HELEN OF TROY LTD
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goodwill. The Company completed the required annual impairment test as of June 30, 2017, and concluded that there was no impairment of goodwill.

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

	Weighted Average Useful Life	Cost	Accumulated Amortization	Net
September 30, 2017				
Technology-based	7 years	$387.8	$ (215.9)	$171.9
Marketing-related	17 years	257.8	(59.9)	197.9
Contract-based	6 years	5.0	(5.0)	—
Customer-related	13 years	618.5	(161.7)	456.8
Database-related	19 years	481.0	(51.4)	429.6
Total intangible assets		$1,750.1	$ (493.9)	$1,256.2
December 31, 2016				
Technology-based	7 years	$310.9	$ (196.6)	$114.3
Marketing-related	17 years	227.5	(47.5)	180.0
Contract-based	6 years	5.0	(5.0)	—
Customer-related	14 years	483.1	(128.5)	354.6
Database-related	20 years	393.9	(32.0)	361.9
Total intangible assets		$1,420.4	$ (409.6)	$1,010.8

Amortization expense related to intangible assets for the three months ended September 30, 2017 and 2016 was $27.5 million and $22.7 million, respectively. Amortization expense related to intangible assets for the nine months ended September 30, 2017 and 2016 was $73.6 million and $70.4 million, respectively. Estimated amortization expense for the remainder of 2017 and the years through 2022 and thereafter for intangible assets subject to amortization is as follows:

Year	Amount
2017	$30.5
2018	121.8
2019	120.8
2020	118.2
2021	108.3
2022 and thereafter	756.6
	$1,256.2

7. Income Taxes:

The Company's effective tax rate for the three and nine months ended September 30, 2017 was 33.19% and 31.51%, respectively, compared to the effective tax rate for the three and nine months ended September 30, 2016 of 26.00% and 30.29%. The effective tax rate for the three and nine months ended September 30, 2017 is higher than the effective tax rate for the three and nine months ended September 30, 2016 primarily due to reduced tax benefits in the current period resulting from legislation enacted in the U.K., and mix of foreign income, partially offset by the tax rate benefit of adopting ASU No. 2016-09. The difference between statutory tax rates and the Company's effective tax rate is primarily attributable to income earned in foreign jurisdictions with tax rates lower than the U.S. rate, offset by additional state and local income taxes.

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8. Debt:

The following table presents short-term and long-term debt by issuance as of September 30, 2017 and December 31, 2016:

	Issuance Date	Maturity Date	2017	2016
Short-term debt and current portion of long-term debt:				
Syndicated revolving credit facility	Various	Various	$595.0	$100.0
Capital lease obligations	Various	Various	7.9	6.8
Short-term debt and current portion of long-term debt			602.9	106.8
Long-term debt:				
Senior notes:				
4.000% senior notes, less unamortized discount and debt issuance costs of $9.5 and $10.4, respectively	5/15/2015	6/15/2025	890.5	889.6
5.500% senior notes, less unamortized discount and debt issuance costs of $4.9 and $5.0, respectively	5/15/2015	6/15/2045	345.1	345.0
4.125% senior notes, less unamortized discount and debt issuance costs of $3.0 and $3.5, respectively	9/12/2012	9/12/2022	347.0	346.5
4.875% senior notes, less unamortized discount and debt issuance costs of $0.8 and $1.4, respectively	12/8/2011	1/15/2019	249.2	248.6
5.800% senior notes, less unamortized discount and debt issuance costs of $1.9 and $2.4, respectively	4/6/2011	5/1/2021	448.1	447.6
Capital lease obligations	Various	Various	3.1	7.1
Syndicated revolving credit facility debt issuance costs	Various	Various	(4.2)	(4.2)
Long-term debt			2,278.8	2,280.2
Total debt			$2,881.7	$2,387.0

As of September 30, 2017 and December 31, 2016, the Company had senior notes with an aggregate principal amount of $2,300.0 million outstanding and was in compliance with their financial debt covenants.

As of September 30, 2017, the Company had a borrowing capacity of $1,500.0 million under the committed senior unsecured Syndicated Revolving Credit Facility (the "Credit Facility") with Bank of America N.A., JP Morgan Chase, N.A., and a syndicate of banks. The Credit Facility may be used for general corporate purposes, including working capital needs and capital expenditures, acquisitions and the share repurchase program (the "Repurchase Program"). The Company was in compliance with all financial debt covenants under the Credit Facility as of September 30, 2017. As of September 30, 2017 and December 31, 2016, the Company had outstanding borrowings under the Credit Facility of $595.0 million and $100.0 million, respectively. On May 18, 2017, the Company entered into the third amendment to the Credit Facility, which, among other things, extended the maturity date one year to May 15, 2022.

9. Stockholders' Equity:

The Company has 2,000,000,000 shares of authorized common stock. The common shares have rights to any dividend declared by the board of directors (the "Board"), subject to any preferential or other rights of any outstanding preferred stock, and voting rights to elect all thirteen members of the Board.

The Company has 80,000,000 shares of authorized preferred stock, par value $0.001 per share. The preferred shares have preferential rights over the common shares with respect to dividends and net distribution upon liquidation. The Company did not issue any preferred shares as of September 30, 2017.

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Share Repurchase Program

Since the introduction of the Repurchase Program as a feature of the Company's capital management strategies in 2010, the Company has authorized repurchases of up to $2,800.0 million of its common stock and has repurchased shares with an aggregate value of $2,433.8 million. The Company repurchased 3,356,360 shares of common stock with an aggregate value of $269.8 million during the nine months ended September 30, 2017. As of September 30, 2017, the Company had $366.2 million available to repurchase shares. 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 2013 Equity Incentive Plan (the “2013 Incentive Plan”), the Verisk 2009 Equity Incentive Plan (the “2009 Incentive Plan”), and the ISO 1996 Incentive Plan (the “1996 Incentive Plan”), while providing flexibility to repurchase additional shares if warranted. This authorization has no expiration date and may be increased, reduced, suspended, or terminated at any time. Shares that are repurchased under the Repurchase Program will be recorded as treasury stock and will be available for future issuance.

Treasury Stock

As of September 30, 2017, the Company’s treasury stock consisted of 379,486,284 shares of common stock. During the nine months ended September 30, 2017, the Company reissued 957,342 shares of common stock from the treasury shares at a weighted average price of $8.07 per share.

Earnings Per Share (“EPS”)

Basic EPS is computed by dividing income from continuing operations, income from discontinued operations and net income, respectively, by the weighted average number of common shares outstanding during the period. 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, including stock options, nonvested restricted stock awards, and nonvested restricted stock units, had been issued.
The following is a reconciliation of the numerators and denominators of the basic and diluted EPS computations for the three and nine months ended September 30, 2017 and 2016:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2017	2016	2017	2016
Numerator used in basic and diluted EPS:				
Income from continuing operations	$120.7	$127.6	$350.5	$344.0
Income from discontinued operations (Note 5)	—	—	—	137.9
Net income	$120.7	$127.6	$350.5	$481.9
Denominator:				
Weighted average number of common shares used in basic EPS	164,577,575	168,874,129	165,314,267	168,541,399
Effect of dilutive shares:				
Potential common shares issuable from stock options and stock awards	3,379,483	2,911,771	3,493,138	2,953,790
Weighted average number of common shares and dilutive potential common shares used in diluted EPS	167,957,058	171,785,900	168,807,405	171,495,189

The potential shares of common stock that were excluded from diluted EPS were 2,471,487 and 1,239,406 for the three months ended September 30, 2017 and 2016, and 2,158,723 and 1,890,460 for the nine months ended September 30, 2017 and 2016, respectively, because the effect of including these potential shares was anti-dilutive.

