UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

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

For the fiscal year ended December 31, 2012

OR

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

For the transition period from to

Commission file number 001-13619

BROWN & BROWN, INC.
(Exact name of registrant as specified in its charter)

Florida **(State or other jurisdiction of incorporation or organization)**		**59-0864469** **(I.R.S. Employer Identification Number)**
220 South Ridgewood Avenue, Daytona Beach, FL **(Address of principal executive offices)**		**32114** **(Zip Code)**

Registrant's telephone number, including area code: (386) 252-9601

Registrant's Website: www.bbinsurance.com

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
COMMON STOCK, $0.10 PAR VALUE	NEW YORK STOCK EXCHANGE

Securities registered pursuant to Section 12(g) of the Act:
None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☒ No ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒

NOTE: Checking the box above will not relieve any registrant required to file reports pursuant to Section 13 or 15(d) of the Exchange Act from their obligations under those Sections.

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

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

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§ 232.405 of this chapter) is not contained herein, and will not be contained, to the best of the registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer," and "smaller reporting company" in Rule 12b-2 of the Exchange Act:

Large accelerated filer	☒	Accelerated filer	☐
Non-accelerated filer	☐ (Do not check if a smaller reporting company)	Smaller reporting company	☐

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

The aggregate market value of the voting common stock held by non-affiliates of the registrant, computed by reference to the price at which the stock was last sold on June 30, 2012 (the last business day of the registrant's most recently completed second fiscal quarter) was $3,200,673,955.

The number of outstanding shares of the registrant's Common Stock, $0.10 par value, as of February 20, 2013 was 143,943,521.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of Brown & Brown, Inc.'s Proxy Statement for the 2013 Annual Meeting of Shareholders are incorporated by reference into Part III of this Report.

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BROWN & BROWN, INC.
ANNUAL REPORT ON FORM 10-K
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2012
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Disclosure Regarding Forward-Looking Statements

Brown & Brown, Inc., together with its subsidiaries (collectively, “we,” “Brown & Brown” or the “Company”), make “forward-looking statements” within the “safe harbor” provision of the Private Securities Litigation Reform Act of 1995, as amended, throughout this report and in the documents we incorporate by reference into this report. You can identify these statements by forward-looking words such as “may,” “will,” “should,” “expect,” “anticipate,” “believe,” “intend,” “estimate,” “plan” and “continue” or similar words. We have based these statements on our current expectations about future events. Although we believe the expectations expressed in the forward-looking statements included in this Form 10-K and the reports, statements, information and announcements incorporated by reference into this report are based on reasonable assumptions within the bounds of our knowledge of our business, a number of factors could cause actual results to differ materially from those expressed in any forward-looking statements, whether oral or written, made by us or on our behalf. Many of these factors have previously been identified in filings or statements made by us or on our behalf. Important factors which could cause our actual results to differ materially from the forward-looking statements in this report include the following items, in addition to those matters described in Item 1A “Risk Factors” and Item 7 “Management’s Discussion and Analysis of Financial Condition and Results of Operations”:

- Projections of revenues, income, losses, cash flows, capital expenditures;
- Future prospects;
- Plans for future operations;
- Expectations of the economic environment;
- Material adverse changes in economic conditions in the markets we serve and in the general economy;
- Future regulatory actions and conditions in the states in which we conduct our business;
- Competition from others in the insurance agency, wholesale brokerage, insurance programs and service business;
- The occurrence of adverse economic conditions, an adverse regulatory climate, or a disaster in California, Florida, Georgia, Indiana, Massachusetts, Michigan, New Jersey, New York, Pennsylvania, Texas and Washington, because a significant portion of business written by Brown & Brown is for customers located in these states;
- The integration of our operations with those of businesses or assets we have acquired, including our January 2012 acquisition of Arrowhead General Insurance Agency Superholding Corporation (“Arrowhead”), or may acquire in the future and the failure to realize the expected benefits of such acquisition and integration;
- Premium rates and exposure units set by insurance companies which have traditionally varied and are difficult to predict;
- Our ability to forecast liquidity needs through at least the end of 2013;
- Our ability to renew or replace expiring leases;
- Outcome of legal proceedings and governmental investigations;
- Policy cancellations which can be unpredictable;
- Potential changes to the tax rate that would affect the value of deferred tax assets and liabilities;
- The inherent uncertainty in making estimates, judgments, and assumptions in the preparation of financial statements in accordance with generally accepted accounting principles in the United States of America (“U.S. GAAP”);
- The performance of acquired businesses and its effect on estimated acquisition earn-out payable;
- Other risks and uncertainties as may be detailed from time to time in our public announcements and Securities and Exchange Commission (“SEC”) filings; and
- Assumptions as to any of the foregoing and all statements that are not based on historical fact but rather reflect our current expectations concerning future results and events.

Forward-looking statements that we make or that are made by others on our behalf are based on a knowledge of our business and the environment in which we operate, but because of the factors listed above, among others, actual results may differ from those in the forward-looking statements. Consequently, these cautionary statements qualify all of the forward-looking statements we make herein. We cannot assure you that the results or developments anticipated by us will be realized or, even if substantially realized, that those results or developments will result in the expected consequences for us or affect us, our business or our operations in the way we expect. We caution readers not to place undue reliance on these forward-looking statements, which speak only as of their dates. We assume no obligation to update any of the forward-looking statements.

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PART I

ITEM 1. Business.

General

We are a diversified insurance agency, wholesale brokerage, insurance programs and service organization with origins dating from 1939, headquartered in Daytona Beach and Tampa, Florida. We market and sell to our customers insurance products and services, primarily in the property, casualty and employee benefits areas. As an agent and broker, we do not assume underwriting risks. Instead, we provide our customers with quality, non-investment insurance contracts, as well as other targeted, customized risk management products and services.

We are compensated for our services primarily by commissions paid by insurance companies and by fees paid by customers for certain services. Commissions are usually a percentage of the premium paid by the insured. Commission rates generally depend upon the type of insurance, the particular insurance company and the nature of the services provided by us. In some cases, we share commissions with other agents or brokers who have acted jointly with us in a transaction. We may also receive from an insurance company a “profit-sharing contingent commission,” which is a profit-sharing commission based primarily on underwriting results, but may also contain considerations for volume, growth and/or retention. Fee revenues are generated primarily by: (1) our Services Division, which provides insurance-related services, including third-party claims administration and comprehensive medical utilization management services in both the workers’ compensation and all-lines liability arenas, as well as Medicare set-aside services, Social Security disability and Medicare benefits advocacy services, and catastrophe claims adjusting services, and (2) our National Programs and Wholesale Brokerage Divisions, which earn fees primarily for the issuing of insurance policies on behalf of insurance carriers. The amount of our revenues from commissions and fees is a function of, among other factors, continued new business production, retention of existing customers, acquisitions and fluctuations in insurance premium rates and “insurable exposure units,” which are units that insurance companies use to measure or express insurance exposed to risk (such as property values, sales and payroll levels).

As of December 31, 2012, our activities were conducted in 218 locations in 37 states as follows and one office in London, England:

Florida	41	Virginia	5	Missouri	2
California	20	Connecticut	4	New Hampshire	2
Washington	16	Kentucky	4	North Carolina	2
New York	15	Massachusetts	4	Delaware	1
Texas	13	Michigan	4	Hawaii	1
New Jersey	11	Arkansas	3	Montana	1
Georgia	9	Minnesota	3	Nevada	1
Pennsylvania	7	New Mexico	3	Ohio	1
Louisiana	7	Oregon	3	Utah	1
Colorado	6	Tennessee	3	West Virginia	1
Illinois	6	South Carolina	3	Wisconsin	1
Indiana	5	Arizona	2		
Oklahoma	5	Kansas	2		

Industry Overview

Premium pricing within the property and casualty insurance underwriting (risk-bearing) industry has historically been cyclical, displaying a high degree of volatility based on prevailing economic and competitive conditions. From the mid-1980s through 1999, the property and casualty insurance industry experienced a “soft market” during which the underwriting capacity of insurance companies expanded, stimulating an increase in competition and a decrease in premium rates and related commissions. The dampening effect of this softness in rates on our revenues was somewhat offset by our acquisitions and new business production. As a result of increasing “loss ratios” (the comparison of incurred losses plus adjustment expenses against earned premiums) of insurance companies through 1999, premium rates generally increased beginning in the first quarter of 2000 and continuing into 2003. During 2003, increases in premium rates began to moderate and, in certain lines of insurance, premium rates decreased. In 2004, as general premium rates continued to moderate, the insurance industry experienced the worst hurricane season since 1992 (when Hurricane Andrew hit south Florida). The insured losses from the 2004 hurricane season were absorbed relatively easily by the insurance industry and the general insurance premium rates continued to soften during 2005.

During the third quarter of 2005, the insurance industry experienced the worst hurricane season ever recorded. As a result of the significant losses incurred by insurance companies from these hurricanes, insurance premium rates in 2006 increased on coastal property, primarily in the southeastern region of the United States. In the other regions of the United States, insurance premium rates generally declined during 2006. In addition to significant insurance pricing declines in Florida (as discussed below) insurance premium rates continued to decline from 2007 through 2011 in most of the other U.S. regions.

Although insurance premium rates declined from 2008 through 2011 in most lines of coverage, the rates of decline appeared to be slowing. However, during the second half of 2008 through 2011, insurable exposure units, such as sales and payroll expenditures, declined significantly due to the weakening economy, primarily in the southeastern and western parts of the United States. From 2008 through 2011, declining exposure units had a greater adverse impact on our commissions and fees revenue than did declining insurance premium rates.

In the first quarter of 2012, insurance premium rates began to gradually increase for most lines of coverage. Correspondingly, insurable exposure units began to flatten, and in many cases, began to increase. As a result of increases in both insurance premium rates and insurable exposure units, we achieved positive internal organic revenue growth of our 2012 core commissions and fees for the first time since 2006. General insurance premium rates and insurable exposure units are expected to continue to modestly and gradually increase during 2013.

SEGMENT INFORMATION

Our business is divided into four reportable operating segments: (1) the Retail Division; (2) the National Programs Division; (3) the Wholesale Brokerage Division; and (4) the Services Division. The Retail Division provides a broad range of insurance products and services to commercial, public entity, professional and individual customers. The National Programs Division provides professional liability and related package products for certain professionals, and markets targeted products and services to specific industries, trade groups, public entities, and market niches. The Wholesale Brokerage Division markets and sells excess and surplus commercial and personal insurance, and reinsurance, primarily through independent agents and brokers. The Services Division provides customers with third-party claims administration, consulting for the workers’ compensation insurance market, comprehensive medical utilization management services in both workers’ compensation and all-lines liability arenas, Medicare Secondary Payer statute compliance-related services, Social Security disability and Medicare benefits advocacy services, and catastrophe claims adjusting services. Effective January 1, 2012, certain profit center offices, with aggregate total revenues of $16.9 million and $13.1 million for 2011 and 2010, respectively, were reclassified from the National Programs Division to the Wholesale Brokerage Division, and as such, certain prior year amounts have been reclassified to conform to the current year presentation.

The following table summarizes (1) the commissions and fees revenue generated by each of our reportable operating segments for 2012, 2011 and, 2010, and (2) the percentage of our total commissions and fees revenue represented by each segment for each such period:

(in thousands, except percentages)	2012	%	2011	%	2010	%
Retail Division	$ 639,708	53.7%	$ 604,966	60.2%	$573,809	59.3%
National Programs Division	251,929	21.2%	164,352	16.3%	175,838	18.2%
Wholesale Brokerage Division	182,822	15.4%	172,547	17.2%	170,150	17.6%
Services Division	116,247	9.8%	64,875	6.4%	46,336	4.8%
Other	(1,625)	(0.1)%	(778)	(0.1)%	784	0.1%
Total	$1,189,081	100.0%	$1,005,962	100.0%	$966,917	100.0%

We conduct all of our operations within the United States of America, except for one wholesale brokerage operation based in London, England that commenced business in March 2008. This operation earned $9.7 million, $9.1 million and $9.9 million of revenues for the years ended December 31, 2012, 2011 and 2010, respectively. We do not have any material foreign long-lived assets.

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See Note 15 to the Consolidated Financial Statements and "Management's Discussion and Analysis of Financial Condition and Results of Operations" for additional segment financial data relating to our business.

Retail Division

As of December 31, 2012, our Retail Division employed 3,240 persons. Our retail insurance agency business provides a broad range of insurance products and services to commercial, public and quasi-public entity, professional and individual customers. The categories of insurance we principally sell include: property insurance relating to physical damage to property and resultant interruption of business or extra expense caused by fire, windstorm or other perils; casualty insurance relating to legal liabilities, workers' compensation, commercial and private passenger automobile coverages; and fidelity and surety bonds. We also sell and service group and individual life, accident, disability, health, hospitalization, medical and dental insurance.

No material part of our retail business is attributable to a single customer or a few customers. During 2012, commissions and fees from our largest single Retail Division customer represented less than one quarter of one percent (0.25%) of the Retail Division's total commissions and fees revenue.

In connection with the selling and marketing of insurance coverages, we provide a broad range of related services to our customers, such as risk management and loss control surveys and analysis, consultation in connection with placing insurance coverages and claims processing. We believe these services are important factors in securing and retaining customers.

National Programs Division

As of December 31, 2012, our National Programs Division employed 1,373 persons. Our National Programs Division can be grouped into four broad categories; (1) Professional Programs; (2) Arrowhead Insurance Programs; (3) Commercial Programs; and (4) Public Entity-Related Programs:

Professional Programs. Professional Programs provide professional liability and related package insurance products tailored to the needs of specific professional groups. Professional Programs negotiates policy forms and coverage options with their specific insurance carrier. Securing endorsements of these products from a professional association or sponsoring company is also an integral part of their function. Professional Programs affiliate with professional groups, including but not limited to, dentists, oral surgeons, hygienists, lawyers, CPA's, optometrists, opticians, ophthalmologists, insurance agents, financial advisors, registered representatives, securities broker-dealers, benefit administrators, real estate brokers, real estate title agents and escrow agents. In addition, Professional Programs encompasses supplementary insurance related products to include weddings, events, medical facilities and cyber liability.

The Professional Protector Plan® for Dentists and the Lawyer's Protector Plan® are marketed and sold primarily through a national network of independent agencies including certain of our retail offices; however, certain professional liability programs, CalSurance® and TitlePac®, are principally marketed and sold directly to our insured customers. Under our agency agreements with the insurance companies that underwrite these programs, we often have authority to bind coverages (subject to established guidelines), to bill and collect premiums and, in some cases, to adjust claims. For the programs that we market through independent agencies, we receive a wholesale commission or "override," which is then shared with these independent agencies.

Below are brief descriptions of the Professional programs.

- *Allied Protector Plan:* The Allied Protector Plan℠ ("APP")℠ specializes in customized professional liability and business insurance programs for individual practitioners and businesses in the healthcare industry. The AAP program offers coverage to include, but not limited to, liability insurance for dental hygienists and dental assistants, home health agencies, physical therapy clinics, and medical directors. Also available through the AAP program is cyber/data breach insurance offering a solution to privacy breaches and information security exposures tailored to the needs of healthcare organizations.
- *Certified Public Accountants:* The CPA Protector Plan® offers professional liability insurance for certified public accountant practitioners and firms throughout the United States.
- *Dentists*: Presented in 1969, the Professional Protector Plan ("PPP®") provides dental professionals insurance products including professional and general liability, property, employment practices liability, workers compensation, claims and risk management. The PPP® recognized the importance of policyholder and customer service and developed a customized, proprietary, web-based rating and policy issuance system which in turn provides a seamless policy delivery resource and access to policy information on a real time basis. Obtaining endorsements from state and local dental societies and associations plays an integral role in the PPP® partnership. The PPP is offered in all 50 states, District of Columbia, Puerto Rico and the Virgin Islands.

- *Financial Professionals*: CalSurance® and CITA Insurance have specialized in this niche since 1980 and offer professional liability programs designed for insurance agents, financial advisors, registered representatives, securities broker-dealers, benefit administrators, real estate brokers and real estate title agents. An important aspect of CalSurance® is Lancer Claims Services, which provides specialty claims administration for insurance companies underwriting CalSurance® product lines.
- *Lawyers*: The Lawyer's Protector Plan® ("LPP®"), for 25 years, has been providing professional liability insurance with a niche focus on law firms with 1-50 attorneys. The LPP® program handles all aspects of insurance operations including underwriting, distribution management, policy issuance and claims. The LPP® is offered in 45 states.
- *Optometrists and Opticians*: Since 1973, The Optometric Protector Plan® (OPP®) provides professional liability program for Eye Care Professionals, nationwide. The OPP® program offers professional insurance products for Optometrists, Ophthalmologists, Opticians and Ophthalmic Technicians. The OPP® is offered in all 50 states.
- *Real Estate Professionals:* TitlePac® provides professional liability products and services designed for real estate title agents and escrow agents in 47 states and the District of Columbia.
- *Wedding Protector Plan® and Event Protector Plan®:* Wedding Protector Plan® and Event Protector Plan® provide an online wedding/private event cancellation and postponement insurance policy that offers financial protection if certain unfortunate, unforeseen events should occur during the period leading up to and including the wedding day. General liability and liquor liability insurance products are also offered. Both the Wedding and Event Protector Plans are offered in 47 states.

Arrowhead Programs. Arrowhead is a Managing General Agent ("MGA"), General Agent ("GA"), and Program Administrator ("PA") to the property and casualty insurance industry. Arrowhead acts as a virtual insurer providing outsourced product development, marketing, underwriting, actuarial, compliance and claims and other administrative services to insurance carrier partners. As an MGA, Arrowhead has the authority to underwrite, bind insurance carriers, issue policies, collect premiums and provide administrative and claims services.

Below are brief descriptions of the Arrowhead Programs:

- *Architects and Engineering*, operating as Arrowhead Design Insurance ("ADI") is a leading writer of professional liability insurance for architects, engineers and environmental consultants. ADI is a national program writing in 49 states.
- *Automotive Aftermarket* - The Automotive Aftermarket Program is a new program launched in 2012 in conjunction with Zurich American Insurance Company's transfer of selected assets and employees to Arrowhead. The Automotive Aftermarket program writes commercial package insurance for non-dealership automotive services professionals such as auto recyclers, brake shops, equipment dealers, mechanical repairs, oil and lube shops, parts retailers and wholesalers, tire retailers and wholesalers and transmission mechanics.
- *Commercial* is a program that offers three distinct products to commercial operations, primarily in California: commercial auto, commercial package and general liability.
- *Real Estate Errors & Omissions* writes errors and omissions insurance for small to medium-sized residential real estate agents and brokers in California. Coverage includes real estate brokerage, property management, escrow, appraisal, leasing and consulting services.
- *Earthquake and DIC* is a Differences-in-Conditions ("DIC") Program writing, notably earthquake, flood, and the All Risk insurance coverages to commercial property owners. The Earthquake and DIC program writes insurance on both a primary and excess layer basis.
- *Marine* is a national program manager and wholesale producer of marine insurance products including yachts and high performance boats, small boats, commercial marine and marine artisan contractors.

- *Personal Property* provides a series of coverages for homeowners and renters in 17 states.
- *Residential Earthquake* specializes in monoline residential earthquake coverage for California home and condominium owners.
- *Wheels* provides private passenger automobile and motorcycle coverage for a range of drivers. Arrowhead's auto program offers two personal auto coverage types: one traditional non-standard auto product offering minimum state required liability limits and another targeting full coverage, multi-vehicle risks. The auto product is written in four states: California, Arizona, Michigan and Washington.
- *Workers' Compensation* provides workers' compensation insurance coverage in 43 states for California-based insureds. Arrowhead's workers' compensation program targets industry segments such as agriculture, contractors, food services, horticulture and manufacturing.

Commercial Programs. Commercial Programs markets targeted products and services to specific industries, trade groups, and market niches. Most of these products and services are marketed and sold primarily through independent agents, including certain of our retail offices. However, a number of these products and services are also marketed and sold directly to insured customers. Under agency agreements with the insurance companies that underwrite these programs, we often have authority to bind coverages (subject to established guidelines), to bill and collect premiums and, in some cases, to adjust claims.

- *Acumen Re Management Corporation* is a reinsurance underwriting management organization, primarily acting as an outsourced specific excess workers' compensation, directors and officers' liability, and errors and omissions liability facultative reinsurance underwriting facility.
- *AFC Insurance, Inc.* ("AFC") is a managing general underwriter, specializing in insurance products tailored to the health and human services industry. AFC works with retail agents in all states and targets home healthcare, group homes for the mentally and physically challenged, drug and alcohol facilities and programs for the developmentally disabled. AFC also has a separate program for independent pizza restaurants.
- *American Specialty Insurance & Risk Services, Inc*. provides insurance and risk management services for customers in professional sports, motor sports, amateur sports, and the entertainment industry.
- *Fabricare*: Irving Weber Associates, Inc. ("IWA") has specialized in this niche since 1946, providing package insurance including workers' compensation to dry cleaners, linen supply and uniform rental operations. They also offer insurance programs for independent grocery stores and restaurants.
- *Florida Intracoastal Underwriters, Limited Company* ("FIU") is a managing general agency that specializes in providing insurance coverage for coastal and inland high-value condominiums and apartments. FIU has developed a specialty reinsurance facility to support the underwriting activities associated with these risks.
- *Industry Consulting Group, Inc.* ("ICG") is a complete property tax service provider, and works with Proctor Financial, Inc. in providing solutions to the financial institutions industry. ICG provides a full range of property tax processing solutions, property valuations and appeals, and other services to the real estate, oil and gas, and financial institution industries. ICG features full electronic interfaces, sophisticated and flexible reporting and systems that are customized to individual specifications.
- *Parcel Insurance Plan®* ("PIP®") is a specialty insurance agency providing insurance coverage to commercial and private shippers for small packages and parcels with insured values of less than $25,000 each.
- *Proctor Financial, Inc*. ("Proctor") provides insurance programs and compliance solutions for financial institutions that service mortgage loans. Proctor's products include lender-placed fire and flood insurance, full insurance outsourcing, mortgage impairment, and blanket equity insurance. Proctor acts as a wholesaler and writes surplus lines property business for its financial institution customers.
- *Railroad Protector Plan®* ("RRPP®") Introduced in 1997, this program provides insurance products for insureds servicing the railroad industry (not the railroads). The RRPP® insurance coverages include general liability, property, commercial auto, umbrella, workers comp and inland marine. The RRPP® is offered in 46 states.
- Southwest Assurance Corporation ("SAC") is a program that insures governmental entities' mosquito control operations. The SAC/mosquito program provides insurance coverage including general liability, pesticide applicators liability, commercial auto, property, D & O, crime, pollution, aviation, airport premises liability, underground storage tank, workers comp and chemical liability. The SAC/mosquito program is offered in 48 states.
- *Towing Operators Protector Plan® ("TOPP®"*). Introduced in 2009, this program targets towing operations that offer services to light class towing risks. The TOPP® program provides insurance coverage including general liability, commercial auto, garage keeper's legal liability, property and motor truck cargo coverage. The TOPP® program is offered in 21 states.

Public Entity-Related Programs. Public Entity-Related Programs administers various insurance trusts specifically created for cities, counties, municipalities, school boards special taxing districts, and quasi-governmental agencies. These insurance coverages can range from providing fully insured programs to establishing risk retention insurance pools to excess and facultative specific coverages.

- *Downey* is a program administrator of insurance trusts offering tailored property and casualty insurance products, risk management consulting, third-party administration and related services designed for cities, counties, municipalities, schools, special taxing districts, and other public entities in the State of Indiana.
- *Ephrata* is a program administrator of insurance trusts offering tailored property and casualty insurance products, risk management consulting, third-party administration and related services designed for cities, counties, municipalities, and school boards in the State of Washington.
- *Ideal* is a program administrator offering tailored property and casualty insurance products, risk management consulting, third-party administration and related services designed for municipalities, schools, fire districts, and other public entities in the State of Illinois.
- *PRNJ* provides administrative services and insurance procurement for the Statewide Insurance Fund ("Statewide"). Statewide is a municipal joint insurance fund comprised of counties, municipalities, utility authorities, community colleges and emergency services entities in New Jersey.
- *PRU* is the program administrator for the Preferred Governmental Insurance Trust ("PGIT") offering tailored property and casualty insurance products, risk management consulting, third-party administration and related services designed for cities, counties, municipalities, schools, special taxing districts, and other public entities in the State of Florida.

Wholesale Brokerage Division

At December 31, 2012, our Wholesale Brokerage Division employed 943 persons. Our Wholesale Brokerage Division markets and sells excess and surplus commercial insurance products and services to retail insurance agencies (including our retail offices), and reinsurance products and services to insurance companies throughout the United States. The Wholesale Brokerage Division offices represent various U.S. and U.K. surplus lines insurance companies. Additionally, certain offices are also Lloyd's of London correspondents. The Wholesale Brokerage Division also represents admitted insurance companies for purposes of affording access to such companies for smaller agencies that otherwise do not have access to large insurance company representation. Excess and surplus insurance products encompass many insurance coverages, including personal lines, homeowners, yachts, jewelry, commercial property and casualty, commercial automobile, garage, restaurant, builder's risk and inland marine lines. Difficult-to-insure general liability and products liability coverages are a specialty, as is excess workers' compensation coverage. Wholesale brokers solicit business through mailings and direct contact with retail agency representatives. During 2012, commissions and fees from our largest Wholesale Brokerage Division customer represented approximately 0.9% of the Wholesale Brokerage Division's total commissions and fees revenue.

Services Division

At December 31, 2012, our Services Division employed 709 persons and provided a wide-range of insurance-related services.

Below are brief descriptions of the programs offered by the Services Division.

- *The Advocator Group* assists individuals throughout the United States who are seeking to establish eligibility for coverage under the U.S. Government's Social Security Disability program and provides health plan selection and enrollment assistance for Medicare beneficiaries. The Advocator Group works closely with employer-sponsored group life, disability and health plan participants to assist disabled employees in receiving the education, advocacy and benefit coordination assistance necessary to achieve the fastest possible benefit approvals. In addition, The Advocator Group also provides second injury fund recovery services to the workers compensation insurance market.
- *American Claims Management ("ACM")* provides third-party administration ("TPA") services to both the commercial and personal property and casualty insurance markets on a nationwide basis, and provides claims adjusting, administration, subrogation, litigation and data management services to insurance companies, self-insureds, public municipalities, insurance brokers and corporate entities. 60% of ACM's 2012 net revenues were derived from the various Arrowhead programs in our National Programs Division, with the remainder generated from third parties.
- *Colonial Claims* provides insurance claims adjusting and related services, including education and training services, throughout the United States. Colonial Claims handle property and casualty insurers' multi-line and catastrophic claims needs, including auto, earthquake, flood, hail, homeowners and wind claims. Colonial Claims' adjusters are approved by the National Flood Insurance Program and are certified in each classification of loss that include dwelling, mobile home, condominium association, commercial and large losses.

- *NuQuest/Bridge Point and Protocols* provide a full spectrum of Medicare Secondary Payer ("MSP") statute compliance services, from MSA Allocation through Professional Administration to over 250 insurance carriers, third-party administrators, self-insured employers, attorneys, brokers and related claims professionals nationwide. Specialty services include medical projections, life care plans, Medicare set-aside analysis, allocation and administration.
- *Preferred Governmental Claims Services* ("PGCS") provides TPA services for insurance entities and self-funded or fully-insured workers' compensation and liability plans. PGCS services include claims administration, cost containment consulting, services for secondary disability, and subrogation recoveries.
- *United Self-Insured Services ("USIS")* provides TPA services for insurance entities and self-funded or fully-insured workers' compensation and liability plans. USIS services include claims administration, access to major reinsurance markets, cost containment consulting, services for secondary disability, and subrogation recoveries and risk management services such as loss control. USIS services also includes managed care services, including medical networks, case management and utilization review services certified by the American Accreditation Health Care Commission.

In 2012, our three largest workers' compensation contracts represented approximately 8.9% of our Services Division's fees revenues, or approximately 0.9% of our total consolidated commissions and fees revenue.

Employees

At December 31, 2012, we had 6,438 full-time equivalent employees. We have agreements with our sales employees and certain other employees that include provisions restricting their ability to solicit business from our customers or to hire our employees for a period of time after separation from employment with us. The enforceability of such agreements varies from state to state depending upon state statutes, judicial decisions and factual circumstances. The majority of these agreements are at-will and terminable by either party; however, the covenants not to solicit our customers and employees generally extend for a period of two years after cessation of employment.

None of our employees is represented by a labor union, and we consider our relations with our employees to be satisfactory.

Competition

The insurance intermediary business is highly competitive, and numerous firms actively compete with us for customers and insurance markets. Competition in the insurance business is largely based on innovation, quality of service and price. A number of firms and banks with substantially greater resources and market presence compete with us in the southeastern United States and elsewhere, particularly outside of Florida.

A number of insurance companies directly sell insurance, primarily to individuals, and do not pay commissions to third-party agents and brokers. In addition, the Internet continues to be a source for direct placement of personal lines business. To date, such direct sales efforts have had little effect on our operations, primarily because our Retail Division is commercially rather than individually oriented.

In addition, the Gramm-Leach-Bliley Financial Services Modernization Act of 1999 and regulations enacted thereunder permit banks, securities firms and insurance companies to affiliate. As a result, the financial services industry has experienced and may continue to experience consolidation, which in turn has resulted and could continue to result in increased competition from diversified financial institutions, including competition for acquisition prospects.

Regulation, Licensing and Agency Contracts

We and/or our designated employees must be licensed to act as agents, brokers, intermediaries or third-party administrators by state regulatory authorities in the states in which we conduct business. Regulations and licensing laws vary by individual state and are often complex.

The applicable licensing laws and regulations in all states are subject to amendment or reinterpretation by state regulatory authorities, and such authorities are vested in most cases with relatively broad discretion as to the granting, revocation, suspension and renewal of licenses. The possibility exists that we and/or our employees could be excluded or temporarily suspended from carrying on some or all of our activities in, or could otherwise be subjected to penalties by, a particular state.

Available Information

We are subject to the reporting requirements of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), and its rules and regulations. The Exchange Act requires us to file reports, proxy statements and other information with the Securities and Exchange Commission (“SEC”). We make available free of charge on our website, at *www.bbinsurance.com*, our annual report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Exchange Act and the rules promulgated thereunder, as soon as reasonably practicable after electronically filing or furnishing such material to the SEC. These documents are posted on our website at *www.bbinsurance.com* — select the “Investor Relations” link and then the “Publications & Filings” link.

Copies of these reports, proxy statements and other information can be read and copied at:

SEC Public Reference Room
100 F Street NE
Washington, D.C. 20549

Information on the operation of the Public Reference Room may be obtained by calling the SEC at 1-800-SEC-0330. Also, the SEC maintains a website that contains reports, proxy statements and other information regarding issuers that file electronically with the SEC. These materials may be obtained electronically by accessing the SEC’s website at *www.sec.gov*.

The charters of the Audit, Compensation and Nominating/Governance Committees of our Board of Directors as well as our Corporate Governance Principles, Code of Business Conduct and Ethics and Code of Ethics — CEO and Senior Financial Officers (including any amendments to, or waivers of any provision of any of these charters, principles or codes) are also available on our website or upon request. Requests for copies of any of these documents should be directed in writing to Corporate Secretary, Brown & Brown, Inc., 655 N. Franklin St, Suite 1900, Tampa, Florida 33602, or by telephone to (813) 222-4277.

ITEM 1A. Risk Factors

WE CANNOT ACCURATELY FORECAST OUR COMMISSION REVENUES BECAUSE OUR COMMISSIONS DEPEND ON PREMIUM RATES CHARGED BY INSURANCE COMPANIES, WHICH HISTORICALLY HAVE VARIED AND, AS A RESULT, HAVE BEEN DIFFICULT TO PREDICT.

We are primarily engaged in the insurance agency, wholesale brokerage, and insurance programs business, and derive revenues principally from commissions paid by insurance companies. Commissions are based upon a percentage of premiums paid by customers for insurance products. The amount of such commissions is therefore highly dependent on premium rates charged by insurance companies. We do not determine insurance premiums. Premium rates are determined by insurance companies based on a fluctuating market. Historically, property and casualty premiums have been cyclical in nature and have varied widely based on market conditions.

As traditional risk-bearing insurance companies continue to outsource the production of premium revenue to non-affiliated brokers or agents such as us, those insurance companies may seek to further reduce their expenses by reducing the commission rates payable to those insurance agents or brokers. The reduction of these commission rates, along with general volatility and/or declines in premiums, may significantly affect our profitability. Because we do not determine the timing or extent of premium pricing changes, we cannot accurately forecast our commission revenues, including whether they will significantly decline. As a result, we may have to adjust our budgets for future acquisitions, capital expenditures, dividend payments, loan repayments and other expenditures to account for unexpected changes in revenues, and any decreases in premium rates may adversely affect the results of our operations.

CURRENT U.S. ECONOMIC CONDITIONS AND THE SHIFT AWAY FROM TRADITIONAL INSURANCE MARKETS MAY CONTINUE TO ADVERSLY AFFECT OUR BUSINESS.

Since late 2007, global consumer confidence has eroded amidst concerns over declining asset values, volatility in energy costs, geopolitical issues, the availability and cost of credit, high unemployment, and the stability and solvency of financial institutions, financial markets, businesses, and sovereign nations. These concerns have slowed economic growth and resulted in a recession in the United States. Economic conditions have had a negative impact on our results of operations during the years since 2008 due to reduced customer demand. If these economic conditions worsen, a number of negative effects on our business could result, including declines in values of insurable exposure units, declines in insurance premium rates, and the financial insolvency, or reduced ability to pay, of certain of our customers. Any of these effects could decrease our net revenues and profitability.

In addition, there has been an increase in alternative insurance markets, such as self-insurance, captives, risk retention groups and non-insurance capital markets. While we compete in these segments on a fee-for-service basis, we cannot be certain that such alternative markets will provide the same level of profitability as traditional insurance markets.

OUR GROWTH STRATEGY DEPENDS IN PART ON THE ACQUISITION OF OTHER INSURANCE INTERMEDIARIES, WHICH MAY NOT BE AVAILABLE ON ACCEPTABLE TERMS IN THE FUTURE AND WHICH, IF CONSUMMATED, MAY NOT BE ADVANTAGEOUS TO US.

Our growth strategy includes the acquisition of other insurance intermediaries. Our ability to successfully identify suitable acquisition candidates, complete acquisitions, integrate acquired businesses into our operations, and expand into new markets requires us to implement and improve our operations and our financial and management information systems. Integrated, acquired businesses may not achieve levels of revenues, profitability, or productivity comparable to our existing operations, or otherwise perform as expected. In addition, we compete for acquisition and expansion opportunities with firms and banks that have substantially greater resources than we do. Acquisitions also involve a number of special risks, such as: diversion of management’s attention; difficulties in the integration of acquired operations and retention of personnel; entry into unfamiliar markets; unanticipated problems or legal liabilities; estimation of the acquisition earn-out payable; and tax and accounting issues, some or all of which could have a material adverse effect on the results of our operations, financial condition and cash flows.

WE COULD INCUR SUBSTANTIAL LOSSES FROM OUR CASH AND INVESTMENT ACCOUNTS IF ONE OF THE FINANCIAL INSTITUTIONS THAT WE USE FAILS OR IS TAKEN OVER BY THE U.S. FEDERAL DEPOSIT INSURANCE CORPORATION ("FDIC").

Traditionally, we have maintained cash and investment balances, including restricted cash held in premium trust accounts, at various depository institutions in amounts that are significantly in excess of the limits insured by the FDIC. While we began in the Fall of 2008 re-focusing our investment and cash management strategy by moving more of our cash into non-interest bearing accounts (which were FDIC-insured until December 31, 2012, and not subject to any limits) and money market accounts (a portion of which became FDIC insured in the Fall of 2008), we still maintain cash and investment balances in excess of the current limits insured by FDIC. As the credit crisis persists, the financial strength of some depository institutions has diminished and this trend may continue. If one or more of the depository institutions with which we maintain significant cash balances were to fail, our ability to access these funds might be temporarily or permanently limited, and we could face material liquidity problems and potential material financial losses.

