CRAWFORD & CO
Form 10-K
March 04, 2011
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UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D. C. 20549
Form 10-K

x	ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
	For the fiscal year ended December 31, 2010
o	TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
	For the transition period from to

Commission file number 1-10356.
CRAWFORD & COMPANY
(Exact name of Registrant as specified in its charter)

Georgia (State or other jurisdiction of incorporation or organization)	58-0506554 (I.R.S. Employer Identification Number)
1001 Summit Boulevard, Atlanta, Georgia (Address of principal executive offices)	30319 (Zip Code)

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

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

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

Indicate by check mark if the Registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes o No x
Indicate by check mark if the Registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes o No x
Indicate by check mark whether the Registrant has submitted electronically and posted on its corporate website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months or for such shorter period that the Registrant was required to submit and post such files). Yes o No o
Indicate by check mark whether the Registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes x No o

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of Registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. o

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

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

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

The aggregate market value of the Registrant's voting and non-voting common stock held by non-affiliates of the Registrant was $73,661,442 as of June 30, 2010, based upon the closing prices of such stock as reported on the NYSE on such date. For purposes hereof, beneficial ownership is determined under rules adopted pursuant to Section 13 of the Securities Exchange Act of 1934, and excludes voting and non-voting common stock that may be deemed beneficially owned by the directors and executive officers of the Registrant, some of whom may not be deemed to be affiliates upon judicial determination.

The number of shares outstanding of each of the Registrant's classes of common stock, as of March 1, 2011, was:

Class A Common Stock — $1.00 Par Value — 28,782,546 Shares

Class B Common Stock — $1.00 Par Value — 24,697,172 Shares

Documents incorporated by reference:

Portions of the Registrant's Proxy Statement for its annual shareholders’ meeting to be held May 5, 2011 are incorporated by reference into Part III hereof.

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For The Year Ended December 31, 2010

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We use the terms “Crawford”, “the Company”, “the Registrant”, “we”, “us” and “our” to refer to the business of Crawford & Company and its subsidiaries.

Cautionary Statement Concerning Forward-Looking Statements

This report contains and incorporates by reference forward-looking statements within the meaning of that term in the Private Securities Litigation Reform Act of 1995, Section 27A of the Securities Exchange 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 our business strategy, goals and expectations concerning our market position, future operations, margins, case and project volumes, profitability, contingencies, and capital resources. The words “anticipate”, “believe”, “could”, “would”, “should”, “estimate”, “expect”, “intend”, “may”, “plan”, “goal”, “strategy”, “predict”, “project”, “will” and similar te identify forward-looking statements in this report and in the documents incorporated by reference in this report. These risks and uncertainties include, but are not limited to, those described in Part I, “Item 1A. Risk Factors” and elsewhere in this report and those described from time to time in our reports filed with the Securities and Exchange Commission.

Although we believe the assumptions upon which these forward-looking statements are based are reasonable, any of these assumptions could prove to be inaccurate and the forward-looking statements based on these assumptions could 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 affect our results of operations and whether the forward-looking statements ultimately prove to be correct. You should not place undue reliance on any forward-looking statements. Actual results and trends in the future may differ materially from those suggested or implied by the forward-looking statements. Forward-looking statements speak only as of the date they are made and we undertake no obligation to publicly update any of these forward-looking statements in light of new information or future events.

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PART I

ITEM 1. BUSINESS

Headquartered in Atlanta, Georgia, and founded in 1941, the Company is the world's largest (based on annual revenues) independent provider of claims management solutions to the risk management and insurance industry as well as self-insured entities, with an expansive global network serving clients in more than 70 countries. The Crawford System of Claims Solutions^{SM} offers comprehensive, integrated claims services, business process outsourcing and consulting services for major product lines including property and casualty claims management, workers' compensation claims and medical management, and legal settlement administration. The Company's shares are traded on the NYSE under the symbols CRDA and CRDB.

DESCRIPTION OF SERVICES

The Company has four operating segments: U.S. Property & Casualty, which serves the U.S. property and casualty insurance company markets; International Operations, which serves the property and casualty insurance company markets outside of the U.S.; Broadspire, which serves the U.S. self-insurance marketplace; and Legal Settlement Administration, which serves the securities, bankruptcy and other legal settlements markets, primarily in the U.S.

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

	Year Ended December 31,					
	2010		2009		2008	
U.S. Property & Casualty	18.5	%	21.3	%	20.8	%
International Operations	41.8	%	40.4	%	42.3	%
Broadspire	23.8	%	29.8	%	29.8	%
Legal Settlement Administration	15.9	%	8.5	%	7.1	%
	100.0	%	100.0	%	100.0	%

Revenues and expenses from the Company's subsidiaries outside of the U.S., Canada and the Caribbean are reported and consolidated on a two-month delayed basis in accordance with the provisions of Accounting Standards Codification 810, "Consolidation," in order to provide sufficient time for accumulation of their results and, accordingly, the Company's December 31, 2010, 2009, and 2008 consolidated financial statements include the financial position of such subsidiaries as of October 31, 2010, 2009, and 2008, respectively, and the results of those subsidiaries' operations and cash flows for the fiscal years ended October 31, 2010, 2009 and 2008, respectively.

In the normal course of the Company's business, it sometimes incurs certain out-of-pocket expenses that are reimbursed by its clients. Under U.S. generally accepted accounting principles ("GAAP"), these out-of-pocket expenses and associated reimbursements are required to be included when reporting revenues and expenses in the Company's consolidated results of operations. However, because the amounts of reimbursed expenses and related revenues offset each other in the accompanying consolidated statements of operations with no impact to net income (loss), management does not necessarily believe it is informative or beneficial to include these amounts in revenues or expenses, respectively. In addition, unless otherwise indicated, revenue amounts for each of our operating segments described herein exclude reimbursements for out-of-pocket expenses and expense amounts exclude reimbursed out-of-pocket expenses, income taxes, net corporate interest expense, amortization of customer-relationship intangible assets, stock option expense, certain other gains and expenses, and unallocated corporate and shared costs. A reconciliation of revenues before reimbursements to consolidated revenues determined in accordance with GAAP is self-evident from the face of the accompanying audited consolidated financial statements.

U.S. PROPERTY & CASUALTY. The Company's U.S. Property & Casualty segment provides claims management services in the U.S., mainly to insurance companies. U.S. insurance companies customarily manage their own claims administration function, but often rely upon third party service providers for the various services which the Company provides, primarily with respect to the field investigation and evaluation of property and casualty insurance claims.

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U.S. Property & Casualty services are provided through four major service lines: Claims Field Operations, Contractor Connection[SM], Technical Services, and Catastrophe Services.

Claims Field Operations

Claims Field Operations is the largest service line of our U.S. Property & Casualty segment. Services provided by Claims Field Operations include property claims management, casualty claims management, vehicle services and strategic warranty services.

Property Claims Management Services — Property claims management services are designed to service all types of losses. Upon assignment, the Company assembles a team of claims professionals, consultants, and project management specialists, as needed, to evaluate and, if appropriate, settle a claim, and prevent further loss. The Company maintains an extensive network of property and general adjusters in order to service assignments efficiently, regardless of location. No matter which service is contracted, the Company has designed its strict service standards to deliver quality service on every assignment.

Casualty Claims Management Services — Casualty claims management services provides a comprehensive menu of services ranging from task assignment to investigation and claims resolution. Casualty claims management services include: Claims Alert (the Company’s 24-hour, toll-free claims intake center); continuous adjudication of any claim, from the initial investigation through settlement; prompt, on-scene accident investigation--available 24-hours a day, 7 days a week; expert testimony and deposition support; medical and vocational consulting for litigation support; provider/hospital bill auditing; subrogation and recovery services; and transportation services.

Vehicle Services — Vehicle services are a comprehensive suite of services for all vehicle classes, from private automobiles to tanker trucks or other specialty equipment. These services include vehicle damage appraisal, heavy equipment appraisal, and vehicle condition inspection.

Strategic Warranty Services — Strategic warranty services provides services to manufacturers seeking to outsource all or a portion of their warranty administration and inspection work. While still performing inspections for a number of building product class action settlements, product offerings have been expanded to include warranty services for manufacturers of other products, including roofing, composite decking, doors, windows, composite and vinyl siding and trim. Inspections include observations and tests necessary to determine appropriate compensation under legal settlements or the applicability of the manufacturer's warranty provisions.

Contractor Connection

Crawford Contractor Connection[SM] is the largest independently managed contractor network in the industry, with more than 3,500 residential and commercial contractors in the U.S. Contractor Connection offers a cost-effective solution for the insurance and consumer industries. This innovative service solution for high-frequency, low severity claims optimizes the time and work process needed to resolve property claims. Contractor Connection supports our broad business process outsourcing strategy by providing high-quality outsourced contractor management to national and regional insurance carriers. All network contractors provide a workmanship warranty for their work. The Contractor Connection five point Quality Assurance Program uses performance management tools to track timeline, efficiency and customer satisfaction, to help deliver a consistent high level of customer satisfaction aligned with the insurance carrier focus on policy holder retention.

Technical Services

Our technical services line is devoted to large, complex claims. Our team of strategic loss managers and technical adjusters are experts with specific experience and industry focus required to evaluate and assess damages under extreme conditions. Our technical adjusting staff function as strategic loss managers, offering the security and confidence that every aspect of loss management will be planned, organized and executed at levels necessary to meet industry, technical and regulatory standards.