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Accumulated Other Comprehensive Losses

The following is a summary of accumulated other comprehensive losses as of September 30, 2017 and December 31, 2016:

	2017	2016
Foreign currency translation adjustment	$(356.5)	$(561.4)
Unrealized holding gains on available-for-sale securities, net of tax	0.5	0.3
Pension and postretirement adjustment, net of tax	(87.3)	(89.7)
Accumulated other comprehensive losses	$(443.3)	$(650.8)

The before tax and after tax amounts of other comprehensive income for the three and nine months ended September 30, 2017 and 2016 are summarized below:

	Before Tax	Tax (Expense) Benefit	After Tax
For the Three Months Ended September 30, 2017			
Foreign currency translation adjustment	$ 82.2	$ —	$ 82.2
Pension and postretirement adjustment before reclassifications	2.4	(0.7)	1.7
Amortization of net actuarial loss and prior service benefit reclassified from accumulated other comprehensive losses (2)	(1.2)	0.4	(0.8)
Pension and postretirement adjustment	1.2	(0.3)	0.9
Total other comprehensive gain	$ 83.4	$ (0.3)	$ 83.1
For the Three Months Ended September 30, 2016			
Foreign currency translation adjustment	$ (62.1)	$ —	$ (62.1)
Unrealized holding gain on available-for-sale securities before reclassifications	0.7	(0.3)	0.4
Amount reclassified from accumulated other comprehensive losses (1)	(0.6)	0.3	(0.3)
Unrealized holding gain on available-for-sale securities	0.1	—	0.1
Pension and postretirement adjustment before reclassifications	1.8	(1.0)	0.8
Amortization of net actuarial loss and prior service benefit reclassified from accumulated other comprehensive losses (2)	(0.9)	0.3	(0.6)
Pension and postretirement adjustment	0.9	(0.7)	0.2
Total other comprehensive loss	$ (61.1)	$ (0.7)	$ (61.8)

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	Before Tax	Tax (Expense) Benefit	After Tax
For the Nine Months Ended September 30, 2017			
Foreign currency translation adjustment	$ 204.9	$ —	$ 204.9
Unrealized holding gain on available-for-sale securities before reclassifications	0.3	(0.1)	0.2
Unrealized holding gain on available-for-sale securities	0.3	(0.1)	0.2
Pension and postretirement adjustment before reclassifications	7.4	(2.7)	4.7
Amortization of net actuarial loss and prior service benefit reclassified from accumulated other comprehensive losses (2)	(3.7)	1.4	(2.3)
Pension and postretirement adjustment	3.7	(1.3)	2.4
Total other comprehensive gain	$ 208.9	$ (1.4)	$ 207.5
For the Nine Months Ended September 30, 2016			
Foreign currency translation adjustment	$ (278.6)	$ —	$ (278.6)
Unrealized holding gain on available-for-sale securities before reclassifications	0.8	(0.3)	0.5
Amount reclassified from accumulated other comprehensive losses (1)	(0.3)	0.1	(0.2)
Unrealized holding gain on available-for-sale securities	0.5	(0.2)	0.3
Pension and postretirement adjustment before reclassifications	5.4	(2.3)	3.1
Amortization of net actuarial loss and prior service benefit reclassified from accumulated other comprehensive losses (2)	(2.7)	1.0	(1.7)
Pension and postretirement adjustment	2.7	(1.3)	1.4
Total other comprehensive loss	$ (275.4)	$ (1.5)	$ (276.9)

(1) This accumulated other comprehensive loss component, before tax, is included under “Investment income and others, net” in the accompanying condensed consolidated statements of operations.

(2) These accumulated other comprehensive loss components, before tax, are included under “Cost of revenues” and “Selling, general and administrative” in the accompanying condensed consolidated statements of operations. These components are also included in the computation of net periodic (benefit) cost (see Note 11 Pension and Postretirement Benefits for additional details).

10. Equity Compensation Plans:

ISO 401(k) Savings and Employee Stock Ownership Plan ("KSOP")

The Company has established the KSOP for the benefit of eligible employees in the U.S. and Puerto Rico. The KSOP includes both an employee savings component and an employee stock ownership component. The purpose of the combined plan is to enable the Company’s employees to participate in a tax-deferred savings arrangement under Internal Revenue Service Code Sections 401(a) and 401(k), and to provide employee equity participation in the Company through the employee stock ownership plan accounts.

For the nine months ended September 30, 2017, the Company opted to fund the 401(k) matching contributions in cash in lieu of issuance of common stock from treasury shares. For the nine months ended September 30, 2017 and 2016, the Company made cash contributions of $13.0 million and common stock contributions of 143,439 shares at a weighted average price per share of $79.38, respectively.

Equity Compensation Plans

All of the Company’s outstanding stock options and restricted stock awards are covered under the 2013 Incentive Plan, 2009 Incentive Plan or the 1996 Incentive Plan. Awards under the 2013 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 2013 Incentive Plan. The Company issued

common stock under these plans from the Company's treasury shares. As of September 30, 2017, there were 6,798,916 shares of common stock reserved and

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available for future issuance under the 2013 Incentive Plan. Cash received from stock option exercises for the nine months ended September 30, 2017 and 2016 was $26.0 million and $32.6 million, respectively.
The Company granted equity awards to key employees of the Company. The nonqualified stock options have an exercise price equal to the closing price of the Company's common stock on the grant date, with a ten-year contractual term. The fair value of the restricted stock is determined using the closing price of the Company's common stock on the grant date. The restricted stock is not assignable or transferable until it becomes vested. The Company recognizes the expense of the equity awards ratably over the vesting period. A summary of the equity awards granted for the nine months ended September 30, 2017 is presented below.

Grant Date	Service Vesting Period	Stock Options	Restricted Stock	Common Stock
January 1 to March 31, 2017	Four-year graded vesting	2,669	525	—
April 1, 2017	Four-year graded vesting	1,300,007	248,489	—
April 1, 2017	Two-year graded vesting	47,030	11,272	—
May 30, 2017	Not applicable	—	—	372
July 1, 2017	One-year graded vesting	75,133	10,308	—
July 1, 2017	Not applicable	—	1,304	3,201
July 1 to September 30, 2017	Four-year graded vesting	5,240	1,078	—
		1,430,079	272,976	3,573

The fair value of the stock options granted for the nine months ended September 30, 2017 and 2016 was estimated using a Black-Scholes valuation model that uses the weighted average assumptions noted in the following table:

	2017		2016	
Option pricing model	Black-Scholes		Black-Scholes	
Expected volatility	18.72	%	20.27	%
Risk-free interest rate	1.82	%	1.14	%
Expected term in years	4.5		4.5	
Dividend yield	—	%	—	%
Weighted average grant date fair value per stock option	$15.71		$15.34	

The expected term for the stock options granted was estimated based on studies of historical experience and projected exercise behavior. However, for certain awards 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 is calculated using historical daily closing prices over the most recent period that is 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.
A summary of the stock options outstanding and exercisable as of December 31, 2016 and September 30, 2017 and changes during the interim period are presented below:

	Number of Options	Weighted Average Exercise Price	Aggregate Intrinsic Value
Outstanding at December 31, 2016	8,770,917	$ 46.67	$ 302.6
Granted	1,430,079	$ 81.32	
Exercised	(773,206)	$ 37.24	$ 35.0
Cancelled or expired	(156,963)	$ 76.40	
Outstanding at September 30, 2017	9,270,827	$ 52.29	$ 286.4
Exercisable at September 30, 2017	6,170,584	$ 41.08	$ 259.8
Exercisable at December 31, 2016	6,148,349	$ 35.35	$ 281.7

Intrinsic value for stock options is calculated based on the exercise price of the underlying awards and the quoted price of Verisk common stock as of the reporting date. The Company adopted ASU No. 2016-09 prospectively on January 1, 2017 and excess tax benefits from exercised stock options were recorded as income tax benefit in the

condensed consolidated

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statements of operations. This tax benefit is calculated as the excess of the intrinsic value of options exercised and restricted stock lapsed in excess of compensation recognized for financial reporting purposes. Prior to the adoption of ASU No. 2016-09, for the nine months ended September 30, 2016, the Company recorded excess tax benefits of $18.4 million in "Additional paid-in capital" in the accompanying condensed consolidated balance sheets. Stock based compensation expense for the nine months ended September 30, 2017 and 2016 was $24.2 million and $23.8 million, respectively.

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.

A summary of the status of the restricted stock awarded under the 2013 Incentive Plan as of December 31, 2016 and September 30, 2017 and changes during the interim period are presented below:

	Number of Shares	Weighted Average Grant Date Fair Value Per Share
Outstanding at December 31, 2016	537,667	$ 73.34
Granted	272,976	$ 81.29
Vested	(193,239)	$ 70.14
Forfeited	(28,572)	$ 76.87
Outstanding at September 30, 2017	588,832	$ 77.83

The Company’s employee stock purchase plan (“ESPP”) offers eligible employees the opportunity to purchase shares of the Company’s common stock at a discount of its fair market value at the time of purchase. During the nine months ended September 30, 2017 and 2016, the Company issued 23,391 and 23,168 shares of common stock at a weighted discounted price of $78.77 and $76.64 for the ESPP, respectively.

As of September 30, 2017, there was $76.1 million of total unrecognized compensation costs, exclusive of the impact of vesting upon retirement eligibility, related to nonvested share-based compensation arrangements granted under the 2009 and 2013 Incentive Plans. That cost is expected to be recognized over a weighted average period of 2.67 years.

As of September 30, 2017, there were 2,943,743 and 588,612 nonvested stock options and restricted stock, respectively, of which 2,507,335 and 497,670 are expected to vest. The total grant date fair value of options vested during the nine months ended September 30, 2017 and 2016 was $12.3 million and $10.5 million, respectively. The total grant date fair value of restricted stock vested during the nine months ended September 30, 2017 and 2016 was $13.1 million and $10.6 million, respectively.