OUR BUSINESS, AND THEREFORE OUR RESULTS OF OPERATIONS AND FINANCIAL CONDITION, MAY BE ADVERSELY AFFECTED BY THE FURTHER DISRUPTION IN THE U.S.-BASED CREDIT MARKETS AND BY FURTHER INSTABILITY OF FINANCIAL SYSTEMS.

The disruption in the U.S.-based credit markets, the repricing of credit risk and the deterioration of the financial and real estate markets over the past few years have created increasingly difficult conditions for financial institutions and certain insurance companies. These conditions include significant losses, greater volatility, significantly less liquidity, widening of credit spreads and a lack of price transparency in certain markets. While these conditions have somewhat abated since the Fall of 2008, it is difficult to predict when these conditions will completely end and the extent to which our markets, products and business will be adversely affected.

The unprecedented disruptions in the credit and financial markets had a significant material adverse impact on a number of financial institutions and limited access to capital and credit for many companies. Although we are not currently experiencing any limitation of access to our revolving credit facility (which matures in 2016) and are not aware of any issues impacting the ability or willingness of our lenders under such facility to honor their commitments to extend us credit, the failure of a lender could adversely affect our ability to borrow on that facility, which over time could negatively impact our ability to consummate significant acquisitions or make other significant capital expenditures. Continued adverse conditions in the credit markets in future years could adversely affect the availability and terms of future borrowings or renewals or refinancings.

We also have a significant amount of trade accounts receivable from some insurance companies with which we place insurance. If those insurance companies were to experience liquidity problems or other financial difficulties, we could encounter delays or defaults in payments owed to us, which could have a significant adverse impact on our financial condition and results of operations.

OUR BUSINESS, AND THEREFORE OUR RESULTS OF OPERATIONS AND FINANCIAL CONDITION, MAY BE ADVERSELY AFFECTED BY ECONOMIC CONDITIONS THAT RESULT IN REDUCED INSURER CAPACITY.

Our results of operations depend on the continued capacity of insurance carriers to underwrite risk and provide coverage, which depends in turn on insurance companies' ability to procure reinsurance. We have no control over these matters. To the extent that reinsurance becomes less widely available, we may not be able to procure the amount or types of coverage that our customers desire and the coverage we are able to procure may be more expensive or limited.

INFLATION MAY ADVERSELY AFFECT OUR BUSINESS OPERATIONS IN THE FUTURE.

Given the current macroeconomic environment, it is possible that U.S. government actions, in the form of a monetary stimulus, a fiscal stimulus, or both, to the U.S. economy, could lead to inflationary conditions that would adversely affect our cost base, resulting in an increase in our employee compensation and benefits and our other operating expenses. This could harm our margins and profitability if we are unable to increase prices or cut costs enough to offset the effects of inflation on our cost base.

WE ARE EXPOSED TO INTANGIBLE ASSET RISK; SPECIFICALLY, OUR GOODWILL MAY BECOME IMPAIRED IN THE FUTURE.

As of the date of the filing of our Annual Report on Form 10-K for the 2012 fiscal year, we have $1,711,514,000 of goodwill recorded on our Consolidated Balance Sheet. We perform a goodwill impairment test on an annual basis and whenever events or changes in circumstances indicate that the carrying value of our goodwill may not be recoverable from estimated future cash flows. We completed our most recent evaluation of impairment for goodwill as of November 30, 2012 and determined that the fair value of goodwill exceeded the carrying value of such assets. A significant and sustained decline in our stock price and market capitalization, a significant decline in our expected future cash flows, a significant adverse change in the business climate or slower growth rates could result in the need to perform an additional impairment analysis prior to the next annual goodwill impairment test. If we were to conclude that a future write-down of our goodwill is necessary, we would then record the appropriate charge, which could result in material charges that are adverse to our operating results and financial position. See Notes 1 – "Summary of Significant Accounting Policies" and Note 3 – "Goodwill" to the Consolidated Financial Statements and "Management's Report on Internal Control Over Financial Reporting."

Additionally, the carrying value of amortizable intangible assets attributable to each business or asset group comprising Brown & Brown is periodically reviewed by management to determine if there are events or changes in circumstances that would indicate that its carrying amount may not be recoverable. Accordingly, if there are any such circumstances that occur during the year, Brown & Brown assesses the carrying value of its amortizable intangible assets by considering the estimated future undiscounted cash flows generated by the corresponding business or asset group. Any impairment identified through this assessment may require that the carrying value of related amortizable intangible assets be adjusted; however, no impairments have been recorded for the years ended December 31, 2012, 2011 and 2010.

OUR BUSINESS PRACTICES AND COMPENSATION ARRANGEMENTS ARE SUBJECT TO UNCERTAINTY DUE TO INVESTIGATIONS BY GOVERNMENTAL AUTHORITIES AND POTENTIAL RELATED PRIVATE LITIGATION.

The business practices and compensation arrangements of the insurance intermediary industry, including our practices and arrangements, are subject to uncertainty due to investigations by various governmental authorities. As disclosed in prior years, certain of our offices are parties to profit-sharing contingent commission agreements with certain insurance companies, including agreements providing for potential payment of revenue-sharing commissions by insurance companies based primarily on the overall profitability of the aggregate business written with those insurance companies and/or additional factors such as retention ratios and the overall volume of business that an office or offices place with those insurance companies. Additionally, to a lesser extent, some of our offices are parties to override commission agreements with certain insurance companies, which provide for commission rates in excess of standard commission rates to be applied to specific lines of business, such as group health business, and which are based primarily on the overall volume of business that such office or offices placed with those insurance companies. The Company has not chosen to discontinue receiving profit-sharing contingent commissions or override commissions. The legislatures of various states may adopt new laws addressing contingent commission arrangements, including laws prohibiting such arrangements, and addressing disclosure of such arrangements to insureds. Various state departments of insurance may also adopt new regulations addressing these matters. While we cannot predict the outcome of the governmental inquiries and investigations into the insurance industry's commission payment practices or the responses by the market and government regulators, any unfavorable resolution of these matters could adversely affect our results of operations. Further, if such resolution included a material decrease in our profit-sharing contingent commissions and override commissions, it would likely adversely affect our results of operations.

OUR BUSINESS, RESULTS OF OPERATIONS, FINANCIAL CONDITION OR LIQUIDITY MAY BE MATERIALLY ADVERSELY AFFECTED BY ERRORS AND OMISSIONS AND THE OUTCOME OF CERTAIN ACTUAL AND POTENTIAL CLAIMS, LAWSUITS AND PROCEEDINGS.

We are subject to various actual and potential claims, lawsuits and other proceedings relating principally to alleged errors and omissions in connection with the placement or servicing of insurance and/or the provision of services in the ordinary course of business. Because we often assist customers with matters involving substantial amounts of money, including the placement of insurance and the handling of related claims that customers may assert, errors and omissions claims against us may arise alleging potential liability for all or part of the amounts in question. Claimants may seek large damage awards, and these claims may involve potentially significant legal costs. Such claims, lawsuits and other proceedings could, for example, include claims for damages based on allegations that our employees or sub-agents improperly failed to procure coverage, report claims on behalf of customers, provide insurance companies with complete and accurate information relating to the risks being insured or appropriately apply funds that we hold for our customers on a fiduciary basis. We have established provisions against these potential matters that we believe to be adequate in the light of current information and legal advice, and we adjust such provisions from time to time according to developments.

While most of the errors and omissions claims made against us (subject to our self-insured deductibles) have been covered by our professional indemnity insurance, our business, results of operations, financial condition and liquidity may be adversely affected if, in the future, our insurance coverage proves to be inadequate or unavailable, or if there is an increase in liabilities for which we self-insure. Our ability to obtain professional indemnity insurance in the amounts and with the deductibles we desire in the future may be adversely impacted by general developments in the market for such insurance or our own claims experience. In addition, claims, lawsuits and other proceedings may harm our reputation or divert management resources away from operating our business.

WE DERIVE A SIGNIFICANT PORTION OF OUR COMMISSION REVENUES FROM A LIMITED NUMBER OF INSURANCE COMPANIES, THE LOSS OF WHICH COULD RESULT IN ADDITIONAL EXPENSE AND LOSS OF MARKET SHARE.

For the year ended December 31, 2012, no insurance company accounted for more than 5.0% of our total core commissions. For the year ended December 31, 2011 and 2010, approximately 5.2% and 5.0% of our total core commissions was derived from insurance policies underwritten by one insurance company, respectively. Should this insurance company seek to terminate their arrangements with us, we believe that other insurance companies are available to underwrite the business, although some additional expense and loss of market share could possibly result.

BECAUSE OUR BUSINESS IS HIGHLY CONCENTRATED IN CALIFORNIA, FLORIDA, GEORGIA, INDIANA, MASSACHUSETTS, MICHIGAN, NEW JERSEY, NEW YORK, PENNSYLVANIA, TEXAS AND WASHINGTON, ADVERSE ECONOMIC CONDITIONS OR REGULATORY CHANGES IN THESE STATES COULD ADVERSELY AFFECT OUR FINANCIAL CONDITION.

A significant portion of our business is concentrated in California, Florida, Georgia, Indiana, Massachusetts, Michigan, New Jersey, New York, Pennsylvania, Texas and Washington. For the years ended December 31, 2012, 2011 and 2010, we derived $933.2 million or 78.5%, $765.7 million or 76.1% and $739.0 million, or 76.4%, of our commissions and fees, respectively, from our operations located in these states. We believe that these revenues are attributable predominately to customers in these states. We believe the current regulatory environment for insurance intermediaries in these states is no more restrictive than in other states. The insurance business is primarily a state-regulated industry, and therefore, state legislatures may enact laws that adversely affect the insurance industry. Because our business is concentrated in the states identified above, we face greater exposure to unfavorable changes in regulatory conditions in those states than insurance intermediaries whose operations are more diversified through a greater number of states. In addition, the occurrence of adverse economic conditions, natural or other disasters, or other circumstances specific to or otherwise significantly impacting these states could adversely affect our financial condition, results of operations and cash flows.

WE HAVE EXPANDED OUR OPERATIONS INTERNATIONALLY, WHICH MAY RESULT IN A NUMBER OF ADDITIONAL RISKS AND REQUIRE MORE MANAGEMENT TIME AND EXPENSE THAN OUR DOMESTIC OPERATIONS TO ACHIEVE OR MAINTAIN PROFITABILITY.

In 2008, we expanded our operations to the United Kingdom. This was the first time we have opened an office outside the United States. In the future, we intend to continue to consider additional international expansion opportunities. Our international operations may be subject to a number of risks, including:

- Difficulties in staffing and managing foreign operations;
- Less flexible employee relationships, which may make it difficult and expensive to terminate employees and which limits our ability to prohibit employees from competing with us after their employment ceases;
- Political and economic instability (including acts of terrorism and outbreaks of war);
- Coordinating our communications and logistics across geographic distances and multiple time zones;
- Unexpected changes in regulatory requirements and laws;
- Adverse trade policies, and adverse changes to any of the policies of either the U.S. or any of the foreign jurisdictions in which we operate;
- Adverse changes in tax rates;
- Legal or political constraints on our ability to maintain or increase prices;
- Governmental restrictions on the transfer of funds to us from our operations outside the United States; and
- Burdens of complying with a wide variety of labor practices and foreign laws, including those relating to export and import duties, environmental policies and privacy issues.

OUR CURRENT MARKET SHARE MAY DECREASE AS A RESULT OF INCREASED COMPETITION FROM INSURANCE COMPANIES AND THE FINANCIAL SERVICES INDUSTRY.

The insurance intermediary business is highly competitive and we actively compete with numerous firms for customers and insurance companies, many of which have relationships with insurance companies or have a significant presence in niche insurance markets that may give them an advantage over us. Because relationships between insurance intermediaries and insurance companies or customers are often local or regional in nature, this potential competitive disadvantage is particularly pronounced outside of Florida. A number of insurance companies are engaged in the direct sale of insurance, primarily to individuals, and do not pay commissions to agents and brokers. In addition, as and to the extent that banks, securities firms and insurance companies affiliate, the financial services industry may experience further consolidation, and we therefore may experience increased competition from insurance companies and the financial services industry, as a growing number of larger financial institutions increasingly, and aggressively, offer a wider variety of financial services, including insurance, than we currently offer.

PROPOSED TORT REFORM LEGISLATION, IF ENACTED, COULD DECREASE DEMAND FOR LIABILITY INSURANCE, THEREBY REDUCING OUR COMMISSION REVENUES.

Legislation concerning tort reform has been considered, from time to time, in the United States Congress and in several state legislatures. Among the provisions considered in such legislation have been limitations on damage awards, including punitive damages, and various restrictions applicable to class action lawsuits. Enactment of these or similar provisions by Congress, or by states in which we sell insurance, could reduce the demand for liability insurance policies or lead to a decrease in policy limits of such policies sold, thereby reducing our commission revenues.

WE COMPETE IN A HIGHLY-REGULATED INDUSTRY, WHICH MAY RESULT IN INCREASED EXPENSES OR RESTRICTIONS ON OUR OPERATIONS.

We conduct business in most states and are subject to comprehensive regulation and supervision by government agencies in the states in which we do business. The primary purpose of such regulation and supervision is to provide safeguards for policyholders rather than to protect the interests of our stockholders. The laws of the various state jurisdictions establish supervisory agencies with broad administrative powers with respect to, among other things, licensing of entities to transact business, licensing of agents, admittance of assets, regulating premium rates, approving policy forms, regulating unfair trade and claims practices, establishing reserve requirements and solvency standards, requiring participation in guarantee funds and shared market mechanisms, and restricting payment of dividends. Also, in response to perceived excessive cost or inadequacy of available insurance, states have from time to time created state insurance funds and assigned risk pools, which compete directly, on a subsidized basis, with private insurance providers. We act as agents and brokers for such state insurance funds and assigned risk pools in California and certain other states. These state funds and pools could choose to reduce the sales or brokerage commissions we receive. Any such reductions, in a state in which we have substantial operations, such as Florida, California or New York, could substantially affect the profitability of our operations in such state, or cause us to change our marketing focus. Further, state insurance regulators and the National Association of Insurance Commissioners continually re-examine existing laws and regulations, and such re-examination may result in the enactment of insurance-related laws and regulations, or the issuance of interpretations thereof, that adversely affect our business. Although we believe that we are in compliance in all material respects with applicable local, state and federal laws, rules and regulations, there can be no assurance that more restrictive laws, rules or regulations will not be adopted in the future that could make compliance more difficult or expensive. Specifically, recently adopted federal financial services modernization legislation could lead to additional federal regulation of the insurance industry in the coming years, which could result in increased expenses or restrictions on our operations.

PROFIT-SHARING CONTINGENT COMMISSIONS AND OVERRIDE COMMISSIONS PAID BY INSURANCE COMPANIES ARE LESS PREDICTABLE THAN USUAL, WHICH IMPAIRS OUR ABILITY TO PREDICT THE AMOUNT OF SUCH COMMISSIONS THAT WE WILL RECEIVE.

We derive a portion of our revenues from profit-sharing contingent commissions and override commissions paid by insurance companies. Profit-sharing contingent commissions are special revenue-sharing commissions paid by insurance companies based upon the profitability, volume and/or growth of the business placed with such companies during the prior year. We primarily receive these commissions in the first and second quarters of each year. These commissions generally have accounted for 4.3% to 5.7% of our previous year’s total annual revenues over the last three years. Due to the inherent uncertainty of loss in our industry and changes in underwriting criteria due in part to the high loss ratios experienced by insurance companies, we cannot predict the payment of these profit-sharing contingent commissions. Further, we have no control over the ability of insurance companies to estimate loss reserves, which affects our ability to make profit-sharing calculations. Override commissions are paid by insurance companies based on the volume of business that we place with them and are generally paid over the course of the year. Because profit-sharing contingent commissions and override commissions materially affect our revenues, any decrease in their payment to us could adversely affect the results of our operations and our financial condition.

WE HAVE NOT DETERMINED THE AMOUNT OF RESOURCES AND THE TIME THAT MAY BE NECESSARY TO ADEQUATELY RESPOND TO RAPID TECHNOLOGICAL CHANGE IN OUR INDUSTRY, WHICH MAY ADVERSELY AFFECT OUR BUSINESS AND OPERATING RESULTS.

Frequent technological changes, new products and services and evolving industry standards are influencing the insurance business. The Internet, for example, is increasingly used to securely transmit benefits and related information to customers and to facilitate business-to-business information exchange and transactions. We believe that the development and implementation of new technologies will require additional investment of our capital resources in the future. We have not determined, however, the amount of resources and the time that this development and implementation may require, which may result in short-term, unexpected interruptions to our business, or may result in a competitive disadvantage in price and/or efficiency, as we develop or implement new technologies.

QUARTERLY AND ANNUAL VARIATIONS IN OUR COMMISSIONS THAT RESULT FROM THE TIMING OF POLICY RENEWALS AND THE NET EFFECT OF NEW AND LOST BUSINESS PRODUCTION MAY HAVE UNEXPECTED EFFECTS ON OUR RESULTS OF OPERATIONS.

Our commission income (including profit-sharing contingent commissions and override commissions but excluding fees) can vary quarterly or annually due to the timing of policy renewals and the net effect of new and lost business production. We do not control the factors that cause these variations. Specifically, customers' demand for insurance products can influence the timing of renewals, new business and lost business (which includes policies that are not renewed), and cancellations. In addition, as discussed, we rely on insurance companies for the payment of certain commissions. Because these payments are processed internally by these insurance companies, we may not receive a payment that is otherwise expected from a particular insurance company in a particular quarter or year until after the end of that period, which can adversely affect our ability to budget for significant future expenditures. Quarterly and annual fluctuations in revenues based on increases and decreases associated with the timing of policy renewals may adversely affect our financial condition, results of operations and cash flows.

WE MAY EXPERIENCE VOLATILITY IN OUR STOCK PRICE THAT COULD AFFECT YOUR INVESTMENT.

The market price of our common stock may be subject to significant fluctuations in response to various factors, including: quarterly fluctuations in our operating results; changes in securities analysts' estimates of our future earnings; changes in securities analysts' predictions regarding the short-term and long-term future of our industry; and our loss of significant customers or significant business developments relating to us or our competitors. Our common stock's market price also may be affected by our ability to meet stock analysts' earnings and other expectations. Any failure to meet such expectations, even if minor, could cause the market price of our common stock to decline. In addition, stock markets have generally experienced a high level of price and volume volatility, and the market prices of equity securities of many listed companies have experienced wide price fluctuations not necessarily related to the operating performance of such companies. These broad market fluctuations may adversely affect our common stock's market price. In the past, securities class action lawsuits frequently have been instituted against companies following periods of volatility in the market price of such companies' securities. If any such litigation is initiated against us, it could result in substantial costs and a diversion of management's attention and resources, which could have a material adverse effect on our business, results of operations, financial condition and cash flows.

OUR ABILITY TO CONDUCT BUSINESS WOULD BE NEGATIVELY IMPACTED IN THE EVENT OF AN INTERRUPTION IN INFORMATION TECHNOLOGY AND/OR DATA SECURITY AND/OR OUTSOURCING RELATIONSHIPS.

Our business relies on information systems to provide effective and efficient service to our customers, process claims, and timely and accurately report results to carriers. An interruption of our access to, or an inability to access, our information technology, telecommunications or other systems could significantly impair our ability to perform such functions on a timely basis. If sustained or repeated, such a business interruption, system failure or service denial could result in a deterioration of our ability to write and process new and renewal business, provide customer service, pay claims in a timely manner or perform other necessary business functions.

Computer viruses, hackers and other external hazards could expose our data systems to security breaches. These increased risks, and expanding regulatory requirements regarding data security, could expose us to data loss, monetary and reputational damages and significant increases in compliance costs.

We are taking steps to upgrade and expand our information systems capabilities. Maintaining, protecting and enhancing these capabilities to keep pace with evolving industry and regulatory standards, and changing customer preferences, requires an ongoing commitment of significant resources. If the information we rely upon to run our businesses was found to be inaccurate or unreliable or if we fail to maintain effectively our information systems and data integrity, we could experience operational disruptions, regulatory or other legal problems, increases in operating expenses, loss of existing customers, difficulty in attracting new customers, or suffer other adverse consequences.

Our technological development projects may not deliver the benefits we expect once they are completed, or may be replaced or become obsolete more quickly than expected, which could result in the accelerated recognition of expenses. If we do not effectively and efficiently manage and upgrade our technology portfolio, or if the costs of doing so are higher than we expect, our ability to provide competitive services to new and existing customers in a cost-effective manner and our ability to implement our strategic initiatives could be adversely impacted.

IMPROPER DISCLOSURE OF CONFIDENTIAL INFORMATION COULD NEGATIVELY IMPACT OUR BUSINESS.

We are responsible for maintaining the security and privacy of our customers' confidential and proprietary information and the personal data of their employees. We have put in place policies, procedures and technological safeguards designed to protect the security and privacy of this information, however, we cannot guarantee that this information will not be improperly disclosed or accessed. Disclosure of this information could harm our reputation and subject us to liability under our contracts and laws that protect personal data, resulting in increased costs or loss of revenues.

Further, privacy laws and regulations are continuously changing and often are inconsistent among the states in which we operate. Our failure to adhere to or successfully implement procedures to respond to these requirements could result in legal liability or impairment to our reputation.

WE ARE SUBJECT TO LITIGATION WHICH, IF DETERMINED UNFAVORABLY TO US, COULD HAVE A MATERIAL ADVERSE EFFECT ON OUR BUSINESS, RESULTS OF OPERATIONS OR FINANCIAL CONDITION.

We are and may be subject to a number of claims, regulatory actions and other proceedings that arise in the ordinary course of business. We cannot, and likely will not be able to, predict the outcome of these claims, actions and proceedings with certainty.

An adverse outcome in connection with one or more of these matters could have a material adverse effect on our business, results of operations or financial condition in any given quarterly or annual period. In addition, regardless of monetary costs, these matters could have a material adverse effect on our reputation and cause harm to our carrier, customer or employee relationships, or divert personnel and management resources.

While we currently have insurance coverage for some of these potential liabilities, other potential liabilities may not be covered by insurance, insurers may dispute coverage or the amount of our insurance may not be enough to cover the damages awarded. In addition, some types of damages, like punitive damages, may not be covered by insurance. Insurance coverage for all or some forms of liability may become unavailable or prohibitively expensive in the future.

OUR INABILITY TO RETAIN OR HIRE QUALIFIED EMPLOYEES, AS WELL AS THE LOSS OF ANY OF OUR EXECUTIVE OFFICERS, COULD NEGATIVELY IMPACT OUR ABILITY TO RETAIN EXISTING BUSINESS AND GENERATE NEW BUSINESS.

Our success depends on our ability to attract and retain skilled and experienced personnel. There is significant competition from within the insurance industry and from businesses outside the industry for exceptional employees, especially in key positions. If we are not able to successfully attract, retain and motivate our employees, our business, financial results and reputation could be materially and adversely affected.

Losing employees who manage or support substantial customer relationships or possess substantial experience or expertise could adversely affect our ability to secure and complete customer engagements, which would adversely affect our results of operations. Also, if any of our key professionals were to join an existing competitor or form a competing company, some of our customers could choose to use the services of that competitor instead of our services. As previously disclosed, certain of our former executive officers ceased employment with us during the past three years. While they are prohibited from soliciting our employees and customers, they are not prohibited from competing with us.

In addition, we could be adversely affected if we fail to adequately plan for the succession of our Senior Leaders and key executives. While we have succession plans in place and we have employment arrangements with certain key executives, these do not guarantee that the services of these executives will continue to be available to us. Although we operate with a decentralized management system, the loss of our senior managers or other key personnel, or our inability to identify, recruit and retain such personnel, could materially and adversely affect our business, operating results and financial condition.

CONSOLIDATION IN THE INDUSTRIES THAT WE SERVE COULD ADVERSELY AFFECT OUR BUSINESS.

Companies that we serve may seek to achieve economies of scale and other synergies by combining with or acquiring other companies. If two or more of our current customers merge or consolidate and combine their operations, it may decrease the overall amount of work that we perform for these customers. If one of our current customers merges or consolidates with a company that relies on another provider for its services, we may lose work from that customer or lose the opportunity to gain additional work. The increased market power of larger companies could also increase pricing and competitive pressures on us. Any of these possible results of industry consolidation could adversely affect our business.

HEALTHCARE REFORM AND INCREASED COSTS OF CURRENT EMPLOYEES' MEDICAL AND OTHER BENEFITS COULD HAVE A MATERIALLY ADVERSE AFFECT ON OUR BUSINESS.

Our profitability is affected by the cost of current employees' medical and other benefits. In recent years, we have experienced significant increases in these costs as a result of economic factors beyond our control. Although we have actively sought to contain increases in these costs, there can be no assurance we will succeed in limiting future cost increases, and continued upward pressure in these costs could reduce our profitability.

In addition, we believe that increased health care costs resulting from the 2010 health care reform bill could have a material adverse impact on our business, cash flows, financial condition or results of operations.

WE ARE SUBJECT TO RISKS ASSOCIATED WITH NATURAL DISASTERS AND GLOBAL EVENTS.

Our operations may be subject to natural disasters or other business disruptions, which could seriously harm our results of operation and increase our costs and expenses. We are susceptible to losses and interruptions caused by hurricanes (including in Florida, where our headquarters are located), earthquakes (including California, where we maintain a relatively large number of offices, including those acquired in the Arrowhead transaction), power shortages, telecommunications failures, water shortages, floods, fire, extreme weather conditions, geopolitical events such as terrorist acts and other natural or manmade disasters. Our insurance coverage with respect to natural disasters is limited and is subject to deductibles and coverage limits. Such coverage may not be adequate, or may not continue to be available at commercially reasonable rates and terms.

CERTAIN OF OUR EXISTING STOCKHOLDERS HAVE SIGNIFICANT CONTROL OF THE COMPANY.

At December 31, 2012, our executive officers, directors and certain of their family members collectively beneficially owned approximately 18.4% of our outstanding common stock, of which J. Hyatt Brown, our Chairman, and his family members, which include his son Powell Brown, our President and Chief Executive Officer, beneficially owned approximately 16.6%. As a result, our executive officers, directors and certain of their family members have significant influence over (1) the election of our Board of Directors, (2) the approval or disapproval of any other matters requiring stockholder approval, and (3) our affairs and policies.

CHANGES IN LAWS AND REGULATIONS MAY INCREASE OUR COSTS.

The Sarbanes-Oxley Act of 2002, as amended ("Sarbanes-Oxley") and the Dodd-Frank Act enacted in 2010 have required changes in some of our corporate governance, securities disclosure and compliance practices. In response to the requirements of these Acts, the SEC and the New York Stock Exchange have promulgated and will continue to promulgate new rules on a variety of subjects. Compliance with these new rules has increased our legal and financial and accounting costs. While these costs are no longer increasing, they may in fact increase in the future. These developments may make it more difficult and more expensive for us to obtain director and officer liability insurance, and we may be forced to accept reduced coverage or incur substantially higher costs to obtain coverage. Likewise, these developments may make it more difficult for us to attract and retain qualified members of our Board of Directors or qualified executive officers.

From time to time new regulations are enacted, or existing requirements are changed, and it is difficult to anticipate how such regulations and changes will be implemented and enforced. We continue to evaluate the necessary steps for compliance with regulations as they are enacted. For example, as global warming issues become more prevalent, the U.S. and foreign governments are beginning to respond to these issues. This increasing governmental focus on global warming may result in new environmental regulations that may negatively affect us and our customers. This could cause us to incur additional direct costs in complying with any new environmental regulations, as well as increased indirect costs resulting from our customers incurring additional compliance costs that get passed on to us. These costs may adversely impact our operations and financial condition.

DUE TO INHERENT LIMITATIONS, THERE CAN BE NO ASSURANCE THAT OUR SYSTEM OF DISCLOSURE AND INTERNAL CONTROLS AND PROCEDURES WILL BE SUCCESSFUL IN PREVENTING ALL ERRORS OR FRAUD, OR IN INFORMING MANAGEMENT OF ALL MATERIAL INFORMATION IN A TIMELY MANNER.

Our management, including our Chief Executive Officer and Chief Financial Officer, does not expect that our disclosure controls and internal controls and procedures will prevent all error and all fraud. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system reflects that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within the company have been detected. These inherent limitations include the realities that judgments in decision-making can be faulty and that breakdowns can occur simply because of error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people, or by management override of a control.

The design of any system of controls also is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions; over time, a control may become inadequate because of changes in conditions, or the degree of compliance with the policies or procedures may deteriorate. Because of the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and may not be detected.

IF WE RECEIVE OTHER THAN AN UNQUALIFIED OPINION ON THE ADEQUACY OF OUR INTERNAL CONTROL OVER FINANCIAL REPORTING AS OF DECEMBER 31, 2013 AND FUTURE YEAR-ENDS AS REQUIRED BY SECTION 404 OF SARBANES-OXLEY, INVESTORS COULD LOSE CONFIDENCE IN THE RELIABILITY OF OUR FINANCIAL STATEMENTS, WHICH COULD RESULT IN A DECREASE IN THE VALUE OF YOUR SHARES.

As directed by Section 404 of Sarbanes-Oxley, the SEC adopted rules requiring public companies to include an annual report on internal control over financial reporting on Form 10-K that contains an assessment by management of the effectiveness of our internal control over financial reporting. We continuously conduct a rigorous review of our internal control over financial reporting in order to assure compliance with the Section 404 requirements. However, if our independent auditors interpret the Section 404 requirements and the related rules and regulations differently than we do, or if our independent auditors are not satisfied with our internal control over financial reporting or with the level at which it is documented, operated or reviewed, they may issue a report other than an unqualified opinion. A report other than an unqualified opinion could result in an adverse reaction in the financial markets due to a loss of confidence in the reliability of our financial statements.

THERE ARE INHERENT UNCERTAINTIES INVOLVED IN ESTIMATES, JUDGMENTS AND ASSUMPTIONS USED IN THE PREPARATION OF FINANCIAL STATEMENTS IN ACCORDANCE WITH U.S. GAAP. ANY CHANGES IN ESTIMATES, JUDGMENTS AND ASSUMPTIONS COULD HAVE A MATERIAL ADVERSE EFFECT ON OUR BUSINESS, FINANCIAL POSITION AND RESULTS OF OPERATIONS.

The consolidated and condensed Consolidated Financial Statements included in the periodic reports we file with the SEC are prepared in accordance with U.S. GAAP. The preparation of financial statements in accordance with U.S. GAAP involves making estimates, judgments and assumptions that affect reported amounts of assets (including intangible assets), liabilities and related reserves, revenues, expenses and income. Estimates, judgments and assumptions are inherently subject to change in the future, and any such changes could result in corresponding changes to the amounts of assets, liabilities, revenues, expenses and income, and could have a material adverse effect on our financial position, results of operations and cash flows.

ITEM 1B. Unresolved Staff Comments.

None.

ITEM 2. Properties.

We lease our executive offices, which are located at 220 South Ridgewood Avenue, Daytona Beach, Florida 32114, and 655 N. Franklin St, Suite 1900, Tampa, Florida 33602. We lease offices at each of our 219 locations, with the exception of Dansville and Jamestown, New York, where we own the buildings in which our offices are located. We also own an airplane hanger in Daytona Beach, Florida. There are no outstanding mortgages on our owned properties. Our operating leases expire on various dates. These leases generally contain renewal options and rent escalation clauses based on increases in the lessors' operating expenses and other charges. We expect that most leases will be renewed or replaced upon expiration. We believe that our facilities are suitable and adequate for present purposes, and that the productive capacity in such facilities is substantially being utilized. From time to time, we may have unused space and seek to sublet such space to third parties, depending on the demand for office space in the locations involved. In the future, we may need to purchase, build or lease additional facilities to meet the requirements projected in our long-term business plan. See Note 13 to the Consolidated Financial Statements for additional information on our lease commitments.

ITEM 3. Legal Proceedings.

See Note 13 to the Consolidated Financial Statements for information regarding our legal proceedings.

ITEM 4. Mine Safety Disclosures.

Not applicable.

PART II

ITEM 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities.

Our common stock is listed on the New York Stock Exchange ("NYSE") under the symbol "BRO." The table below sets forth, for the quarterly periods indicated, the intra-day high and low sales prices for our common stock as reported on the NYSE Composite Tape, and the cash dividends declared on our common stock.

	High	Low	Cash Dividends Per Common Share
2011			
First Quarter	$26.60	$23.56	$ 0.08
Second Quarter	$27.07	$24.84	$ 0.08
Third Quarter	$26.10	$17.19	$ 0.08
Fourth Quarter	$23.31	$16.77	$ 0.085
2012			
First Quarter	$25.00	$21.85	$ 0.085
Second Quarter	$27.32	$23.42	$ 0.085
Third Quarter	$28.17	$24.71	$ 0.085
Fourth Quarter	$27.31	$24.88	$ 0.09

On February 20, 2013, there were 143,943,521 shares of our common stock outstanding, held by approximately 1,200 shareholders of record.

We intend to continue to pay quarterly dividends, subject to continued capital availability and determination by our Board of Directors that cash dividends continue to be in the best interests of our stockholders. Our dividend policy may be affected by, among other items, our views on potential future capital requirements, including those relating to the creation and expansion of sales distribution channels and investments and acquisitions, legal risks, stock repurchase programs and challenges to our business model.

On October 19, 2011, our Board of Directors approved a common stock repurchase plan to authorize the repurchase of up to $100.0 million worth of shares of the Company's common stock during the subsequent twelve months. We did not repurchase any shares of our common stock under the repurchase plan.

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Equity Compensation Plan Information

The following table sets forth information as of December 31, 2012, with respect to compensation plans under which the Company's equity securities are authorized for issuance:

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)(1)	Weighted-average exercise price of outstanding options, warrants and rights (b)(2)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)(3)
Equity compensation plans approved by shareholders:			
Brown & Brown, Inc. 2000 Incentive Stock Option Plan	738,792	$ 18.39	—
Brown & Brown, Inc. 2010 Stock Incentive Plan	N/A	N/A	4,455,517
Brown & Brown, Inc. 1990 Employee Stock Purchase Plan	N/A	N/A	1,734,510
Brown & Brown, Inc. Performance Stock Plan	N/A	N/A	—
Total	738,792	$ 18.39	6,190,027
Equity compensation plans not approved by shareholders	—	—	—

(1) In addition to the number of securities listed in this column, 2,431,913 shares are issuable upon the vesting of restricted stock granted under the Brown & Brown, Inc. Performance Stock Plan and the Brown & Brown, Inc. 2010 Stock Incentive Plan, which represents the maximum number of shares that can vest based on the achievement of certain performance criteria.

(2) The weighted-average exercise price excludes outstanding restricted stock as there is no exercise price associated with these equity awards.

(3) All of the shares available for future issuance under the Brown & Brown, Inc. 2000 Incentive Stock Option Plan, the Brown & Brown, Inc. Performance Stock Plan, and the Brown & Brown, Inc. 2010 Stock Incentive Plan may be issued in connection with options, warrants, rights, restricted stock, or other stock-based awards.

Sales of Unregistered Securities

We did not sell any unregistered securities during 2012.

Issuer Purchases of Equity Securities

The following table presents information with respect to our purchases of our common stock during the three months ended December 31, 2012.

