

MERCURY GENERAL CORP
Form 10-Q
November 07, 2008

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT
OF 1934

For the Quarter Ended September 30, 2008

Commission File No. 001-12257

MERCURY GENERAL CORPORATION
(Exact name of registrant as specified in its charter)

California
(State or other jurisdiction
of incorporation or organization)

95-2211612
(I.R.S. Employer
Identification No.)

4484 Wilshire Boulevard, Los Angeles,
California
(Address of principal executive offices)

90010
(Zip Code)

Registrant's telephone number, including area code: (323) 937-1060

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 T

No F

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 definition of "large accelerated filer," "accelerated filer," and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer T

Accelerated filer F

company)

Non-accelerated filer F (Do not check if a smaller reporting

Smaller reporting

company F

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

Yes

No

At October 31, 2008, the Registrant had issued and outstanding an aggregate of 54,763,713 shares of its Common Stock.

PART I - FINANCIAL INFORMATION

Item 1. Financial Statements

MERCURY GENERAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(in thousands, except share data)
(unaudited)

	September 30, 2008	December 31, 2007
ASSETS		
Investments:		
Fixed maturities available for sale, at fair value (amortized cost: \$2,860,455)	\$ -	\$ 2,887,760
Fixed maturities trading, at fair value (amortized cost: \$2,766,072)	2,601,669	-
Equity securities available for sale, at fair value (cost: \$317,869)	-	413,123
Equity securities trading, at fair value (cost: \$402,047; \$13,126)	366,738	15,114
Short-term investments, at fair value (amortized cost: \$252,860; \$272,678)	249,516	272,678
Total investments	3,217,923	3,588,675
Cash	33,761	48,245
Receivables:		
Premiums receivable	284,565	294,663
Premium notes	28,923	27,577
Accrued investment income	37,824	36,436
Other	7,875	9,010
Total receivables	359,187	367,686
Current income taxes	13,161	-
Deferred income taxes	92,476	-
Deferred policy acquisition costs	205,768	209,805
Fixed assets, net	189,477	172,357
Other assets	38,497	27,728
Total assets	\$ 4,150,250	\$ 4,414,496
LIABILITIES AND SHAREHOLDERS' EQUITY		
Losses and loss adjustment expenses	\$ 1,049,241	\$ 1,103,915
Unearned premiums	918,141	938,370
Notes payable	154,956	138,562
Accounts payable and accrued expenses	129,232	125,755
Current income taxes	-	3,150
Deferred income taxes	-	30,852
Other liabilities	203,908	211,894
Total liabilities	2,455,478	2,552,498
Commitments and contingencies		
Shareholders' equity:		
Common stock without par value or stated value (Authorized 70,000,000 shares; issued and outstanding 54,759,713 shares in 2008 and 54,729,913 shares in 2007)	71,111	69,369
Accumulated other comprehensive income	54	80,557
Retained earnings	1,623,607	1,712,072

Total shareholders' equity	1,694,772	1,861,998
Total liabilities and shareholders' equity	\$ 4,150,250	\$ 4,414,496

See accompanying notes to the consolidated financial statements.

MERCURY GENERAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
(in thousands, except share and per share data)
(unaudited)

	Three Months Ended September 30,	
	2008	2007
Revenues:		
Earned premiums	\$ 696,605	\$ 748,798
Net investment income	38,086	39,216
Net realized investment (losses) gains	(276,973)	2,049
Other	1,313	1,324
Total revenues	459,031	791,387
Expenses:		
Losses and loss adjustment expenses	511,806	497,791
Policy acquisition costs	154,530	166,496
Other operating expenses	44,350	41,289
Interest	1,663	2,136
Total expenses	712,349	707,712
(Loss) income before income taxes	(253,318)	83,675
Provision for income tax (benefit) expense	(112,779)	20,397
Net (loss) income	\$ (140,539)	\$ 63,278
BASIC EARNINGS PER SHARE (weighted average shares outstanding 54,748,101 in 2008 and 54,720,110 in 2007)	\$ (2.57)	\$ 1.16
DILUTED EARNINGS PER SHARE (weighted average shares 54,748,101 in 2008 and 54,850,536 as adjusted by 130,426 for the dilutive effect of options in 2007) (1)	\$ (2.57)	\$ 1.15
Dividends declared per share	\$ 0.58	\$ 0.52

(1) The dilutive impact of incremental shares for 2008 is excluded from loss position in accordance with U.S. generally accepted accounting principles.

See accompanying notes to the consolidated financial statements.

MERCURY GENERAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
(in thousands, except share and per share data)
(unaudited)

	Nine Months Ended September 30,	
	2008	2007
Revenues:		
Earned premiums	\$ 2,128,725	\$ 2,258,626
Net investment income	116,380	122,156
Net realized investment (losses) gains	(332,614)	10,996
Other	3,809	

The following table provides compensation information for the year ended December 31, 2010 for each individual who served as a non-management member of our Board of Directors during 2010. See Summary Compensation Table for information relating to Mr. Bowman's compensation.

DIRECTOR COMPENSATION TABLE

Name	Fees Earned or Paid in Cash	Stock Awards(1)	Stock Option Awards(1)	Change in Pension Value and Nonqualified Deferred Compensation	All Other Compensation	Total
Harsha V. Agadi	\$ 12,500	\$ 14,999				\$ 27,499
P. George Benson	43,000	29,999				72,999
Jesse C. Crawford	53,000	29,999				82,999
James D. Edwards	55,000	29,999				84,999
Russel L. Honoré	46,500	29,999				76,499
J. Hicks Lanier(2)	15,667					15,667
Charles H. Ogburn	62,000	29,999				91,999
Clarence H. Ridley(3)	39,000	29,999				68,999
E. Jenner Wood, III	44,000	29,999				73,999

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- (1) Represents the grant date fair value of awards calculated utilizing the provisions of Accounting Standards Codification Topic 718 Compensation-Stock Compensation (ASC 718). See Note 11 of the consolidated financial statements in Item 8 of the Company's Annual Report regarding assumptions underlying the valuation of equity awards. The stock awards were made pursuant to the terms of the Company's Non-Employee Director Stock Plan. At December 31, 2010, the aggregate number of stock option awards outstanding for each non-employee director was as follows: Dr. Benson 36,000; Mr. Crawford 30,000; Mr. Edwards 39,000; Mr. Lanier, 15,000; Mr. Ridley 42,000; and Mr. Wood 36,000.
- (2) Mr. Lanier did not stand for re-election at the 2010 annual meeting.
- (3) Not standing for re-election at the Annual Meeting.

Communications with our Board and Shareholder Nominees

Individuals may communicate with our Board by sending a letter to Board of Directors, Crawford & Company, P. O. Box 1261, Tucker, Georgia 30085-1261. Your letter will be shared with all members of our Board and may, at the discretion of our Board, be shared with Company management, unless your letter requests otherwise. Communications that are specifically intended for non-employee directors should be addressed to Chairman of the Board, Board of Directors, Crawford & Company at this same address.

Any shareholder who certifies that he or she is the continuous record owner of at least one percent (1%) of the common stock of the Company for at least one year prior to the submission of a candidate and who provides a written statement that he or she intends to continue ownership of the shares through the date of the applicable annual meeting of shareholders may submit a nomination for director. The candidate must meet the qualifications stated in the Company's by-laws and the submission must be made to the Nominating and Corporate Governance Committee at P. O. Box 1261, Tucker, Georgia 30085, no more than 180 days and no less than 120 days prior to the anniversary date of this Proxy Statement. The Compensation Committee will review all candidates submitted by shareholders for consideration as director nominees pursuant to its general practices and the guidelines stated in its charter and the Company's Corporate Governance Guidelines before determining whether to submit any nominee to the full Board for consideration.

COMPENSATION DISCUSSION AND ANALYSIS

The following discussion and analysis of our compensation philosophy, objectives, policies and practices are focused primarily on our executive officers, with additional detail provided for our CEO, CFO and the other three most highly-compensated executive officers, as determined in accordance with applicable SEC rules and as set out in the Summary Compensation Table below, whom we collectively refer to as our named executive officers. The fundamental philosophy of the Compensation Committee with respect to executive compensation is to ensure that our compensation programs will enable us to attract and retain key executives critical to our long-term success, through the establishment of a performance-oriented environment that rewards the achievement of both short- and long-term strategic management goals, with the attendant enhancement of shareholder value. This philosophy is implemented through the core principles of pay for performance and aligning management's interests with our shareholders' interest to support long-term value creation. The Compensation Committee regularly reviews these compensation programs, and makes adjustments as appropriate to accomplish these objectives.

Role of the Compensation Committee and Administration of Compensation

The role of the Compensation Committee, among other responsibilities, is to (1) annually review the Company's goals and objectives relative to CEO and executive officer compensation, including, as the Compensation Committee deems appropriate, consideration of the Company's performance and relative shareholder return, the value and construct of compensation packages for comparable officers at comparable companies and the awards given to the Company's executive officers in past years, (2) annually review, evaluate and update, as appropriate, the components of the Company's executive compensation programs in view of those goals and objectives, and set compensation levels for the Company's executive officers, (3) annually evaluate the CEO's and the other executives' performance in light of established goals and objectives, and approve compensation to be paid

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with respect to such performance, including certifying the degree of achievement of performance goals under the terms of performance-based compensation programs, (4) review and approve the adoption, terms and operation of the Company's compensation plans for executives, including incentive compensation plans and equity-based plans, and (5) in light of the foregoing, to consider and grant bonuses, stock options, performance share units, restricted stock and other discretionary awards, as appropriate, under the Company's incentive compensation and equity-based plans.

The Compensation Committee generally does not follow a precise formula for allocating between the three key elements (described below) of compensation to its executive officers. Each element of compensation operates independently of the other and is designed to motivate towards, and reward, a different component of results, thus the Compensation Committee does not believe it is appropriate that payment (or lack thereof) of one element in any period generally should impact payment of any other elements. However, the Compensation Committee reviews information that compares each element of senior executive compensation, both separately and in the aggregate, to amounts paid for positions with similar duties and responsibilities at comparable or peer group companies, and believes it appropriate to target each element of compensation near the median, or midpoint, of compensation paid by such companies.

Role of Certain Senior Executive Officers in Executive Compensation Matters

Our executive officers also play an important role with respect to the setting and determination of the annual cash portion of executive compensation, including base salary and any annual cash incentive compensation. Certain of the Company's most senior executive officers make recommendations to our Compensation Committee with respect to the setting of performance goals for executive officers under our incentive compensation plans and the assessment of the performance of executive officers who are direct reports to such officers. As a result of regular interaction, these senior executive officers are able to provide personal insight as to the performance of their direct reports as well as overall performance trends of executives of the Company. Our Compensation Committee relies, in part, on this information in connection with its overall assessment as to the adequacy and appropriateness of executive compensation as well as the compensation programs of the Company as a whole. Our Compensation Committee considers any such recommendations when determining overall individual compensation. Our Compensation Committee has approved ranges of cash compensation for our executive officers (other than our CEO) and, within those constructs, due to the nature of the working relationship between the CEO and such other executives, and the nature and level of the regular interaction, believes it is appropriate for our CEO to make the final determination with respect to such decisions within those ranges.

Compensation Consultants

The Compensation Committee's charter provides for the Compensation Committee to retain and terminate, as deemed necessary, any compensation consultant to be used to assist in the evaluation of director, CEO or executive compensation. The Compensation Committee has the sole authority to select such consultant and to approve the consultant's fees and other retention terms. In 2010, Mercer Human Resource Consulting (Mercer) was engaged to review and advise the Company and the Compensation Committee on executive and general compensation matters for the Company.