11. Pension and Postretirement Benefits:

The Company maintained a frozen qualified defined benefit pension plan for certain of its employees through membership in the Pension Plan for Insurance Organizations (the “Pension Plan”), a multiple-employer trust. The Company has applied a cash balance formula to determine future benefits. Under the cash balance formula, each participant has an account, which is credited annually based on the interest earned on the previous year-end cash balance. The Company also has a frozen non-qualified supplemental cash balance plan (“SERP”) for certain employees. The SERP is funded from the general assets of the Company.

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The Company also provides certain healthcare and life insurance benefits to certain qualifying active and retired employees. The Postretirement Health and Life Insurance Plan (the “Postretirement Plan”), which has been frozen, is contributory, requiring participants to pay a stated percentage of the premium for coverage. The components of net periodic (benefit) cost for the three and nine months ended September 30, are summarized below:

	Pension Plan and SERP		Postretirement Plan	
	For the Three Months Ended September 30,			
	2017	2016	2017	2016
Interest cost	$4.3	$4.9	$ 0.1	$ 0.1
Expected return on plan assets	(7.8)	(7.9)	(0.1)	(0.1)
Amortization of net actuarial loss	1.1	0.9	0.1	—
Net periodic (benefit) cost	$(2.4)	$(2.1)	$ 0.1	$ —
Employer contributions, net	$0.3	$0.3	$ (0.2)	$ 0.3
	For the Nine Months Ended September 30,			
	2017	2016	2017	2016
Interest cost	$12.9	$14.5	$0.3	$0.3
Expected return on plan assets	(23.3)	(23.8)	(0.3)	(0.4)
Amortization of prior service cost	0.1	—	(0.1)	(0.1)
Amortization of net actuarial loss	3.4	2.5	0.3	0.3
Net periodic (benefit) cost	$(6.9)	$(6.8)	$0.2	$0.1
Employer contributions, net	$0.8	$0.8	$0.4	$0.5

The expected contributions to the Pension Plan, SERP and Postretirement Plan for the year ending December 31, 2017 are consistent with the amounts previously disclosed as of December 31, 2016.

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 reports financial and descriptive information about its 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 President and Chief Executive Officer is identified as the CODM as defined by ASC 280-10. Consistent 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:

Decision Analytics: The Company develops solutions that its customers use to analyze the 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 most cases, the Company’s customers integrate the solutions into their models, formulas or underwriting criteria in order to predict potential loss events, such as hurricanes and earthquakes 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 claims to find emerging patterns of fraud, and identification of suspicious claims in the insurance sectors. The Company offers services and a suite of solutions to a client base that includes credit and debit card issuers, retail bank and other consumer financial services providers, payment processors, insurance companies and other industry stakeholders. The Company further leverages predictive models and proprietary data to advise customers to make asset investment and portfolio allocation decisions in the global energy market. The Company discloses revenue within this segment based on the industry vertical groupings of insurance, energy and specialized markets, and financial services. On June 1, 2016, the Company sold its healthcare business, Verisk Health, which was part of the Decision Analytics segment. Results of operations for the healthcare business are reported as a

discontinued operation for the nine months ended September 30, 2016. Refer to Note 5 for more information.

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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.

The two aforementioned operating segments represent the segments for which 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 EBITDA as the profitability measure for making decisions regarding ongoing operations. EBITDA is net income before interest expense, provision for income taxes, depreciation and amortization of fixed and intangible assets. EBITDA is the measure of operating results used to assess corporate performance and optimal utilization of debt and acquisitions. 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 interest expense and provision for income taxes, since these items are not considered in evaluating the segment's overall operating performance. In addition, the CODM does not evaluate the financial performance of each segment based on assets. On a geographic basis, revenues from countries outside of the U.S. accounted for 21.3% and 22.0% of the Company's consolidated revenues for the nine months ended September 30, 2017 and 2016, respectively. No individual country outside of the U.S. accounted for 5.0% or more of the Company's consolidated revenues for the nine months ended September 30, 2017 or 2016.

The following table provides the Company's revenue and EBITDA by reportable segment for the three and nine months ended September 30, 2017 and 2016, and the reconciliation of EBITDA to operating income as shown in the accompanying condensed consolidated statements of operations:

	For the Three Months Ended					
	September 30, 2017			September 30, 2016		
	Decision Analytics	Risk Assessment	Total	Decision Analytics	Risk Assessment	Total
Revenues	$355.9	$ 193.2	$549.1	$317.3	$ 180.8	$498.1
Expenses:						
Cost of revenues (exclusive of items shown separately below)	(141.7)	(56.8)	(198.5)	(117.6)	(52.1)	(169.7)
Selling, general and administrative	(60.4)	(20.5)	(80.9)	(55.4)	(22.4)	(77.8)
Investment income and others, net	2.5	0.1	2.6	0.6	1.5	2.1
EBITDA	156.3	116.0	272.3	144.9	107.8	252.7
Depreciation and amortization of fixed assets	(26.2)	(7.6)	(33.8)	(22.6)	(6.9)	(29.5)
Amortization of intangible assets	(26.6)	(0.9)	(27.5)	(22.5)	(0.2)	(22.7)
Less: Investment income and others, net	(2.5)	(0.1)	(2.6)	(0.6)	(1.5)	(2.1)
Operating income	$101.0	$ 107.4	208.4	$99.2	$ 99.2	198.4
Investment income and others, net			2.6			2.1
Interest expense			(30.3)			(28.1)
Income from continuing operations before income taxes			$180.7			$172.4

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	For the Nine Months Ended					
	September 30, 2017			September 30, 2016		
	Decision Analytics	Risk Assessment	Total	Decision Analytics	Risk Assessment	Total
Revenues	$999.7	$ 575.2	$1,574.9	$947.4	$ 541.7	$1,489.1
Expenses:						
Cost of revenues (exclusive of items shown separately below)	(405.3)	(169.8)	(575.1)	(362.6)	(158.8)	(521.4)
Selling, general and administrative	(174.2)	(61.4)	(235.6)	(161.8)	(62.6)	(224.4)
Investment income and others, net	8.0	(0.1)	7.9	1.6	1.4	3.0
EBITDA from discontinued operations (including the gain on sale)	—	—	—	269.4	—	269.4
EBITDA	428.2	343.9	772.1	694.0	321.7	1,015.7
Depreciation and amortization of fixed assets	(76.7)	(22.7)	(99.4)	(69.9)	(20.8)	(90.7)
Amortization of intangible assets	(71.0)	(2.6)	(73.6)	(70.0)	(0.4)	(70.4)
Less: Investment income and others, net	(8.0)	0.1	(7.9)	(1.6)	(1.4)	(3.0)
EBITDA from discontinued operations (including the gain on sale)	—	—	—	(269.4)	—	(269.4)
Operating income	$272.5	$ 318.7	591.2	$283.1	$ 299.1	582.2
Investment income and others, net			7.9			3.0
Interest expense			(87.3)			(91.7)
Income from continuing operations before income taxes			$511.8			$493.5

Operating segment revenues by type of service is provided below:

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2017	2016	2017	2016
Decision Analytics:				
Insurance	$203.9	$174.4	$573.5	$521.4
Energy and specialized markets	111.4	109.1	328.0	333.2
Financial services	40.6	33.8	98.2	92.8
Total Decision Analytics	355.9	317.3	999.7	947.4
Risk Assessment:				
Industry-standard insurance programs	149.0	138.2	442.7	414.2
Property-specific rating and underwriting information	44.2	42.6	132.5	127.5
Total Risk Assessment	193.2	180.8	575.2	541.7
Total revenues	$549.1	$498.1	$1,574.9	$1,489.1

Long-lived assets by country are provided below:

	September 30, 2017	December 31, 2016
Long-lived assets:		
United States of America	$ 2,101.9	$ 1,754.0

United Kingdom	2,658.7	2,102.5
Other countries	322.9	273.8
Total long-lived assets	$ 5,083.5	$ 4,130.3

