, 2019 and 2018, respectively. There was no interest income during the three months ended September 30, 2019, compared to \$0.3 million for the three months ended September 30, 2018. Corporate interest expense totaled \$8.9 million and \$8.8 million for the nine months ended September 30, 2019 and 2018, respectively. Interest income totaled \$0.5 million and \$1.4 million for the nine months ended September 30, 2019 and 2018, respectively.

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 totaled \$0.5 million and \$0.4 million for the three months ended September 30, 2019 and 2018, respectively. Stock option expense totaled \$1.3 million and \$1.4 million for the nine months ended September 30, 2019 and 2018, respectively.

Amortization of Customer-Relationship Intangible Assets

Amortization of customer-relationship intangible assets represents the non-cash amortization expense for finite-lived customer-relationship and trade name intangible assets. Amortization expense associated with these intangible assets totaled \$2.8 million for each of the three months ended September 30, 2019 and 2018. Amortization expense associated with these intangible assets totaled \$8.4 million and \$8.3 million for the nine months ended September 30, 2019 and 2018, respectively. This amortization expense is included in "Selling, general, and administrative expenses" in our unaudited Condensed Consolidated Statements of Operations.

Unallocated Corporate and Shared Costs, Net

Certain unallocated corporate and shared costs are excluded from the determination of segment operating earnings. For the three months ended September 30, 2019 and 2018, unallocated corporate and shared costs and credits represented costs of our frozen U.S. defined benefit pension plan, expenses for our chief executive officer and our Board of Directors, certain adjustments to our self-insured liabilities, certain unallocated legal costs and professional fees, and certain adjustments and recoveries to our allowances for doubtful accounts receivable.

Unallocated corporate and shared costs were \$1.6 million and \$5.8 million for the three months ended September 30, 2019 and 2018, respectively. The decrease for the three months ended September 30, 2019 was due to a decrease in professional fees, self-insurance expenses and other administrative costs, partially offset by an increase in defined benefit pension expense. Unallocated corporate and shared costs were \$2.4 million and \$7.3 million for the nine months ended September 30, 2019 and 2018, respectively. The decrease for the nine months ended September 30, 2019 was due to a decrease in professional fees and other administrative costs, partially offset by an increase in defined benefit pension expense and self-insurance expenses.

Arbitration and Claim Settlements

During the three months ended June 30, 2019, we recognized an expense in the amount of \$11.4 million related to an arbitration panel awarding three of four former executives of our former Garden City Group business unit additional payments associated with their departure from the Garden City Group on December 31, 2015. In August 2019, we received a claim from the fourth former executive of the Garden City Group. This claim was settled in October for \$1.2 million, which is reflected in the three months ended September 30, 2019. Total arbitration and claim settlements for the nine months ended September 30, 2019 is \$12.6 million. There are no other potential claimants related to this matter.

Loss on Disposition of Business Line

During the three months and nine months ended September 30, 2018, we recorded a loss on the disposal of a business line of \$1.2 million and \$19.0 million, respectively. The loss on the sale of the Garden City Group business was presented in the unaudited Condensed Consolidated Statements of Operations as a separate charge "Loss on disposition of business line."

LIQUIDITY, CAPITAL RESOURCES, AND FINANCIAL CONDITION

At September 30, 2019, our working capital balance (current assets less current liabilities) was approximately \$76.7 million, a decrease of \$18.9 million from the working capital balance at December 31, 2018. Our cash and cash equivalents were \$46.1 million at September 30, 2019, compared with \$53.1 million at December 31, 2018.

Cash and cash equivalents as of September 30, 2019 consisted of \$16.4 million held in the U.S. and \$29.7 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 were to occur, we would analyze the potential tax impact and our anticipated investment needs in that region and provide for U.S. taxes for earnings that are not expected to be indefinitely reinvested. Other historical earnings and future foreign earnings necessary for business reinvestment are expected to remain indefinitely 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, we 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 U.S. taxes to repatriate these funds. No assurances can be provided as to the amount or timing thereof, the tax consequences related thereto, or the ultimate impact any such action may have on our results of operations or financial condition.

No additional income or withholding taxes have been provided for any undistributed foreign earnings, 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.

Cash Provided by Operating Activities

Cash provided by operating activities was \$42.3 million for the nine months ended September 30, 2019, compared with \$16.0 million of cash provided in the comparable period of 2018. The increase in cash provided by operating activities was primarily due to a decrease in discretionary U.S. and U.K. pension contributions in 2019 compared to 2018, better accounts receivable management and lower working capital requirements, including the positive cash flow impact of the Garden City Group disposal in June 2018. The Company made a one-time discretionary contribution of \$10.0 million to its U.S. defined benefit pension plan in the 2018 third quarter.

Cash Used in/Provided by Investing Activities

Cash used in investing activities, primarily for acquisitions of property and equipment and capitalized software, was \$15.2 million for the nine months ended September 30, 2019, compared with \$12.1 million provided in the first nine months of 2018. The 2018 activity included proceeds from the disposal of the Garden City Group business line. Capital expenditures were higher in the 2018 period due to the costs incurred for the consolidation and relocation of our Atlanta Service Center and other investments in technology, including Garden City Group expenditures.