During 2010, the Company paid Mercer and its affiliates fees totaling \$418,010, of which \$26,464 were paid to Mercer and related to executive compensation matters. The other services provided related to human resources matters and actuarial services. The other services provided by Mercer and its affiliates typically have not been presented to the Compensation Committee for approval as the Compensation Committee does not believe that the nature, scope or amount of these services negatively affects the executive compensation consulting services that Mercer provides to the Company and Compensation Committee. The Compensation Committee determined that the other services provided in 2010 did not affect the objectivity or quality of Mercer's executive compensation consulting services to the

Compensation Committee.

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In executing its role with respect to compensation matters, the Compensation Committee considers a variety of factors, including recommendations from senior executive officers and any compensation consultants, both described above, the recent historical (and expected) performance of the individual executive officer, the Company's historical financial results and shareholder return, cumulative compensation history (to the extent that it impacts pay receivable currently and in the future) and internal pay equity (*i.e.*, compensation levels of our senior executives relative to each other), all as described below.

In 2010, there were three key elements in the Company's executive compensation program:

Pay Element	What the Element Rewards	Purpose of the Pay Element
Base Salary	Individual job performance and merit.	Provide competitive level of guaranteed cash compensation. Reward performance (at individual and Company levels).
Annual Incentives	Company-wide or business unit, as applicable, achievement of targeted revenue, operating earnings (1), accounts receivable management or other identified performance objectives, as deemed appropriate.	Provide focus on meeting annual financial and other operational goals that are designed to lead to our long-term success.
Long-term Incentives	Delivery of shareholder value. Vesting periods designed to encourage employee retention.	Provide a blended focus on: <ul style="list-style-type: none"> Increase in stock price; Increase in earnings per share; Net income; and Executive ownership of stock.

(1) The term "operating earnings" as referred to in this section is discussed and defined in Note 12 to the consolidated financial statements in Item 8 of the Company's Annual Report on Form 10-K for the year ended December 31, 2010.

Compensation and Risk Management

The Compensation Committee does not believe that our executive compensation programs encourage excessive or unnecessary risk-taking. By dividing our executives' compensation into multiple key elements, the Compensation Committee believes it properly weights the performance compensation eligible to be earned by our executives appropriately between short-term and long-term goals. Additionally, both short-term and long-term incentive compensation awards are capped at a set percentage of an executive's applicable target award, adding protection against disproportionately large incentives. Our long-term performance compensation is payable in shares of the Company's Class A Common Stock, and any such awards vest over time. We believe this delayed vesting encourages our executives' sustained focus on the long-term performance of the Company. The Compensation Committee believes these long-term incentives, when coupled with our executive stock ownership guidelines, promote appropriate

alignment of our executives' interests with those of the Company's shareholders.

Our executive stock ownership guidelines set out specified equity ownership targets for members of our Board and certain Board elected officers. Non-management Board members are required to own shares in the Company equal in value to their annual cash retainer (currently \$30,000). Current non-management members of the Board have until December 31, 2011 to meet the applicable ownership targets. The CEO is required to own shares in the Company equal in value to three times his annual base salary. Executive vice presidents (which includes the remainder of our named executive officers) are required to own shares in the Company equal in value to two times their annual base salary. Certain other Board elected officers are required to own shares in the Company equal in value to their annual base salary. All Board elected officers subject to these guidelines who were employed by the Company on March 1, 2009 have until December 31, 2013 to meet the applicable ownership targets. Any individual hired, promoted or elected to the Board after March 31, 2009 has three years from the date of such hiring, promotion

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or election, as applicable, to comply with the applicable ownership targets. We currently expect that all individuals subject to these guidelines will comply therewith in a timely manner.

Base Salary Compensation

With respect to certain executive officers, including the named executive officers, the Company deemed it appropriate to enter into written employment arrangements with such persons. These employment arrangements typically provide for, among other things, a minimum base salary, which was determined based on, among other things, negotiations with the applicable person, and the Compensation Committee's overall compensation philosophy discussed above, at the time of hire or the entry into such agreement, as applicable.

In addition, the Compensation Committee has approved, and we have implemented, a comprehensive Wage and Salary Administration Policy applicable to employees of the Company and its U.S. subsidiaries. This policy includes a program for grading each position, including executive officer positions, to ensure appropriate levels of base salary are paid to each executive officer as compared to similar positions within the Company and at the benchmarked companies. The policy sets forth grade levels and salary ranges for those grade levels, and provides for annual merit adjustments within those ranges and tied to individual job performance as measured primarily through annual performance reviews. Based on a variety of data (including published national surveys, recent and anticipated Company performance and other relevant information), the Compensation Committee annually considers the budget for merit-based salary increases and any adjustments to salary ranges for the next fiscal year. If determined to be appropriate, the Compensation Committee establishes guidelines for individual salary adjustments based primarily on the individual's performance review, as described above under **Role of Senior Executive Officers in Executive Compensation Matters**.

Based on recent Company performance and general economic conditions, senior management recommended, and the Compensation Committee agreed, that it was appropriate to not provide any merit-based salary increases to our executive officers in 2010. The freeze on merit increases did not apply to executive officers of GCG or to the Company's international executive officers due to recent positive performance of those segments.

The Compensation Committee re-evaluates the base salary of the CEO on an annual basis. In re-evaluating the base salary for the CEO, the Compensation Committee looks primarily at the year over year performance of the Company. The Compensation Committee also performs an assessment of the personal performance of the CEO during the preceding year and external circumstances which may have impacted that performance which were not within the control of the Company or the CEO. For both establishing and re-evaluating the base salary of the CEO, the Compensation Committee also looks at market conditions, both within the Company's industry peer group and otherwise, including competitive market data to see how the CEO's pay level compares to that of CEOs at other comparable companies. Consistent with the Company's decision to not award merit-based salary increases to its executive officers, Mr. Bowman did not receive a merit-based salary increase in 2010.

Annual Cash Incentive Compensation

The parameters for annual incentive cash compensation are set by our Compensation Committee in annual incentive programs adopted by the Compensation Committee or in letter or employment agreements entered into with our executive officers as described above.

For 2010, the Compensation Committee continued the operation of a comprehensive Short-Term Incentive Plan (**STIP**) applicable to, among others, the named executive officers. The **STIP**, as a component of the Crawford & Company 2007 Management Team Incentive Compensation Plan (the **Management Team Incentive Compensation Plan**), approved by the shareholders at the 2007 annual meeting, is intended to continue the direct linkage between our

annual short term performance and compensation to the persons who are most responsible for such performance in accordance with the Compensation Committee's overall compensation philosophy discussed above. Under the terms of the STIP, each participating executive officer is provided clear goals that can, from year to year, include corporate, segment and individual targets, weighted appropriately for the employee's position in the Company. In 2010, the goals were developed by our executives, in consultation with Mercer, and were reviewed and approved by the Compensation Committee. Each actual performance metric is adjusted to eliminate the impact of

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movements in exchange rates so that individuals do not benefit from or are not negatively impacted by the movement in exchange rates. Accordingly, the actual results disclosed in this discussion may not agree to our published results.

Achievement of STIP performance targets is designed to result in the payment of meaningful cash bonuses. If maximum Company, segment and/or individual targeted goals, as applicable and as discussed below, are exceeded, the STIP allows for payment of up to 250% of the STIP target bonus amounts, subject to negative discretion retained by the Compensation Committee to reduce any overall award payouts. With respect to certain executives (*i.e.*, those potentially subject to Internal Revenue Code Section 162(m) (discussed below)), bonuses under the STIP are designed to be fully deductible and are awarded under the Management Team Incentive Compensation Plan.

Notwithstanding any individual employee's goals, for 2010 the Compensation Committee determined that overall Company performance, as determined by consolidated operating earnings, was a critical performance measure that would serve as a minimum requirement to be met for any 2010 STIP payout to be considered. As a result, and after consideration and review of the Company's expected results, the Compensation Committee determined that 2010 STIP awards would only be considered for payout if consolidated operating earnings exceeded \$49,096,800. Such amount was determined after review and consideration of certain internal company projections and operating forecasts.

Annual incentive award opportunities and payouts for each of the named executive officers are discussed below. Threshold, target, and maximum incentive award levels (as a percentage of base salary) for the named executive officers were determined after taking into account, among other market-competitive factors, the information provided by Mercer as to the level and amount of the Company's historical annual incentive compensation and any contractually mandated payout levels contained in any applicable employment contracts.

Mr. Bowman

The 2010 STIP award granted by the Compensation Committee for Mr. Bowman provided for a target incentive award of 32.5% of his base salary as of January 1, 2010, or \$237,250. Based on his level of responsibility and Company oversight obligations, the Compensation Committee determined that it was appropriate to correlate Mr. Bowman's performance metrics solely to corporate-wide performance, and targets were based on three metrics deemed critical to the Company's overall success: (1) revenues, (2) operating earnings and (3) workdays outstanding in total billed and unbilled accounts receivable. 20% of his STIP award was based on revenues, 60% was based on operating earnings and 20% was based on workdays outstanding in total billed and unbilled accounts receivable. The Compensation Committee determined, with input from our executives and Mercer, that these three metrics and percentage allocations provided the most appropriate measures for evaluation of the Company's annual performance. More weight was allocated to operating earnings as the Compensation Committee believes this is the most critical of the three metrics.

Mr. Bowman's 2010 STIP award was deemed earned only if achievement of the performance metrics exceeded specified threshold levels. Threshold levels were based on a percentage of the target levels as follows: (1) for revenues, the threshold level was set at 95% of the target level; (2) for operating earnings, the threshold level was set at 90% of the target level; and (3) for workdays outstanding in total billed and unbilled accounts receivable, the threshold level was set at 95% of the target level. In addition to the requirement that threshold operating earnings be exceeded for any payout under the 2010 STIP to be made, if the threshold levels of any other metric were not exceeded, Mr. Bowman was not entitled to any payout allocated to that specific metric under the 2010 STIP award.

If target levels were achieved, Mr. Bowman would be entitled to 100% of the 2010 STIP award. If maximum levels of the performance metrics were achieved, Mr. Bowman was entitled to 250% of the 2010 STIP award. If the achievement of performance metrics was in between threshold and target levels, or in between target and maximum levels, Mr. Bowman was entitled to a ratable portion of the 2010 STIP award based upon linear formulas.

	Threshold	Target	Maximum	Actual
Revenues	\$ 940,034,000	\$ 989,509,000	\$ 1,038,984,000	\$ 1,035,574,000
Operating Earnings	\$ 55,234,000	\$ 61,371,000	\$ 79,782,000	\$ 75,695,000
Workdays outstanding in Total Accounts Receivable	66.5 days or less	63.3 days or less	57.0 days or less	59.9 days

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Based on the actual performance of the Company during 2010, Mr. Bowman's STIP award earned from each of the three categories was: (1) \$113,719 based on actual revenues; (2) \$308,472 based on actual operating earnings, and (3) \$85,680 based on workdays outstanding in total billed and unbilled accounts receivable. This resulted in a total earned STIP award of \$507,871.

Mr. Swain

The 2010 STIP award granted by the Compensation Committee for Mr. Swain provided for a target incentive award of 23.75% of his base salary, or \$95,000. Mr. Swain's performance metrics and threshold, target and maximum goals were identical to Mr. Bowman's, discussed above, for the reasons discussed above applicable to Mr. Bowman. Based on the actual performance of the Company during 2010, Mr. Swain's STIP award earned from each of the three categories was: (1) \$45,536 based on actual revenues; (2) \$123,519 based on actual operating earnings, and (3) \$34,308 based on workdays outstanding in total billed and unbilled accounts receivable. This resulted in a total earned STIP award of \$203,363.

