

Week Eight (May 4, 2016)

Relationships, Acquisitions, Subsidiaries, and Expansion of Services



■ The combined forces of Crawford & Company and Graham Miller left little of the world without access to their services. This image was prepared for a Graham Miller marketing brochure in 1990.

Crawford & Company has come a long way from a time when founder **Jim Crawford** once surprised business associate **Bill Kelly** by saying, “You know, with a little luck, I can see us having offices all around the Southeast – as many as 30, maybe.” The Company’s first acquisition in 1950 opened the door to Baton Rouge, Louisiana and cost \$7,000. Forty years later, another acquisition (Graham Miller Group) opened the door to the world and cost \$24.9 million. It’s been a long and storied road from Baton Rouge to Bandar Seri Begawan, and now in its 75th year, Crawford is still growing.

Crawford has operated in the London market since 1957, building close relationships with insurers, brokers, and managing general agents (MGAs) and has dedicated personnel serving clients’ **Lloyds and London** Market needs. You are probably familiar with the name Lloyd’s of London, but do you really know who or what Lloyd’s of London is? Often, when people think of Lloyd’s, they think of unusual insurance policies associated with celebrities or famous events. While that is part of Lloyd’s business, it doesn’t begin to scratch the surface of what Lloyd’s does and the importance of this institution to the global insurance industry.

And speaking of first things first, Lloyd’s is not an insurance company. It is an international, brokered insurance market. Insurance is placed at Lloyd’s with underwriters who conduct business in cooperation and competition with each other.

The Corporation of Lloyd’s provides the market with a system of Lloyd’s agents; worldwide shipping intelligence; claims and administrative offices; a central accounting system; and departments for checking, signing, and sealing policies, and settling claims on behalf of underwriters. All of these intricacies make Lloyd’s a unique institution. But perhaps the most important aspect of how business is conducted at Lloyd’s is that it is based on close personal relationships. Of course, Lloyd’s is also famous for its unusual insurance policies, as well as for insuring celebrities from the world of entertainment. Here are just a few examples:

- Lloyd's underwriters have insured individuals against death or injury caused by disintegrating satellites falling from the sky.
- Rock and Roll Hall of Famer Bruce Springsteen is known to his fans as "The Boss," but Springsteen knows that he could be demoted to part-time status with one case of laryngitis. That's why in the 1980s he insured his famous gravelly voice for \$6 million.
- "What's legs got to do with it?" Apparently everything! Song and dance queen Tina Turner had hers insured for \$3.2 million. Other lovely limbs of Lloyd's include the legendary legs of pop stars Rihanna and Mariah Carey; actresses Betty Grable, Brooke Shields and Jamie Lee Curtis took out policies on their sexy stems, as well as model Heidi Klum. During the height of his career, Michael Flatley -- star of *Riverdance* and *Lord of the Dance* -- insured his legs for an unbelievable \$47 million.
- Lloyd's has insured Keith Richards' guitar-playing fingers, and David Beckham's soccer-kicking legs were reportedly insured for a cool £100m.
- Food critic Egon Ronay has insured his taste buds for \$400,000; comedian Ken Dodd, has insured those teeth for £4m; and former Australian cricketer Merv Hughes insured his moustache, which seems to have a life of its own and could probably have signed the policy itself, for £200,000.
- Others who have had Lloyd's policies include Elizabeth Taylor, Michael Jackson, Phil Collins, the Rolling Stones, and the Beatles.

But Lloyd's is so much more than just the provider of these quirky policies. And their relationship with Crawford has been beneficial for both over the years.