Cash Used in Financing Activities

Cash used in financing activities was \$33.7 million for the nine months ended September 30, 2019, compared with \$28.6 million used in financing activities for the 2018 period. We paid \$9.9 million and \$10.2 million in dividends in the nine months ended September 30, 2019 and 2018, respectively. During the first nine months of 2019, we increased our short-term borrowings and book overdraft, net, by \$0.5 million, compared with a decrease during the first nine months of 2018 of \$11.3 million, to fund working capital requirements. Share repurchases totaled \$25.7 million in the 2019 period, compared to \$7.7 million for the first nine months of 2018.

Other Matters Concerning Liquidity and Capital Resources

As a component of our credit facility, we maintain a letter of credit facility to satisfy certain contractual obligations. Including \$11.6 million of undrawn letters of credit issued under the letter of credit facility, the available balance under our credit facility totaled \$247.5 million at September 30, 2019. Our short-term debt obligations typically peak during the first half of each year due to the annual payment of incentive compensation, contributions to retirement plans, working capital fluctuations, and certain other recurring payments, and generally decline during the balance of the year. The balance of short-term borrowings represents amounts under our credit facility that we expect, but are not required, to repay in the next twelve months. Long- and short-term borrowings outstanding, including current installments and finance leases, totaled \$189.4 million as of September 30, 2019 compared with \$190.4 million at December 31, 2018.

Defined Benefit Pension Funding and Cost

We sponsor a qualified defined benefit pension plan in the U.S. (the "U.S. Qualified Plan"), three defined benefit plans in the U.K., and defined benefit pension plans in the Netherlands, Norway, Germany, and the Philippines. Effective December 31, 2002, we froze our U.S. Qualified Plan. Our frozen U.S. Qualified Plan and U.K. plans were underfunded by \$72.5 million and overfunded by \$32.7 million, respectively, at December 31, 2018, based on accumulated benefit obligations of \$420.2 million and \$234.8 million for the U.S. Qualified Plan and the U.K. plans, respectively.

For the nine months ended September 30, 2019, the Company made no contributions to its U.S. defined benefit pension plan and \$0.5 million to its U.K. defined benefit pension plans, respectively, compared with contributions of \$19.0 million and \$4.2 million, respectively, in the comparable 2018 period. The Company does not expect to make any additional contributions to its U.S. and U.K. plans during the remainder of 2019. Anticipated funding for the other international plans is not significant.

Dividend Payments

Our Board of Directors makes dividend decisions from time to time based in part on an assessment of current and projected earnings and cash flows. During the nine months ended September 30, 2019, we paid \$9.9 million in dividends. Our ability to pay future dividends could be impacted by many factors including the funding requirements of our defined benefit pension plans, repayments of outstanding borrowings, levels of cash expected to be generated by our operating activities, and covenants and other restrictions contained in any credit facilities or other financing agreements. The covenants in our existing credit facility limit dividend payments to shareholders.

Financial Condition

Other significant changes on our unaudited Condensed Consolidated Balance Sheet as of September 30, 2019, compared with our unaudited Condensed Consolidated Balance Sheet as of December 31, 2018 were as follows:

- Unbilled revenues increased \$8.7 million excluding foreign currency exchange impacts. This increase was primarily due to the Crawford Claims Solutions segment, which had increases due to weather related activity in Australia and other increases in the U.S. and Canada.
- Accounts payable and accrued liabilities decreased \$4.4 million excluding foreign exchange impacts. The decrease related to changes in our self insurance liabilities and timing of payments within accounts payable. Included in this amount is the net change for the inclusion of "Operating lease right-of-use assets, net" and "Operating lease liabilities" as well as the removal of "Deferred rent", as discussed further below.

At September 30, 2019, we were not a party to any off-balance sheet arrangements which we believe could materially impact our operations, financial condition, or cash flows.

As disclosed in our Annual Report on Form 10-K for the year ended December 31, 2018, we have certain material obligations under operating lease agreements to which we are a party. As discussed in Note 4, "Lease Commitments" of our accompanying unaudited condensed consolidated financial statements included in Item 1 of this Quarterly Report on Form 10-Q, the Company adopted Topic 842 as of January 1, 2019, which resulted in recording operating lease-related assets and liabilities on our unaudited Condensed Consolidated Balance Sheet as of September 30, 2019.

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

APPLICATION OF CRITICAL ACCOUNTING POLICIES AND ESTIMATES

Except as set forth below, there have been no material changes to our critical accounting policies and estimates from those disclosed in our Annual Report on Form 10-K for the year ended December 31, 2018.

New Accounting Standards Adopted

Additional information related to adoption of accounting standards is provided in Notes 2 and 4 to the accompanying unaudited condensed consolidated financial statements contained in this Quarterly Report on Form 10-Q.

Pending Adoption of New Accounting Standards

Additional information related to pending adoption of recently issued accounting standards is provided in Note 2 to the accompanying unaudited condensed consolidated financial statements contained in this Quarterly Report on Form 10-Q.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

For a discussion of quantitative and qualitative disclosures about the Company's market risk, see Item 7A, "Quantitative and Qualitative Disclosures About Market Risk," of our Annual Report on Form 10-K for the year ended December 31, 2018. Our exposures to market risk have not changed materially since December 31, 2018.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

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

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

Changes in Internal Control over Financial Reporting

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

PART II — OTHER INFORMATION

Item 1A. Risk Factors

In addition to the other information set forth in this report, the factors discussed in Part I, "Item 1A. Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2018 could materially affect our business, financial condition, or results of operations. The risks described in this report and in our Annual Report on Form 10-K are not the only risks facing our Company. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial also may materially adversely affect our business, financial condition, or results of operations.