Catastrophe Services

Our catastrophe services line is an independent adjusting resource for insurance claims management in response to natural or man-made disasters. A catastrophe, as defined by the insurance industry, is a disaster that causes a certain dollar amount of damage, generally set at $25 million in insured damage. Individual insurance companies may have their own definitions, and may declare a “catastrophe” based on the anticipated loss to their policyholders in the impacted area. We have one of the largest trained and credentialed field forces in the industry. Catastrophe Services utilizes a proprietary response mechanism to ensure prompt, effective management of each and every catastrophic event for our clients. In most cases of catastrophe, an insurance

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company may want to establish special claims processing centers, 24-hour emergency hotlines and send additional, specially trained claims adjusters to the catastrophe scene. These “catastrophe teams” generally arrive as soon as possible and stay as long as they are needed. In the aftermath of any catastrophic event, policyholders and claimants expect fast, responsive service. Catastrophe Services is uniquely equipped to handle the increases in volume, complexity and additional stress and strain on the system of carrier infrastructure caused by catastrophes.

Insured Risk Categories

Claims administration services offered by our U.S. Property & Casualty segment are provided to clients pursuant to a variety of different referral assignments which generally are classified by the underlying insured risk categories, or major types of loss, used by insurance companies. These major risk categories are:

- Automobile — all types of losses involving use of an automobile, including bodily injury, physical damage, medical payments, collision, fire, theft, and comprehensive liability.
- Property — losses caused by physical damage to commercial or residential real property and certain types of personal property. Such losses include those arising from fire, windstorm, or hail damage to commercial and residential property; burglary, robbery or theft of personal property; and damage to property under inland marine coverage.
- Workers’ Compensation — claims arising under state and federal workers’ compensation laws.
- Public Liability — a wide range of non-automobile liability claims such as product liability; owners, landlords and tenants liabilities; and comprehensive general liability.
- Catastrophe — all types of natural disasters, such as hurricanes, earthquakes and floods, and man-made disasters such as oil spills, chemical releases, and explosions.

INTERNATIONAL OPERATIONS. Substantially all of the Company’s international revenues are derived from the insurance company market. In this market, International Operations provides field investigation and evaluation of property and casualty insurance claims. The major elements of international claims management services are substantially the same as those provided to U.S. property and casualty insurance company clients by our U.S. Property & Casualty segment. These services are generally classified by the underlying risk categories, or major types of loss, used by insurance companies. The major risk categories and primary related services offered by the Company are described below:

- Property and Casualty — loss adjusting services for property (volume and major incident as described above), general liability, employer’s liability, professional indemnity for directors and officers, and product liability services.
- Household and Commercial — claims handling services, including management of suppliers.
- Oil, Energy & Engineering — loss adjusting services for oil, gas, petrochemicals and other energy risks, utilities and mining industries risks, and marine and off-shore risks.
- Environmental Pollution — cost-containment and claims management services with respect to environmental related losses.
- Construction — loss adjusting services under contractors’ all risk, engineering all risk, and contractors’ liability coverages. Additionally, the Company evaluates machinery breakdown claims and provides peripheral services

including plant valuation and loss prevention surveys.

- Catastrophe — organizing major loss teams to provide claims management and cost containment services.

- Class Action — handling all administrative functions related to product liability, securities, bankruptcy and other legal settlements, including notice to and qualifying of class members, determining and dispersing payments, and administering settlement funds.

- Marine — loss adjusting services for freight carriers' liability, loss investigations, recoveries, salvage disposal, yacht and small craft, cargo, container, discharge, draft, general average, load, trailer and on/off live surveys, ship repairer liability and port stevedore liability.

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- Specie and Fine Art — loss adjusting services under fine art dealers', jewelers' and furriers' block policies.
- Banking, Financial and Political Risks — loss adjusting functions under bankers' blanket bond, political risk, and financial contingency policies.
- Livestock — loss adjusting services on bloodstock and liability/equestrian activity.
- Reinsurance — external audits, portfolio analyses, and management and marketing research, as well as claims adjustment services.
- Medical and Vocational Case Management — specialized return to work and expert testimony services in the employer liability and auto liability markets.

For a discussion of certain risks attendant to international operations, See Item 1A, "Risk Factors — A significant portion of our operations are international. These international operations face political, legal, operational, exchange rate and other risks not generally present in U.S. operations, which could negatively affect those operations or our business as a whole."

BROADSPIRE. Broadspire is a leading third-party administrator to employers and insurance companies, offering a comprehensive integrated platform of workers' compensation and liability claims management as well as medical management services. Through this segment, the Company serves clients in the self-insured or commercially insured marketplace by providing them with a complete range of claims and risk management services. In addition to field investigation and claims evaluation, Broadspire also offers initial loss reporting services, loss mitigation services such as medical bill review, medical case management and vocational rehabilitation, administration of trust funds established to pay claims, and risk management information services. Broadspire's services are provided through three major service lines: Claims Management Services, Medical Management Services and Risk Management Information Services.

Claims Management Services

Broadspire offers a comprehensive, integrated approach to workers' compensation and liability claims management. Our service model applies a standardized, streamlined and strategic process designed to shorten claim duration and reduce overall claim costs, while at the same time helping to ensure that covered employees receive any medical or related care they need to enable a healthy and prompt return to work. By combining web-based advanced software with strategic plans of action, Broadspire can quickly identify and counteract issues that may otherwise delay claim closure. Claims management services include:

- coordination of national account claim handling activities to help promote consistent performance;
- fair, prompt and courteous service through adherence to published service standards;
- preparation of detailed plans to control the disposition of claims;
- maximization of claim recoveries from subrogation, salvage and second-injury funds; and
- consultation with clients at defined points in the decision-making process.

In August 2009, Broadspire completed the first phase of the implementation of RiskTech®, a proprietary claims management system embedded with client instructions, jurisdictional rules and regulations, and Broadspire's service standards. RiskTech is a rules-based system designed specifically to control claims quality and consistency. Additional phases of RiskTech are expected to be deployed in 2011 and 2012.

Broadspire also provides e-Triage®, a proprietary web-based application that addresses core problems such as inconsistency in claim practices and failure to identify complex files early in the life of a claim. By using a multi-tiered interview process backed by a database of research, e-Triage functions as a decision support system that helps claims and medical professionals identify potential complications and recommends actions for management of each individual claim.

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Medical Management Services

Medical Field Case Management — Broadspire's case managers proactively manage medical treatment while facilitating understanding of, and participation in, the rehabilitation process. These programs aim to help employees recover as quickly as possible in the most cost-effective method. Medical management services include:

- field nurses and vocational experts, as well as telephonic nurses;
- a professional team with extensive experience and credentials;
- proprietary cost containment programs aimed at controlling medical costs;
- access to current information about treatment, healthcare and rehabilitative techniques;
- proactive management that focuses on abilities and results;
- system integration with claims adjusters;
- on-site physician advisors and on-line medical resources; and
- AAHCC/URAC accreditation.

Disability — Through its partnerships with leading providers of disability administration, absence management and integrated benefits delivery, Broadspire offers leave of absence, FMLA/state leaves, short-term disability and long-term disability administration programs.

Risk and Safety Consulting — Through its relationship with a large, comprehensive loss control firm, Broadspire also offers risk and safety services.

Risk Management Information Services

Risk Sciences Group, Inc. ("RSG"), which reports through the Broadspire segment, is a leading risk management information systems ("RMIS") software and services company with a history of providing customized risk management solutions to Fortune 1000 companies, insurance carriers, and brokers. RSG's software is designed for corporate risk managers to consolidate disparate workers' compensation, property and liability claims data to allow them to more accurately analyze and manage their losses and their risk to exposures. RSG's flagship product, Sigma Encore, is a suite of software applications launched through the RSG portal and is accessible by users worldwide. Application components include claims administration, exposures, OSHA reporting, policy and property management. Data consolidation and validation services are core to every solution. RSG consolidates data from multiple sources into a single repository and applies proprietary data validation routines. RSG markets these products and services nationally through its sales force directly to corporations and indirectly through its broker channels and carrier partners.

RSG released a pure web enabled product, Dmitri℠, in December 2010. Dmitri provides risk management information via the web 24 hours a day, seven days a week. RSG expects to commence current client deployments from Sigma Encore onto the Dmitri platform from March 2011 and into 2012.

Insured Risk Categories

The claims administration services offered by the Broadspire segment are provided to clients pursuant to similar underlying insured risk categories as our U.S. Property & Casualty segment. Major risk categories serviced by the Broadspire segment are:

- Automobile — all types of losses involving use of an automobile, including bodily injury, physical damage, medical payments, collision, fire, theft, and comprehensive liability.
- Workers' Compensation — claims arising under state and federal workers' compensation laws.
- Public Liability — a wide range of non-automobile liability claims such as product liability; owners, landlords and tenants liabilities; and comprehensive general liability.

