

Verisk Analytics, Inc.
Form 10-Q
May 03, 2011

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**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-Q**

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

For the quarterly period ended March 31, 2011

OR

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

For the transition period from _____ to _____

**Commission File Number: 001-34480
VERISK ANALYTICS, INC.**

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of incorporation
or organization)

26-2994223

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

**545 Washington Boulevard
Jersey City, NJ**

(Address of principal executive offices)

07310-1686

(Zip Code)

(201) 469-2000

(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

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 the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting
company

(Do not check if a smaller
reporting company)

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

As of April 29, 2011 there was the following number of shares outstanding of each of the issuer's classes of common stock:

Class

Shares Outstanding

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Class A common stock \$.001 par value	152,557,291
Class B (Series 2) common stock \$.001 par value	14,771,340

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VERISK ANALYTICS, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
As of March 31, 2011 and December 31, 2010

	2011	2010
	unaudited	unaudited
	(In thousands, except for share and per share data)	
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 101,238	\$ 54,974
Available-for-sale securities	5,603	5,653
Accounts receivable, net of allowance for doubtful accounts of \$3,435 and \$4,028 (including amounts from related parties of \$612 and \$515, respectively) (1)	163,888	126,564
Prepaid expenses	25,490	17,791
Deferred income taxes, net	3,681	3,681
Federal and foreign income taxes receivable		15,783
State and local income taxes receivable	4,093	8,923
Other current assets	7,705	7,066
Total current assets	311,698	240,435
Noncurrent assets:		
Fixed assets, net	100,774	93,409
Intangible assets, net	191,774	200,229
Goodwill	632,668	632,668
Deferred income taxes, net	21,548	21,879
State income taxes receivable	1,773	1,773
Other assets	26,196	26,697
Total assets	\$ 1,286,431	\$ 1,217,090
LIABILITIES AND STOCKHOLDERS DEFICIT		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 88,458	\$ 111,995
Acquisition related liabilities	3,500	3,500
Short-term debt and current portion of long-term debt	129,997	437,717
Pension and postretirement benefits, current	4,663	4,663
Fees received in advance (including amounts from related parties of \$1,425 and \$1,231, respectively) (1)	247,064	163,007
Federal and foreign income taxes payable	18,788	
Total current liabilities	492,470	720,882
Noncurrent liabilities:		
Long-term debt	700,520	401,826

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Pension benefits	89,908	95,528
Postretirement benefits	23,019	23,083
Other liabilities	89,605	90,213
Total liabilities	1,395,522	1,331,532
Commitments and contingencies		
Stockholders' equity/(deficit):		
Verisk Class A common stock, \$.001 par value; 1,200,000,000 shares authorized; 150,421,644 and 150,179,126 shares issued and 141,066,860 and 143,067,924 outstanding as of March 31, 2011 and December 31, 2010, respectively	40	39
Verisk Class B (Series 1) common stock, \$.001 par value; 400,000,000 shares authorized; 198,327,962 shares issued and 12,225,480 outstanding as of March 31, 2011 and December 31, 2010	47	47
Verisk Class B (Series 2) common stock, \$.001 par value; 400,000,000 shares authorized; 193,665,008 shares issued and 14,771,340 outstanding as of March 31, 2011 and December 31, 2010	49	49
Unearned KSOP contributions	(917)	(988)
Additional paid-in capital	766,528	754,708
Treasury stock, at cost, 374,350,934 and 372,107,352 shares as of March 31, 2011 and December 31, 2010, respectively	(1,179,704)	(1,106,321)
Retained earnings	359,703	293,827
Accumulated other comprehensive loss	(54,837)	(55,803)
Total stockholders' deficit	(109,091)	(114,442)
Total liabilities and stockholders' deficit	\$ 1,286,431	\$ 1,217,090

(1) See Note 13. Related Parties for further information.

The accompanying notes are an integral part of these condensed consolidated financial statements.

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VERISK ANALYTICS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS (UNAUDITED)
For The Three-Month Periods Ended March 31, 2011 and 2010

	2011	2010
	(In thousands, except for share and per share data)	
Revenues (including amounts from related parties of \$4,396 and \$15,133, respectively) (1)	\$ 312,869	\$ 276,154
Expenses:		
Cost of revenues (exclusive of items shown separately below)	124,556	114,993
Selling, general and administrative	49,256	37,514
Depreciation and amortization of fixed assets	11,305	9,929
Amortization of intangible assets	8,455	7,304
Total expenses	193,572	169,740
Operating income	119,297	106,414
Other income/(expense):		
Investment income	10	32
Realized gains on securities, net	362	32
Interest expense	(9,615)	(8,466)
Total other expense, net	(9,243)	(8,402)
Income before income taxes	110,054	98,012
Provision for income taxes	(44,178)	(42,637)
Net income	\$ 65,876	\$ 55,375
Basic net income per share of Class A and Class B:	\$ 0.39	\$ 0.31
Diluted net income per share of Class A and Class B:	\$ 0.37	\$ 0.29
Weighted average shares outstanding:		
Basic	169,030,227	180,053,550
Diluted	176,964,192	189,454,756

(1) See Note 13. Related Parties for further information.

The accompanying notes are an integral part of these condensed consolidated financial statements.

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VERISK ANALYTICS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' DEFICIT
(UNAUDITED)

For The Year Ended December 31, 2010 and The Three Months Ended March 31, 2011

Verisk Class	Common Stock Issued		Par Value	Unearned Contributions	Additional Paid-in Capital	Treasury Stock	Retained Earnings	Accumulated Other Comprehensive Loss	Total Stockholders' Deficit	
	Verisk Class A	Verisk Class B (Series 1)								Verisk Class B (Series 2)
(In thousands, except for share data)										
Balance, January 1, 2010	125,815,600	205,637,925	205,637,925	\$ 130	\$(1,305)	\$ 652,573	\$ (683,994)	\$ 51,275	\$(53,628)	\$ (34,994)
Comprehensive income:							242,552			242,552
Net income									(2,175)	(2,175)
Other comprehensive income										240,377
Conversion of Class B-1 common stock on follow-on public offering (note 1)	7,309,963	(7,309,963)								
Conversion of Class B-2 common stock on follow-on public offering (note 1)	11,972,917		(11,972,917)							
Treasury stock acquired Class A (111,202 shares)						(212,512)				(212,512)
Treasury stock acquired Class B-1 (583,532 shares)						(199,936)				(199,936)
Treasury stock acquired Class B-2 (4,718 shares)						(9,879)				(9,879)

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OP shares exercised including tax benefit of (9,015)	5,579,135			5		317	11,256				84,492				84,492
stock options exercised including tax benefit of (503,043)	(503,043)						(15,051)				(15,051)				(15,051)
stock based compensation											21,298				21,298
other stock awards	4,554										140				140
Balance, December 31, 2010	150,179,126	198,327,962	193,665,008	\$ 135	\$ (988)	\$ 754,708	\$ (1,106,321)	\$ 293,827	\$ (55,803)	\$ (114,400)					
Comprehensive income: Net income											65,876				65,876
Other comprehensive income													966		966
Comprehensive income															66,842
Treasury stock acquired Class A (243,582 shares)													(73,383)		(73,383)
OP shares exercised including tax benefit of (383)	242,518			1		71	3,040				4,962				4,962
stock-based compensation											3,818				3,818
Balance, March 31, 2011	150,421,644	198,327,962	193,665,008	\$ 136	\$ (917)	\$ 766,528	\$ (1,179,704)	\$ 359,703	\$ (54,837)	\$ (109,000)					

The accompanying notes are an integral part of these condensed consolidated financial statements.

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VERISK ANALYTICS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)
For The Three Months Ended March 31, 2011 and 2010

	2011	2010
	(In thousands)	
Cash flows from operating activities:		
Net income	\$ 65,876	\$ 55,375
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization of fixed assets	11,305	9,929
Amortization of intangible assets	8,455	7,304
Amortization of debt issuance costs	309	395
Allowance for doubtful accounts	151	105
KSOP compensation expense	3,111	2,850
Stock-based compensation	3,818	3,886
Non-cash charges associated with performance based appreciation awards	546	566
Realized gains on securities, net	(362)	(32)
Deferred income taxes	(158)	973
Other operating	15	15
Loss on disposal of assets	96	11
Excess tax benefits from exercised stock options		(147)
Changes in assets and liabilities, net of effects from acquisitions:		
Accounts receivable	(37,475)	(42,699)
Prepaid expenses and other assets	(7,890)	(4,591)
Federal and foreign income taxes	35,954	32,937
State and local income taxes	4,830	6,405
Accounts payable and accrued liabilities	(22,100)	(25,415)
Fees received in advance	84,057	88,273
Other liabilities	(4,957)	1,049
Net cash provided by operating activities	145,581	137,189
Cash flows from investing activities:		
Acquisitions, net of cash acquired of \$1,556 in 2010		(6,227)
Proceeds from release of acquisition related escrows		213
Escrow funding associated with acquisitions		(1,500)
Purchases of available-for-sale securities	(960)	(252)
Proceeds from sales and maturities of available-for-sale securities	1,154	335
Purchases of fixed assets	(13,648)	(7,498)
Net cash used in investing activities	(13,454)	(14,929)
Cash flows from financing activities:		
Repurchase of Verisk Class A common stock	(73,578)	
Repayment of short-term debt, net	(15,946)	(62,945)
Payment of debt issuance cost	(256)	
Excess tax benefits from exercised stock options		147
Proceeds from stock options exercised	3,579	

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Net cash used in financing activities	(86,201)	(62,798)
Effect of exchange rate changes	338	3
Increase in cash and cash equivalents	46,264	59,465
Cash and cash equivalents, beginning of period	54,974	71,527
Cash and cash equivalents, end of period	\$ 101,238	\$ 130,992
Supplemental disclosures:		
Taxes paid	\$ 3,351	\$ 616
Interest paid	\$ 9,479	\$ 8,228
Non-cash investing and financing activities:		
Repurchase of Verisk Class A common stock included in accounts payable and accrued liabilities	\$ 2,070	\$
Deferred tax liability established on date of acquisition	\$	\$ (732)
Capital lease obligations	\$ 6,920	\$ 575
Capital expenditures included in accounts payable and accrued liabilities	\$ 310	\$ 815
Increase in goodwill due to acquisition related escrow distributions	\$	\$ 489

The accompanying notes are an integral part of these condensed consolidated financial statements.

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VERISK ANALYTICS, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Amounts in thousands, except for share and per share data, unless otherwise stated)

1. Organization:

Verisk Analytics, Inc. and its consolidated subsidiaries (Verisk or the Company) enable risk-bearing businesses to better understand and manage their risks. The Company provides its customers proprietary data that, combined with analytic methods, create embedded decision support solutions. The Company is one of the largest aggregators and providers of data pertaining to property and casualty (P&C) insurance risks in the United States of America (U.S.). The Company offers solutions for detecting fraud in the U.S. P&C insurance, mortgage and healthcare industries and sophisticated methods to predict and quantify loss in diverse contexts ranging from natural catastrophes to health insurance. The Company provides solutions, including data, statistical models or tailored analytics, all designed to allow clients to make more logical decisions.

Verisk was established on May 23, 2008 to serve as the parent holding company of Insurance Services Office, Inc. (ISO) upon completion of the initial public offering (IPO). ISO was formed in 1971 as an advisory and rating organization for the P&C insurance industry to provide statistical and actuarial services, to develop insurance programs and to assist insurance companies in meeting state regulatory requirements. Over the past decade, the Company has broadened its data assets, entered new markets, placed a greater emphasis on analytics, and pursued strategic acquisitions. On October 6, 2009, ISO effected a corporate reorganization whereby the Class A and Class B common stock of ISO were exchanged by the current stockholders for the common stock of Verisk on a one-for-one basis. Verisk immediately thereafter effected a fifty-for-one stock split of its Class A and Class B common stock and equally sub-divided the Class B common stock into two new series of stock, Verisk Class B (Series 1) (Class B-1) and Verisk Class B (Series 2) (Class B-2).

On October 9, 2009, the Company completed its IPO. Upon completion of the IPO, the selling stockholders sold 97,995,750 shares of Class A common stock of Verisk, which included the 12,745,750 over-allotment option, at the IPO price of \$22.00 per share. The Company did not receive any proceeds from the sales of common stock in the offering. Verisk trades under the ticker symbol VRSK on the NASDAQ Global Select Market.

On October 1, 2010, the Company completed a follow-on public offering. Upon completion of this offering, the selling stockholders sold 2,602,212 and 19,282,880 shares of Class A and Class B common stock of Verisk, respectively, which included the underwriters 2,854,577 over-allotment option, at the public offering price of \$27.25 per share. Class B common stock sold into this offering was automatically converted into Class A common stock. The Company did not receive any proceeds from the sale of common stock in the offering. Concurrently with the closing of this offering, the Company also repurchased 7,300,000 shares of Class B common stock at \$26.3644 per share, which represents the net proceeds per share the selling stockholders received in the public offering. The Company funded a portion of this repurchase with proceeds from borrowings of \$160,000 under its syndicated revolving credit facility. Upon consummation of the offering and the repurchase, the Company's Class B-1 and Class B-2 common stock outstanding was 12,554,605 and 15,100,465 shares, respectively. The Class B-1 shares converted to Class A common stock on April 6, 2011 and the Class B-2 shares will automatically convert to Class A common Stock on October 6, 2011.

2. Basis of Presentation and Summary of Significant Accounting Policies:

The accompanying unaudited condensed consolidated financial statements have been prepared on the basis of accounting principles generally accepted in the U.S. (U.S. GAAP). The preparation of financial statements in conformity with these accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Significant estimates include acquisition purchase price allocations, the fair value of goodwill, the realization of deferred tax assets, acquisition related liabilities, fair value of stock-based compensation, liabilities for pension and postretirement benefits, and the estimate for the allowance for doubtful accounts. Actual results may ultimately differ from those estimates.