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

The Company's share repurchase authorization, approved in July 2017, provided the Company with the ability to repurchase 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 could be made for cash, in the open market or privately negotiated transactions at such times and for such prices as management deemed appropriate, subject to applicable contractual and regulatory restrictions. The 2017 Repurchase Authorization had 427,883 shares available for repurchase when it was terminated on May 8, 2019.

Effective May 9, 2019, the Company's Board of Directors authorized the repurchase of up to 2,000,000 shares of CRD-A or CRD-B (or a combination of the two) through December 31, 2020 (the "2019 Repurchase Authorization"). Under the 2019 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. Since December 31, 2018, the Company has purchased 985,459 shares pursuant to the 2019 Repurchase Authorization. As of September 30, 2019, the Company was authorized to repurchase 1,014,541 shares under the 2019 Repurchase Authorization.

Period	Total Number of Shares Purchased	Average Price Paid Per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Number of Shares That May be Purchased Under the Plans or Programs
Balance as of June 30, 2019				1,647,570
July 1, 2019 - July 31, 2019				
CRD-A	11,089	\$ 10.00	11,089	
CRD-B	75,000	\$ 9.35	75,000	
Totals of July 31, 2019				1,561,481
August 1, 2019 - August 31, 2019				
CRD-A	304,115	\$ 9.65	304,115	
CRD-B	75,000	\$ 9.50	75,000	
Totals of August 31, 2019				1,182,366
September 1, 2019 - September 30, 2019				
CRD-A	86,688	\$ 9.95	86,688	
CRD-B	81,137	\$ 9.44	81,137	
Totals as of September 30, 2019	<u>633,029</u>		<u>633,029</u>	<u>1,014,541</u>

Item 5. Other Information

On October 30, 2019, the Company, its subsidiaries Crawford & Company Risk Services Investments Limited, Crawford & Company (Canada) Inc. and Crawford & Company (Australia) Pty. Ltd. (the Company, together with such subsidiaries, as borrowers (the "Borrowers")), the Company's guarantor subsidiaries party thereto, Wells Fargo Bank, National Association, as administrative agent and a lender ("Wells Fargo"), and the other lenders party thereto (together with Wells Fargo, the "Lenders"), entered into a Second Amendment to Amended and Restated Credit Agreement (the "Amendment") which amended that certain Amended and Restated Credit Agreement, dated as of October 11, 2017, by and among the Borrowers and the Lenders (as amended, the "Agreement"). Pursuant to the Amendment, the expenses paid or incurred in connection with the arbitration with three former executives of our Garden City Group relating to additional payments associated with their departure from the Garden City Group on December 31, 2015 are excluded from the calculation of Consolidated EBITDA for purposes of the financial covenants in the Agreement. Additionally, the Amendment made certain administrative changes to the Agreement. The foregoing description of the Amendment is qualified in its entirety by reference to the Amendment, a copy of which is filed as Exhibit 10.1 to this Report and is incorporated herein by reference.

Item 6. Exhibits

Exhibit No.	Description
3.1	Restated Articles of Incorporation of the Registrant (incorporated by reference to Exhibit 3.1 to the Registrant's Current Report on Form 8-K filed with the Securities and Exchange Commission on May 14, 2007)
3.2	Restated By-laws of the Registrant, as amended (incorporated by reference to Exhibit 3.1 of the Registrant's Current Report on Form 8-K filed with the Securities and Exchange Commission on December 22, 2008)
10.1	Second Amendment to amended and Restated Credit Agreement, dated as of October 30, 2019, by and among Crawford & Company, Crawford & Risk Services Investments Limited, Crawford & Company (Canada) Inc. and Crawford & Company (Australia) Pty. Ltd., and the guarantor subsidiaries party thereto, Wells Fargo Bank, National Association, as administrative agent and a lender ("Wells Fargo"), and the other lenders party thereto
15	Letter of Ernst & Young LLP
31.1	Certification of principal executive officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2	Certification of principal financial officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.1	Certification of principal executive officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
32.2	Certification of principal financial officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
101	XBRL Documents

SIGNATURES

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

Crawford & Company
(Registrant)

Date: November 4, 2019

/s/ Harsha V. Agadi

Harsha V. Agadi

President and Chief Executive Officer
(Principal Executive Officer)

Date: November 4, 2019

/s/ W. Bruce Swain

W. Bruce Swain

Executive Vice President and Chief Financial Officer (Principal
Financial Officer)

SECOND AMENDMENT TO AMENDED AND RESTATED CREDIT AGREEMENT

This **SECOND AMENDMENT TO AMENDED AND RESTATED CREDIT AGREEMENT**, dated as of the 30th day of October, 2019 (this "Amendment"), is entered into among **CRAWFORD & COMPANY**, a Georgia corporation ("Crawford"), **CRAWFORD & COMPANY RISK SERVICES INVESTMENTS LIMITED**, a limited company incorporated under the laws of England and Wales with registered number 02855446 (the "UK Borrower"), **CRAWFORD & COMPANY (CANADA) INC.**, a corporation incorporated under the laws of Canada (the "Canadian Borrower"), **CRAWFORD & COMPANY (AUSTRALIA) PTY. LTD.**, a proprietary limited organized in Australia (ACN 002 317 133) (the "Australian Borrower" and, together with Crawford, the UK Borrower and the Canadian Borrower, the "Borrowers"), the Subsidiary Guarantors under the hereinafter defined Credit Agreement, the Lenders under the hereinafter defined Credit Agreement party hereto and **WELLS FARGO BANK, NATIONAL ASSOCIATION**, as Administrative Agent under the hereinafter defined Credit Agreement (the "Administrative Agent").