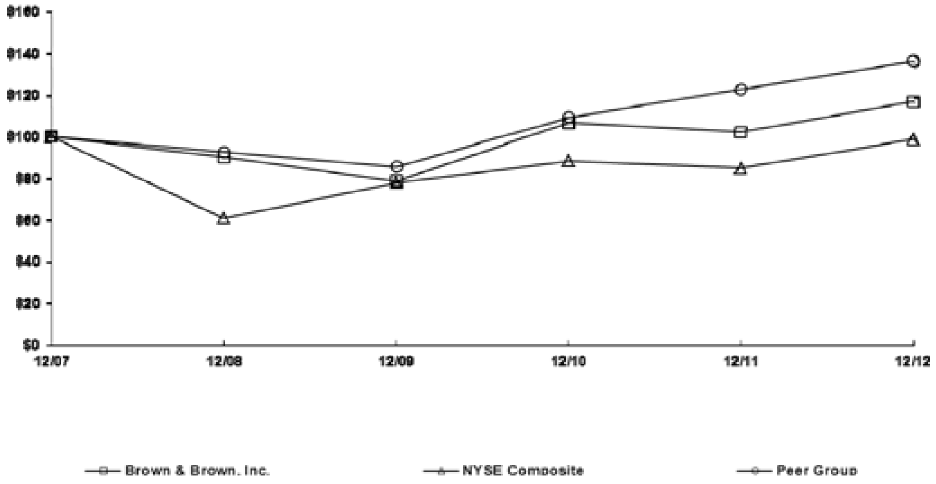
Period	Total Number of Shares Purchased(1)	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs
October 1, 2012 to October 31, 2012	—	$ —	—	$ —
November 1, 2012 to November 30, 2012	323	$ 26.08	—	$ —
December 1, 2012 to December 31, 2012	585,815	$ 25.86	—	$ —
Total	586,138	$ 25.86	—	$ —

(1) All of the shares reported above as purchased are attributable to shares withheld for employees' payroll taxes and withholding taxes pertaining to the vesting of restricted shares awarded under our Performance Stock Plan and Incentive Stock Option Plan.

PERFORMANCE GRAPH

The following graph is a comparison of five-year cumulative total stockholder returns for our common stock as compared with the cumulative total stockholder return for the NYSE Composite Index, and a group of peer insurance broker and agency companies (Aon Corporation, Arthur J. Gallagher & Co, Marsh & McLennan Companies, Inc., and Willis Group Holdings, Ltd.). The returns of each company have been weighted according to such companies' respective stock market capitalizations as of December 31, 2007 for the purposes of arriving at a peer group average. The total return calculations are based upon an assumed $100 investment on December 31, 2007, with all dividends reinvested.

COMPARISON OF 5 YEAR CUMULATIVE TOTAL RETURN
Among Brown & Brown, Inc., the NYSE Composite Index, and a Peer Group



COMPANY/INDEX/MARKET	YEAR ENDING 12/31/2007	12/31/2008	12/31/2009	12/31/2010	12/31/2011	12/31/2012
Brown & Brown, Inc.	$ 100.00	$ 90.20	$ 78.80	$ 106.63	$ 102.28	$ 116.65
NYSE Composite Index	$ 100.00	$ 60.74	$ 77.92	$ 88.36	$ 84.96	$ 98.55
Peer Group	$ 100.00	$ 92.58	$ 85.59	$ 109.22	$ 122.80	$ 136.25

We caution that the stock price performance shown in the graph should not be considered indicative of potential future stock price performance.

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ITEM 6. Selected Financial Data.

The following selected Consolidated Financial Data for each of the five fiscal years in the period ended December 31, 2012 have been derived from our Consolidated Financial Statements. Such data should be read in conjunction with Management's Discussion and Analysis of Financial Condition and Results of Operations in Item 7 of Part II of this Annual Report and with our Consolidated Financial Statements and related Notes thereto in Item 8 of Part II of this Annual Report.

(in thousands, except per share data, number of employees and percentages	Year Ended December 31				
	2012	2011	2010	2009	2008
REVENUES					
Commissions and fees	$1,189,081	$1,005,962	$ 966,917	$ 964,863	$ 965,983
Investment income	797	1,267	1,326	1,161	6,079
Other income, net	10,154	6,313	5,249	1,853	5,492
Total revenues	1,200,032	1,013,542	973,492	967,877	977,554
EXPENSES					
Employee compensation and benefits	608,506	508,675	487,820	484,680	485,783
Non-cash stock-based compensation	15,865	11,194	6,845	7,358	7,314
Other operating expenses	174,389	144,079	135,851	143,389	137,352
Amortization	63,573	54,755	51,442	49,857	46,631
Depreciation	15,373	12,392	12,639	13,240	13,286
Interest	16,097	14,132	14,471	14,599	14,690
Change in estimated acquisition earn-out payables	1,418	(2,206)	(1,674)	—	—
Total expenses	895,221	743,021	707,394	713,123	705,056
Income before income taxes	304,811	270,521	266,098	254,754	272,498
Income taxes	120,766	106,526	104,346	101,460	106,374
Net income	$ 184,045	$ 163,995	$ 161,752	$ 153,294	$ 166,124
EARNINGS PER SHARE INFORMATION					
Net income per share — diluted	$ 1.26	$ 1.13	$ 1.12	$ 1.08	$ 1.17
Weighted average number of shares outstanding — diluted	142,010	140,264	139,318	137,507	136,884
Dividends declared per share	$ 0.3450	$ 0.3250	$ 0.3125	$ 0.3025	$ 0.2850
YEAR-END FINANCIAL POSITION					
Total assets	$3,128,058	$2,607,011	$2,400,814	$2,224,226	$2,119,580
Long-term debt	$ 450,000	$ 250,033	$ 250,067	$ 250,209	$ 253,616
Total shareholders' equity	$1,807,333	$1,643,963	$1,506,344	$1,369,874	$1,241,741
Total shares outstanding at year-end	143,878	143,352	142,795	142,076	141,544
OTHER INFORMATION					
Number of full-time equivalent employees at year-end	6,438	5,557	5,286	5,206	5,398
Total revenues per average number of employees (1)	$ 191,729(2)	$ 186,949	$ 185,568	$ 182,549	$ 187,181
Stock price at year-end	$ 25.46	$ 22.63	$ 23.94	$ 17.97	$ 20.90
Stock price earnings multiple at year-end (3)	20.21	20.03	21.38	16.64	17.86
Return on beginning shareholders' equity (4)	11%	11%	12%	12%	15%

(1) Represents total revenues divided by the average of the number of full-time equivalent employees at the beginning of the year and the number of full-time equivalent employees at the end of the year.

(2) Of the 881 increase in the number of full-time equivalent employees from 2011 to 2012, 523 employees related to the January 9, 2012 acquisition of Arrowhead, and therefore, are considered to be full-time equivalent as of January 1, 2012. Thus, the average number of full-time equivalent employees for 2012 is considered to be 6,259.

(3) Stock price at year-end divided by net income per share-diluted.

(4) Represents net income divided by total shareholders' equity as of the beginning of the year.

ITEM 7. Management's Discussion and Analysis of Financial Condition and Results of Operations.

General

The following discussion should be read in conjunction with our Consolidated Financial Statements and the related Notes to those Consolidated Financial Statements included elsewhere in this Annual Report.

We are a diversified insurance agency, wholesale brokerage, insurance programs and services organization headquartered in Daytona Beach and Tampa, Florida. As an insurance intermediary, our principal sources of revenue are commissions paid by insurance companies and, to a lesser extent, fees paid directly by customers. Commission revenues generally represent a percentage of the premium paid by an insured and are materially affected by fluctuations in both premium rate levels charged by insurance companies and the insureds' underlying "insurable exposure units," which are units that insurance companies use to measure or express insurance exposed to risk (such as property values, or sales and payroll levels) to determine what premium to charge the insured. Insurance companies establish these premium rates based upon many factors, including reinsurance rates paid by such insurance companies, none of which we control.

The volume of business from new and existing customers, fluctuations in insurable exposure units and changes in general economic and competitive conditions all affect our revenues. For example, level rates of inflation or a general decline in economic activity could limit increases in the values of insurable exposure units. Conversely, the increasing costs of litigation settlements and awards have caused some customers to seek higher levels of insurance coverage. Historically, our revenues have typically grown as a result of an intense focus on net new business growth and acquisitions.

We foster a strong, decentralized sales culture with a goal of consistent, sustained growth over the long term. As of January 2013, our senior leadership group included eight executive officers with regional responsibility for oversight of designated operations within the Company, and four regional vice presidents in our Retail Division and one regional vice president in our Wholesale Brokerage Division who report directly to one of our executive officers. In October 2012, Kathy Colangelo was promoted to be Regional Vice President of our Wholesale Brokerage Division.

We increased revenues every year from 1993 to 2012, with the exception of 2009, when our revenues dropped 1.0%. Our revenues grew from $95.6 million in 1993 to $1.2 billion in 2012, reflecting a compound annual growth rate of 14.2%. In the same 19 year period, we increased net income from $8.0 million to $184.0 million in 2012, a compound annual growth rate of 17.9%.

The years 2007 through 2011 posed significant challenges for us and for our industry in the form of a prevailing decline in insurance premium rates, commonly referred to as a "soft market" and increased significant governmental involvement in the Florida insurance marketplace which resulted in a substantial loss of revenues for us. Additionally, beginning in the second half of 2008 and throughout 2011, there was a general decline in insurable exposure units as the consequence of the general weakening of the economy in the United States. As a result, from the first quarter of 2007 through the fourth quarter of 2011 we experienced negative internal revenue growth each quarter. Part of the decline in 2007 was the result of the increased governmental involvement in the Florida insurance marketplace, as described below in "The Florida Insurance Overview." In 2010 and 2011, continued declining exposure units had a greater negative impact on our commissions and fees revenues than declining insurance premium rates.

Beginning in the first quarter of 2012, many insurance premium rates began to slightly increase. Additionally, in the second quarter of 2012, the general declines in insurable exposure units started to flatten and these exposures units subsequently began to gradually increase during the year. As a result, we recorded positive internal revenue growth for each quarter of 2012 for each of our four divisions with two exceptions; the first quarter for the Retail Division and the third quarter for the National Programs Division, in which declines of only 0.7% and 3.3%, respectively, were experienced.

For 2012, our consolidated internal revenue growth rate was 2.6%. In the event that the gradual increases in insurance premium rates and insurable exposure units that occurred in 2012 continue in 2013, we should continue to see positive quarterly internal growth rates in 2013.

We also earn “profit-sharing contingent commissions,” which are profit-sharing commissions based primarily on underwriting results, but which may also reflect considerations for volume, growth and/or retention. These commissions are primarily received in the first and second quarters of each year, based on the aforementioned considerations for the prior year(s). Over the last three years, profit-sharing contingent commissions have averaged approximately 4.8% of the previous year’s total commissions and fees revenue. Profit-sharing contingent commissions are typically included in our total commissions and fees in the Consolidated Statements of Income in the year received. The term “core commissions and fees” excludes profit-sharing contingent commissions and guaranteed supplemental commissions, and therefore represents the revenues earned directly from specific insurance policies sold, and specific fee-based services rendered. In contrast, the term “core organic commissions and fees” is our core commissions and fees less (i) the core commissions and fees earned for the first twelve months by newly-acquired operations and (ii) divested business (core commissions and fees generated from offices, books of business or niches sold or terminated during the comparable period). Core organic commissions and fees attempts to express the current year’s core commissions and fees on a comparable basis with the prior year’s core commissions and fees. The resulting net change reflects the aggregate changes from (i) net new and lost accounts, (ii) net changes in our clients’ exposure units, and (iii) net changes in insurance premium rates. The net changes in each of these three components can be determined for each of our customers. However, because our agency management accounting systems do not aggregate such data, it is not reportable. Core organic commissions and fees can reflect either “positive” growth with a net increase in revenues, or “negative” growth with a net decrease in revenues.

In recent years, five national insurance companies have replaced the loss-ratio based profit-sharing contingent commission calculation with a guaranteed fixed-base methodology, referred to as “Guaranteed Supplemental Commissions” (“GSCs”). Since GSCs are not subject to the uncertainty of loss ratios, they are accrued throughout the year based on actual premiums written. As of December 31, 2012, we accrued and earned $9.1 million from GSCs during 2012, most of which will be collected in the first quarter of 2013. For the twelve-month periods ended December 31, 2011 and 2010, we earned $12.1 million and $13.4 million, respectively, from GSCs.

Fee revenues relate to fees negotiated in lieu of commissions, which are recognized as services are rendered. Fee revenues are generated primarily by: (1) our Services Division, which provides insurance-related services, including third-party claims administration and comprehensive medical utilization management services in both the workers’ compensation and all-lines liability arenas, as well as Medicare set-aside services, Social Security disability and Medicare benefits advocacy services, and catastrophe claims adjusting services, and (2) our National Programs and Wholesale Brokerage Divisions, which earn fees primarily for the issuance of insurance policies on behalf of insurance companies. These services are provided over a period of time, typically one year. Fee revenues, as a percentage of our total commissions and fees, represented 21.7% in 2012, 16.4% in 2011 and 14.6% in 2010.

Historically, investment income has consisted primarily of interest earnings on premiums and advance premiums collected and held in a fiduciary capacity before being remitted to insurance companies. Our policy is to invest available funds in high-quality, short-term fixed income investment securities. As a result of the bank liquidity and solvency issues in the United States in the last quarter of 2008, we moved substantial amounts of our cash into non-interest bearing checking accounts so that they would be fully insured by the Federal Deposit Insurance Corporation (“FDIC”) or into money-market investment funds (a portion of which is FDIC insured) of SunTrust and Wells Fargo, two large national banks. Effective January 1, 2013, the FDIC ceased providing insurance guarantees on non-interest bearing checking accounts. Investment income also includes gains and losses realized from the sale of investments.

Florida Insurance Overview

Many states have established “Residual Markets,” which are governmental or quasi-governmental insurance facilities that are intended to provide coverage to individuals and/or businesses that cannot buy insurance in the private marketplace, i.e., “insurers of last resort.” These facilities can be designed to cover any type of risk or exposure; however, the exposures most commonly subject to such facilities are automobile or high-risk property exposures. Residual Markets can also be referred to as FAIR Plans, Windstorm Pools, Joint Underwriting Associations, or may even be given names styled after the private sector like “Citizens Property Insurance Corporation” in Florida.

In August 2002, the Florida Legislature created “Citizens Property Insurance Corporation” (“Citizens”), to be the “insurer of last resort” in Florida. Initially, Citizens charged insurance rates that were higher than those generally prevailing in the private insurance marketplace. In each of 2004 and 2005, four major hurricanes made landfall in Florida. As a result of the ensuing significant insurance property losses, Florida property insurance rates increased in 2006. To counter the higher property insurance rates, the State of Florida instructed Citizens to significantly reduce its property insurance rates beginning in January 2007. By state law, Citizens guaranteed these rates through January 1, 2010. As a result, Citizens became one of the most, if not the most, competitive risk-bearers for a large percentage of Florida’s commercial habitational coastal property exposures, such as condominiums, apartments, and certain assisted living facilities. Additionally, Citizens became the only insurance market for certain homeowner policies throughout Florida. Today, Citizens is one of the largest underwriters of coastal property exposures in Florida.

In 2007, Citizens became the principal direct competitor of the insurance companies that underwrite the condominium program administered by one of our indirect subsidiaries, Florida Intracoastal Underwriters, Limited Company ("FIU"), and the excess and surplus lines insurers represented by wholesale brokers such as Hull & Company, Inc., another of our subsidiaries. Consequently, these operations lost significant amounts of revenue to Citizens. From 2008 through 2012, Citizens' impact was not as dramatic as it had been in 2007; FIU's core commissions and fees decreased 19.7% during this four-year period. Citizens continued to be competitive against the excess and surplus lines insurers, and therefore Citizens negatively affected the revenues of our Florida-based wholesale brokerage operations, such as Hull & Company, Inc., from 2007 through 2012, although the impact has been decreasing each year.

Citizens' impact on our Florida retail offices was less severe than on our National Programs and Wholesale Brokerage Division operations because our retail offices have the ability to place business with Citizens, although at slightly lower commission rates and with greater difficulty than with other insurance companies.

Effective January 1, 2010, Citizens raised its insurance rates, on average, 10% for properties with values of less than $10 million, and more than 10% for properties with values in excess of $10 million. Citizens raised its insurance rates again in 2011 and 2012, and is expected to continue to increase its insurance rates in 2013. Our commission revenues from Citizens for 2012, 2011 and 2010 were approximately $6.4 million, $7.8 million, and $8.3 million, respectively. If, as expected, Citizens continues to attempt to reduce its insured exposures, the financial impact of Citizens on our business should continue to be reduced in 2013.

Current Year Company Overview

2012 was an important transition year. After five years of experiencing negative internal growth in our core organic commissions and fees revenue as a direct result of the general weakness of the economy, we achieved a 2.6% positive internal revenue growth in 2012, which reflects a net growth of $24.9 million in core organic commissions and fees. The net growth in core organic commissions and fees of $24.9 million is a significant improvement from the comparable net lost revenues of $21.5 million and $40.1 million in 2011 and 2010, respectively. This improvement is principally attributable to rising insurance premium rates, and increasing insurance exposure units as a result of a gradually improving U. S. economy.

We have also succeeded in acquiring insurance operations that we believe may be of incrementally higher quality in each of the last three years. We completed 20 acquisitions in 2012, compared with the 38 and 33 acquisitions made in 2011 and 2010, respectively. However, the estimated annualized revenues from the 2012 acquisitions (excluding acquired books of business (customer accounts)) were $149.6 million, an increase over the $88.7 million and $70.6 million that we acquired in 2011 and 2010, respectively.

Income before income taxes in 2012 increased over 2011 by 12.7%, or $34.3 million, to $304.8 million. However, that net increase of $34.3 million includes $44.2 million of income before income taxes related to new acquisitions that were stand-alone offices, and therefore, income before income taxes from those offices that existed in the same time periods of 2012 and 2011 (including the new acquisitions that "folded in" to those offices) decreased by $10.0 million. The net decrease of $10.0 million related primarily to: (1) $5.4 million from a change in estimated acquisition earn-out payables, (2) $1.9 million of increased interest expense related to the Arrowhead acquisition, (3) $1.7 million in increased non-cash stock-based compensation primarily due to new grants issued, and (4) $6.8 million earned by our Retail Division commissioned producers as a result of a special one-time bonus program for those whose 2012 production exceeded their 2011 production by at least 5%. Therefore, excluding these items, income before income taxes from those offices that existed in the same time periods of 2012 and 2011 (including the new acquisitions that "folded in" to those offices) increased by only $5.8 million.

Acquisitions

Approximately 37,500 independent insurance agencies are estimated to be operating currently in the United States. Part of our continuing business strategy is to attract high-quality insurance intermediaries to join our operations. From 1993 through 2012, we acquired 440 insurance intermediary operations, excluding acquired books of business (customer accounts).

A summary of our acquisitions over the last three years is as follows (in millions, except for number of acquisitions):

	Number of Acquisitions		Estimated Annual Revenues	Net Cash Paid	Notes Issued	Other Payable	Liabilities Assumed	Recorded Earn-out Payable	Aggregate Purchase Price
	Asset	Stock							
2012	19	1	$ 149.6	$ 483.9	$ 0.1	$ 25.4	$ 136.7	$ 21.5	$ 667.6
2011	37	1	$ 88.7	$ 167.4	$ 1.2	$ —	$ 15.7	$ 30.5	$ 214.8
2010	33	—	$ 70.6	$ 158.6	$ 0.8	$ —	$ 2.3	$ 25.1	$ 186.8

On January 9, 2012, we completed the acquisition of Arrowhead pursuant to a merger agreement dated December 15, 2011 (the "Merger Agreement"). Under the Merger Agreement, the total cash purchase price of $395.0 million is subject to adjustments for options to purchase shares of Arrowhead's common stock, working capital, sharing of net operating tax losses, Arrowhead's preferred stock units, transaction expenses, and closing debt. In addition, within 60 days following the third anniversary of the acquisition's closing date, we will pay to certain persons who were Arrowhead equityholders as of the closing date additional earn-out payments equal, collectively, to $5.0 million, subject to certain adjustments based on the "cumulative EBITDA" of Arrowhead and all of its subsidiaries, as calculated pursuant to the Merger Agreement, during the final year of the three-year period following the acquisition's closing date.

Arrowhead is a national insurance program manager and one of the largest managing general agents ("MGAs") in the property and casualty insurance industry.

Critical Accounting Policies

Our Consolidated Financial Statements are prepared in accordance with U.S. GAAP. The preparation of these financial statements requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses. We continually evaluate our estimates, which are based on historical experience and on assumptions that we believe to be reasonable under the circumstances. These estimates form the basis for our judgments about the carrying values of our assets and liabilities, which values are not readily apparent from other sources. Actual results may differ from these estimates.

We believe that, of our significant accounting policies (see "Note 1—Summary of Significant Accounting Policies" of the Notes to Consolidated Financial Statements), the following critical accounting policies may involve a higher degree of judgment and complexity.

Revenue Recognition

Commission revenues are recognized as of the effective date of the insurance policy or the date on which the policy premium is billed to the customer, whichever is later. Commission revenues related to installment billings at the Company's subsidiary, Arrowhead, are recorded on the later of the effective date of the policy or the first installment billing. At those dates, the earnings process has been completed, and we can reliably estimate the impact of policy cancellations for refunds and establish reserves accordingly. Management determines the policy cancellation reserve based upon historical cancellation experience adjusted in accordance with known circumstances. Subsequent commission adjustments are recognized upon our receipt of notification from insurance companies concerning matters necessitating such adjustments from insurance companies. Profit-sharing contingent commissions are recognized when determinable, which is when such commissions are received from insurance companies, or when we receive formal notification of the amount of such payments. Fee revenues are recognized as services are rendered.

Business Combinations and Purchase Price Allocations

We have acquired significant intangible assets through business acquisitions. These assets consist of purchased customer accounts, non-compete agreements, and the excess of purchase prices over the fair value of identifiable net assets acquired (Goodwill). The determination of estimated useful lives and the allocation of purchase price to intangible assets requires significant judgment and affects the amount of future amortization and possible impairment charges.

All of our business combinations initiated after June 30, 2001 have been accounted for using the purchase method. In connection with these acquisitions, we record the estimated value of the net tangible assets purchased and the value of the identifiable intangible assets purchased, which typically consist of purchased customer accounts and non-compete agreements. Purchased customer accounts include the physical records and files obtained from acquired businesses that contain information about insurance policies, customers and other matters essential to policy renewals. However, they primarily represent the present value of the underlying cash flows expected to be received over the estimated future renewal periods of the insurance policies comprising those purchased customer accounts. The valuation of purchased customer accounts involves significant estimates and assumptions concerning matters such as cancellation frequency, expenses and discount rates. Any change in these assumptions could affect the carrying value of purchased customer accounts. Non-compete agreements are valued based on their duration and any unique features of particular agreements. Purchased customer accounts and non-compete agreements are amortized on a straight-line basis over the related estimated lives and contract periods, which range from five to 15 years. The excess of the purchase price of an acquisition over the fair value of the identifiable tangible and intangible assets is assigned to goodwill and is not amortized.

Acquisition purchase prices are typically based on a multiple of average annual operating profit earned over a one-to three-year period within a minimum and maximum price range. The recorded purchase prices for all acquisitions consummated after January 1, 2009 include an estimation of the fair value of liabilities associated with any potential earn-out provisions. Subsequent changes in the fair value of earn-out obligations are recorded in the consolidated statement of income when incurred.

The fair value of earn-out obligations is based on the present value of the expected future payments to be made to the sellers of the acquired businesses in accordance with the provisions contained in the respective purchase agreements. In determining fair value, the acquired business's future performance is estimated using financial projections developed by management for the acquired business and this estimate reflects market participant assumptions regarding revenue growth and/or profitability. The expected future payments are estimated on the basis of the earn-out formula and performance targets specified in each purchase agreement compared to the associated financial projections. These estimates are then discounted to present value using a risk-adjusted rate that takes into consideration the likelihood that the forecasted earn-out payments will be made.

Intangible Assets Impairment

Goodwill is subject to at least an annual assessment for impairment measured by a fair-value-based test. Amortizable intangible assets are amortized over their useful lives and are subject to an impairment review based on an estimate of the undiscounted future cash flows resulting from the use of the assets. To determine if there is potential impairment of goodwill, we compare the fair value of each reporting unit with its carrying value. If the fair value of the reporting unit is less than its carrying value, an impairment loss would be recorded to the extent that the fair value of the goodwill within the reporting unit is less than its carrying value. Fair value is estimated based on multiples of earnings before interest, income taxes, depreciation, amortization and change in estimated acquisition earn-out payables ("EBITDAC").

Management assesses the recoverability of our goodwill on an annual basis, and assesses the recoverability of our amortizable intangibles and other long-lived assets whenever events or changes in circumstances indicate that the carrying value of such assets may not be recoverable. The following factors, if present, may trigger an impairment review: (i) significant underperformance relative to historical or projected future operating results; (ii) significant negative industry or economic trends; (iii) significant decline in our stock price for a sustained period; and (iv) significant decline in our market capitalization. If the recoverability of these assets is unlikely because of the existence of one or more of the above-referenced factors, an impairment analysis is performed. Management must make assumptions regarding estimated future cash flows and other factors to determine the fair value of these assets. If these estimates or related assumptions change in the future, we may be required to revise the assessment and, if appropriate, record an impairment charge. We completed our most recent evaluation of impairment for goodwill as of November 30, 2012 and determined that the fair value of goodwill exceeded the carrying value of such assets. Additionally, there have been no impairments recorded for amortizable intangible assets for the years ended December 31, 2012, 2011 and 2010.

Non-Cash Stock-Based Compensation

We grant stock options and non-vested stock awards to our employees, and the related compensation expense is required to be recognized in the financial statements based upon the grant-date fair value of those awards.

Litigation Claims

We are subject to numerous litigation claims that arise in the ordinary course of business. If it is probable that an asset has been impaired or a liability has been incurred at the date of the financial statements and the amount of the loss is estimable, an accrual for the costs to resolve these claims is recorded in accrued expenses in the accompanying Consolidated Balance Sheets. Professional fees related to these claims are included in other operating expenses in the accompanying Consolidated Statements of Income. Management, with the assistance of in-house and outside counsel, determines whether it is probable that a liability has been incurred and estimates the amount of loss based upon analysis of individual issues. New developments or changes in settlement strategy in dealing with these matters may significantly affect the required reserves and affect our net income.

New Accounting Pronouncements

See Note 1 of the Notes to Consolidated Financial Statements for a discussion of the effects of the adoption of new accounting standards.

RESULTS OF OPERATIONS FOR THE YEARS ENDED DECEMBER 31, 2012, 2011 AND 2010

The following discussion and analysis regarding results of operations and liquidity and capital resources should be considered in conjunction with the accompanying Consolidated Financial Statements and related Notes.

Financial information relating to our Consolidated Financial Results is as follows (in thousands, except percentages):

	2012	Percent Change	2011	Percent Change	2010
REVENUES					
Core commissions and fees	$1,136,252	19.5%	$ 950,685	5.8%	$ 898,833
Profit-sharing contingent commissions	43,683	1.1%	43,198	(21.1)%	54,732
Guaranteed supplemental commissions	9,146	(24.3)%	12,079	(9.5)%	13,352
Investment income	797	(37.1)%	1,267	(4.4)%	1,326
Other income, net	10,154	60.8%	6,313	20.3%	5,249
Total revenues	1,200,032	18.4%	1,013,542	4.1%	973,492
EXPENSES					
Employee compensation and benefits	608,506	19.6%	508,675	4.3%	487,820
Non-cash stock-based compensation	15,865	41.7%	11,194	63.5%	6,845
Other operating expenses	174,389	21.0%	144,079	6.1%	135,851
Amortization	63,573	16.1%	54,755	6.4%	51,442
Depreciation	15,373	24.1%	12,392	(2.0)%	12,639
Interest	16,097	13.9%	14,132	(2.3)%	14,471
Change in estimated acquisition earn-out payables	1,418	NMF(1)	(2,206)	31.8%	(1,674)
Total expenses	895,221	20.5%	743,021	5.0%	707,394
Income before income taxes	$ 304,811	12.7%	$ 270,521	1.7%	$ 266,098
Net internal growth rate — core commissions and fees	2.6%		(2.4)%		(4.5)%
Employee compensation and benefits ratio	50.7%		50.2%		50.1%
Other operating expenses ratio	14.5%		14.2%		14.0%
Capital expenditures	$ 24,028		$ 13,608		$ 10,454
Total assets at December 31	$3,128,058		$2,607,011		$2,400,814

(1) NMF = Not a meaningful figure

Commissions and Fees

Commissions and fees, including profit-sharing contingent commissions and GSCs, increased $183.1 million, or 18.2% in 2012. Profit-sharing contingent commissions and GSCs decreased $2.4 million or 4.4% in 2012 to $52.8 million, due primarily to $4.1 million and $1.2 million reductions in profit-sharing contingent commissions and GSCs in our Retail and Wholesale Brokerage Divisions, respectively; but these reductions were partially offset by a $3.2 million increase in our National Programs Division. Core commissions and fees revenue increased $185.6 million on a net basis, of which approximately $171.4 million represented core commissions and fees from acquisitions that had no comparable revenues in 2011. After taking into account divested business of $10.7 million, the remaining net increase of $24.9 million, representing net new business, reflects a 2.6% internal growth rate for core organic commissions and fees.

Commissions and fees revenue, including profit-sharing contingent commissions and GSCs, increased 4.0% in 2011. Profit-sharing contingent commissions decreased $11.5 million to $43.2 million in 2011, with the decrease primarily due to reductions in amounts paid to offices in our National Programs and Wholesale Brokerage Divisions. Core organic commissions and fees revenue decreased 2.4% in 2011. The 2011 decrease of 2.4% represents $21.5 million of net lost core commissions and fees revenue, of which $21.2 million was attributable to our Retail Division. The remaining $0.3 million of net lost core commissions and fees revenue related to a $4.5 million reduction in our National Programs Division, which was partially offset by a $3.6 million increase in our Wholesale Brokerage Division and a $0.6 million increase in our Services Division. The declines in profit-sharing contingent commissions and core organic commissions and fees during 2011 were more than offset by the addition of $77.6 million of core commissions and fees revenue from acquired operations.

Investment Income

Investment income decreased to $0.8 million in 2012, compared with $1.3 million in 2011, mainly due to lower average daily invested balances in 2012 than in 2011. Investment income of $1.3 million in 2011 was effectively flat as compared with 2010. Even though the average daily invested balance in 2011 was higher in 2010, the lower income yields negated any income growth.

Other Income, Net

Other income for 2012 reflected income of $10.2 million, compared with $6.3 million in 2011 and $5.2 million in 2010. We recognized gains of $4.3 million, $2.3 million and $1.2 million from sales of books of business (customer accounts) in 2012, 2011, and 2010, respectively. Although we are not in the business of selling books of business, we periodically will sell an office or a book of business because it does not produce reasonable margins or demonstrate a potential for growth, or for other reasons related to the particular assets in question. Other income also included $3.6 million, $1.3 million and $2.3 million in 2012, 2011, and 2010, respectively, paid to us in connection with settlements of litigation against former employees for violation of restrictive covenants contained in their employment agreements with us. Additionally, we recognized non-recurring gains, rental income and sales of software services of $2.3 million, $2.3 million and $0.9 million in 2012, 2011, and 2010, respectively.

Employee Compensation and Benefits

Employee compensation and benefits expense increased, on a net basis, approximately 19.6% or $99.8 million in 2012. However, that net increase included $80.9 million of new compensation costs related to new acquisitions that were stand-alone offices, and therefore, employee compensation and benefits from those offices that existed in the same time periods of 2012 and 2011 (including the new acquisitions that “folded in” to those offices) increased by $18.9 million. The employee compensation and benefit increases from these offices were primarily related to increases in staff and management salaries of $3.2 million, new salaried producers of $1.3 million, profit center bonuses of $1.4 million, health insurance costs of $1.8 million, employee 401(k)/profit-sharing contributions of $0.7 million and bonus incentives of $8.1 million primarily due to $6.8 million earned by our Retail Division commissioned producers as a result of a special one-time bonus program for those whose 2012 production exceeded their 2011 production by at least 5%.

Employee compensation and benefits expense increased, on a net basis, approximately 4.3% or $20.9 million in 2011. However, that net increase included $27.8 million of new compensation costs related to new acquisitions that were stand-alone offices, and therefore, employee compensation and benefits from those offices that existed in the same time periods of 2011 and 2010 (including the new acquisitions that “folded in” to those offices) decreased by $6.9 million. The employee compensation and benefit reductions from these offices were primarily related to reductions in staff and management salaries of $6.8 million and reductions in commissions paid to producers of $2.8 million; the aggregate of which was partially off-set by an increase in bonuses of $2.7 million.

Employee compensation and benefits expense as a percentage of total revenues increased in 2012 to 50.7% as compared to 50.2% for 2011 and 50.1% for 2010. We had 6,438 full-time equivalent employees at December 31, 2012, compared with 5,557 at December 31, 2011 and 5,286 at December 31, 2010. Of the net increase of 881 full-time equivalent employees at December 31, 2012 over the prior year-end, an increase of 759 was attributable to acquisitions, thus reflecting a net increase of 122 employees in the offices existing at both year-ends.

Non-Cash Stock-Based Compensation

We have an employee stock purchase plan, and grant stock options and non-vested stock awards to our employees. Compensation expense for all share-based awards is recognized in the financial statements based upon the grant-date fair value of those awards. For 2012, 2011 and 2010, the non-cash stock-based compensation expense incorporates the costs related to each of our four stock-based plans as explained in Note 11 of the Notes to the Consolidated Financial Statements.

Non-cash stock-based compensation increased 41.7%, or $4.7 million, in 2012 as a result of new grants under our Stock Incentive Plan (“SIP”) that will vest in four to ten years, subject to the achievement of certain performance criteria by grantees, and the achievement of consolidated earnings per share growth at certain levels by us, over three-to five-year measurement periods.

Non-cash stock-based compensation increased 63.5%, or $4.3 million, in 2011 as a result of new grants under our SIP that will vest in six to ten years, subject to the achievement of certain performance criteria by grantees, and the achievement of consolidated EPS growth at certain levels by us, over a five-year measurement period ending December 31, 2015.

Other Operating Expenses

As a percentage of total revenues, other operating expenses represented 14.5% in 2012, 14.2% in 2011, and 14.0% in 2010. Other operating expenses in 2012 increased $30.3 million over 2011, of which $33.3 million was related to acquisitions that joined as stand-alone offices. Therefore, other operating expenses attributable to offices that existed in the same periods in both 2012 and 2011 (including the new acquisitions that “folded in” to those offices) decreased by $3.0 million. Of the $3.0 million decrease, $2.7 million related to reductions in office rents and related expenses, $2.2 million related to a reduction in legal expenses and $2.0 million related to lower insurance costs. These cost savings were partially offset by increases of $1.3 million in consulting and inspection services, $1.1 million for litigation reserves, and $1.0 million in employee sales meetings.

Other operating expenses in 2011 increased $8.2 million over 2010, of which $10.0 million was related to acquisitions that joined as stand-alone offices. Therefore, other operating expenses attributable to offices that existed in the same periods in both 2011 and 2010 (including the new acquisitions that "folded in" to those offices) decreased by $1.8 million. Of the $1.8 million decrease, $2.4 million related to reductions in office rents and related expenses, and $1.9 million related to lower insurance costs. These cost savings were partially offset by a $2.6 million increase in legal costs which was primarily related to the enforcement of restrictive covenants contained in our employment agreements with former employees.

Amortization

Amortization expense increased $8.8 million, or 16.1%, in 2012, and $3.3 million, or 6.4%, in 2011. The increases in 2012 and 2011 were due to the amortization of additional intangible assets as a result of acquisitions completed in those years.

Depreciation

Depreciation increased 24.1% in 2012, and decreased 2.0% in 2011. The increase in 2012 was due primarily to the addition of fixed assets as a result of recent acquisitions. The decrease in 2011 was the result of certain fixed assets becoming fully depreciated.

Interest Expense

Interest expense increased $2.0 million, or 13.9%, in 2012, and decreased $0.3 million, or 2.3%, in 2011. The 2012 increase was due primarily to the additional debt borrowed in connection with our acquisition of Arrowhead, and the 2011 decrease was due primarily to loan principal reductions.