The condensed consolidated financial statements as of March 31, 2011 and for the three-month periods ended March 31, 2011 and 2010, in the opinion of management, include all adjustments, consisting of normal recurring accruals, to present fairly the Company's financial position, results of operations and cash flows. The operating results for the three-month period ended March 31, 2011 are not necessarily indicative of the results to be expected for the full year. The condensed consolidated financial statements and related notes for the three-month period ended March 31, 2011 have been prepared on the same basis as and should be read in conjunction with our annual report on Form 10-K for the year ended December 31, 2010. Certain information and footnote disclosures normally included in financial statements prepared in accordance with U.S. GAAP have been condensed or omitted pursuant to the rules of the Securities and Exchange Commission (SEC). The Company believes the disclosures made are adequate to keep the information presented from being misleading.

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In December 2010, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2010-28, *When to Perform Step 2 of the Goodwill Impairment Test for Reporting Units with Zero or Negative Carrying Amounts* (ASU No. 2010-28). ASU No. 2010-28 modifies Step 1 of the goodwill impairment test for reporting units with zero or negative carrying amounts. For those reporting units, an entity is required to perform Step 2 of the goodwill impairment test if it is more likely than not that a goodwill impairment exists. In determining whether it is more likely than not that a goodwill impairment exists, an entity should consider whether there are any adverse qualitative factors indicating that an impairment may exist. ASU No. 2010-28 is effective for fiscal years, and interim periods within those years, beginning after December 15, 2010. Early adoption is not permitted. The adoption of ASU No. 2010-28 did not have any impact on the Company's consolidated financial statements, and the Company will incorporate the provisions of this guidance as part of their Step 1 testing for goodwill impairment as of June 30, 2011.

In April 2010, the FASB ASU No. 2010-17, *Revenue Recognition Milestone Method* (ASU No. 2010-17). ASU No. 2010-17 provides guidance on defining a milestone and determining when it may be appropriate to apply the milestone method of revenue recognition for research or development transactions. ASU No. 2010-17 is effective on a prospective basis for milestones achieved in fiscal years, and interim periods within those years, beginning on or after June 15, 2010. Based on the Company's current agreements, ASU No. 2010-17 did not have a material impact on the Company's consolidated financial statements as the Company does not typically perform research or development transactions.

In January 2010, the FASB issued ASU No. 2010-06, *Fair Value Measurements and Disclosures* (ASU No. 2010-06). ASU No. 2010-06 provides guidance on improving disclosures on fair value measurements, such as the transfers between Level 1, Level 2 and Level 3 inputs and the disaggregated activity in the rollforward for Level 3 fair value measurements. ASU No. 2010-06 is effective for interim and annual reporting periods beginning after December 15, 2009, except for the disclosures about the disaggregated activity in the rollforward for Level 3 fair value measurements. Those disclosures are effective for fiscal years beginning after December 15, 2010 and for interim periods within those fiscal periods. The adoption of ASU No. 2010-06 had no impact on the Company's consolidated financial statements.

In October 2009, the FASB issued ASU No. 2009-13, *Multiple-Deliverable Revenue Arrangements* (ASU No. 2009-13). ASU No. 2009-13 establishes the accounting and reporting guidance for arrangements under which the vendor will perform multiple revenue-generating activities. Specifically, ASU No. 2009-13 addresses how to separate deliverables and how to measure and allocate arrangement consideration to one or more units of accounting. ASU No. 2009-13 is effective prospectively for revenue arrangements entered into or materially modified in fiscal years beginning on or after June 15, 2010. Early adoption is permitted. The Company has elected not to early adopt. The adoption of ASU No. 2009-13 did not have a material impact on the Company's consolidated financial statements as our Company's multiple deliverables arrangements are comprised primarily of software licenses and services, rather than hardware. Currently, a majority of our deliverables do not have stand alone value, which would preclude the separation and allocation of the arrangement. Therefore, the Company will continue to recognize revenue over the duration of the license term.

3. Investments:

The following is a summary of available-for-sale securities:

	Adjusted Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
March 31, 2011				
Registered investment companies	\$ 4,566	\$ 1,030	\$	\$ 5,596
Equity securities	14		(7)	7
Total available-for-sale securities	\$ 4,580	\$ 1,030	\$ (7)	\$ 5,603

December 31, 2010

Registered investment companies	\$	4,398	\$	1,248	\$	\$	5,646
Equity securities		14				(7)	7
Total available-for-sale securities	\$	4,412	\$	1,248	\$	(7)	\$ 5,653

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In addition to the available-for-sale securities above, the Company has equity investments in non-public companies in which the Company acquired non-controlling interests and for which no readily determinable market value exists. These securities were accounted for under the cost method in accordance with ASC 323-10-25, *The Equity Method of Accounting for Investments in Common Stock*. At March 31, 2011 and December 31, 2010, the carrying value of such securities was \$3,443 and \$3,642 for each period and has been included in Other assets in the accompanying condensed consolidated balance sheets.

4. Fair Value Measurements:

Certain assets and liabilities of the Company are reported at fair value in the accompanying condensed consolidated balance sheets. Such assets and liabilities include amounts for both financial and non-financial instruments. To increase consistency and comparability of assets and liabilities recorded at fair value, ASC 820-10, *Fair Value Measurements* (ASC 820-10) establishes a three-level fair value hierarchy to prioritize the inputs to valuation techniques used to measure fair value. ASC 820-10 requires disclosures detailing the extent to which companies measure assets and liabilities at fair value, the methods and assumptions used to measure fair value and the effect of fair value measurements on earnings. In accordance with ASC 820-10, the Company applied the following fair value hierarchy:

- Level 1 Assets or liabilities for which the identical item is traded on an active exchange, such as publicly-traded instruments.
- Level 2 Assets and liabilities valued based on observable market data for similar instruments.
- Level 3 Assets or liabilities for which significant valuation assumptions are not readily observable in the market; instruments valued based on the best available data, some of which is internally-developed, and considers risk premiums that a market participant would require.

The following tables provide information for such assets and liabilities as of March 31, 2011 and December 31, 2010. The fair values of cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities, acquisition related liabilities prior to the adoption of ASC 805, *Business Combinations* (ASC 805), and short-term debt approximate their carrying amounts because of the short-term maturity of these instruments. The fair value of the Company's long-term debt was estimated at \$872,157 and \$584,361 as of March 31, 2011 and December 31, 2010, respectively, and is based on an estimate of interest rates available to the Company for debt with similar features, the Company's current credit rating and spreads applicable to the Company. These assets and liabilities are not presented in the following table.

	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
March 31, 2011				
Cash equivalents money-market funds	\$ 1,666	\$	\$ 1,666	\$
Registered investment companies (1)	\$ 5,596	\$ 5,596	\$	\$
Equity securities (1)	\$ 7	\$ 7	\$	\$
Contingent consideration under ASC 805 (2)	\$ (3,351)	\$	\$	\$ (3,351)
December 31, 2010				
Cash equivalents money-market funds	\$ 2,273	\$	\$ 2,273	\$
Registered investment companies (1)	\$ 5,646	\$ 5,646	\$	\$

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Equity securities (1)	\$	7	\$	7	\$	\$
Contingent consideration under ASC 805 (2)	\$	(3,337)	\$		\$	\$ (3,337)

- (1) Registered investment companies and equity securities are classified as available-for-sale securities and are valued using quoted prices in active markets multiplied by the number of shares owned.
- (2) Under ASC 805, contingent consideration is recognized at fair value at the end of each reporting period for acquisitions after January 1, 2009. The Company records the initial recognition of the fair value of contingent consideration in other liabilities on the condensed consolidated balance sheet. Subsequent changes in the fair value of contingent consideration are recorded in the statement of operations.

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The table below includes a rollforward of the Company's contingent consideration liability under ASC 805 for the three-month periods ended March 31, 2011 and 2010:

	For the Three Months Ended	
	March 31, 2011	March 31, 2010
Beginning balance	\$ 3,337	\$ 3,344
Acquisitions (1)		491
Accretion on acquisition related liabilities	14	5
Ending balance	\$ 3,351	\$ 3,840

(1) Under ASC 805, contingent consideration is recognized at fair value at the end of each reporting period for acquisitions after January 1, 2009. The Company records the initial recognition of the fair value of contingent consideration in acquisition related liabilities on the consolidated balance sheet. Subsequent changes in the fair value of contingent consideration is recorded in the statement of operations.

5. Goodwill and Intangible Assets:

Goodwill as allocated to the Company's operating segments, Risk Assessment and Decision Analytics, was \$27,908 and \$604,760, respectively, as of March 31, 2011 and December 31, 2010. There had been no changes in goodwill from December 31, 2010 through March 31, 2011. These balances are net of accumulated impairment charges of \$3,244 that occurred prior to the periods included within the condensed consolidated financial statements.

Goodwill and intangible assets with indefinite lives are subject to impairment testing annually as of June 30, or whenever events or changes in circumstances indicate that the carrying amount may not be fully recoverable. The Company completed the required annual impairment test as of June 30, 2010, which resulted in no impairment of goodwill. Based on the results of the impairment assessment as of June 30, 2010, the Company confirmed that the fair value of its reporting units exceeded their respective carrying value and that there were no reporting units that were at risk for impairment. This testing compares the carrying value of each reporting unit to its fair value. If the fair value of the reporting unit exceeds the carrying value of the net assets, including goodwill assigned to that reporting unit, goodwill is not impaired. If the carrying value of the reporting unit's net assets including goodwill exceeds the fair value of the reporting unit, then the Company will determine the implied fair value of the reporting unit's goodwill. If the carrying value of a reporting unit's goodwill exceeds its implied fair value, then an impairment loss is recorded for the difference between the carrying amount and the implied fair value of goodwill. There were no goodwill impairment indicators after the date of the last annual impairment test.

The Company's intangible assets and related accumulated amortization consisted of the following:

	Weighted Average Useful Life	Cost	Accumulated Amortization	Net
March 31, 2011				
Technology-based	7 years	\$ 210,212	\$ (141,523)	\$ 68,689
Marketing-related	5 years	40,882	(29,837)	11,045
Contract-based	6 years	6,555	(6,336)	219
Customer-related	13 years	145,567	(33,746)	111,821
Total intangible assets		\$ 403,216	\$ (211,442)	\$ 191,774

	Weighted Average Useful Life	Cost	Accumulated Amortization	Net
December 31, 2010				
Technology-based	7 years	\$ 210,212	\$ (136,616)	\$ 73,596
Marketing-related	5 years	40,882	(28,870)	12,012
Contract-based	6 years	6,555	(6,287)	268
Customer-related	13 years	145,567	(31,214)	114,353
Total intangible assets		\$ 403,216	\$ (202,987)	\$ 200,229

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Consolidated amortization expense related to intangible assets for the three months ended March 31, 2011 and 2010 was \$8,455 and \$7,304, respectively. Estimated amortization expense in future periods through 2016 and thereafter for intangible assets subject to amortization is as follows:

Year	Amount
2011	\$ 22,439
2012	27,551
2013	22,038
2014	14,912
2015	14,724
2016-Thereafter	90,110
	\$ 191,774

6. Acquisitions:**2010 Acquisitions**

On December 16, 2010, the Company acquired 100% of the stock of 3E Company (3E), a global source for a comprehensive suite of environmental health and safety compliance solutions for a net cash purchase price of approximately \$99,603 and funded \$7,730 of indemnity escrows. Within the Company's Decision Analytics segment, 3E overlaps the customer sets served by the other supply chain risk management solutions and helps the Company's customers across a variety of vertical markets address their environmental health and safety issues.

On December 14, 2010, the Company acquired 100% of the stock of Crowe Paradis Services Corporation (CP), a provider of claims analysis and compliance solutions to the P&C insurance industry for a net cash purchase price of approximately \$83,589 and funded \$6,750 of indemnity escrows. Within the Company's Decision Analytics segment, CP offers solutions for complying with the Medicare Secondary Payer Act, provides services to P&C insurance companies, third-party administrators and self-insured companies, which the Company believes further enhances the solution it currently offers.

On February 26, 2010, the Company acquired 100% of the stock of Strategic Analytics (SA), a provider of credit risk and capital management solutions to consumer and mortgage lenders, for a net cash purchase price of approximately \$6,386 and the Company funded \$1,500 of indemnity escrows. Within the Decision Analytics segment, the Company believes SA solutions and application set will allow customers to take advantage of state-of-the-art loss forecasting, stress testing, and economic capital requirement tools to better understand and forecast the risk associated within their credit portfolios.

Acquisition Contingent Payments

Based on the results of operations of Atmospheric and Environmental Research, Inc. (AER), which was acquired in 2008, the Company recorded an increase of \$3,500 to acquisition related liabilities and goodwill during the year ended December 31, 2010. AER was acquired in 2008 and therefore, accounted for under the transition provisions of FASB No. 141 (Revised), *Business Combinations* (FAS No. 141(R)). As such, any adjustments to contingent consideration are recorded to goodwill until the final resolution has occurred.

Acquisition Escrows

Pursuant to the related acquisition agreements, the Company has funded various escrow accounts to satisfy pre-acquisition indemnity and tax claims arising subsequent to the acquisition date, as well as a portion of the contingent payments. At March 31, 2011 and December 31, 2010, the current portion of the escrows amounted to \$6,168 and \$6,167, respectively, and has been included in Other current assets in the accompanying condensed consolidated balance sheets. At March 31, 2011 and December 31, 2010, the noncurrent portion of the escrow amounted to \$15,958 and \$15,953, respectively.