Mr. Muress

The 2010 STIP award granted by the Compensation Committee to Mr. Muress provided for a target incentive award of 47.5% of his base salary, or \$291,406 based on the exchange rate in effect on December 31, 2010. Based upon his level of seniority in the Company and his specific oversight responsibilities, the Compensation Committee determined that it was appropriate that Mr. Muress' performance metrics be based 30% on the metrics outlined above for Mr. Bowman (with allocation among this 30% in the same proportion as Mr. Bowman's total allocation), and 70% on the UCA division performance, which consists of portions of the Company's International Operations segment from the United Kingdom, Australia, continental Europe, the Middle East, Africa and Asia. The Compensation Committee believes this pro-ration of Mr. Muress' bonus opportunity based on the performance of the total Company and the division he manages appropriately ties and weights various performance metrics. The Company does not make separate resource allocation decisions, and does not separately report financial results, for the UCA division.

Mr. Muress' UCA division performance metrics were based on the same three metrics used to evaluate Company performance, which categories were also deemed indicative of the UCA division's overall success. As a result, 20% of his STIP award eligibility attributable to UCA division performance was based on revenue, 60% was based on operating earnings, and 20% was based on workdays outstanding in total billed and unbilled accounts receivable. As with total Company performance, more weight was allocated to operating earnings as the Compensation Committee believed this was the most critical of the three metrics to overall success.

	Threshold	Target	Maximum	Actual
UCA Revenues	\$ 259,940,000	\$ 273,621,000	\$ 300,983,000	\$ 290,873,000
UCA Operating Earnings	\$ 19,175,000	\$ 21,305,000	\$ 42,610,000	\$ 25,132,000
UCA Workdays outstanding in Total Accounts Receivable	89.9 days or less	85.6 days or less	77.0 days or less	89.0 days

Mr. Muress' performance metrics and threshold, target and maximum goals for total Company performance were identical to Mr. Bowman's, discussed above, for the reasons discussed above applicable to Mr. Bowman. Based on the actual performance of the Company during 2010, Mr. Muress' STIP award earned from each of those three metrics was: (1) \$33,763 based on actual revenues; (2) \$93,262 based on actual operating earnings, and (3) \$26,876 based on workdays outstanding in total billed and unbilled accounts receivable. Based on the actual performance of the UCA

division during 2010, Mr. Muress' STIP award earned from each of the three metrics was: (1) \$66,520 based on actual revenues; (2) \$144,375 based on actual operating earnings, and (3) \$8,388 based on workdays outstanding in total billed and unbilled accounts receivable. This resulted in a total earned STIP award paid to Mr. Muress for 2010 performance of \$373,184.

Mr. Isaac

Employees of GCG, the Company's wholly owned subsidiary, such as Mr. Isaac, did not participate in the 2010 STIP. Instead, the annual incentive compensation for Mr. Isaac was determined pursuant to his negotiated

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employment agreement, which links his bonus to the pre-tax income of GCG. Pre-tax income of GCG is determined before taxes but after expense and interest on borrowed funds (if any) at the Company's prevailing rate of interest. Under this agreement, for 2008 and later performance years, growth is measured by comparing the pre-tax income in the relevant performance year to the average actual pre-tax income in the three preceding years. No amount is payable if cumulative performance exhibits less than 10% growth. His employment agreement provides for a threshold, target and maximum incentive award of \$250,000, \$400,000 and \$600,000, respectively. In 2010, Mr. Isaac earned the maximum of \$600,000 available as annual incentive compensation as cumulative performance exceeded 20% compound annual growth.

Mr. Nelson

The 2010 STIP award granted by the Compensation Committee to Mr. Nelson provided for a target incentive award of 23.75% of his base salary, or \$100,938. Mr. Nelson's performance metrics and threshold, target and maximum goals were identical to Mr. Bowman's, discussed above, for the reasons discussed above applicable to Mr. Bowman. Based on the actual performance of the Company during 2010, Mr. Nelson's STIP award earned among the three categories was: (1) \$48,382 based on the actual revenues; (2) \$131,239 based on actual operating earnings, and (3) \$36,452 based on workdays outstanding in total billed and unbilled accounts receivable. This resulted in a total earned STIP award of \$216,073.

Long-Term Incentive Compensation

After consulting with Mercer and the evaluation of other competitive considerations, the Compensation Committee designed the Company's long-term incentive compensation program with a goal of incentivizing management towards the long-term future success of the Company. Long-term incentive compensation is payable in shares of the Company's Class A Common Stock pursuant to the terms of the Company's Executive Stock Bonus Plan and the Management Team Incentive Compensation Plan, and any award earned in 2010 vests in equal, annual installments over three years, with the first installment vesting on December 31, 2010. Under the terms of that plan, officers and other key employees of the Company may be granted performance share unit awards, restricted stock awards or stock option awards (collectively "Awards"). The Compensation Committee makes all determinations regarding Awards under this program to the CEO and approves Awards for other executive officers, including the other named executive officers, based on recommendations of the CEO. The number of shares of the Company's Class A Common Stock covered by such Awards is generally based upon the grade level of the executive officer under the Company's Wage and Salary Administration Policy. In addition to Awards made in accordance with the annual long-term incentive compensation program, performance share unit awards, restricted stock awards or stock option awards may be granted by the Compensation Committee to the CEO and the other named executive officers under certain agreements (as discussed in further detail below under "Employment and Change-in-Control Arrangements").

For 2010, long-term compensation for executive officers of the Company (the "Long-Term Incentive Plan" or "LTIP") was awarded under the terms of the Company's Executive Stock Bonus Plan. With respect to certain senior executives (*i.e.*, those potentially subject to Internal Revenue Code Section 162(m)), LTIP awards that are intended to be fully tax-deductible are also subject to the additional terms and conditions of the Management Team Incentive Compensation Plan.

Under the terms of the 2010 LTIP, each executive officer was granted an award of performance share units that were eligible to be earned based on the earnings per share of the Company for 2010. If the Company's 2010 earnings per share was at least \$0.44, 50% of these performance share units would have been earned. If the Company's 2010 earnings per share was \$0.50, the target level, 100% of these performance share units would have been earned. If the Company's 2010 earnings per share was \$0.56, 150% of these performance share units would have been earned. If the Company's 2010 earnings per share exceeded \$0.62 for 2010, 200% of these performance share units would have been

earned. The percentage of performance share units earned was to be adjusted ratably for earnings per share between \$0.44 and \$0.62. None of these performance share units would have been earned for earnings per share of less than \$0.44. The earnings per share levels were determined by setting the threshold amount equal to the lower-end of the initial earnings per share guidance publicly forecast by the Company for 2010 and setting the maximum amount equal to certain stretch targets in excess of certain amounts calculated in accordance with internal

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budget and forecast amounts. Based on additional analysis of the Company's 2010 performance, specifically associated to special credits and charges in the Company's 2010 financial results related to (i) a tax credit connected to the acquisition of Broadspire Management Services, Inc. and (ii) additional goodwill impairment charges related to the Broadspire segment, the Committee concluded that, for purposes of the 2010 LTIP, the earnings per share performance would be deemed to be \$0.50 for 2010, thus 100% of the performance share units were deemed earned.

Long-term incentive compensation for each of the named executive officers is discussed below. Target awards for the named executive officers were determined after taking into account, among other market-competitive factors, the information provided by Mercer as to the type, level and amount of the Company's historical long-term incentive compensation.

Mr. Bowman

The 2010 LTIP award granted by the Compensation Committee to Mr. Bowman provided for a grant of 50,000 performance share units at target performance levels. Based on actual performance under the LTIP, as adjusted by the Compensation Committee, all 50,000 of the performance share units were earned.

Mr. Swain

The 2010 LTIP award granted by the Compensation Committee to Mr. Swain provided for a grant of 30,000 performance share units at target performance levels. Based on actual performance under the LTIP, as adjusted by the Compensation Committee, all 30,000 of the performance share units were earned.

Mr. Muress

The 2010 LTIP award granted by the Compensation Committee to Mr. Muress provided for a grant of 20,000 performance share units at target performance levels. Based on actual performance under the LTIP, as adjusted by the Compensation Committee, all 20,000 of the performance share units were earned.

In addition to the 2010 LTIP award, effective as of March 24, 2006 and as previously disclosed, Mr. Muress was awarded a grant of 50,000 performance share units under the Company's Executive Stock Bonus Plan, with any earned portion of the award payable in shares of the Company's Class A Common Stock. Performance goals for this award were based on compound growth during a five-year period, beginning in 2006 and ending in 2010, with partial accelerated payment if growth targets were achieved during the 2006-2008 measurement period. The growth targets were a measure of the increase in pre-tax income for the Company's United Kingdom operations. The Company does not separately make resource allocation decisions, and does not report financial results, for its United Kingdom operations. If growth of 7.5% was achieved, then 25% of the award would be earned. If growth of 10% was achieved, then 50% of the award would be earned. If growth of 15% was achieved, then 100% of the award would be earned. As of the end of the 2008 period, growth of 15% was achieved, thus 50% of the award, or 25,000 of the performance share units, was earned on an accelerated basis, and had vested as of October 31, 2008. As of the end of the 2010 period, growth of 15% was achieved, thus the remaining 25,000 performance share units were earned based on the performance during the 2006-2010 performance period.

Mr. Isaac

As a result of grants of performance shares required to be made to him pursuant to the terms of his employment agreement, described below, the Compensation Committee determined that it was not appropriate for Mr. Isaac to participate in the 2010 LTIP.

Mr. Nelson

The 2010 LTIP award granted by the Compensation Committee to Mr. Nelson provided for a grant of 30,000 performance share units at target performance levels. Based on actual performance under the LTIP, as adjusted by the Compensation Committee, all 30,000 of the performance share units were earned.

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Other Elements of Compensation

Based on market competitive and internal factors, the Compensation Committee believes that it is appropriate that our executive officers be eligible to participate in other compensation plans offered to our employees. Mr. Swain participates in a noncontributory qualified retirement plan that was frozen as of December 31, 2002. All U.S. based named executive officers are also eligible to participate in a qualified 401(k) plan and a nonqualified supplemental executive retirement plan. Our executive officers are also offered the opportunity to participate in a similar nonqualified deferred compensation plan. Benefits under the qualified and nonqualified retirement plans are not directly tied to Company performance. The Company also provides life insurance benefits, automobile allowances and reimbursement of club dues for certain of our executives, including the named executive officers, as noted in the Summary Compensation Table, below.

Impact of Internal Revenue Code Section 162(m)

Internal Revenue Code Section 162(m) provides that annual compensation in excess of \$1 million paid to certain executive officers is not deductible for the Company unless it is performance-based. It is the policy of the Compensation Committee to have incentive compensation for the Company's named executive officers qualify for full tax deductibility for the Company to the extent feasible and consistent with our overall compensation philosophy. The Company's Management Team Incentive Compensation Plan, effective for 2008 and future years, is designed to allow the Compensation Committee to structure short-term incentive compensation (annual incentive awards) and long-term incentive compensation (equity-based awards) under that plan so that the resulting compensation will be qualified performance-based compensation eligible for deductibility without limitation under Code Section 162(m). However, the Compensation Committee retains the discretion to pay appropriate compensation, even if it may result in the non-deductibility of certain amounts under federal tax law. No payments made by the Company in 2010 were subject to the non-deductibility limitations of Code Section 162(m).

Table of Contents**Summary of Cash and Certain Other Compensation**

The following table includes information concerning compensation paid to, or accrued by the Company for, our named executive officers at December 31, 2010.