RECITALS

A. Reference is made to the Amended and Restated Credit Agreement, dated as of October 11, 2017, between the Borrowers, the Lenders party thereto from time to time and the Administrative Agent (as amended by the Limited Consent and First Amendment to Amended and Restated Credit Agreement, dated as of June 15, 2018, and as further amended, restated, supplemented or otherwise modified prior to the date hereof, the "Credit Agreement"). Capitalized terms not otherwise defined herein shall have the meaning given to such terms in the Credit Agreement as amended hereby.

B. The Borrowers have requested, and the Lenders party hereto and the Administrative Agent have agreed, on the terms and subject to the conditions set forth herein, to amend the Credit Agreement as set forth herein.

STATEMENT OF AGREEMENT

NOW, THEREFORE, in consideration of the mutual provisions, covenants and agreements herein contained, the parties hereto hereby agree as follows:

**ARTICLE I
AMENDMENTS**

1.1 Section 1.1 of the Credit Agreement is hereby amended by adding the following defined terms in appropriate alphabetical order:

"Benefit Plan" means any of (a) an "employee benefit plan" (as defined in ERISA) that is subject to Title I of ERISA, (b) a "plan" as defined in and subject to Section 4975 of the Code or (c) any Person whose assets include (for purposes of ERISA Section 3(42) or otherwise for purposes of Title I of ERISA or Section 4975 of the Code) the assets of any such "employee benefit plan" or "plan".

“PTE” means a prohibited transaction class exemption issued by the U.S. Department of Labor, as any such exemption may be amended from time to time.

1.2 The definition of “Consolidated EBITDA” in Section 1.1 of the Credit Agreement is hereby amended and restated in its entirety as follows:

““Consolidated EBITDA” means, for any Reference Period for any Person, the aggregate of (i) Consolidated Net Income for such period for such Person, plus (ii) without duplication and to the extent deducted in determining Consolidated Net Income for such period, the sum of (A) Consolidated Interest Expense, (B) income tax expense, (C) depreciation and amortization, (D) non-cash stock-based compensation expense, (E) all other non-cash charges (but excluding any non-cash charge that will result in a cash charge in a future Reference Period), (F) expenses actually paid in connection with the consummation of this Agreement, (G) charges or expenses related to corporate restructuring, discontinuance or diminishment of business lines and severance, (H) non-recurring fees and expenses (or any amortization thereof) related to Permitted Acquisitions, issuances of Indebtedness (including amendments and waivers in connection with any such issuance of Indebtedness), Equity Issuances or Asset Dispositions, in each case whether or not consummated, (I) losses from Asset Dispositions and (J) solely for each Reference Period ending on September 30, 2019, December 31, 2019 or March 31, 2020, charges or expenses, not to exceed \$11,352,000 in the aggregate, consisting of severance, interest, attorney’s fees and expenses (including indemnification obligations in respect of the adverse parties) and arbitration fees and expenses paid or incurred in connection with the arbitration concluded on or about June 21, 2019 relating to claims of former executives of Garden City Group, LLC, minus (iii) without duplication and to the extent included in determining Consolidated Net Income for such period, the sum of (A) gains from Asset Dispositions and (B) gains attributable to the write-up of assets; provided, however, that the amounts included pursuant to clauses (ii)(F), (ii)(G) and (ii)(H) above shall not exceed, in the aggregate, in any Reference Period, five percent (5%) of Consolidated EBITDA for such period.”

1.3 Article I of the Credit Agreement is hereby amended by inserting as Section 1.9 the following:

“1.9 Divisions. For all purposes under the Credit Documents, in connection with any division or plan of division under Delaware law (or any comparable event under a different jurisdiction’s laws): (a) if any asset, right, obligation or liability of any Person becomes the asset, right, obligation or liability of a different Person, then it shall be deemed to have been transferred from the original Person to the subsequent Person, and (b) if any new Person comes into existence, such new Person shall be deemed to have been organized on the first date of its existence by the holders of its Capital Stock at such time.”

1.4 Section 6.14 is hereby amended and restated in its entirety as follows:

“6.14 Compliance with Anti-Corruption Laws, Beneficial Ownership Regulation, Anti-Money Laundering Laws and Sanctions. Each Borrower will (a) maintain in effect and enforce policies and procedures designed to achieve compliance by such Borrower, each of its Subsidiaries and their respective directors,

officers, employees and agents with all applicable Anti-Corruption Laws, Anti-Money Laundering Laws and Sanctions, (b) notify the Administrative Agent and each Lender that previously received a Beneficial Ownership Certification of any change in the information provided in the Beneficial Ownership Certification that would result in a change to the list of beneficial owners identified therein (or, if applicable, the Borrower ceasing to fall within an express exclusion to the definition of “legal entity customer” under the Beneficial Ownership Regulation) and (c) promptly upon the reasonable request of the Administrative Agent or any Lender, provide the Administrative Agent or directly to such Lender, as the case may be, any information or documentation requested by it for purposes of complying with applicable “know your customer” and anti-money-laundering rules and regulations, including the PATRIOT Act and the Beneficial Ownership Regulation.”