One Globe, One Company

More Relationships, Acquisitions, Subsidiaries, and Expansion of Services

During the 1970s, Crawford was entering a new area of growth – by taking on self-insured companies as clients. The trend toward self-insurance was growing because self-insuring their own risk allowed companies to save money. Always responsive to our clients, in 1978 **Risk Sciences Group (RSG)** started as an independent Risk Management Information Systems (RMIS) provider, and in 1981 was purchased by Crawford. Since becoming a subsidiary of Crawford in 1981, RSG has grown exponentially from a customer base of six clients and 225,000 claims to hundreds of customers. RSG has become one of the most successful RMIS providers today, focused on the same mission as in its founding – to help clients reduce their overall cost of risk through effective information management and analysis.

In 1988, Crawford acquired **Compass Health Management** of Savannah, Georgia. This strategic move positioned Crawford's Health Services group to tap new markets with its own utilization review service.

On December 5, 1990, Crawford & Company completed the acquisition of London-based **Graham Miller Group Ltd. (GM)**, one of the largest international loss adjusting organizations at the time, with 56 offices in 40 countries. At the time, Crawford had more than 800 offices throughout the United States, Canada and Puerto Rico and was seeking further expansion internationally to become a truly global, premier adjusting company. Crawford's services were also concentrated in four main business areas: workman's compensation, claims adjusting, risk management control, and risk management services. According to 1990 Graham Miller Group's Financial Director **Jeffrey T. Bowman** (who later became president and CEO of Crawford & Company), "the acquisition will create the largest loss adjusting firm in the world." Then Crawford Chairman and Chief Executive Officer **F.L. Minix** stated, "with the trend toward global financial and insurance markets, it has become obvious to us that we must have an integrated, world-wide claims network in order to maintain or increase our present market share in the United States, because our insurance company and self-insured clients are increasingly requiring this scope of service. Furthermore, we have recently endeavored to gain increased business from U.S.-based risks which are underwritten in London. With Graham Miller's strong connection to the Lloyd's market, London brokers, and other international underwriters, this business should accelerate. In addition, we see opportunities for international expansion of the other Crawford services not presently offered by GM."

Before the news of international expansion broke in December 1990, another significant union took place. The **FPE Group**, a part of Sedgwick James, was acquired in October. The 72 employees of FPE doubled the size of Crawford's risk control unit and FPE's expertise lay in the areas of fire protection engineering, fire protection systems design, boiler and machinery consulting, ergonomics, safety, and industrial hygiene. Continuing the Company's pattern of filling in and expanding its existing spectrum of services, these programs addressed a variety of casualty risks, such as workers comp, product liability and vehicle safety.

Crawford's expansion into **Latin America** began in 1985 operating in Venezuela; in Colombia in 1989; purchasing a Chilean property and casualty business in 1991; opening an office in Argentina in 1992; a company purchase in Peru in 1994; purchasing Thomas Howell Group, an integrated company in Argentina in Brazil in 1996/1997; and in 1999, starting operations in Ecuador, forming partnerships in Panama, Central America (Guatemala, Costa Rica, Honduras and El Salvador), and acquiring Certiser, South America (SA).

In 1997, Crawford acquired the **Thomas Howell Group (THG)**, which brought a strong international network into the organization with particular strength in Asia, the Middle East and Europe. THG originated in Birmingham, UK in 1848 as "Thomas Howell Auctioneers and Appraisers". Their first claim received was from Royal Insurance Company. THG joined forces with A Kiewit of the Netherlands (originated in 1869) in the 1970's and then embarked upon international expansion in the Middle East, Far East, Europe and the Caribbean. THG was acquired by Swiss Re in 1989, which in turn brought the Company into North America with the acquisition of Gay and Taylor in Atlanta, GA. Part of the 1997 Crawford acquisition of THG, included several of THG' staff who are (as of this writing) senior members of Crawford's senior leadership team including GEM team member **Mike Reeves** (EVP & Head of Global Technical

Services™), **Phillip Fong** (CEO, Asia), **George Oostrom**, **Mike Patton**, **Rob Kleinveld**, **Chris Buesnel**, **Ian Baxter**, to name a few. Many of the original THG client base have remained long term loyal Crawford customers to this day.