SUMMARY COMPENSATION TABLE

Name and Principal Position	Year	Salary (\$)	Bonus (\$)	Stock Awards (\$)(1)	Option Awards (\$)(1)	Change in Pension Value and Non-Equity Nonqualified Incentive Plan Compensation		All Other Compensation (\$)(3)	Total (\$)
						Deferred Earnings (\$)(2)			
Bowman	2010	\$ 730,000	\$	\$ 214,167	\$	\$ 507,871	\$ 2,677	\$ 111,852	\$ 1,560,000
President and Chief Executive Officer	2009	730,000		373,332		40,185	2,518	127,211	1,273,126
Executive Officer	2008	700,000		577,500	636,900	595,831	381	95,490	2,609,601
Swain	2010	400,000		89,100		203,363	22,193	18,908	713,464
Executive Vice President	2009	400,000		184,600		16,177	28,060	35,841	628,678
President, Chief Executive Officer, EMEA/A-P	2008	400,000		462,000		248,808		26,865	1,136,673
Executive Vice President	2010	617,035		59,400		290,498		79,423	1,046,356
Executive Vice President; Chief Executive Officer, EMEA/A-P	2009	601,896		123,069		299,006		77,696	1,101,667
Executive Vice President; Chief Executive Officer, EMEA/A-P	2008	759,957		308,000		515,506		98,807	1,681,270
Executive Vice President; Chief Executive Officer, The Garden City	2010	647,500		523,620		600,000		5,012,537	6,783,657
Executive Vice President; Chief Executive Officer, The Garden City	2009	630,000						2,477,220	3,107,220
Executive Vice President; Chief Executive Officer, The Garden City	2008	630,000						2,259,564	2,889,564
Nelson	2010	425,000		89,100		216,073	420	14,188	744,781
Executive Vice President, General	2009	425,000		231,775		17,188	552	9,050	683,565
Executive Vice President, General	2008	425,000		462,000		264,357	97	43,445	1,194,899

- (1) The values of equity-based awards in this column represent the grant date fair value of the awards in accordance with ASC 718. However, pursuant to SEC rules these values are not reduced by an estimate for the probability of forfeiture. See Note 11 of the consolidated financial statements in Item 8 of the Company's Annual Report for year ended December 31, 2010 regarding assumptions underlying the valuation of equity awards.
- (2) Represents the following amounts for 2010: (i) Mr. Bowman: \$2,677 earnings from the Crawford Nonqualified Deferred Compensation Plan; (ii) Mr. Swain: \$4,227 earnings from the Crawford Nonqualified Deferred Compensation Plan and \$17,966 actuarial increase in pension value; and (iii) Mr. Nelson: \$420 earnings from the Crawford Nonqualified Deferred Compensation Plan. Due to a clerical error, prior years' amounts were not

previously disclosed.

- (3) Represents the following amounts for 2010: (i) Mr. Bowman: a \$11,025 Company contribution to the Crawford Savings and Investment Plan; a \$75,000 Company contribution to the Crawford Nonqualified Deferred Compensation Plan; \$2,545 in country club dues; a \$16,320 automobile allowance; and a \$6,962 premium payment on term life insurance; (ii) Mr. Swain: a \$11,025 Company contribution to the Crawford Savings and Investment Plan; a \$7,703 Company contribution to the Crawford Nonqualified Deferred Compensation Plan; and a \$180 premium payment on term life insurance; (iii) Mr. Mures: a \$61,699 Company contribution to the U.K. pension fund; and a \$17,724 automobile allowance; (iv) Mr. Isaac: \$4,989,983 in commissions paid pursuant to his employment agreement, and as described in more detail below under Employment and Change-in-Control Arrangements; a \$9,800 Company contribution to a 401(k) Investment Plan; a \$12,000 automobile allowance; and a \$754 premium payment on term life insurance; and (v) Mr. Nelson: a \$6,431 Company contribution to the Crawford Savings and Investment Plan; a \$5,166 Company contribution to the Crawford Nonqualified Deferred Compensation Plan; \$2,411 in country club dues; and a \$180 premium payment on term life insurance.
- (4) Compensation for Mr. Mures is paid in British pounds sterling and converted to U.S. dollars using the average exchange rate in effect for each particular year. Amounts paid are determined based on payments in the fiscal year of the Company, and not the fiscal year of the Company's international subsidiaries, which may differ from the fiscal year of the Company.

Table of Contents**Grant of Plan-Based Awards**

The Company maintains the Executive Stock Bonus Plan under which awards of performance share units, restricted stock or stock options may be granted to specified employees of the Company. Non-equity incentive plan cash awards are paid pursuant to the Company's STIP. The following table sets forth certain information with respect to awards granted during or for the fiscal year ended December 31, 2010 to each of our named executive officers.

Name and Position	Grant Date	Estimated Possible Payouts Under Non-Equity			Estimated Possible Payouts Under Equity			All Other Stock Awards: Number of Shares or Units (#)	All Other Option Awards: Number of Securities or Underlying Options (#)	Grant Date Fair Value of Stock and Option Awards
		Incentive Plan Awards			Incentive Plan Awards(2)					
		Threshold (\$)	Target (\$)	Maximum (\$)	Threshold (#)	Target (#)	Maximum (#)			
T. Bowman	2/19/10	\$	\$	\$	25,000	50,000	100,000			\$ 148,500
T. Bowman	12/31/10							27,023(3)		65,660
T. Bowman(1)	2/19/10		237,250	593,125						
B. Swain	2/19/10				15,000	30,000	60,000			89,100
B. Swain(1)	2/19/10		95,000	237,500						
V. Muress	2/19/10				10,000	20,000	40,000			59,400
V. Muress(1)	2/19/10		291,406	582,812						
A. Mac(4)		250,000	400,000	600,000						
W. Wilson	2/19/10				15,000	30,000	60,000			89,100
W. Wilson(1)	2/19/10		100,938	252,344						

(1) Represents the potential payout of awards granted under the STIP. These awards were subject to the attainment of certain performance targets. The performance targets and target award multiples for determining the payout are described under Compensation Discussion and Analysis Annual Cash Incentive Compensation. Actual amounts paid under the plan to the named executive officers are reported in the Summary Compensation Table under the Non-Equity Incentive Plan Compensation column.

(2) Represents the potential number of performance share units payable under the LTIP. These awards were subject to the attainment of certain performance targets. The performance targets and target award multiples for

determining the payout are described under Compensation Discussion and Analysis Long-Term Incentive Compensation. Actual amounts paid under the plan to the named executive officers are reported in the Summary Compensation Table under the Stock Awards column.

- (3) Represents stock grant per the terms of Mr. Bowman's employment agreement.
- (4) Represents the potential payout of previously approved incentive awards in accordance with the terms of Mr. Isaac's employment agreement entered into in 2006.

Table of Contents**Outstanding Equity Awards at December 31, 2010**

The following table sets forth certain information with respect to the outstanding equity awards at December 31, 2010 for each of our named executive officers.

Name	Option Awards				Option Expiration Date	Stock Awards			
	Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable	Equity Incentive Plan Awards: Number of Securities Underlying Options (#) Unearned	Exercise Price (\$)		Number of Shares or Units of Stock That Have Not Vested (#)	Market Value of Shares or Units of Stock That Have Not Vested (\$)(6)	Equity Incentive Plan Awards: Market Incentive or Plan Award Payout Number of Shares or Units That Have Not Vested (\$)(6)	Equity Incentive Plan Awards: Market Incentive or Plan Award Payout Number of Shares or Units That Have Not Vested (\$)(6)
J. T. Bowman(1)	13,000			\$ 10.00	1/30/2011				
	22,500			8.82	1/29/2012				
	15,000			4.70	1/28/2013				
	30,000			6.66	2/3/2014				
	125,200			6.36	9/15/2014				
	166,667	83,333(2)		4.40	5/6/2018				
						450(3)	1,094		
						18,055(3)	43,874		
						33,333(4)	80,999		
						10,000(5)	24,300		
W. B. Swain	8,000			10.00	1/30/2011				
	7,500			8.82	1/29/2012				
	5,000			4.70	1/28/2013				
	10,000			6.66	2/3/2014				
						300(3)	729		
						10,833(3)	26,324		
						20,000(4)	48,600		

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				1,200(3)	2,916
I. V. Muress	10,000	5.20	10/29/2012		
	5,000	4.70	1/28/2013		
	10,000	6.66	2/3/2014		
				150(3)	365
				7,222(3)	17,549
				13,333(4)	32,399
D. A. Isaac	2,000	10.00	1/30/2011		
	3,000	9.70	4/24/2011		
	4,500	8.82	1/29/2012		
	3,000	4.70	1/28/2013		
	20,000	6.66	2/3/2014		
A. W. Nelson				450(3)	1,094
				10,833(3)	26,324
				20,000(4)	48,600

- (1) Excludes shares of Class A Common Stock with a fair market value of \$65,667 which will be deemed awarded, earned and vested for accounting purposes on December 31, 2011 in accordance with the terms of Mr. Bowman's employment agreement.
- (2) Remaining shares will become exercisable on May 6, 2011.
- (3) Remaining shares vest on December 31, 2011.
- (4) Remaining shares vest in equal installments on December 31, 2011 and December 31, 2012.
- (5) Remaining shares vested on January 1, 2011.
- (6) Based on the per share closing price of the Company's Class A Common Stock on the NYSE on December 31, 2010 of \$2.43.

Table of Contents**Option Exercises and Stock Vested**

The following table provides information concerning stock awards vested during the most recent fiscal year with respect to the named executive officers.

Name	Option Awards(1)		Stock Awards	
	Number of Shares Acquired on Exercise (#)	Value Realized on Exercise (\$)	Number of Shares Acquired on Vesting (#)	Value Realized on Vesting (\$)
J. T. Bowman			122,945	\$ 298,757
W. B. Swain			52,533	127,655
I. V. Muress			59,289	144,072
D. A. Isaac			78,000	189,540
A. W. Nelson			51,533	125,225

(1) None of the named executive officers exercised stock options in 2010.

Pension Benefits at December 31, 2010

The Company maintains a non-contributory Retirement Plan (the Retirement Plan) for the benefit of substantially all of the U.S. employees of the Company who were employed on or before December 31, 2002. The Retirement Plan provides for annual retirement benefits at a normal retirement age of 65 (the Normal Retirement Age) equal to 2% of the participant's total compensation (as defined in the Retirement Plan) for all credited years of service under the Plan. The benefits are not affected by Social Security benefits payable to the participant; however, they are actuarially reduced for retirements before the Normal Retirement Age or if the retiree selects benefits other than an individual life-time annuity. Credited years of service under the Retirement Plan for Mr. Swain is 10 years. Of our named executive officers, only Mr. Swain participates in the Retirement Plan. Effective December 31, 2002, accruals under the Retirement Plan were frozen. In place of the accruals under the now frozen Retirement Plan, the Company may make a discretionary contribution to the Company's Defined Contribution Plan (the Defined Contribution Plan) for eligible employees based on years of service, compensation and the Company's financial results. The following table provides information concerning the pension benefits at December 31, 2010 with respect to the named executive officers.

Name	Plan Name	Number of Years of Credited Service (#)	Present	Payments During Last Fiscal Year (\$)
			Value of Accumulated Benefits (\$)	

J. T. Bowman			\$		\$
W. B. Swain	Crawford & Company Retirement Plan	10		125,493	
I. V. Muress					
D. A. Isaac					
A. W. Nelson					

Nonqualified Deferred Compensation

The Company maintains an unfunded Supplemental Executive Retirement Plan (SERP) for certain executive officers to provide benefits that would otherwise be payable under the Retirement Plan and/or Defined Contribution Plan but for limitations placed on covered compensation and benefits thereunder pursuant to the Internal Revenue Code. Effective December 31, 2002, accruals under the SERP were also frozen as to the Retirement Plan. The SERP was amended to allow the Company, if it elects to make a discretionary contribution to the Defined Contribution Plan for eligible employees, to also make an additional SERP service contribution to the

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Deferred Compensation Plan for participants in the SERP. The following table provides information concerning the nonqualified deferred compensation with respect to the named executive officers.