7. Income Taxes:

The Company's effective tax rate for the three months ended March 31, 2011 was 40.1% compared to the effective tax rate for the three months ended March 31, 2010 of 43.5%. The effective rate for the three months ended March 31,

2011 was lower primarily due to a change in deferred tax assets of \$2,362 resulting from reduced tax benefits of Medicare subsidies associated with legislative changes in the period ending March 31, 2010. Without this charge, the effective rate for the prior period would have been 41.1%. The March 31, 2011 effective tax rate is also lower than the March 31, 2010 effective tax rate due to favorable state audit settlements, the continued execution of tax planning strategies and the benefits associated with enacted research and development legislation. The difference between statutory tax rates and the company's effective tax rate are primarily attributable to state taxes and non-deductible share appreciation from the KSOP.

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As a result of the Patient Protection and Affordable Care Act and the Health Care and Education Reconciliation Act of 2010, the tax treatment of federal subsidies paid to sponsors of retiree health benefit plans that provide prescription drug benefits that are at least actuarially equivalent to the corresponding benefits provided under Medicare Part D was effectively changed. The legislative change reduces the future tax benefits of the coverage provided by the Company to participants in the postretirement plan. The Company is required to account for this change in the period for which the law is enacted. As a result, the Company recorded a non-cash tax charge of \$2,362 for the three months ended March 31, 2010.

8. Debt:

The following table presents short-term and long-term debt by issuance:

	Issuance Date	Maturity Date	March 31, 2011	December 31, 2010
Short-term debt and current portion of long-term debt:				
Syndicated revolving credit facility	Various	Various	\$	\$ 310,000
Prudential senior notes:				
4.60% Series E senior notes	6/14/2005	6/13/2011	50,000	50,000
6.00% Series F senior notes	8/8/2006	8/8/2011	25,000	25,000
Principal senior notes:				
6.03% Series A senior notes	8/8/2006	8/8/2011	50,000	50,000
Capital lease obligations and other	Various	Various	4,997	2,717
Short-term debt and current portion of long-term debt			\$ 129,997	\$ 437,717
Long-term debt:				
Syndicated revolving credit facility	Various	Various	\$ 295,000	\$
Prudential senior notes:				
6.13% Series G senior notes	8/8/2006	8/8/2013	75,000	75,000
5.84% Series H senior notes	10/26/2007	10/26/2013	17,500	17,500
5.84% Series H senior notes	10/26/2007	10/26/2015	17,500	17,500
6.28% Series I senior notes	4/29/2008	4/29/2013	15,000	15,000
6.28% Series I senior notes	4/29/2008	4/29/2015	85,000	85,000
6.85% Series J senior notes	6/15/2009	6/15/2016	50,000	50,000
Principal senior notes:				
6.16% Series B senior notes	8/8/2006	8/8/2013	25,000	25,000
New York Life senior notes:				
5.87% Series A senior notes	10/26/2007	10/26/2013	17,500	17,500
5.87% Series A senior notes	10/26/2007	10/26/2015	17,500	17,500
6.35% Series B senior notes	4/29/2008	4/29/2015	50,000	50,000
Aviva Investors North America:				
6.46% Series A senior notes	4/27/2009	4/27/2013	30,000	30,000
Capital lease obligations and other	Various	Various	5,520	1,826
Long-term debt			\$ 700,520	\$ 401,826
Total debt			\$ 830,517	\$ 839,543

On March 16, 2011, The Northern Trust Company joined the syndicated revolving credit facility to increase the capacity by \$25,000, for a \$600,000 total commitment. In connection with the senior notes issuance on April 6, 2011 described below, the Company used a portion of the proceeds from the senior notes issuance to refinance on a long term basis the outstanding balance of \$295,000. As such, in accordance with ASC 470, *Classification of Short-Term Obligations Expected to Be Refinanced*, the Company recorded \$295,000 of its outstanding obligation as of March 31, 2011 under the syndicated revolving credit facility as a Noncurrent liabilities within the accompanying condensed consolidated balance sheet. On March 28, 2011, the Company entered into amendments to our revolving credit facility and our master shelf agreements to, among other things, permit the issuance of the notes and guarantees noted below.

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On April 6, 2011, the Company completed an issuance of senior notes in the aggregate principal amount of \$450,000. These senior notes are due on May 1, 2021 and accrue interest at a rate of 5.80%. The Company received net proceeds of \$446,031 after deducting original issue discount, underwriting discount, and commissions of \$3,969. The senior notes are fully and unconditionally guaranteed, jointly and severally, on an unsecured and unsubordinated basis by ISO and certain subsidiaries that guarantee our syndicated revolving credit facility or any amendment, refinancing or replacement thereof (See Note 15. Condensed Consolidated Financial Information for Guarantor Subsidiaries and Non-Guarantor Subsidiaries for further information). Interest will be payable semi-annually on May 1st and November 1st of each year, beginning on November 1, 2011. Interest accrues from April 6, 2011. The debt issuance costs will be amortized from the date of issuance to the maturity date.

9. Stockholders Deficit:

On November 18, 1996, the Company authorized 335,000,000 shares of ISO Class A redeemable common stock. Effective with the corporate reorganization on October 6, 2009, the ISO Class A redeemable common stock and all Verisk Class B shares sold into the IPO were converted to Verisk Class A common stock on a one-for-one basis. In addition, the Verisk Class A common stock authorized was increased to 1,200,000,000 shares. The Verisk Class A common shares have rights to any dividend declared by the board of directors, subject to any preferential or other rights of any outstanding preferred stock, and voting rights to elect eight of the eleven members of the board of directors. The eleventh seat on the board of directors is held by the CEO of the Company.

On November 18, 1996, the Company authorized 1,000,000,000 ISO Class B shares and issued 500,225,000 shares. On October 6, 2009, the Company completed a corporate reorganization whereby the ISO Class B common stock and ISO Class B treasury stock were converted to Verisk Class B common stock and Verisk Class B treasury stock on a one-for-one basis. All Verisk Class B shares sold into the IPO were converted to Verisk Class A common stock on a one-for-one basis. In addition, the Verisk Class B common stock authorized was reduced to 800,000,000 shares, sub-divided into 400,000,000 shares of Class B-1 and 400,000,000 shares of Class B-2. Each share of Class B-1 common stock converted automatically, without any action by the stockholder, into one share of Verisk Class A common stock on April 6, 2011. Each share of Class B-2 common stock shall convert automatically, without any action by the stockholder, into one share of Verisk Class A common stock on October 6, 2011. The Class B shares have the same rights as Verisk Class A shares with respect to dividends and economic ownership, but have voting rights to elect three of the eleven directors. The Company did not repurchase any Class B shares during the three months ended March 31, 2011 and 2010.

On October 6, 2009, the Company authorized 80,000,000 shares of preferred stock, par value \$0.001 per share, in connection with the reorganization. The preferred shares have preferential rights over the Verisk Class A and Class B common shares with respect to dividends and net distribution upon liquidation. The Company did not issue any preferred shares from the reorganization date through March 31, 2011.

Share Repurchase Program

On April 29, 2010, the Company's board of directors authorized a \$150,000 share repurchase program of the Company's common stock (the "Repurchase Program"). On October 19, 2010, the Company's board of directors authorized another \$150,000 of share repurchases under the Repurchase Program. Under the Repurchase Program, the Company may repurchase stock in the open market or as otherwise determined by the Company. The Company has no obligation to repurchase stock under this program and intends to use this authorization as a means of offsetting dilution from the issuance of shares under the KSOP, the Verisk Analytics, Inc. 2009 Equity Incentive Plan (the "Incentive Plan") and the Insurance Services Office, Inc. 1996 Incentive Plan (the "Option Plan"). This authorization has no expiration date and may be suspended or terminated at any time. Repurchased shares will be recorded as treasury stock and will be available for future issuance as part of the Repurchase Program. On March 11, 2011, the Company's board of directors authorized an additional \$150,000 of share repurchases under the Repurchase Program.

During the three months ended March 31, 2011, 2,243,582 shares of Verisk Class A common stock were repurchased by the Company as part of this program at a weighted average price of \$32.71 per share. The Company utilized cash from operations and borrowings from its syndicated revolving credit facility to fund these repurchases. As treasury stock purchases are recorded based on trade date, the Company has included \$2,070 in Accounts payable and accrued liabilities in the accompanying consolidated balance sheets for those purchases that have not settled as of March 31,

2011. The Company had \$164,105 available to repurchase shares under the Repurchase Program as of March 31, 2011.

Treasury Stock

As of March 31, 2011, the Company's treasury stock consisted of 9,354,784 Class A common stock, 186,102,482 Class B-1 common stock and 178,893,668 Class B-2 common stock. Consistent with the Class B-1 and Class B-2 common stock, the Company's Class B-1 treasury stock converted to Class A treasury stock on April 6, 2011 and the Class B-2 treasury stock will convert to Class A treasury stock on October 6, 2011.

Table of Contents**Earnings Per Share (EPS)**

Basic earnings per common share is computed by dividing income available to common stockholders by the weighted average number of common shares outstanding during the period less the weighted average Employee Stock Ownership Plan (ESOP) shares of common stock that have not been committed to be released. The computation of diluted EPS is similar to the computation of basic EPS except that the denominator is increased to include the number of additional common shares that would have been outstanding, using the treasury stock method, if the dilutive potential common shares, such as stock awards and stock options, had been issued.

The following is a reconciliation of the numerators and denominators of the basic and diluted EPS computations for the three-month periods ended March 31, 2011 and 2010:

	2011	2010
Numerator used in basic and diluted EPS:		
Net income	\$ 65,876	\$ 55,375
Denominator:		
Weighted average number of common shares used in basic EPS	169,030,227	180,053,550
Effect of dilutive shares:		
Potential Class A common stock issuable upon the exercise of stock options	7,933,965	9,401,206
Weighted average number of common shares and dilutive potential common shares used in diluted EPS	176,964,192	189,454,756
Basic EPS of Class A and Class B	\$ 0.39	\$ 0.31
Diluted EPS of Class A and Class B	\$ 0.37	\$ 0.29

The potential shares of common stock that were excluded from diluted EPS were 1,957,020 and 147,280 for the three months ended March 31, 2011 and 2010, respectively, because the effect of including these potential shares was anti-dilutive.

Accumulated Other Comprehensive Losses

The following is a summary of accumulated other comprehensive losses:

	March 31, 2011	December 31, 2010
Unrealized gains on investments	\$ 599	\$ 725
Unrealized foreign currency losses	(454)	(792)
Pension and postretirement unfunded liability adjustment	(54,982)	(55,736)
Accumulated other comprehensive losses	\$ (54,837)	\$ (55,803)

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The before tax and after tax amounts of other comprehensive income for the three months ended March 31, 2011 and 2010 are summarized below:

	Before Tax	Tax Benefit/ (Expense)	After Tax
For the Three Months Ended March 31, 2011			
Unrealized holding loss on investments arising during the year	\$ (218)	\$ 92	\$ (126)
Unrealized foreign currency gain	338		338
Pension and postretirement unfunded liability adjustment	1,336	(582)	754
Total other comprehensive income	\$ 1,456	\$ (490)	\$ 966
For the Three Months Ended March 31, 2010			
Unrealized holding gain on investments arising during the year	\$ 146	\$ (59)	\$ 87
Reclassification adjustment for amounts included in net income	12	(5)	7
Unrealized foreign currency gain	3		3
Pension and postretirement unfunded liability adjustment	1,391	(545)	846
Total other comprehensive income	\$ 1,552	\$ (609)	\$ 943

10. Equity Compensation Plans:

All of the Company's granted equity awards, including outstanding stock options and restricted stock, are covered under the Incentive Plan or the Option Plan. Awards under the Incentive Plan may include one or more of the following types: (i) stock options (both nonqualified and incentive stock options), (ii) stock appreciation rights, (iii) restricted stock, (iv) restricted stock units, (v) performance awards, (vi) other share-based awards, and (vii) cash. Employees, directors and consultants are eligible for awards under the Incentive Plan. Cash received from stock option exercises for the three months ended March 31, 2011 and 2010 was \$3,579 and \$0, respectively. The Company did not grant any stock options for the three months ended March 31, 2011 and 2010. As of March 31, 2011, there are 8,683,159 shares of Class A common stock reserved and available for future issuance.

On April 1, 2011, the Company granted 1,401,308 nonqualified stock options and 146,664 shares of restricted stock to key employees. The nonqualified stock options have an exercise price equal to the closing price of the Company's Class A common stock on the grant date, with a ten-year contractual term and a service vesting period of four years. The restricted stock is valued at the closing price of the Company's Class A common stock on the date of grant and has a graded service vesting period of four years. The Company will recognize the expense of the restricted stock ratably over the periods in which the restrictions lapse. The restricted stock is not assignable or transferrable until it becomes vested.

The expected term for a majority of the stock options granted was estimated based on studies of historical experience and projected exercise behavior. However, for certain stock options granted, for which no historical exercise pattern exists, the expected term was estimated using the simplified method. The risk-free interest rate is based on the yield of U.S. Treasury zero coupon securities with a maturity equal to the expected term of the equity award. The volatility factor was based on the average volatility of the Company's peers, calculated using historical daily closing prices over the most recent period commensurate with the expected term of the stock option award. The expected dividend yield was based on the Company's expected annual dividend rate on the date of grant.