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LEGAL SETTLEMENT ADMINISTRATION. The Company provides legal settlement administration services related to settlements of securities cases, product liability cases, bankruptcy noticing and distribution, and other legal settlements, by identifying and qualifying class members, determining and dispensing settlement payments, and administering the settlement funds. Such services are generally referred to by the Company as class action services and are performed by The Garden City Group, Inc. ("GCG"). An executive team, including attorneys with class action, bankruptcy and mass tort litigation experience, guides each project initiative. Since 1984, GCG has been focusing on diligently helping its clients bring their toughest cases to timely, positive conclusions. GCG provides field-experienced, multi-disciplined and technology-driven teams to support each case with appropriate administrative services and resources. GCG offers:

- litigation support services;
- flexible technologies and analytical tools;
- customized, cost-effective plans;
- expert assessment on administration options;
- strategic guidance; and
- global resources.

Information Technologies — A cornerstone of GCG's success lies in its case-customizable proprietary software. Engineered and maintained by GCG's dedicated I.T. team, GCG's information management and claims settlement processing technologies are designed to sustain the highest level of data integrity in legal administration and claim management. GCG deploys quality assurance tools and techniques to check and balance its output, and its claims processing systems allow for immediate access to case details at any level.

Additional financial information regarding each of the Company's segments and geographic areas, including the information required by Item 101(b) of Regulation S-K, is included in Note 12, "Segment and Geographic Information," to the audited consolidated financial statements included in Item 8 of this Annual Report on Form 10-K.

MATERIAL CUSTOMERS

For the year ended December 31, 2010, the Company did not have consolidated sales to any single customer that exceeded ten percent of total revenues before reimbursements, however two of the Company's segments had consolidated sales to single customers that exceeded ten percent of that segment's total revenues before reimbursements. The Company's International Operations segment derived a material amount of its revenue from a single customer. The loss of this customer would likely result in lower revenues and operating earnings of the International Operations segment. The Legal Settlement Administration segment derived a material amount of its revenue from a single customer for a special project. We expect that our work on this special project in 2011 will be much less than in 2010 and as a result, the revenues and operating earnings of the Legal Settlement Administration segment are expected to be significantly less than the 2010 revenues and operating earnings.

INTELLECTUAL PROPERTY AND TRADEMARKS

The Company's intellectual property portfolio is an important asset which it seeks to expand and protect globally through a combination of trademarks, trade names, copyrights and trade secrets. The Company owns a number of active trademark applications and registrations, which expire at various times. As the laws of many countries do not protect intellectual property to the same extent as the laws of the United States, the Company cannot ensure that it will be able to adequately protect its intellectual property assets outside of the United States. The failure to protect our intellectual property assets could have a material adverse affect on our business.

SERVICE DELIVERY

The Company’s claims management services are offered primarily through its global network serving clients in more than 70 countries.

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COMPETITION

The claims services markets, both in the U.S. and internationally, are highly competitive and are comprised of a large number of companies of varying size and offering a varying scope of services. Within these service markets, the Company competes primarily based on quality and scope of service offerings, price and geographic location. Competitors include large insurance companies and insurance brokerage firms which, in addition to their primary services of insurance underwriting or insurance brokerage, also often provide services such as claims administration, healthcare and disability management, and risk management information systems. Many of these companies are larger than the Company in terms of annual revenues and total assets, and may, at any time, be able to significantly expand their resource allocation in order to more effectively compete with the Company; however, based on experience in the market, the Company believes that few, if any, of such organizations derive revenues from independent claims administration activities which equal the Company’s.

In addition to large insurance companies and insurance brokerage firms, the Company competes with a great number of smaller local and regional claims management services firms located throughout the U.S. and internationally. Many of these smaller firms have rate structures that are lower than the Company’s or may, in certain markets, have local knowledge which provides them a competitive advantage. The Company does not believe that these smaller firms offer the broad spectrum of claims management services in the range of locations the Company provides and, although such firms may secure business which has a local or regional source, the Company believes its quality product offerings, broader scope of services, and large number of geographically dispersed offices provide the Company with an overall competitive advantage in securing business from both U.S. and international clients. There are also national independent companies that provide a similar broad spectrum of claims management services and who directly compete with the Company.

The legal settlement administration market is also highly competitive but comprised of a smaller number of specialized entities. The demand for these services is largely dependent on the volume of securities and product liability class action settlements, the volume of Chapter 11 bankruptcy filings and the resulting settlements, and general economic conditions.

EMPLOYEES

At December 31, 2010, the total number of full-time equivalent employees ("FTEs") was 8,678. The Company generally considers its relations with its employees to be good. In addition, the Company has available a significant number of temporary employees and independent contractors, as and when the demand for services requires, primarily as a result of catastrophic events. The Company, through Crawford Educational Services, provides many of its employees with formal classroom training in basic and advanced skills relating to claims administration and healthcare management services. Such training is generally provided at the Company’s education facility in Atlanta, Georgia, although much of the material is also available through correspondence courses and the Internet. In many cases, employees are required to complete these or other professional courses in order to qualify for promotion from their existing positions.

In addition to technical training through Crawford Educational Services, the Company also provides ongoing professional education for certain of its management personnel on general management, marketing, and sales topics. These programs involve both in-house and external resources.

BACKLOG

At December 31, 2010 and 2009, our Legal Settlement Administration segment had an estimated backlog of projects awarded totaling approximately $90.0 million and $55.0 million, respectively. Additional information regarding this backlog is contained in Item 7, “Management’s Discussion and Analysis of Financial Condition and Results of Operations” of this Annual Report on Form 10-K under the caption “Legal Settlement Administration.”

AVAILABLE INFORMATION

The Company’s Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and amendments to reports filed pursuant to Sections 13(a) and 15(d) of the Securities Exchange Act of 1934 are available free of charge as soon as reasonably practicable after these reports are electronically filed or furnished to the Securities and Exchange Commission ("SEC") on our website, www.crawfordandcompany.com via a link to a third party website with SEC filings. The information contained on, or hyperlinked from, our website is not a part of, nor is it incorporated by reference into, this Annual Report on Form 10-K. Copies of the Company’s annual report will also be made available, free of charge, upon written request to Corporate Secretary, Legal Department, Crawford & Company, 1001 Summit Boulevard, Atlanta, Georgia 30319.

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ITEM 1A. RISK FACTORS

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

We are experiencing declines in the volume of cases referred to us for many of our service lines and are unable to determine future trends in case volumes. We depend on case volumes for our revenues, and a continued decline will result in a reduction of revenue.

We are experiencing declines in the volume of cases referred to us for many of our service lines associated with the property, casualty and self-insurance insurance industry. Because we depend on case volume for revenue streams, future reductions may adversely impact our results of operations and financial condition. We are unable to predict the future of this trend for a number of reasons, including the following:

- changes in the degree to which property and casualty insurance carriers outsource, or intend to outsource, their claims handling functions are generally not disclosed in advance;
- the occurrence and length of a “hard” insurance cycle, described below;
- changes in the overall employment levels and associated workplace injury rates in the U.S. could impact the number of total claims;
- the growth of alternative risk programs and changes in the level of use of independent third party administrators such as us, as opposed to in-house programs or administrators affiliated with brokers or insurance carriers;
- the frequency and severity of weather-related, natural, and man-made disasters, which are a significant source of claims for us, are generally not subject to accurate forecasting;
- major insurance carriers, underwriters, and brokers could elect to expand their activities as administrators and adjusters, which would directly compete with our business; and
- we may not desire to or be able to renew existing major contracts with clients.

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

Our U.S. and United Kingdom (“U.K.”) defined benefit pension plans are significantly underfunded. Future funding requirements, including those imposed by any further regulatory changes, could restrict cash available for our operating, financing and investing requirements.

At the end of the most recent measurement periods for our defined benefit pension plans, before the $20.0 million contribution made in January 2011, our projected benefit obligations were underfunded by $168.5 million. The Pension Protection Act of 2006 (the “Act”) (as amended by the Worker, Retiree and Employer Recovery Act of 2008) requires us to make substantial contributions to our frozen U.S. defined benefit pension plan over the next five years in order for us to meet the “Funding Target Liability” as defined in the Act. In addition, regulatory requirements in the U.K. require us to make additional contributions to our underfunded U.K. defined benefit pension plans. Continued volatility in the capital markets may also have a further negative impact on our U.S. and U.K. pension funds, which may further increase the underfunded portion of our pension plans and our attendant funding obligations. The required contributions to our underfunded defined benefit pension plans will reduce our liquidity, restrict available cash for our operating, financing, and investing needs and may materially adversely affect our financial condition.

While we intend to comply with our future funding requirements through the use of cash from operations, there can be no assurance that we will generate enough cash to do so. Our inability to fund these obligations through cash from operations could require us to seek funding from other sources, including through additional borrowings under our Credit Agreement (defined below), if available, or proceeds from debt or equity offerings. There can be no assurance that we would be able to

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obtain any such external funding in amounts, at times and on terms that we deem commercially reasonable, in order for us to meet these obligations. Furthermore, any of the foregoing could materially increase our outstanding debt or debt service requirements, or dilute the value of the holdings of our current shareholders, as the case may be. Our inability to comply with any funding obligations in a timely manner could materially adversely affect our financial condition.

Continued effects from the recent recession, including continued economic uncertainty, could further negatively affect our business, results of operations, and financial condition.