Name	Executive Contributions in Last FY (\$)(1)	Registrant Contributions in Last FY (\$)(2)	Aggregate Earnings in Last FY (\$)	Aggregate Withdrawals/ Distributions (\$)	Aggregate Balance at Last FYE (\$)(3)
J. T. Bowman	\$	\$ 75,000	\$ 7,251		\$ 193,186
W. B. Swain	25,421	7,703	11,449		205,692
I. V. Muress					
D. A. Isaac					
A. W. Nelson		5,166	1,139		23,384

- (1) These amounts were also included in Salary for 2010 in the Summary Compensation Table.
- (2) These amounts were also reported in All Other Compensation for 2010 in the Summary Compensation Table.
- (3) Of these balances, the following amounts were previously reported as compensation in summary compensation tables in previous years proxy statements: Mr. Bowman \$102,650, Mr. Swain \$149,799 and Mr. Nelson - \$14,364. This information is provided to clarify the extent to which these balances represent previously reported compensation (rather than additional, currently earned compensation).

EMPLOYMENT AND CHANGE-IN-CONTROL ARRANGEMENTS

The Company has entered into various agreements with certain of the named executive officers that contain provisions regarding employment and change-in-control, as described below:

J. T. Bowman: On August 7, 2009, the Company entered into an employment agreement with Mr. Bowman outlining his employment terms. The term of the employment agreement ends on August 6, 2011, subject to automatic two-year extensions, unless earlier terminated or not extended by either party. Mr. Bowman's employment agreement specifies a six month prior written notice of termination, and neither Mr. Bowman nor the Company elected to exercise that right prior to February 7, 2011, thus Mr. Bowman's contract will, on August 7, 2011, automatically extend for a two-year period, and will terminate on August 7, 2013 (unless further extended).

Under the employment agreement, Mr. Bowman is entitled to an annual salary of \$730,000 (subject to annual review and increase by the Compensation Committee) and is eligible to receive an annual cash bonus based upon the achievement of performance objectives established by the Compensation Committee. Mr. Bowman is also eligible to receive long-term incentive awards as determined by the Compensation Committee. In addition, the Company agreed to grant Mr. Bowman restricted stock awards under the Executive Stock Bonus Plan with a fair market value equal to approximately \$65,667 on each of December 31, 2009, 2010 and 2011, provided that, in order to receive such awards, Mr. Bowman must remain in the employ of the Company on each such date.

The employment agreement generally permits Mr. Bowman to participate in all employee benefit arrangements available to members of management of the Company. Further, under the employment agreement, Mr. Bowman is entitled to receive a monthly car allowance, and will also receive payment of premiums on a term life insurance policy with a face amount of not less than \$2 million (or such lesser amount that can be purchased for the standard rate cost

of a \$2 million policy). Per the terms of the agreement, the Company made a discretionary contribution equal to \$33,000 to Mr. Bowman's account under the Deferred Compensation Plan. Beginning on January 1, 2010, and each year thereafter that Mr. Bowman remains employed by the Company on January 1 of such calendar year, the Company will make a contribution to Mr. Bowman's account under the Company's Deferred Compensation Plan that is equal to (i) the greater of (a) \$75,000 or (b) 3.5% of Mr. Bowman's cash compensation plus 2.5% of Mr. Bowman's excess compensation (each as defined in the Deferred Compensation Plan) for such year, reduced by (ii) the lesser of the Company's matching contributions to the Company's 401(k) plan or the limit on elective deferrals under the Internal Revenue Code.

Under the employment agreement, if Mr. Bowman resigns for good reason, or if the Company terminates his employment without cause or if Mr. Bowman's employment terminates for any reason (other than for cause or due to his death or disability) within one year following a change in control, subject to Mr. Bowman signing a

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restrictive covenants agreement and release, Mr. Bowman will be entitled to the following: (i) payment of accrued compensation and benefits; (ii) an amount equal to two times his base salary at termination, (iii) a pro-rata portion of his annual bonus and incentives based on actual performance, (iv) reimbursement for group health plan costs for 18 months following termination of employment, or until Mr. Bowman becomes eligible for other group health benefits; and (v) immediate vesting of all outstanding stock options (which will remain exercisable for 90 days from the termination date).

In the event any payments made to Mr. Bowman would be subject to the excise tax imposed on parachute payments by the Internal Revenue Code, the Company will reduce the payments to Mr. Bowman so that no portion of the payments would be subject to the excise tax, but only if such a reduction would result in Mr. Bowman receiving a greater amount after taxes. Pursuant to the employment agreement, Mr. Bowman has agreed to certain covenants which impose restrictions on the solicitation of employees and customers, protect certain confidential information of the Company, and require cooperation in litigation, as well as to certain other covenants, for specified periods after the termination of employment.

In connection with Mr. Bowman being named CEO, the Committee also granted to Mr. Bowman a stock option to purchase 250,000 shares of the Company's Class A Common Stock, which vests at a rate of 33 1/3% per year, beginning on May 6, 2009.

POTENTIAL PAYMENTS UPON TERMINATION OR CHANGE IN CONTROL

The following table provides certain information about amounts potentially payable to Mr. Bowman in the event of his termination or upon a change in control of the Company and assumes such event occurred on December 31, 2010.

	Termination Upon Change in Control(5)	Termination Without Cause(5)	Termination for Good Reason(4)	Retirement	Death	Disability
Termination:	\$ 1,460,000	\$ 1,460,000	\$ 1,460,000	\$	\$ 365,000	\$ 365,000
Unvested Performance Share Awards(7)	215,932(1)(2)(3)(4)	125,966(3)(4)	215,932(1)(2)(3)	215,932(1)(3)	215,932(1)(3)	215,932(1)(3)
Unvested Restricted Stock Awards(8):					2,000,000	
Unvested Stock Options(9):						
Benefits:						
	\$ 1,675,932	\$ 1,585,966	\$ 1,675,932	\$ 215,932	\$ 2,580,932	\$ 580,932(6)

(1) Unvested, earned performance share unit awards will fully vest.

(2) Unearned performance share unit awards will be deemed earned on a pro-rata basis.

(3) Unvested restricted stock awards will fully vest.

(4) Unvested stock options will fully vest.

- (5) Prior to the compensation amounts being paid and awards vesting, the Company and Mr. Bowman must agree to mutually acceptable terms of confidentiality, non-solicitation and cooperation, as well as other reasonable and customary terms of a severance agreement. Mr. Bowman would also be entitled to a prorated portion of any bonuses or incentives, based on actual performance, for the performance period during which the termination occurs. If Mr. Bowman timely elects continued medical coverage under COBRA, he and his covered dependents are entitled to reimbursement for group health plan costs for 18 months following termination of employment, or until Mr. Bowman becomes eligible for other group health benefits.
- (6) Mr. Bowman would also be entitled to disability payments totaling \$11,500 per month, payable through age 65.
- (7) Based on the December 31, 2010 closing price of \$2.43 per share for Class A Common Stock; assumes out-of-the-money options are not exercised.

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W. B. Swain: On October 6, 2006, the Company issued a letter agreement outlining employment terms with Mr. Swain. The letter agreement set Mr. Swain's initial annual base salary at \$290,000, subject to increases from time to time, and indicated his eligibility to participate in all other executive benefit and incentive plans generally offered to the Company's senior officers. Mr. Swain's base salary is currently \$400,000. Mr. Swain's letter agreement also awarded a restricted stock grant of 6,000 shares of Class A Common Stock under the provisions of the Executive Stock Bonus Plan, which vests at a rate of 20% per year. Currently, 4,800 shares of Class A Common Stock have vested under the terms of that award.

POTENTIAL PAYMENTS UPON TERMINATION OR CHANGE IN CONTROL

The following table provides certain information about amounts potentially payable to Mr. Swain in the event of his termination or upon a change in control of the Company and assumes such event occurred on December 31, 2010.

Payments and Benefits upon Termination	Termination Upon Change	Termination				All Other Terminations
	in Control	Without Cause	Retirement	Death	Disability	
Compensation:						
Stock Awards(5)	\$ 78,569(1)(2)(3)	\$ 2,916(3)	\$ 78,569(1)(3)	\$ 78,569(1)(3)	\$ 78,569(1)(3)	
Benefits and Perquisites:						
Life Insurance				600,000		
Disability Benefits						(4)
Total	\$ 78,569	\$ 2,916	\$ 78,569	\$ 678,569	\$ 78,569	

(1) Unvested, earned performance share unit awards will fully vest.

(2) Unearned performance share unit awards will be deemed earned on a pro-rata basis.

(3) Unvested restricted stock awards will fully vest.

(4) Mr. Swain would also be entitled to disability payments totaling \$11,500 per month, payable through age 65.

(5) Based on the December 31, 2010 closing price of \$2.43 per share for Class A Common Stock; assumes out-of-the-money options are not exercised.

I. V. Muress: On January 16, 2002, the Company entered into an employment agreement with Mr. Muress outlining his employment terms. The employment agreement set Mr. Muress' annual base salary at £150,000 per year inclusive of any directors' fees payable to him, which was subject to increases from time to time. Mr. Muress' annual base salary is currently £391,834 per year. Based on the 2010 average rate of exchange between the British pound and the U.S. dollar, Mr. Muress' base salary is equivalent to \$601,896. The employment agreement also provides for Mr. Muress' participation in a U.K. contributory pension plan, as well as other perquisites and participation in certain

executive benefit and incentive plans which are generally offered to the Company's other senior officers. The employment agreement also subjects Mr. Muress to certain confidentiality, solicitation and non-competition restrictions and requirements. The Company may at any time and in its absolute discretion terminate the employment agreement with immediate effect and make a termination payment in lieu of notice. This termination payment will consist solely of Mr. Muress' base salary (at the rate payable when the notice is given) and will not include any bonus, pension contributions or any other benefits, and will be subject to deductions for income tax and national insurance contributions.

Table of Contents**POTENTIAL PAYMENTS UPON TERMINATION OR CHANGE IN CONTROL**

The following table provides certain information about amounts potentially payable to Mr. Mures in the event of his termination or upon a change in control of the Company and assumes such event occurred on December 31, 2010.

Payments and Benefits upon Termination	Termination Upon Change in Control(5)	Termination Without Cause(5)	Retirement	Death	Disability	All Other Termination
Compensation:						
Base Salary	\$ 601,896	\$ 601,896	\$	\$	\$	
Stock Awards(5)	50,313(1)(2)(3)(4)		(3)(4) 50,313(1)(3)	50,313(1)(3)	50,313(1)(3)	
Benefits and Perquisites:						
Life Insurance				3,039,828		
Disability Benefits					664,962	
Total	\$ 652,209	\$ 601,896	\$ 50,313	\$ 3,090,141	\$ 715,275	

- (1) Unvested, earned performance share unit awards will fully vest.
- (2) Unearned performance share unit awards will be deemed earned on a pro-rata basis.
- (3) Unvested restricted stock awards will fully vest.
- (4) Unvested stock options will fully vest.
- (5) Based on the December 31, 2010 closing price of \$2.43 per share for Class A Common Stock; assumes out-of-the-money options are not exercised.

D. A. Isaac: Effective as of January 1, 2006, the Company entered into an employment agreement with Mr. Isaac. The employment agreement originally provided that it would terminate on December 31, 2010, however the term automatically renews for successive one year periods unless cancelled prior to the end of the then-current period pursuant to its terms. Mr. Isaac's employment agreement automatically renewed and will terminate on December 31, 2011 (unless further renewed). The employment agreement set Mr. Isaac's initial annual base salary at \$600,000. Mr. Isaac's current base salary is \$700,000.