Exercise prices for options outstanding and exercisable at March 31, 2011 ranged from \$2.16 to \$30.25 as outlined in the following table:

Options Outstanding	Options Exercisable Weighted
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Range of Exercise Prices	Weighted Average Remaining Contractual Life	Stock Options Outstanding	Weighted Average Exercise Price	Average Remaining Contractual Life	Stock Options Exercisable	Weighted Average Exercise Price
\$2.16 to \$2.96	1.8	1,772,850	\$ 2.80	1.8	1,772,850	\$ 2.80
\$2.97 to \$4.80	2.2	4,038,600	\$ 3.72	2.2	4,038,600	\$ 3.72
\$4.81 to \$8.90	4.2	3,732,250	\$ 8.52	4.2	3,732,250	\$ 8.52
\$8.91 to \$15.10	5.5	2,726,825	\$ 13.55	5.5	2,726,825	\$ 13.55
\$15.11 to \$17.84	7.5	5,650,215	\$ 16.68	7.3	2,649,400	\$ 17.05
\$17.85 to \$22.00	8.5	2,766,053	\$ 22.00	8.5	437,192	\$ 22.00
\$22.01 to \$30.25	9.0	2,127,046	\$ 28.36	9.3	31,906	\$ 30.20
		22,813,839			15,389,023	

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A summary of options outstanding under the Incentive Plan and the Option Plan as of March 31, 2011 and changes during the three months ended are presented below:

	Number of Options	Weighted Average Exercise Price	Aggregate Intrinsic Value
Outstanding at December 31, 2010	23,057,857	\$ 13.35	\$ 478,014
Exercised	(242,518)	\$ 14.76	\$ (4,296)
Cancelled or expired	(1,500)	\$ 17.08	
Outstanding at March 31, 2011	22,813,839	\$ 13.33	\$ 443,189
Options exercisable at March 31, 2011	15,389,023	\$ 9.39	\$ 359,613
Options exercisable at December 31, 2010	14,820,447	\$ 9.22	\$ 368,466

Intrinsic value for stock options is calculated based on the exercise price of the underlying awards and the quoted price of Verisk's common stock as of the reporting date. The aggregate intrinsic value of stock options outstanding and exercisable at March 31, 2011 was \$443,189 and \$359,613, respectively. In accordance with ASC 718, *Stock Compensation*, excess tax benefit from exercised stock options is recorded as an increase to additional paid-in capital and a corresponding reduction in taxes payable. This tax benefit is calculated as the excess of the intrinsic value of options exercised in excess of compensation recognized for financial reporting purposes. The amount of the tax benefit that has been realized, as a result of those excess tax benefits, is presented in the statement of cash flows as a financing cash inflow. For the three months ended March 31, 2011 and 2010, the Company recorded excess tax benefit from stock options exercised of \$1,383 and \$0, respectively. The Company realized \$0 and \$147 of tax benefit within the Company's quarterly tax payments through March 31, 2011 and 2010, respectively. The realized tax benefit is presented as a financing cash inflow within the accompanying condensed consolidated statements of cash flows.

The Company estimates expected forfeitures of equity awards at the date of grant and recognizes compensation expense only for those awards that the Company expects to vest. The forfeiture assumption is ultimately adjusted to the actual forfeiture rate. Changes in the forfeiture assumptions may impact the total amount of expense ultimately recognized over the requisite service period and may impact the timing of expense recognized over the requisite service period.

As of March 31, 2011, there was \$35,095 of total unrecognized compensation cost related to nonvested share-based compensation arrangements granted under the Incentive Plan and the Option Plan. That cost is expected to be recognized over a weighted average period of 2.34 years. As of March 31, 2011, there were 7,424,816 nonvested stock options, of which 6,429,934 are expected to vest. The total grant date fair value of options vested during the three months ended March 31, 2011 and 2010 was \$4,818 and \$6,177, respectively.

11. Pension and Postretirement Benefits:

Prior to January 1, 2002, the Company maintained a qualified defined benefit pension plan for substantially all of its employees through membership in the Pension Plan for Insurance Organizations (the "Pension Plan"), a multiple-employer trust. The Company has applied the projected unit credit cost method for its Pension Plan, which attributes an equal portion of total projected benefits to each year of employee service. Effective January 1, 2002, the Company amended the Pension Plan to determine future benefits using a cash balance formula. Under the cash balance formula, each participant has an account, which is credited annually based on salary rates determined by years of service, as well as the interest earned on their previous year-end cash balance. Prior to December 31, 2001, pension plan benefits were based on years of service and the average of the five highest consecutive years' earnings of the last

ten years. Effective March 1, 2005, the Company established the Profit Sharing Plan, a defined contribution plan, to replace the Pension Plan for all eligible employees hired on or after March 1, 2005. The Company also has a nonqualified supplemental cash balance plan (SERP) for certain employees. The SERP is funded from the general assets of the Company.

The Company also provides certain healthcare and life insurance benefits for both active and retired employees. The Postretirement Health and Life Insurance Plan (the Postretirement Plan) is contributory, requiring participants to pay a stated percentage of the premium for coverage. As of October 1, 2001, the Postretirement Plan was amended to freeze benefits for current retirees and certain other employees at the January 1, 2002 level. Also, as of October 1, 2001, the Postretirement Plan had a curtailment, which eliminated retiree life insurance for all active employees and healthcare benefits for almost all future retirees, effective January 1, 2002.

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The components of net periodic benefit cost and the amounts recognized in other comprehensive income for the three-month periods ended March 31, 2011 and 2010 are summarized below:

	For the Three Months Ended March 31,			
	Pension Plan		Postretirement Plan	
	2011	2010	2011	2010
Service cost	\$ 1,570	\$ 1,810	\$	\$
Interest cost	5,441	5,275	251	320
Amortization of transition obligation				42
Expected return on plan assets	(6,465)	(5,638)		
Amortization of prior service cost	(200)	(200)	(36)	
Amortization of net actuarial loss	1,409	1,411	163	138
Net periodic benefit cost	\$ 1,755	\$ 2,658	\$ 378	\$ 500
Employer contributions	\$ 6,168	\$ 4,165	\$ 315	\$ 755

The expected contributions to the Pension Plan and the Postretirement Plan for the year ending December 31, 2011 are consistent with the amounts previously disclosed as of December 31, 2010.

12. Segment Reporting:

ASC 280-10, *Disclosures About Segments of an Enterprise and Related Information* (ASC 280-10), establishes standards for reporting information about operating segments. ASC 280-10 requires that a public business enterprise report financial and descriptive information about its reportable operating segments. Operating segments are components of an enterprise for which separate financial information is available that is evaluated regularly by the chief operating decision maker (CODM) in deciding how to allocate resources and in assessing performance. The Company's CEO and Chairman of the Board is identified as the CODM as defined by ASC 280-10. To align with the internal management of the Company's business operations based on service offerings, the Company is organized into the following two operating segments, which are also the Company's reportable segments:

Risk Assessment: The Company is the leading provider of statistical, actuarial and underwriting data for the U.S. P&C insurance industry. The Company's databases include cleansed and standardized records describing premiums and losses in insurance transactions, casualty and property risk attributes for commercial buildings and their occupants and fire suppression capabilities of municipalities. The Company uses this data to create policy language and proprietary risk classifications that are industry standards and to generate prospective loss cost estimates used to price insurance policies.

Decision Analytics: The Company develops solutions that its customers use to analyze the three key processes in managing risk: prediction of loss, detection and prevention of fraud and quantification of loss. The Company's combination of algorithms and analytic methods incorporates its proprietary data to generate solutions in each of these three categories. In most cases, the Company's customers integrate the solutions into their models, formulas or underwriting criteria in order to predict potential loss events, ranging from hurricanes and earthquakes to unanticipated healthcare claims. The Company develops catastrophe and extreme event models and offers solutions covering natural and man-made risks, including acts of terrorism. The Company also develops solutions that allow customers to quantify costs after loss events occur. Fraud solutions include data on claim histories, analysis of mortgage applications to identify misinformation, analysis of claims to find emerging patterns of fraud, and identification of suspicious claims in the insurance, mortgage and healthcare sectors.

The two aforementioned operating segments represent the segments for which separate discrete financial information is available and upon which operating results are regularly evaluated by the CODM in order to assess performance and allocate resources. The Company uses segment EBITDA as the profitability measure for making decisions regarding ongoing operations. Segment EBITDA is income from continuing operations before investment income and interest expense, income taxes, depreciation and amortization, and acquisition related liabilities adjustment. Segment EBITDA

is the measure of operating results used to assess corporate performance and optimal utilization of debt and acquisitions. Segment operating expenses consist of direct and indirect costs principally related to personnel, facilities, software license fees, consulting, travel, and third-party information services. Indirect costs are generally allocated to the segments using fixed rates established by management based upon estimated expense contribution levels and other assumptions that management considers reasonable. The Company does not allocate investment income, realized gains/(losses) on securities, net, interest expense, or income tax expense, since these items are not considered in evaluating the segment's overall operating performance. The CODM does not evaluate the financial performance of each segment based on assets. On a geographic basis, no individual country outside of the U.S. accounted for 1% or more of the Company's consolidated revenue for either the three-month periods ended March 31, 2011 or 2010. No individual country outside of the U.S. accounted for 1% or more of total consolidated long-term assets as of March 31, 2011 or December 31, 2010.

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The following tables provide the Company's revenue and operating income performance by reportable segment for the three-month periods ended March 31, 2011 and 2010, as well as a reconciliation to income before income taxes for all periods presented in the accompanying condensed consolidated statements of operations:

	For the Three Months Ended March 31, 2011			For the Three Months Ended March 31, 2010		
	Risk Assessment	Decision Analytics	Total	Risk Assessment	Decision Analytics	Total
Revenues	\$ 140,543	\$ 172,326	\$ 312,869	\$ 134,578	\$ 141,576	\$ 276,154
Expenses:						
Cost of revenues (exclusive of items shown separately below)	47,257	77,299	124,556	49,898	65,095	114,993
Selling, general and administrative	19,127	30,129	49,256	19,184	18,330	37,514
Segment EBITDA	74,159	64,898	139,057	65,496	58,151	123,647
Depreciation and amortization of fixed assets	4,318	6,987	11,305	4,323	5,606	9,929
Amortization of intangible assets	36	8,419	8,455	36	7,268	7,304
Operating income	69,805	49,492	119,297	61,137	45,277	106,414
Unallocated expenses:						
Investment income			10			32
Realized gains on securities, net			362			32
Interest expense			(9,615)			(8,466)
Income before taxes			\$ 110,054			\$ 98,012
Capital expenditures, including non-cash purchases of fixed assets and capital lease obligations	\$ 3,395	\$ 15,345	\$ 18,740	\$ 1,889	\$ 6,999	\$ 8,888

Operating segment revenue by type of service is provided below:

	For the Three Months Ended	
	March 31, 2011	March 31, 2010
Risk Assessment:		
Industry-standard insurance programs	\$ 92,857	\$ 88,044
Property-specific rating and underwriting information	34,497	33,959
Statistical agency and data services	7,742	7,179
Actuarial services	5,447	5,396

Total Risk Assessment	140,543	134,578
Decision Analytics:		
Fraud identification and detection solutions	86,586	78,795
Loss prediction solutions	52,941	36,928
Loss quantification solutions	32,799	25,853
Total Decision Analytics	172,326	141,576
Total revenues	\$ 312,869	\$ 276,154

13. Related Parties:

The Company considers its Verisk Class A and Class B stockholders that own more than 5% of the outstanding stock within the respective class to be related parties as defined within ASC 850, *Related Party Disclosures*. At March 31, 2011, the related parties were four Class B stockholders each owning more than 5% of the outstanding Class B shares compared to six Class B stockholders at March 31, 2010 of which four remained unchanged. At March 31, 2011 and 2010, there were four and five Class A stockholders owning more than 5% of the outstanding Class A shares, respectively. The Company had accounts receivable, net of \$612 and \$515 and fees received in advance of \$1,425 and \$1,231 from related parties as of March 31, 2011 and December 31, 2010, respectively. In addition, the Company had revenues from related parties for the three months ended March 31, 2011 and 2010 of \$4,396 and \$15,133, respectively.

Table of Contents**14. Commitments and Contingencies:**

The Company is a party to legal proceedings with respect to a variety of matters in the ordinary course of business, including those matters described below. The Company is unable, at the present time, to determine the ultimate resolution of or provide a reasonable estimate of the range of possible loss attributable to these matters or the impact they may have on the Company's results of operations, financial position or cash flows. This is primarily because many of these cases remain in their early stages and only limited discovery has taken place. Although the Company believes it has strong defenses for the litigation proceedings described below, the Company could in the future incur judgments or enter into settlements of claims that could have a material adverse effect on its results of operations, financial position or cash flows.

Claims Outcome Advisor Litigation

Hensley, et al. v. Computer Sciences Corporation et al. was a putative nationwide class action complaint, filed in February 2005, in Miller County, Arkansas state court. Defendants included numerous insurance companies and providers of software products used by insurers in paying claims. The Company was among the named defendants. Plaintiffs alleged that certain software products, including the Company's Claims Outcome Advisor product and a competing software product sold by Computer Sciences Corporation, improperly estimated the amount to be paid by insurers to their policyholders in connection with claims for bodily injuries.

The Company entered into settlement agreements with plaintiffs asserting claims relating to the use of Claims Outcome Advisor by defendants Hanover Insurance Group, Progressive Car Insurance and Liberty Mutual Insurance Group. Each of these settlements was granted final approval by the court and together the settlements resolve the claims asserted in this case against the Company with respect to the above insurance companies, who settled the claims against them as well. A provision was made in 2006 for this proceeding and the total amount the Company paid in 2008 with respect to these settlements was less than \$2,000. A fourth defendant, The Automobile Club of California, which is alleged to have used Claims Outcome Advisor, was dismissed from the action. On August 18, 2008, pursuant to the agreement of the parties the Court ordered that the claims against the Company be dismissed with prejudice.