The recent recession affected, among other things, the banking system, financial markets, general economic development, employment levels and, to a lesser extent, some of our insurance company clients. The effects of this recession have significantly impacted our business, including reducing claims volumes and revenues. There could be a number of other follow-on effects from the recession on our business, including: insolvency of key clients; the inability of our clients to obtain credit to pay us for the services that we render; counterparty failures negatively impacting our and our clients' treasury operations; increased expense or inability to obtain financing for our operations; and requirements for us to further materially increase the periodic expense and the funding obligations under our various defined benefit pension plans. We cannot predict the further extent to which any of the foregoing may impact our business, results of operations or financial condition.

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

We are party to a credit agreement, dated October 31, 2006, as amended, along with Crawford & Company International, Inc., the lenders party thereto and SunTrust Bank, as issuing bank and administrative agent for the lenders (the "Credit Agreement"). The Credit Agreement contains customary representations, warranties and covenants, including covenants limiting liens, indebtedness, guarantees, mergers and consolidations, substantial asset sales, investments and loans, sale and leasebacks, restrictions on dividends and distributions, and other fundamental changes. Additionally, the Credit Agreement contains covenants requiring us to remain in compliance with a maximum leverage ratio, a minimum fixed charge coverage ratio and a minimum consolidated net worth. The covenants become more restrictive in the future and, if we do not maintain compliance with the covenant requirements, we will be in default under the Credit Agreement. In such an event, the lenders under the Credit Agreement would generally have the right to declare all then-outstanding amounts thereunder immediately due and payable. If we could not obtain a required waiver on satisfactory terms, we could be required to renegotiate the terms of the Credit Agreement or immediately repay this indebtedness. Any such renegotiation could result in less favorable terms, including additional fees, higher interest rates and accelerated payments, and would necessitate significant time and attention of management, which could divert their focus from business operations. While we do not presently expect to be in violation of any of these requirements, no assurances can be given that we will be able to continue to comply with the increasingly restrictive nature thereof. There can be no assurance that our actual financial results will match our projected results or that we will not violate such covenants. Any failure to continue to comply with such requirements could materially adversely affect our borrowing ability and access to liquidity, and thus our overall financial condition.

The Broadspire segment currently operates on multiple claims software platforms. We are in the process of consolidating the multiple claims platforms into RiskTech, our proprietary claims management system. While we expect to benefit from certain cost savings and other synergies from migrating to this proprietary platform, no assurances can be provided we will achieve any such benefits.

Our Broadspire segment currently utilizes multiple claims adjudication software platforms for collection of client data. Broadspire has begun the process of consolidating these platforms into RiskTech, our proprietary claims management system. The achievement of operational efficiencies, including reduced costs of maintaining multiple claims platforms, depends upon the successful integration of all claims platforms into RiskTech. Consolidation of the claims platforms is anticipated to continue through 2012; however, the Company cannot guarantee that it will complete the scheduled integration on time, or that, once completed, the integrated platform will provide the expected benefits. Failure to achieve targeted integration goals or the scheduled timeline may adversely affect our results of operations.

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We may not be able to identify new revenue sources not directly tied to the insurance underwriting cycle and therefore may remain subject to underwriting cycle market risk.

The insurance industry has in the past, and may in the future go through a hard market cycle. Indicators of a hard insurance underwriting cycle generally include higher premiums, higher deductibles, lower liability limits, excluded coverages, reservation of rights letters and unpaid claims. During a hard insurance underwriting market, insurance companies typically become very selective in the risks they underwrite and insurance premiums and policy deductibles increase. This often results in a reduction in industry-wide claims volumes, which reduces claim referrals to us unless we can offset the decline in claim referrals with growth in our market share. In softer insurance markets, when insurance premium and deductible levels are generally in decline, industry-wide claim volumes generally increase, which should increase claim referrals to us provided property and casualty insurance carriers do not reduce the number of claims they outsource to independent firms such as ours.

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

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

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

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

Our international operations face political, legal, operational, exchange rate and other risks that we do not face in our domestic operations. We face the risk of discriminatory regulation, nationalization or expropriation of assets, changes in both domestic and foreign laws regarding trade and investment abroad, potential loss of proprietary information due to piracy, misappropriation or laws that may be less protective of our intellectual property rights, price controls and exchange controls or other restrictions that prevent us from transferring funds from these operations out of the countries in which they operate or converting local currencies we hold into U.S. dollars or other currencies.

International operations also subject us to numerous additional laws and regulations affecting our business, such as those related to labor, employment, worker health and safety, antitrust and competition, environmental protection, consumer protection, import/export and anticorruption, including but not limited to the Foreign Corrupt Practices Act ("FCPA"). The FCPA prohibits giving anything of value intended to influence government officials. Although we have put into place policies and procedures aimed at ensuring legal and regulatory compliance, our employees, subcontractors and agents could take actions that violate any of these requirements. Violations of these regulations could subject us to criminal or civil enforcement actions, any of which could have a material adverse effect on our business, financial condition or results of operations.

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

The claims services markets, both in the U.S. and internationally, are highly competitive and are comprised of a large number of companies of varying size and offering a varying scope of services. These include large insurance companies and insurance brokerage firms which, in addition to their primary services of insurance underwriting or insurance brokerage, also provide services such as claims administration, healthcare and disability management, and risk management information systems. Many of these companies are larger than us in terms of annual revenues and total assets, and may be more able to devote significant resources to advertising, marketing and price competition. In addition, we also compete with a great number

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of smaller local and regional claims management services firms located throughout the U.S. and internationally. Many of these smaller firms have rate structures that are generally lower than ours, or may, in certain markets, have local knowledge that provides them with a competitive advantage. There are also national independent companies that provide a similar broad spectrum of claims management services and who directly compete with us. We have also encountered increased pricing pressures from both our clients and competitors, and we expect this trend to continue. In the event we are not able to successfully compete in the markets in which we operate, we could experience an adverse effect on our results of operations, cash flows or financial position.

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

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

Legal Settlement Administration service revenues are project-based and can fluctuate significantly from period to period for any number of reasons, any of which can materially impact our financial condition and results of operations.

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

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

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

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

In the normal course of the claims administration services business, we are named as a defendant in suits by insureds or claimants contesting decisions by us or our clients with respect to the settlement of claims. Additionally, our clients have periodically brought actions for indemnification on the basis of alleged negligence on our part or on the part of our agents or our employees in rendering service to clients. There can be no assurance that additional lawsuits will not be filed against us.

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There also can be no assurance that any such lawsuits will not have a disruptive impact upon the operation of our business, that the defense of the lawsuits will not consume the time and attention of our senior management and financial resources or that the resolution of any such litigation will not have a material adverse effect on our business, financial condition and results of operations.

The Company's International Operations and Legal Administration segments derive a significant portion of their revenue from single customers. The loss of either or both of these customers would likely result in lower revenues and operating earnings for the impacted segments.

For the year ended December 31, 2010, our International Operations segment derived in excess of 10% of its revenue from a single customer. The services provided to this customer vary on a country-by-country basis, and are covered by the terms of various contractual arrangements. Should this customer elect to cease its business relationship with us entirely, such event would likely result in lower revenues and operating earnings of the International Operations segment. The Legal Settlement Administration segment derived in excess of 10% of its revenue in 2010 from a single customer for a special project. We expect that our work on this special project in 2011 will be much less than in 2010 and as a result, the revenue and operating earnings of the Legal Settlement Administration segment are expected to be significantly less than the 2010 revenue and operating earnings.

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

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 2. PROPERTIES

As of December 31, 2010, the Company owned a building in Tucker, Georgia where part of its information technology facility is located. It also owned an office in Kitchener, Ontario and an additional office location in Stockport, England, both of which are utilized by the Company’s International Operations segment. As of December 31, 2010, the Company leased over 400 other office locations under various leases with varying terms. Other office locations are occupied under various short-term rental arrangements. The Company generally believes that its office locations are sufficient for its operations and that, if it were necessary to obtain different or additional office locations, such locations would be available at times, and on commercially reasonable terms, as would be necessary for the conduct of its business. No assurances can be given, however, that the Company would be able to obtain such office locations as and when needed, or on terms it considered to be reasonable, if at all.

ITEM 3. LEGAL PROCEEDINGS

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

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PART II

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

Our Class A Common Stock and Class B Common Stock are traded on the New York Stock Exchange (NYSE) under the symbols "CRDA" and "CRDB," respectively. The following table sets forth, for the quarterly periods indicated, the high and low sales prices per share for CRDA and CRDB, as reported on the New York Stock Exchange:

2010	First	Second	Third	Fourth
CRDA — High	$3.34	$3.30	$2.55	$2.68
CRDA — Low	$2.47	$2.43	$1.95	$2.03
CRDB — High	$4.45	$4.71	$3.41	$3.70
CRDB — Low	$3.10	$3.16	$2.37	$2.38

2009	First	Second	Third	Fourth
CRDA — High	$10.17	$4.74	$4.02	$4.60
CRDA — Low	$3.39	$3.15	$3.08	$2.48
CRDB — High	$15.75	$7.46	$5.16	$6.00
CRDB — Low	$5.85	$3.95	$4.15	$3.50

On February 1, 2011, the Board of Directors declared a quarterly dividend of $0.02 per share on CRDA and $0.02 per share on CRDB payable on March 22, 2011 to shareholders of record as of the close of business on March 7, 2011. Crawford had suspended dividend payments in late 2006 due to our levels of indebtedness, cash required to fund operations and financial restrictions under our Credit Agreement. Our Board of Directors makes dividend decisions each quarter based in part on an assessment of current and projected earnings and cash flows. Our ability to pay future dividends could be impacted by many factors including the funding requirements for our defined benefit pension plans, repayments of outstanding borrowings, future levels of cash generated by our operating activities, and restrictions related to the covenants contained in our Credit Agreement. The covenants in our Credit Agreement limit dividend payments to shareholders. See Note 4, "Short-Term and Long-Term Debt, Including Capital Leases" to the audited consolidated financial statements in Item 8 of this Annual Report on Form 10-K.

