



Crawford Responding to Superstorm Sandy Amid High Claims Volumes and Unique Challenges



A Crawford & Company Situation Paper:

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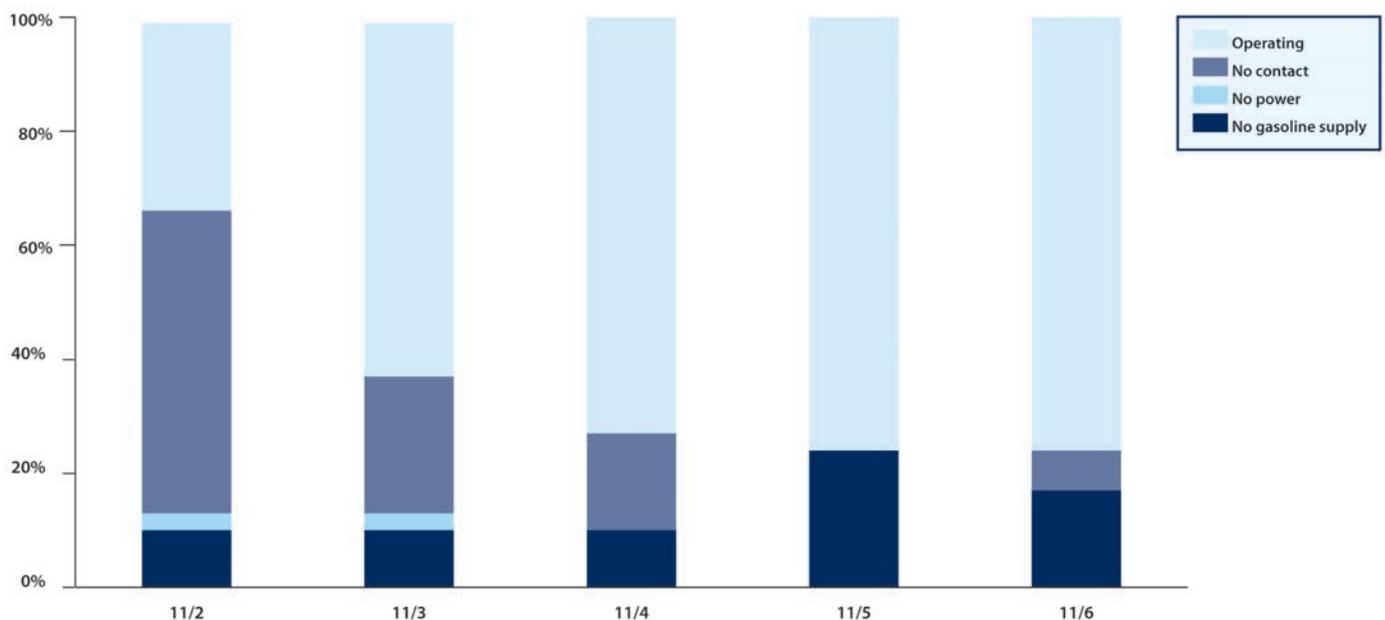
With 80 mph winds hurling an unprecedented 13 foot surge of seawater at New York City, Superstorm Sandy hit fast and with force at the end of October. In its wake, it left a total of 175 people dead, almost 8 million without power, flooded the New York subways, and closed the stock market for two days. Total damage estimates are between \$30-50 billion and total cost to insurers is expected to be between \$10 and 20 billion¹. These estimates indicate that Superstorm Sandy may become either the second or third most expensive storm in U.S. history, according to the forecasting firm Eqecat². That would rank it behind Hurricane Katrina and either slightly above or below Hurricane Andrew.

Crawford has already received a large number of Sandy-related claims including marine, transportation, property damage to schools, businesses, amusement arcades, boardwalks, retail stores, healthcare facilities and high-value brownstone homes. Via our 24-hour ClaimsAlert® call center, we continue to take in large volumes of claims but incoming assignments have leveled off from the initial spikes in call activity. Additionally, hold times and processing cycle times are dropping due to efficiency improvements.