Subsequently, Hanover Insurance Group made a demand for reimbursement, pursuant to an indemnification provision contained in a December 30, 2004 License Agreement between Hanover and the Company, of its settlement and defense costs in the *Hensley* class action. Specifically, Hanover demanded \$2,536 including \$600 in attorneys' fees and expenses. The Company disputes that Hanover is entitled to any reimbursement pursuant to the License Agreement. In July 2010, after the Company and Hanover were unable to resolve the dispute in mediation, Hanover served a summons and complaint seeking indemnity and contribution from the Company. At this time, it is not possible to determine the ultimate resolution of or estimate the liability related to this matter.

Xactware Litigation

The following two lawsuits were filed by or on behalf of groups of Louisiana insurance policyholders who claim, among other things, that certain insurers who used products and price information supplied by the Company's Xactware subsidiary (and those of another provider) did not fully compensate policyholders for property damage covered under their insurance policies. The plaintiffs seek to recover compensation for their damages in an amount equal to the difference between the amount paid by the defendants and the fair market repair/restoration costs of their damaged property.

Schafer v. State Farm Fire & Cas. Co., et al. was a putative class action pending against the Company and State Farm Fire & Casualty Company filed in March 2007 in the Eastern District of Louisiana. The complaint alleged antitrust violations, breach of contract, negligence, bad faith, and fraud. The court dismissed the antitrust claim as to both defendants and dismissed all claims against the Company other than fraud. Judge Duval denied plaintiffs' motion to certify a class with respect to the fraud and breach of contract claims on August 3, 2009. After the single action was reassigned to Judge Africk plaintiffs agreed to settle the matter with the Company and State Farm and a Settlement Agreement and Release was executed by all parties in June 2010.

Mornay v. Travelers Ins. Co., et al. is a putative class action pending against the Company and Travelers Insurance Company filed in November 2007 in the Eastern District of Louisiana. The complaint alleged antitrust violations, breach of contract, negligence, bad faith, and fraud. As in *Schafer*, the court dismissed the antitrust claim as to both

defendants and dismissed all claims against the Company other than fraud. Judge Duval stayed all proceedings in the case pending an appraisal of the lead plaintiff's insurance claim. The matter was re-assigned to Judge Barbier, who on September 11, 2009 issued an order administratively closing the matter pending completion of the appraisal process. At this time, it is not possible to determine the ultimate resolution of or estimate the liability related to this matter.

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iiX Litigation

In April 2010, the Company's subsidiary, iiX, as well as other information providers in the State of Missouri were served with a summons and class action complaint filed in the United States District Court for the Western District of Missouri alleging violations of the Driver Privacy Protection Act, or the DPPA, entitled *Janice Cook, et al. v. ACS State & Local Solutions, et al.* Plaintiffs brought the action on their own behalf and on behalf of all similarly situated individuals whose personal information is contained in any motor vehicle record maintained by the State of Missouri and who have not provided express consent to the State of Missouri for the distribution of their personal information for purposes not enumerated by the DPPA and whose personal information has been knowingly obtained and used by the defendants. The class complaint alleges that the defendants knowingly obtained personal information for a purpose not authorized by the DPPA and seeks liquidated damages in the amount of two thousand five hundred dollars for each instance of a violation of the DPPA, punitive damages and the destruction of any illegally obtained personal information. The court granted iiX's motion to dismiss the complaint based on a failure to state a claim on November 19, 2010. Plaintiffs filed a notice of appeal on December 17, 2010. At this time, it is not possible to determine the ultimate resolution of or estimate the liability related to this matter.

Interthinx Litigation

In September 2009, the Company's subsidiary, Interthinx, Inc., was served with a putative class action entitled *Renata Gluzman v. Interthinx, Inc.* The plaintiff, a former Interthinx employee, filed the class action on August 13, 2009 in the Superior Court of the State of California, County of Los Angeles on behalf of all Interthinx information technology employees for unpaid overtime and missed meals and rest breaks, as well as various related claims claiming that the information technology employees were misclassified as exempt employees and, as a result, were denied certain wages and benefits that would have been received if they were properly classified as non-exempt employees. The pleadings included, among other things, a violation of Business and Professions Code 17200 for unfair business practices, which allowed plaintiffs to include as class members all information technology employees employed at Interthinx for four years prior to the date of filing the complaint. The complaint sought compensatory damages, penalties that are associated with the various statutes, restitution, interest costs, and attorney fees. On June 2, 2010, plaintiffs agreed to settle their claims with Interthinx and the court granted final approval to the settlement on February 23, 2011.

Table of Contents**15. Condensed Consolidated Financial Information for Guarantor Subsidiaries and Non-Guarantor Subsidiaries**

In April 2011, Verisk Analytics, Inc. (the Parent Company) registered senior notes with full and unconditional and joint and several guarantees by certain of its 100 percent wholly-owned subsidiaries and issued certain other debt securities with full and unconditional and joint and several guarantees by certain of its subsidiaries. Accordingly, presented below is condensed consolidating financial information for (i) the Parent Company, (ii) the guarantor subsidiaries of the Parent Company on a combined basis, and (iii) all other non-guarantor subsidiaries of the Parent Company on a combined basis, all as of March 31, 2011 and December 31, 2010 and for the three months ended March 31, 2011 and 2010. The condensed consolidating financial information has been presented using the equity method of accounting, to show the nature of assets held, results of operations and cash flows of the Parent Company, the guarantor subsidiaries and the non-guarantor subsidiaries assuming all guarantor subsidiaries provide both full and unconditional, and joint and several guarantees to the Parent Company at the beginning of the periods presented.

CONDENSED CONSOLIDATING BALANCE SHEET

As of March 31, 2011

	Verisk Analytics, Inc.	Guarantor Subsidiaries	Non- Guarantor Subsidiaries (In thousands)	Eliminating Entries	Consolidated
ASSETS					
Current assets:					
Cash and cash equivalents	\$ 1	\$ 71,056	\$ 30,181	\$	\$ 101,238
Available-for-sale securities		5,603			5,603
Accounts receivable, net of allowance for doubtful accounts of \$3,435 (including amounts from related parties of \$612)		142,446	21,442		163,888
Prepaid expenses		23,324	2,166		25,490
Deferred income taxes, net		2,745	936		3,681
Federal and foreign income taxes receivable			1,629	(1,629)	
State and local income taxes receivable		3,089	1,004		4,093
Intercompany receivables	113,361	750,893	74,996	(939,250)	
Other current assets		7,249	456		7,705
Total current assets	113,362	1,006,405	132,810	(940,879)	311,698
Noncurrent assets:					
Fixed assets, net		86,581	14,193		100,774
Intangible assets, net		69,986	121,788		191,774
Goodwill		449,065	183,603		632,668
Deferred income taxes, net		64,061		(42,513)	21,548
State income taxes receivable		1,773			1,773
Investment in subsidiaries	393,268	20,166		(413,434)	
Other assets		9,766	16,430		26,196
Total assets	\$ 506,630	\$ 1,707,803	\$ 468,824	\$ (1,396,826)	\$ 1,286,431

**LIABILITIES AND
STOCKHOLDERS
(DEFICIT)/EQUITY**

Current liabilities:

Accounts payable and accrued liabilities	\$	\$ 73,252	\$ 15,206	\$	\$ 88,458
Acquisition related liabilities			3,500		3,500
Short-term debt and current portion of long-term debt		129,802	195		129,997
Pension and postretirement benefits, current		4,663			4,663
Fees received in advance (including amounts from related parties of \$1,425)		224,863	22,201		247,064
Intercompany payables	615,721	184,341	139,188	(939,250)	
Federal and foreign taxes payable		20,417		(1,629)	18,788
Total current liabilities	615,721	637,338	180,290	(940,879)	492,470
Noncurrent liabilities:					
Long-term debt		700,495	25		700,520
Pension and postretirement benefits		112,927			112,927
Deferred income taxes			42,513	(42,513)	
Other liabilities		71,116	18,489		89,605
Total liabilities	615,721	1,521,876	241,317	(983,392)	1,395,522
Total stockholders (deficit)/equity	(109,091)	185,927	227,507	(413,434)	(109,091)
Total liabilities and stockholders (deficit)/equity	\$ 506,630	\$ 1,707,803	\$ 468,824	\$ (1,396,826)	\$ 1,286,431

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CONDENSED CONSOLIDATING BALANCE SHEET
As of December 31, 2010

	Verisk Analytics, Inc.	Guarantor Subsidiaries	Non- Guarantor Subsidiaries (In thousands)	Eliminating Entries	Consolidated
ASSETS					
Current assets:					
Cash and cash equivalents	\$ 1	\$ 31,576	\$ 23,397	\$	\$ 54,974
Available-for-sale securities		5,653			5,653
Accounts receivable, net of allowance for doubtful accounts of \$4,028 (including amounts from related parties of \$515)		98,817	27,747		126,564
Prepaid expenses		15,566	2,225		17,791
Deferred income taxes, net		2,745	936		3,681
Federal and foreign income taxes receivable		13,590	2,193		15,783
State and local income taxes receivable		7,882	1,041		8,923
Intercompany receivables	101,470	668,906	59,021	(829,397)	
Other current assets		6,720	346		7,066
Total current assets	101,471	851,455	116,906	(829,397)	240,435
Noncurrent assets:					
Fixed assets, net		78,928	14,481		93,409
Intangible assets, net		75,307	124,922		200,229
Goodwill		449,065	183,603		632,668
Deferred income taxes, net		64,421		(42,542)	21,879
State income taxes receivable		1,773			1,773
Investment in subsidiaries	326,387	20,912		(347,299)	
Other assets		10,248	16,449		26,697
Total assets	\$ 427,858	\$ 1,552,109	\$ 456,361	\$ (1,219,238)	\$ 1,217,090
LIABILITIES AND STOCKHOLDERS (DEFICIT)/EQUITY					
Current liabilities:					
Accounts payable and accrued liabilities	\$	\$ 95,425	\$ 16,570	\$	\$ 111,995
Acquisition related liabilities			3,500		3,500
Short-term debt and current portion of long-term debt		437,457	260		437,717
		4,663			4,663

Pension and postretirement benefits, current					
Fees received in advance (including amounts from related parties of \$1,231)		137,521	25,486		163,007
Intercompany payables	542,300	165,681	121,416	(829,397)	
Total current liabilities	542,300	840,747	167,232	(829,397)	720,882
Noncurrent liabilities:					
Long-term debt		401,788	38		401,826
Pension and postretirement benefits		118,611			118,611
Deferred income taxes			42,542	(42,542)	
Other liabilities		71,663	18,550		90,213
Total liabilities	542,300	1,432,809	228,362	(871,939)	1,331,532
Total stockholders (deficit)/equity	(114,442)	119,300	227,999	(347,299)	(114,442)
Total liabilities and stockholders (deficit)/equity	\$ 427,858	\$ 1,552,109	\$ 456,361	\$ (1,219,238)	\$ 1,217,090

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CONDENSED CONSOLIDATING STATEMENT OF OPERATIONS
For The Three-Month Period Ended March 31, 2011

	Verisk Analytics, Inc.	Guarantor Subsidiaries	Non-Guarantor Subsidiaries (In thousands)	Eliminating Entries	Consolidated
Revenues	\$	\$ 279,580	\$ 35,122	\$ (1,833)	\$ 312,869
Expenses:					
Cost of revenues (exclusive of items shown separately below)		108,783	16,753	(980)	124,556
Selling, general and administrative		36,478	13,631	(853)	49,256
Depreciation and amortization of fixed assets		9,442	1,863		11,305
Amortization of intangible assets		5,320	3,135		8,455
Total expenses		160,023	35,382	(1,833)	193,572
Operating income/(expense)		119,557	(260)		119,297
Other income/(expense):					
Investment income		14	(4)		10
Realized gains on securities, net		362			362
Interest expense		(9,595)	(20)		(9,615)
Total other expense, net		(9,219)	(24)		(9,243)
Income/(loss) before equity in net income of subsidiary and income taxes		110,338	(284)		110,054
Equity in net income/(loss) of subsidiary	65,876	(1,088)		(64,788)	
Provision for income taxes		(43,553)	(625)		(44,178)
Net income/(loss)	\$ 65,876	\$ 65,697	\$ (909)	\$ (64,788)	\$ 65,876

CONDENSED CONSOLIDATING STATEMENT OF OPERATIONS
For The Three-Month Period Ended March 31, 2010

	Verisk Analytics, Inc.	Guarantor Subsidiaries	Non-Guarantor Subsidiaries (In thousands)	Eliminating Entries	Consolidated
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Revenues	\$	\$ 263,690	\$ 13,463	\$ (999)	\$ 276,154
Expenses:					
Cost of revenues (exclusive of items shown separately below)		106,076	9,365	(448)	114,993
Selling, general and administrative		33,956	3,646	(88)	37,514
Depreciation and amortization of fixed assets		8,989	1,382	(442)	9,929
Amortization of intangible assets		6,617	687		7,304
Total expenses		155,638	15,080	(978)	169,740
Operating income/(expense)		108,052	(1,617)	(21)	106,414
Other income/(expense):					
Investment income		20	12		32
Realized gains on securities, net		32			32
Interest expense		(8,458)	(29)	21	(8,466)
Total other expense, net		(8,406)	(17)	21	(8,402)
Income/(loss) before equity in net income of subsidiary and income taxes		99,646	(1,634)		98,012
Equity in net income/(loss) of subsidiary	55,375	(1,198)		(54,177)	
Provision for income taxes		(43,073)	436		(42,637)
Net income/(loss)	\$ 55,375	\$ 55,375	\$ (1,198)	\$ (54,177)	\$ 55,375

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CONDENSED CONSOLIDATING STATEMENT OF CASH FLOWS
For The Three-Month Period Ended March 31, 2011