Pursuant to certain negotiated terms, the employment agreement provides for annual incentive compensation based on growth in GCG's pretax income. Pursuant to the agreement, Mr. Isaac is entitled to a minimum annual incentive payment of \$250,000 if GCG's pretax income grows by at least 10% over the average of the previous 3 years' pretax income. Mr. Isaac is entitled to an annual incentive payment of \$400,000 if GCG's pretax income grows by at least 15% over the average of the past 3 years' pretax income. Mr. Isaac is entitled to a maximum annual incentive payment of \$600,000 if GCG's pretax income grows by at least 20% over the average of the previous 3 years' pretax income.

The employment agreement also provided for a restricted stock grant of 25,000 shares of the Company's Class A Common Stock under the Executive Stock Bonus Plan, which grant vested as of January 1, 2007. The employment agreement further provided for a performance share unit grant of up to 312,000 units under the Executive Stock Bonus Plan, with any earned portion of the award payable in shares of the Company's Class A Common Stock. Mr. Isaac was awarded 250,000 performance share units in 2006 and was awarded 62,000 performance share units in 2007.

Based on applicable performance goals negotiated with Mr. Isaac at the time of entry into his employment agreement, Mr. Isaac was eligible to earn up to 312,000 additional performance share units based on certain performance metrics. Based on actual performance, Mr. Isaac earned all 312,000 performance share units.

Mr. Isaac earned 234,000 of these performance share units based on GCG pre-tax income growth for the 2006-2008 period. As allowed by the employment agreement, in 2009 Mr. Isaac elected a distribution of 150,000 shares of the 234,000 shares earned in the 2006-period. The remaining 84,000 of earned but undistributed shares will be distributed to Mr. Isaac in 2011. Mr. Isaac earned the balance of the 78,000 unearned performance share units based on GCG pre-tax income growth for the period beginning on January 1, 2006 and ending on

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December 31, 2010. He received a distribution of 162,000 shares in 2011, representing the balance of the award earned.

Mr. Isaac's employment agreement also provides for annual commission payments of 3% of GCG's gross fee revenues, and that he is eligible to participate in all other executive benefit and incentive plans generally offered to the Company's senior officers.

Mr. Isaac's employment agreement provides for (i) continued payment of his base salary for a period of 6 months following his death or disability, (ii) continued payment of the commission amounts on revenue derived from qualifying business initiated prior to his death or disability for a period of 2 years following his death or disability, and (iii) payment of a pro rata portion of his annual incentive compensation and performance share units through the date of his termination of employment due to death or disability. The employment agreement provides that in the event that Mr. Isaac's employment with the Company is terminated either by Mr. Isaac for "good reason" or by the Company without cause, and such termination is not within 3 months prior to or 12 months after a change in control, the Company will (i) continue payment of Mr. Isaac's base salary for a period of 12 months following his termination, continue payment of the commission amounts on revenue derived from qualifying business initiated prior to Mr. Isaac's termination for a period of 12 months following Mr. Isaac's termination, and payment of a pro rata portion of Mr. Isaac's performance share units through the date of his termination of employment. Additionally, the Company will provide continuation of eligible medical benefits, for a period of 12 months, under COBRA. The employment agreement also provides that in the event that Mr. Isaac's employment with the Company is terminated either by Mr. Isaac for "good reason" or by the Company without cause, and such termination is within 3 months prior to or 12 months after a change in control, the Company will (i) continue payment of Mr. Isaac's base salary for a period of 18 months following his termination, continue payment of the commission amounts on revenue derived from business initiated prior to Mr. Isaac's termination for a period of 18 months following Mr. Isaac's termination, and payment of a pro rata portion of Mr. Isaac's performance share units through the date of his termination of employment. Additionally, the Company will provide continuation of eligible medical benefits, for a period of 18 months, under COBRA.

POTENTIAL PAYMENTS UPON TERMINATION OR CHANGE IN CONTROL

The following table provides certain information about amounts potentially payable to Mr. Isaac in the event of his termination or upon a change in control of the Company and assumes such event occurred on December 31, 2010.

Payments and Benefits upon Termination	Termination Upon Change in Control(1)	Termination Without Cause(1)	Termination for Good Reason(1)	Death(1)	Disability(1)	All Other Terminations
Compensation:						
Base Salary	\$ 1,050,000	\$ 700,000	\$ 700,000	\$ 350,000	\$ 350,000	
Incentives						
Commissions	(2)	(3)	(3)	(4)	(4)	
Stock Awards(7)						
Benefits and Perquisites:						
Life Insurance				1,500,000		
Disability Benefits						(5)
Tax Gross-up	(6)	(6)	(6)	(6)	(6)	(6)

Total	\$ 1,050,000	\$ 700,000	\$ 700,000	\$ 1,850,000	\$ 350,000
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- (1) Mr. Isaac's compensation amounts are subject to a claw-back provision in the event he violates the terms of the non-competition, non-disclosure or non-disparagement provisions of his employment agreement.
- (2) Mr. Isaac's commission payments continue for a period of 18 months following terminations related to a change in control.
- (3) Mr. Isaac's commission payments continue for a period of 1 year following terminations either without cause or for good reason.

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- (4) Mr. Isaac's commission payments continue for a period of 2 years following terminations related to death or disability.
- (5) Mr. Isaac would also be entitled to short-term disability payments of \$31,500 per month for 6 months, followed by long-term disability payments of \$15,000 per month, payable through age 65.
- (6) Termination payments are limited to the maximum amount payable without triggering excise tax obligations under section 280G of the Internal Revenue Code.
- (7) Based on the December 31, 2010 closing price of \$2.43 per share for Class A Common Stock; assumes out-of-the-money options are not exercised.

A. W. Nelson: On September 20, 2005, the Company issued a letter agreement outlining employment terms with Mr. Nelson. The letter agreement set Mr. Nelson's initial annual base salary at \$250,000, which was subject to increase from time to time; Mr. Nelson's annual base salary is currently \$425,000. The letter agreement provided for a grant of 5,000 shares of restricted stock of the Company's Class A Common Stock under the Company's Executive Stock Bonus Plan, vesting at a rate of 20% per year, beginning on the first anniversary of the grant. Currently, all 5,000 shares of the grant have vested. Mr. Nelson's letter agreement also provides that he will be eligible to participate in all other executive benefit and incentive plans generally offered to the Company's senior officers. On November 22, 2005, the Company entered into a Change of Control and Severance Agreement with Mr. Nelson. The agreement provides that in the event Mr. Nelson's employment with the Company is terminated due to the Company being bought or sold such that there is a change in control, or if Mr. Nelson's employment is terminated other than for cause, the Company agrees to provide one (1) year of Mr. Nelson's then current base salary. Additionally, all stock options granted to Mr. Nelson will immediately vest and become exercisable for a ninety (90) day period following the date of termination. The agreement also provides that, prior to the severance amounts being paid and options vesting, the Company and Mr. Nelson agree to mutually acceptable terms of confidentiality, non-solicitation, cooperation and other reasonable and customary terms of a severance agreement at the time of his termination of employment.

POTENTIAL PAYMENTS UPON TERMINATION OR CHANGE IN CONTROL

The following table provides certain information about amounts potentially payable to Mr. Nelson in the event of his termination or upon a change in control of the Company and assumes such event occurred on December 31, 2010.

Payments and Benefits upon Termination	Termination Upon Change in Control(7)	Termination Without Cause(7)	Death	Disability	All Other Terminations
	Compensation:				
Base Salary	\$ 425,000	\$ 425,000	\$	\$	
Stock Awards(6)	76,018(1)(2)(3)(4)	(4)	76,018(1)(3)	76,018(1)(3)	
Benefits and Perquisites:					
Life Insurance			150,000		
Disability Benefits				(5)	

Total	\$ 501,018	\$ 425,000	\$ 226,018	\$ 76,018
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- (1) Unvested, earned performance share unit awards will fully vest.
- (2) Unearned performance share unit awards will be deemed earned on a pro-rata basis.
- (3) Unvested restricted stock awards will fully vest.
- (4) Unvested stock options will fully vest.
- (5) Mr. Nelson would also be entitled to disability payments totaling \$11,500 per month, payable through age 65.
- (6) Based on the December 31, 2010 closing price of \$2.43 per share for Class A Common Stock; assumes out-of-the-money options are not exercised.
- (7) Prior to the compensation amounts being paid and awards vesting, the Company and Mr. Nelson must agree to mutually acceptable terms of confidentiality, non-solicitation and cooperation, as well as other reasonable and customary terms of a severance agreement.

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REPORT OF THE COMPENSATION COMMITTEE OF THE BOARD OF DIRECTORS

The Company's executive compensation programs are administered by the Compensation Committee. The Compensation Committee has reviewed and discussed the Compensation Discussion and Analysis required by Item 402(b) of Regulation S-K with management and based on this review and discussion, the Compensation Committee has recommended to the Board of Directors that the Compensation Discussion and Analysis be included in this Proxy Statement.

E. JENNER WOOD, III, CHAIRMAN
CHARLES H. OGBURN
JAMES D. EDWARDS
HARSHA V. AGADI

Table of Contents**STOCK OWNERSHIP INFORMATION****Security Ownership of Management**

The following table sets forth information, as of March 1, 2011, as to shares of Class A and Class B Common Stock beneficially owned by each current director or nominee for election as a director, each of the named executive officers, and all current directors and executive officers as a group. As of March 1, 2011, there were 28,782,546 shares of Class A Common Stock and 24,697,172 shares of Class B Common Stock outstanding.

Name	Amount and Nature of Beneficial Ownership(1)		Percent of Total Shares Outstanding(2)	
	Class A	Class B	Class A	Class B
Harsha V. Agadi	47,782			
P. George Benson(3)	65,793			
Jeffrey T. Bowman(4)	628,437		2.2%	
Jesse C. Crawford(5)	12,135,846	12,835,881	42.2	52.0%
James D. Edwards(6)	68,793	2,000		
Russel L. Honoré	29,793			
Joia M. Johnson	10,169			
Charles H. Ogburn(7)	130,420			
Clarence H. Ridley(8)	71,793	7,000		
E. Jenner Wood, III(3)(9)	66,543			
W. Bruce Swain(10)	147,041			
Ian V. Muress(11)	110,422			
David A. Isaac(12)	230,149	2,038		
Allen W. Nelson	109,349			
All Directors and Executive Officers as a Group (23 persons)(13)	14,390,574	12,849,512	50.0	52.0

- (1) Except as otherwise indicated in the following footnotes, the persons possessed sole voting and dispositive power with respect to all shares set forth opposite their names.
- (2) Except where a percentage is specified, the person's ownership represents less than 1% of the outstanding shares. Shares not outstanding which are subject to options exercisable within sixty (60) days by a named individual or persons in the group are deemed to be outstanding for the purposes of computing percentage ownership of outstanding shares owned by such individual or the group.
- (3) Includes 36,000 shares of Class A Common Stock subject to options exercisable within sixty (60) days of March 1, 2011.
- (4) Includes 359,366 shares of Class A Common Stock subject to options exercisable within sixty (60) days of March 1, 2011.