Our Catastrophe (CAT) management team is monitoring real-time feeds of all relevant news and maintaining constant contact with the field force. One of the primary focuses of management is achieving the proper levels of case load balancing

AVAILABILITY OF GASOLINE IN THE NEW YORK CITY METROPOLITAN AREA

Percentage of sampled stations



Source: EIA emergency survey

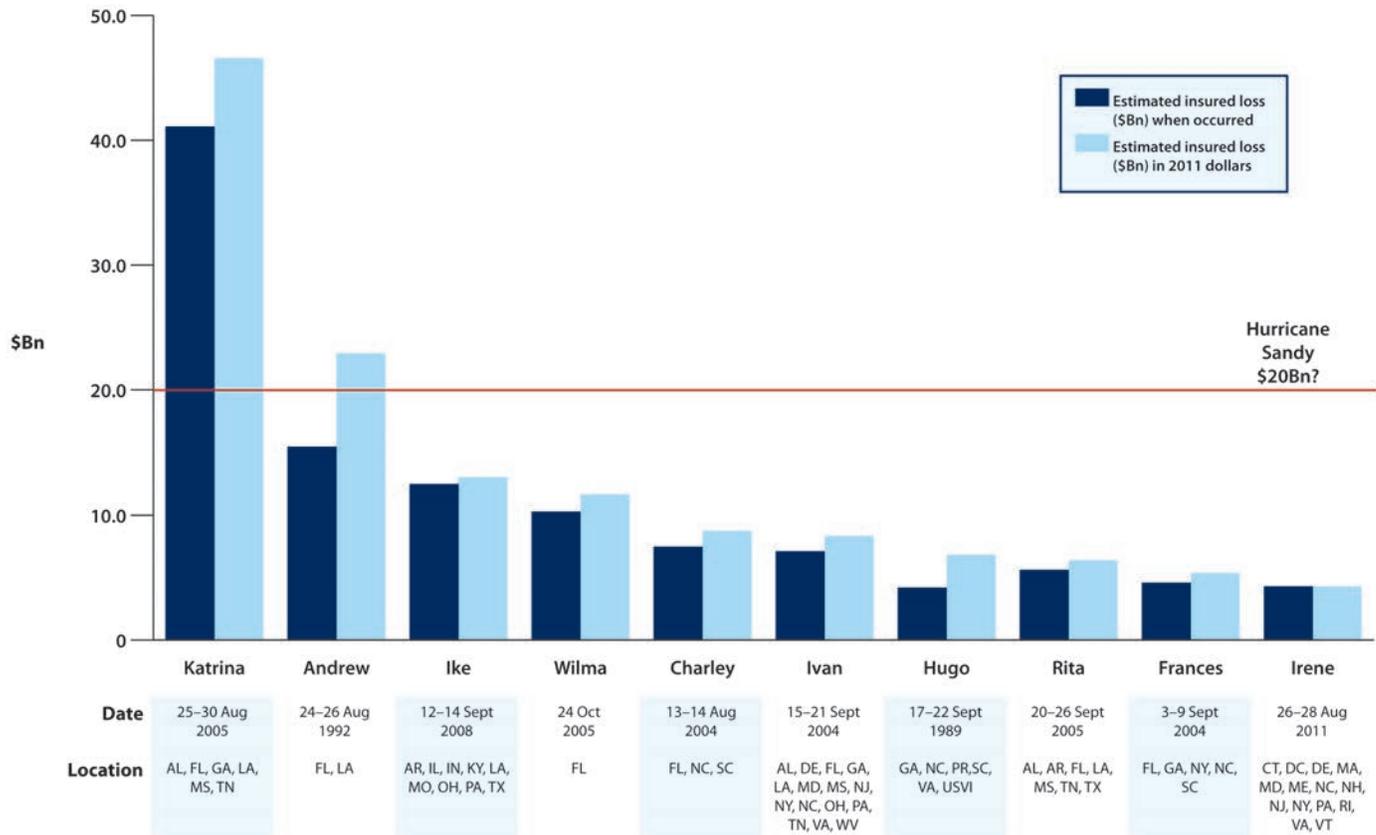
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to maximize efficiency. We continue to increase field staff deployments in affected areas ranging from Virginia to Massachusetts and the inland states of Ohio and West Virginia. We are using the Allentown, PA office for redeploying adjusters in the high volume claims areas of New York and New Jersey. Clients can monitor the progress and access claim reports on demand via XactAnalysis®, a claims analytical and reporting tool.

However, Superstorm Sandy does have some unique challenges. The biggest challenge for adjusters is travel delays due to a major fuel shortage and massive infrastructure damage. As of Tuesday, November 6, The New Jersey Gasoline, Convenience, Automotive Association estimated that at least 75 percent of the state’s gas stations are closed either because they have no gasoline, no power or both. Stations with electricity are having difficulty staying supplied with gas because of damaged roads and difficulties coordinating deliveries from suppliers³. In New York, the situation is improving, with the EIA estimating that only 24% of gas stations in the New York metropolitan area do not have gasoline available for sale⁴.