By Crawford's 50th year, continuing the trend of filling out its service lines, and its time-honored tradition of growth by acquisition, the Company acquired **Rosemurgy & Company** in 1991. Rosemurgy was acknowledged as experts in marine and aviation claims with an international client list. Since Crawford wanted expansion into more foreign markets, this acquisition was a good fit, enabling the Company to pursue business that was previously unavailable, as well as fill a gap in its services.

In 1999, Crawford continued its acquisitions with **Alea Peritaciones**, a small loss adjusting firm in Spain, expanding Crawford's reach and developing a first class reputation in the Spanish market.

Crawford Contractor Connection® was a strategic acquisition by Crawford & Company in August of 1999. At the time, Crawford acquired the existing network of 500 contractors (formerly called Prism) primarily for its infrastructure, which for its time was considered a new service solution to the industry. Contractor Connection has since evolved into the industry leader in contractor managed repair, with dedicated teams providing contractor recruitment, credentialing, customer service, quality assurance review, and issue resolution. Now operating in the U.S. and Canada, Contractor Connection's network of more than 5,000 contractors uses the industry's top estimating platforms and proprietary tools to track and performance manage all contractors and drive exemplary customer service, with the broadest menu of contractor services in the industry. The United Kingdom and Australia have developed similar models and offer Contractor Connection services as well.

In addition, since 2010 Contractor Connection **Consumer Services** is available to property owners who are in need of home remodeling and repairs, who can access this service directly. Via the Contractor Connection website that is available to all consumers, Crawford employees, family members, and others can get free estimates for services.

Also, during 1999, Crawford acquired **Garden City Group (GCG®)**, a legal administrative services provider, and for more than 25 years, GCG has earned the confidence and respect of the legal community when it comes to handling administration services for class action settlements, bankruptcy cases and legal notice programs. During that time, GCG has been entrusted with the administration of complex, international class action settlements as well as high-profile bankruptcy cases of national import. GCG, part of Crawford's Legal Settlement Administration business segment, has processed tens of millions of claims, mailed more than 260 million notices, handled over three million calls and distributed billions of dollars with demonstrated accuracy and efficiency.

The breadth and depth of GCG's experience, its responsiveness to clients' needs, global resources and state-of-the-art technology has made GCG the recognized leader in its field and the partner of choice for leading law firms, corporate legal departments, government agencies and other legal professionals requiring administrative support. GCG continues to grow throughout the U.S. to better assist clients. For example, in 2003, a new West Coast operation was opened in Seattle, Washington and GCG relocated its Midwest regional headquarters to a larger facility in Columbus, Ohio. In 2011, due to increased demand for its services and the resulting growth of its personnel, GCG relocated its corporate headquarters to an expanded facility in Lake Success, N.Y.

With more attorneys than any other firm in its business, and a staff of more than 500 that includes a nationally recognized noticing expert, a team of software engineers, call center professionals, in-house legal advertising specialists and graphic artists with extensive website design experience, GCG's resources are unparalleled in the industry. In 2015 GCG was re-named **Garden City Group, LLC™**.

In 2000, Orlando, FL-based surveillance company, **Greentree Investigations** was acquired, operating as Crawford's Surveillance Investigations Services, which provided surveillance in workers compensation and other liability cases for insurance companies and self-insured corporations. It helped determine if a claimant filed a false workers compensation, bodily injury, or property claim. In addition, the group investigated medical provider fraud by conducting clinic inspections that verified the existence of the medical office and services one was billed. The company was a good fit for Crawford, making Crawford the primary player in both global investigations and domestic surveillance at the time.

In 2001, Crawford was granted a full trading license in Japan, offering clients full-service operations through the Tokyo office. Crawford was the first foreign international loss adjusting and claims service provider to be granted this status. Expanding into this market, Crawford delivered services including marine – cargo and hull; property-industrial, engineering, and business interruption; casualty – property liability, travel and accident, jewelry and bankers, and contingency services. Crawford Singapore received the "Loss Adjuster of the Year" Award for 2002 at the Asia Insurance Industry Awards, for providing a long-standing service commitment to the Asian Insurance Market; and in 2007 named "Loss Adjuster of the Year" by the East Asian Insurance Congress (EAIC).