	Verisk Analytics, Inc.	Guarantor Subsidiaries	Non-Guarantor Subsidiaries (In thousands)	Eliminating Entries	Consolidated
Net cash provided by operating activities	\$	\$ 139,524	\$ 6,057	\$	\$ 145,581
Cash flows from investing activities:					
Advances provided to other subsidiaries		(8,606)	(15,936)	24,542	
Purchases of available-for-sale securities		(960)			(960)
Proceeds from sales and maturities of available-for-sale securities		1,154			1,154
Purchases of fixed assets		(12,239)	(1,409)		(13,648)
Net cash used in investing activities		(20,651)	(17,345)	24,542	(13,454)
Cash flows from financing activities:					
Repurchase of Verisk Class A common stock		(73,578)			(73,578)
Repayment of short-term debt, net		(15,868)	(78)		(15,946)
Advances received from other subsidiaries		6,770	17,772	(24,542)	
Payment of debt issuance cost		(256)			(256)
Proceeds from stock options exercised		3,579			3,579
Net cash (used in)/provided by financing activities		(79,353)	17,694	(24,542)	(86,201)
Effect of exchange rate changes		(40)	378		338
Increase in cash and cash equivalents		39,480	6,784		46,264
Cash and cash equivalents, beginning of period	1	31,576	23,397		54,974
	\$ 1	\$ 71,056	\$ 30,181		\$ 101,238

Cash and cash equivalents, end
of period

Supplemental disclosures:

Increase in intercompany balances from the purchase of treasury stock by Verisk funded directly by ISO	\$ 73,578	\$ 73,578	\$	\$	\$
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Increase in intercompany balances from proceeds received by ISO related to the issuance of Verisk common stock from exercised stock options	\$ 3,579	\$ 3,579	\$	\$	\$
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CONDENSED CONSOLIDATING STATEMENT OF CASH FLOWS
For The Three-Month Period Ended March 31, 2010

	Verisk Analytics, Inc.	Guarantor Subsidiaries	Non-Guarantor Subsidiaries (In thousands)	Eliminating Entries	Consolidated
Net cash provided by/(used in) operating activities	\$	\$ 139,559	\$ (2,370)	\$	\$ 137,189
Cash flows from investing activities:					
Acquisitions, net of cash acquired of \$1,556		(6,227)			(6,227)
Proceeds from release of acquisition related escrows		213			213
Escrow funding associated with acquisitions		(1,500)			(1,500)
Advances provided to other subsidiaries		(782)	(706)	1,488	
Purchases of available-for-sale securities		(252)			(252)
Proceeds from sales and maturities of available-for-sale securities		335			335
Purchases of fixed assets		(6,123)	(1,375)		(7,498)
Net cash used in investing activities		(14,336)	(2,081)	1,488	(14,929)
Cash flows from financing activities:					
Repayment of short-term debt, net		(62,936)	(9)		(62,945)

Advance received from other subsidiaries		712	776	(1,488)	
Excess tax benefits from exercised stock options		147			147
Net cash (used in)/provided by financing activities		(62,077)	767	(1,488)	(62,798)
Effect of exchange rate changes		(53)	56		3
Increase/(decrease) in cash and cash equivalents		63,093	(3,628)		59,465
Cash and cash equivalents, beginning of period	1	51,005	20,521		71,527
Cash and cash equivalents, end of period	\$ 1	\$ 114,098	\$ 16,893		\$ 130,992

16. Subsequent Event

On April 27, 2011, the Company acquired 100% of the stock of Bloodhound Technologies, Inc. (Bloodhound), a privately-owned provider of medical claims overpayment protection services and medical billing data analysis. Bloodhound addresses the need of healthcare payers to control fraud and waste in a real-time claims-processing environment, and these capabilities align with the Company's existing fraud identification tools. This acquisition further advances the Company's position within the Decision Analytics segment as a provider of data, analytics, and decision-support solutions in the healthcare industry. The Company paid a net cash purchase price of \$82,000, which was funded by the issuance of senior notes in 2011 (See Note 8. Debt). The Company used \$6,560 of the net cash purchase price to fund the indemnity escrows. The cash paid will be adjusted subsequent to close to reflect final balances of certain working capital accounts and other closing adjustments. Due to the limited time since the acquisition date and limitations on access to Bloodhound information prior to the acquisition date, the initial accounting for the business combination is incomplete at this time. As a result, the Company is unable to provide amounts recognized as of the acquisition date for major classes of assets and liabilities acquired and resulting from the transaction, including the information required for contingencies, intangible assets and goodwill. This information will be included in the quarterly report on Form 10-Q for the six months ending June 30, 2011.

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

The following discussion should be read in conjunction with our historical financial statements and the related notes included within our annual report on Form 10-K dated and filed with the Securities and Exchange Commission on February 28, 2011. This discussion contains forward-looking statements that involve risks and uncertainties. Our actual results may differ materially from those discussed in or implied by any of the forward-looking statements as a result of various factors.

We enable risk-bearing businesses to better understand and manage their risks. We provide value to our customers by supplying proprietary data that, combined with our analytic methods, creates embedded decision support solutions. We are the largest aggregator and provider of data pertaining to U.S. property and casualty, or P&C, insurance risks. We offer solutions for detecting fraud in the U.S. P&C insurance, mortgage and healthcare industries and sophisticated methods to predict and quantify loss in diverse contexts ranging from natural catastrophes to health insurance to supply chain.

Our customers use our solutions to make better risk decisions with greater efficiency and discipline. We refer to these products and services as solutions due to the integration among our products and the flexibility that enables our customers to purchase components or the comprehensive package of products. These solutions take various forms, including data, statistical models or tailored analytics, all designed to allow our clients to make more logical decisions. We believe our solutions for analyzing risk positively impact our customers' revenues and help them better manage their costs.

We organize our business in two segments: Risk Assessment and Decision Analytics. Our Risk Assessment segment provides statistical, actuarial and underwriting data for the U.S. P&C insurance industry. Our Risk Assessment segment revenues represented approximately 45% and 49% of our revenues for the three months ended March 31, 2011 and 2010, respectively. Our Decision Analytics segment provides solutions our customers use to analyze the processes of the Verisk Risk Analysis Framework: Loss Prediction, Fraud Identification and Detection, and Loss Quantification. Our Decision Analytics segment revenues represented approximately 55% and 51% of our revenues for the three months ended March 31, 2011 and 2010, respectively.

Executive Summary

Key Performance Metrics

We believe our business's ability to generate recurring revenue and positive cash flow is the key indicator of the successful execution of our business strategy. We use year over year revenue growth and EBITDA margin as metrics to measure our performance. EBITDA and EBITDA margin are non-GAAP financial measures within the meaning of Regulation G under the Securities Exchange Act of 1934 (See footnote 1 within the Condensed Consolidated Results of Operations section of *Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations*).

Revenue growth. We use year over year revenue growth as a key performance metric. We assess revenue growth based on our ability to generate increased revenue through increased sales to existing customers, sales to new customers, sales of new or expanded solutions to existing and new customers and strategic acquisitions of new businesses.

EBITDA margin. We use EBITDA margin as a metric to assess segment performance and scalability of our business. We assess EBITDA margin based on our ability to increase revenues while controlling expense growth.

Revenues

We earn revenues through subscriptions, long-term agreements and on a transactional basis. Subscriptions for our solutions are generally paid in advance of rendering services either quarterly or in full upon commencement of the subscription period, which is usually for one year and automatically renewed each year. As a result, the timing of our cash flows generally precedes our recognition of revenues and income and our cash flow from operations tends to be higher in the first quarter as we receive subscription payments. Examples of these arrangements include subscriptions that allow our customers to access our standardized coverage language or our actuarial services throughout the subscription period. In general, we experience minimal seasonality within the business. Our long-term agreements are generally for periods of three to seven years. We recognize revenue from subscriptions ratably over the term of the subscription and most long-term agreements are recognized ratably over the term of the agreement.

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Certain of our solutions are also paid for by our customers on a transactional basis. For example, we have solutions that allow our customers to access fraud detection tools in the context of an individual mortgage application or file, obtain property-specific rating and underwriting information to price a policy on a commercial building, or compare a P&C insurance, medical or workers' compensation claim with information in our databases. For the three month periods ended March 31, 2011 and 2010, respectively, 30% and 31% of our revenues were derived from providing transactional solutions. We earn transactional revenues as our solutions are delivered or services performed. In general, transactions are billed monthly at the end of each month.

Approximately 85% and 84% of the revenues in our Risk Assessment segment for the three month periods ended March 31, 2011 and 2010, respectively, were derived from subscriptions and long-term agreements for our solutions. Our customers in this segment include most of the P&C insurance providers in the United States. Approximately 58% and 54% of the revenues in our Decision Analytics segment, for the three months ended March 31, 2011 and 2010, respectively, were derived from subscriptions and long-term agreements for our solutions.

Principal Operating Costs and Expenses

Personnel expenses are the major component of both our cost of revenues and selling, general and administrative expenses. Personnel expenses include salaries, benefits, incentive compensation, equity compensation costs (described under *Equity Compensation Costs* below), sales commissions, employment taxes, recruiting costs, and outsourced temporary agency costs, which represented 66% and 65% of our total expenses for the three months ended March 31, 2011 and 2010, respectively.

We allocate personnel expenses between two categories, cost of revenues and selling, general and administrative costs, based on the actual costs associated with each employee. We categorize employees who maintain our solutions as cost of revenues, and all other personnel, including executive managers, sales people, marketing, business development, finance, legal, human resources, and administrative services, as selling, general and administrative expenses. A significant portion of our other operating costs, such as facilities and communications, are also either captured within cost of revenues or selling, general and administrative expense based on the nature of the work being performed.

While we expect to grow our headcount over time to take advantage of our market opportunities, we believe that the economies of scale in our operating model will allow us to grow our personnel expenses at a lower rate than revenues. Historically, our EBITDA margin has improved because we have been able to increase revenues without a proportionate corresponding increase in expenses.

Cost of Revenues. Our cost of revenues consists primarily of personnel expenses. Cost of revenues also includes the expenses associated with the acquisition and verification of data, the maintenance of our existing solutions and the development and enhancement of our next-generation solutions. Our cost of revenues excludes depreciation and amortization.

Selling, General and Administrative Expense. Our selling, general and administrative expense also consists primarily of personnel costs. A portion of the other operating costs such as facilities, insurance and communications are also allocated to selling, general and administrative costs based on the nature of the work being performed by the employee. Our selling, general and administrative expense excludes depreciation and amortization.

Description of Acquisitions

Since January 1, 2010 we acquired three businesses. As a result of these acquisitions, our consolidated results of operations may not be comparable between periods.

On December 16, 2010, we acquired 100% of the common stock of 3E Company, or 3E, a global source for a comprehensive suite of environmental health and safety compliance solutions. Within our Decision Analytics segment, 3E overlaps the customer sets served by our other supply chain risk management solutions and helps our customers across a variety of vertical markets address their environmental health and safety issues.

On December 14, 2010, we acquired 100% of the common stock of Crowe Paradis Services Corporation, or CP, a leading provider of claims analysis and compliance solutions for the P&C insurance industry. Within our Decision Analytics segment, CP offers solutions for complying with the Medicare Secondary Payer (MSP) Act, provides services to many of the largest workers' compensation insurers, third-party administrators (TPAs), and self-insured companies which enhances solutions we currently offer.

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On February 26, 2010, we acquired 100% of the common stock of Strategic Analytics, Inc., or SA, a privately owned provider of credit risk and capital management solutions to consumer and mortgage lenders. Within our Decision Analytics segment, SA's solutions and application set will allow our customers to take advantage of state-of-the-art loss forecasting, stress testing, and economic capital requirement tools to better understand and forecast the risk associated within their credit portfolios.

Equity Compensation Costs

We have a leveraged employee stock ownership plan, or ESOP, funded with intercompany debt that includes 401(k), ESOP and profit sharing components to provide employees with equity participation. We make quarterly cash contributions to the plan equal to the debt service requirements or as needed to fund employee benefits. As the debt is repaid, a percentage of the ESOP loan collateral is released to the ESOP to fund 401(k) matching and profit sharing contributions and the remainder, if any, is allocated annually to active employees in proportion to their eligible compensation in relation to total participants' eligible compensation. We had no ESOP allocation expense for the three month periods ended March 31, 2011 and 2010. We accrue compensation expense over the reporting period equal to the fair value of the ESOP loan collateral to be released to the ESOP.

The amount of our ESOP costs recognized for the three months ended March 31, 2011 and 2010 are as follows:

	Three Months Ended March	
	31,	
	2011	2010
	(In thousands)	
ESOP costs by contribution type:		
401(k) matching contribution expense	\$ 2,655	\$ 2,353
Profit sharing contribution expense	456	497
Total ESOP costs	\$ 3,111	\$ 2,850
ESOP costs by segment:		
Risk Assessment ESOP costs	\$ 1,748	\$ 1,727
Decision Analytics ESOP costs	1,363	1,123
Total ESOP costs	\$ 3,111	\$ 2,850

In addition, the portion of the ESOP allocation expense related to the appreciation of the value of the ESOP loan collateral in the ESOP above the value of the contribution made when the ESOP was first established is not tax-deductible. As such, an increase in our ESOP costs would cause an increase in our effective tax rate.

Under the terms of our approved compensation plans, stock options and other award types may be provided to employees. Prior to our IPO, we granted to key employees nonqualified stock options covered under the Insurance Services Office, Inc. 1996 Incentive Plan, or the Option Plan. Subsequent to the IPO, nonqualified stock options granted to key employees are covered under the Verisk Analytics, Inc. 2009 Equity Incentive Plan, or the Incentive Plan. All of the Company's outstanding stock options are covered under the Incentive Plan or the Option Plan. On April 1, 2011, we granted nonqualified stock options and restricted stock to key employees as part of our annual equity compensation plan. See Note 10 in our condensed consolidated financial statements included in this quarterly report on Form 10-Q.