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13. Related Parties:
The Company considers its stockholders that own more than 5.0% of the outstanding common stock to be related parties as defined within ASC 850, Related Party Disclosures. As of September 30, 2017 and December 31, 2016, the Company had no material transactions with related parties owning more than 5.0% of its common stock, except for transactions with the KSOP as disclosed in Note 16 Compensation Plans of the Company's consolidated financial statements included in the 2016 Form 10-K filing.
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 the matters described below. With respect to ongoing matters, 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 the matters are generally in early stages and discovery has either not commenced or been completed. Although the Company believes it has strong defenses and intends to vigorously defend these matters, 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.
Intellicorp Records, Inc. Litigation
On September 9, 2015, the Company was served with a nationwide putative class action complaint filed in the Court of Common Pleas, Cuyahoga County in Ohio naming the Company’s subsidiary Intellicorp Records, Inc. (“Intellicorp”) titled Sherri Legrand v. Intellicorp Records, Inc. and The Cato Corporation et al. Defendants removed the case to the United States District Court for the Northern District of Ohio on October 8, 2015. Plaintiffs filed their First Amended Class Action Complaint on November 5, 2015 (“Amended Complaint”), which like the prior complaint claims violations of the Fair Credit Reporting Act ("FCRA") and alleges two putative class claims against Intellicorp, namely (i) a section 1681k(a) claim on behalf of all individuals who were the subjects of consumer reports furnished by Intellicorp, which contained public record information in the “Government Sanctions” section of the report on or after September 4, 2013 and continuing through the date the class list is prepared, and (ii) a section 1681e(b) claim on behalf of all individuals who were the subjects of consumer reports furnished by Intellicorp, which contained public record information in the “Government Sanctions” section of the report where the address or social security number of the subject of the report do not match the social security number or address contained in the government database on or after September 4, 2013 and continuing through the date the class list is prepared. Count I of the Amended Complaint alleges that defendant Cato violated the FCRA by procuring consumer reports on the plaintiff and other class members without making the stand-alone disclosure required by FCRA section 1681b(b)(2)(A)(i). Counts II and III allege that Intellicorp violated the FCRA section 1681e (b) by failing to follow reasonable procedures to assure maximum accuracy of the adverse information included in its consumer reports and FCRA section 1681k (a) by failing to maintain strict procedures to assure that the public record information reported, which was likely to have an adverse effect on the consumer was complete and up to date, respectively. The Amended Complaint alleges that defendants acted willfully and seeks statutory damages for the classes in an amount not less than one hundred dollars and not more than one thousand dollars per violation, punitive damages, equitable relief, costs and attorney’s fees.
On April 24, 2017, the parties agreed to resolve the litigation in a Settlement Agreement and Release and plaintiffs filed their Motion for Preliminary Approval of the settlement on the same day. The settlement provides for a non-material cash payment by the Company, as well as certain non-monetary relief. The District Court granted the Motion for Preliminary Approval on April 25, 2017 and the final approval hearing has been re-scheduled for October 31, 2017.
Xactware Solutions, Inc. Patent Litigation
On October 8, 2015, the Company was served with a summons and complaint in an action titled Eagle View Technologies, Inc. and Pictometry International Group, Inc. v. Xactware Solutions, Inc. and Verisk Analytics, Inc. filed in the United States District Court for the District of New Jersey. The complaint alleges that the Company’s Roof InSight, Property InSight and Aerial Sketch products infringe seven patents owned by Eagle View and Pictometry namely, Patent Nos. 436, 840, 152, 880, 770, 732 and 454. On November 30, 2015, plaintiffs filed a First Amended Complaint adding Patent Nos. 376 and 737 to the Patents in Suit. The First Amended Complaint seeks an entry of

judgment by the Court that defendants have and continue to directly infringe and/or indirectly infringe, by way of inducement the Patents-in-Suit, permanent injunctive relief, damages, costs and attorney's fees. On May 17, 2017, the District Court so ordered a Joint Stipulated Order of Partial Dismissal with Prejudice dismissing all claims or assertions pertaining to Pictometry Patents Nos. 880 and 732 and certain enumerated claims or assertions pertaining to Eagle View Patents Nos. 436, 840, 152, 770, 454, 376 and 737 (collectively the "Patents in Suit").

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At this time, it is not reasonably possible to determine the ultimate resolution of, or estimate the liability related to this matter.

Interthinx, Inc. Litigation

On April 20, 2015, the Company was served with a putative class action titled John Weber v. Interthinx, Inc. and Verisk Analytics, Inc. The plaintiff, a former employee of the Company's former subsidiary Interthinx, Inc. in Missouri, filed the class action complaint in the United States District Court for the Eastern District of Missouri on behalf of all review appraisers and individuals holding comparable positions with different titles who were employed by Interthinx for the last three years nationwide and who were not paid overtime wages. The class complaint claims that the review appraiser 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. It pleads a Collective Action under section 216(b) of the Fair Labor Standards Act for unpaid overtime and seeks overtime wages, liquidated damages, declaratory relief, interest, costs and attorneys' fees. On March 11, 2014, the Company sold 100 percent of the stock of Interthinx, Inc. The parties agreed to resolve this matter with the Company's contribution of a non-material amount in the Class Action Settlement Agreement executed on November 8, 2016. For settlement purposes only, this matter was consolidated with a related action pending in the Los Angeles Superior Court in which the Company is not a party, titled Sager v. Interthinx. On February 21, 2017, the Los Angeles Superior Court approved the settlement at the preliminary approval hearing. The Court held a final approval hearing on August 22, 2017 and issued its Final Order and Judgment Approving the Class Settlement on September 25, 2017.

Insurance Services Office, Inc. Litigation

On August 1, 2014 the Company was served with an Amended Complaint filed in the United States District Court for the District of Colorado titled Snyder, et. al. v. ACORD Corp., et al. The action is brought by nineteen individual plaintiffs, on their own behalf and on behalf of a putative class, against more than 120 defendants, including the Company and ISO. Except for the Company, ISO and the defendant Acord Corporation, which provides standard forms to assist in insurance transactions, most of the other defendants are property and casualty insurance companies that plaintiffs claim conspired to underpay property damage claims. Plaintiffs claim that the Company and ISO, along with all of the other defendants, violated state and federal antitrust and racketeering laws as well as state common law. On September 8, 2014, the Court entered an Order striking the Amended Complaint and granting leave to the plaintiffs to file a new complaint. On October 13, 2014, plaintiffs filed their Second Amended Complaint, which was re-filed by plaintiffs to correct errors as the Third Amended Complaint. The Third Amended Complaint similarly alleges that the defendants conspired to underpay property damage claims, but does not specifically allege what role the Company or ISO played in the alleged conspiracy. It claims that the Company and ISO, along with all of the other defendants, violated state and federal antitrust and racketeering laws as well as state common law, and seeks all available relief including injunctive, statutory, actual and punitive damages as well as attorneys' fees. On January 15, 2016, the Court granted defendants' motions to dismiss all claims asserted in the Third Amended Complaint. Plaintiffs filed a motion for reconsideration of this dismissal on February 16, 2016. The Court granted defendants' motion to strike the motion for reconsideration on March 2, 2016 and gave plaintiffs leave to file another motion for reconsideration in accordance with the rules which plaintiffs filed on March 11, 2016 and, which was denied by the Court on April 25, 2016. On April 1, 2016, plaintiffs also filed a Notice of Appeal of the Court's January 15, 2016 Order, which dismissed all claims in the Third Amended Complaint. Plaintiffs also filed an appeal of the Court's denial of the motion for reconsideration, which the Court of Appeals for the 10th Circuit consolidated with the appeal of the Court's January 15, 2016 dismissal. Appellants filed their brief in support of the consolidated appeal on July 21, 2016 and Appellees filed their brief in response on September 21, 2016. On April 6, 2017, the Court of Appeals for the 10th Circuit affirmed the Court's dismissal of the Third Amended Complaint. Appellants filed a motion for en banc reconsideration of the 10th Circuit's affirmance of the dismissal of the Third Amended Complaint which was denied on May 26, 2017. Appellants filed their petition for a writ of certiorari in the Supreme Court on August 24, 2017 which was denied on October 30, 2017.

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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 in our annual report on Form 10-K, or 2016 10-K, dated and filed with the Securities and Exchange Commission on February 21, 2017. 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, including but not limited to those listed under “Risk Factors” and “Special Note Regarding Forward Looking Statements” in our 2016 10-K.

Verisk Analytics is a leading data analytics provider serving customers in insurance, natural resources and financial services. Using advanced technologies to collect and analyze billions of records, we draw on unique data assets and deep domain expertise to provide innovations that may be integrated into customer workflows. We offer predictive analytics and decision support solutions to customers in rating, underwriting, claims, catastrophe and weather risk, natural resources intelligence, economic forecasting, and many other fields. In the United States, or U.S., and around the world, we help customers protect people, property, and financial assets.

Our customers use our solutions to make better decisions about risk and opportunities with greater efficiency and discipline. We refer to these products and services as solutions due to the integration among our services and the flexibility that enables our customers to purchase components or a comprehensive package. These solutions take various forms, including data, expert insight, statistical models and tailored analytics all designed to allow our customers 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 36.5% and 36.4% of our revenues for the nine months ended September 30, 2017 and 2016, respectively. Our Decision Analytics segment provides solutions to our customers within three vertical market-related groupings of insurance, energy and specialized markets, and financial services. Our Decision Analytics segment revenues represented approximately 63.5% and 63.6% of our revenues for the nine months ended September 30, 2017 and 2016, respectively.