Change in estimated acquisition earn-out payables

Accounting Standards Codification ("ASC") Topic 805— *Business Combinations* is the authoritative guidance requiring an acquirer to recognize 100% of the fair values of acquired assets, including goodwill, and assumed liabilities (with only limited exceptions) upon initially obtaining control of an acquired entity. Additionally, the fair value of contingent consideration arrangements (such as earn-out purchase arrangements) at the acquisition date must be included in the purchase price consideration. As a result, the recorded purchase prices for all acquisitions consummated after January 1, 2009 include an estimation of the fair value of liabilities associated with any potential earn-out provisions. Subsequent changes in these earn-out obligations are required to be recorded in the consolidated statement of income when incurred. Estimations of potential earn-out obligations are typically based upon future earnings of the acquired entities, usually for periods ranging from one to three years.

The net charge or credit to the Consolidated Statement of Income for the period is the combination of the net change in the estimated acquisition earn-out payables balance, and the interest expense imputed on the outstanding balance of the estimated acquisition earn-out payables.

As of December 31, 2012, the fair values of the estimated acquisition earn-out payables were re-evaluated and measured at fair value on a recurring basis using unobservable inputs (Level 3). The resulting net changes, as well as the interest expense accretion on the estimated acquisition earn-out payables, for the years ended December 31, 2012, 2011, and 2010 were as follows (in thousands):

	2012	2011	2010
Change in fair value on estimated acquisition earn-out payables	$(1,051)	$(4,043)	$(2,606)
Interest expense accretion	2,469	1,837	932
Net change in earnings from estimated acquisition earn-out payables	$ 1,418	$(2,206)	$(1,674)

The fair values of the estimated earn-out payables were reduced in 2012, 2011 and 2010 since certain acquisitions did not perform at the level estimated based on our original projections. An acquisition is considered to be performing well if its operating profit exceeds the level needed to reach the minimum purchase price. However, a reduction in the estimated acquisition earn-out payable can occur even though the acquisition is performing well, if it is not performing at the level contemplated by our original estimate.

As of December 31, 2012, the estimated acquisition earn-out payables equaled $52,987,000, of which $10,164,000 was recorded as accounts payable and $42,823,000 was recorded as other non-current liability. As of December 31, 2011, the estimated acquisition earn-out payables equaled $47,715,000, of which $3,654,000 was recorded as accounts payable and $44,061,000 was recorded as other non-current liability.

Income Taxes

The effective tax rate on income from operations was 39.6% in 2012, 39.4% in 2011, and 39.2% in 2010. The higher effective annual tax rates are primarily the result of higher average effective state income tax rates.

RESULTS OF OPERATIONS — SEGMENT INFORMATION

As discussed in Note 15 of the Notes to Consolidated Financial Statements, we operate four reportable segments or divisions: the Retail, National Programs, Wholesale Brokerage, and Services Divisions. On a divisional basis, increases in amortization, depreciation and interest expenses result from completed acquisitions within a given division in a particular year. Likewise, other income in each division primarily reflects net gains on sales of customer accounts and fixed assets. As such, in evaluating the operational efficiency of a division, management emphasizes the net internal growth rate of core commissions and fees revenue, the gradual improvement of the ratio of total employee compensation and benefits to total revenues, and the gradual improvement of the ratio of other operating expenses to total revenues.

The term "core commissions and fees" excludes profit-sharing contingent commissions and GSCs, and therefore represents the revenues earned directly from specific insurance policies sold, and specific fee-based services rendered. In contrast, the term "core organic commissions and fees" is our core commissions and fees less (i) the core commissions and fees earned for the first twelve months by newly-acquired operations and (ii) divested business (core commissions and fees generated from offices, books of business or niches sold or terminated during the comparable period). Core organic commissions and fees attempts to express the current year's core commissions and fees on a comparable basis with the prior year's core commissions and fees. The resulting net change reflects the aggregate changes attributable to (i) net new and lost accounts, (ii) net changes in our clients' exposure units, and (iii) net changes in insurance premium rates. The net changes in each of these three components can be determined for each of our customers. However, because our agency management accounting systems do not aggregate such data, it is not reportable. Core organic commissions and fees reflect either "positive" growth with a net increase in revenues, or "negative" growth with a net decrease in revenues.

The internal growth rates for our core organic commissions and fees for the three years ended December 31, 2012, 2011 and 2010, by Division, are as follows (in thousands, except percentages):

2012	For the years ended December 31, 2012	2011	Total Net Change	Total Net Growth %	Less Acquisition Revenues	Internal Net Growth $	Internal Net Growth %
Retail[1]	$ 618,562	$571,129	$ 47,433	8.3%	$ 38,734	$ 8,699	1.5%
National Programs	233,261	148,841	84,420	56.7%	83,281	1,139	0.8%
Wholesale Brokerage	168,182	155,151	13,031	8.4%	3,598	9,433	6.1%
Services	116,247	64,875	51,372	79.2%	45,783	5,589	8.6%
Total core commissions and fees	$1,136,252	$939,996	$196,256	20.9%	$171,396	$24,860	2.6%

The reconciliation of the above internal growth schedule to the total Commissions and Fees included in the Consolidated Statements of Income for the years ended December 31, 2012 and 2011 is as follows (in thousands):

	For the years ended December 31, 2012	2011
Total core commissions and fees	$1,136,252	$ 939,996
Profit-sharing contingent commissions	43,683	43,198
Guaranteed supplemental commissions	9,146	12,079
Divested business	—	10,689
Total commissions and fees	$1,189,081	$1,005,962

2011	For the years ended December 31, 2011	2010	Total Net Change	Total Net Growth %	Less Acquisition Revenues	Internal Net Growth $	Internal Net Growth %
Retail(1)	$580,304	$544,004	$36,300	6.7%	$ 57,541	$(21,241)	(3.9)%
National Programs	148,842	152,209	(3,367)	(2.2)%	1,140	(4,507)	(3.0)%
Wholesale Brokerage	156,664	151,822	4,842	3.2%	1,186	3,656	2.4%
Services	64,875	46,486	18,389	39.6%	17,773	616	1.3%
Total core commissions and fees	$950,685	$894,521	$56,164	6.3%	$ 77,640	$(21,476)	(2.4)%

The reconciliation of the above internal growth schedule to the total Commissions and Fees included in the Consolidated Statements of Income for the years ended December 31, 2011 and 2010 is as follows (in thousands):

	For the years ended December 31, 2011	2010
Total core commissions and fees	$ 950,685	$894,521
Profit-sharing contingent commissions	43,198	54,732
Guaranteed supplemental commissions	12,079	13,352
Divested business	—	4,312
Total commissions and fees	$1,005,962	$966,917

2010	For the years ended December 31, 2010	2009	Total Net Change	Total Net Growth %	Less Acquisition Revenues	Internal Net Growth $	Internal Net Growth %
Retail(1)	$548,885	$550,237	$ (1,352)	(0.2)%	$ 23,586	$(24,938)	(4.5)%
National Programs	152,281	165,700	(13,419)	(8.1)%	739	(14,158)	(8.5)%
Wholesale Brokerage	151,331	151,177	154	0.1%	1,094	(940)	(0.6)%
Services	46,336	32,689	13,647	41.7%	13,716	(69)	(0.2)%
Total core commissions and fees	$898,833	$899,803	$ (970)	(0.1)%	$ 39,135	$(40,105)	(4.5)%

The reconciliation of the above internal growth schedule to the total Commissions and Fees included in the Consolidated Statements of Income for the years ended December 31, 2010 and 2009 is as follows (in thousands):

	For the years ended December 31, 2010	2009
Total core commissions and fees	$898,833	$899,803
Profit-sharing contingent commissions	54,732	47,637
Guaranteed supplemental commissions	13,352	15,884
Divested business	—	1,539
Total commissions and fees	$966,917	$964,863

(1) The Retail Division figures include commissions and fees reported in the "Other" column of the Segment Information in Note 15 of the Notes to the Consolidated Financial Statements, which includes corporate and consolidation items.

Retail Division

The Retail Division provides a broad range of insurance products and services to commercial, public and quasi-public, professional and individual insured customers. Approximately 95.7% of the Retail Division's commissions and fees revenue is commission-based. Because most of our other operating expenses do not change as premiums fluctuate, we believe that most of any fluctuation in the commissions, net of related compensation, which we receive will be reflected in our pre-tax income.

Financial information relating to Brown & Brown's Retail Division is as follows (in thousands, except percentages):

	2012	Percent Change	2011	Percent Change	2010
REVENUES					
Core commissions and fees	$ 619,975	6.7%	$ 581,125	6.1%	$ 547,881
Profit-sharing contingent commissions	12,843	(12.8)%	14,736	(3.5)%	15,274
Guaranteed supplemental commissions	6,890	(24.3)%	9,105	(14.5)%	10,654
Investment income	108	5.9%	102	(40.0)%	170
Other income, net	4,613	116.5%	2,131	97.0%	1,082
Total revenues	644,429	6.1%	607,199	5.6%	575,061
EXPENSES					
Employee compensation and benefits	326,574	7.5%	303,841	5.2%	288,957
Non-cash stock-based compensation	5,680	(7.1)%	6,114	74.0%	3,514
Other operating expenses	98,532	(0.2)%	98,745	6.0%	93,184
Amortization	34,639	3.8%	33,373	8.6%	30,725
Depreciation	5,181	2.7%	5,046	(5.7)%	5,349
Interest	26,641	(3.8)%	27,688	2.4%	27,037
Change in estimated acquisition earn-out payables	1,968	NMF(1)	(5,415)	212.8%	(1,731)
Total expenses	499,215	6.4%	469,392	5.0%	447,035
Income before income taxes	$ 145,214	5.4%	$ 137,807	7.6%	$ 128,026
Net internal growth rate — core organic commissions and fees	1.5%		(3.9)%		(4.5)%
Employee compensation and benefits ratio	50.7%		50.0%		50.2%
Other operating expenses ratio	15.3%		16.3%		16.2%
Capital expenditures	$ 5,732		$ 6,102		$ 4,852
Total assets at December 31	$2,420,759		$2,155,413		$1,914,587

(1) NMF = Not a meaningful figure

The Retail Division's total revenues in 2012 increased 6.1%, or $37.2 million, over the same period in 2011, to $644.4 million. Profit-sharing contingent commissions and GSCs in 2012 decreased $4.1 million, or 17.2%, from 2011, to $19.7 million, primarily due to increased loss ratios resulting in lower profitability for insurance companies in 2011, and to the fact that two national insurance carriers who provided us GSC contracts in 2011 changed to profit-sharing contingency contracts in 2012. The $38.9 million net increase in core commissions and fees revenue resulted from the following factors: (i) an increase of approximately $38.7 million related to core commissions and fees revenue from acquisitions that had no comparable revenues in 2011, (ii) a decrease of $8.5 million related to commissions and fees revenue recorded in 2011 from business divested or transferred to the Wholesale Brokerage Division during 2012, and (iii) the remaining net increase of $8.7 million primarily related to net new business. The Retail Division's internal growth rate for core organic commissions and fees revenue was 1.5% for 2012, and resulted primarily from stabilizing insurable exposure units with slightly stronger upward pressure on general insurance premium rates.

Income before income taxes for 2012 increased 5.4%, or $7.4 million, over the same period in 2011, to $145.2 million. Included in the $7.4 million net increase in income before income taxes is another $7.4 million net expense increase in change in estimated acquisition earn-out payables and a $0.3 million net expense increase from amortization, depreciation and inter-company interest changes. Excluding these items and the $4.1 million decrease in profit-sharing contingent commissions and GSCs, income before income taxes for 2012 increased $19.2 million over 2011, of which $8.7 million originated from new acquisitions that were stand-alone operations, and $10.5 million was generated by offices in existence in both 2011 and 2012. Of the $10.5 million increase from existing offices, $8.7 million ($1.4 million of fold-in acquired revenues) was attributed to organic growth of core commissions and fees, $5.6 million cost savings from other operating expenses, $0.5 reduction in non-cash stock-based compensation, but [Illegible] offset by $4.9 million increase in compensation and employee benefits. The $4.9 million net increase in compensation and employee benefits was primarily due to the one-time producer bonuses of $6.8 million paid to commissioned producers whose 2012 production exceeded their 2011 production by at least five percent, which was partially offset by a reduction of approximately $2.0 million less staff salaries. The $5.6 million reduction in other operating expenses was primarily related to reductions in occupancy/office rents, legal and claims settlements, insurance expense, and data processing costs.

The Retail Division's total revenues in 2011 increased 5.6%, or $32.1 million, over the same period in 2010, to $607.2 million. Profit-sharing contingent commissions and GSCs in 2011 decreased $2.1 million, or 8.0%, from 2010, primarily due to increased loss ratios resulting in lower profitability for insurance companies in 2010, and less premiums written as a result of the slowing U.S. economy. The $33.2 million net increase in core commissions and fees revenue resulted from the following factors: (i) an increase of approximately $57.5 million related to the core commissions and fees revenue from acquisitions that had no comparable revenues in 2010, (ii) a decrease of $3.7 million related to commissions and fees revenue recorded in 2010 from business divested during 2011, (iii) a decrease of $0.4 million for business transferred to our Wholesale Brokerage Division, and (iv) a net decrease of $21.2 million primarily attributable to net lost business. The Retail Division's negative growth rate for core organic commissions and fees revenue was (3.9)% for 2011, and resulted primarily from lower property insurance rates and reduced insurable exposure units in most areas of the United States. However, as of the end of 2011, there were indications that exposure units' rates of decline were slowing, and some property insurance rates were beginning to increase slightly.

Income before income taxes for 2011 increased 7.6%, or $9.8 million, over the same period in 2010, to $137.8 million. The increase was mainly due to the profitability of our new acquisitions, and general cost savings that partially offset the decline in core organic commissions and fees. Of the $9.8 million net increase in income before income taxes, $3.7 million resulted from the change in estimated acquisition earn-out payables. Partially offsetting the $21.2 million reduction in core organic commissions and fees were reductions of approximately $9.9 million in compensation expense and $6.3 million in other operating expenses, led by lower rent and insurance costs.

National Programs Division

The National Programs Division provides professional liability and related package products for certain professionals delivered through nationwide networks of independent agents, and markets targeted products and services designated for specific industries, trade groups, public and quasi-public entities and market niches. Like the Retail Division and the Wholesale Brokerage Division, the National Programs Division's revenues are primarily commission-based.

Financial information relating to our National Programs Division is as follows (in thousands, except percentages):

	2012	Percent Change	2011	Percent Change	2010
REVENUES					
Core commissions and fees	$ 233,261	56.7%	$148,842	(2.3)%	$152,281
Profit-sharing contingent commissions	18,392	22.4%	15,029	(34.4)%	22,894
Guaranteed supplemental commissions	276	(42.6)%	481	(27.5)%	663
Investment income	20	— %	—	(100.0)%	1
Other income, net	994	NMF(1)	75	(64.6)%	212
Total revenues	252,943	53.8%	164,427	(6.6)%	176,051
EXPENSES					
Employee compensation and benefits	110,362	63.4%	67,560	— %	67,547
Non-cash stock-based compensation	3,707	177.5%	1,336	74.2%	767
Other operating expenses	44,248	88.4%	23,486	0.6%	23,351
Amortization	13,936	79.4%	7,770	(7.8)%	8,427
Depreciation	4,600	56.6%	2,937	(2.2)%	3,004
Interest	25,674	NMF(1)	1,381	(48.3)%	2,670
Change in estimated acquisition earn-out payables	(1,075)	111.6%	(508)	NMF(1)	21
Total expenses	201,452	93.8%	103,962	(1.7)%	105,787
Income before income taxes	$ 51,491	(14.8)%	$ 60,465	(13.9)%	$ 70,264
Net internal growth rate — core organic commissions and fees	0.8%		(3.0)%		(8.5)%
Employee compensation and benefits ratio	43.6%		41.1%		38.4%
Other operating expenses ratio	17.5%		14.3%		13.3%
Capital expenditures	$ 9,633		$ 1,968		$ 2,377
Total assets at December 31	$1,183,191		$680,251		$624,540

(1) NMF = Not a meaningful figure

The National Programs Division's total revenues in 2012 increased $88.5 million to $252.9 million, a 53.8% increase over 2011. Profit-sharing contingent commissions and GSCs in 2012 increased $3.2 million over 2011, due primarily to profit-sharing contingent commissions earned at our Arrowhead operation. Of the $84.4 million net increase in core commissions and fees for National Programs: (i) an increase of approximately $83.3 million related to the core commissions and fees revenue from acquisitions that had no comparable revenues in 2011; and (ii) a net increase of $1.1 million was primarily related to net new business. Therefore, the National Programs Division's internal growth rate for core organic commissions and fees revenue was 0.8% for 2012. Of the $1.1 million of net new business, $2.2 million related to a net increase in commissions and fees revenue at Proctor Financial, Inc., ("Proctor"), which was partially offset by $1.7 million of net lost business in our facultative reinsurance facility, and the remaining $0.6 million of net new business was generated by various other programs.

Income before income taxes for 2012 decreased 14.8%, or $9.0 million, from the same period in 2011, to $51.5 million. This net decrease was due to: (i) a reduction of $5.6 million from the offices that existed in both 2012 and 2011, primarily as a result of reduced profit-sharing contingent commissions and GSCs of $1.3 million and increased compensation expense mainly related to increased staffing levels at Proctor, (ii) loss before income taxes and change in estimated acquisition earn-out payables of ($4.8) million related to new acquisitions that were stand-alone offices (primarily the Arrowhead acquisition), and (iii) a $1.4 million income credit generated from the change in estimated acquisition earn-out payables. Income before income taxes and inter-company interest expense related to new acquisitions that were stand-alone offices (primarily the Arrowhead acquisition) that had no comparable earnings in the same period of 2011 was approximately $21.7 million for 2012; however those earnings were offset by $25.0 million of inter-company interest expense allocation.

The National Programs Division's total revenues in 2011 decreased $11.6 million, or 6.6% to $164.4 million from 2010. Profit-sharing contingent commissions and GSCs in 2011 decreased $8.0 million from 2010, of which $2.9 million related to our condominium program at Florida Intracoastal Underwriters, Limited Company ("FIU"), and $4.4 million related to Proctor. The decrease in FIU's profit-sharing contingent commissions in 2011 was principally attributable to fact that in 2010, FIU received a higher amount of profit-sharing contingent commissions because they included a delayed 2009 payment. Proctor's decreased profit-sharing contingent commissions were the direct result of the lower premiums generated by Proctor in 2010. Of the $3.4 million net decrease in core commissions and fees for National Programs: (i) an increase of approximately $1.1 million related to the core commissions and fees revenue from acquisitions that had no comparable revenues in the same period of 2010, and (ii) a net decrease of $4.5 million was primarily related to net lost business. Therefore, the National Programs Division's negative growth rate for core organic commissions and fees revenue was (3.0)% for 2011. Of the $4.5 million of net lost business, $4.4 million related to Proctor, and was primarily the result of its loss of a large customer, $1.5 million related to our CalSurance® operations and $1.1 million related to FIU, all of which was partially offset by a $1.3 million increase related to our public entity business and a $1.2 million net aggregate increase attributable to the other programs in the Division.

Income before income taxes for 2011 decreased 13.9%, or $9.8 million, from the same period in 2010, to $60.5 million. This decrease was primarily driven by the reductions in profit-sharing contingent commissions. Non-cash stock grant compensation increased $0.6 million due to new SIP grants made in the first quarter of 2011; and other operating expenses increased $0.1 million. Additionally, interest expense of this Division relating to prior acquisitions decreased by $1.3 million, primarily due to the 1.0% annual reduction in the cost of capital interest rate charged against the total purchase price of each of the Division's prior acquisitions.

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Wholesale Brokerage Division

The Wholesale Brokerage Division markets and sells excess and surplus commercial and personal lines insurance and reinsurance, primarily through independent agents and brokers. Like the Retail and National Programs Divisions, the Wholesale Brokerage Division's revenues are primarily commission-based.

Financial information relating to our Wholesale Brokerage Division is as follows (in thousands, except percentages):

	2012	Percent Change	2011	Percent Change	2010
REVENUES					
Core commissions and fees	$168,182	7.4%	$156,664	3.5%	$151,331
Profit-sharing contingent commissions	12,448	(7.3)%	13,433	(18.9)%	16,564
Guaranteed supplemental commissions	2,192	(10.5)%	2,450	8.6%	2,255
Investment income	22	(35.3)%	34	17.2%	29
Other income, net	721	(54.3)%	1,577	(3.5)%	1,634
Total revenues	183,565	5.4%	174,158	1.4%	171,813
EXPENSES					
Employee compensation and benefits	87,293	5.2%	82,974	(1.1)%	83,927
Non-cash stock-based compensation	1,328	(10.4)%	1,482	102.7%	731
Other operating expenses	33,486	6.7%	31,379	(3.2)%	32,421
Amortization	11,280	2.2%	11,032	0.4%	10,987
Depreciation	2,718	4.8%	2,594	(5.3)%	2,740
Interest	3,974	(47.0)%	7,495	(33.9)%	11,342
Change in estimated acquisition earn-out payables	131	(81.0)%	691	NMF(1)	(246)
Total expenses	140,210	1.9%	137,647	(3.0)%	141,902
Income before income taxes	$ 43,355	18.7%	$ 36,511	22.1%	$ 29,911
Net internal growth rate — core organic commissions and fees	6.1%		2.4%		(0.6)%
Employee compensation and benefits ratio	47.6%		47.6%		48.8%
Other operating expenses ratio	18.2%		18.0%		18.9%
Capital expenditures	$ 3,383		$ 2,658		$ 1,893
Total assets at December 31	$837,364		$712,212		$673,927

(1) NMF = Not a meaningful figure

The Wholesale Brokerage Division's total revenues for 2012 increased 5.4%, or $9.4 million, over the same period in 2011, to $183.6 million. Profit-sharing contingent commissions and GSCs for 2012 decreased $1.2 million from the same period of 2011, primarily due to developed losses and increased loss ratios experienced by our insurance carrier partners. Of the $11.5 million net increase in core commissions and fees revenue: (i) an increase of approximately $3.6 million related to the core commissions and fees revenue from acquisitions that had no comparable revenues in the same period of 2011; (ii) a decrease of $1.5 million related to commissions and fees revenue recorded in 2011 from business divested or transferred from the Retail Division during 2012; and (iii) the remaining net increase of $9.4 million primarily related to net new business and continued increases in premium rates on many lines of insurance, but primarily on coastal property. As such, the Wholesale Brokerage Division's internal growth rate for core organic commissions and fees revenue was 6.1% for 2012.

Income before income taxes for 2012 increased 18.7%, or $6.8 million over the same period in 2011 to $43.4 million, primarily due to a net reduction in the inter-company interest expense allocation of $3.5 million. Additionally, while total revenues increased by $9.4 million, employee compensation and benefits cost increased $4.3 million, and other operating expenses increased by $2.1 million. Employee compensation and benefit expense increased primarily due to higher bonus expense as a result of the Division's increased profitability, and $1.2 million in new producer salaries. Other operating expenses increased as a result of higher costs for data processing, telephone and inter-company overhead charges.

The Wholesale Brokerage Division's total revenues in 2011 increased $2.3 million over 2010, of which $5.3 million resulting from an increase in core commissions and fees revenue was partially offset by a $2.9 million reduction in profit-sharing contingent commissions and GSCs. Of the $5.3 million net increase in core commissions and fees revenue: (i) an increase of approximately $1.2 million related to the core commissions and fees revenue from acquisitions that had no comparable revenues in the same period of 2010; (ii) a decrease of $0.4 million related to commissions and fees revenue recorded in 2010 for business divested during 2011; and (iii) the remaining net increase of $3.7 million primarily related to net new business. As such, the Wholesale Brokerage Division's core organic commissions and fees revenue for 2011 was 2.4%. The positive internal growth rate in 2011 compared with the negative growth rate in 2010 reflected the gradual stabilization of coastal property insurance rates and the fact that excess and surplus lines insurance products continued to be competitive with the products of admitted carriers, including the Citizens Property Insurance Corporation in Florida.

Income before income taxes for 2011 increased 22.1%, or $6.6 million, over the same period in 2010, to $36.5 million. Even though total revenues increased by $2.3 million, total expenses were reduced by $4.3 million. Employee compensation and benefits expense was reduced $1.0 million, primarily due to lower management and staff salaries and lower commissions paid to producers, and other operating expenses were reduced by $1.0 million, primarily in the areas of office rents, postage, and insurance costs. Additionally, interest expenses of the Wholesale Brokerage Division related to prior acquisitions decreased by $3.8 million, primarily due to the 1.0% annual reduction in the cost of capital interest rate charged against the total purchase price of each of the Division's prior acquisitions.

Services Division

The Services Division provides insurance-related services, including third-party claims administration ("TPA") and comprehensive medical utilization management services in both the workers' compensation and all-lines liability arenas, as well as Medicare set-aside services, Social Security disability and Medicare benefits advocacy services, and, effective in December 2011, catastrophe claims adjusting services.

Unlike our other segments, nearly all of the Services Division's 2012 commissions and fees revenue was generated from fees, which are not significantly affected by fluctuations in general insurance premiums.

Financial information relating to our Services Division is as follows (in thousands, except percentages):

	2012	Percent Change	2011	Percent Change	2010
REVENUES					
Core commissions and fees	$116,247	79.2%	$ 64,875	40.0%	$ 46,336
Profit-sharing contingent commissions	—	— %	—	— %	—
Guaranteed supplemental commissions	—	— %	—	— %	—
Investment income	1	(99.2)%	128	753.3%	15
Other income, net	488	(49.6)%	969	909.4%	96
Total revenues	116,736	76.9%	65,972	42.0%	46,447
EXPENSES					
Employee compensation and benefits	59,235	71.7%	34,494	30.4%	26,443
Non-cash stock-based compensation	597	171.4%	220	152.9%	87
Other operating expenses	26,180	125.2%	11,626	50.3%	7,734
Amortization	3,680	44.8%	2,541	101.0%	1,264
Depreciation	1,278	116.6%	590	67.6%	352
Interest	8,602	49.7%	5,746	121.7%	2,592
Change in estimated acquisition earn-out payables	394	(87.0)%	3,026	973.0%	282
Total expenses	99,966	71.6%	58,243	50.3%	38,754
Income before income taxes	$ 16,770	117.0%	$ 7,729	0.5%	$ 7,693
Net internal growth rate — core organic commissions and fees	8.6%		1.3%		(0.2)%
Employee compensation and benefits ratio	50.7%		52.3%		56.9%
Other operating expenses ratio	22.4%		17.6%		16.7%
Capital expenditures	$ 2,519		$ 689		$ 419
Total assets at December 31	$238,430		$166,060		$145,321

The Services Division's total revenues for 2012 increased 76.9%, or $50.8 million, over the same period in 2011, to $116.7 million. Of the $51.4 million net increase in core commissions and fees revenue: (i) an increase of approximately $45.8 million related to the core commissions and fees revenue from acquisitions that had no comparable revenues in the same period of 2011; and (ii) the remaining net increase of $5.6 million primarily related to net new business. As such, the Services Division's internal growth rate for core organic commissions and fees revenue was 8.6% for 2012.

Income before income taxes in 2012 increased $9.0 million over 2011. This net increase was due to: (i) a net increase of $1.2 million from the offices that existed in both 2012 and 2011, excluding the impact of the change in estimated acquisition earn-out payables, (ii) income before income taxes and change in estimated acquisition earn-out payables of $5.2 million related to new acquisitions that were stand-alone offices, and (iii) a $2.6 million income credit generated from the change in estimated acquisition earn-out payables. Income before income taxes, and inter-company interest expense and change in estimated acquisition earn-out payables, related to new acquisitions that were stand-alone offices that had no comparable earnings in the same period of 2011 totaled approximately $8.8 million for 2012; however, those earnings were partially offset by $3.6 million of inter-company interest expense allocation.

The Services Division's total revenues in 2011 increased $19.5 million over 2010, almost exclusively due to acquired revenues attributable to our new Social Security disability and Medicare benefits advocacy services. The net increase in the Division's core organic commissions and fees in this period was primarily due to our Medicare Secondary Payer statute ("MSP") compliance-related services.

Income before income taxes in 2011 increased less than $0.1 million over 2010. Even though the operations acquired in 2011 added substantially to income before income taxes, it was substantially offset by $3.2 million of inter-company interest charged against the total purchase price of the Division's acquisitions and a $2.7 million charge for the change in estimated acquisition earn-out payables.

Other

As discussed in Note 15 of the Notes to Consolidated Financial Statements, the "Other" column in the Segment Information table includes all income and expenses not allocated to reportable segments, as well as corporate-related items, including the inter-company interest expense charges to reporting segments.

LIQUIDITY AND CAPITAL RESOURCES

Our cash and cash equivalents of $219.8 million at December 31, 2012 reflected a decrease of $66.5 million from the $286.3 million balance at December 31, 2011. During 2012, $220.3 million of cash was provided from operating activities. Also during this period, $425.1 million of cash was used for acquisitions, $24.0 million was used for additions to fixed assets, $200.0 million was provided from proceeds received on new long-term debt, and $49.5 million was used for payment of dividends.

Our cash and cash equivalents of $286.3 million at December 31, 2011 reflected an increase of $13.3 million from the $273.0 million balance at December 31, 2010. During 2011, $237.5 million of cash was provided from operating activities. Also during this period, $166.1 million of cash was used for acquisitions, $13.6 million was used for additions to fixed assets, $102.1 million was used for payments on long-term debt and $46.5 million was used for payment of dividends. Additionally, in the third quarter of 2011, we borrowed $100.0 million on our Master Agreement to fund the repayment of our $100.0 million of Series A Senior Notes that matured on September 15, 2011.

Our cash and cash equivalents of $273.0 million at December 31, 2010 reflected an increase of $75.9 million from the $197.1 million balance at December 31, 2009. During 2010, $296.1 million of cash was provided from operating activities. Also during this period, $157.6 million of cash was used for acquisitions, $10.4 million was used for additions to fixed assets, $19.4 million was used for payments on long-term debt and $44.5 million was used for payment of dividends.

On January 9, 2012, we completed the acquisition of Arrowhead for a total cash purchase price of $395.0 million, subject to certain adjustments and potential earn-out payments of up to $5 million in the aggregate following the third anniversary of the acquisition's closing date. We financed the acquisition through various modified and new credit facilities.

Our ratio of current assets to current liabilities (the "current ratio") was 1.34 and 1.47 at December 31, 2012 and 2011, respectively.

Contractual Cash Obligations

As of December 31, 2012, our contractual cash obligations were as follows:

(in thousands)	Total	Less Than 1 Year	1-3 Years	4-5 Years	After 5 Years
Long-term debt	$450,093	$ 93	$125,000	$225,000	$100,000
Other liabilities	46,945	24,455	14,147	5,863	2,480
Operating leases	133,878	30,645	48,602	31,331	23,300
Interest obligations	53,425	15,835	21,517	12,885	3,188
Unrecognized tax benefits	294	—	294	—	—
Maximum future acquisition contingency payments	146,858	30,833	116,025	—	—
Total contractual cash obligations	$831,493	$101,861	$325,585	$275,079	$128,968

Debt

In July 2004, we completed a private placement of $200.0 million of unsecured senior notes (the "Notes"). The $200.0 million is divided into two series: (1) Series A, which closed on September 15, 2004, for $100.0 million was due in 2011 and bore interest at 5.57% per year; and (2) Series B, which closed on July 15, 2004, for $100.0 million due in 2014 and bearing interest at 6.08% per year. We have used the proceeds from the Notes for general corporate purposes, including acquisitions and repayment of existing debt. On September 15, 2011, the $100.0 million of Series A Notes were redeemed on their normal maturity date. As of December 31, 2012 and 2011, there was an outstanding balance on the Notes of $100.0 million.

On December 22, 2006, we entered into a Master Shelf and Note Purchase Agreement (the "Master Agreement") with a national insurance company (the "Purchaser"). On September 30, 2009, we and the Purchaser amended the Master Agreement to extend the term of the agreement until August 20, 2012. The Purchaser also purchased Notes issued by us in 2004. The Master Agreement provided for a $200.0 million private uncommitted "shelf" facility for the issuance of senior unsecured notes over a three-year period, with interest rates that may be fixed or floating and with such maturity dates, not to exceed ten years, as the parties may determine. The Master Agreement includes various covenants, limitations and events of default similar to the Notes issued in 2004. The initial issuance of notes under the Master Agreement occurred on December 22, 2006, through the issuance of $25.0 million in Series C Senior Notes due December 22, 2016, with a fixed interest rate of 5.66% per year. On February 1, 2008, $25.0 million in Series D Senior Notes due January 15, 2015, with a fixed interest rate of 5.37% per year, were issued. On September 15, 2011, pursuant to a Confirmation of Acceptance dated January 21, 2011 (the "Confirmation"), in connection with the Master Agreement, $100.0 million in Series E Senior Notes due September 15, 2018, with a fixed interest rate of 4.50% per year, were issued. The Series E Senior Notes were issued for the sole purpose of retiring the Series A Senior Notes. As of December 31, 2012, and December 31, 2011, there was an outstanding debt balance issued under the provisions of the Master Agreement of $150.0 million. The Master Agreement expired on September 30, 2012 and was not extended.

On October 12, 2012, we entered into a Master Note Facility Agreement (the "New Master Agreement") with another national insurance company (the "New Purchaser"). The New Purchaser also purchased Notes issued by us in 2004. The New Master Agreement provides for a $125.0 million private uncommitted "shelf" facility for the issuance of unsecured senior notes over a three-year period, with interest rates that may be fixed or floating and with such maturity dates, not to exceed ten years, as the parties may determine. The New Master Agreement includes various covenants, limitations and events of default similar to the Master Agreement.

On June 12, 2008, we entered into an Amended and Restated Revolving Loan Agreement dated as of June 3, 2008 (the "Prior Loan Agreement"), with a national banking institution, amending and restating the Revolving Loan Agreement dated September 29, 2003, as amended (the "Revolving Agreement"), to increase the lending commitment to $50.0 million (subject to potential increases up to $100.0 million) and to extend the maturity date from December 20, 2011, to June 3, 2013. The Revolving Agreement initially provided for a revolving credit facility in the maximum principal amount of $75.0 million. After a series of amendments that provided covenant exceptions for the notes issued or to be issued under the Master Agreement and relaxed or deleted certain other covenants, the maximum principal amount was reduced to $20.0 million. At December 31, 2012 and December 31, 2011, there were no borrowings against this facility.

On January 9, 2012, we entered into: (1) an amended and restated revolving and term loan credit agreement (the "SunTrust Agreement") with SunTrust Bank ("SunTrust") that provides for (a) a $100.0 million term loan (the "SunTrust Term Loan") and (b) a $50.0 million revolving line of credit (the "SunTrust Revolver") and (2) a $50.0 million promissory note (the "JPM Note") in favor of JPMorgan Chase Bank, N.A. ("JPMorgan"), pursuant to a letter agreement executed by JP Morgan (together with the JPM Note, (the "JPM Agreement") that provides for a $50.0 million uncommitted line of credit bridge facility (the "JPM Bridge Facility"). The SunTrust Term Loan, the SunTrust Revolver and the JPM Bridge Facility were each funded on January 9, 2012, and provided the financing for the Arrowhead acquisition. The SunTrust Agreement amended and restated the Prior Loan Agreement.

The maturity date for the SunTrust Term Loan and the SunTrust Revolver is December 31, 2016, at which time all outstanding principal and unpaid interest will be due. Both the SunTrust Term Loan and the SunTrust Revolver may be increased by up to $50.0 million (bringing the total available to $150.0 million for the SunTrust Term Loan and $100.0 million for the SunTrust Revolver). The calculation of interest and fees for the SunTrust Agreement is generally based on our funded debt-to-EBITDA ratio. Interest is charged at a rate equal to 1.00% to 1.40% above LIBOR or 1.00% below the Base Rate, each as more fully described in the SunTrust Agreement. Fees include an up-front fee, an availability fee of 0.175% to 0.25%, and a letter of credit margin fee of 1.00% to 1.40%. The obligations under the SunTrust Term Loan and SunTrust Revolver are unsecured and the SunTrust Agreement includes various covenants, limitations and events of default that are customary for similar facilities for similar borrowers and that are substantially similar to those contained in the Prior Loan Agreement.