Table of Contents**Condensed Consolidated Results of Operations**

	Three Months Ended March 31,		Percentage
	2011	2010	Change
	(In thousands, except for share and per share data)		
Statement of income data:			
Revenues :			
Risk Assessment revenues	\$ 140,543	\$ 134,578	4.4%
Decision Analytics revenues	172,326	141,576	21.7%
Revenues	312,869	276,154	13.3%
Expenses:			
Cost of revenues (exclusive of items shown separately below)	124,556	114,993	8.3%
Selling, general and administrative	49,256	37,514	31.3%
Depreciation and amortization of fixed assets	11,305	9,929	13.9%
Amortization of intangible assets	8,455	7,304	15.8%
Total expenses	193,572	169,740	14.0%
Operating income	119,297	106,414	12.1%
Other income/(expense):			
Investment income	10	32	(68.8)%
Realized gains on securities, net	362	32	1031.3%
Interest expense	(9,615)	(8,466)	13.6%
Total other expense, net	(9,243)	(8,402)	10.0%
Income before income taxes	110,054	98,012	12.3%
Provision for income taxes	(44,178)	(42,637)	3.6%
Net income	\$ 65,876	\$ 55,375	19.0%
Basic net income per share	\$ 0.39	\$ 0.31	25.8%
Diluted net income per share	\$ 0.37	\$ 0.29	27.6%
Weighted average shares outstanding:			
Basic	169,030,227	180,053,550	(6.1)%

Diluted	176,964,192	189,454,756	(6.6)%
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The financial operating data below sets forth the information we believe is useful for investors in evaluating our overall financial performance:

Other data:

EBITDA (1):

Risk Assessment EBITDA	\$	74,159	\$	65,496	13.2%
Decision Analytics EBITDA		64,898		58,151	11.6%
EBITDA	\$	139,057	\$	123,647	12.5%

The following is a reconciliation of net income to EBITDA:

Net income	\$	65,876	\$	55,375	19.0%
Depreciation and amortization		19,760		17,233	14.7%
Investment income and realized gains on securities, net		(372)		(64)	481.3%
Interest expense		9,615		8,466	13.6%
Provision for income taxes		44,178		42,637	3.6%
EBITDA	\$	139,057	\$	123,647	12.5%

(1) EBITDA is the financial measure which management uses to evaluate the performance of our segments. EBITDA is defined as net income before investment income and realized (gains)/losses on securities, net, interest expense, provision for income taxes, depreciation and amortization of fixed and intangible assets, and acquisition related liabilities adjustment. In addition, this Management's Discussion and Analysis includes references to EBITDA margin, which is computed as EBITDA divided by revenues. See Note 12 of our condensed consolidated financial statements included in this Form 10-Q filing.

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Although EBITDA is a non-GAAP financial measure, EBITDA is frequently used by securities analysts, lenders and others in their evaluation of companies. EBITDA has limitations as an analytical tool, and should not be considered in isolation, or as a substitute for an analysis of our results of operations or cash flow from operating activities reported under GAAP. Management uses EBITDA in conjunction with traditional GAAP operating performance measures as part of its overall assessment of company performance. Some of these limitations are:

EBITDA does not reflect our cash expenditures, or future requirements for capital expenditures or contractual commitments;

EBITDA does not reflect changes in, or cash requirements for, our working capital needs;

Although depreciation and amortization are non-cash charges, the assets being depreciated and amortized often will have to be replaced in the future and EBITDA does not reflect any cash requirements for such replacements; and

Other companies in our industry may calculate EBITDA differently than we do, limiting its usefulness as a comparative measure.

Consolidated Results of Operations

Three Months Ended March 31, 2011 Compared to Three Months Ended March 31, 2010

Revenues

Revenues were \$312.9 million for the three months ended March 31, 2011 compared to \$276.2 million for the three months ended March 31, 2010, an increase of \$36.7 million or 13.3%. In 2010, we acquired three companies, Strategic Analytics, Crowe Paradis and 3E, collectively referred to as recent acquisitions, which accounted for an increase of \$18.6 million in revenues for the three months ended March 31, 2011. Excluding recent acquisitions, revenues increased \$18.1 million, which included an increase in our Risk Assessment segment of \$6.0 million and an increase in our Decision Analytics segment of \$12.1 million.

Cost of Revenues

Cost of revenues was \$124.6 million for the three months ended March 31, 2011 compared to \$115.0 million for the three months ended March 31, 2010, an increase of \$9.6 million or 8.3%. Recent acquisitions accounted for an increase of \$6.7 million in cost of revenues for the three months ended March 31, 2011. The remaining increase was primarily due to an increase in salaries and employee benefits costs of \$3.7 million, which include annual salary increases and medical costs. Other operating costs also increased by \$1.0 million. These increases were partially offset by a decrease in data costs of \$1.6 million primarily in our Decision Analytics segment, and a decrease in rent and maintenance fees of \$0.2 million.

Selling, General and Administrative Expenses

Selling, general and administrative expenses, or SGA, were \$49.3 million for the three months ended March 31, 2011 compared to \$37.5 million for the three months ended March 31, 2010, an increase of \$11.8 million or 31.3%. Recent acquisitions accounted for an increase of \$8.7 million in SGA for the three months ended March 31, 2011. The remaining increase was primarily due to increased salaries and employee benefits costs of \$2.3 million, which include annual salary increases, medical costs, commissions, and stock option expense. Other increases were costs attributable to legal costs of \$0.5 million and other general expenses of \$0.3 million.

Depreciation and Amortization of Fixed Assets

Depreciation and amortization of fixed assets was \$11.3 million for the three months ended March 31, 2011 compared to \$9.9 million for the three months ended March 31, 2010, an increase of \$1.4 million or 13.9%. Depreciation and amortization of fixed assets includes depreciation of furniture and equipment, software, computer hardware, and related equipment. The majority of the increase relates to software and hardware costs to support data capacity expansion and revenue growth.

Amortization of Intangible Assets

Amortization of intangible assets was \$8.5 million for the three months ended March 31, 2011 compared to \$7.3 million for the three months ended March 31, 2010, an increase of \$1.2 million or 15.8%. The increase was primarily related to intangible assets associated with new acquisitions in 2010 accounting for \$2.5 million. This increase was offset by a decrease of \$1.3 million of amortization of intangible assets associated with prior acquisitions that have been fully amortized.

Investment Income and Realized Gains on Securities, Net

Investment income and realized gains on securities, net was \$0.4 million for the three months ended March 31, 2011 compared to a gain of \$0.1 million for the three months ended March 31, 2010, an increase of \$0.3 million.

Interest Expense

Interest expense was \$9.6 million for the three months ended March 31, 2011 compared to \$8.5 million for the three months ended March 31, 2010, an increase of \$1.1 million or 13.6%. This increase is primarily due to increased interest costs as a result of an increase in average debt outstanding during the three months ended March 31, 2011 as compared to the three months ended March 31, 2010.

Table of Contents*Provision for Income Taxes*

The provision for income taxes was \$44.2 million for the three months ended March 31, 2011 compared to \$42.6 million for the three months ended March 31, 2010, an increase of \$1.6 million or 3.6%. The effective tax rate was 40.1% for the three months ended March 31, 2011 compared to 43.5% for the three months ended March 31, 2010. The effective rate for the three months ended March 31, 2011 was lower due to a non-cash tax charge of \$2.4 million resulting from reduced tax benefits of Medicare subsidies associated with legislative changes in the prior period. Excluding this charge, the effective rate for the prior period would have been 41.1%. The March 31, 2011 effective tax rate is also lower than the March 31, 2010 effective tax rate due to favorable state audit settlements, the continued execution of tax planning strategies and the benefits associated with enacted R&D legislation.

EBITDA Margin

The EBITDA margin for our consolidated results was 44.4% for the three months ended March 31, 2011 compared to 44.8% for the three months ended March 31, 2010. Recent acquisitions mitigated our margin expansion by 1.8%.

Results of Operations by Segment*Risk Assessment Results of Operations**Revenues*

Revenues were \$140.6 million for the three months ended March 31, 2011 compared to \$134.6 million for the three months ended March 31, 2010, an increase of \$6.0 million or 4.4%. The increase within our industry-standard insurance programs primarily resulted from an increase in prices derived from continued enhancements to the content of our solutions and increased penetration with our existing customers.

Our revenue by category for the periods presented is set forth below:

	Three Months Ended March 31,		Percentage Change
	2011	2010	
	(In thousands)		
Industry-standard insurance programs	\$ 92,857	\$ 88,044	5.5%
Property-specific rating and underwriting information	34,497	33,959	1.6%
Statistical agency and data services	7,742	7,179	7.8%
Actuarial services	5,447	5,396	0.9%
Total Risk Assessment	\$ 140,543	\$ 134,578	4.4%

Cost of Revenues

Cost of revenues for our Risk Assessment segment was \$47.3 million for the three months ended March 31, 2011 compared to \$49.9 million for the three months ended March 31, 2010, a decrease of \$2.6 million or 5.3%. The decrease was primarily due to a decrease in salaries and employee benefits costs of \$1.6 million, primarily related to lower pension cost of \$0.7 million. Salaries and employee benefits costs also decreased due to a reallocation of information technology resources to our Decision Analytics segment and a slight reduction in headcount. Other decreases were attributable to rent and maintenance expense of \$0.4 million and other operating expenses of \$0.9 million. This decrease was partially offset by an increase in data and consultant costs of \$0.3 million.

Selling, General and Administrative Expenses

Selling, general and administrative expenses for our Risk Assessment segment were \$19.2 million for the three months ended March 31, 2011 compared to \$19.2 million for the three months ended March 31, 2010. The fluctuations within selling, general and administrative expenses were a decrease in salaries and employee benefit costs of \$0.3 million, and a decrease in other expenses of \$0.2 million, which was offset by an increase in legal costs of \$0.5 million. The decrease in salaries and employee benefit cost is partially attributable to reallocations of corporate resources to Decision Analytics segment due to our increased focus to expand growth within that segment.

Table of Contents*EBITDA Margin*

The EBITDA margin for our Risk Assessment segment was 52.8% for the three months ended March 31, 2011 compared to 48.7% for the three months ended March 31, 2010. The increase in margin is primarily attributed to operating leverage in the segment as well as cost efficiencies and a reallocation of information technology and corporate resources to Decision Analytics segment, all of which impacted our margin by 2.1%.

Decision Analytics Results of Operations*Revenues*

Revenues for our Decision Analytics segment were \$172.3 million for the three months ended March 31, 2011 compared to \$141.6 million for the three months ended March 31, 2010, an increase of \$30.7 million or 21.7%. Recent acquisitions accounted for an increase of \$18.6 million in revenues for the three months ended March 31, 2011, of which \$11.3 million relates to loss prediction revenues and \$7.3 million relates to fraud identification and detection solutions revenues. Excluding the impact of recent acquisitions, revenue increased \$12.1 million for the three months ended March 31, 2011. Our loss quantification solution revenues increased \$7.0 million as a result of new customer contracts and volume increases associated with severe weather conditions and other damages experienced in the United States. Our loss prediction solutions revenue, excluding recent acquisitions, increased \$4.7 million primarily from increased penetration of our existing customers and new projects. Our fraud identification and detection solutions revenue, excluding recent acquisitions, increased \$0.4 million due to an increase in insurance and healthcare fraud services offset by lower revenues in forensic and underwriting mortgage solutions. Our revenue by category for the periods presented is set forth below:

	Three Months Ended March		
	31,		Percentage
	2011	2010	Change
	(In thousands)		
Fraud identification and detection solutions	\$ 86,586	\$ 78,795	9.9%
Loss prediction solutions	52,941	36,928	43.4%
Loss quantification solutions	32,799	25,853	26.9%
Total Decision Analytics	\$ 172,326	\$ 141,576	21.7%

Cost of Revenues

Cost of revenues for our Decision Analytics segment was \$77.3 million for the three months ended March 31, 2011 compared to \$65.1 million for the three months ended March 31, 2010, an increase of \$12.2 million or 18.7%. The increase included \$6.7 million in costs attributable to recent acquisitions. Excluding the impact of recent acquisitions, cost of revenues increased \$5.5 million, primarily due to an increase in salaries and employee benefits of \$5.3 million, which include annual salary increases and increased medical costs and the reallocation of information and technology resources from Risk Assessment. Other increases include office maintenance costs of \$0.2 million and an increase in other operating expenses of \$1.9 million, which includes travel and software maintenance costs. The increases were partially offset by a decrease in data costs of \$1.9 million.

Selling, General and Administrative Expenses

Selling, general and administrative expenses were \$30.1 million for the three months ended March 31, 2011 compared to \$18.3 million for the three months ended March 31, 2010, an increase of \$11.8 million or 64.4%. The increase included \$8.7 million in costs attributable to recent acquisitions. The remaining increase was due to an increase in salaries and employee benefits costs of \$2.6 million, which include annual salary increases, medical costs, commissions, and stock option expense. In addition, the increase in salaries and employee benefit cost is attributable to increased reallocation of corporate resources due to our augmented effort to expand growth within this segment. Other increases include an increase in general expenses of \$0.5 million.

EBITDA Margin

The EBITDA margin for our Decision Analytics segment was 37.7% for the three months ended March 31, 2011 compared to 41.1% for the three months ended March 31, 2010. Recent acquisitions mitigated our margin expansion by 2.6% and the reallocation of corporate resources mitigated our margin expansion by 0.7%.