Discontinued Operations

On June 1, 2016, we sold 100 percent of the stock of the healthcare business, or Verisk Health, in exchange for a purchase price that consisted of $714.6 million of cash consideration after a working capital adjustment of $5.4 million, a subordinated promissory note with a face value of $100.0 million and an eight year maturity, or the Note, and other contingent consideration. Results of operations for the healthcare business are reported as a discontinued operation for the three and nine months ended September 30, 2016. See Note 5 of our condensed consolidated financial statements included in this Form 10-Q. As necessary, all amounts have been retroactively adjusted in all periods presented to give recognition to this discontinued operation.

Executive Summary

Key Performance Metrics

We believe our business' 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 (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). The respective GAAP financial measures are net income and net income margin.

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 growth. We use EBITDA growth as a proxy for the cash generated by the business as an indicator of segment performance. EBITDA growth serves as a measure of our ability to balance the size of revenue growth with cost management and investing for future growth.

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, our claims fraud database or our actuarial services throughout the subscription period. In general, we experience minimal revenue seasonality within the business. Our long-term agreements are generally for periods of three to five 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.

Approximately 90.9% and 90.8% of the revenues in our Risk Assessment segment for the nine months ended September 30, 2017 and 2016, 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 U.S. Approximately 75.0% and 77.6% of the revenues in our Decision Analytics segment, for the nine months ended September 30, 2017 and 2016, respectively, were derived from subscriptions and long-term agreements for our solutions. In this segment, our customer bases are within the insurance, energy and specialized markets, and financial services verticals.

Certain of our solutions are also paid for by our customers on a transactional basis, recurring and non-recurring. For example, we have solutions that allow our customers to access property-specific rating and underwriting information to price a policy on a commercial building, or compare a P&C insurance, or workers' compensation claim with information in our databases. We also provide advisory services, which help our customers get more value out of our analytics and their subscriptions. For the nine months ended September 30, 2017, and 2016, approximately 19.2% and 17.6%, respectively, of our revenues were derived from providing transactional recurring and non-recurring solutions. We earn these revenues as our solutions are delivered or services performed. In general, transactions are billed monthly at the end of each month.

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, which represented 47.8% and 47.1% of our total expenses for the nine months ended September 30, 2017 and 2016, respectively, include salaries, benefits, incentive compensation, equity compensation costs, sales commissions, employment taxes, recruiting costs, and outsourced temporary agency costs.

We allocate personnel expenses between two categories, cost of revenues and selling, general and administrative expense, 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, is also either captured within cost of revenues or selling, general and administrative expenses 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. However, part of our corporate strategy is to invest in new solutions which may offset margin expansion.

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 Expenses. Our selling, general and administrative expenses consist primarily of personnel costs. A portion of the other operating costs such as facilities, insurance and communications is also allocated to selling, general and administrative expenses based on the nature of the work being performed by the employee. Our selling, general and administrative expenses exclude depreciation and amortization.

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Condensed Consolidated Results of Operations

	Three Months Ended September 30,		Percentage Change	Nine Months Ended September 30,		Percentage Change
	2017	2016		2017	2016	
	(In millions, except for share and per share data)					
Statement of income data:						
Revenues:						
Decision Analytics revenues	$355.9	$317.3	12.2 %	$999.7	$947.4	5.5 %
Risk Assessment revenues	193.2	180.8	6.9 %	575.2	541.7	6.2 %
Revenues	549.1	498.1	10.2 %	1,574.9	1,489.1	5.8 %
Expenses:						
Cost of revenues (exclusive of items shown separately below)	198.5	169.7	17.0 %	575.1	521.4	10.3 %
Selling, general and administrative	80.9	77.8	4.0 %	235.6	224.4	5.0 %
Depreciation and amortization of fixed assets	33.8	29.5	14.5 %	99.4	90.7	9.5 %
Amortization of intangible assets	27.5	22.7	21.2 %	73.6	70.4	4.7 %
Total expenses	340.7	299.7	13.7 %	983.7	906.9	8.5 %
Operating income	208.4	198.4	5.0 %	591.2	582.2	1.5 %
Other income (expense):						
Investment income and others, net	2.6	2.1	23.2 %	7.9	3.0	163.2 %
Interest expense	(30.3)	(28.1)	7.8 %	(87.3)	(91.7)	(4.7)%
Total other expense, net	(27.7)	(26.0)	6.5 %	(79.4)	(88.7)	(10.4)%
Income before income taxes	180.7	172.4	4.8 %	511.8	493.5	3.7 %
Provision for income taxes	(60.0)	(44.8)	33.8 %	(161.3)	(149.5)	7.9 %
Income from continuing operations	120.7	127.6	(5.4)%	350.5	344.0	1.9 %
Discontinued operations						
Income from discontinued operations	—	—	— %	—	256.5	(100.0)%
Provision for income taxes	—	—	— %	—	(118.6)	(100.0)%
Income from discontinued operations (2)	—	—	— %	—	137.9	(100.0)%
Net Income	$120.7	$127.6	(5.4)%	$350.5	$481.9	(27.3)%
Basic net income per share:						
Income from continuing operations	$0.73	$0.76	(3.9)%	$2.12	$2.04	3.9 %
Income from discontinued operations	—	—	— %	—	0.82	(100.0)%
Basic net income per share	$0.73	$0.76	(3.9)%	$2.12	$2.86	(25.9)%
Diluted net income per share:						
Income from continuing operations	$0.72	$0.74	(2.7)%	$2.08	$2.01	3.5 %
	—	—	— %	—	0.80	(100.0)%

Income from discontinued operations						
Diluted net income per share	$0.72	$0.74	(2.7)%	$2.08	$2.81	(26.0)%
Weighted average shares outstanding:						
Basic	164,577,575	168,874,129	(2.5)%	165,314,267	168,541,399	(1.9)%
Diluted	167,957,058	171,785,900	(2.2)%	168,807,405	171,495,189	(1.6)%

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):						
Decision Analytics EBITDA	$156.3	$144.9	7.8 %	$428.2	$694.0	(38.3)%
Risk Assessment EBITDA	116.0	107.8	7.6 %	343.9	321.7	6.9 %
EBITDA	$272.3	$252.7	7.7 %	$772.1	$1,015.7	(24.0)%
The following is a reconciliation of net income to EBITDA:						
Net income	$120.7	$127.6	(5.4)%	$350.5	$481.9	(27.3)%
Depreciation and amortization of fixed assets and intangible assets from continuing operations	61.3	52.2	17.4 %	173.0	161.1	7.4 %
Interest expense from continuing operations	30.3	28.1	7.8 %	87.3	91.7	(4.7)%
Provision for income taxes from continuing operations	60.0	44.8	33.8 %	161.3	149.5	7.9 %
Depreciation, amortization, interest and provision for income taxes from discontinued operations	—	—	— %	—	131.6	(100.0)%
EBITDA	$272.3	$252.7	7.7 %	$772.1	$1,015.8	(24.0)%

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(1) EBITDA is the financial measure which management uses to evaluate the performance of our Company. “EBITDA” is defined as net income before interest expense, provision for income taxes, and depreciation and amortization of fixed and intangible assets. In addition, this Management’s Discussion and Analysis of Financial Condition and Results of Operations 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. 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 flows from operating activities reported under GAAP. Management uses EBITDA in conjunction with 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 noncash 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. Please note because EBITDA is calculated from net income, this presentation included EBITDA from discontinued operations of our healthcare business.

(2) On June 1, 2016, we sold our healthcare business, Verisk Health. Results of operations for the healthcare business are reported as a discontinued operation for the three and nine months ended September 30, 2016. See Note 5 of our condensed consolidated financial statements included in this Form 10-Q. As necessary, all amounts have been retroactively adjusted in all periods presented to give recognition to this discontinued operation.

Consolidated Results of Continuing Operations

Three Months Ended September 30, 2017 Compared to Three Months Ended September 30, 2016

Revenues

Revenues were $549.1 million for the three months ended September 30, 2017 compared to $498.1 million for the three months ended September 30, 2016, an increase of $51.0 million or 10.2%. Excluding revenues of $18.6 million from Greentech Media, Quest Offshore, Analyze Re, Arium, ENI, Fintellix, MAKE, Aerial Imagery, G2, Sequel, and LCI, our recent acquisitions within the Decision Analytics segment, and GeoInformation, MarketStance and Healix, our recent acquisitions within the Risk Assessment segment, all collectively referred to as our recent acquisitions, our consolidated revenue increased $32.4 million or 6.5%. Revenues within our Decision Analytics segment, excluding our recent acquisitions named above, increased $23.5 million or 7.5% and revenues in our Risk Assessment segment, excluding our recent acquisitions named above, increased $8.9 million or 4.9%. The increase in Decision Analytics' revenues, excluding recent acquisitions, was driven by an increase in our insurance category. Within Risk Assessment, excluding recent acquisitions, both industry-standard insurance programs and property-specific rating and underwriting information contributed to its revenue growth. Refer to the Results of Continuing Operations by Segment within this section for further information regarding our revenues.