All eyes were on Brazil in 2001, where Crawford already had offices in Sao Paulo, Rio de Janeiro, and Santos and planned multiple office expansions in what was expected to be “the fastest growing operation we have in the next five years,” said **Jeff Bowman**, then president of international operations. The world’s fifth largest country was undergoing reconstruction of its insurance environment including privatization of its state-controlled reinsurance monopoly and deregulation of its national reinsurance industry, and Crawford was building partnerships with Brazilian domestic and international insurance companies, positioning us to service their expanding business as our organizational structure grew. Crawford eventually opened six new operational offices and a dedicated training facility in Brazil that year, adding a marine line of service, risk management, loss adjusting, and recovery for marine related losses. For two consecutive years in a row (2002-03) Crawford Brazil received the “Academia Nacional de Seguros e Previdencia (ANSP)” Award, which recognizes the country’s top loss adjuster.

In 2002, Crawford acquired all the business operations trading as **Robertson & Company** in Australia, forming Crawford & Company (Australia) Pty Ltd., to ensure Crawford would become one of the largest companies of its kind servicing the insurance related industry in Australia. Crawford Australia was comprised of four operating divisions: Crawford Claims, Healthcare Management, Liability, and Technical Services. These operating segments reflect the global branding position of Crawford’s international operations.

Continuing its history of creating innovative solutions for all our clients’ needs with the introduction of the industry’s first independent, in-house, single-source solution of contents evaluation and replacement, **Crawford’s Contents Services (CCS)** was launched in 2003. CCS helped clients perfect the complex and variable world of evaluation and replacement of homeowner’s or business owner’s personal property that was stolen or damaged due to a covered loss. The unit combined highly trained retail inventory analysts with the latest contents technology in one centralized unit to increase efficiency and productivity.

In 2004, Crawford & Company continued its development of specific service offerings for individual markets with the establishment of Global Technical Services (GTS). GTS was launched to provide a foundation for an expert claims adjusting service and also joins together dedicated units in the United States, United Kingdom, and Canada with skilled colleagues in Europe, Latin America, and Asia Pacific. This fusion was a critical element in Crawford’s global development program. GTS also embraced catastrophic and complex claims, high value property and casualty claims, as well as specialty claims such as construction, power and engineering, oil and gas, financial institutions, product liabilities, and professional indemnities.

Crawford’s international operations have generated some of the Company’s most impressive growth and profits over the years. In 2005, looking to continue that strong performance, the Company acquired 25 percent of the shares in the Chinese adjusting firm **Tino Insurance**

Surveyors & Adjusters Co., Ltd. Crawford had full managerial control of the newly named Crawford Tino Insurance Surveyors & Adjusters Co., Ltd. and sought to acquire the remaining shares in the company when the Chinese government regulations allowed. The company provided surveying, adjusting, and insurance-consultation services across China, enabling Crawford to better service its multinational clients, especially in the country's rapidly growing manufacturing sector. Asia became the focus of international business development in 2005. That year Crawford merged with **Godfrey & Company of New Zealand**. Operating for Crawford in New Zealand and the South Pacific islands, Godfrey & Company planned to initiate new claims loss-related services in the region.

In August 2006, Crawford formed a global strategic alliance with **MJM Investigations Inc.** Already the market leader in surveillance as well as fire and forensic investigations, MJM became Crawford's preferred provider for those services to our clients throughout the world. That same month, Crawford acquired **Specialist Liability Services, Ltd. (SLS)**, a leading specialist liability adjusting and claims handling company strategically located throughout the U.K. SLS had a strong presence in the Lloyd's and London markets and an impressive client list. Their acquisition brought complementary skills and the ability to better deliver a full service offering to the U.K. market.