1.5 Section 11.23 is hereby amended and restated in its entirety as follows:

“11.23. Certain ERISA Matters.

(a) Each Lender (x) represents and warrants, as of the date such Person became a Lender party hereto, to, and (y) covenants, from the date such Person became a Lender party hereto to the date such Person ceases being a Lender party hereto, for the benefit of, the Administrative Agent, each Arranger and their respective Affiliates, and not, for the avoidance of doubt, to or for the benefit of any Borrower or any other Credit Party, that at least one of the following is and will be true:

(i) such Lender is not using “plan assets” (within the meaning of Section 3(42) of ERISA or otherwise) of one or more Benefit Plans with respect to such Lender’s entrance into, participation in, administration of and performance of the Loans, the Letters of Credit or the Commitments;

(ii) the transaction exemption set forth in one or more PTEs, such as PTE 84-14 (a class exemption for certain transactions determined by independent qualified professional asset managers), PTE 95-60 (a class exemption for certain transactions involving insurance company general accounts), PTE 90-1 (a class exemption for certain transactions involving insurance company pooled separate accounts), PTE 91-38 (a class exemption for certain transactions involving bank collective investment funds) or PTE 96-23 (a class exemption for certain transactions determined by in-house asset managers), is applicable with respect to such Lender’s entrance into, participation in, administration of and performance of the Loans, the Letters of Credit, the Commitments and this Agreement;

(iii) (A) such Lender is an investment fund managed by a “Qualified Professional Asset Manager” (within the meaning of Part VI of PTE 84-14), (B) such Qualified Professional Asset Manager made the investment decision on behalf of such Lender to enter into, participate in, administer and perform the Loans, the Letters of Credit, the Commitments and this Agreement, (C) the entrance into, participation in, administration of and performance of the Loans, the Letters of Credit, the Commitments and this Agreement satisfies the requirements of sub-sections (b) through (g) of Part I of PTE 84-14 and (D) to

the best knowledge of such Lender, the requirements of subsection (a) of Part I of PTE 84-14 are satisfied with respect to such Lender's entrance into, participation in, administration of and performance of the Loans, the Letters of Credit, the Commitments and this Agreement; or

(iv) such other representation, warranty and covenant as may be agreed in writing between the Administrative Agent, in its sole discretion, and such Lender.

(b) In addition, unless either (1) sub-clause (i) in the immediately preceding clause (a) is true with respect to a Lender or (2) a Lender has provided another representation, warranty and covenant in accordance with sub-clause (iv) in the immediately preceding clause (a), such Lender further (x) represents and warrants, as of the date such Person became a Lender party hereto, to, and (y) covenants, from the date such Person became a Lender party hereto to the date such Person ceases being a Lender party hereto, for the benefit of, the Administrative Agent, each Arranger and their respective Affiliates, and not, for the avoidance of doubt, to or for the benefit of any Borrower or any other Credit Party, that none of the Administrative Agent, any Arranger and their respective Affiliates is a fiduciary with respect to the assets of such Lender involved in such Lender's entrance into, participation in, administration of and performance of the Loans, the Letters of Credit, the Commitments and this Agreement (including in connection with the reservation or exercise of any rights by the Administrative Agent under this Agreement, any Loan Document or any documents related hereto or thereto)."

1.6 Section 11.24 of the Credit Agreement is hereby amended and restated in its entirety as follows:

"11.24 Acknowledgement Regarding Any Supported QFCs. To the extent that the Credit Documents provide support, through a guarantee or otherwise, for Hedge Agreements or any other agreement or instrument that is a QFC (such support, "QFC Credit Support" and, each such QFC, a "Supported QFC"), the parties acknowledge and agree as follows with respect to the resolution power of the FDIC under the Federal Deposit Insurance Act and Title II of the Dodd-Frank Wall Street Reform and Consumer Protection Act (together with the regulations promulgated thereunder, the "U.S. Special Resolution Regimes") in respect of such Supported QFC and QFC Credit Support (with the provisions below applicable notwithstanding that the Credit Documents and any Supported QFC may in fact be stated to be governed by the laws of the State of New York and/or of the United States or any other state of the United States):

(a) In the event a Covered Entity that is party to a Supported QFC (each, a "Covered Party") becomes subject to a proceeding under a U.S. Special Resolution Regime, the transfer of such Supported QFC and the benefit of such QFC Credit Support (and any interest and obligation in or under such Supported QFC and such QFC Credit Support, and any rights in property securing such Supported QFC or such QFC Credit Support) from such Covered Party will be effective to the same extent as the transfer would be effective under the U.S. Special Resolution Regime if the Supported QFC and such QFC Credit Support (and any such interest, obligation and rights in property) were governed by the laws of the United States or a state of the United States. In the event a

Covered Party or a BHC Act Affiliate of a Covered Party becomes subject to a proceeding under a U.S. Special Resolution Regime, Default Rights under the Credit Documents that might otherwise apply to such Supported QFC or any QFC Credit Support that may be exercised against such Covered Party are permitted to be exercised to no greater extent than such Default Rights could be exercised under the U.S. Special Resolution Regime if the Supported QFC and the Credit Documents were governed by the laws of the United States or a state of the United States. Without limitation of the foregoing, it is understood and agreed that rights and remedies of the parties with respect to a Defaulting Lender shall in no event affect the rights of any Covered Party with respect to a Supported QFC or any QFC Credit Support.