Liquidity and Capital Resources

As of March 31, 2011 and December 31, 2010, we had cash and cash equivalents and available-for sale securities of \$106.8 million and \$60.6 million, respectively. Subscriptions for our solutions are billed and generally paid in advance of rendering services either quarterly or in full upon commencement of the subscription period, which is usually for one year, and they are automatically renewed at the beginning of each calendar year. We have historically generated significant cash flows from operations. As a result of this factor, as well as the availability of funds under our revolving credit facility, we believe we will have sufficient cash to meet our working capital and capital expenditure needs, including acquisition contingent payments and to fuel our future growth plans.

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We have historically managed the business with a working capital deficit due to the fact that, as described above, we offer our solutions and services primarily through annual subscriptions or long-term contracts, which are generally prepaid quarterly or annually in advance of the services being rendered. When cash is received for prepayment of invoices, we record an asset (cash and cash equivalents) on our balance sheet with the offset recorded as a current liability (fees received in advance). This current liability is deferred revenue that does not require a direct cash outflow since our customers have prepaid and are obligated to purchase the services. In most businesses, growth in revenue typically leads to an increase in the accounts receivable balance causing a use of cash as a company grows. Unlike these businesses, our cash position is favorably affected by revenue growth, which results in a source of cash due to our customers prepaying for most of our services.

Our capital expenditures, which include non-cash purchases of fixed assets, as a percentage of revenues for the three months ended March 31, 2011 and 2010, were 6.0% and 3.2%, respectively. Expenditures related to developing and enhancing our solutions are predominately related to internal use software and are capitalized in accordance with the accounting guidance for costs of computer software developed or obtained for internal use. The amounts capitalized in accordance with the accounting guidance for software to be sold, leased or otherwise marketed are not significant to the financial statements.

We historically used a portion of our cash for repurchases of our common stock from our stockholders. During the three months ended March 31, 2011, we repurchased \$73.4 million of our common stock. We did not repurchase any common stock during the three months ended March 31, 2010. On March 11, 2011, our board of directors authorized an additional \$150.0 million of share repurchases under the Repurchase Program. See Note 9 to our condensed consolidated financial statements included in this quarterly report on Form 10-Q.

We provide pension and postretirement benefits to certain qualifying active employees and retirees. Based on the pension funding policy, we contributed \$6.2 and \$4.2 million to the pension plan in the three months ended March 31, 2011 and 2010 and expect to contribute approximately \$19.6 million to the pension plan in remaining periods of 2011. Under the postretirement plan, we provide certain healthcare and life insurance benefits to qualifying participants; however, participants are required to pay a stated percentage of the premium coverage. We contributed approximately \$0.3 and \$0.8 million to the postretirement plan in the three months ended March 31, 2011 and 2010 and expect to contribute approximately \$3.9 million in the remaining periods of 2011. See Note 11 to our condensed consolidated financial statements included in this quarterly report on Form 10-Q.

Financing and Financing Capacity

We had total debt, excluding capital lease and other obligations, of \$820.0 million and \$835.0 million at March 31, 2011 and December 31, 2010, respectively. The debt at March 31, 2011 primarily consisted of long-term loan senior debt and facilities drawn to finance our stock repurchases and acquisitions.

On April 6, 2011, we completed an issuance of senior notes in the aggregate principal amount of \$450.0 million. These senior notes are due on May 1, 2021 and accrue interest at 5.80%. We received net proceeds of \$446.0 million after deducting original issue discount, underwriting discount, and commissions of \$4.0 million. The senior notes are fully and unconditionally guaranteed, jointly and severally, on an unsecured and unsubordinated basis by ISO and certain subsidiaries that guarantee our syndicated revolving credit facility or any amendment, refinancing or replacement thereof. Interest will be payable semi-annually on May 1st and November 1st of each year, beginning on November 1, 2011. Interest accrues from April 6, 2011. We intend to use the net proceeds for general corporate purposes, including the repayment of indebtedness and/or acquisitions. Although we intend to initially use a portion of the proceeds to repay amounts outstanding under our revolving credit facility, we expect to redraw from our syndicated revolving credit facility over time as needed for our corporate strategy, including for general corporate purposes and/or acquisitions. On April 6, 2011, we used a portion of the proceeds to refinance on a long term basis the outstanding balance of our syndicated revolving credit facility in an amount of \$295.0 million and used a portion of the proceeds to finance the acquisition of Bloodhound Technologies, Inc. on April 27, 2011. (See Note 16 to our condensed consolidated financial statements included in this quarterly report on Form 10-Q for further information on the acquisition). The indenture governing the senior notes restricts our ability and our subsidiaries' ability to, among other things, create certain liens, enter into sale/leaseback transactions and consolidate with, sell, lease, convey or otherwise transfer all or substantially all of our assets, or merge with or into, any other person or entity.

We have a \$600.0 million committed revolving credit facility with a syndicate of lenders due September 2014. On March 16, 2011, The Northern Trust Company joined the syndicated revolving credit facility to increase the capacity by \$25.0 million, for a \$600.0 million total commitment. On March 28, 2011, we entered into amendments to our revolving credit facility and our master shelf agreements to, among other things, permit the issuance of the senior notes and guarantees noted above.

The \$600.0 million syndicated revolving credit facility contains certain customary financial and other covenants that, among other things, impose certain restrictions on indebtedness, liens, investments, and capital expenditures. These covenants also place restrictions on asset sales, sale and leaseback transactions, payments between us and our subsidiaries, cross defaults, and certain transactions with affiliates. The financial covenants require that, at the end of any fiscal quarter, we have a consolidated interest coverage ratio of at least 3.0 to 1.0 and that during any period of four fiscal quarters we maintain a consolidated funded debt leverage ratio of below 3.0 to 1.0. We were in compliance with all debt covenants under the credit facility as of March 31, 2011.

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We also have long-term loan facilities under uncommitted master shelf agreements with Aviva Investors North America, or Aviva, New York Life and Prudential Capital Group, or Prudential, with capacities at March 31, 2011 in the amounts of \$20.0 million, \$30.0 million and \$115.0 million, respectively. We can borrow under the Aviva Master Shelf Agreement until December 10, 2011, the New York Life Master Shelf Agreement until March 16, 2013 and the Prudential Master Shelf Agreement until August 30, 2013.

The notes outstanding under these facilities mature over the next five years. Individual borrowings are made at a fixed rate of interest determined at the time of the borrowing and interest is payable quarterly. The weighted average rate of interest with respect to our outstanding borrowings under these facilities was 6.07% for the three months ended March 31, 2011. The uncommitted master shelf agreements contain certain covenants that limit our ability to create liens, enter into sale and leaseback transactions and consolidate, merge or sell assets to another company. The Aviva, New York Life Master Shelf and the Prudential Master Shelf agreements also contains financial covenants that require that, at the end of any fiscal quarter, we have a consolidated interest coverage ratio of at least 3.0 to 1.0 and a leverage ratio of below 3.0 to 1.0 at the end of any fiscal quarter. We were in compliance with all debt covenants under our master shelf agreements as of March 31, 2011.

Cash Flow

The following table summarizes our cash flow data for the three months ended March 31, 2011 and 2010.

	For the Three Months Ended March	
	31,	
	2011	2010
	(In thousands)	
Net cash provided by operating activities	\$ 145,581	\$ 137,189
Net cash used in investing activities	\$ (13,454)	\$ (14,929)
Net cash used in financing activities	\$ (86,201)	\$ (62,798)

Operating Activities

Net cash provided by operating activities increased to \$145.6 million for the three months ended March 31, 2011 from \$137.2 million for the three months ended March 31, 2010. The increase in net cash provided by operating activities was principally due to an increase in cash receipts from customers during the three months ended March 31, 2011. This increase was partially offset by an increase in operating expense payments primarily related to increased pension contributions during the three months ended March 31, 2011 compared to the three months ended March 31, 2010.

Investing Activities

Net cash used in investing activities was \$13.5 million for the three months ended March 31, 2011 compared to \$14.9 million for the three months ended March 31, 2010. The decrease in net cash used in investing activities was principally due to a decrease in acquisition and escrow related payments of \$7.7 million, primarily related to the acquisition of Strategic Analytics in the first quarter of 2010, partially offset by an increase in purchases of fixed assets of \$6.2 million during the three months ended March 31, 2011 compared to the three months ended March 31, 2010.

Financing Activities

Net cash used in financing activities was \$86.2 million for the three months ended March 31, 2011 and \$62.8 million for the three months ended March 31, 2010. Net cash used in financing activities for the three months ended March 31, 2011 included repurchases of Verisk Class A common stock of \$73.6 million and a decrease in total debt of \$15.9 million. Net cash used in financing activities for the three months ended March 31, 2010 was primarily related to a decrease in total debt of \$62.9 million.

Off-Balance Sheet Arrangements

We have no off-balance sheet arrangements.

Contractual Obligations

There have been no material changes to our contractual obligations outside the ordinary course of our business from those reported in our annual report on Form 10-K and filed with the Securities and Exchange Commission on

February 28, 2011 except as noted below.

On April 6, 2011, we completed an issuance of senior notes in the aggregate principal amount of \$450.0 million. These senior notes are due on May 1, 2021 and accrue interest at 5.80%. We received net proceeds of \$446.0 million after deducting discounts and commissions of \$4.0 million. The senior notes are fully and unconditionally guaranteed, jointly and severally, on an unsecured and unsubordinated basis by ISO and certain subsidiaries that guarantee our syndicated revolving credit facility or any amendment, refinancing or replacement thereof. Interest is payable semi-annually on May 1st and November 1st of each year, beginning on November 1, 2011. Interest accrues from April 6, 2011.

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Critical Accounting Estimates

Our management's discussion and analysis of financial condition and results of operations are based on our condensed consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States. The preparation of these financial statements require management to make estimates and judgments that affect reported amounts of assets and liabilities and related disclosures of contingent assets and liabilities at the dates of the financial statements and revenue and expenses during the reporting periods. These estimates are based on historical experience and on other assumptions that are believed to be reasonable under the circumstances. On an ongoing basis, management evaluates its estimates, including those related to revenue recognition, goodwill and intangible assets, pension and other post retirement benefits, stock-based compensation, and income taxes. Actual results may differ from these assumptions or conditions. Some of the judgments that management makes in applying its accounting estimates in these areas are discussed under the heading "Management's Discussion and Analysis of Financial Condition and Results of Operations" in our annual report on Form 10-K dated and filed with the Securities and Exchange Commission on February 28, 2011. Since the date of our annual report on Form 10-K, there have been no material changes to our critical accounting estimates.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Market risks at March 31, 2011 have not materially changed from those discussed under Item 7A in our annual report on Form 10-K dated and filed with the Securities and Exchange Commission on February 28, 2011.

Item 4. Controls and Procedures

Disclosure Controls and Procedures

We maintain disclosure controls and procedures (as that term is defined in Rules 13a-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act")) that are designed to ensure that information required to be disclosed in our reports under the Exchange Act is recorded, processed, summarized, and reported within the time periods specified in the Securities and Exchange Commission's rules and forms, and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosures. Any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives.

Our management, with the participation of the Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of the Company's disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) as of the end of the period covered by this quarterly report on Form 10-Q. Based upon the foregoing assessments, our Chief Executive Officer and Chief Financial Officer have concluded that, as of March 31, 2011, our disclosure controls and procedures were effective.

Changes in Internal Control over Financial Reporting

During the three month period ending March 31, 2011, there has been no change in our internal control over financial reporting that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

Table of Contents**PART II OTHER INFORMATION****Item 1. Legal Proceedings**

We are party to legal proceedings with respect to a variety of matters in the ordinary course of business. See Part I Item 1. Note 14 to our condensed consolidated financial statements for the three months ended March 31, 2011 for a description of our significant current legal proceedings, which is incorporated by reference herein.

Item 1A. Risk Factors

There has been no material change in the information provided under the heading **Risk Factors** in our annual report on Form 10-K dated and filed with the Securities and Exchange Commission on February 28, 2011.

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

There were no unregistered sales of equity securities by the Company during the period covered by this report.

Issuer Purchases of Equity Securities

On April 29, 2010, our board of directors authorized a \$150.0 million share repurchase program, or the Repurchase Program, of our common stock. On October 19, 2010 and March 11, 2011, our board of directors authorized an additional capacity of \$150.0 million and \$150.0 million, respectively, for the Repurchase Program for a total of \$450.0 million. Under the Repurchase Program, we may repurchase stock in the open market or as otherwise determined by us. These authorizations have no expiration dates, although they may be suspended or terminated at any time. Our shares repurchased for the quarter ended March 31, 2011 are set forth below:

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs (in thousands)
January 1, 2011 through January 31, 2011	703,963	\$ 34.04	703,963	\$ 63,527
February 1, 2011 through February 28, 2011	580,455	\$ 32.82	580,455	\$ 44,477
March 1, 2011 through March 31, 2011	959,164	\$ 31.67	959,164	\$ 164,105
	2,243,582		2,243,582	

Item 3. Defaults Upon Senior Securities

None.

Item 4. [Removed and Reserved]**Item 5. Other Information**

None.

Item 6. Exhibits

See Exhibit Index.

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SIGNATURES

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

Verisk Analytics, Inc.
(Registrant)

by: /s/ Mark V. Anquillare

Date: May 3, 2011

Mark V. Anquillare
Executive Vice President and Chief Financial
Officer
(Principal Financial Officer and Duly
Authorized Officer)

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EXHIBIT INDEX

Exhibit Number	Description
31.1	Certification of the Chief Executive Officer of Verisk Analytics, Inc. pursuant to Rule 13a-14 under the Securities Exchange Act of 1934.*
31.2	Certification of the Chief Financial Officer of Verisk Analytics, Inc. pursuant to Rule 13a-14 under the Securities Exchange Act of 1934.*
32.1	Certification of the Chief Executive Officer and Chief Financial Officer of Verisk Analytics, Inc. pursuant to 18 U.S.C. Section 1350 as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.*

* Filed herewith.