Turning to the self-insured market, on October 31, 2006 Crawford made its largest acquisition in the Company's history. Combining the existing business of Crawford's U.S. self-insured claims and medical management services with that of **Broadspire®**, created a segment that became a leading international third party administrator, providing risk management solutions designed to help clients improve their financial results. Broadspire offered a broad array of workers compensation, casualty claim and medical management services to assist large organizations in achieving their unique goals, increasing employee productivity and reducing the cost of risk through professional expertise, technology and data analytics. As a Crawford Company, Broadspire is based in Atlanta, Ga. Services are offered by Crawford & Company under the Broadspire brand in countries outside the U.S.; in Europe (www.Broadspire.eu), and including the United Kingdom (www.BroadspireTPA.co.uk).

In 2011, Crawford had made a couple of acquisitions to add to its portfolio of services.

Acquired by Crawford & Company on February 28, 2011, **Studio Bolton & Associati s.r.l.** is a leading specialist liability adjusting and claims handling company, with branches located in Rome and Milan, Italy.

ClaimHub™, acquired on March 11, 2011, is a leading provider of claims workflow solutions for the property and casualty insurance market. ClaimHub provides a web-based, centralized claims platform for dispatching, tracking and managing all assignments and work product involved in the auto claims process.

More Acquisitions and Expansion

In 2013 Crawford was focused on offering market leading expertise in specialist and technical services, so to expand its portfolio of services and build upon its existing capability in the energy market, Crawford acquired a majority interest in **Lloyd Warwick International Limited (LWI)**, a specialist loss consulting company, based in London, which offers on- and offshore energy expertise.

By 2014 a number of strategic alliances were formed, including Crawford's July acquisition of UK-based **Buckley Scott**, a deliberate step to expand its international presence in specialist claims handling by combining both companies' strengths in international construction and engineering adjusting. In October, another strategic service level relationship was formed between **Crawford and CSL Group**, a leading global provider of marine surveying and adjusting services, in which both agreed to network their collective global marine capabilities, in turn providing their respective markets with a more comprehensive range of specialist marine services worldwide.

In December 2014, Crawford purchased **GAB Robins Holdings UK Limited**, a loss adjusting and claims management provider headquartered in the UK. The Company's second largest acquisition, GAB Robins enables Crawford to significantly expand its claims handling business across a wide range of product lines and bolsters its global specialty lines claims services.

In January 2015, Crawford established a **Global Business Services Center (GBSC) in Manila, Philippines**, providing a venue for consolidation of certain business functions, shared services, and then-outsourced processes. The GBSC enables Crawford to continue to strengthen its client service, operational efficiency, business growth and cost effectiveness.

Crawford has been recognized with numerous accolades by its global industry peers over the years. Some of its earlier honors included "Technological Initiative of the Year" for its Delta claims adjusting product in the UK from Insurance Day London Market Awards; and the Kitchener-based ClaimsAlertSM call center was named "Employer of Choice" at the gold level by the Contact Center Employer of Choice organization in Canada, among many others.

Visit the Crawford website, **awards page** to see a listing of current honors.

<http://www.crawfordandcompany.com/media-center/awards.aspx>

There have been many acquisitions made by Crawford & Company during its first 75 years, and as a dynamic and growing company, this article doesn't list them all. But, even the briefest reviews of those 75 years shows that acquisitions were instrumental in the Company's development. Some acquisitions provided affiliations with valued clients, some equipped the company to compete more effectively, some simply eliminated the competition. Some, like **Rehabilitation Resources**, opened the door to vastly larger enterprises, while some returned the investment gradually, but others, like the buyout of **Welborn-Woodrick**, paid for

themselves immediately. Some, like **Rosemurgy**, helped complete a menu of services and another like **Graham Miller** opened the door to the globe.