During 2010 and 2009, we did not repurchase any shares of CRDA or CRDB under our discretionary 1999 share repurchase program authorized by the Board of Directors. As of December 31, 2010, we have the availability to purchase up to 705,863 additional shares under the program. We believe it is unlikely that we will repurchase shares under this program in the foreseeable future due to, among other things, the underfunded status of our defined benefit pension plans and the covenants and related restrictions contained in our Credit Agreement.

The number of record holders of the Company's stock as of December 31, 2010: CRDA — 2,991 and CRDB — 575.

There were no purchases of common stock of the Company made during the three months ended December 31, 2010 by the Company or any "affiliated purchaser" of the Company as defined in Rule 10b-18(a)(3) under the Exchange Act.

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ITEM 6. SELECTED FINANCIAL DATA

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

For the Years Ended December 31,	2010	2009	2008	2007	2006(2)
	(In thousands, except per share amounts)				
Revenues before Reimbursements	$1,030,417	$969,868	$1,048,582	$975,143	$819,522
Reimbursements	80,384	78,334	87,334	76,135	80,858
Total Revenues	1,110,801	1,048,202	1,135,916	1,051,278	900,380
Total Cost of Services	839,247	792,325	854,427	809,375	719,032
U.S. Property & Casualty Operating Earnings(1)	11,512	18,727	22,614	7,621	18,176
International Operating Earnings(1)	34,894	33,786	39,517	24,895	14,206
Broadspire Operating (Loss) Earnings(1)	(11,712)	(1,602)	3,526	3,141	(21,603)
Legal Settlement Administration Operating Earnings(1)	47,661	13,130	10,814	10,727	21,055
Unallocated Corporate and Shared Costs	(6,671)	(10,714)	(6,728)	(8,919)	116
Net Corporate Interest Expense	(15,002)	(14,166)	(17,622)	(17,326)	(5,753)
Stock Option Expense	(761)	(914)	(861)	(1,191)	(1,220)
Amortization of Customer-Relationship Intangible Assets	(5,995)	(5,994)	(6,025)	(6,025)	(1,124)
Other (Expenses) and Gains, Net	(4,650)	(4,059)	(788)	8,824	(27)
Goodwill and Intangible Asset Impairment Charges, Net	(10,788)	(140,945)	—	—	—
Income Taxes	(9,712)	(2,618)	(11,564)	(5,396)	(9,060)
Net Income Attributable to Noncontrolling Interests	(448)	(314)	(624)	(235)	245
Net Income (Loss) Attributable to Crawford & Company	$28,328	$(115,683)	$32,259	$16,116	$15,011
Earnings (Loss) Per Share:					
Basic	$0.54	$(2.23)	$0.63	$0.32	$0.30
Diluted	$0.53	$(2.23)	$0.62	$0.32	$0.30
Current Assets	$379,405	$325,715	$348,357	$382,752	$382,143
Total Assets	$820,674	$742,905	$895,248	$902,782	$892,988
Current Liabilities	$296,841	$258,998	$288,996	$309,484	$282,833
Long-Term Debt, Less Current Installments	$220,437	$173,061	$181,206	$183,449	$199,044
Total Debt	$223,328	$181,282	$196,856	$215,313	$229,460
Shareholders' Investment Attributable to Crawford & Company Shareholders	$89,516	$56,682	$175,551	$254,215	$211,151
Total Capital	$312,844	$237,964	$372,407	$469,528	$440,611
Current Ratio	1.3:1	1.3:1	1.2:1	1.2:1	1.4:1
Total Debt-to-Total Capital	71.4%	76.2%	52.9%	45.9%	52.1%
	38.8%	(99.6)%	15.0%	6.9%	7.7%

Return on Average Shareholders' Investment					
Cash Provided by Operating Activities	$26,167	$51,664	$71,585	$23,428	$52,717
Cash Used in Investing Activities	$(42,531)	$(31,169)	$(28,036)	$(19,087)	$(174,606)
Cash Provided By (Used in) Financing Activities	$39,520	$(26,555)	$(12,830)	$(17,333)	$135,786
Shareholders' Equity Per Diluted Share	$1.68	$1.09	$3.35	$5.02	$4.25
Cash Dividends Per Share:					
Class A and Class B Common Stock	$—	$—	$—	$—	$0.18
Weighted-Average Shares and Share-Equivalents:					
Basic	52,664	51,830	50,958	50,532	49,483
Diluted	53,234	51,830	52,342	50,659	49,636

(1) This is a segment financial measure representing earnings (loss) before net corporate interest expense, stock option expense, amortization of customer-relationship intangible assets, other gains and expense, and income taxes.

(2) On October 31, 2006, the Company acquired Broadspire Management Services, Inc. ("BMSI").

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

The following Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") is intended to help the reader understand Crawford & Company, our operations, and our business environment. This MD&A is provided as a supplement to — and should be read in conjunction with — our audited consolidated financial statements and the accompanying notes thereto contained in Item 8, "Financial Statements and Supplementary Data," of this report. As described in Note 1, "Significant Accounting and Reporting Policies," of those accompanying audited consolidated financial statements, the financial statements of our subsidiaries comprising our International Operations segment, other than subsidiaries in Canada and the Caribbean, are included in our consolidated financial statements on a two-month delayed basis (fiscal year end of October 31) as permitted by U.S. generally accepted accounting principles ("GAAP") in order to provide sufficient time for accumulation of their results.

Business Overview

Based in Atlanta, Georgia, Crawford & Company (www.crawfordandcompany.com) is the world's largest independent provider of claims management solutions to the risk management and insurance industry as well as self-insured entities, with an expansive global network serving clients in more than 70 countries. The Crawford System of Claims Solutions℠ offers comprehensive, integrated claims services, business process outsourcing and consulting services for major product lines including property and casualty claims management, workers' compensation claims and medical management, and legal settlement administration. The Company's shares are traded on the NYSE under the symbols CRDA and CRDB.

As discussed in more detail in subsequent sections of this MD&A, we have four operating segments: U.S. Property & Casualty, International Operations, Broadspire, and Legal Settlement Administration. Our four operating segments represent components of our Company for which separate financial information is available that is evaluated regularly by our chief operating decision maker ("CODM") in deciding how to allocate resources and in assessing operating performance. U.S. Property & Casualty serves the U.S. property and casualty insurance company market. International Operations serves the property and casualty insurance company markets outside of the U.S. Broadspire primarily serves the U.S. self-insurance marketplace. Legal Settlement Administration serves the securities, bankruptcy, and other legal settlements markets, primarily in the U.S.

Insurance companies, which represent the major source of our global revenues, customarily manage their own claims administration function, but often rely on third parties for certain services which we provide, primarily field investigation and the evaluation of property and casualty insurance claims. We also conduct inspections of building component products related to warranty and product performance claims.

Self-insured entities typically rely on us for a broader range of services. In addition to field investigation and evaluation of their claims, we may also provide initial loss reporting services for their claimants, loss mitigation services such as medical case management and vocational rehabilitation, risk management information services, and administration of trust funds established to pay their claims.

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

The claims management services market, both in the U.S. and internationally, is highly competitive and comprised of a large number of companies of varying size and offering a varying 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 associated workplace injury rates. Accordingly, we are limited in our ability to predict case volumes that may be referred to us in the future. In addition, our ability to retain clients and maintain and increase case referrals is also dependent in part on our ability to continue to provide high-quality, competitively priced services.

We generally earn our revenues on an individual fee-per-claim basis for claims management services we provide to property and casualty insurance companies and self-insured entities. Accordingly, the volume of claim referrals to us is a key driver of our revenues. Generally, fees are earned on claims in the period the claim is assigned to us, although sometimes a portion or substantially all of the revenue will be earned in subsequent periods. Industry-wide claims volume in general will vary depending upon the insurance underwriting cycle.

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In the insurance industry, the underwriting cycle is often said to be in either a “soft” or “hard” market. A soft market generally results when insurance companies focus more on increasing their premium income and focus less on controlling underwriting risks. A soft market often occurs in conjunction with strong financial markets or in a period with a lack of catastrophe losses. Insurance companies often attempt to derive a significant portion of their earnings from their investment portfolios, and their focus may turn to collecting more premium income to invest under the assumption that increased investment income and gains will offset higher claim costs that usually result from relaxed underwriting standards. Due to competition in the industry during a soft market, insurance companies usually concentrate on growing their premium base by increasing the number of policies in-force instead of raising individual policy premiums. When the insurance underwriting market is soft, insurance companies are generally more aggressive in the risks they underwrite, and insurance premiums and policy deductibles typically decline. This usually results in an increase in industry-wide claim referrals which generally will increase claim referrals to us, provided that we are able to maintain our existing market share. However, if a soft market coincides with a period of low catastrophic claims activity, industry-wide claim volumes may not increase.