(b) As used in this **Section 11.24**, the following terms have the following meanings:

“BHC Act Affiliate” of a party means an “affiliate” (as such term is defined under, and interpreted in accordance with, 12 U.S.C. 1841(k)) of such party.

“Covered Entity” means any of the following:

- (i) a “covered entity” as that term is defined in, and interpreted in accordance with, 12 C.F.R. § 252.82(b);
- (ii) a “covered bank” as that term is defined in, and interpreted in accordance with, 12 C.F.R. § 47.3(b); or
- (iii) a “covered FSI” as that term is defined in, and interpreted in accordance with, 12 C.F.R. § 382.2(b).

“Default Right” has the meaning assigned to that term in, and shall be interpreted in accordance with, 12 C.F.R. §§ 252.81, 47.2 or 382.1, as applicable.

“FDIC” means the Federal Deposit Insurance Corporation.

“QFC” has the meaning assigned to the term “qualified financial contract” in, and shall be interpreted in accordance with, 12 U.S.C. 5390(c)(8)(D).”

1.7 Part D of Attachment A to Exhibit C to the Credit Agreement is hereby replaced by Annex I attached to this Amendment.

ARTICLE II CONDITIONS OF EFFECTIVENESS

2.1 This Amendment shall become effective as of the date (the “Effective Date”) when, and only when, each of the following conditions precedent shall have been satisfied:

(a) The Administrative Agent shall have received an executed counterpart hereof from each of the Credit Parties and the Lenders party hereto (which Lenders shall constitute the Required Lenders).

(b) All reasonable expenses of the Administrative Agent and its Affiliates required under Section 11.1 of the Credit Agreement invoiced on or prior to the Effective Date (including

reasonable fees and expenses of counsel) in connection with this Amendment, the other Credit Documents and the transactions contemplated hereby.

ARTICLE III REPRESENTATIONS AND WARRANTIES

Each Credit Party represents and warrants to the Administrative Agent and the Lenders that (i) each of the representations and warranties of such Credit Party contained in the Credit Agreement and in the other Credit Documents qualified as to materiality is true and correct and each not so qualified is true and correct in all material respects on and as of the date hereof, both immediately before and after giving effect to this Amendment (except to the extent any such representation or warranty is expressly stated to have been made as of a specific date, in which case such representation or warranty shall be true and correct as of such date); (ii) this Agreement has been duly authorized, executed and delivered by each Credit Party and constitutes the legal, valid and binding obligation of such Credit Party, enforceable against its in accordance with its terms, except as enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting creditors' rights generally, by general equitable principles or by principles of good faith and fair dealing (regardless of whether enforcement is sought in equity or at law); and (iii) no Default or Event of Default shall have occurred and be continuing on the date hereof, both immediately before and immediately after giving effect to this Amendment.

ARTICLE IV ACKNOWLEDGEMENT AND CONFIRMATION

Each Credit Party hereby confirms and agrees that, after giving effect to this Amendment, the Credit Agreement and the other Credit Documents remain in full force and effect and enforceable against such Credit Party in accordance with their respective terms and shall not be discharged, diminished, limited or otherwise affected in any respect (other than as expressly amended hereby), and represents and warrants to the Administrative Agent and the Lenders that it has no knowledge of any claims, counterclaims, offsets or defenses to or with respect to its obligations under the Credit Documents, or if such Credit Party has any such claims, counterclaims, offsets, or defenses to the Credit Documents or any transaction related to the Credit Documents, the same are hereby waived, relinquished, and released in consideration of the execution of this Amendment. Without limiting the foregoing, each Credit Party consents to the amendment of the Credit Agreement effected by **Article I** and confirms for the benefit of the Lenders and the Administrative Agent that (i) if applicable, its obligations (A) as a Subsidiary Guarantor under the applicable Guaranty and (B) under the Security Documents to which it is a party are not discharged or (except as set out in clause (ii) below) otherwise affected by those amendments or the other provisions of this Amendment and shall accordingly continue in full force and effect; and (ii) the Guaranty Obligations and Secured Liabilities (howsoever defined in each relevant Security Document) shall after the Effective Date extend to the obligations of each Credit Party (as applicable) under the Credit Agreement as amended hereby and under any other Credit Documents. This acknowledgement and confirmation by the Credit Parties is made and delivered to induce the Administrative Agent and the Lenders to enter into this Amendment, and each Credit Party acknowledges that the Administrative Agent and the Lenders would not enter into this Amendment in the absence of the acknowledgement and confirmation contained herein.

ARTICLE V
MISCELLANEOUS

5.1 Governing Law. This Amendment shall be governed by, and construed in accordance with, the law of the State of New York.

5.2 Full Force and Effect. Except as expressly amended hereby, the Credit Agreement and the other Credit Documents, including the Security Documents and the Guaranty, shall continue in full force and effect in accordance with the provisions thereof on the date hereof, and each Credit Party ratifies and reaffirms the grant of security interests and liens granted and ratifies and reaffirms the guarantee of obligations (including in relation to the Credit Agreement as amended hereby) by such Credit Party in favor of the Administrative Agent for the benefit of the Lenders. As used in the Credit Agreement or any other Credit Document, “hereinafter,” “hereto,” “hereof,” and words of similar import shall, unless the context otherwise requires, mean the Credit Agreement or such other Credit Document after giving effect to this Amendment. Any reference to the Credit Agreement or any of the other Credit Documents herein or in any other Credit Documents shall refer to the Credit Agreement and Credit Documents as amended hereby. This Amendment is limited as specified and shall not constitute or be deemed to constitute an amendment, modification or waiver of any provision of the Credit Agreement, the Credit Agreement or any other Credit Document except as expressly set forth herein. This Amendment shall constitute a Credit Document under the terms of the Credit Agreement.