The maturity date for the JPM Bridge Facility was February 3, 2012, at which time all outstanding principal and unpaid interest would have been due. On January 26, 2012, we entered into a term loan agreement (the "JPM Agreement") with JPMorgan that provided for a $100.0 million term loan (the "JPM Term Loan"). The JPM Term Loan was fully funded on January 26, 2012, and provided the financing to fully repay (1) the JPM Bridge Facility and (2) the SunTrust Revolver. As a result of the January 26, 2012 financing and repayments, the JPM Bridge Facility was terminated and the SunTrust Revolver's amount outstanding was reduced to zero.

The maturity date for the JPM Term Loan is December 31, 2016, at which time all outstanding principal and unpaid interest will be due. Interest is charged at a rate equal to the Alternative Base Rate or 1.00% above the Adjusted LIBOR Rate, each as more fully described in the JPM Agreement. Fees include an up-front fee. The obligations under the JPM Term Loan are unsecured and the JPM Agreement includes various covenants, limitations and events of default that are customary for similar facilities for similar borrowers.

The 30-day LIBOR and Adjusted LIBOR Rate as of December 31, 2012 were 0.23% and 0.25%, respectively.

The Notes, the Master Agreement, the SunTrust Agreement and the JPM Agreement all require that we maintain certain financial ratios and comply with certain other covenants. We were in compliance with all such covenants as of December 31, 2012 and 2011.

Neither we nor our subsidiaries has ever incurred off-balance sheet obligations through the use of, or investment in, off-balance sheet derivative financial instruments or structured finance or special purpose entities organized as corporations, partnerships or limited liability companies or trusts.

We believe that our existing cash, cash equivalents, short-term investment portfolio and funds generated from operations, together with our Master Agreement and the SunTrust Agreement and the JPM Agreement described above, will be sufficient to satisfy our normal liquidity needs through at least the end of 2013. Additionally, we believe that funds generated from future operations will be sufficient to satisfy our normal liquidity needs, including the required annual principal payments on our long-term debt.

Historically, much of our cash has been used for acquisitions. If additional acquisition opportunities should become available that exceed our current cash flow, we believe that given our relatively low debt-to-total-capitalization ratio, we would be able to raise additional capital through either the private or public debt markets.

For further discussion of our cash management and risk management policies, see "Quantitative and Qualitative Disclosures About Market Risk."

ITEM 7A. Quantitative and Qualitative Disclosures About Market Risk.

Market risk is the potential loss arising from adverse changes in market rates and prices, such as interest rates and equity prices. We are exposed to market risk through our investments, revolving credit line and term loan agreements.

Our invested assets are held as cash and cash equivalents, restricted cash and investments, available-for-sale equity securities, equity securities and certificates of deposit. These investments are subject to interest rate risk and equity price risk. The fair values of our cash and cash equivalents, restricted cash and investments, and certificates of deposit at December 31, 2012 and 2011 approximated their respective carrying values due to their short-term duration and, therefore, such market risk is not considered to be material.

We do not actively invest or trade in equity securities. In addition, we generally dispose of equity securities received in conjunction with an acquisition shortly after the acquisition date.

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ITEM 8. Financial Statements and Supplementary Data.

Index to Consolidated Financial Statements

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BROWN & BROWN, INC.
CONSOLIDATED STATEMENTS OF INCOME

(in thousands, except per share data)	Year Ended December 31, 2012	2011	2010
REVENUES			
Commissions and fees	$1,189,081	$1,005,962	$966,917
Investment income	797	1,267	1,326
Other income, net	10,154	6,313	5,249
Total revenues	1,200,032	1,013,542	973,492
EXPENSES			
Employee compensation and benefits	608,506	508,675	487,820
Non-cash stock-based compensation	15,865	11,194	6,845
Other operating expenses	174,389	144,079	135,851
Amortization	63,573	54,755	51,442
Depreciation	15,373	12,392	12,639
Interest	16,097	14,132	14,471
Change in estimated acquisition earn-out payables	1,418	(2,206)	(1,674)
Total expenses	895,221	743,021	707,394
Income before income taxes	304,811	270,521	266,098
Income taxes	120,766	106,526	104,346
Net income	$ 184,045	$ 163,995	$161,752
Net income per share:			
Basic	$ 1.28	$ 1.15	$ 1.14
Diluted	$ 1.26	$ 1.13	$ 1.12
Weighted average number of shares outstanding:			
Basic	139,364	138,582	137,924
Diluted	142,010	140,264	139,318
Dividends declared per share	$ 0.3450	$ 0.3250	$ 0.3125

See accompanying notes to consolidated financial statements.

BROWN & BROWN, INC.
CONSOLIDATED BALANCE SHEETS

(in thousands, except per share data)	At December 31, 2012	At December 31, 2011
ASSETS		
Current Assets:		
Cash and cash equivalents	$ 219,821	$ 286,305
Restricted cash and investments	164,564	130,535
Short-term investments	8,183	7,627
Premiums, commissions and fees receivable	302,725	240,257
Deferred income taxes	24,408	19,863
Other current assets	39,811	23,540
Total current assets	759,512	708,127
Fixed assets, net	74,337	61,360
Goodwill	1,711,514	1,323,469
Amortizable intangible assets, net	566,538	496,182
Other assets	16,157	17,873
Total assets	$3,128,058	$2,607,011
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities:		
Premiums payable to insurance companies	$ 406,704	$ 327,096
Premium deposits and credits due customers	32,867	30,048
Accounts payable	48,524	22,384
Accrued expenses and other liabilities	79,593	100,865
Current portion of long-term debt	93	1,227
Total current liabilities	567,781	481,620
Long-term debt	450,000	250,033
Deferred income taxes, net	237,630	178,052
Other liabilities	65,314	53,343
Commitments and contingencies (Note 13)		
Shareholders' Equity:		
Common stock, par value $0.10 per share; authorized 280,000 shares; issued and outstanding 143,878 at 2012 and 143,352 at 2011	14,388	14,335
Additional paid-in capital	335,872	307,059
Retained earnings	1,457,073	1,322,562
Accumulated other comprehensive income, net of related income tax effect of $0 at 2012 and $4 at 2011	—	7
Total shareholders' equity	1,807,333	1,643,963
Total liabilities and shareholders' equity	$3,128,058	$2,607,011

See accompanying notes to consolidated financial statements.

BROWN & BROWN, INC.
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

(in thousands, except per share data)	Common Stock Shares Outstanding	Common Stock Par Value	Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Income	Total
Balance at January 1, 2010	142,076	$14,208	$267,856	$1,087,805	$ 5	$1,369,874
Net income				161,752		161,752
Net unrealized holding loss on available-for-sale securities					2	2
Comprehensive income						161,754
Common stock issued for employee stock benefit plans	705	70	7,495			7,565
Income tax benefit from exercise of stock benefit plans			11,391			11,391
Common stock issued to directors	14	1	255			256
Cash dividends paid ($0.3125 per share)				(44,496)		(44,496)
Balance at December 31, 2010	142,795	$14,279	$286,997	$1,205,061	$ 7	$1,506,344
Net income and comprehensive income				163,995		163,995
Common stock issued for employee stock benefit plans	545	55	18,859			18,914
Income tax benefit from exercise of stock benefit plans			916			916
Common stock issued to directors	12	1	287			288
Cash dividends paid ($0.3250 per share)				(46,494)		(46,494)
Balance at December 31, 2011	143,352	$14,335	$307,059	$1,322,562	$ 7	$1,643,963
Net income				184,045		184,045
Net unrealized holding gain on available-for-sale securities					(7)	(7)
Comprehensive income						184,038
Common stock issued for employee stock benefit plans	501	50	19,549			19,599
Income tax benefit from exercise of stock benefit plans			8,659			8,659
Common stock issued to directors	25	3	605			608
Cash dividends paid ($0.3450 per share)				(49,534)		(49,534)
Balance at December 31, 2012	143,878	$14,388	$335,872	$1,457,073	$ —	$1,807,333

See accompanying notes to consolidated financial statements.

BROWN & BROWN, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS

(in thousands)	Year Ended December 31, 2012	2011	2010
Cash flows from operating activities:			
Net income	$ 184,045	$ 163,995	$ 161,752
Adjustments to reconcile net income to net cash provided by operating activities:			
Amortization	63,573	54,755	51,442
Depreciation	15,373	12,392	12,639
Non-cash stock-based compensation	15,865	11,194	6,845
Change in estimated acquisition earn-out payables	1,418	(2,206)	(1,674)
Deferred income taxes	32,723	30,328	22,587
Income tax benefit from exercise of shares from the stock benefit plans	(8,659)	(916)	(11,391)
Net gain on sales of investments, fixed assets and customer accounts	(4,105)	(1,890)	(1,474)
Payments on acquisition earn-outs in excess of original estimated payables	(4,086)	(1,369)	—
Changes in operating assets and liabilities, net of effect from acquisitions and divestitures:			
Restricted cash and investments (increase) decrease	(34,029)	(6,941)	31,663
Premiums, commissions and fees receivable (increase)	(11,312)	(20,570)	(2,555)
Other assets decrease (increase)	2,145	(7,322)	14,529
Premiums payable to insurance companies (decrease) increase	(4,651)	9,447	436
Premium deposits and credits due customers increase (decrease)	2,506	1,277	(9,673)
Accounts payable increase (decrease)	36,505	(2,807)	28,246
Accrued expenses and other liabilities (decrease) increase	(43,059)	3,975	(2,087)
Other liabilities (decrease)	(23,937)	(5,811)	(5,233)
Net cash provided by operating activities	220,315	237,531	296,052
Cash flows from investing activities:			
Additions to fixed assets	(24,028)	(13,608)	(10,454)
Payments for businesses acquired, net of cash acquired	(425,054)	(166,055)	(157,637)
Proceeds from sales of fixed assets and customer accounts	14,095	3,686	1,558
Purchases of investments	(11,167)	(12,698)	(9,285)
Proceeds from sales of investments	10,654	12,950	9,327
Net cash used in investing activities	(435,500)	(175,725)	(166,491)
Cash flows from financing activities:			
Payments on acquisition earn-outs	(13,539)	(8,843)	(2,136)
Proceeds from long-term debt	200,000	100,000	—
Payments on long-term debt	(1,227)	(102,072)	(19,425)
Borrowings on revolving credit facilities	100,000	—	—
Payments on revolving credit facilities	(100,000)	—	—
Income tax benefit from exercise of shares from the stock benefit plans	8,659	916	11,391
Issuances of common stock for employee stock benefit plans	13,305	8,667	11,119
Repurchase of stock benefit plan shares for employee to fund tax withholdings	(8,963)	(659)	(10,143)
Cash dividends paid	(49,534)	(46,494)	(44,496)
Net cash provided by (used in) financing activities	148,701	(48,485)	(53,690)
Net (decrease) increase in cash and cash equivalents	(66,484)	13,321	75,871
Cash and cash equivalents at beginning of year	286,305	272,984	197,113
Cash and cash equivalents at end of year	$ 219,821	$ 286,305	$ 272,984

See accompanying notes to consolidated financial statements.

Notes to Consolidated Financial Statements

NOTE 1 Summary of Significant Accounting Policies

Nature of Operations

Brown & Brown, Inc., a Florida corporation, and its subsidiaries (collectively, "Brown & Brown" or the "Company") is a diversified insurance agency, wholesale brokerage, insurance programs and services organization that markets and sells to its customers insurance products and services, primarily in the property and casualty area. Brown & Brown's business is divided into four reportable segments: the Retail Division, which provides a broad range of insurance products and services to commercial, public entity, professional and individual customers; the Wholesale Brokerage Division, which markets and sells excess and surplus commercial insurance and reinsurance, primarily through independent agents and brokers; the National Programs Division, which provides professional liability and related package products for certain professionals delivered through nationwide networks of independent agents, and markets targeted products and services designated for specific industries, trade groups, governmental entities and market niches; and the Services Division, which provides insurance-related services, including third-party claims administration and comprehensive medical utilization management services in both the workers' compensation and all-lines liability arenas, as well as Medicare set-aside services, Social Security disability and Medicare benefits advocacy services, and catastrophe claims adjusting services.

Principles of Consolidation

The accompanying Consolidated Financial Statements include the accounts of Brown & Brown, Inc. and its subsidiaries. All significant intercompany account balances and transactions have been eliminated in the Consolidated Financial Statements.

Reclassification

Effective January 1, 2012, certain offices were reclassified from the National Programs Division to the Wholesale Brokerage Division, and as such, certain prior-year amounts have been reclassified to conform to the current year presentation.

Revenue Recognition

Commission revenues are recognized as of the effective date of the insurance policy or the date on which the policy premium is billed to the customer, whichever is later. Commission revenues related to installment billings at the Company's subsidiary, Arrowhead General Insurance Agency, Inc. ("Arrowhead"), are recorded on the later of the effective date of the policy or the first installment billing. At those dates, the earnings process has been completed, and Brown & Brown can reliably estimate the impact of policy cancellations for refunds and establish reserves accordingly. The reserve for policy cancellations is based upon historical cancellation experience adjusted for known circumstances. The policy cancellation reserve was $7,174,000 and $6,396,000 at December 31, 2012 and 2011, respectively, and it is periodically evaluated and adjusted as necessary. Subsequent commission adjustments are recognized upon receipt of notification from the insurance companies. Commission revenues are reported net of commissions paid to sub-brokers or co-brokers. Profit-sharing contingent commissions from insurance companies are recognized when determinable, which is when such commissions, or official notification of the amount of such commissions is received. Fee income is recognized as services are rendered.

Use of Estimates

The preparation of Consolidated Financial Statements in conformity with accounting principles generally accepted in the United States of America ("U.S. GAAP") requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, as well as disclosures of contingent assets and liabilities, at the date of the Consolidated Financial Statements, and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from those estimates.

Cash and Cash Equivalents

Cash and cash equivalents principally consist of demand deposits with financial institutions and highly liquid investments with quoted market prices having maturities of three months or less when purchased.

Restricted Cash and Investments, and Premiums, Commissions and Fees Receivable

In its capacity as an insurance agent or broker, Brown & Brown typically collects premiums from insureds and, after deducting its authorized commissions, remits the net premiums to the appropriate insurance company or companies. Accordingly, as reported in the Consolidated Balance Sheets, "premiums" are receivable from insureds. Unremitted net insurance premiums are held in a fiduciary capacity until Brown & Brown disburses them. Brown & Brown invests these unremitted funds only in cash, money market accounts, tax-free variable-rate demand bonds and commercial paper held for a short term. In certain states in which Brown & Brown operates, the use and investment alternatives for these funds are regulated and restricted by various state laws and agencies. These restricted funds are reported as restricted cash and investments on the Consolidated Balance Sheets. The interest income earned on these unremitted funds is reported as investment income in the Consolidated Statements of Income.

In other circumstances, the insurance companies collect the premiums directly from the insureds and remit the applicable commissions to Brown & Brown. Accordingly, as reported in the Consolidated Balance Sheets, "commissions" are receivables from insurance companies. "Fees" are primarily receivables due from customers.

Investments

Equity securities held by Brown & Brown have been classified as "available-for-sale" and are reported at estimated fair value, with the accumulated other comprehensive income (unrealized gains and losses), net of related income tax effect, reported as a separate component of shareholders' equity. Realized gains and losses and declines in value below cost that are judged to be other-than-temporary on available-for-sale securities are reflected in investment income. The cost of securities sold is based on the specific identification method. Interest and dividends on securities classified as available-for-sale are included in investment income in the Consolidated Statements of Income.

Equity securities and certificates of deposit having maturities of more than three months when purchased are reported at cost and are adjusted for other-than-temporary market value declines.

Fixed Assets

Fixed assets, including leasehold improvements, are carried at cost, less accumulated depreciation and amortization. Expenditures for improvements are capitalized, and expenditures for maintenance and repairs are expensed to operations as incurred. Upon sale or retirement, the cost and related accumulated depreciation and amortization are removed from the accounts and the resulting gain or loss, if any, is reflected in other income. Depreciation has been determined using the straight-line method over the estimated useful lives of the related assets, which range from three to 15 years. Leasehold improvements are amortized on the straight-line method over the shorter of the useful life of the improvement or the term of the related lease.

Goodwill and Amortizable Intangible Assets

The excess of the purchase price of an acquisition over the fair value of the identifiable tangible and amortizable intangible assets is assigned to goodwill. While goodwill is not amortizable, it is subject to assessment at least annually, and more frequently in the presence of certain circumstances, for impairment by application of a fair value-based test. The Company compares the fair value of each reporting unit with its carrying amount to determine if there is potential impairment of goodwill. If the fair value of the reporting unit is less than its carrying value, an impairment loss is recorded to the extent that the fair value of the goodwill within the reporting unit is less than its carrying value. Fair value is estimated based on multiples of earnings before interest, income taxes, depreciation, amortization and change in estimated acquisition earn-out payables ("EBITDAC"). Brown & Brown completed its most recent annual assessment as of November 30, 2012 and determined that the fair value of goodwill exceeded the carrying value of such assets. In addition, as of December 31, 2012, there are no accumulated impairment losses.

Amortizable intangible assets are stated at cost, less accumulated amortization, and consist of purchased customer accounts and non-compete agreements. Purchased customer accounts and non-compete agreements are amortized on a straight-line basis over the related estimated lives and contract periods, which range from five to 15 years. Purchased customer accounts primarily consist of records and files that contain information about insurance policies and the related insured parties that are essential to policy renewals.

The carrying value of amortizable intangible assets attributable to each business or asset group comprising Brown & Brown is periodically reviewed by management to determine if there are events or changes in circumstances that would indicate that its carrying amount may not be recoverable. Accordingly, if there are any such changes in circumstances during the year, Brown & Brown assesses the carrying value of its amortizable intangible assets by considering the estimated future undiscounted cash flows generated by the corresponding business or asset group. Any impairment identified through this assessment may require that the carrying value of related amortizable intangible assets be adjusted; however, no impairments were recorded for the years ended December 31, 2012, 2011 and 2010.

Income Taxes

Brown & Brown records income tax expense using the asset-and-liability method of accounting for deferred income taxes. Under this method, deferred tax assets and liabilities are recognized for the expected future tax consequences of temporary differences between the financial statement carrying values and the income tax bases of Brown & Brown's assets and liabilities.

Brown & Brown files a consolidated federal income tax return and has elected to file consolidated returns in certain states. Deferred income taxes are provided for in the Consolidated Financial Statements and relate principally to expenses charged to income for financial reporting purposes in one period and deducted for income tax purposes in other periods.

Net Income Per Share

Effective in 2009, the Company adopted new Financial Accounting Standards Board ("FASB") authoritative guidance that states that unvested share-based payment awards that contain non-forfeitable rights to dividends or dividend equivalents are participating securities and, therefore, are included in computing earnings per share ("EPS") pursuant to the two-class method. The two-class method determines EPS for each class of common stock and participating securities according to dividends or dividend equivalents and their respective participation rights in undistributed earnings. Performance stock shares granted to employees under the Company's Performance Stock Plan and under the Company's Stock Incentive Plan are considered participating securities as they receive non-forfeitable dividend equivalents at the same rate as common stock.

Basic EPS is computed based on the weighted average number of common shares (including participating securities) issued and outstanding during the period. Diluted EPS is computed based on the weighted average number of common shares issued and outstanding plus equivalent shares, assuming the exercise of stock options. The dilutive effect of stock options is computed by application of the treasury-stock method. For the year ended December 31, 2010, the impact of outstanding options to purchase 12,000 shares of common stock was anti-dilutive; these shares were excluded from the calculation of diluted net income per share. The following is a reconciliation between basic and diluted weighted average shares outstanding for the years ended December 31:

(in thousands, except per share data)	2012	2011	2010
Net income	$184,045	$163,995	$161,752
Net income attributable to unvested awarded performance stock	(5,313)	(5,099)	(5,097)
Net income attributable to common shares	$178,732	$158,896	$156,655
Weighted average basic number of common shares outstanding	143,507	143,029	142,412
Less unvested awarded performance stock included in weighted average basic share outstanding	(4,143)	(4,447)	(4,488)
Weighted average number of common shares outstanding for basic earnings per common share	139,364	138,582	137,924
Dilutive effect of stock options	2,646	1,682	1,394
Weighted average number of shares outstanding	142,010	140,264	139,318
Net income per share:			
Basic	$ 1.28	$ 1.15	$ 1.14
Diluted	$ 1.26	$ 1.13	$ 1.12

Fair Value of Financial Instruments

The carrying amounts of Brown & Brown's financial assets and liabilities, including cash and cash equivalents, restricted cash and investments, investments, premiums, commissions and fees receivable, premiums payable to insurance companies, premium deposits and credits due customers and accounts payable, at December 31, 2012 and 2011, approximate fair value because of the short-term maturity of these instruments. The carrying amount of Brown & Brown's long-term debt approximates fair value at December 31, 2012 and 2011 because the related coupon rate approximates the current market rate.

Stock-Based Compensation

The Company grants stock options and non-vested stock awards to its employees, officers and directors. The Company uses the modified-prospective method to account for share-based payments. Under the modified-prospective method, compensation cost is recognized for all share-based payments granted on or after January 1, 2006 and for all awards granted to employees prior to January 1, 2006 that remained unvested on that date. The Company uses the alternative-transition method to account for the income tax effects of payments made related to stock-based compensation.

The Company uses the Black-Scholes valuation model for valuing all stock options and shares purchased under the Employee Stock Purchase Plan (the "ESPP"). Compensation for non-vested stock awards is measured at fair value on the grant date based upon the number of shares expected to vest. Compensation cost for all awards is recognized in earnings, net of estimated forfeitures, on a straight-line basis over the requisite service period.

Recent Accounting Pronouncements

Goodwill Impairment — In September 2011, the FASB issued authoritative guidance which simplifies goodwill impairment testing by allowing an entity to first assess qualitative factors to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying value. An entity is no longer required to determine the fair value of a reporting unit unless it is more likely than not that the fair value is less than carrying value. The guidance is effective for interim and annual periods beginning after December 15, 2011. The adoption of this guidance did not have any material impact on the Company's Consolidated Financial Statements.

NOTE 2 Business Combinations

Acquisitions in 2012

During 2012, Brown & Brown acquired the assets and assumed certain liabilities of 19 insurance intermediaries, all of the stock of one insurance intermediary and a book of business (customer accounts). The aggregate purchase price of these acquisitions was $667,586,000, including $483,933,000 of cash payments, the issuance of notes payable of $59,000, the issuance of $25,439,000 in other payables, the assumption of $136,676,000 of liabilities and $21,479,000 of recorded earn-out payables. The 'other payables' amount includes $22,061,000 that the Company is obligated to pay all shareholders of Arrowhead on a pro rata basis for certain pre-merger corporate tax refunds and certain estimated potential future income tax credits that were created by net operating loss carryforwards originating from transaction-related tax benefit items. All of these acquisitions were acquired primarily to expand Brown & Brown's core businesses and to attract high-quality personnel. Acquisition purchase prices are typically based on a multiple of average annual operating profit earned over a one—to three-year period within a minimum and maximum price range. The recorded purchase price for all acquisitions consummated after January 1, 2009 included an estimation of the fair value of liabilities associated with any potential earn-out provisions. Subsequent changes in the fair value of earn-out obligations will be recorded in the consolidated statement of income when incurred.

The fair value of earn-out obligations is based on the present value of the expected future payments to be made to the sellers of the acquired businesses in accordance with the provisions outlined in the respective purchase agreements. In determining fair value, the acquired business's future performance is estimated using financial projections developed by management for the acquired business and reflects market participant assumptions regarding revenue growth and/or profitability. The expected future payments are estimated on the basis of the earn-out formula and performance targets specified in each purchase agreement compared to the associated financial projections. These payments are then discounted to present value using a risk-adjusted rate that takes into consideration the likelihood that the forecasted earn-out payments will be made.

Based on the acquisition date and the complexity of the underlying valuation work, certain amounts included in the Company's Condensed Consolidated Financial Statements may be provisional and thus subject to further adjustments within the permitted measurement period, as defined in Accounting Standards Codification ("ASC") Topic 805—*Business Combinations*. However, the Company does not expect any adjustments to such allocations to be material to the Company's Condensed Consolidated Financial Statements. The acquisitions made in 2012 have been accounted for as business combinations and are as follows:

(in thousands)

Name	Business Segment	2012 Date of Acquisition	Cash Paid	Note Payable	Other Payable	Recorded Earn-out Payable	Net Assets Acquired	*Maximum Potential Earn-out Payable*
Arrowhead General Insurance Agency Superholding Corporation	National Programs; Services	January 9	$396,952	$ —	$22,061	$ 3,290	$422,303	*$ 5,000*
Insurcorp & GGM Investments LLC (d/b/a Maalouf Benefit Resources)	Retail	May 1	15,500	—	900	4,944	21,344	*17,000*
Richard W. Endlar Insurance Agency, Inc.	Retail	May 1	10,825	—	—	2,598	13,423	*5,500*
Texas Security General Insurance Agency, Inc.	Wholesale Brokerage	September 1	14,506	—	2,182	2,124	18,812	*7,200*
Behnke & Associates, Inc.	Retail	December 1	9,213	—	—	1,126	10,339	*3,321*
Rowlands & Barranca Agency, Inc	Retail	December 1	8,745	—	—	2,401	11,146	*4,000*
Other	Various	Various	28,192	59	296	4,996	33,543	*14,149*
Total			$483,933	$ 59	$25,439	$21,479	$530,910	*$56,170*

The following table summarizes the estimated fair values of the aggregate assets and liabilities acquired as of the date of each acquisition:

(in thousands)	Arrowhead	Insurcorp	Endlar	Texas Security	Behnke	Rowlands	Other	Total
Cash	$ 61,786	$ —	$ —	$ —	$ —	$ —	$ —	$ 61,786
Other current assets	69,051	180	305	1,866	—	—	422	71,824
Fixed assets	4,629	25	25	45	25	30	158	4,937
Goodwill	321,128	14,745	8,044	10,845	6,430	8,363	21,085	390,640
Purchased customer accounts	99,675	6,490	5,230	6,229	3,843	3,367	13,112	137,946
Non-compete agreements	100	22	11	14	41	21	243	452
Other assets	1	—	—	—	—	—	—	1
Total assets acquired	556,370	21,462	13,615	18,999	10,339	11,781	35,020	667,586
Other current liabilities	(107,579)	(118)	(192)	(187)	—	(635)	(1,477)	(110,188)
Deferred income taxes, net	(26,488)	—	—	—	—	—	—	(26,488)
Total liabilities assumed	(134,067)	(118)	(192)	(187)	—	(635)	(1,477)	(136,676)
Net assets acquired	$ 422,303	$21,344	$13,423	$ 18,812	$10,339	$11,146	$33,543	$ 530,910

The weighted average useful lives for the acquired amortizable intangible assets are as follows: purchased customer accounts, 15.0 years; and non-compete agreements, 5.0 years.

Goodwill of $390,640,000, was allocated to the Retail, National Programs, Wholesale Brokerage and Services Divisions in the amounts of $57,856,000, $289,378,000, $11,656,000 and $31,750,000, respectively. Of the total goodwill of $390,640,000, $52,730,000 is currently deductible for income tax purposes and $316,431,000 is non-deductible. The remaining $21,479,000 relates to the recorded earn-out payables and will not be deductible until it is earned and paid.

The results of operations for the acquisitions completed during 2012 have been combined with those of the Company since their respective acquisition dates. The total revenues and income before income taxes from the acquisitions completed through December 31, 2012, included in the Condensed Consolidated Statement of Income for the twelve months ended December 31, 2012, were $129,472,000 and $898,000, respectively. If the acquisitions had occurred as of the beginning of the period, the Company's results of operations would be as shown in the following table. These unaudited pro forma results are not necessarily indicative of the actual results of operations that would have occurred had the acquisitions actually been made at the beginning of the respective periods.

(UNAUDITED) *(in thousands, except per share data)*	For the Year Ended December 31, 2012	For the Year Ended December 31, 2011
Total revenues	$1,230,408	$1,163,341
Income before income taxes	$ 315,051	$ 313,706
Net income	$ 190,228	$ 190,174
Net income per share:		
Basic	$ 1.33	$ 1.33
Diluted	$ 1.30	$ 1.31
Weighted average number of shares outstanding:		
Basic	139,364	138,582
Diluted	142,010	140,264

Acquisitions in 2011

During 2011, Brown & Brown acquired the assets and assumed certain liabilities of 37 insurance intermediaries, all of the stock of one insurance intermediary and several books of business (customer accounts). The aggregate purchase price of these acquisitions was $214,822,000, including $167,444,000 of cash payments, the issuance of $1,194,000 in notes payable, the assumption of $15,659,000 of liabilities and $30,525,000 of recorded earn-out payables. All of these acquisitions were acquired primarily to expand Brown & Brown's core businesses and to attract high-quality personnel. Acquisition purchase prices are typically based on a multiple of average annual operating profit earned over a one-to three-year period within a minimum and maximum price range. The recorded purchase price for all acquisitions consummated after January 1, 2009 included an estimation of the fair value of liabilities associated with any potential earn-out provisions. Subsequent changes in the fair value of earn-out obligations will be recorded in the consolidated statement of income when incurred.

The fair value of earn-out obligations is based on the present value of the expected future payments to be made to the sellers of the acquired businesses in accordance with the provisions outlined in the respective purchase agreements. In determining fair value, the acquired business's future performance is estimated using financial projections developed by management for the acquired business and reflects market participant assumptions regarding revenue growth and/or profitability. The expected future payments are estimated on the basis of the earn-out formula and performance targets specified in each purchase agreement compared to the associated financial projections. These payments are then discounted to present value using a risk-adjusted rate that takes into consideration the likelihood that the forecasted earn-out payments will be made.

The acquisitions made in 2011 have been accounted for as business combinations and are as follows:

(in thousands)

Name	Business Segment	2011 Date of Acquisition	Cash Paid	Note Payable	Recorded Earn-out Payable	Net Assets Acquired	*Maximum Potential Earn-out Payable*
Balcos Insurance, Inc.	Retail	January 1	$ 8,611	$ —	$ 1,595	$ 10,206	*$ 5,766*
Associated Insurance Service, Inc. et al.	Retail	January 1	12,000	—	1,575	13,575	*6,000*
United Benefit Services Insurance Agency LLC et al.	Retail	February 1	14,283	—	2,590	16,873	*8,442*
First Horizon Insurance Group, Inc. et al.	Retail	April 30	25,060	—	—	25,060	—
Fitzharris Agency, Inc. et al.	Retail	May 1	6,159	—	888	7,047	*3,832*
Corporate Benefit Consultants, LLC	Retail	June 1	9,000	—	2,038	11,038	*4,520*
Sitzmann, Morris & Lavis Insurance Agency, Inc. et al.	Retail	November 1	40,460	—	6,228	46,688	*19,000*
Snapper Shuler Kenner, Inc. et al.	Retail	November 1	7,493	—	1,318	8,811	*3,988*
Industry Consulting Group, Inc.	National Programs	November 1	9,133	—	3,877	13,010	*5,794*
Colonial Claims Corporation et al.	Services	December 23	9,950	—	4,248	14,198	*8,000*
Other	Various	Various	25,295	1,194	6,168	32,657	*12,865*
Total			$167,444	$1,194	$30,525	$199,163	*$78,207*

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The following table summarizes the estimated fair values of the aggregate assets and liabilities acquired as of the date of each acquisition:

(in thousands)	Balcos	AIS	United	FHI	FA	CBC
Cash	$ —	$ —	$ —	$ 5,170	$ —	$ —
Other current assets	187	252	438	1,640	77	227
Fixed assets	20	100	20	134	60	6
Goodwill	6,486	9,055	10,049	15,254	7,244	6,738
Purchased customer accounts	3,530	4,086	7,045	8,088	3,351	4,046
Non-compete agreements	42	92	45	10	21	21
Other assets	—	—	4	9	—	—
Total assets acquired	10,265	13,585	17,601	30,305	10,753	11,038
Other current liabilities	(59)	(10)	(728)	(3,790)	(3,706)	—
Deferred income taxes, net	—	—	—	(1,455)	—	—
Other liabilities	—	—	—	—	—	—
Total liabilities assumed	(59)	(10)	(728)	(5,245)	(3,706)	—
Net assets acquired	$10,206	$13,575	$16,873	$25,060	$ 7,047	$11,038

(in thousands)	SML	SSK	ICG	CC	Other	Total
Cash	$ —	$ —	$ —	$ —	$ —	$ 5,170
Other current assets	1,372	247	336	—	1,059	5,835
Fixed assets	465	45	100	60	65	1,075
Goodwill	31,601	5,818	9,564	8,070	18,465	128,344
Purchased customer accounts	13,995	2,726	7,161	6,094	13,746	73,868
Non-compete agreements	42	12	11	23	187	506
Other assets	4	—	5	—	2	24
Total assets acquired	47,479	8,848	17,177	14,247	33,524	214,822
Other current liabilities	(791)	(37)	(1,096)	(49)	(867)	(11,133)
Deferred income taxes, net	—	—	—	—	—	(1,455)
Other liabilities	—	—	(3,071)	—	—	(3,071)
Total liabilities assumed	(791)	(37)	(4,167)	(49)	(867)	(15,659)
Net assets acquired	$46,688	$8,811	$13,010	$14,198	$32,657	$199,163

The weighted average useful lives for the above acquired amortizable intangible assets are as follows: purchased customer accounts, 15.0 years; noncompete agreements, 5.0 years.

Goodwill of $128,344,000, was assigned to the Retail, National Programs and Services Divisions in the amounts of $108,420,000, $11,853,000 and $8,071,000, respectively. Of the total goodwill of $128,344,000, $84,105,000 is currently deductible for income tax purposes and $13,714,000 is non-deductible. The remaining $30,525,000 relates to the recorded acquisition earn-out payables and will not be deductible until it is earned and paid.

The results of operations for the acquisitions completed during 2011 have been combined with those of the Company since their respective acquisition dates. The total revenues and income before income taxes from the acquisitions completed through December 31, 2011 included in the Condensed Consolidated Statement of Income for the twelve months ended December 31, 2011 were $40,291,000 and $7,223,000, respectively. If the acquisitions had occurred as of the beginning of the comparable prior annual reporting period, the Company's estimated results of operations would be as shown in the following table. These unaudited pro forma results are not necessarily indicative of the actual results of operations that would have occurred had the acquisitions actually been made at the beginning of the respective periods.

(UNAUDITED) *(in thousands, except per share data)*	**For the Year Ended December 31, 2011**	**2010**
Total revenues	$1,058,142	$1,059,857
Income before income taxes	$ 283,404	$ 291,944
Net income	$ 171,805	$ 177,464
Net income per share:		
Basic	$ 1.20	$ 1.25
Diluted	$ 1.19	$ 1.23
Weighted average number of shares outstanding:		
Basic	138,582	137,924
Diluted	140,264	139,318

Acquisitions in 2010

During 2010, Brown & Brown acquired the assets and assumed certain liabilities of 33 insurance intermediaries and several books of business (customer accounts). The aggregate purchase price of these acquisitions was $186,783,000, including $158,636,000 of cash payments, the issuance of $759,000 in notes payable, the assumption of $2,298,000 of liabilities and $25,090,000 of recorded earn-out payables. All of these acquisitions were acquired primarily to expand Brown & Brown's core businesses and to attract and hire high-quality personnel. Acquisition purchase prices are typically based on a multiple of average annual operating profit earned over a one- to three-year period within a minimum and maximum price range. The recorded purchase price for all acquisitions consummated after January 1, 2009 included an estimation of the fair value of liabilities associated with any potential earn-out provisions. Subsequent changes in the fair value of earn-out obligations will be recorded in the consolidated statement of income when incurred.

The fair value of earn-out obligations is based on the present value of the expected future payments to be made to the sellers of the acquired businesses in accordance with the provisions outlined in the respective purchase agreements. In determining fair value, the acquired business's future performance is estimated using financial projections developed by management for the acquired business and reflects market participant assumptions regarding revenue growth and/or profitability. The expected future payments are estimated on the basis of the earn-out formula and performance targets specified in each purchase agreement compared to the associated financial projections. These payments are then discounted to present value using a risk-adjusted rate that takes into consideration the likelihood that the forecasted earn-out payments will be made.