Cost of Revenues

Cost of revenues was $198.5 million for the three months ended September 30, 2017 compared to $169.7 million for the three months ended September 30, 2016, an increase of $28.8 million or 17.0%. Our recent acquisitions accounted for an increase of $15.1 million in cost of revenues, primarily related to salaries and employee benefits. Excluding the impact of our recent acquisitions, our cost of revenues increased $13.7 million or 8.1%. The increase was primarily due to increases in salaries and employee benefits of $8.9 million, information technology expenses of $1.7 million, data costs of $1.0 million, and other operating costs of $2.1 million.

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Selling, General and Administrative Expenses

Selling, general and administrative expenses, or SGA, were $80.9 million for the three months ended September 30, 2017 compared to $77.8 million for the three months ended September 30, 2016, an increase of $3.1 million or 4.0%. Our recent acquisitions accounted for an increase of $4.7 million in SGA. Excluding costs associated with our recent acquisitions, our SGA decreased $1.6 million or 2.1%. The decrease was primarily due to decreases in information technology expenses of $1.1 million, professional consulting costs of $1.0 million, and other general expenses of $0.3 million. These decreases were partially offset by an increase in salaries and employee benefits of $0.8 million.

Depreciation and Amortization of Fixed Assets

Depreciation and amortization of fixed assets was $33.8 million for the three months ended September 30, 2017 compared to $29.5 million for the three months ended September 30, 2016, an increase of $4.3 million or 14.5%. The increase in depreciation and amortization of fixed assets includes depreciation and amortization related to our capital expenditures of $2.9 million and recent acquisitions of $1.4 million.

Amortization of Intangible Assets

Amortization of intangible assets was $27.5 million for the three months ended September 30, 2017 compared to $22.7 million for the three months ended September 30, 2016, an increase of $4.8 million or 21.2%. The increase was primarily due to amortization related to our recent acquisitions of $5.1 million offset by currency fluctuations impacting amortization denominated in currencies other than U.S. dollars.

Investment Income and Others, net

Investment income and others, net was a gain of $2.6 million for the three months ended September 30, 2017, compared to a gain of $2.1 million for the three months ended September 30, 2016. The increase was primarily due to an increase in net gain on foreign currencies of $0.5 million.

Interest Expense

Interest expense was $30.3 million for the three months ended September 30, 2017, compared to $28.1 million for the three months ended September 30, 2016, an increase of $2.2 million or 7.8%. The increase is due to weighted average debt outstanding of approximately $300 million during the three months ended September 30, 2017 related to our Credit Facility associated with borrowings primarily for the funding of the acquisitions of LCI, G2 and Sequel. We did not have any debt outstanding during the three months ended September 30, 2016 related to our Credit Facility.

Provision for Income Taxes

The provision for income taxes was $60.0 million for the three months ended September 30, 2017 compared to $44.8 million for the three months ended September 30, 2016, an increase of $15.2 million or 33.8%. The effective tax rate was 33.2% for the three months ended September 30, 2017 compared to 26.0% for the three months ended September 30, 2016. The effective rate for the three months ended September 30, 2017 was higher than the September 30, 2016 effective tax rate primarily due to the reduced tax benefits in the current period resulting from legislation enacted in the U.K., and mix of foreign income, partially offset by the tax rate benefit of adopting ASU No. 2016-09.

Net Income Margin

The net income margin for our consolidated results was 22.0% for the three months ended September 30, 2017 compared to 25.6% for the three months ended September 30, 2016. The legislation enacted in the U.K., and mix of foreign income, partially offset by the tax rate benefit of adoption ASU No. 2016-09 lowered our net income margin by 1.9% for the three months ended September 30, 2017.

EBITDA Margin

The EBITDA margin for our consolidated results was 49.6% for the three months ended September 30, 2017 as compared to 50.7% for the three months ended September 30, 2016.

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Nine Months Ended September 30, 2017 Compared to Nine Months Ended September 30, 2016

Revenues

Revenues were $1,574.9 million for the nine months ended September 30, 2017 compared to $1,489.1 million for the nine months ended September 30, 2016, an increase of $85.8 million or 5.8%. Excluding revenues of $35.6 million from Greentech Media, Quest Offshore, Analyze Re, Arium, ENI, Fintellix, MAKE, and Aerial Imagery, our recent acquisitions within the Decision Analytics segment, and RII, GeoInformation, MarketStance and Healix, our recent acquisitions within the Risk Assessment segment, all collectively referred to as our recent acquisitions, our consolidated revenue growth increased $50.2 million or 3.4%. Revenues within our Decision Analytics segment, excluding our recent acquisitions named above, increased $25.9 million or 2.7% and revenues in our Risk Assessment segment, excluding our recent acquisitions named above, increased $24.3 million or 4.5%. The increase in Decision Analytics' revenues, excluding recent acquisitions, was primarily driven by an increase in our insurance category, which was offset by currency headwinds in our energy and specialized market category and in our financial services category. Within Risk Assessment, excluding recent acquisitions, both industry-standard insurance programs and property-specific rating and underwriting information contributed to its revenue growth. Refer to the Results of Continuing Operations by Segment within this section for further information regarding our revenues.

Cost of Revenues

Cost of revenues was $575.1 million for the nine months ended September 30, 2017 compared to $521.4 million for the nine months ended September 30, 2016, an increase of $53.7 million or 10.3%. Our recent acquisitions accounted for an increase of $28.3 million in cost of revenues, primarily related to salaries and employee benefits. Excluding the impact of our recent acquisitions, our cost of revenues increased $25.4 million or 4.9%. The increase was primarily due to increases in salaries and employee benefits of $19.8 million, data costs of $3.6 million, information technology expenses of $1.2 million and, other operating costs of $0.8 million.

Selling, General and Administrative Expenses

Selling, general and administrative expenses, or SGA, were $235.6 million for the nine months ended September 30, 2017 compared to $224.4 million for the nine months ended September 30, 2016, an increase of $11.2 million or 5.0%. Our recent acquisitions accounted for an increase of $10.5 million in SGA. Excluding costs associated with our recent acquisitions, SGA increased $0.7 million or 0.3%. The increase was primarily due to increases in salaries and employee benefits of $1.8 million and professional consulting costs of $1.0 million. These increases were offset by decreases in information technology expenses of $1.6 million and other general expenses of $0.5 million.

Depreciation and Amortization of Fixed Assets

Depreciation and amortization of fixed assets was $99.4 million for the nine months ended September 30, 2017 compared to $90.7 million for the nine months ended September 30, 2016, an increase of $8.7 million or 9.5%. The increase in depreciation and amortization of fixed assets includes depreciation and amortization primarily related to our capital expenditures.

Amortization of Intangible Assets

Amortization of intangible assets was $73.6 million for the nine months ended September 30, 2017 compared to $70.4 million for the nine months ended September 30, 2016, an increase of $3.2 million or 4.7%. The increase was primarily due to amortization related to our recent acquisitions of $8.3 million offset by currency fluctuations impacting amortization denominated in currencies other than U.S. dollars.

Investment Income and Others, net

Investment income and others, net was a gain of $7.9 million for the nine months ended September 30, 2017 as compared to a gain of $3.0 million for the nine months ended September 30, 2016. The increase was primarily due to an increase in interest income of $4.9 million generated from the subordinated promissory note related to the divestiture of our healthcare business in 2016.

Interest Expense

Interest expense was $87.3 million for the nine months ended September 30, 2017, compared to $91.7 million for the nine months ended September 30, 2016, a decrease of $4.4 million or 4.7%. The decrease is primarily due to repayments in 2016 of $910.0 million on the Credit Facility funded by the net proceeds from the divestiture of our healthcare business and cash from operations.

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Provision for Income Taxes

The provision for income taxes was $161.3 million for the nine months ended September 30, 2017 compared to $149.5 million for the nine months ended September 30, 2016, an increase of $11.8 million or 7.9%. The effective tax rate was 31.5% for the nine months ended September 30, 2017 compared to 30.3% for the nine months ended September 30, 2016. The effective rate for the nine months ended September 30, 2017 was higher than the September 30, 2016 effective rate primarily due to reduced tax benefits in the current period resulting from legislation enacted in the U.K., and mix of foreign income, partially offset by the tax rate benefit of adopting ASU No. 2016-09.

Net Income Margin

The net income margin for our consolidated results, including discontinued operations, was 22.3% for the nine months ended September 30, 2017 compared to 30.1% for the nine months ended September 30, 2016. Our net income margin for the nine months ended September 30, 2016 was positively impacted by the discontinued operations, including the gain on sale of our healthcare business of 7.0%.

EBITDA Margin

The EBITDA margin for our consolidated results, including discontinued operations, was 49.0% for the nine months ended September 30, 2017 as compared to 63.4% for the nine months ended September 30, 2016. Our EBITDA margin for the nine months ended September 30, 2016 was positively impacted by the discontinued operations, including the gain on sale of our healthcare business, of 13.3%.