5.3 Expenses. Crawford agrees on demand to (i) pay the reasonable documented out-of-pocket fees and expenses of counsel for the Administrative Agent and (ii) reimburse the Administrative Agent for all reasonable documented out-of-pocket expenses incurred by the Administrative Agent and its Affiliates, in each case, in connection with the preparation, negotiation, execution and delivery of this Amendment.

5.4 Severability. To the extent any provision of this Amendment is prohibited by or invalid under the applicable law of any jurisdiction, such provision shall be ineffective only to the extent of such prohibition or invalidity and only in any such jurisdiction, without prohibiting or invalidating such provision in any other jurisdiction or the remaining provisions of this Amendment in any jurisdiction.

5.5 Successors and Assigns. This Amendment shall be binding upon, inure to the benefit of and be enforceable by the respective successors and permitted assigns of the parties hereto.

5.6 Construction. The headings of the various sections and subsections of this Amendment have been inserted for convenience only and shall not in any way affect the meaning or construction of any of the provisions hereof.

5.7 Counterparts; Integration. This Amendment may be executed in any number of counterparts and by different parties hereto on separate counterparts, each of which when so executed and delivered shall be an original, but all of which shall together constitute one and the same instrument. Delivery of an executed counterpart of a signature page to this Amendment by facsimile or in electronic format (e.g., “pdf” or “tif” file format) shall be effective as delivery of a manually executed counterpart of this Amendment. This Amendment constitutes the entire

contract among the parties hereto with respect to the subject matter hereof and supersedes any and all prior agreements and understandings, oral or written, relating to the subject matter hereof.

[remainder of page intentionally left blank]



IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be executed by their duly authorized officers as of the date first above written.

CRAWFORD & COMPANY

By: /s/ Thomas J. Welch
Name: Thomas J. Welch
Title: Vice President & Treasurer

CRAWFORD & COMPANY RISK SERVICES INVESTMENTS LIMITED

By: /s/ Stephen Pearsall
Name: Stephen Pearsall
Title: Director

CRAWFORD & COMPANY (CANADA) INC.

By: /s/ Thomas J. Welch
Name: Thomas J. Welch
Title: Treasurer

EXECUTED by CRAWFORD & COMPANY (AUSTRALIA) PTY. LTD. in accordance with section 127(1) of the Corporations Act 2001 (Cwlth) by authority of its directors:

By: /s/ Joseph O. Blanco
Name: Joseph O. Blanco
Title: Director

By: /s/ David Newell
Name: David Newell
Title: Director

CRAWFORD & COMPANY INTERNATIONAL, INC.

By: /s/ Thomas J. Welch
Name: Thomas J. Welch
Title: Treasurer

CRAWFORD & COMPANY EMEA / A-P HOLDINGS LIMITED

By: /s/ Joseph O. Blanco
Name: Joseph O. Blanco
Title: Director

CRAWFORD & COMPANY ADJUSTERS LIMITED

By: /s/ Stephen Pearsall
Name: Stephen Pearsall
Title: Director

CRAWFORD LEASING SERVICES, INC.

By: /s/ Thomas J. Welch
Name: Thomas J. Welch
Title: Treasurer

RISK SCIENCES GROUP, INC.

By: /s/ Thomas J. Welch
Name: Thomas J. Welch
Title: Treasurer

BROADSPIRE SERVICES, INC.

By: /s/ Thomas J. Welch

Name: Thomas J. Welch

Title: CFO & Treasurer

BROADSPIRE INSURANCE SERVICES, INC.

By: /s/ Thomas J. Welch

Name: Thomas J. Welch

Title: Treasurer

BROADSPIRE DISABILITY SERVICES, INC.

By: /s/ Thomas J. Welch

Name: Thomas J. Welch

Title: Treasurer

WEGOLOOK, LLC.

By: /s/ Thomas J. Welch

Name: Thomas J. Welch

Title: Treasurer

CRAWFORD INNOVATIVE VENTURES, LLC.

By: /s/ Thomas J. Welch

Name: Thomas J. Welch

Title: Treasurer

WELLS FARGO BANK, NATIONAL ASSOCIATION, as Administrative Agent,
UK Security Trustee, Australian Security Trustee, an Issuing Bank and a Lender