A transition from a soft to a hard market is usually caused by one or two key factors, or sometimes a combination of both: weak financial markets or unacceptable losses from policy holders. When investments held by insurance companies begin to perform poorly, insurance companies typically turn their focus to attempting to better control underwriting risks and claim costs. However, even if financial markets perform well, the relaxed underwriting standards in a soft market can lead to unacceptable increases in the frequency and cost of claims, especially in geographic areas that are prone to frequent weather-related catastrophes. Either of these factors will usually lead the insurance industry to transition to a hard market. During a hard insurance underwriting market, insurance companies generally become more selective in the risks they underwrite, and insurance premiums and policy deductibles typically increase, sometimes quite dramatically. This usually results in a reduction in industry-wide claim volumes, which generally reduces claim referrals to us unless we are able to offset the decline in claim referrals with growth in our market share. During 2010, the insurance industry underwriting cycle could be characterized as a “soft” market. Because the underwriting cycle can change suddenly due to unforeseen events in the financial markets and catastrophic claims activity, we cannot predict what impact the current “soft” market may have on us in the future.

We are also impacted by decisions insurance companies and other clients may make to change the level of claims outsourced to independent claim service firms as opposed to those handled by their own in-house claims adjusters or contracted to other third party administrators, whether or not associated with insurance companies. Our ability to grow our market share in a highly fragmented and competitive market is primarily dependent on the delivery of superior quality service and effective sales efforts.

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

Results of Operations

Executive Summary

Net income attributable to Crawford & Company was $28.3 million in 2010, compared to a net loss of $(115.7) million in 2009 and net income of $32.3 million in 2008. The net income (loss) included goodwill and intangible asset impairment charges of $10.8 million in 2010 and $140.9 million in 2009. Consolidated net income for 2010 also included restructuring and other costs of $4.7 million, or approximately $2.9 million after tax, consisting of $2.0 million in severance costs for administrative staff reductions and $2.7 million related to the sublease of a Broadspire facility in Plantation, Florida. In 2009, we incurred a loss on the partial sublease of the Broadspire facility in Plantation, Florida and other restructuring costs totaling $4.1 million, or approximately $2.6 million after income tax. The 2009 net loss was reduced by certain foreign tax benefits totaling $5.7 million as a result of an internal restructuring of certain of the Company's international operations. Operating earnings (a measure of segment operating performance used by our management that is defined and discussed in more detail below) and the related operating margin increased substantially for Legal Settlement Administration in 2010 compared to 2009, with a slight improvement in operating earnings for our International segment, but both measures declined for our U.S. Property & Casualty and Broadspire segments.

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For 2008, net income attributable to Crawford & Company was impacted by a non-taxable gain of $2.5 million related to the sale of a lower-tier subsidiary in the Netherlands (the "Netherlands subsidiary"). Our net income in 2008 also included a charge of $3.3 million, or approximately $2.4 million after income tax, from certain internal restructuring activities in our U.S. Property & Casualty and International Operations segments.

Compared to 2009, our consolidated revenues before reimbursements ("revenues") were higher in 2010 due primarily to the Legal Settlement Administration segment's engagement in the Gulf Coast Claims Facility ("GCCF") special project. International Operations segment revenues increased due primarily to the net positive impact of changes in currency exchange rates and to weather-related claim surges in our Asia-Pacific operating region. U.S. Property & Casualty segment revenues were lower in 2010 due primarily to an overall industry-wide softness in domestic property and casualty claims. Broadspire segment revenues decreased in 2010, primarily due to the reduced number of workers' compensation claims as a result of lower U.S. employment levels and the impact of a previously-announced 2009 non-renewal of a major contract within the segment.

Selling, general and administrative ("SG&A") expenses were 3.3% lower in 2010 than in 2009 and 4.2% lower in 2009 than in 2008, due primarily to lower expenses associated with our professional indemnity self-insured risks and lower expenses resulting from the termination in 2009 of a computer systems hosting contract.

Operating Earnings (Loss) of our Operating Segments

We believe that a discussion and analysis of the operating earnings of our four operating segments is helpful in understanding the results of our operations. Operating earnings is our segment measure of profitability as discussed in Note 12, "Segment and Geographic Information," to the accompanying audited consolidated financial statements contained in Item 8 in this Annual Report on Form 10-K. Operating earnings is the primary financial performance measure used by our senior management and CODM to evaluate the financial performance of our operating segments and make resource allocation decisions. Unlike net income, our operating earnings measure is not a standard performance measure found in GAAP. However, since it 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," it is not considered a non-GAAP measure requiring reconciliation pursuant to Securities and Exchange Commission ("SEC") guidance contained in Regulation G and Item 10(e) of Regulation S-K. We believe this measure is useful to others in that it allows them to evaluate segment operating performance using the same criteria our management and CODM use. Operating earnings represent segment earnings excluding income tax expense, net corporate interest expense, amortization of customer-relationship intangible assets, stock option expense, certain other gains and expenses, and certain unallocated corporate and shared costs. Net income or loss attributable to noncontrolling interests has been removed from operating earnings.

Income tax expense, net corporate interest expense, amortization of customer-relationship intangible assets, and stock option expense are recurring components of our net income or loss, but they are not considered part of our segment operating earnings because they are managed on a corporate-wide basis. Income tax expense is based on statutory rates in effect in each of the jurisdictions where we provide services, and vary throughout the world. Net corporate interest expense results from capital structure decisions made by senior management. Amortization expense relates to non-cash amortization expense of customer-relationship intangible assets resulting from business combinations. 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. 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.

Certain other gains and expenses may arise from events (such as gains on sales of businesses and real estate, expenses related to restructurings, and goodwill impairment charges) that are not allocated to any particular segment since they historically have not regularly impacted our performance and are not expected to impact our future performance on a regular basis.

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

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

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Segment Revenues

In the normal course of business, our operating segments incur certain out-of-pocket expenses that are reimbursed by our clients. Under GAAP, these out-of-pocket expenses and associated reimbursements are required to be included when reporting revenues and expenses in our consolidated results of operations. In some of the segment discussion and analysis that follows, we do not believe it is informative to include the GAAP-required gross up of our segment revenues and expenses 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 loss. Unless noted in the following discussion and analysis, revenue amounts exclude reimbursements for out-of-pocket expenses.

Segment Expenses

Our discussion and analysis of segment operating expenses is comprised of two components. “Direct Compensation and Fringe Benefits” includes all compensation, payroll taxes, and benefits provided to our employees which, as a service company, represents our most significant and variable operating expense. “Expenses Other Than Reimbursements, Direct Compensation and Fringe Benefits” includes outsourced services, office rent and occupancy costs, office operating expenses, cost of risk, amortization and depreciation expense other than amortization of customer-relationship intangible assets, and allocated corporate and shared costs. These costs are more fixed in nature as compared to direct compensation and fringe benefits. Expense amounts in the following discussion and analysis exclude out-of-pocket expenses.

Allocated corporate and shared costs are allocated to our four operating segments based primarily on usage. These allocated costs are included in the determination of segment operating earnings. If we change our allocation methods or change the types of costs that are allocated to our four operating segments, prior periods are adjusted to reflect the current allocation process.

Operating results for our U.S. Property & Casualty, International Operations, Broadspire, and Legal Settlement Administration segments reconciled to pretax income (loss) and net income (loss) attributable to Crawford & Company, were as follows:

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Year Ended December 31,	2010	2009	2008	% Change From Prior Year 2010	2009
	(In thousands)				
Revenues Before Reimbursements:					
U.S. Property & Casualty	$190,029	$207,450	$217,753	(8.4)%	(4.7)%
International Operations	430,709	391,749	444,056	9.9%	(11.8)%
Broadspire	245,496	288,650	311,841	(15.0)%	(7.4)%
Legal Settlement Administration	164,183	82,019	74,932	100.2%	9.5%
Total, before reimbursements	1,030,417	969,868	1,048,582	6.2%	(7.5)%
Reimbursements	80,384	78,334	87,334	2.6%	(10.3)%
Total Revenues	$1,110,801	$1,048,202	$1,135,916	6.0%	(7.7)%
Direct Compensation & Fringe Benefits:					
U.S. Property & Casualty	$117,269	$126,483	$134,488	(7.3)%	(6.0)%
% of related revenues before reimbursements	61.7%	61.0%	61.8%		
International Operations	287,045	267,514	298,277	7.3%	(10.3)%
% of related revenues before reimbursements	66.6%	68.3%	67.2%		
Broadspire	145,685	161,786	175,412	(10.0)%	(7.8)%
% of related revenues before reimbursements	59.3%	56.0%	56.3%		
Legal Settlement Administration	54,596	35,859	35,359	52.3%	1.4%
% of related revenues before reimbursements	33.3%	43.7%	47.2%		
Total	$604,595	$591,642	$643,536	2.2%	(8.1)%
% of Revenues before reimbursements	58.7%	61.0%	61.4%		
Expenses Other than Direct Compensation & Fringe Benefits:					
U.S. Property & Casualty	$61,248	$62,240	$60,651	(1.6)%	2.6%
% of related revenues before reimbursements	32.2%	30.0%	27.9%		
International Operations	108,770	90,449	106,262	20.3%	(14.9)%
% of related revenues before reimbursements	25.3%	23.1%	23.9%		
Broadspire	111,523	128,466	132,903	(13.2)%	(3.3)%
% of related revenues before reimbursements	45.5%	44.6%	42.6%		
Legal Settlement Administration	61,926	33,030	28,759	87.5%	14.9%
% of related revenues before reimbursements	37.7%	40.3%	38.4%		
Total, before reimbursements	343,467	314,185	328,575	9.3%	(4.4)%
% of Revenues before reimbursements	33.3%	32.4%	31.3%		
Reimbursements	80,384	78,334	87,334	2.6%	(10.3)%
Total	$423,851	$392,519	$415,909	8.0%	(5.6)%
% of Revenues	38.2%	37.4%	36.6%		
Segment Operating Earnings (Loss):					
U.S. Property & Casualty	$11,512	$18,727	$22,614	(38.5)%	(17.2)%
	6.1%	9.0%	10.4%		