As November 6, there were slightly less than 1 million customers without power in 21 affected states, down from the more than 8.5 million at the outage peak according to the U.S. Department of Energy⁵. In fact, Crawford field adjusters are

LARGEST U.S. HURRICANE LOSSES



Source: Insurance Information Institute based on PCS data

reporting more than 250% increases in rates they are being charged as power is restored at the hotel properties.

However, another northeast storm, Athena, with winds between 25 and 70 miles per hour is predicted to hit the tri-state area today with rain, light snow and a storm surge between two and five feet, according to NWS meteorologist David Stark. This could undo temporary repairs to power lines already damaged by Sandy. Electrical management of several New York and New Jersey area power companies are preparing for further damage and putting contingency plans in place³.

These challenges are making travel in this area extremely difficult, slowing down and in some cases preventing adjusters from getting to large areas of insured properties. In the New York metro area, adjusters report spending as much as two hours a day in gas station lines to re-fuel.

Crawford has adjusters strategically positioned in almost every area but even these first responders are often unable to reach the insureds due to these transportation challenges. Another storm will simply complicate matters even further. While these issues are slowing response efforts, our management team is drawing on their vast expertise and working diligently to mitigate the transportation issues as best as possible.

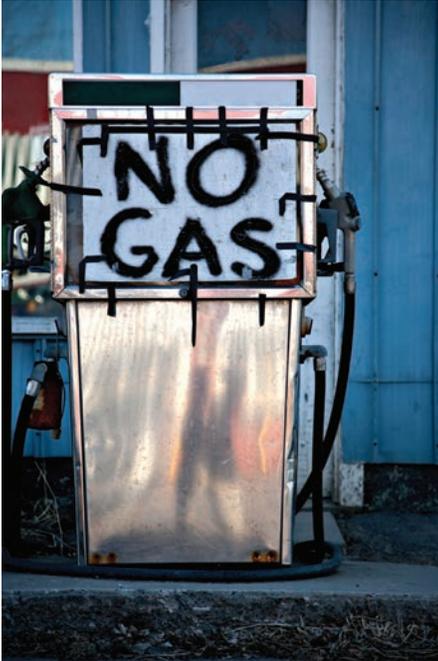
Crawford Catastrophe Services has more than 40 years of experience of handling major catastrophic events like Superstorm Sandy. In fact, our current CAT management team has personally handled all of the top ten insured loss-producing U.S. hurricanes⁶. From Hurricane Katrina to Irene, Crawford adjusters are no strangers to major disasters and the unique challenges they bring.

The sole focus of Crawford Catastrophe Services is to respond quickly to natural and man-made disasters. We have the flexibility and autonomy of a CAT-only company combined with the resources and support of the world's largest independent provider of claims management solutions. As we work through the significant claim volume coming out of this major storm event, Crawford will continue to scale up and support our clients with our broad network of adjusters. This will ultimately turn out to be a long term event, and one we are committed to in helping meet the expectations of our client's policyholders in this time of need.

For more information, contact your Crawford representative or

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Endnotes

¹ “By the Numbers: Superstorm Sandy,” CNN online, November 3, 2012. Retrieved November 6, 2012 from <http://www.cnn.com/2012/11/03/us/tropical-weather-sandy-numbers/index.html>.

² “Sandy To Enter Hurricane Records,” *The Insurance Insider Special Loss Report*, November 2, 2012.

³ “Nor’easter Could Worsen Power Outages, Slow Recovery From Sandy,” Huffington Post, November 6, 2012. Retrieved November 7, 2012 from http://www.huffingtonpost.com/2012/11/06/noreaster-power-outages_n_2084178.html.

⁴ “New York City Metropolitan Area Retail Motor Gasoline Supply Report,” U.S. Energy Administration, November 6, 2012. Retrieved November 7, 2012 from http://www.eia.gov/special/disruptions/hurricane/sandy/gasoline_updates.cfm.

⁵ “Hurricane Sandy Situation Report #19,” U.S. Department of Energy Office of Electricity Delivery & Energy Reliability, November 6, 2012. Retrieved November 7, 2012 from http://www.oe.netl.doe.gov/docs/2012_SitRep19_Sandy_11062012_300PM.pdf

⁶ “Largest US Hurricane Losses,” *The Insurance Insider Special Loss Report*, November 2, 2012. Chart created by the Insurance Information Institute based on PCS data.



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

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