These acquisitions have been accounted for as business combinations and are as follows:

(in thousands)

Name	**Business Segment**	**2010 Date of Acquisition**	**Cash Paid**	**Note Payable**	**Recorded Earn-out Payable**	**Net Assets Acquired**	*Maximum Potential Earn-out Payable*
DiMartino Associates, Inc.	Retail	March 1	$ 7,047	$ —	$ 3,402	$ 10,449	*$ 5,637*
Stone Insurance Agencies, et al.	Retail	May 1	15,825	—	124	15,949	*3,000*
Crowe Paradis Holding Company, et al.	Services	September 1	75,000	—	8,665	83,665	*15,000*
Thomas R Jones, Inc.	Retail	October 1	14,634	—	—	14,634	—
Other	Various	Various	46,130	759	12,899	59,788	*30,668*
Total			$158,636	$ 759	$25,090	$184,485	*$54,305*

The following table summarizes the estimated fair values of the aggregate assets and liabilities acquired as of the date of each acquisition:

(in thousands)	DiMartino	Stone	Crowe	TR Jones	Other	Total
Cash	$ —	$ —	$ 1,000	$ —	$ —	$ 1,000
Other current assets	137	516	118	259	1,528	2,558
Fixed assets	21	70	500	120	180	891
Goodwill	6,890	11,128	53,573	8,683	36,119	116,393
Purchased customer accounts	3,380	5,172	28,440	5,643	22,841	65,476
Non-compete agreements	21	74	33	—	332	460
Other assets	—	—	1	4	—	5
Total assets acquired	10,449	16,960	83,665	14,709	61,000	186,783
Other current liabilities	—	(1,011)	—	(75)	(1,212)	(2,298)
Total liabilities assumed	—	(1,011)	—	(75)	(1,212)	(2,298)
Net assets acquired	$ 10,449	$ 15,949	$ 83,665	$ 14,634	$ 59,788	$ 184,485

The weighted average useful lives for the above acquired amortizable intangible assets are as follows: purchased customer accounts are 15.0 years, and noncompete agreements are 5.0 years.

Goodwill of $116,393,000, was assigned to the Retail and Services Divisions in the amounts of $57,423,000 and $58,970,000, respectively. Of the total goodwill of $116,393,000, $91,303,000 is currently deductible for income tax purposes. The remaining $25,090,000 relates to the earn-out payables and will not be deductible until it is earned and paid.

The results of operations for the acquisitions completed during 2010 have been combined with those of the Company since their respective acquisition dates. The total revenues and income before income taxes from the acquisitions completed through December 31, 2010 included in the Consolidated Statement of Income for the twelve months ended December 31, 2010 were $30,172,000 and $3,255,000, respectively. If the acquisitions had occurred as of the beginning of the comparable prior annual reporting period, the Company’s results of operations would be as shown in the following table. These unaudited pro forma results are not necessarily indicative of the actual results of operations that would have occurred had the acquisitions actually been made at the beginning of the respective periods.

(UNAUDITED) *(in thousands, except per share data)*	For the Year Ended December 31, 2010	2009
Total revenues	$1,015,043	$1,035,286
Income before income taxes	$ 278,635	$ 274,908
Net income	$ 169,373	$ 165,420
Net income per share:		
Basic	$ 1.19	$ 1.17
Diluted	$ 1.18	$ 1.16
Weighted average number of shares outstanding:		
Basic	137,924	137,173
Diluted	139,318	137,507

For acquisitions consummated prior to January 1, 2009, additional consideration paid to sellers as a result of purchase price "earn-out" provisions are recorded as adjustments to intangible assets when the contingencies are settled. The net additional consideration paid by the Company in 2012 as a result of these adjustments totaled $2,907,000, all of which was allocated to goodwill. Of the $2,907,000 net additional consideration paid, $2,907,000 was paid in cash. The net additional consideration paid by the Company in 2011 as a result of these adjustments totaled $4,190,000, all of which was allocated to goodwill. Of the $4,190,000 net additional consideration paid, $3,781,000 was paid in cash and $409,000 was issued as a note payable. The net additional consideration paid by the Company in 2010 as a result of these adjustments totaled $4,037,000, all of which was allocated to goodwill. Of the $4,037,000 net additional consideration paid, $975,000 was paid in cash and $3,062,000 was issued in notes payable.

As of December 31, 2012, the maximum future contingency payments related to all acquisitions totaled $146,858,000, of which all of the $146,858,000 relates to acquisitions consummated subsequent to January 1, 2009.

ASC Topic 805 — *Business Combinations* is the authoritative guidance requiring an acquirer to recognize 100% of the fair values of acquired assets, including goodwill, and assumed liabilities (with only limited exceptions) upon initially obtaining control of an acquired entity. Additionally, the fair value of contingent consideration arrangements (such as earn-out purchase arrangements) at the acquisition date must be included in the purchase price consideration. As a result, the recorded purchase prices for all acquisitions consummated after January 1, 2009 include an estimation of the fair value of liabilities associated with any potential earn-out provisions. Subsequent changes in these earn-out obligations will be recorded in the consolidated statement of income when incurred. Potential earn-out obligations are typically based upon future earnings of the acquired entities, usually between one and three years.

As of December 31, 2012, the fair values of the estimated acquisition earn-out payables were re-evaluated and measured at fair value on a recurring basis using unobservable inputs (Level 3). The resulting additions, payments, and net changes, as well as the interest expense accretion on the estimated acquisition earn-out payables, for the years ended December 31, were as follows:

(in thousands)	For the Year Ended December 31, 2012	2011	2010
Balance as of the beginning of the period	$ 47,715	$ 29,608	$ 7,354
Additions to estimated acquisition earn-out payables	21,479	30,525	25,090
Payments for estimated acquisition earn-out payables	(17,625)	(10,212)	(1,162)
Subtotal	51,569	49,921	31,282
Net change in earnings from estimated acquisition earn-out payables:			
Change in fair value on estimated acquisition earn-out payables	(1,051)	(4,043)	(2,606)
Interest expense accretion	2,469	1,837	932
Net change in earnings from estimated acquisition earn-out payables	1,418	(2,206)	(1,674)
Balance as of December 31	$ 52,987	$ 47,715	$29,608

Of the $52,987,000 in estimated acquisition earn-out payables as of December 31, 2012, $10,164,000 was recorded as accounts payable and $42,823,000 was recorded as other non-current liabilities. Of the $47,715,000 in estimated acquisition earn-out payables as of December 31, 2011, $3,654,000 was recorded as accounts payable and $44,061,000 was recorded as other non-current liabilities.

NOTE 3 Goodwill

The changes in the carrying value of goodwill by operating segment for the years ended December 31, are as follows:

(in thousands)	Retail	National Programs	Wholesale Brokerage	Service	Total
Balance as of January 1, 2011	$716,626	$140,238	$269,723	$ 68,240	$1,194,827
Goodwill of acquired businesses	112,610	9,564	2,289	8,071	132,534
Goodwill transferred	(1,771)	—	1,771	—	—
Goodwill disposed of relating to sales of businesses	(3,892)	—	—	—	(3,892)
Balance as of December 31, 2011	823,573	149,802	273,783	76,311	1,323,469
Goodwill of acquired businesses	58,148	289,378	14,271	31,750	393,547
Goodwill disposed of relating to sales of businesses	(5,502)	—	—	—	(5,502)
Balance as of December 31, 2012	$876,219	$439,180	$288,054	$108,061	$1,711,514

NOTE 4 Amortizable Intangible Assets

Amortizable intangible assets at December 31 consisted of the following:

	2012				2011			
(in thousands)	Gross Carrying Value	Accumulated Amortization	Net Carrying Value	Weighted Average Life (years)	Gross Carrying Value	Accumulated Amortization	Net Carrying Value	Weighted Average Life (years)
Purchased customer accounts	$1,005,031	$ (439,623)	$565,408	14.9	$876,552	$ (381,615)	$494,937	14.9
Non-compete agreements	25,320	(24,190)	1,130	7.2	25,291	(24,046)	1,245	7.2
Total	$1,030,351	$ (463,813)	$566,538		$901,843	$ (405,661)	$496,182	

Amortization expense recorded for amortizable intangible assets for the years ended December 31, 2012, 2011 and 2010 was $63,573,000, $54,755,000 and $51,442,000, respectively.

Amortization expense for amortizable intangible assets for the years ending December 31, 2013, 2014, 2015, 2016 and 2017 is estimated to be $64,082,000, $63,020,000, $61,730,000, $57,149,000, and $54,437,000, respectively.

NOTE 5 Investments

Investments, which have been classified as ASC 805 Level 1 securities, at December 31 consisted of the following:

	2012 Carrying Value		2011 Carrying Value	
(in thousands)	Current	Non-Current	Current	Non-Current
Available-for-sale equity securities	$ —	$ —	$ 36	$ —
Certificates of deposit and other securities	8,183	16	7,591	516
Total investments	$8,183	$ 16	$7,627	$ 516

The following table summarizes available-for-sale securities at December 31:

(in thousands)	Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
Equity securities:				
2012	$ —	$ —	$ —	$ —
2011	$ 25	$ 11	$ —	$ 36

The following table summarizes the proceeds and realized gains/(losses) on equity securities and certificates of deposit for the years ended December 31:

(in thousands)	Proceeds	Gross Realized Gains	Gross Realized Losses
2012	$10,654	$ 13	$ —
2011	$12,950	$ 124	$ —
2010	$ 9,327	$ 6	$ —

NOTE 6 Fixed Assets

Fixed assets at December 31 consisted of the following:

(in thousands)	2012	2011
Furniture, fixtures and equipment	$141,844	$131,436
Leasehold improvements	18,889	17,045
Land, buildings and improvements	3,902	438
Total cost	164,635	148,919
Less accumulated depreciation and amortization	(90,298)	(87,559)
Total	$ 74,337	$ 61,360

Depreciation and amortization expense for fixed assets amounted to $15,373,000 in 2012, $12,392,000 in 2011, and $12,639,000 in 2010.

NOTE 7 Accrued Expenses and Other Liabilities

Accrued expenses and other liabilities at December 31 consisted of the following:

(in thousands)	2012	2011
Accrued compensation and benefits	$19,943	$ 16,818
Accrued rent and vendor expenses	16,972	11,554
Accrued bonuses	12,668	47,585
Reserve for policy cancellations	7,174	6,396
Accrued interest	3,295	3,288
Other	19,541	15,224
Total	$79,593	$100,865

NOTE 8 Long-Term Debt

Long-term debt at December 31 consisted of the following:

(in thousands)	2012	2011
Unsecured Senior Notes	$450,000	$250,000
Acquisition notes payable	93	1,260
Revolving credit facility	—	—
Total debt	450,093	251,260
Less current portion	(93)	(1,227)
Long-term debt	$450,000	$250,033

In July 2004, the Company completed a private placement of $200.0 million of unsecured senior notes (the “Notes”). The $200.0 million is divided into two series: (1) Series A, which closed on September 15, 2004, for $100.0 million was due in 2011 and bore interest at 5.57% per year; and (2) Series B, which closed on July 15, 2004, for $100.0 million due in 2014 and bearing interest at 6.08% per year. Brown & Brown has used the proceeds from the Notes for general corporate purposes, including acquisitions and repayment of existing debt. On September 15, 2011, the $100.0 million of Series A Notes were redeemed on their normal maturity date. As of December 31, 2012 and 2011, there was an outstanding balance on the Notes of $100.0 million.

On December 22, 2006, the Company entered into a Master Shelf and Note Purchase Agreement (the “Master Agreement”) with a national insurance company (the “Purchaser”). On September 30, 2009, the Company and the Purchaser amended the Master Agreement to extend the term of the agreement until August 20, 2012. The Purchaser also purchased Notes issued by the Company in 2004. The Master Agreement provides for a $200.0 million private uncommitted “shelf” facility for the issuance of senior unsecured notes over a three-year period, with interest rates that may be fixed or floating and with such maturity dates, not to exceed ten years, as the parties may determine. The Master Agreement includes various covenants, limitations and events of default similar to the Notes issued in 2004. The initial issuance of notes under the Master Agreement occurred on December 22, 2006, through the issuance of $25.0 million in Series C Senior Notes due December 22, 2016, with a fixed interest rate of 5.66% per year. On February 1, 2008, $25.0 million in Series D Senior Notes due January 15, 2015, with a fixed interest rate of 5.37% per year, were issued. On September 15, 2011, pursuant to a Confirmation of Acceptance dated January 21, 2011 (the “Confirmation”), in connection with the Master Agreement, $100.0 million in Series E Senior Notes due September 15, 2018, with a fixed interest rate of 4.50% per year, were issued. The Series E Senior Notes were issued for the sole purpose of retiring the Series A Senior Notes. As of December 31, 2012, and December 31, 2011, there was an outstanding debt balance issued under the provisions of the Master Agreement of $150.0 million. The Master Agreement expired on September 30, 2012 and was not extended.

On October 12, 2012, the Company entered into a Master Note Facility Agreement (the “New Master Agreement”) with another national insurance company (the “New Purchaser”). The New Purchaser also purchased Notes issued by the Company in 2004. The New Master Agreement provides for a $125.0 million private uncommitted “shelf” facility for the issuance of unsecured senior notes over a three-year period, with interest rates that may be fixed or floating and with such maturity dates, not to exceed ten years, as the parties may determine. The New Master Agreement includes various covenants, limitations and events of default similar to the Master Agreement.

On June 12, 2008, the Company entered into an Amended and Restated Revolving Loan Agreement dated as of June 3, 2008 (the “Prior Loan Agreement”), with a national banking institution, amending and restating the Revolving Loan Agreement dated September 29, 2003, as amended (the “Revolving Agreement”), to increase the lending commitment to $50.0 million (subject to potential increases up to $100.0 million) and to extend the maturity date from December 20, 2011, to June 3, 2013. The Revolving Agreement initially provided for a revolving credit facility in the maximum principal amount of $75.0 million. After a series of amendments that provided covenant exceptions for the notes issued or to be issued under the Master Agreement and relaxed or deleted certain other covenants, the maximum principal amount was reduced to $20.0 million. At December 31, 2012 and December 31, 2011, there were no borrowings against this facility.

On January 9, 2012, the Company entered into: (1) an amended and restated revolving and term loan credit agreement (the “SunTrust Agreement”) with SunTrust Bank (“SunTrust”) that provides for (a) a $100.0 million term loan (the “SunTrust Term Loan”) and (b) a $50.0 million revolving line of credit (the “SunTrust Revolver”) and (2) a $50.0 million promissory note (the “JPM Note”) in favor of JPMorgan Chase Bank, N.A. (“JPMorgan”), pursuant to a letter agreement executed by JP Morgan (together with the JPM Note, (the “JPM Agreement”) that provides for a $50.0 million uncommitted line of credit bridge facility (the “JPM Bridge Facility”). The SunTrust Term Loan, the SunTrust Revolver and the JPM Bridge Facility were each funded on January 9, 2012, and provided the financing for the Arrowhead acquisition. The SunTrust Agreement amended and restated the Prior Loan Agreement.

The maturity date for the SunTrust Term Loan and the SunTrust Revolver is December 31, 2016, at which time all outstanding principal and unpaid interest will be due. Both the SunTrust Term Loan and the SunTrust Revolver may be increased by up to $50.0 million (bringing the total available to $150.0 million for the SunTrust Term Loan and $100.0 million for the SunTrust Revolver). The calculation of interest and fees for the SunTrust Agreement is generally based on the Company’s funded debt-to-EBITDA ratio. Interest is charged at a rate equal to 1.00% to 1.40% above LIBOR or 1.00% below the Base Rate, each as more fully described in the SunTrust Agreement. Fees include an up-front fee, an availability fee of 0.175% to 0.25%, and a letter of credit margin fee of 1.00% to 1.40%. The obligations under the SunTrust Term Loan and SunTrust Revolver are unsecured and the SunTrust Agreement includes various covenants, limitations and events of default that are customary for similar facilities for similar borrowers and that are substantially similar to those contained in the Prior Loan Agreement.

The maturity date for the JPM Bridge Facility was February 3, 2012, at which time all outstanding principal and unpaid interest would have been due. On January 26, 2012, the Company entered into a term loan agreement (the “JPM Agreement”) with JPMorgan that provided for a $100.0 million term loan (the “JPM Term Loan”). The JPM Term Loan was fully funded on January 26, 2012, and provided the financing to fully repay (1) the JPM Bridge Facility and (2) the SunTrust Revolver. As a result of the January 26, 2012 financing and repayments, the JPM Bridge Facility was terminated and the SunTrust Revolver’s amount outstanding was reduced to zero.

The maturity date for the JPM Term Loan is December 31, 2016, at which time all outstanding principal and unpaid interest will be due. Interest is charged at a rate equal to the Alternative Base Rate or 1.00% above the Adjusted LIBOR Rate, each as more fully described in the JPM Agreement. Fees include an up-front fee. The obligations under the JPM Term Loan are unsecured and the JPM Agreement includes various covenants, limitations and events of default that are customary for similar facilities for similar borrowers.

The 30-day LIBOR and Adjusted LIBOR Rate as of December 31, 2012 were 0.23% and 0.25%, respectively.

The Notes, the Master Agreement, the SunTrust Agreement and the JPM Agreement all require the Company to maintain certain financial ratios and comply with certain other covenants. The Company was in compliance with all such covenants as of December 31, 2012 and 2011.

Acquisition notes payable represent debt incurred to former owners of certain insurance operations acquired by Brown & Brown. These notes and future contingent payments are payable in monthly, quarterly and annual installments through July 2013.

Interest paid in 2012, 2011 and 2010 was $16,090,000, $15,571,000 and $14,491,000, respectively.

At December 31, 2012, maturities of long-term debt were $93,000 in 2013, $100,000,000 in 2014, $25,000,000 in 2015, $225,000,000 in 2016, $0 in 2017 and $100,000,000 in 2018 and beyond.

NOTE 9 Income Taxes

Significant components of the provision for income taxes for the years ended December 31 are as follows:

(in thousands)	2012	2011	2010
Current:			
Federal	$ 75,522	$ 65,461	$ 70,715
State	11,852	10,084	10,236
Foreign	669	638	860
Total current provision	88,043	76,183	81,811
Deferred:			
Federal	27,348	27,212	19,890
State	5,375	3,131	2,645
Total deferred provision	32,723	30,343	22,535
Total tax provision	$120,766	$106,526	$104,346

A reconciliation of the differences between the effective tax rate and the federal statutory tax rate for the years ended December 31 is as follows:

	2012	2011	2010
Federal statutory tax rate	35.0%	35.0%	35.0%
State income taxes, net of federal income tax benefit	4.3	3.5	3.5
Non-deductible employee stock purchase plan expense	0.3	0.3	0.3
Non-deductible meals and entertainment	0.3	0.3	0.3
Other, net	(0.3)	0.3	0.1
Effective tax rate	39.6%	39.4%	39.2%

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for income tax reporting purposes.

Significant components of Brown & Brown’s current deferred tax assets as of December 31 are as follows:

(in thousands)	2012	2011
Current deferred tax assets:		
Deferred profit-sharing contingent commissions	$ 9,490	$11,124
Net operating loss carryforwards	5,786	—
Accruals and reserves	9,132	8,739
Total current deferred tax assets	$24,408	$19,863

Significant components of Brown & Brown's non-current deferred tax liabilities and assets as of December 31 are as follows:

(in thousands)	2012	2011
Non-current deferred tax liabilities:		
Fixed assets	$ 12,427	$ 11,400
Net unrealized holding gain of available-for-sale securities	—	4
Prepaid insurance and pension	—	3,123
Intangible assets	245,020	176,459
Total non-current deferred tax liabilities	257,447	190,986
Non-current deferred tax assets:		
Deferred compensation	13,576	11,341
Net operating loss carryforwards	6,658	2,071
Valuation allowance for deferred tax assets	(417)	(478)
Total non-current deferred tax assets	19,817	12,934
Net non-current deferred tax liability	$237,630	$178,052

Income taxes paid in 2012, 2011 and 2010 were $80,622,000**,** $75,403,000, and $69,828,000, respectively.

At December 31, 2012, Brown & Brown had net operating loss carryforwards of $22,687,000 and $84,311,000 for federal and state income tax reporting purposes, respectively, portions of which expire in the years 2013 through 2032. The federal carryforward is derived from insurance operations acquired by Brown & Brown in 2001 and 2012. The majority of the federal net operating loss carryforward resulted from the 2012 acquisition of Arrowhead. The state carryforward amount is derived from the operating results of certain subsidiaries and from the acquisition of Arrowhead.

A reconciliation of the beginning and ending amount of unrecognized tax benefits is as follows:

(in thousands)	2012	2011	2010
Unrecognized tax benefits balance at January 1	$ 806	$ 656	$ 635
Gross increases for tax positions of prior years	222	257	229
Gross decreases for tax positions of prior years	(409)	—	—
Settlements	(325)	(107)	(208)
Unrecognized tax benefits balance at December 31	$ 294	$ 806	$ 656

The Company recognizes interest and penalties related to uncertain tax positions in income tax expense. As of December 31, 2012 and 2011, the Company had approximately $ 79,000 and $188,000 of accrued interest and penalties related to uncertain tax positions, respectively.

The total amount of unrecognized tax benefits that would affect the Company's effective tax rate if recognized was $294,000 as of December 31, 2012 and $806,000 as of December 31, 2011. The Company does not expect its unrecognized tax benefits to change significantly over the next 12 months.

As a result of a 2006 Internal Revenue Service ("IRS") audit, the Company agreed to accrue at each December 31, for tax purposes only, a known amount of profit-sharing contingent commissions represented by the actual amount of profit-sharing contingent commissions received in the first quarter of the related year, with a true-up adjustment to the actual amount received by the end of the following March. Since this method for tax purposes differs from the method used for book purposes, it will result in a current deferred tax asset as of December 31 each year which will reverse by the following March 31 when the related profit-sharing contingent commissions are recognized for financial accounting purposes.

The Company is subject to taxation in the United States and various state jurisdictions. The Company is also subject to taxation in the United Kingdom. In the United States, federal returns for fiscal years 2009 through 2012 remain open and subject to examination by the Internal Revenue Service. The Company files and remits state income taxes in various states where the Company has determined it is required to file state income taxes. The Company's filings with those states remain open for audit for the fiscal years 2008 through 2012. In the United Kingdom, the Company's filings remain open for audit for the fiscal years 2008 through 2012. The Company's 2009 and 2010 federal corporate income tax returns are currently being audited by the Internal Revenue Service. The Company's 2008 through 2011 State of Colorado and State of Florida income tax returns are currently under audit. The Company is not subject to any other ongoing federal, state or foreign income tax audits.

NOTE 10 Employee Savings Plan

The Company has an Employee Savings Plan (401(k)) in which substantially all employees with more than 30 days of service are eligible to participate. Under this plan, Brown & Brown makes matching contributions, of up to 2.5% of each participant's annual compensation. Further, the Plan authorizes the Company to make a discretionary profit-sharing contribution each year, which equaled 1.5% of each eligible employee's compensation in each of the past three years. The Company's contributions to the plan totaled $14,266,000 in 2012, $11,866,000 in 2011, and $11,376,000 in 2010.

NOTE 11 Stock-Based Compensation

Performance Stock Plan

In 1996, Brown & Brown adopted and the shareholders approved a performance stock plan, under which until the suspension of the plan in 2010, up to 14,400,000 Performance Stock Plan ("PSP") shares could be granted to key employees contingent on the employees' future years of service with Brown & Brown and other performance-based criteria established by the Compensation Committee of the Company's Board of Directors. Before participants may take full title to Performance Stock, two vesting conditions must be met. Of the grants currently outstanding, specified portions will satisfy the first condition for vesting based on 20% incremental increases in the 20-trading-day average stock price of Brown & Brown's common stock from the price on the business day prior to date of grant. Performance Stock that has satisfied the first vesting condition is considered "awarded shares." Awarded shares are included as issued and outstanding common stock shares and are included in the calculation of basic and diluted EPS. Dividends are paid on awarded shares and participants may exercise voting privileges on such shares. Awarded shares satisfy the second condition for vesting on the earlier of a participant's: (i) 15 years of continuous employment with Brown & Brown from the date shares are granted to the participants (or, in the case of the July 2009 grant to Powell Brown, 20 years); (ii) attainment of age 64 (on a prorated basis corresponding to the number of years since the date of grant); or (iii) death or disability. On April 28, 2010, the PSP was suspended and any remaining authorized but unissued shares, as well as any shares forfeited in the future, will be reserved for issuance under the 2010 Stock Incentive Plan (the "SIP").

At December 31, 2012, 6,750,253 shares had been granted under the PSP at initial stock prices ranging from $4.25 to $25.68. As of December 31, 2012, 1,296,517 shares had not met the first condition for vesting, 2,394,505 shares had met the first condition of vesting and had been awarded, and 3,059,231 shares had satisfied both conditions of vesting and had been distributed to participants.

The Company uses a path-dependent lattice model to estimate the fair value of PSP grants on the grant date.

A summary of PSP activity for the years ended December 31, 2012, 2011 and 2010 is as follows:

	Weighted-Average Grant Date Fair Value	Granted Shares	Awarded Shares	Shares Not Yet Awarded
Outstanding at January 1, 2010	$ 7.39	7,758,547	4,423,436	3,335,111
Granted	$ 9.67	384,420	—	384,420
Awarded	$ 9.49	—	474,113	(474,113)
Vested	$ 2.02	(1,388,789)	(1,388,789)	—
Forfeited	$ 7.91	(962,324)	(117,241)	(845,083)
Outstanding at December 31, 2010	$ 7.32	5,791,854	3,391,519	2,400,335
Granted	$ —	—	—	—
Awarded	$ 9.56	—	447,154	(447,154)
Vested	$ 6.01	(106,490)	(106,490)	—
Forfeited	$ 9.48	(753,552)	(386,914)	(366,638)
Outstanding at December 31, 2011	$ 8.08	4,931,812	3,345,269	1,586,543
Granted	$ —	—	—	—
Awarded	$ 8.09	—	7,743	(7,743)
Vested	$ 3.29	(877,224)	(877,224)	—
Forfeited	$ 13.06	(363,566)	(81,283)	(282,283)
Outstanding at December 31, 2012	$ 8.72	3,691,022	2,394,505	1,296,517

The weighted average grant-date fair value of PSP grants for years ended December 31, 2012, 2011 and 2010 was $ 0.00, $0.00 and $9.67, respectively. The total fair value of PSP grants that vested during each of the years ended December 31, 2012, 2011 and 2010 was $23,034,000, $2,384,000 and $31,965,000, respectively.

Stock Incentive Plan

On April 28, 2010, the shareholders of Brown & Brown, Inc. approved the Stock Incentive Plan ("SIP") that provides for the granting of stock options, stock and/or stock appreciation rights to employees and directors contingent on criteria established by the Compensation Committee of the Company's Board of Directors. The principal purpose of the SIP is to attract, incentivize and retain key employees by offering those persons an opportunity to acquire or increase a direct proprietary interest in the Company's operations and future success. The SIP includes a sub-plan applicable to Decus Insurance Brokers Limited ("Decus") which, together with its parent company, Decus Holdings (U.K.) Limited, are the Company's only foreign subsidiaries. The shares of stock reserved for issuance under the SIP are any shares that are authorized for issuance under the PSP and not already subject to grants under the PSP, and that were outstanding as of April 28, 2010, the date of suspension of the PSP, together with PSP shares and SIP shares forfeited after that date. As of April 28, 2010, 6,046,768 shares were available for issuance under the PSP, which were then transferred to the SIP. To date stock grants to employees under the SIP generally vest in four-to-ten years, subject to the achievement of certain performance criteria by grantees, and the achievement of consolidated EPS growth at certain levels by the Company, over three-to-five-year measurement periods.

In 2010, a grant of 187,040 shares was made under the SIP. This grant was conditioned upon the surrender of 187,040 shares previously granted under the PSP in 2009, which were accordingly treated as forfeited PSP shares. The vesting conditions of this grant were identical to those provided for in connection with the 2009 PSP grant; thus the target stock prices and the periods associated with satisfaction of the first and second conditions of vesting were unchanged. Additionally, grants totaling 5,205 shares were made in 2010 to Decus employees under the SIP sub-plan applicable to Decus.

In 2011, 2,375,892 shares were granted under the SIP. Of this total, 24,670 shares were granted to Decus employees under the SIP sub-plan applicable to Decus. As of December 31, 2012, 37,408 of the granted shares had satisfied the first condition of vesting and had been "awarded", meaning that dividends are paid on awarded shares and participants may exercise voting privileges on such shares.

In 2012, shares totaling 814,545 were granted under the SIP, primarily related to the Arrowhead acquisition. As of December 31, 2012, no shares had met the first condition for vesting. Additionally, non-employee members of the Board of Directors received shares issued pursuant to the SIP as part of their annual compensation. A total of 36,919 SIP shares were issued to these directors in 2011 and 2012, of which 11,682 were issued in January 2011, 12,627 in January 2012, and 12,610 in December 2012. The shares issued in December 2012 were issued at that earlier time rather than in January 2013 pursuant to action of the Board of Directors.

At December 31, 2012, 4,455,517 shares were available for future grants, of which 2,624,873 are reserved for grants with PSP-type vesting conditions.

The Company uses the closing stock price on the day prior to the grant date to determine the fair value of SIP grants and then applies an estimated forfeiture factor to estimate the annual expense. Additionally, the Company uses the path-dependent lattice model to estimate the fair value of grants with PSP-type vesting conditions as of the grant date. SIP shares that satisfied the first vesting condition for PSP-like grants or the established performance criteria are considered awarded shares. Awarded shares are included as issued and outstanding common stock shares and are included in the calculation of basic and diluted EPS.

A summary of SIP activity for the years ended December 31, 2012, 2011 and 2010 is as follows:

	Weighted-Average Grant Date Fair Value	Granted Shares	Awarded Shares	Shares Not Yet Awarded
Outstanding at January 1, 2010	$ —	—	—	—
Granted	$ 12.62	192,245	—	192,245
Awarded	$ 12.62	—	38,449	(38,449)
Vested	$ —	—	—	—
Forfeited	$ —	—	—	—
Outstanding at December 31, 2010	$ 12.62	192,245	38,449	153,796
Granted	$ 23.94	2,375,892	—	2,375,892
Awarded	$ 11.41	—	(1,041)	1,041
Vested	$ —	—	—	—
Forfeited	$ 23.94	(90,080)	—	(90,080)
Outstanding at December 31, 2011	$ 23.06	2,478,057	37,408	2,440,649
Granted	$ 22.59	814,545	—	814,545
Awarded	$ —	—	—	—
Vested	$ —	—	—	—
Forfeited	$ 23.62	(135,291)	—	(135,291)
Outstanding at December 31, 2012	$ 22.91	3,157,311	37,408	3,119,903

Employee Stock Purchase Plan

The Company has a shareholder-approved Employee Stock Purchase Plan ("ESPP") with a total of 12,000,000 authorized shares of which 1,734,510 were available for future subscriptions as of December 31, 2012. Employees of the Company who regularly work more than 20 hours per week are eligible to participate in the ESPP. Participants, through payroll deductions, may allot up to 10% of their compensation, to a maximum of $25,000, to purchase Company stock between August 1st of each year and the following July 31st (the "Subscription Period") at a cost of 85% of the lower of the stock price as of the beginning or end of the Subscription Period.

The Company estimates the fair value of an ESPP share option as of the beginning of the Subscription Period as the sum of: (1) 15% of the quoted market price of the Company's stock on the day prior to the beginning of the Subscription Period, and (2) 85% of the value of a one-year stock option on the Company stock using the Black-Scholes option-pricing model. The estimated fair value of an ESPP share option as of the Subscription Period beginning in August 2012 was $5.84. The fair values of an ESPP share option as of the Subscription Periods beginning in August 2011 and 2010, were $4.27 and $4.01, respectively.

For the ESPP plan years ended July 31, 2012, 2011 and 2010, the Company issued 562,748, 488,052 and 500,334 shares of common stock, respectively. These shares were issued at an aggregate purchase price of $9,302,000, or $16.53 per share, in 2012, $8,048,000, or $16.49 per share, in 2011, and $8,326,000, or $16.64 per share, in 2010.

For the five months ended December 31, 2012, 2011 and 2010 (portions of the 2012-2013, 2011-2012 and 2010-2011 plan years), 246,164, 230,481, and 206,201 shares of common stock (from authorized but unissued shares), respectively, were subscribed to by ESPP participants for proceeds of approximately $5,278,000, $3,810,000 and $3,400,000, respectively.

Incentive Stock Option Plan

On April 21, 2000, Brown & Brown adopted, and the shareholders approved, a qualified incentive stock option plan (the "ISOP") that provides for the granting of stock options to certain key employees for up to 4,800,000 shares of common stock. On December 31, 2008, the ISOP expired. The objective of the ISOP was to provide additional performance incentives to grow Brown & Brown's pre-tax income in excess of 15% annually. The options were granted at the most recent trading day's closing market price and vest over a one-to-10-year period, with a potential acceleration of the vesting period to three-to-six years based upon achievement of certain performance goals. All of the options expire 10 years after the grant date.

The Company uses the Black-Scholes option-pricing model to estimate the fair value of stock options on the grant date. The risk-free interest rate is based upon the U.S. Treasury yield curve on the date of grant with a remaining term approximating the expected term of the option granted. The expected term of the options granted is derived from historical data; grantees are divided into two groups based upon expected exercise behavior and are considered separately for valuation purposes. The expected volatility is based upon the historical volatility of the Company's common stock over the period of time equivalent to the expected term of the options granted. The dividend yield is based upon the Company's best estimate of future dividend yield.

A summary of stock option activity for the years ended December 31, 2012, 2011 and 2010 is as follows:

Stock Options	Shares Under Option	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Term *(in years)*	Aggregate Intrinsic Value *(in thousands)*
Outstanding at January 1, 2010	2,388,684	$ 17.03	6.1	$ 21,629
Granted	—	$ —		
Exercised	(313,514)	$ 13.13		
Forfeited	(200,000)	$ 18.48		
Expired	—	$ —		
Outstanding at December 31, 2010	1,875,170	$ 17.53	5.4	$ 17,147
Granted	—	$ —		
Exercised	(52,589)	$ 18.48		
Forfeited	(438,044)	$ 17.28		
Expired	—	$ —		
Outstanding at December 31, 2011	1,384,537	$ 17.58	4.4	$ 14,587
Granted	—	$ —		
Exercised	(645,745)	$ 16.64		
Forfeited	—	$ —		
Expired	—	$ —		
Outstanding at December 31, 2012	738,792	$ 18.39	4.9	$ 8,891
Ending vested and expected to vest at December 31, 2012	738,792	$ 18.39	4.9	$ 8,891
Exercisable at December 31, 2012	162,792	$ 17.82	4.0	$ 1,243
Exercisable at December 31, 2011	396,985	$ 18.16	5.4	$ 1,774
Exercisable at December 31, 2010	257,040	$ 17.92	6.0	$ 1,546

The following table summarizes information about stock options outstanding at December 31, 2012:

	Options Outstanding			Options Exercisable	
Exercise Price	Number Outstanding	Weighted Average Remaining Contractual Life (years)	Weighted Average Exercise Price	Number Exercisable	Weighted Average Exercise Price
$15.78	39,614	0.2	$ 15.78	39,614	$ 15.78
$22.06	12,000	2.0	$ 22.06	—	$ 22.06
$18.48	687,178	5.2	$ 18.48	123,178	$ 18.48
Totals	738,792	4.9	$ 18.39	162,792	$ 17.82

The total intrinsic value of options exercised, determined as of the date of exercise, during the years ended December 31, 2012, 2011 and 2010 was $5,780,000, $333,000 and $2,344,000, respectively. The total intrinsic value is calculated as the difference between the exercise price of all underlying awards and the quoted market price of the Company's stock for all in-the-money stock options at December 31, 2012, 2011 and 2010, respectively.