% of related revenues before reimbursements					
International Operations	34,894	33,786	39,517	3.3 %	(14.5)%
% of related revenues before reimbursements	8.1 %	8.6 %	8.9 %		
Broadspire	(11,712)	(1,602)	3,526	(631.1)%	(145.4)%
% of related revenues before reimbursements	(4.8)%	(0.6)%	1.1 %		
Legal Settlement Administration	47,661	13,130	10,814	263.0 %	21.4 %
% of related revenues before reimbursements	29.0 %	16.0 %	14.4 %		
Deduct:					
Unallocated corporate and shared costs	(6,671)	(10,714)	(6,728)	(37.7)%	59.2 %
Goodwill and intangible asset impairment charges	(10,788)	(140,945)	—	nm	nm
Net corporate interest expense	(15,002)	(14,166)	(17,622)	5.9 %	(19.6)%
Stock option expense	(761)	(914)	(861)	(16.7)%	6.2 %
Amortization of customer-relationship intangibles	(5,995)	(5,994)	(6,025)	0.0 %	(0.5)%
Other gains and expenses, net	(4,650)	(4,059)	(788)	14.6 %	415.1 %
Pretax income (loss)	38,488	(112,751)	44,447	134.1 %	(353.7)%
Income taxes	(9,712)	(2,618)	(11,564)	271.0 %	(77.4)%
Net Income (Loss)	28,776	(115,369)	32,883	124.9 %	(450.8)%
Less: Net income attributable to noncontrolling interests	448	314	624	42.7 %	(49.7)%
Net Income (Loss) Attributable to Crawford & Company	$28,328	$(115,683)	$32,259	124.5 %	(458.6)%

nm = not meaningful

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YEAR ENDED DECEMBER 31, 2010 COMPARED TO YEAR ENDED DECEMBER 31, 2009

U.S. PROPERTY & CASUALTY SEGMENT

Operating Earnings

Operating earnings for our U.S. Property & Casualty segment decreased from $18.7 million in 2009 to $11.5 million in 2010, representing an operating margin of 6.1% in 2010 compared to 9.0% in 2009. The decrease in 2010 was primarily due to a decrease in revenues as discussed below.

Revenues before Reimbursements

U.S. Property & Casualty revenues are primarily generated from the domestic property and casualty insurance company markets, with additional revenues generated from the warranties and inspections marketplace and from our Contractor Connection direct repair network. U.S. Property & Casualty revenues before reimbursements by major service line were as follows:

	2010	2009	Variance
	(In thousands)		
Claims Field Operations	$124,346	$140,022	(11.2)%
Contractor Connection	20,174	16,329	23.5%
Technical Services	30,172	28,992	4.1%
Catastrophe Services	15,337	22,107	(30.6)%
Total U.S. Property & Casualty Revenues before Reimbursements	$190,029	$207,450	(8.4)%

U.S. Property & Casualty revenues before reimbursements decreased 8.4% to $190.0 million in 2010 compared to $207.5 million in 2009. The 8.4% revenue decline from 2009 to 2010 was due to a 1.6% decrease from changes in the mix of services provided and in the rates charged for those services, and a 6.8% decrease in segment unit volume, measured principally by cases received. The decrease in segment unit volume was due primarily to a decrease in Claims Field Operations driven by reduced property, casualty, vehicle and warranty services claims in 2010, and declines in Catastrophe Services resulting from an overall decrease in weather-related events in 2010. These reductions were partially offset by increases in revenues from our direct repair network, Contractor Connection, and from technical services, which primarily handles major commercial losses. The increase in technical services revenues despite the decline in cases received, as discussed below, is due to increased severity and difficulty in the mix of cases received, resulting in increased revenues.

Reimbursed Expenses Included in Total Revenues

Reimbursements for out-of-pocket expenses included in total revenues for our U.S. Property & Casualty operations were $10.5 million in 2010, increasing from $10.0 million in 2009. The increase in 2010 was due primarily to increases in catastrophe adjusters' billable expenses.

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Case Volume Analysis

U.S. Property & Casualty unit volumes by underlying case category, as measured by cases received, for 2010 and 2009 were as follows:

	2010	2009	Variance
Property	98,749	117,407	(15.9)%
Casualty	59,533	67,182	(11.4)%
Vehicle	48,844	56,988	(14.3)%
Warranty Services	10,956	32,697	(66.5)%
Workers’ Compensation and Other	17,055	16,635	2.5%
Total Claims Field Operations	235,137	290,909	(19.2)%
Contractor Connection	159,585	125,839	26.8%
Technical Services	6,982	8,250	(15.4)%
Catastrophe Services	18,813	26,339	(28.6)%
Total U.S. Property & Casualty Cases Received	420,517	451,337	(6.8)%

The 2010 decrease in property and casualty claims was due primarily to lower industry-wide claims volumes, which have resulted in fewer claims referred to us from our clients. The 2010 decline in vehicle claims was due primarily to general economic conditions which we believe have resulted in fewer miles driven and thus fewer claims, and also due to decisions by certain insurance companies to reduce third-party adjuster involvement in handling vehicle-related claims. We expect the trend of reduced third-party adjuster involvement in vehicle claims to continue. The 2010 decrease in warranty services claims resulted from the expiration of several long-running class action contracts. This trend is expected to continue as we are not aware of any large new class action warranty claims that will replace the expiring contracts. The slight increase in 2010 workers’ compensation and other claims was due primarily to increased referrals for outside investigations from insurance carriers and internal referrals from our Broadspire segment. The 2010 increase in Contractor Connection cases was due to the ongoing expansion of our contractor network and due to the trend of insurance carriers moving high-frequency, low-severity property claims directly to repair networks, which we expect to continue. The 2010 decreases in technical services and catastrophe services claims were due primarily to decreases in weather-related claims. As discussed in more detail elsewhere herein, we cannot predict the future trend of case volumes for a number of reasons, including the frequency and severity of weather-related claims and the occurrence of natural and man-made disasters, which are significant sources of claims for us and are generally not subject to accurate forecasting.

Direct Compensation and Fringe Benefits

U.S. Property & Casualty direct compensation and fringe benefits expense, as a percent of segment revenues before reimbursements, increased to 61.7% in 2010 compared to 61.0% in 2009. This increase in 2010 was due primarily to a reduction in revenues as expenses declined 7.3%. There was an average of 1,427 full-time equivalent employees ("FTEs") (including 68 catastrophe adjusters) in 2010 compared to an average of 1,619 (including 90 catastrophe adjusters) in 2009.

U.S. Property & Casualty salaries and wages decreased 7.9%, to $98.2 million in 2010 from $106.6 million in 2009. The decrease in 2010 compared to 2009 was due primarily to the reduction in FTEs and lower incentive compensation expense. Incentive compensation is variable and is primarily tied to growth in revenues and operating earnings and to reductions in a days-sales-outstanding ("DSO") measure for accounts receivable. Payroll taxes and fringe benefits for U.S. Property & Casualty totaled $19.1 million in 2010, decreasing 4.0% from 2009 expenses of $19.9 million. The decrease in 2010 compared to 2009 was due primarily to the reduction in salaries and wages, partially offset by higher defined contribution retirement plan expense.

Expenses Other than Reimbursements, Direct Compensation and Fringe Benefits

U.S. Property & Casualty expenses other than reimbursements, direct compensation and related payroll taxes and fringe benefits declined 1.6%, from $62.2 million in 2009 to $61.2 million in 2010, primarily due to cost reductions as a result of the decline in revenue in 2010. However, since these expenses tend to be more fixed in nature, they increased as a percent of U.S. Property & Casualty revenues before reimbursements to 32.2% in 2010 from 30.0% in 2009, primarily due to lower revenues in 2010.

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INTERNATIONAL OPERATIONS SEGMENT

Operating Earnings

International Operations' operating earnings increased to $34.9 million in 2010, an increase of 3.3% from 2009 operating earnings of $33.8 million for the reasons described below. The operating margin declined from 8.6% in 2009 to 8.1% in 2010.