Results of Continuing Operations by Segment

Decision Analytics

Revenues

Revenues for our Decision Analytics segment were $355.9 million for the three months ended September 30, 2017 compared to $317.3 million for the three months ended September 30, 2016, an increase of $38.6 million or 12.2%. Excluding revenue of $15.1 million from our recent acquisitions, Decision Analytics revenue increased $23.5 million or 7.5%. Our revenue by category for the periods presented is set forth below:

	For the Three Months Ended September 30,		Percentage
	2017	2016	Change
	(In millions)		
Insurance	$203.9	$174.4	16.9 %
Energy and specialized markets	111.4	109.1	2.1 %
Financial services	40.6	33.8	20.2 %
Total Decision Analytics	$355.9	$317.3	12.2 %

Our insurance revenue increased $29.5 million or 16.9%; excluding revenues from recent acquisitions of $5.5 million, our insurance revenue increased $24.0 million or 13.7%, primarily due to increases within our loss quantification, underwriting, catastrophe modeling, and claims analytics solutions.

Our energy and specialized markets revenue increased $2.3 million or 2.1%; excluding revenues from recent acquisitions of $2.1 million, our energy and specialized markets revenue increased $0.2 million or 0.2%, primarily due to growth in our energy business and in our environmental health and safety solutions.

Our financial services revenue increased $6.8 million or 20.2%; excluding revenues from the recent acquisition of $7.5 million, our financial services revenue decreased $0.7 million or 2.0%, due to several contract completions in 2016 partially offset by growth in media effectiveness solutions.

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Revenues for our Decision Analytics segment were $999.7 million for the nine months ended September 30, 2017 compared to $947.4 million for the nine months ended September 30, 2016, an increase of $52.3 million or 5.5%. Excluding revenue of $26.4 million from our recent acquisitions, Decision Analytics revenue increased $25.9 million or 2.7%. Our revenue by category for the periods presented is set forth below:

	For the Nine Months Ended September 30,		Percentage
	2017	2016	Change
	(In millions)		
Insurance	$573.5	$521.4	10.0 %
Energy and specialized markets	328.0	333.2	(1.5)%
Financial services	98.2	92.8	5.8 %
Total Decision Analytics	$999.7	$947.4	5.5 %

Our insurance revenue increased $52.1 million or 10.0%; excluding revenues from recent acquisitions of $7.2 million, our insurance revenue increased $44.9 million or 8.6%, primarily due to increases within our underwriting, catastrophe modeling, loss quantification, and claims analytics solutions.

Our energy and specialized markets revenue decreased $5.2 million or 1.5%; excluding revenues from recent acquisitions of $10.0 million, our energy and specialized markets revenue decreased $15.2 million or 4.6%, primarily as a result of currency headwinds affecting the energy business and lower revenue in environmental health and safety solutions.

Our financial services revenue increased $5.4 million or 5.8%; excluding revenues from the recent acquisition of $9.2 million, our financial services revenue decreased $3.8 million or 4.0%, due to several contract completions in 2016 offset by growth in media effectiveness solutions.

Cost of Revenues

Cost of revenues for our Decision Analytics segment was $141.7 million for the three months ended September 30, 2017 compared to $117.6 million for the three months ended September 30, 2016, an increase of $24.1 million or 20.5%. Our recent acquisitions within the Decision Analytics segment, represented an increase of $13.3 million in cost of revenues, which was primarily related to salaries and employee benefits. Excluding the impact of our recent acquisitions, our cost of revenues increased $10.8 million or 9.3%. The increase was primarily due to increases in salaries and employee benefits of $5.3 million, information technology expenses of $1.7 million, data costs of $0.8 million and other operating costs of $3.0 million.

Cost of revenues for our Decision Analytics segment was $405.3 million for the nine months ended September 30, 2017 compared to $362.6 million for the nine months ended September 30, 2016, an increase of $42.7 million or 11.8%. Our recent acquisitions within the Decision Analytics segment, represented an increase of $23.2 million in cost of revenues, which was primarily related to salaries and employee benefits. Excluding the impact of our recent acquisitions, our cost of revenues increased $19.5 million or 5.4%. The increase was primarily due to increases in salaries and employee benefits of $13.7 million, data costs of $3.2 million, information technology expenses of $1.7 million, and other operating costs of $0.9 million.

Selling, General and Administrative Expenses

Selling, general and administrative expenses for our Decision Analytics segment were $60.4 million for the three months ended September 30, 2017 compared to $55.4 million for the three months ended September 30, 2016, an increase of $5.0 million or 9.0%. Our recent acquisitions within the Decision Analytics segment accounted for an increase of $4.2 million in SGA. Excluding costs associated with our recent acquisitions, SGA increased $0.8 million or 1.5%. The increase was primarily due to increases in salaries and employee benefits of $1.0 million and other general expenses of $0.6 million. These increases were offset by decreases in information technology expenses of $0.7 million and professional consulting costs of $0.1 million.

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Selling, general and administrative expenses for our Decision Analytics segment were $174.2 million for the nine months ended September 30, 2017 compared to $161.8 million for the nine months ended September 30, 2016, an increase of $12.4 million or 7.7%. Our recent acquisitions within the Decision Analytics segment accounted for an increase of $8.7 million in SGA. Excluding costs associated with our recent acquisitions, SGA increased $3.7 million or 2.3%. The increase was primarily due to increases in salaries and employee benefits of $2.5 million, professional consulting costs of $1.4 million, and other general expenses of $0.7 million. These increases were offset by a decrease in information technology expenses of $0.9 million.

EBITDA Margin

The EBITDA margin for our Decision Analytics segment, including discontinued operations, was 42.8% for the nine months ended September 30, 2017 compared to 65.5% for the nine months ended September 30, 2016. The decrease in our EBITDA margin was primarily attributed to the gain on sale from the divestiture of our healthcare business for the nine months ended September 30, 2016.

Risk Assessment

Revenues

Revenues for our Risk Assessment segment were $193.2 million for the three months ended September 30, 2017 compared to $180.8 million for the three months ended September 30, 2016, an increase of $12.4 million or 6.9%. Excluding revenue of $3.5 million from our recent acquisitions, Risk Assessment revenue increased $8.9 million or 4.9% for the three months ended September 30, 2017. Revenues for our Risk Assessment segment were $575.2 million for the nine months ended September 30, 2017 compared to $541.7 million for the nine months ended September 30, 2016, an increase of $33.5 million or 6.2%. Excluding revenue of $9.2 million from our recent acquisitions, Risk Assessment revenue increased $24.3 million or 4.5% for the nine months ended September 30, 2017. The overall increase within this segment primarily resulted from an increase in prices derived from continued enhancements to the content of our industry-standard insurance programs' solutions as well as selling expanded solutions to existing customers.

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

	Three Months Ended September 30,		Percentage	Nine Months Ended September 30,		Percentage
	2017	2016	Change	2017	2016	Change
	(In millions)					
Industry-standard insurance programs	$149.0	$138.2	7.8 %	$442.7	$414.2	6.9 %
Property-specific rating and underwriting information	44.2	42.6	3.7 %	132.5	127.5	4.0 %
Total Risk Assessment	$193.2	$180.8	6.9 %	$575.2	$541.7	6.2 %

Cost of Revenues

Cost of revenues for our Risk Assessment segment was $56.8 million for the three months ended September 30, 2017 compared to $52.1 million for the three months ended September 30, 2016, an increase of $4.7 million or 9.2%. Our recent acquisitions within the Risk Assessment segment represented an increase of $1.8 million in cost of revenues, which was primarily related to salaries and employee benefits. Excluding the impact of our recent acquisitions, our cost of revenues increased $2.9 million or 5.6%. The increase was primarily due to increases in salaries and employee benefits costs of $3.6 million and data costs of $0.2 million. These increases were offset by a decrease in other operating costs of $0.9 million.

Cost of revenues for our Risk Assessment segment was $169.8 million for the nine months ended September 30, 2017 compared to $158.8 million for the nine months ended September 30, 2016, an increase of $11.0 million or 7.0%. Our recent acquisitions within the Risk Assessment segment represented an increase of $5.1 million in cost of revenues, which was primarily related to salaries and employee benefits. Excluding the impact of our recent acquisitions, our cost of revenues increased $5.9 million or 3.7%. The increase was primarily due to increases in salaries and employee

benefits costs of $6.1 million and data costs of $0.4 million. These increases were offset by decreases in information technology expenses of $0.5 million and other operating costs of $0.1 million.