There are no option shares available for future grant under the ISOP since this plan expired as of December 31, 2008.

Summary of Non-Cash Stock-Based Compensation Expense

The non-cash stock-based compensation expense for the years ended December 31 is as follows:

(in thousands)	2012	2011	2010
Stock Incentive Plan	$ 9,288	$ 5,320	$ 60
Employee Stock Purchase Plan	2,856	2,126	2,511
Performance Stock Plan	2,612	2,661	2,836
Incentive Stock Option Plan	1,109	1,087	1,438
Total	$15,865	$11,194	$6,845

Summary of Unrecognized Compensation Expense

As of December 31, 2012, there was approximately $68.0 million of unrecognized compensation expense related to all non-vested share-based compensation arrangements granted under the Company's stock-based compensation plans. That expense is expected to be recognized over a weighted-average period of 7.8 years.

NOTE 12 Supplemental Disclosures of Cash Flow Information

Brown & Brown's significant non-cash investing and financing activities for the years ended December 31 are summarized as follows:

(in thousands)	2012	2011	2010
Other payable issued for purchased customer accounts	$25,439	$ —	$ —
Notes payable issued or assumed for purchased customer accounts	$ 59	$ 1,603	$ 3,821
Estimated acquisition earn-out payables and related charges	$21,479	$30,525	$25,090
Notes received on the sale of fixed assets and customer accounts	$ 967	$ 8,166	$ 1,825

NOTE 13 Commitments and Contingencies

Operating Leases

Brown & Brown leases facilities and certain items of office equipment under non-cancelable operating lease arrangements expiring on various dates through 2042. The facility leases generally contain renewal options and escalation clauses based upon increases in the lessors' operating expenses and other charges. Brown & Brown anticipates that most of these leases will be renewed or replaced upon expiration. At December 31, 2012, the aggregate future minimum lease payments under all non-cancelable lease agreements were as follows:

(in thousands)	
2013	$ 30,645
2014	26,413
2015	22,189
2016	18,407
2017	12,924
Thereafter	23,299
Total minimum future lease payments	$133,877

Rental expense in 2012, 2011 and 2010 for operating leases totaled $39,810,000, $34,951,000, and $35,216,000, respectively.

Legal Proceedings

The Company generally records losses for claims in excess of the limits of insurance in earnings at the time and to the extent they are probable and estimable. In accordance with ASC Topic 450—*Contingencies*, the Company accrues anticipated costs of settlement, damages, losses for general liability claims and, under certain conditions, costs of defense, based on historical experience or to the extent specific losses are probable and estimable. Otherwise, the Company expenses these costs as incurred. If the best estimate of a probable loss is a range rather than a specific, the Company accrues the amount at the lower end of the range.

The Company accruals for legal matters, that were probable and estimable were not material at December 31, 2012 and 2011, and including estimated costs of settlement, damages and defense. We continue to assess certain litigation and claims to determine the amounts, if any, that management believes will be paid as a result of such claims and litigation and, therefore, additional losses may be accrued and paid in the future, which could adversely impact the Company's operating results, cash flows and overall liquidity. The Company maintains third-party insurance policies to provide coverage for certain legal claims, in an effort to mitigate its overall exposure to unanticipated claims or adverse decisions. However, as (i) one or more of the Company's insurance carriers could take the position that portions of these claims are not covered by the Company's insurance, (ii) to the extent that payments are made to resolve claims and lawsuits, applicable insurance policy limits are eroded and (iii) the claims and lawsuits relating to these matters are continuing to develop, it is possible that future results of operations or cash flows for any particular quarterly or annual period could be materially affected by unfavorable resolutions of these matters. Based on the A. M. Best ratings of these third-party insurers and does not believe there is a substantial risk of an insurer's material nonperformance related to any current insured claims.

On the basis of current information, the availability of insurance and legal advice, in management's opinion, the Company is not currently involved in any legal proceedings which, individually or in the aggregate, would have a material adverse effect on its financial condition, operations and/or cash flows.

NOTE 14 Quarterly Operating Results (Unaudited)

Quarterly operating results for 2012 and 2011 were as follows:

(in thousands, except per share data)	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
2012				
Total revenues	$302,486	$290,916	$303,800	$302,830
Total expenses	$219,696	$219,771	$222,151	$233,603
Income before income taxes	$ 82,790	$ 71,145	$ 81,649	$ 69,227
Net income	$ 49,433	$ 42,471	$ 49,504	$ 42,637
Net income per share:				
Basic	$ 0.34	$ 0.30	$ 0.34	$ 0.30
Diluted	$ 0.34	$ 0.29	$ 0.34	$ 0.29
2011				
Total revenues	$262,228	$246,816	$260,401	$244,097
Total expenses	$185,558	$185,348	$187,709	$184,406
Income before income taxes	$ 76,670	$ 61,468	$ 72,692	$ 59,691
Net income	$ 46,293	$ 37,035	$ 44,173	$ 36,494
Net income per share:				
Basic	$ 0.32	$ 0.26	$ 0.31	$ 0.25
Diluted	$ 0.32	$ 0.26	$ 0.30	$ 0.25

Quarterly financial results are affected by seasonal variations. The timing of the Company's receipt of profit-sharing contingent commissions, policy renewals and acquisitions may cause revenues, expenses and net income to vary significantly between quarters.

NOTE 15 Segment Information

Brown & Brown's business is divided into four reportable segments: the Retail Division, which provides a broad range of insurance products and services to commercial, public and quasi-public entities, and to professional and individual customers; the National Programs Division, which provides professional liability and related package products for certain professionals delivered through nationwide networks of independent agents, and markets targeted products and services designed for specific industries, trade groups, public and quasi-public entities, and market niches; the Wholesale Brokerage Division, which markets and sells excess and surplus commercial and personal lines insurance, and reinsurance, primarily through independent agents and brokers; and the Services Division, which provides insurance-related services, including third-party claims administration and comprehensive medical utilization management services in both the workers' compensation and all-lines liability arenas, as well as Medicare set-aside services, Social Security disability and Medicare benefits advocacy services and catastrophe claims adjusting services.

Brown & Brown conducts all of its operations within the United States of America, except for one wholesale brokerage operation based in London, England which commenced business in March 2008. This operation earned $9.7 million, $9.1 million and $9.9 million of total revenues for the years ended December 31, 2012, 2011 and 2010, respectively. Long-lived assets held outside of the United States during each of these three years were not material.

The accounting policies of the reportable segments are the same as those described in Note 1. Brown & Brown evaluates the performance of its segments based upon revenues and income before income taxes. Inter-segment revenues are eliminated.

Summarized financial information concerning Brown & Brown's reportable segments is shown in the following table. The "Other" column includes any income and expenses not allocated to reportable segments and corporate-related items, including the inter-company interest expense charge to the reporting segment.

	Year Ended December 31, 2012					
(in thousands)	Retail	National Programs	Wholesale Brokerage	Services	Other	Total
Total revenues	$ 644,429	$ 252,943	$183,565	$116,736	$ 2,359	$1,200,032
Investment income	$ 108	$ 20	$ 22	$ 1	$ 646	$ 797
Amortization	$ 34,639	$ 13,936	$ 11,280	$ 3,680	$ 38	$ 63,573
Depreciation	$ 5,181	$ 4,600	$ 2,718	$ 1,278	$ 1,596	$ 15,373
Interest expense	$ 26,641	$ 25,674	$ 3,974	$ 8,602	$ (48,794)	$ 16,097
Income before income taxes	$ 145,214	$ 51,491	$ 43,355	$ 16,770	$ 47,981	$ 304,811
Total assets	$2,420,759	$1,183,191	$837,364	$238,430	$(1,551,686)	$3,128,058
Capital expenditures	$ 5,732	$ 9,633	$ 3,383	$ 2,519	$ 2,761	$ 24,028

	Year Ended December 31, 2011					
(in thousands)	Retail	National Programs	Wholesale Brokerage	Services	Other	Total
Total revenues	$ 607,199	$ 164,427	$174,158	$ 65,972	$ 1,786	$1,013,542
Investment income	$ 102	$ —	$ 34	$ 128	$ 1,003	$ 1,267
Amortization	$ 33,373	$ 7,770	$ 11,032	$ 2,541	$ 39	$ 54,755
Depreciation	$ 5,046	$ 2,937	$ 2,594	$ 590	$ 1,225	$ 12,392
Interest expense	$ 27,688	$ 1,381	$ 7,495	$ 5,746	$ (28,178)	$ 14,132
Income before income taxes	$ 137,807	$ 60,465	$ 36,511	$ 7,729	$ 28,009	$ 270,521
Total assets	$2,155,413	$ 680,251	$712,212	$166,060	$(1,106,925)	$2,607,011
Capital expenditures	$ 6,102	$ 1,968	$ 2,658	$ 689	$ 2,191	$ 13,608

	Year Ended December 31, 2010					
(in thousands)	Retail	National Programs	Wholesale Brokerage	Services	Other	Total
Total revenues	$ 575,061	$ 176,051	$171,813	$ 46,447	$ 4,120	$ 973,492
Investment income	$ 170	$ 1	$ 29	$ 15	$ 1,111	$ 1,326
Amortization	$ 30,725	$ 8,427	$ 10,987	$ 1,264	$ 39	$ 51,442
Depreciation	$ 5,349	$ 3,004	$ 2,740	$ 352	$ 1,194	$ 12,639
Interest expense	$ 27,037	$ 2,670	$ 11,342	$ 2,592	$ (29,170)	$ 14,471
Income before income taxes	$ 128,026	$ 70,264	$ 29,911	$ 7,693	$ 30,204	$ 266,098
Total assets	$1,914,587	$ 624,540	$673,927	$145,321	$ (957,561)	$2,400,814
Capital expenditures	$ 4,852	$ 2,377	$ 1,893	$ 419	$ 913	$ 10,454

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholders of
Brown & Brown, Inc.
Daytona Beach, Florida

We have audited the accompanying consolidated balance sheets of Brown & Brown, Inc. and subsidiaries (the "Company") as of December 31, 2012 and 2011, and the related consolidated statements of income, shareholders' equity, and cash flows for each of the three years in the period ended December 31, 2012. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of Brown & Brown, Inc. and subsidiaries as of December 31, 2012 and 2011, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2012, in conformity with accounting principles generally accepted in the United States of America.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the Company's internal control over financial reporting as of December 31, 2012, based on the criteria established in *Internal Control—Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated March 1, 2013 expressed an unqualified opinion on the Company's internal control over financial reporting.

/s/ DELOITTE & TOUCHE LLP

Certified Public Accountants
Jacksonville, Florida
March 1, 2013

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholders of
Brown & Brown, Inc.
Daytona Beach, Florida

We have audited the internal control over financial reporting of Brown & Brown, Inc. and subsidiaries (the "Company") as of December 31, 2012, based on criteria established in *Internal Control — Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission. As described in Management's Report on Internal Control over Financial Reporting, management excluded from its assessment the internal control over financial reporting at Arrowhead General Insurance Agency Superholding Corporation, Richard W. Endlar Insurance Agency, Inc., Texas Security General Insurance Agency, Inc., Edgren Hecker & Lemmon Insurance, Inc. and Rowlands & Barranca Agency, Inc. (collectively the "2012 Excluded Acquisitions"), which were acquired during 2012 and whose financial statements constitute 0.2% and 19.0% of net and total assets, respectively, 10.1% of revenues, and 10.4% of net income of the consolidated financial statement amounts as of and for the year ended December 31, 2012. Accordingly, our audit did not include the internal control over financial reporting of the 2012 Excluded Acquisitions. The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed by, or under the supervision of, the company's principal executive and principal financial officers, or persons performing similar functions, and effected by the company's board of directors, management, and other personnel to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of the inherent limitations of internal control over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may not be prevented or detected on a timely basis. Also, projections of any evaluation of the effectiveness of the internal control over financial reporting to future periods are subject to the risk that the controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2012, based on the criteria established in *Internal Control — Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated financial statements as of and for the year ended December 31, 2012 of the Company and our report dated March 1, 2013 expressed an unqualified opinion on those financial statements.

/s/ DELOITTE & TOUCHE LLP

Certified Public Accountants
Jacksonville, Florida
March 1, 2013

Management's Report on Internal Control Over Financial Reporting

The management of Brown & Brown, Inc. and its subsidiaries ("Brown & Brown") is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Securities Exchange Act Rule 13a-15(f). Under the supervision and with the participation of management, including Brown & Brown's principal executive officer and principal financial officer, Brown & Brown conducted an evaluation of the effectiveness of internal control over financial reporting based on the framework in *Internal Control — Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

In conducting Brown & Brown's evaluation of the effectiveness of its internal control over financial reporting, Brown & Brown has excluded the following acquisitions completed by Brown & Brown during 2012: Arrowhead General Insurance Agency Superholding Corporation, Richard W. Endlar Insurance Agency, Inc., Texas Security General Insurance Agency, Inc., Edgren Hecker & Lemmon Insurance, Inc. and Rowlands & Barranca Agency, Inc. (collectively the "2012 Excluded Acquisitions"), which were acquired during 2012 and whose financial statements constitute 0.2% and 19.0% of net and total assets, respectively, 10.1% of revenues, and 10.4% of net income of the consolidated financial statement amounts as of and for the year ended December 31, 2012. Refer to Note 2 to the Consolidated Financial Statements for further discussion of these acquisitions and their impact on Brown & Brown's Consolidated Financial Statements.

Based on Brown & Brown's evaluation under the framework in *Internal Control — Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission, management concluded that internal control over financial reporting was effective as of December 31, 2012. Management's internal control over financial reporting as of December 31, 2012 has been audited by Deloitte & Touche LLP, an independent registered public accounting firm, as stated in their report which is included herein.

Brown & Brown, Inc.
Daytona Beach, Florida
March 1, 2013

/s/ J. Powell Brown	/s/ Cory T. Walker
J. Powell Brown Chief Executive Officer	Cory T. Walker Chief Financial Officer

ITEM 9. Changes in and Disagreements With Accountants on Accounting and Financial Disclosure.

There were no changes in or disagreements with accountants on accounting and financial disclosure in 2012.

ITEM 9A. Controls and Procedures.

Evaluation of Disclosure Controls and Procedures

We carried out an evaluation required by Rules 13a-15 and 15d-15 under the Exchange Act (the "Evaluation"), under the supervision and with the participation of our Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO"), of the effectiveness of our disclosure controls and procedures as defined in Rule 13a-15 and 15d-15 under the Exchange Act ("Disclosure Controls") as of December 31, 2012. Based on the Evaluation, our CEO and CFO concluded that the design and operation of our Disclosure Controls were effective to ensure that information required to be disclosed by us in reports that we file or submit under the Exchange Act is (i) recorded, processed, summarized and reported within the time periods specified in SEC rules and forms and (ii) accumulated and communicated to our senior management, including our CEO and CFO, to allow timely decisions regarding required disclosure.

In conducting Brown & Brown's evaluation of the effectiveness of its internal controls over financial reporting, Brown & Brown has excluded the following acquisitions completed by Brown & Brown during 2012: Arrowhead General Insurance Agency Superholding Corporation, Richard W. Endlar Insurance Agency, Inc., Texas Security General Insurance Agency, Inc., Edgren Hecker & Lemmon Insurance, Inc. and Rowlands & Barranca Agency, Inc. (collectively the "2012 Excluded Acquisitions"), which were acquired during 2012 and whose financial statements constitute 0.2% and 19.0% of net and total assets, respectively, 10.1% of revenues, and 10.4% of net income of the consolidated financial statement amounts as of and for the year ended December 31, 2012. Refer to Note 2 to the Consolidated Financial Statements for further discussion of these acquisitions and their impact on Brown & Brown's Consolidated Financial Statements.

Changes in Internal Controls

There has not been any change in our internal control over financial reporting identified in connection with the Evaluation that occurred during the quarter ended December 31, 2012 that has materially affected, or is reasonably likely to materially affect, those controls.

Management's Report on Internal Control Over Financial Reporting

We assessed the effectiveness of our internal control over financial reporting as of December 31, 2012. Management's report on internal control over financial reporting as of December 31, 2012 is incorporated herein at Item 8. Deloitte & Touche LLP, an independent registered public accounting firm, issued an audit report on the effectiveness of our internal control over financial reporting as of December 31, 2012, which is incorporated herein at Item 8.

Inherent Limitations of Internal Control Over Financial Reporting

Our management, including our principal executive officer and principal financial officer, does not expect that our Disclosure Controls and internal controls will prevent all error and all fraud. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within the company have been detected. These inherent limitations include the realities that judgments in decision-making can be faulty, and that breakdowns can occur because of simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people, or by management override of the control.

The design of any system of controls also is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions; over time, a control may become inadequate because of changes in conditions, or the degree of compliance with the policies or procedures may deteriorate. Because of the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected.

CEO and CFO Certifications

Exhibits 31.1 and 31.2 are the Certifications of the acting CEO and the CFO, respectively. The Certifications are required in accordance with Section 302 of Sarbanes-Oxley (the "Section 302 Certifications"). This Item 9A is the information concerning the Evaluation referred to in the Section 302 Certifications and this information should be read in conjunction with the Section 302 Certifications for a more complete understanding of the topics presented.

ITEM 9B. Other Information.

None

PART III

ITEM 10. Directors, Executive Officers and Corporate Governance.

The information required by this item regarding directors and executive officers is incorporated herein by reference to our definitive Proxy Statement to be filed with the SEC in connection with the Annual Meeting of Shareholders to be held in 2013 (the "2013 Proxy Statement") under the headings "Management" and "Section 16(a) Beneficial Ownership Reporting." We have adopted a code of ethics that applies to our principal executive officer, principal financial officer, and controller. A copy of our Code of Ethics for our Chief Executive Officer and our Senior Financial Officers and a copy of our Code of Business Conduct and Ethics applicable to all employees are posted on our Internet website, at www.bbinsurance.com, and are also available upon written request directed to Corporate Secretary, Brown & Brown, Inc., 655 North Franklin St., Suite 1900, Tampa, Florida 33602, or by telephone request to (813) 222-4277. Any approved amendments to, or waiver of, any provision of the Code of Business Conduct and Ethics will be posted on our website at the above address.

ITEM 11. Executive Compensation.

The information required by this item is incorporated herein by reference to the 2013 Proxy Statement under the heading "Executive Compensation."

ITEM 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters.

The information required by this item is incorporated herein by reference to the 2013 Proxy Statement under the heading "Security Ownership of Management and Certain Beneficial Owners."

Information regarding equity compensation plans required by this item is included in Item 5 of Part II of this report and is incorporated into this item by reference.

ITEM 13. Certain Relationships and Related Transactions, and Director Independence.

The information required by this item is incorporated herein by reference to the 2013 Proxy Statement under the heading "Management — Certain Relationships and Related Transactions."

ITEM 14. Principal Accounting Fees and Services.

The information required by this item is incorporated herein by reference to the 2013 Proxy Statement under the heading "Fees Paid to Deloitte & Touche LLP."

PART IV

ITEM 15. Exhibits and Financial Statement Schedules.

The following documents are filed as part of this Report:

1. (a) Financial statements

Reference is made to the information set forth in Part II, Item 8 of this Report, which information is incorporated by reference.

2. Consolidated Financial Statement Schedules.

All required Financial Statement Schedules are included in the Consolidated Financial Statements or the Notes to Consolidated Financial Statements.

3. Exhibits

The following exhibits are filed as a part of this Report:

3.1	Articles of Amendment to Articles of Incorporation (adopted April 24, 2003) (incorporated by reference to Exhibit 3a to Form 10-Q for the quarter ended March 31, 2003), and Amended and Restated Articles of Incorporation (incorporated by reference to Exhibit 3a to Form 10-Q for the quarter ended March 31, 1999).
3.2	Bylaws (incorporated by reference to Exhibit 3b to Form 10-K for the year ended December 31, 2002).
10.1(a)	Lease of the Registrant for office space at 220 South Ridgewood Avenue, Daytona Beach, Florida dated August 15, 1987 (incorporated by reference to Exhibit 10a(3) to Form 10-K for the year ended December 31, 1993), as amended by Letter Agreement dated June 26, 1995; First Amendment to Lease dated August 2, 1999; Second Amendment to Lease dated December 11, 2001; Third Amendment to Lease dated August 8, 2002; Fourth Amendment to Lease dated October 26, 2004 (incorporated by reference to Exhibit 10.2(a) to Form 10-K for the year ended December 31, 2005); Fifth Amendment to Lease dated 2006 (incorporated by reference to Exhibit 10.1(a) to Form 10-K for the year ended December 31, 2010); Sixth Amendment to Lease dated August 17, 2009 (incorporated by reference to Exhibit 10.1(a) to Form 10-K for the year ended December 31, 2010); Seventh Amendment to Lease dated March 25, 2011; Eighth Amendment to Lease dated April 16, 2012; and Ninth Amendment to Lease dated December 5, 2012.
10.1(b)	Lease Agreement for office space at 655 N. Franklin St., Suite 1900, Tampa, Florida, dated March 27, 2012 and effective August 17, 2012, between TWC Fifty-Eight, Ltd., as landlord and the Registrant, as tenant.
10.1(c)	Lease Agreement for office space at Riedman Tower, Rochester, New York, dated December 31, 2005, between Riedman Corporation, as landlord, and a subsidiary of the Registrant, as tenant (incorporated by reference to Exhibit 10.2(c) to Form 10-K for the year ended December 31, 2005), as amended by Amendment to Lease Agreement dated December 31, 2010 (incorporated by reference to Exhibit 10.1(c) to Form 10-K for the year ended December 31, 2010).
10.2	Indemnity Agreement dated January 1, 1979, among the Registrant, Whiting National Management, Inc., and Pennsylvania Manufacturers' Association Insurance Company (incorporated by reference to Exhibit 10g to Registration Statement No. 33-58090 on Form S-4).
10.3	Agency Agreement dated January 1, 1979 among the Registrant, Whiting National Management, Inc., and Pennsylvania Manufacturers' Association Insurance Company (incorporated by reference to Exhibit 10h to Registration Statement No. 33-58090 on Form S-4).
10.4(a)	Employment Agreement, dated and effective as of July 1, 2009 between the Registrant and J. Hyatt Brown (incorporated by reference to Exhibit 10.1 to Form 10-Q for the quarter ended June 30, 2009).
10.4(b)	Employment Agreement, dated as of October 8, 1996, between the Registrant and J. Powell Brown (incorporated by reference to Exhibit 10.4(c) to Form 10-K for the year ended December 31, 2007).
10.4(c)	Employment Agreement, dated as of August 1, 1994, between the Registrant and Cory T. Walker (incorporated by reference to Exhibit 10.4(f) to Form 10-K for the year ended December 31, 2009).
10.4(d)	Employment Agreement, dated as of November 7, 1997, between the Registrant and J. Scott Penny (incorporated by reference to Exhibit 10.4(e) to Form 10-K for the year ended December 31, 2011).

10.4(e)	Employment Agreement, dated as of January 12, 1998, between the Registrant and C. Roy Bridges, as amended by the amendment effective May 10, 2011 (incorporated by reference to Exhibit 10.4 to Form 10-Q for the quarter ended March 31, 2011).
10.4(f)	Performance Cash Incentive Award Agreement between the Registrant and C. Roy Bridges dated May 10, 2011 (incorporated by reference to Exhibit 10.3 to Form 10-Q for the quarter ended March 31, 2011).
10.4(g)	Employment Agreement, dated as of October 27, 1997, between the Registrant and Charles H. Lydecker.
10.4(h)	Employment Agreement, dated as of June 1, 2009, between the Registrant and Anthony Strianese.
10.5	Registrant's 2000 Incentive Stock Option Plan for Employees (incorporated by reference to Exhibit 4 to Registration Statement No. 333-43018 on Form S-8 filed on August 3, 2000).
10.6(a)	Registrant's Stock Performance Plan (incorporated by reference to Exhibit 4 to Registration Statement No. 333-14925 on Form S-8 filed on October 28, 1996).
10.6(b)	Registrant's Stock Performance Plan as amended, effective January 23, 2008 (incorporated by reference to Exhibit 10.6(b) to Form 10-K for the year ended December 31, 2007).
10.6(c)	Registrant's Stock Performance Plan as amended, effective July 21, 2009 (incorporated by reference to Exhibit 10.1 to Form 10-Q for the quarter ended September 30, 2009).
10.7	Registrant's 2010 Stock Incentive Plan (incorporated by reference to Exhibit 10.1 to Form 10-Q for the quarter ended March 31, 2010).
10.8	Form of Performance-Based Stock Grant Agreement under 2010 Stock Incentive Plan (incorporated by reference to Exhibit 10.16 to Form 10-K for the year ended December 31, 2010).
10.9	Amended and Restated Revolving and Term Loan Credit Agreement dated as of January 9, 2012 by and between the Registrant and SunTrust Bank (incorporated by reference to Exhibit 10.17 to Form 10-K for the year ended December 31, 2011).

10.10	Promissory Note dated January 9, 2012, by and between Registrant and JPMorgan Chase Bank, N.A (incorporated by reference to Exhibit 10.18 to Form 10-K for the year ended December 31, 2011).
10.11	Letter Agreement dated January 9, 2012 by and between Registrant and JPMorgan Chase Bank, N.A (incorporated by reference to Exhibit 10.19 to Form 10-K for the year ended December 31, 2011).
10.12	Term Loan Agreement dated as of January 26, 2012 by and between the Registrant and JPMorgan Chase Bank, N.A (incorporated by reference to Exhibit 10.20 to Form 10-K for the year ended December 31, 2011).
10.13	Merger Agreement, dated December 15, 2011, among the Registrant, Pacific Merger Corp., a wholly-owned subsidiary of the Registrant, Arrowhead General Insurance Agency Superholding Corporation, and Spectrum Equity Investors V, L.P. (incorporated by reference to Exhibit 10.16 to Form 10-K for the year ended December 31, 2011).
21	Subsidiaries of the Registrant.
23	Consent of Deloitte & Touche LLP.
24	Powers of Attorney.
31.1	Rule 13a-14(a)/15d-14(a) Certification by the Chief Executive Officer of the Registrant.
31.2	Rule 13a-14(a)/15d-14(a) Certification by the Chief Financial Officer of the Registrant.
32.1	Section 1350 Certification by the Chief Executive Officer of the Registrant.
32.2	Section 1350 Certification by the Chief Financial Officer of the Registrant.
101.INS*	XBRL Instance Document.
101.SCH*	XBRL Taxonomy Extension Schema Document.
101.CAL*	XBRL Taxonomy Extension Calculation Linkbase Document.
101.DEF*	XBRL Taxonomy Extension Definition Linkbase Document.
101.LAB*	XBRL Taxonomy Extension Label Linkbase Document.
101.PRE*	XBRL Taxonomy Extension Presentation Linkbase Document.

* These interactive data files shall not be deemed filed for purposes of Section 11 or 12 of the Securities Act of 1933, as amended, or Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to liability under those sections.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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.

BROWN & BROWN, INC.
Registrant

Date: March 1, 2013

By: /s/ J. Powell Brown
J. Powell Brown
Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the date indicated.

Signature	Title	Date
/s/ J. Powell Brown J. Powell Brown	President and Chief Executive Officer (Principal Executive Officer)	March 1, 2013
/s/ Cory T. Walker Cory T. Walker	Sr. Vice President, Treasurer and Chief Financial Officer (Principal Financial and Accounting Officer)	March 1, 2013
* J. Hyatt Brown	Chairman of the Board	March 1, 2013
* Samuel P. Bell, III	Director	March 1, 2013
* Hugh M. Brown	Director	March 1, 2013
* Bradley Currey, Jr.	Director	March 1, 2013
* Theodore J. Hoepner	Director	March 1, 2013
* Toni Jennings	Director	March 1, 2013
* Timothy R.M. Main	Director	March 1, 2013
* H. Palmer Proctor, Jr.	Director	March 1, 2013
* Wendell Reilly	Director	March 1, 2013
* John R. Riedman	Director	March 1, 2013
* Chilton D. Varner	Director	March 1, 2013

*By: /s/ LAUREL L. GRAMMIG
Laurel L. Grammig
Attorney-in-Fact

STATE OF FLORIDA
COUNTY OF VOLUSIA

SEVENTH AMENDMENT TO LEASE AGREEMENT

This Seventh Amendment to Lease made this 25th day of March, 2011, is entered into by and between Ridgewood Office Building, L.P., Ltd., a Delaware limited partnership as Landlord ("Landlord") and Brown & Brown, Inc., a Florida corporation, ("Tenant").

WITNESSETH:

WHEREAS, Tenant, entered into that certain Ridgewood Office Building Lease with Chapman S. Root, Trustee, Chapman S. Root Revocable Trust U/T/A 2/15/87, (said Lease having been assigned to the Chapman S. Root 1982 Living Trust and subsequently assigned to Ridgewood Office Building, L.P., Ltd.) for the Premises dated August 1, 1987 which sets forth the terms of occupancy by Tenant for a portion of the Building containing 38,738 square feet of Rentable Area (herein after referred to as "Lease"), and that certain Letter of Agreement dated June 26, 1995 wherein the Tenant leased an additional 1,114 square feet of Rentable Area, and that certain First Amendment to Lease dated August 2, 1999 wherein the Tenant leased an additional 5,577 square feet of Rentable Area resulting in a total Rental Area of 45,429 square feet and that certain Second Amendment to Lease dated December 11, 2001 wherein the Tenant leased an additional 3,851 square feet of Rentable Area resulting in a total Rentable Area of 49,280 square feet and that certain Third Amendment to Lease dated August 8, 2002 wherein the Tenant leased an additional 5,435 square feet of Rentable Area resulting in a total Rentable Area of 51,235 square feet and that certain Fourth Amendment to Lease dated October 26, 2004 wherein Tenant vacated 5,577 square feet resulting in a total Rental Area of 45,658 square feet and that certain Fifth Amendment to Lease dated May 30, 2007 wherein Tenant leased an additional 3,842 square feet resulting in a total Rental Area of 49,500 square feet, and that certain Sixth Amendment to Lease dated August 17, 2009 wherein Tenant leased an additional 2,100 square feet resulting in a total Rental Area of 50,065 square feet.

WHEREAS, the Landlord and Tenant desire to modify and amend the Lease as set forth in this Seventh Amendment to Lease, the Premises shall be adjusted such that effective April 1, 2011 Tenant will occupy an additional 243 square feet on the Second Floor resulting in a total Rentable Area of the Premises being 50,308 square feet.

NOW, THEREFORE, for and in consideration of the Premises, the sum of Ten and 00/100 ($10.00) Dollars in hand paid by Tenant to Landlord, the mutual agreements herein contained and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree to modify and amend the Lease as follows:

I. A. As to Section 2. DEFINITIONS.

2.a. **Base Rent:** Effective April 1, 2011 shall be $645,451.64 per year for space occupied by Tenant until adjusted according to the terms set forth in the Lease.

2.j. **Monthly Installments of Base Rent:** $53,787.64 per month until adjusted according to the terms set forth in the Lease.

2.r. **Tenant's Proportionate Share:** 80.55% such share is a fraction, the numerator of which is the Rentable Area of the Premises, and the denominator of which is the Rentable Area of the Project, as determined by Landlord from time to time. The Project consists of one building containing a total Rentable Area of 62,453 square feet.

B. As to Section 3. EXHIBITS AND ADDENDA, said section is amended to read as follows:

The exhibits listed below and attached hereto are incorporated by reference in this Fourth Amendment to Lease:

a. Exhibit "A" - Revised Floor Plan showing the Premises.

III. All other terms, covenants and conditions of the Lease are and shall remain in full force and effect.

IV. Landlord and Tenant hereby acknowledge that the Lease and this Amendment represent the entire agreement, that no other written or oral agreements exist and that all other provisions of the Lease not modified herein shall remain in full force and effect.

LANDLORD:
RIDGEWOOD OFFICE BUILDING, L.P., LTD.,
a Delaware limited partnership
By: Root Real Estate Corp., its managing general partner

By: ______________________
Patrick M. Opalewski, Vice President

Witness:

____
Print Name: Audrey, Ruthkowski

TENANT:
BROWN & BROWN, INC.
a Florida corporation

By: ______________________
Print Name: T.G. Tinsley
Title: ROL

Witness:

____
Print Name: Linda Hall

Mr. Tom Tinsley
Director of Operations
Brown and Brown, Inc.
Post Office Box 2412
Daytona Beach, Florida 32115-2412

Bill To: Same

SCHEDULE OF RENTAL PAYMENTS

Month	Year	Base Rent	Operating Expense	Total Monthly Charges	6.5% Sales Tax	Estimated Monthly Electricity	Total Payment Due
Jan	2011	$53,527.83	$27,201.98	$80,729.81	$5,247.44	$10,972.58	$96,949.83
Feb	2011	$53,527.83	$27,201.98	$80,729.81	$5,247.44	$10,972.58	$96,949.83
Mar	2011	$53,527.83	$27,201.98	$80,729.81	$5,247.44	$10,972.58	$96,949.83
Apr	2011	$53,787.64	$27,334.01	$81,121.65	$5,272.91	$11,025.84	$97,420.39
May	2011	$53,787.64	$27,334.01	$81,121.65	$5,272.91	$11,025.84	$97,420.39
Jun	2011	$53,787.64	$27,334.01	$81,121.65	$5,272.91	$11,025.84	$97,420.39
Jul	2011	$53,787.64	$27,334.01	$81,121.65	$5,272.91	$11,025.84	$97,420.39
Aug	2011	$53,787.64	$27,334.01	$81,121.65	$5,272.91	$11,025.84	$97,420.39
Sep	2011	$53,787.64	$27,334.01	$81,121.65	$5,272.91	$11,025.84	$97,420.39
Oct	2011	$53,787.64	$27,334.01	$81,121.65	$5,272.91	$11,025.84	$97,420.39
Nov	2011	$53,787.64	$27,334.01	$81,121.65	$5,272.91	$11,025.84	$97,420.39
Dec	2011	$53,787.64	$27,201.98	$80,989.62	$5,264.33	$10,972.58	$97,226.52

		Rent Increases:	10/1/2013
Space Occupied (SF): Jan -Mar	50,065		
Space Occupied (SF): Apr -Dec	50,308		
Base Rent $/SF:	$ 12.83		
Base Operating Expense $/SF:	$ 6.52		
Estimated Electricity $/SF:	$ 2.63		

Payments are due on or before the first (1st) day of each calendar month during the Lease Term

Make Checks Payable To: Ridgewood Office Building L.P.
c/o Root Real Estate Corp.
275 Clyde Morris Blvd.
Ormond Beach, FL 32174-5977

STATE OF FLORIDA
COUNTY OF VOLUSIA

EIGHTH AMENDMENT TO LEASE AGREEMENT

This Eighth Amendment to Lease made this day of , 2012, is entered into by and between Ridgewood Office Building, LLC, formerly known as Ridgewood Office Building, L.P., Ltd., a Florida limited liability company as Landlord ("Landlord") and Brown & Brown, Inc., a Florida corporation, ("Tenant").

W I T N E S S E T H:

WHEREAS, Tenant, entered into that certain Ridgewood Office Building Lease with Chapman S. Root, Trustee, Chapman S. Root Revocable Trust U/T/A 2/15/78, (said Lease having been assigned to the Chapman S. Root 1982 Living Trust and subsequently assigned to Ridgewood Office Building, L.P., Ltd.) for the Premises dated August 1, 1987 which sets forth the terms of occupancy by Tenant for a portion of the Building containing 38,738 square feet of Rentable Area (herein after referred to as "Lease"), and that certain Letter of Agreement dated June 26, 1995 wherein the Tenant leased an additional 1,114 square feet of Rentable Area, and that certain First Amendment to Lease dated August 2, 1999 wherein Tenant leased an additional 5,577 square feet of Rentable Area resulting in a total Rental Area of 45,429 square feet and that certain Second Amendment to Lease dated December 11, 2001 wherein the Tenant leased an additional 3,851 square feet of Rentable Area resulting in a total Rentable Area of 49,280 square feet and that certain Third Amendment to Lease dated August 8, 2002 wherein the Tenant leased an additional 1,955 square feet of Rentable Area resulting in a total Rentable Area of 51,235 square feet and that certain Fourth Amendment to Lease dated October 26, 2004 wherein Tenant vacated 5,577 square feet resulting in a total Rental Area of 45,658 square feet and that certain Fifth Amendment to Lease dated May 30, 2007 wherein Tenant leased an additional 3,842 square feet resulting in a total Rental Area of 49,500 square feet, and that certain Sixth Amendment to Lease dated August 17, 2009 wherein Tenant leased an additional 565 square feet resulting in a total Rental Area of 50,065 square feet, and that certain Seventh Amendment to Lease dated March 25, 2011 wherein Tenant leased an additional 243 square feet resulting in a total Rental Area of 50,308 square feet.