By: /s/ Lex Mayers

Name: Lex Mayers

Title: Senior Vice President

SIGNATURE PAGE TO
SECOND AMENDMENT

BANK OF AMERICA, N.A., as Syndication Agent, an Issuing Bank and a Lender

By: /s/ Ryan Maples

Name: Ryan Maples

Title: Sr. Vice President

SIGNATURE PAGE TO
SECOND AMENDMENT

CITIZENS BANK, N.A., as Documentation Agent and a Lender

By: /s/ Tyler Stephens

Name: Tyler Stephens

Title: Vice President

SIGNATURE PAGE TO
SECOND AMENDMENT

FIFTH THIRD BANK, an Ohio banking corporation, as a Lender

By: /s/ Jonathan James

Name: Jonathan James

Title: Managing Director

SIGNATURE PAGE TO
SECOND AMENDMENT

FIFTH THIRD BANK, operating through its Canadian Branch, as a Lender

By: /s/ Steven Blazevic

Name: Steven Blazevic

Title: Senior Vice President

SIGNATURE PAGE TO
SECOND AMENDMENT

HSBC BANK USA, NA, as a Lender

By: /s/ Devin Moore

Name: Devin Moore

Title: Senior Vice President

SIGNATURE PAGE TO
SECOND AMENDMENT

THE NORTHERN TRUST COMPANY, as a Lender

By: /s/ Ryan Mulvaney

Name: Ryan Mulvaney

Title: Officer

SIGNATURE PAGE TO
SECOND AMENDMENT

ROYAL BANK OF CANADA, as a Lender

By: /s/ Nathalie Richard

Name: Nathalie Richard

Title: Vice - President

SIGNATURE PAGE TO
SECOND AMENDMENT

SUNTRUST BANK, as a Lender

By: /s/ Katie Lundin

Name: Katie Lundin

Title: Director

ANNEX I

D. Consolidated EBITDA

(1)	Consolidated Net Income for the Reference Period ending on the date of determination (from Line E(3) below)		\$ _____
(2)	Additions to Consolidated Net Income (without duplication and to the extent deducted in determining Consolidated Net Income for such Reference Period):		
	(a) Consolidated Interest Expense	\$ _____	

	(b) Income tax expense	\$ _____	
	(c) Depreciation and amortization	\$ _____	
	(d) Non-cash stock-based compensation expense	\$ _____	
	(e) All other non-cash charges (but excluding any non-cash charge that will result in a cash charge in a future Reference Period)	\$ _____	
	(f) Expenses actually paid in connection with the consummation of the Credit Agreement	\$ _____	
	(g) Charges or expenses related to corporate restructuring, discontinuance or diminishment of business lines and severance	\$ _____	
	(h) Non-recurring fees and expenses (or any amortization thereof) related to Permitted Acquisitions, issuances of Indebtedness (including amendments and waivers in connection with any such issuance of Indebtedness), Equity Issuances or Assets Dispositions, in each case whether or not consummated	\$ _____	
	(i) Losses from Asset Dispositions	\$ _____	
	(j) Solely for each Reference Period ending on September 30, 2019, December 31, 2019 or March 31, 2020, charges or expenses, not to exceed \$11,352,000 in the aggregate, consisting of severance, interest, attorney's fees and expenses (including indemnification obligations in respect of the adverse parties) and arbitration fees and expenses paid or incurred in connection with the arbitration concluded on or about June 21, 2019 relating to claims of former executives of Garden City Group, LLC	\$ _____	
	(k) Add Lines D(2)(a) through D(2)(j)	\$ _____	
(3)	Net Income plus Additions: Add Lines D(1) and D(2)(k)		\$ _____
(4)	Reductions from Consolidated Net Income (without duplication and to the extent included in determining Consolidated Net Income for such Referenced Period):		
	(a) Gains from Asset Dispositions	\$ _____	
	(b) Gains attributable to the write-up of assets	\$ _____	
	(c) Add Lines D(4)(a) and D(4)(b)		\$ _____
(5)	Subtract Line D(4)(c) from Line D(3)		\$ _____
(6)	Certain Transaction Costs		
	(a) Add Lines D(2)(f) through D(2)(h)	\$ _____	

SIGNATURE PAGE TO
SECOND AMENDMENT

	(b) Maximum certain transaction costs allowed: The product of (1) 0.05 divided by 0.95 <u>times</u> (2) (i) Line D(1) <u>plus</u> (ii) the sum of Lines D(2)(a) through D(2)(e) <u>plus</u> (iii) Line D(2)(i) <u>minus</u> (iv) Line D(4)(c)	\$ _____	
(7)	Consolidated EBITDA: Line D(5) <u>minus</u> the excess, if any, of Line D(6)(a) over D(6)(b)		\$ _____

November 4, 2019

The Shareholders and Board of Directors of
Crawford & Company

We are aware of the incorporation by reference in the Registration Statements (File Nos. 333-02051, 333-24425, 333-24427, 333-43740, 333-87465, 333-125557, 333-140310, 333-142569, 333-157896, 333-161278, 333-161279, 333-161280, 333-170344, 333-190373, 333-199915, 333-213010, and 333-228178) of Crawford & Company of our report dated November 4, 2019 relating to the unaudited condensed consolidated interim financial statements of Crawford & Company that are included in its Form 10-Q for the quarter ended September 30, 2019.

/s/ Ernst & Young LLP

SECTION 302 CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER

I, Harsha V. Agadi, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Crawford & Company;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)), for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 4, 2019

/s/ Harsha V. Agadi

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

SECTION 302 CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER

I, W. Bruce Swain, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Crawford & Company;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)), for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 4, 2019

/s/ W. Bruce Swain

W. Bruce Swain

Executive Vice President and Chief
Financial Officer (Principal Financial Officer)

**CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Crawford & Company (the "Company") on Form 10-Q for the period ended September 30, 2019 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Harsha V. Agadi, President and Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m or 780(d));
and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: November 4, 2019

/s/ Harsha V. Agadi

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

**CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Crawford & Company (the "Company") on Form 10-Q for the period ended September 30, 2019 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, W. Bruce Swain, Executive Vice President and Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m or 780(d));
and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: November 4, 2019

/s/ W. Bruce Swain

W. Bruce Swain

Executive Vice President and Chief Financial Officer

(Principal Financial Officer)