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Selling, General and Administrative Expenses
Selling, general and administrative expenses for our Risk Assessment segment were $20.5 million for the three months ended September 30, 2017 compared to $22.4 million for the three months ended September 30, 2016, a decrease of $1.9 million or 8.6%. Our recent acquisitions within the Risk Assessments segment accounted for an increase of $0.5 million in SGA. Excluding costs associated with our recent acquisitions, SGA decreased $2.4 million or 10.8%. The decrease was primarily due to decreases in professional consulting costs of $0.9 million, information technology expenses of $0.4 million, salaries and employee benefits of $0.2 million and other general expenses of $0.9 million.
Selling, general and administrative expenses for our Risk Assessment segment were $61.4 million for the nine months ended September 30, 2017 compared to $62.6 million for the nine months ended September 30, 2016, a decrease of $1.2 million or 2.1%. Our recent acquisitions within the Risk Assessments segment accounted for an increase of $1.8 million in SGA. Excluding costs associated with our recent acquisitions, SGA decreased $3.0 million or 4.8%. The decrease was primarily due to decreases in salaries and employee benefits of $0.7 million, information technology expenses of $0.7 million, professional consulting costs of $0.4 million and other general expenses of $1.2 million.
EBITDA Margin
EBITDA margin for our Risk Assessment segment was 59.8% for the nine months ended September 30, 2017 compared to 59.4% for the nine months ended September 30, 2016.
Liquidity and Capital Resources
As of September 30, 2017 and December 31, 2016, we had cash and cash equivalents and available-for-sale securities of $145.7 million and $138.5 million, respectively. Subscriptions for our solutions are billed and generally paid in advance of rendering services either quarterly or upon commencement of the annual or multi-year subscription period in annual amounts. Most of our subscriptions 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 $1,500.0 million Syndicated Revolving Credit Facility, or the Credit Facility, we believe that we will have sufficient cash to meet our working capital and capital expenditure needs, and to fuel our future growth plans.
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 (deferred revenues). 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 those 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 as a percentage of consolidated revenues for the nine months ended September 30, 2017 and 2016, were 7.2% and 6.2%, respectively. The capital expenditures for the year ending December 31, 2017 are expected to be approximately $185.0 million, which primarily include expenditures on our technology infrastructure and our continuing investments in developing and enhancing our solutions. Expenditures related to developing and enhancing our solutions are predominately related to internal use software and are capitalized in accordance with ASC 350-40, "Accounting for Costs of Computer Software Developed or Obtained for Internal Use." We also capitalize amounts in accordance with ASC 985-20, "Software to be Sold, Leased or Otherwise Marketed."
We have also historically used a portion of our cash for repurchases of our common stock from our stockholders. During the nine months ended September 30, 2017 and 2016, we repurchased $276.2 million and $182.5 million of our common stock, respectively.
Financing and Financing Capacity
We had total short-term and long-term debt, excluding capital lease obligations and the discounts and debt issuance costs on our senior notes, of $2,895.0 million and $2,400.0 million at September 30, 2017 and December 31, 2016, respectively. As of September 30, 2017, we were in compliance with our financial debt covenants.

As of September 30, 2017, we had a borrowing capacity of $1,500.0 million of which $901.4 million, net of outstanding letters of credit, was available for borrowings under the Credit Facility with Bank of America N.A., JP Morgan Chase, N.A., and a syndicate of banks. The Credit Facility may be used for general corporate purposes, including working capital needs and capital expenditures, acquisitions, and the share repurchase program.

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The Credit Facility contains certain financial and other covenants that, among other things, impose certain restrictions on indebtedness, liens, investments, and capital expenditures. These covenants also place restrictions on mergers, asset sales, sale/leaseback transactions, payments between us and our subsidiaries, 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 we maintain, during any period of four fiscal quarters, a consolidated funded debt leverage ratio of 3.5 to 1.0. We were in compliance with all financial debt covenants under the Credit Facility as of September 30, 2017. Interest on borrowings under the Credit Facility is payable at an interest rate of LIBOR plus 1.125% to 1.625%, depending upon the consolidated funded debt leverage ratio. A commitment fee on any unused balance is payable periodically and will range from 12.5 to 25.0 basis points based upon the consolidated funded debt leverage ratio. As of September 30, 2017 and December 31, 2016, we had outstanding borrowings under the Credit Facility of $595.0 million and $100.0 million, respectively. During the nine months ended September 30, 2017, we had borrowings of $640.0 million and repayments of $145.0 million under the Credit Facility. On May 18, 2017, we entered into the third amendment to the Credit Facility, which, among other things, extended the maturity date one year to May 15, 2022.

Cash Flow

The following table summarizes our cash flow data for the nine months ended September 30, 2017 and 2016:

	Nine Months Ended September 30,		Percentage Change
	2017	2016	
	(In millions)		
Net cash provided by operating activities	$592.1	$484.4	22.2 %
Net cash (used in) provided by investing activities	$(823.9)	$579.3	(242.2)%
Net cash provided by (used in) financing activities	$234.3	$(1,027.9)	(122.8)%

Operating Activities

Net cash provided by operating activities was $592.1 million for the nine months ended September 30, 2017 compared to $484.4 million for the nine months ended September 30, 2016. The increase in net cash provided by operating activities was primarily related to a decrease in income tax payments due to the tax paid on the gain on the sale of the Company's healthcare business in the second quarter of 2016 and an increase in cash receipts from customers in 2017, partially offset by the prior year cash flow from operations for the healthcare business prior to the disposition.

Investing Activities

Net cash used in investing activities of $823.9 million for the nine months ended September 30, 2017 was primarily related to current year acquisitions including escrow payments of $705.2 million and capital expenditures of $113.8 million. Net cash provided by investing activities of $579.3 million for the nine months ended September 30, 2016 was primarily driven by proceeds from the sale of our healthcare business of $719.4 million, partially offset by capital expenditures of $98.6 million and acquisitions including escrow payments of $49.6 million.

Financing Activities

Net cash provided by financing activities of $234.3 million for the nine months ended September 30, 2017 was primarily related to borrowings, net of payments, from our Credit Facility of $495.0 million and proceeds from stock options exercises of $26.0 million, partially offset by repurchases of common stock of $276.2 million. Net cash used in financing activities of $1,027.9 million for the nine months ended September 30, 2016 was primarily driven by net debt repayments of our Credit Facility of $870.0 million as well as repurchases of common stock of $182.5 million, partially offset by proceeds from stock options exercises of $32.6 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 21, 2017.

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Critical Accounting Policies and 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 U.S. 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 acquisition purchase price allocations, revenue recognition, goodwill and intangible assets, pension and other post retirement benefits, stock-based compensation, income taxes and allowance for doubtful accounts. 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 21, 2017. Since the date of our annual report on Form 10-K, there have been no material changes to our critical accounting policies and estimates other than the item noted below.

As of September 30, 2017, we had goodwill of $3,188.8 million, which represents 56.7% of our total assets. We performed an impairment test as of June 30, 2017 and confirmed that no impairment charge was necessary. As part of this process, we conducted the annual impairment test of our energy reporting unit at June 30, 2017, at which time the fair value exceeded its carrying value by less than 10%. This outcome is consistent with our expectation due to the decline in the GBP/USD exchange rate as well as current energy market conditions. The carrying value of the goodwill associated with our energy reporting unit was $1,841.8 million as of June 30, 2017. There were no triggering events prior to the filing of this Form 10-Q that would impact the results of the impairment test performed as of June 30, 2017.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Market risks at September 30, 2017 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 21, 2017.

Item 4. Controls and Procedures

Disclosure Controls and Procedures

We are required to 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 at the reasonable assurance level.

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 September 30, 2017, our disclosure controls and procedures were effective at the reasonable assurance level.

Changes in Internal Control over Financial Reporting

During the nine months ended September 30, 2017, 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.

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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 nine months ended September 30, 2017 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 21, 2017.

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

Our board of directors has authorized a share repurchase program of up to $2.8 billion. As of September 30, 2017, we had $366.2 million available to repurchase shares. These authorizations have no expiration dates and may be suspended or terminated at any time. Since the introduction of share repurchase as a feature of our capital management strategies in 2010, we have repurchased shares with an aggregate value of $2.4 billion. Our share repurchases for the quarter ended September 30, 2017 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	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs (in millions)
July 1, 2017 through July 31, 2017	—	$ —	—	$ 376.4
August 1, 2017 through August 31, 2017	—	$ —	—	$ 376.4
September 1, 2017 through September 30, 2017	124,500	$ 81.85	124,500	$ 366.2
	124,500		124,500	

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

None.

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)

Date: October 31, 2017 By: /s/ Eva F. Huston
Eva F. Huston
Senior 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 Sarbanes-Oxley Act of 2002.*
101.INS	XBRL Instance Document.*
101.SCH	XBRL Taxonomy Extension Schema.*
101.CAL	XBRL Taxonomy Extension Calculation Linkbase.*
101.DEF	XBRL Taxonomy Definition Linkbase.*
101.LAB	XBRL Taxonomy Extension Label Linkbase.*
101.PRE	XBRL Taxonomy Extension Presentation Linkbase.*

*Filed herewith.