- (5) Includes 30,000 shares of Class A Common Stock subject to options exercisable within sixty (60) days of March 1, 2011. The shares of Class A Common Stock shown as beneficially owned by Jesse C. Crawford include 53,691 shares held in trust for his son over which he has sole voting and shared dispositive power, 379,921 shares held by Crawford Partners L.P. over which he shares voting and dispositive power, 7,392,091 shares held in the Estate of Virginia C. Crawford over which he has sole voting power and shared dispositive power and 3,524,409 shares held in four Grantor Retained Annuity Trusts over which his spouse has sole voting and dispositive power. See Note (2) to the table set forth under Security Ownership of Certain Beneficial Owners below with respect to the Class B Common Stock.
- (6) Includes 39,000 shares of Class A Common Stock subject to options exercisable within sixty (60) days of March 1, 2011.

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- (7) The shares shown as beneficially owned by Mr. Ogburn include 8,000 shares of Class A Common Stock held in an account in his spouse's name over which he shares voting and dispositive power.
- (8) Includes 42,000 shares of Class A Common Stock subject to options exercisable within sixty (60) days of March 1, 2011.
- (9) Mr. Wood is Chairman, President and Chief Executive Officer of SunTrust Bank Atlanta/Georgia Division. Mr. Wood disclaims beneficial ownership in any shares held by SunTrust Banks, Inc. or any of its subsidiaries, which shares are not reflected in the table. See Information With Respect to Certain Business Relationships and Related Transactions and Security Ownership of Certain Beneficial Owners.
- (10) Includes 22,500 shares of Class A Common Stock subject to options exercisable within sixty (60) days of March 1, 2011.
- (11) Includes 25,000 shares of Class A Common Stock subject to options exercisable within sixty (60) days of March 1, 2011.
- (12) Includes 30,500 shares of Class A Common Stock subject to options exercisable within sixty (60) days of March 1, 2011. The shares of Class A Common Stock shown as beneficially owned by David A. Isaac include 37,100 shares held in four trusts for his children over which he has no voting or dispositive power and 1,464 shares over which he shares voting and dispositive power. Mr. Isaac shares voting and dispositive power with respect to the shares of Class B Common Stock shown as beneficially owned.
- (13) Includes 7,835,167 shares of Class A Common Stock and 10,903,119 shares of Class B Common Stock as to which voting or dispositive power is shared and 742,866 shares of Class A Common Stock subject to options exercisable within sixty (60) days of March 1, 2011.

Security Ownership of Certain Beneficial Owners

The following table sets forth certain information concerning each person (including any group as the term is used in Section 13(d)(3) of the Securities Exchange Act) known to the Company to be the beneficial owner, as such term is defined by the rules of the SEC, of more than 5% of the outstanding shares of the Company's Class B Common Stock as of March 1, 2011:

Name and Address	Amount and Nature of Beneficial Ownership	Percentage of Class B Shares Outstanding
Jesse C. Crawford Crawford Media Services, Inc. 6 West Druid Hills Drive, N.E. Atlanta, Georgia 30329	12,835,881(1)(2)	52.0%
Crawford Partners, L.P. 55 Park Place Atlanta, Georgia 30303	10,466,931(1)	42.4
F&C Asset Management plc	1,938,359(3)	7.8

80 George Street Edinburgh EH2 3BU, United Kingdom SunTrust Banks, Inc. c/o SunTrust Bank 55 Park Place Atlanta, Georgia 30303	1,602,188(2)	6.5
Linda K. Crawford 57 N. Green Bay Road Lake Forest, Illinois 60045	1,459,977	5.9

- (1) The shares shown as beneficially owned by Jesse C. Crawford include 49,238 shares held in trust for his son over which he has sole voting and shared dispositive power; 10,466,931 shares held by Crawford Partners, L.P. over which he shares voting and dispositive power; and 384,912 shares in a trust over which he shares voting and dispositive power.

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- (2) As of December 31, 2010. Based upon a Schedule 13G/A filed with the SEC by SunTrust Banks, Inc. (SunTrust Bank) on January 28, 2011. According thereto, the shares are held by certain subsidiaries of SunTrust Bank in various fiduciary and agency capacities. SunTrust Bank has sole voting power with respect to 1,168,038 of such shares. SunTrust Bank has sole dispositive power with respect to 1,217,276 of such shares. SunTrust Bank disclaims any beneficial interest in any such shares. Included in the shares beneficially owned by SunTrust Bank are 384,912 shares held in a trust over which SunTrust Banks and Jesse C. Crawford share voting and dispositive power.
- (3) As of December 31, 2010. Based upon a Schedule 13G filed with the SEC by F&C Asset Management plc (F&C) on February 11, 2011. According thereto, F&C has sole voting and dispositive power over all such shares.

INFORMATION WITH RESPECT TO CERTAIN BUSINESS RELATIONSHIPS AND RELATED TRANSACTIONS

For information on the Company's Related Party Transactions Policy, please refer to the Audit Committee discussion under Standing Committees and Attendance at Board and Committee Meetings.

SunTrust Banks, Inc. held 1,602,188 shares of Class B Common Stock of the Company as of January 28, 2011. See Stock Ownership Information Security Ownership of Certain Beneficial Owners. SunTrust Bank has advised us that it exercises voting authority with respect to shares of Class B Common Stock held in fiduciary and agency capacities. In the ordinary course of its business and on prevailing marketplace terms, SunTrust Bank and its affiliates provide certain financial services to the Company. SunTrust Bank serves as the administrative agent for the Company's credit facility and participates as a lender in the syndication of that credit facility, for which it receives customary payments of interest, repayments of principal, and fees. The Company's credit facility was entered into in the ordinary course of SunTrust Bank's business, and we believe such loans were and are made on substantially the same terms, including interest rates and collateral, as those prevailing at the time for comparable loans with other parties, and such loans do not involve more than the normal risk of collectability or present other unfavorable features. In addition, the Company also maintains a commercial banking relationship with SunTrust Bank, which also serves as trustee for the Crawford & Company Retirement Plan and the Crawford & Company Employee Disability Income Plan. SunTrust Bank also processes checks relating to loss fund accounts, which are used for payment of the Company's clients claims. E. Jenner Wood, III, a director of the Company, is Chairman of the Board, President and Chief Executive Officer of SunTrust Bank Atlanta/Georgia Division.

EQUITY COMPENSATION PLANS

The following table sets forth certain information concerning securities authorized for issuance under equity compensation plans as of December 31, 2010. Only the Company's Class A Common Stock is authorized for issuance under these plans. All of the Company's equity compensation plans have been approved by the Company's shareholders.

Number of Securities to be Issued Upon Exercise	Weighted-Average Exercise Price of	Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans
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Plan Category	of Outstanding Options, Warrants and Rights (a)	Outstanding Options, Warrants And Rights (b)	(Excluding Securities Reflected in Column (a)) (c)
Equity compensation plans approved by security holders	2,655,978(1)	\$ 5.20(2)	7,837,130(3)

(1) Shares issuable pursuant to the outstanding options under the Company's stock option plans (1,680,555 shares), the 1996 Employee Stock Purchase Plan, as amended (311,294 shares), and the U.K. ShareSave Scheme (664,129 shares).

(2) Includes exercise prices for outstanding options under the Company's stock option plans, the 1996 Employee Stock Purchase Plan, as amended, and the U.K. ShareSave Scheme.

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- (3) Represents shares which may be issued under the 1996 Employee Stock Purchase Plan, as amended (787,343 shares), the Executive Stock Bonus Plan (4,665,153 shares), the Non-Employee Director Stock Plan (1,384,634), and the International Employee Stock Purchase Plan (1,000,000). Includes 27,023 shares that were granted and were earned but were not vested or issued at December 31, 2010. Excludes all share grants that were unearned at December 31, 2010.

SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Section 16(a) of the Exchange Act requires the Company's directors and officers, and greater than ten percent (10%) beneficial owners of the Company's equity securities, to file with the SEC and the NYSE reports of ownership and changes in ownership of such equity securities of the Company. Officers, directors and greater than ten percent shareholders are required by the SEC regulations to furnish the Company with copies of all Section 16(a) forms they file.

Based solely on a review of the copies of such reports furnished to the Company or written representations that no other reports are required, the Company believes that, during the year ended December 31, 2010, all of its officers, directors and greater than ten percent beneficial owners complied with all applicable filing requirements, except for one late Form 4 filing, due to clerical error, for Mr. Ogburn pertaining to a single transaction involving the purchase of 4,840 shares Class A Common Stock.

COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION

Prior to May 4, 2010, the Nominating/Corporate Governance/Compensation Committee consisted of Mr. J. Hicks Lanier (who did not stand for reelection at the 2010 Annual Meeting) and Messrs. Benson, Honoré and Wood. Beginning on May 4, 2010, the Compensation Committee consisted of Messrs. Wood, Ogburn, Edwards and Agadi (beginning September 7, 2010). None of the foregoing individuals were officers or employees of the Company. None of the members of the Compensation Committee serve as members of the board of directors or compensation committee of any entity that has one or more executive officers serving as a member of the Company's Compensation Committee.

SunTrust Banks, Inc. held 1,602,188 shares of Class B Common Stock of the Company as of January 28, 2011. See Stock Ownership Information Security Ownership of Certain Beneficial Owners. SunTrust Bank has advised us that it exercises voting authority with respect to shares of Class B Common Stock held in fiduciary and agency capacities. In the ordinary course of its business and on prevailing marketplace terms, SunTrust Bank and its affiliates provide certain financial services to the Company. SunTrust Bank serves as the administrative agent for the Company's credit facility and participates as a lender in the syndication of that credit facility, for which it receives customary payments of interest, repayments of principal, and fees. The Company's credit facility was entered into in the ordinary course of SunTrust Bank's business, and we believe such loans were and are made on substantially the same terms, including interest rates and collateral, as those prevailing at the time for comparable loans with other parties, and such loans do not involve more than the normal risk of collectability or present other unfavorable features. In addition, the Company also maintains a commercial banking relationship with SunTrust Bank, which also serves as trustee for the Crawford & Company Retirement Plan and the Crawford & Company Employee Disability Income Plan. SunTrust Bank also processes checks relating to loss fund accounts, which are used for payment of the Company's clients claims. E. Jenner Wood, III, a director of the Company, is Chairman of the Board, President and Chief Executive Officer of SunTrust Bank, Central Group.

PROPOSAL 2 ADVISORY VOTE APPROVING EXECUTIVE COMPENSATION

The Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (the Dodd-Frank Act) and Section 14A of the Securities Exchange Act of 1934 provide shareholders with the right to vote to approve, on an advisory (nonbinding) basis, the compensation of the Company s named executive officers, as disclosed pursuant to the compensation disclosure rules of the SEC. This advisory stockholder vote is commonly referred to as the say-on-pay vote.

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Our executive compensation program has been designed to implement certain core compensation principles, including pay for performance and alignment of management's interests with our shareholders' interests to support long-term value creation. In the course of establishing our 2010 compensation programs and awarding compensation, our management and Compensation Committee determined what it considered appropriate levels and types of performance-based incentives to motivate our named executive officers to achieve short-term and long-term business goals, after reviewing data and analyses regarding the median market compensation and the company's business expectations for 2010. We believe that our executive compensation program was designed appropriately and is working to ensure management's interests are aligned with our shareholders' interests to support long-term value creation. Please read the Compensation Discussion and Analysis section, including the accompanying compensation tables and related narrative, of this proxy statement for additional details about our executive compensation philosophy and programs, including information about the fiscal year 2010 compensation of our named executive officers.

The say-on-pay vote gives you as a shareholder the opportunity to express your views on the compensation of our named executive officers. This vote is not intended to address any specific item of compensation, but rather the overall compensation of our named executive officers and the philosophy, objectives, policies and practices described in this proxy statement. Accordingly, the Board of Directors recommends that shareholders approve the following advisory resolution:

RESOLVED, that the shareholders of Crawford & Company approve, on an advisory basis, the compensation of the Company's named executive officers, as disclosed pursuant to the compensation disclosure rules of the SEC, including the Compensation Discussion and Analysis, compensation tables and any accompanying footnotes and narratives disclosed in this proxy statement.