Revenues before Reimbursements

Substantially all International Operations segment revenues are earned from property and casualty insurance company markets outside of the U.S. International Operations revenues before reimbursements by major region were as follows:

	2010	2009	Variance	
	(In thousands)			
U.K.	$134,072	$125,921	6.5	%
Canada	130,824	121,370	7.8	%
Continental Europe, Middle East, Africa ("CEMEA")	86,811	81,535	6.5	%
Asia/Pacific	64,599	51,362	25.8	%
Americas	14,403	11,561	24.6	%
Total International Operations Revenues before Reimbursements	$430,709	$391,749	9.9	%

Revenues before reimbursements from our International Operations segment totaled $430.7 million in 2010, a 9.9% increase from $391.7 million in 2009. This 2010 revenue increase was due to the net positive impact of changes in currency exchange rates and case volumes, partially offset by changes in the mix of services provided and in the rates charged for those services. Compared to 2009, the U.S. dollar was weaker in 2010 against most major foreign currencies, resulting in a positive impact from exchange rate movements of $24.9 million on this segment's revenues from 2009 to 2010. The improvement in Canada's revenue from 2009 to 2010 is entirely due to a positive impact from exchange rate movements. Excluding the positive impact of exchange rate fluctuations, International Operations revenues would have been $405.8 million in 2010, reflecting growth in revenues on a constant dollar basis of 3.6%.

International Operations unit volume, measured by cases received, increased 8.6% in 2010 compared to 2009. This increase primarily reflected increased case referrals during 2010 in all regions except Canada, as discussed below. Average revenue per claim decreased 5.0% from changes in the mix of services provided and in the rates charged for those services. The net increase in 2010 of high-frequency, low-severity claims, primarily in the U.K., CEMEA, and the Americas lowered the average revenue per claim in 2010, as discussed below.

Reimbursed Expenses Included in Total Revenues

Reimbursements for out-of-pocket expenses included in total revenues for our International Operations segment decreased to $27.8 million in 2010 from $31.0 million in 2009. This decrease in 2010 was due primarily to reduced out-of-pocket reimbursable expenses related to Canadian service agreements.

Case Volume Analysis

International Operations unit volumes by region for 2010 and 2009 were as follows:

	2010	2009	Variance	
U.K.	171,067	139,933	22.2	%
Canada	117,216	137,719	(14.9	)%

CEMEA	144,501	120,620	19.8	%
Asia/Pacific	109,310	101,029	8.2	%
Americas	72,665	66,943	8.5	%
Total International Operations Cases Received	614,759	566,244	8.6	%

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Overall, claims volume increased in each region except Canada. The 2010 increase in the U.K. was due primarily to an increase in weather-related activity. The decrease in Canada was due primarily to a sharp reduction in weather-related activity in the first half of 2010. The increase in CEMEA resulted primarily from growth in our high-frequency, low-severity claims management business in Belgium, Germany and Scandinavia. The increase in Asia/Pacific was due to weather-related activity in Australia. The increase in the Americas was due primarily to an increase in high frequency, low severity claims in Brazil. We cannot predict the future trend of case volumes for a number of reasons, including the frequency and severity of weather-related claims and the occurrence of natural and man-made disasters, which are significant sources of claims for us and are generally not subject to accurate forecasting.

Direct Compensation and Fringe Benefits

As a percent of segment revenues before reimbursements, direct compensation expense, including related payroll taxes and fringe benefits, decreased to 66.6% in 2010 from 68.3% in 2009. The percentage decrease primarily reflected increased utilization of our staff as a result of the increase in the number of cases received. The dollar amount of these expenses increased in 2010 by $19.5 million, primarily due to the weaker U.S. dollar in 2010 compared to 2009. There was an average of 4,247 International Operations FTEs in 2010, down slightly from 4,266 in 2009.

Salaries and wages of International Operations segment personnel increased 6.8% to $239.3 million in 2010 compared to $224.1 million in 2009, decreasing as a percent of revenues before reimbursements from 57.2% in 2009 to 55.6% in 2010. Payroll taxes and fringe benefits increased 10.1% to $47.8 million in 2010 compared to $43.4 million in 2009. These increases were primarily related to a weaker U.S. dollar during 2010.

Expenses Other than Reimbursements, Direct Compensation and Fringe Benefits

Expenses other than reimbursements, direct compensation and related payroll taxes and fringe benefits increased as a percent of segment revenues before reimbursements from 23.1% in 2009 to 25.3% in 2010 and the dollar amount of these expenses increased by $18.3 million. The increase in 2010 was due primarily to the weaker U.S. dollar, the increased use of outsourced services to assist in servicing the increased volume of activity and $1.3 million of foreign exchange gains recognized in 2009.

BROADSPIRE SEGMENT

As disclosed in Note 3, “Goodwill and Intangible Assets,” to the accompanying audited consolidated financial statements in Item 8 of this Annual Report on Form 10-K, we recorded goodwill and intangible asset impairment charges related to our Broadspire segment totaling $10.8 million in 2010 and $140.9 million in 2009. These impairment charges have been excluded from Broadspire’s segment operating loss and are not included in the following discussion and analysis of Broadspire’s segment operating results.

Operating Loss

Our Broadspire segment recorded an operating loss of $(11.7) million, or (4.8)% of segment revenues before reimbursements in 2010 compared to an operating loss of $(1.6) million, or (0.6)% of segment revenues before reimbursements in 2009. Broadspire’s 2010 operating results were negatively impacted by declining workers' compensation case volumes, the weakened labor market in the U.S., the loss of a major customer at the end of 2009, and a $1.3 million charge resulting from the bankruptcy of a major customer in 2010.

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Revenues before Reimbursements

Broadspire segment revenues are primarily derived from workers' compensation and liability claims management services, medical management for workers' compensation, including vocational rehabilitation, and risk management information services provided to the U.S. self-insured or commercially insured marketplace. Broadspire revenues before reimbursements by major service line were as follows:

	2010	2009	Variance
	(In thousands)		
Claim Management Services	$108,316	$127,923	(15.3)%
Medical Management Services	118,378	142,296	(16.8)%
Risk Management Information Services	18,802	18,431	2.0%
Total Broadspire Revenues before Reimbursements	$245,496	$288,650	(15.0)%

Broadspire segment revenues before reimbursements decreased 15.0% to $245.5 million in 2010 compared to $288.7 million in 2009. Unit volumes for the Broadspire segment, measured principally by cases received, increased 0.9% from 2009 to 2010. Offsetting the small increase in unit volumes was a 15.9% decrease from changes in the mix of services provided and in the rates charged for those services. The increase during 2010 of lower severity casualty claims reduced our average fee per claim during 2010. The net result of these factors was a 15.0% decrease in Broadspire segment revenues before reimbursements from 2009 to 2010.

Reimbursed Expenses Included in Total Revenues

Reimbursements for out-of-pocket expenses included in total revenues for our Broadspire segment were $3.3 million in 2010, decreasing from $5.2 million in 2009. This decrease was primarily attributable to the declines in revenues before reimbursements.

Case Volume Analysis

Broadspire unit volumes by major underlying case category, as measured by cases received, for 2010 and 2009 were as follows:

	2010	2009	Variance
Workers' Compensation	133,079	142,249	(6.4)%
Casualty	73,202	63,767	14.8%
Other	18,194	16,455	10.6%
Total Broadspire Cases Received	224,475	222,471	0.9%

The 2010 decline in workers' compensation claims reflected a continuing decline in reported workplace injuries in the U.S. primarily as a result of the continued overall lower level of employment due to the current economic climate, as well as the loss of a significant client discussed below. The U.S. market has experienced a decline in reported workplace injuries over the past decade resulting in a loss in revenue from our existing customer base. The significant increase in casualty claims in 2010 over 2009 is due to services provided in connection with a special project for one of our customers. While this project has continued into 2011, the extent to which our services related to this project will be needed in 2011 is currently uncertain. The 2010 increases in other claims were primarily due to increases in health management services resulting from employers that added such services to their employee benefits programs. We cannot predict the future trend of case volumes as they are generally dependent on the timing and extent of job creation in the U.S. and the occurrence of casualty-related events which are not subject to accurate forecasting.

During December 2010, we were notified by a major client of our Broadspire segment that the client was in bankruptcy and would terminate its relationship with us during the first quarter of 2011. For 2010, revenues related to this client totaled approximately $9.7 million. In 2009, we were notified by a major client that the client would not renew its existing contract with us effective on the scheduled expiration of that contract in December 2009. Revenues related to this client in 2009 were $21.1 million.

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Direct Compensation and Fringe Benefits

Broadspire's direct compensation and fringe benefits expense, as a percent of the related revenues before reimbursements, increased to 59.3% in 2010, compared to 56.0% in 2009. This percentage increase primarily resulted from lower revenues as the actual amount of these expenses were 10.0% lower compared to 2009 as FTEs were reduced in an effort to control costs. Average FTEs totaled 1,977 in 2010, down from 2,243 in 2009.

Broadspire segment salaries and wages decreased 10.4%, to $120.9 million in 2010 from $135.0 million in 2009, reflecting the decline in FTEs in 2010. Payroll taxes and fringe benefits for our Broadspire segment totaled $24.8 million in 2010, decreasing 7.5% from 2009 expenses of $26.8 million, corresponding to the salaries and wages decreases, but partially offset by increased defined contribution retirement plan expense.

Expenses Other than Reimbursements, Direct Compensation and Fringe Benefits

Broadspire segment expenses other than reimbursements, direct compensation and related payroll taxes and fringe benefits increased as a percent of segment revenues before reimbursements to 45.5% in 2010 from 44.6% in 2009. This percentage increase was primarily due to lower revenue, as total 2010 expenses were reduced 13.2% year-over-year. The reduction in 2010 expense was due primarily to lower office operating expenses in 2010 and the implementation of the RiskTech software, which allowed us to terminate an outsource arrangement with an information technology service provider.