Because this vote is advisory, it will not be binding on the Compensation Committee, the Board or the Company. However, it will provide information to our management and Compensation Committee regarding investor sentiment about our executive compensation philosophy, objectives, policies and practices, which management and the Compensation Committee will be able to consider when determining executive compensation for the remainder of fiscal 2011 and beyond.

The Board of Directors unanimously recommends a vote FOR the advisory vote approving executive compensation.

PROPOSAL 3 ADVISORY VOTE ON FREQUENCY OF EXECUTIVE COMPENSATION VOTE

The Dodd-Frank Act and Section 14A of the Securities Exchange Act of 1934 also require us to provide shareholders the right to vote, on an advisory (nonbinding) basis, on the frequency with which the Company should include an advisory vote on executive compensation, similar to that contained in Proposal 2, at future annual meetings of shareholders. Shareholders may vote for a say-on-pay vote to occur every one, every two or every three years, or may abstain from voting.

The Board recommends that a say-on-pay shareholder advisory vote, similar to that contained in Proposal 2, be included in the Company's proxy statement every two years.

As described in more detail in the Compensation Discussion and Analysis section of this proxy statement, our executive compensation programs are designed to support, among other things, long-term value creation. At this critical stage for the Company, in light of continued economic uncertainty and its impact on our various business units, we believe an overly significant focus on the production of results in or for any one period could distract management from this value-creating, longer term focus.

In support of this position, our core compensation principles ensure management's interests are aligned with those of our shareholders and, for that reason, we believe it is appropriate that a significant portion of compensation be at risk over a multi-year period. As a result, and to increase focus on longer term results, we grant equity awards with multi-year performance targets and service periods. Additionally, we thoroughly and carefully review and consider any proposed changes to our executive compensation programs prior to implementation in order to maintain consistency in approach and credibility in execution, which are critical to motivate and retain executive officers and other employees. Full and proper implementation and execution, and evidence thereof, is often a multi-year process.

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Furthermore, we have a long history of shareholder engagement on various governance matters and initiatives, including executive compensation matters, which is a key component of our overall corporate governance. We maintain, and expect to continue to maintain, appropriate lines of communication with shareholders outside of the formal shareholder resolution process, which we believe reduces the need for and value of more frequent formal resolutions. We remain open and accountable to shareholders.

As a result of the foregoing, in order to most appropriately align the evidenced results and evaluation of our executive compensation programs, reduce the potential for management distraction and in light of our history of shareholder accountability, we believe that it is most appropriate, and recommend that the Company's shareholders vote in support of, an advisory vote on executive compensation every TWO YEARS.

Because this vote is advisory, it will not be binding on the Board or the Company. However, consistent with our record of shareholder engagement, we expect the Board to give due consideration to the preference selected by a majority of shareholders when making a determination as to the frequency with which the Company will hold an advisory vote on the frequency of the advisory vote on executive compensation.

The Board of Directors unanimously recommends a vote for TWO YEARS on the advisory vote on the frequency of the advisory vote on executive compensation.

PROPOSAL 4 RATIFICATION OF INDEPENDENT AUDITOR

Ernst & Young LLP has been selected by the Audit Committee of the Board of Directors to serve as independent auditor for the Company for the fiscal year 2011. Ernst & Young also served as the independent auditor of the Company for the Company's 2008, 2009 and 2010 fiscal years. Although the selection and appointment of an independent auditor is not required to be submitted to a vote of shareholders, the Board of Directors has decided, as in the past, to ask the Company's shareholders to ratify this appointment. Despite the selection of Ernst & Young LLP as the Company's independent auditor and the ratification by the shareholders of that selection, the Audit Committee has the power at any time to select another auditor for 2011, without further shareholder action. A representative of Ernst & Young LLP is expected to be present at the Annual Meeting and will be given an opportunity to make a statement, if he or she desires, and to respond to appropriate questions. In addition, a report of the Audit Committee in connection with the independence of the auditor, as well as other matters, follows the Board's recommendation on this matter below.

Fees Paid to Ernst & Young LLP

In addition to performing the audit of the Company's consolidated financial statements, Ernst & Young LLP provides some other permitted services to the Company and its foreign and domestic subsidiaries. Ernst & Young LLP has advised the Company that it has billed or will bill the Company the below indicated amounts for the following categories of services for the years ended December 31, 2010 and 2009:

	2010	2009
Audit fees(1)	\$ 2,501,247	\$ 2,382,560
Audit related fees(2)	304,142	330,324
Tax fees(3)	499,374	522,898
All other fees		
Total	\$ 3,304,763	\$ 3,235,782

- (1) Audit fees include the annual financial statement audit, the audit of internal control over financial reporting, and statutory audits required internationally.
- (2) Audit related fees include: SAS 70 reports, accounting consultations, and attest services related to acquisitions.
- (3) Tax fees consist principally of professional services rendered by Ernst & Young LLP for tax compliance and tax planning and advice.

The Audit Committee reviews and pre-approves in addition to all audit services, all non-audit services to be provided by the independent auditor. On an ongoing basis, management communicates specific projects and categories

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of services to the Audit Committee on which advance approval is requested. The Audit Committee reviews these requests and votes by resolution its approval or rejection of such non-audit services after due deliberation.

The Board of Directors unanimously recommends a vote FOR the ratification of Ernst & Young LLP as the Company's independent auditor for 2011.

AUDIT COMMITTEE REPORT

In fulfilling its responsibilities to review the Company's financial reporting process, the Audit Committee has reviewed and discussed with the Company's management and the independent auditor the audited financial statements to be contained in the Annual Report on Form 10-K, for the fiscal year ended December 31, 2010. Management is responsible for the financial statements and the reporting process, including the system of internal controls. The independent auditor is responsible for expressing an opinion on the conformity of those audited financial statements with accounting principles generally accepted in the United States.

The Audit Committee discussed with the independent auditor the matters required to be discussed by Statement on Auditing Standards No. 61, Communications with Audit Committee, as amended. In addition, the Audit Committee has discussed with the independent auditor the auditor's independence from the Company and its management, including the matters in the written disclosure required by Independence Standards Board Standard No. 1, Independence Discussions with Audit Committees. In determining the independence of the auditor, the Audit Committee has considered, among other matters, whether the provision of services, other than those related to the audit of the Company's annual financial statements, is compatible with maintaining the auditor's independence.

The Audit Committee discussed with the Company's internal auditors and independent auditor the overall scope and plans for their respective audits. The Audit Committee meets with the internal auditors and independent auditor, with and without management present, to discuss the results of their examinations, their evaluations of the Company's internal controls, and the overall quality of the Company's financial reporting. The Audit Committee further discussed those items contained in NYSE Listing Rules Section 303(A)(6) and otherwise complied with the obligations stated therein. The Audit Committee held five meetings during fiscal year 2010.

In reliance on the reviews and discussions referred to above, the Audit Committee recommended to the Board of Directors, and the Board has approved, that the audited financial statements be included in the Company's Annual Report on Form 10-K for the year ended December 31, 2010 for filing with the Securities and Exchange Commission.

JAMES D. EDWARDS, CHAIRMAN
CHARLES H. OGBURN
E. JENNER WOOD, III

SHAREHOLDER PROPOSALS

Any shareholder proposal to be presented at the 2012 Annual Meeting of Shareholders must be received by the Company no later than November 26, 2011 for inclusion in the proxy statement for that meeting in accordance with Rule 14a-8 under the Exchange Act. Pursuant to Rule 14a-4 under the Exchange Act, the Board of Directors may exercise discretionary voting authority at the 2012 Annual Meeting under proxies it solicits to vote on a proposal made by a shareholder that the shareholder does not seek to have included in the Company's proxy statement pursuant to Rule 14a-8, unless the Company is notified about the proposal prior to November 26, 2011 and the shareholder satisfies the other requirements of Rule 14a-4(c).

OTHER MATTERS

The Board of Directors knows of no other matters other than those as described herein to be brought before the Annual Meeting. If any other matters come before the Annual Meeting, however, the persons named in the Proxy will vote such Proxy in accordance with their judgment on such matters.

March 25, 2011

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Shareowner ServicesSM P.O. Box 64945 St. Paul, MN 55164-0945 COMPANY # Vote by Internet, Telephone or Mail 24 Hours a Day, 7 Days a Week Your phone or Internet vote authorizes the named proxies to vote your shares in the same manner as if you marked, signed and returned your proxy card. ? INTERNET www.eproxy.com/crd Use the Internet to vote your proxy until 11:59 p.m. (CT) on May 4, 2011. ? PHONE 1-800-560-1965 Use a touch-tone telephone to vote your proxy until 11:59 p.m. (CT) on May 4, 2011. ? MAIL Mark, sign and date your proxy card and return it in the postage-paid envelope provided. If you vote your proxy by Internet or by Telephone, you do NOT need to mail back your Proxy Card. TO VOTE BY MAIL AS THE BOARD OF DIRECTORS RECOMMENDS ON ALL ITEMS BELOW, SIMPLY SIGN, DATE, AND RETURN THIS PROXY CARD. The Board of Directors Recommends a Vote FOR Items 1, 2, and 4 and for Two Years on Item 3. 1. Proposal to elect the nine (9) nominees listed below as Directors (except as indicated to the contrary below). 01?H. V. Agadi 04?J. C. Crawford 07?J. M. Johnson ? Vote FOR ? Vote WITHHELD 02?P. G. Benson 05?J. D. Edwards 08?C. H. Ogburn all nominees from all nominees 03?J. T. Bowman 06?R. L. Honoré 09?E. J Wood, III (except as marked) (Instructions: To withhold authority to vote for any indicated nominee, write the number(s) of the nominee(s) in the box provided to the right.) 2. Proposal to approve, on an advisory basis, the compensation of the Company s named executive officers. ? For ? Against ? Abstain 3. Proposal to vote, on an advisory basis, on the frequency of the advisory vote on executive compensation. ? One Year ? Two Years ? Three Years ? Abstain 4. Proposal to ratify the appointment of Ernst & Young LLP as independent auditor for the Company for the 2011 fiscal year. ? For ? Against ? Abstain THIS PROXY WHEN PROPERLY EXECUTED WILL BE VOTED AS DIRECTED OR, IF NO DIRECTION IS GIVEN, WILL BE VOTED FOR PROPOSALS 1, 2, AND 4 AND TWO YEARS ON PROPOSAL 3. Address Change? Mark box, sign, and indicate changes below: ? ? Date Signature(s) in Box Please sign exactly as your name(s) appears on Proxy. If held in joint tenancy, all persons should sign. Trustees, administrators, etc., should include title and authority. Corporations should provide full name of corporation and title of authorized officer signing the Proxy.

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CRAWFORD & COMPANY ANNUAL MEETING OF STOCKHOLDERS May 5, 2011 2:00 p.m.
Crawford & Company Worldwide Headquarters 1001 Summit Boulevard Atlanta, Georgia 30319
Crawford & Company 1001 Summit Boulevard Atlanta, Georgia 30319 proxy This proxy is solicited by the Board of Directors for use at the Annual Meeting on May 5, 2011. The shares of Class B common stock you hold in your account will be voted as you specify on the reverse side. If no choice is specified, the proxy will be voted FOR Items 1, 2, and 4 and for TWO YEARS on Item 3. By signing the proxy, you revoke all prior proxies and appoint J. T. Bowman, W. B. Swain, and A. W. Nelson, and each of them with full power of substitution, to vote your shares on the matters shown on the reverse side and any other matters which may come before the Annual Meeting and all adjournments. See reverse for voting instructions. 111436