WHEREAS, Landlord and Tenant desire to modify and amend the Lease as set forth in this Eighth Amendment to Lease.

NOW, THEREFORE, for and in consideration of the Premises, the sum of Ten and 00/100 ($10.00) Dollars in hand paid by Tenant to Landlord, the mutual agreements herein contained and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree to modify and amend the Lease as follows:

I. Effective July 1, 2012, Tenant shall occupy an additional 3,480 square feet as shown in Exhibit "A" attached hereto, on the First Floor resulting in an increase in the total Rental Area of the Premises from 50,308 square feet to 53,788 square feet.

II. As to Section 2. DEFINITIONS:

- **2.a. Base Rent:** If this amendment is executed on or before February 29, 2012, Base Rent shall be reduced, commencing March 1, 2012, to $477,926.00 per year for the space currently occupied by Tenant. If this amendment is executed after February 29, 2012 and no later than March 31, 2012, Base Rent shall be reduced, commencing April 1, 2012, to $477,926.00 per year for the space currently occupied by Tenant. Effective July 1, 2012 Base Rent for all space occupied by Tenant shall be $510,986.00 until adjusted according to the terms set forth in the Lease.
- **2.g. Expiration Date:** The term of the Lease shall be extended for an additional seven (7) years ending September 30, 2023.
- **2.j. Monthly Installments of Base Rent:** Through June 30, 2012, Tenant's monthly Base Rent shall be $39,827.17. Effective July 1, 2012, Tenant's monthly base rent shall be $42,582.17 per month until adjusted according to the terms set forth in the Lease.
- **2.r. Tenant's Proportionate Share:** Effective July 1, 2012, Tenant's Proportionate Share shall be 86.13%, such share is a fraction, the numerator of which is the Rentable Area of the Premises, and the denominator of which is the Rentable Area of the Project, as determined by Landlord from time to time. The Project consists of one building containing a total Rentable Area of 62,453 square feet.

III. As to Section 5.2(a). Adjusted Base Rent: The first sentence shall be amended to read "The amount of Base Rent (and the corresponding Monthly installments of Base Rent) payable hereunder shall be adjusted commencing on Tenant's Adjustment Date of October 1, 2015 and each three (3) year period after Tenant's Adjustment Date."

IV. Landlord shall provide a Refurbishment Allowance not to exceed Four Hundred Thousand ($400,000.00) Dollars and no cents, for improvements made to the Premises, including but not limited to existing common area restrooms, elevators, flooring and wall coverings. Said improvements shall be constructed by Landlord and are subject to Landlord's and Tenant's prior written approval.

V. Tenant's ongoing option to decrease the Rentable Area of the Premises by 3,842 sq ft as provided in Addendum Number Five to Lease shall become null and void as of the date this Eight Amendment to Lease is fully executed by both Landlord and Tenant.

VI. All other terms, covenants and conditions of the Lease are and shall remain in full force and effect.

VIII. Landlord and Tenant hereby acknowledge that the Lease and all previous Amendments represent the entire agreement, that no other written or oral agreements exist and that all other provisions, terms, covenants and conditions of the Lease not modified herein shall remain in full force and effect.

V. This document may be executed in two or more counterparts, each of which shall be deemed an original and which together shall constitute one and the same instrument.

LANDLORD:
RIDGEWOOD OFFICE BUILDING, LLC,
a Florida limited liability company
By: Root Real Estate Corp., its managing member

By:

____
Patrick M. Opalewski, Vice President

Witness:

____
Print Name:______________________________

TENANT:
BROWN & BROWN, INC.
a Florida corporation

By:

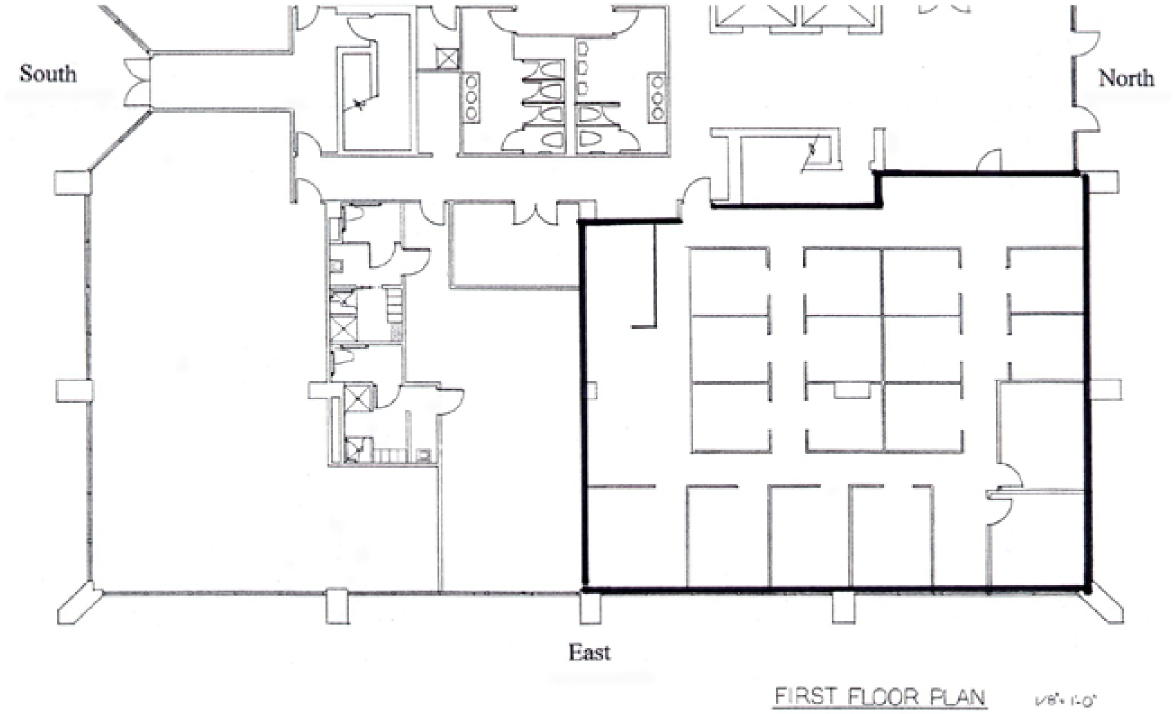
____
Print Name: ______________________________
Title: ______________________________

Witness:

____
Print Name: ______________________________

EXHIBIT A

Additional First Floor 3,480 Sq. Ft.



STATE OF FLORIDA
COUNTY OF VOLUSIA

NINTH AMENDMENT TO LEASE AGREEMENT

This Ninth Amendment to Lease made this day of , 2012, is entered into by and between Ridgewood Office Building, LLC, formerly known as Ridgewood Office Building, L.P., Ltd., a Florida limited liability company as Landlord ("Landlord") and Brown & Brown, Inc., a Florida corporation, ("Tenant").

W I T N E S S E T H:

WHEREAS, Tenant, entered into that certain Ridgewood Office Building Lease with Chapman S. Root, Trustee, Chapman S. Root Revocable Trust U/T/A 2/15/78, (said Ridgewood Office Building Lease having been assigned to the Chapman S. Root 1982 Living Trust and subsequently assigned to Ridgewood Office Building, L.P., Ltd.) for the Premises dated August 1, 1987 which sets forth the terms of occupancy by Tenant for a portion of the Building containing 38,738 square feet of Rentable Area (, and that certain Letter of Agreement dated June 26, 1995 wherein the Tenant leased an additional 1,114 square feet of Rentable Area, and that certain First Amendment to the Ridgewood Office Building Lease dated August 2, 1999 wherein Tenant leased an additional 5,577 square feet of Rentable Area resulting in a total Rental Area of 45,429 square feet and that certain Second Amendment to the Ridgewood Office Building Lease dated December 11, 2001 wherein the Tenant leased an additional 3,851 square feet of Rentable Area resulting in a total Rentable Area of 49,280 square feet and that certain Third Amendment to the Ridgewood Office Building Lease dated August 8, 2002 wherein the Tenant leased an additional 1,955 square feet of Rentable Area resulting in a total Rentable Area of 51,235 square feet and that certain Fourth Amendment to the Ridgewood Office Building Lease dated October 26, 2004 wherein Tenant vacated 5,577 square feet resulting in a total Rentable Area of 45,658 square feet and that certain Fifth Amendment to the Ridgewood Office Building Lease dated May 30, 2007 wherein Tenant leased an additional 3,842 square feet resulting in a total Rentable Area of 49,500 square feet, and that certain Sixth Amendment to the Ridgewood Office Building Lease dated August 17, 2009 wherein Tenant leased an additional 565 square feet resulting in a total Rentable Area of 50,065 square feet, and that certain Seventh Amendment to the Ridgewood Office Building Lease dated March 25, 2011 wherein Tenant leased an additional 243 square feet resulting in a total Rentable Area of 50,308 square feet, and that certain Eight Amendment to the Ridgewood Office Building Lease dated April 16, 2012 wherein Tenant leased an additional 3,480 square feet resulting in a total Rentable Area of 53,788 square feet collectively known as the ("Lease").

WHEREAS, Landlord and Tenant desire to modify and amend the Lease as set forth in this Ninth Amendment to Lease.

NOW, THEREFORE, for and in consideration of the Premises, the sum of Ten and 00/100 ($10.00) Dollars in hand paid by Tenant to Landlord, the mutual agreements herein contained and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree to modify and amend the Lease as follows:

I. Effective October 1, 2012, Tenant shall occupy an additional 1,590 square feet as shown in Exhibit "A" attached hereto, located on the First Floor of the Building, resulting in an increase in the total Rentable Area of the Premises from 53,788 square feet to 55,378 square feet.

II. As to Section 2. DEFINITIONS:

2.a. **Base Rent:**. Effective October 1, 2012, Base Rent for all space occupied by Tenant shall be $526,091.00 until adjusted according to the terms set forth in the Lease.

2.j. **Monthly Installments of Base Rent:**. Effective October 1, 2012, Tenant's monthly base rent shall be $43,840.92 per month until adjusted according to the terms set forth in the Lease.

2.r. **Tenant's Proportionate Share:** Effective October 1, 2012, Tenant's Proportionate Share shall be 88.67%, such share is a fraction, the numerator of which is the Rentable Area of the Premises, and the denominator of which is the Rentable Area of the Project, as determined by Landlord from time to time. The Project consists of one building containing a total Rentable Area of 62,453 square feet.

III. Landlord shall reimburse Tenant up to Twelve Thousand ($12,000.00) Dollars and no cents, to Tenant for improvements made to the additional 1,590 square feet.

IV. Effective October 1, 2016 and annually each such date thereafter and provided Tenant is not in default of any terms of the Lease, Tenant shall have a one-time option to decrease the Rentable Area of the Premises by 1,590 square feet by giving Landlord twelve (12) months prior written notice. In the event Tenant shall fail to give Landlord timely written notice of its election to exercise its option to decrease, such option shall be null and void until the next succeeding Anniversary Date.

V. All other terms, covenants and conditions of the Lease are and shall remain in full force and effect.

VI. Landlord and Tenant hereby acknowledge that the Lease and all previous Amendments represent the entire agreement, that no other written or oral agreements exist and that all other provisions, terms, covenants and conditions of the Lease not modified herein shall remain in full force and effect.

VII. This document may be executed in two or more counterparts, each of which shall be deemed an original and which together shall constitute one and the same instrument.

SIGNATURES ON FOLLOWING PAGE

LANDLORD: RIDGEWOOD OFFICE BUILDING, LLC, a Florida limited liability company By: Root Real Estate Corp., its managing member	TENANT: BROWN & BROWN, INC. a Florida corporation
By: ______________________ Patrick M. Opalewski, Vice President	By: ______________________ Print Name: ______________________ Title: ______________________
Witness: ______________________ Print Name: ______________________	Witness: ______________________ Print Name: ______________________
______________________ Print Name: ______________________	______________________ Print Name: ______________________

EXHIBIT A

Additional First Floor 1,590 Square Feet

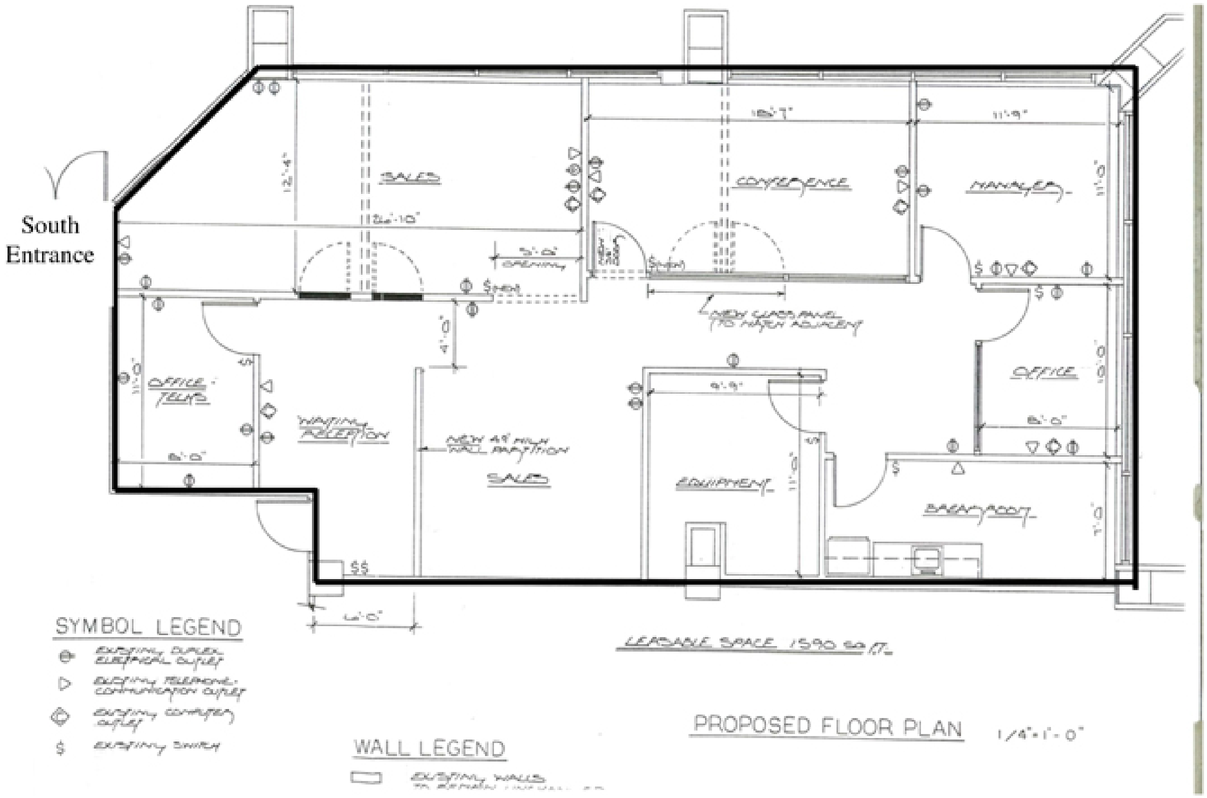


EXHIBIT 10.1 (b)

LEASE AGREEMENT

LANDLORD:	TWC Fifty-Eight, Ltd.
TENANT:	Brown & Brown of Florida, Inc. B & B Protector Plans, Inc.
RENTABLE SQ. FT.:	39,174
SUITES:	1800, 1900, 2000
TERM:	7 years, 3 months

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LEASE AGREEMENT

THIS LEASE AGREEMENT (this "Lease") is made this day of , 2012, by and between TWC Fifty-Eight, Ltd., a Florida limited partnership, ("Landlord"), and Brown & Brown of Florida, Inc. and B&B Protector Plans, Inc., each a Florida Corporation (collectively, "Tenant").

1. PREMISES AND TERM

Landlord, for and in consideration of the rents hereinafter reserved and of the covenants, agreements and conditions hereinafter set forth, to be kept or performed on the part of Tenant, hereby leases to Tenant, and Tenant hereby rents and leases from Landlord the following described space (the "Premises") as outlined on the floor plans attached hereto and made a part hereof as Exhibits A and B:

Rentable square feet: 39,174

Floor: 18, 19 & 20 Suite: 1800, 1900 and 2000

located at the building described as follows (the "Building"):

Building: The Franklin Exchange

Address: 655 North Franklin Street City: Tampa

County: Hillsborough State: Florida

together with the right to use the common facilities furnished by Landlord in common with Landlord and the tenants and occupants of the Building (their agents, employees, and invitees), including but not limited to corridors, halls, lobbies, restrooms, parking areas, walkways, stairways, entrances, chases and risers (limited to a pro rata share of such chases and risers), elevators, and other areas in the Building provided for the use of tenants renting office space in the Building, for a term of the 87 months (the "Term") commencing on the later of: (a) the Premises with Landlord's Work Substantial Completed (as both terms are defined in Exhibit C hereof and the Second Lease); and (b) August 1, 2012 (the "Target Commencement Date").

2. POSSESSION

Landlord will deliver the Premises with Landlord's Work Substantially Complete on or before the Target Commencement Date. In the event Landlord is unable to deliver possession of the Premises by the Target Commencement Date, the provisions regarding delay of the Commencement Date set forth in Exhibit C hereof apply to this Lease.

After the determination of the Commencement Date, Tenant agrees, upon demand of Landlord, to execute, acknowledge, and deliver to Landlord an instrument, in form satisfactory to Landlord, which sets forth the Commencement Date and the end of the Term.

3. RENTAL

(a) Tenant shall pay base rental payable in lawful money of the United States in equal monthly installments (the "Monthly Rental") to Landlord c/o Wilson Management Company, or to any successor thereto named by Landlord, at the address listed in Section 24 below, or at such other place as Landlord may designate in writing, without notice or demand and without deduction, abatement, counterclaim, or set-off whatsoever, except as may be expressly noted and authorized under the terms of this Lease. The first Monthly Rental and sales tax thereon as set forth in Paragraph 4 herein shall be paid by Tenant to Landlord upon full execution of this Lease. All subsequent Monthly Rentals shall be due in advance on the first day of each calendar month during the Term, beginning with the month next succeeding the First Month, as defined herein, together with payment of all Additional Rental as herein defined, and with any sales, privilege or rental tax as provided in Paragraph 4 herein. The term "Lease Year", as used herein, (i) shall mean the twelve (12) month period beginning with the first full calendar month after the Commencement Date as defined in Paragraph 1 hereof, and each twelve (12) month period thereafter occurring during the Term of this Lease, and (ii) in the event the Lease expires or terminates on a date other than the date set forth in Paragraph 1 hereof, then the term "Lease Year" shall also mean the period from the end of the preceding Lease Year to the date of said expiration or termination of this Lease. Notwithstanding anything to the contrary contained herein, in the event the Commencement Date is other than the first day of a calendar month, then Tenant shall pay to Landlord on the Commencement Date a sum equal to the per diem Monthly Rental for the first month in which the Commencement Date shall occur (the "First Month") multiplied by the number of days from the Commencement Date to the last day of the First Month, both inclusive.

(b) Landlord and Tenant agree that Monthly Rental for the Term is as follows:

Year	Per Rentable Sq. Ft.	Per Annum	Per Month
Commencement Date – Month 3	$ 0.00	$ 0.00	$ 0.00
Months 4 - 15	$ 17.35	$679,668.90	$56,639.08
Months 16 - 27	$ 17.70	$693,262.28	$57,771.86
Months 28 - 39	$ 18.05	$707,127.52	$58,927.29
Months 40 - 51	$ 18.41	$721,270.07	$60,105.84
Months 52 - 63	$ 18.78	$735,695.48	$61,307.96
Months 64 - 75	$ 19.16	$750,409.39	$62,534.12
Months 76 - 87	$ 19.54	$765,417.57	$63,784.80

(c) Tenant agrees that any adjustments to Monthly Rental and other sums due Landlord from Tenant under the terms of this Lease (except for any costs paid by Tenant for Tenant Improvements pursuant to Exhibit C hereof) shall be considered additional rental from Tenant ("Additional Rental"). As used herein the term "Rent" shall include Monthly Rental and Additional Rental.

(d) Landlord and Tenant agree that at the end of each and every calendar year Monthly Rental which is payable for the immediately succeeding calendar year (or portion thereof) shall be adjusted by an amount equal to Tenant's prorata share ("Tenant's Proportionate Share") of any increases in Operating Expenses (as defined below) of the Building in excess of Operating Expenses for the 2013 calendar year (the "Base Year"). Tenant's Proportionate Share is 18.54%, based on the fraction, the numerator of which is the total number of rentable square feet contained in the Premises, or 39,174rentable square feet, and the denominator is the rentable square feet in the Building, or 211,244 rentable square feet. The Building and the Premises are measured in accordance with the Standard Method for Measuring Floor Area in Office Buildings, ANSI Z65.1-1996, as promulgated by the Building Owners and Manager Association (BOMA) International.

(e) "Operating Expenses" mean all operating costs and expenses paid or incurred by Landlord on the Building, including, but not limited to wages and salaries of all employees engaged in the operation and maintenance of the Building, including taxes, insurance and benefits relating thereto, supplies and materials, utilities, sewage, trash removal, cleaning services, security, building maintenance and repairs, ground maintenance, mechanical maintenance, property insurance, Taxes, management fees, depreciation on any capital expenditures incurred to reduce any operating expenses of the Building. "Taxes" mean all governmental taxes, due during the Term and any extensions thereof, in connection with the ownership, leasing, or operation of the Building. For purposes hereof, Taxes for any year shall be Taxes that are due for payment or paid in that year rather than Taxes that are assessed, become a lien, or accrue during such year. The costs and expenses shall exclude executive salaries, capital expenditures, depreciation, except as provided above, principal, interest and other costs directly relating to financing the Building, and leasing commissions, ground rent, personal income and franchise taxes, amounts reimbursed to Landlord by other tenants or other third parties, and costs incurred to provide services to other tenants which services are not furnished to Tenant. In the event any tenant in the Building utilizes equipment which consumes excessive amounts of electrical power, said equipment will be separately metered for power charges with such tenant being charged for same.

(f) Operating Expenses for the Base Year shall not include any unusual decreases resulting from extraordinary or non-recurring circumstances, including without limitation, utility rate rollbacks or abatements, moratoria and repairs or replacements made pursuant to warranties or guaranties ("Non-Recurring Expenses"), unless such Non-Recurring Expenses are also included in each Lease Year following the Base Year.

Landlord and Tenant intend that Operating Expenses paid by Tenant under this Lease reimburse Landlord for any actual increase in costs incurred by Landlord but not provide a profit to Landlord. In no event shall Operating Expenses per rentable square foot, as determined by Landlord for any calendar year, multiplied by the rentable area of the Building, exceed one hundred percent (100%) of the actual Operating Expenses incurred by Landlord in that calendar year. Operating Expenses for each Lease Year shall always be determined in a manner consistent with the determination of Operating Expenses for the Base Year. To the extent that any Operating Expenses pertain to property other than the Building or Land, or benefit users other than Building tenants and their guests, a reasonable, equitable and consistent allocation shall be made in the Base Year and each Lease Year to ensure that Tenant's Share pertains only to costs reasonably and equitably allocated to the Building and Land. Operating Expenses for each Lease Year shall be determined in a manner consistent with their respective determination for the Base Year. If, during any Lease Year, Landlord (x) furnishes any particular work or service or adds a "line item" to Operating Expenses that was not furnished or included in the Base Year or (y) materially increases the level of any service for any Lease Year above the level of service for the Base Year, the Operating Expenses for the Base Year shall be deemed to be increased by an amount equal to the additional Operating Expenses which would reasonably have been incurred during the Base Year by Landlord if it had furnished such work or service, included such line item or increased level of service during the Base Year.

(g) For purposes of the following exclusions, costs shall be considered of a capital nature or capital expenditure if (x) such cost or expense is not an annually recurring expense that either individually or in the aggregate with other similar expenses incurred in such Lease Year, exceeds $25,000, or (y) would be considered to be a capital expenditure under the Internal Revenue Code of 1986, as amended and the regulations promulgated thereunder (the "Code"). Any provision of the Lease to the contrary notwithstanding, the following items will not be included in Operating Expenses:

1. Repairs or other work occasioned by fire, windstorm, or other casualty of an insurable nature, or by the exercise of the right of eminent domain;

2. Attorney's fees, costs, and disbursements, and other expenses not allocated to the operation of the Building or incurred in connection with negotiations or disputes with tenants, other occupants, or prospective tenants or occupants;

3. The cost of repairs in or to a tenant's premises incurred by reason of a breach by tenant of its lease;

4. Expenses incurred in tenant build-out, tenant work letters or contributions for tenant's work, renovating or otherwise improving or decorating, painting or redecorating space for tenants or other Building occupants, including without limitation, permits, license, design, space planning, and inspection costs;

5. Expenses in connection with services or other benefits of a type which are not provided to Tenant but which are provided to another tenant or occupant;

6. Landlord's cost of electricity and other services that are sold to tenants or for which Landlord is entitled to be reimbursed by tenants or other parties;

7. All costs incurred by Landlord for alterations, except where such an expenditure is primarily and reasonably intended to reduce the cost of operation or maintenance of the Building or any portion thereof ("Cost Savings"), but only to the extent (i) that such Cost Savings actually achieved in the pertinent Lease Year exceeds straight-line amortization pertaining to that Lease Year of such costs over the improvement's useful life as determined by the Code, and (ii) Landlord provides Tenant with a report reasonably acceptable to Tenant prepared by an unaffiliated third party establishing such Cost Savings in the pertinent year; Any cost for depreciation and amortization except as specifically noted herein;

8. Reserves in excess of $20,000 per calendar year;

9. Cost of any item for which Landlord may be reimbursed, whether by insurance proceeds, warranty, service contracts or otherwise;

10. Costs that are considered to be of a capital nature, including, but not limited to, capital improvements, capital repairs, capital equipment, capital tools, and other capital items;

11. All costs incurred due to violation by Landlord or any tenant of the terms and conditions of any lease;

12. Costs incurred to cure or correct any design or construction defects;

13. Costs, fines, or penalties incurred, required to cure any violation of, or to otherwise comply with, any laws, statutes, ordinances, codes or other governmental rules, regulations, requirements or recommendations of any federal, state, county, city or local governmental authorities, industry associations, technical societies (such as ASHRAE) or board of fire underwriters or other similar bodies, now in force or hereafter adopted;

14. Costs and expenses due to termination or underfunding of any plan under ERISA or any other law or regulation governing employee pension plans or other benefits;

15. Costs or fees paid to Landlord or affiliates of Landlord to the extent in excess of competitive costs or fees paid to independent suppliers and contractors;

16. Interest on debt or amortization payments on any mortgages, and rental payments on any ground lease or other underlying lease;

17. Landlord's general overhead, except to the extent it is expended solely in direct connection with Landlord's management of the Building. These excluded expenses include, without limitation, employee training programs, tenant relationship expenses, recruiting/placement fees, costs of any business licenses, health/sports club dues, employee parking and transportation charges, Landlord's membership and business organization fees;

18. Costs incurred by Landlord in connection with any office operations of Landlord or which are associated with the operation of the business of the legal entity which constitutes Landlord as the same is separate and apart from the cost of the operation of the Building, including without limitation, legal entity formation and legal entity accounting (including the incremental accounting fees relating to the operation of the Building to the extent incurred separately in reporting operating results to the Building's owners or lenders);

19. Compensation or benefits provided to clerks, attendants, or other persons in commercial concessions operated by Landlord;

20. Late fees and penalties assessed for failure to timely make any payment;

21. Costs of sculpture, paintings, or other objects purporting to be art;

22. Travel and entertainment costs;

23. Costs of gifts;

24. Costs incurred in the repair, maintenance and operation of any garage or parking facility for which a use fee is charged, including without limitation, electricity, insurance, taxes and salaries and benefits of attendants;

25. Costs incurred in connection with the repair, maintenance and operation of any retail, restaurant or specialty operations in the Building, including without limitation, utilities, taxes, insurance and the cost of janitorial services;

26. All categories of costs not included in the base year calculation of Operating Expenses;

27. Costs of any new or increased insurance coverages not existing in the Base Year, unless such additional coverages are required by Lender or Government;

28. Compensation and benefits provided to (i) administrative and executive personnel of Landlord above the level of Building superintendent or manager, or (ii) employees involved in the operation of buildings other than the Building;

29. The cost of providing any service customarily provided by a managing agent or which is customarily included in management fees (e.g., bookkeeping, accounting, information technology, travel for corporate related meetings, etc);

30. Any costs, including without limitation, rent, insurance and compensation, which require an allocation by Landlord between or among the Building and any other building or property owned by Landlord.

31. Costs incurred in connection with operation or maintenance of Landlord's information systems; including without limitation, information and LCD displays in the lobby or other common area of the Building;

32. Management costs or fees to the extent such costs or fees exceed competitive costs for third-party management of comparable buildings in the general vicinity of the Building (and in no event in excess of 2.5% of gross rent received from the operation of the Building) and shall be calculated on a consistent basis. By way of illustration only, if the rate for the management fee for the Base Year is 1.5%, then all subsequent Lease Years shall utilize a rate of 1.5% in determining the management fee and may not be increased except to be consistent with the prevailing market rate. To the extent that any tenant receives a rent abatement in the Base Year, the management fee shall be calculated without regard to such abatement and as if the rent subject to the abatement was received by Landlord. The management fee for any year shall not increase over that charged in the immediately prior year by more than the percentage increase in actual Operating Expenses for such two years;

33. Rent and other costs incurred in connection with Landlord's regional or corporate offices;

34. Any income tax, excess profit tax, gross receipts tax, profits tax, franchise tax, capital or stock tax, or like tax on Landlord's business, and any gift, estate or inheritance tax;

35. Any special assessments relating to construction of the Building or other improvements on the land or which relate to off-site improvements, whether or not serving the Building.

36. Any interest or penalties incurred as a result of Landlord's failure to timely make tax payments or to file any tax information or returns when due (including any additional interest or penalty resulting from the failure to pay taxes in time to receive the greatest discount for early payment);

37. Taxes assessed against the Building or Landlord for tenant improvements above the Building Standard;

38. Costs incurred in the removal, encapsulation, replacement, or other treatment to any substance considered to be detrimental to the health, safety, or general environment of the tenants and occupants of the Building, and notwithstanding any contrary provision of this Lease (including, without limitation, any provision relating to capital expenditures), costs arising from the presence of hazardous materials, asbestos or PCB's in or about the Building or land;

39. Rentals for items (except when needed in connection with normal repairs and maintenance of permanent systems) which if purchased, rather than rented, would constitute a capital improvement which is specifically excluded above;

40. Advertising, promotional and marketing costs and leasing commissions, attorneys' fees and other related costs and expenses in connection with the negotiation and preparation of correspondence, deal memos, letters of intent, leases, subleases, assignments, space planning costs, and other costs and expenses incurred in connection with lease, sublease and assignment negotiations and transactions with present or prospective tenants or other occupants of the Building;

41. Costs of signs in or on the Building or land identifying the owner of the Building or other tenants' signs;

42. Costs incurred in connection with upgrading the Building to comply with applicable laws (including without limitation, the Americans with Disabilities Act and similar accessibility laws, life, fire and safety codes) enacted prior to the Commencement Date;

43. Assessments and premiums which can be paid in installments, shall be paid by Landlord in the maximum number of installments permitted by law and not included as Operating Expenses except in the year in which the assessment or premium installment is actually paid;

44. Costs arising from the negligence or fault of Landlord or its agents, or any vendors, contractors, or providers of materials or services selected, hired or engaged by Landlord or its agents including, without limitation, the selection of building materials;

45. Costs of repairs, replacements and general maintenance of the roof, foundation and exterior walls of the Building to the extent any such repairs and replacements are classified as capital expenditures under the Code;

46. Costs arising from Landlord's charitable or political contributions;

47. Costs related to upgrading or renovating common areas of the Building, including without limitation, new carpeting, lighting, rest-room fixture replacements, etc.

48. The cost of any separate electrical meter or any survey Landlord may provide to any of the other tenants in the Building;

49. Cost of mail center services for other tenants in the Building if such services are not utilized by Tenant;

50. Asset management fees;

51. Expenses in connection with the design, installation, operation, maintenance, repair or replacement of telecommunications equipment or facilities;

52. Any bad debt loss, rent loss or reserves for bad debts or rent loss;

53. Costs reimbursed to Landlord by governmental authorities;

54. The cost of environmental insurance;

55. The amount of the deductible and/or any self-insured retention ("SIR") for any claim or occurrence that may be included as an Operating Expense to the extent such deductible or SIR either individually or in the aggregate exceeds $25,000; and

56. Any other expenses which, in accordance with GAAP, would not normally be treated as Operating Expenses by landlords of comparable Class A buildings in the area in which the Building is located.

Notwithstanding the foregoing, increases in Controllable Expenses (as defined below) will be capped at three percent (3%) of the amount of the Controllable Expenses payable by Tenant for the previous calendar year. "Controllable Expenses" means all Operating Expenses other than insurance, taxes, utility costs and other Operating Expenses that, in Landlord's reasonable judgment, are subject to increases which are outside the Landlord's control. In addition, increase in Taxes will be capped at ten percent (10%) of the amount of the Taxes payable by Tenant for the previous calendar year.

(h) As soon as is practicable after the commencement of each and every calendar year, Landlord shall provide Tenant with its estimate of Tenant's Proportionate Share of the increase in Operating Expenses over the Base Year's Operating Expenses. Tenant shall pay to Landlord on the first day of each month during such calendar year an amount equal to one-twelfth of Landlord's estimate as additional rent. Tenant will pay a lump sum for the amount of the estimate for such calendar year.

(i) As soon as practicable after the end of each calendar year, but no later than April 15 of the following calendar year, Landlord shall furnish to Tenant a statement of Tenant's Proportionate Share of such year's actual Operating Expenses compared to the Base Year Operating Expenses ("Landlord's Statement"). The Landlord's Statement shall set forth a description of the methodology employed by Landlord in adjusting the actual Operating Expenses to reflect one-hundred percent (100%) occupancy of the Building, inclusive of the 2013 calendar base year. If Tenant's actual Proportionate Share is greater than the estimated Proportionate Share, Tenant shall pay Landlord the difference, within thirty (30) days of receipt of Landlord's Statement. If Tenant's actual Proportionate Share of the increase in Operating Expenses is less than the estimated Proportionate Share, Landlord shall issue a credit to Tenant for the difference against Tenant's next Monthly Rental. If no Monthly Rental remains, then Landlord shall pay Tenant the difference upon delivery of Landlord's Statement.

(j) Tenant, at its expense, shall have the right to audit Landlord's books and records relating to any items affecting Operating Expenses for the Base Year and any subsequent calendar year or years; provided that Tenant's right to audit shall expire two (2) years after Landlord has furnished to Tenant Landlord's Statement for the applicable year during the term of this Lease unless Tenant has notified Landlord in writing of Tenant's election to conduct an audit. Notwithstanding the foregoing, Tenant may audit Operating Expenses for the Base Year at any time during the Term hereof.

Within fifteen (15) days after Tenant's notice of election to perform an audit, Landlord shall afford Tenant or any of Tenant's employees or consultants designated by Tenant, full access to such documents (including documents which may be stored in an electronic medium) (in a location within the Building) as are in Landlord's possession or control (whether or not such documents are located in the Building) and which are necessary or desirable to conduct the audit including, without limitation work papers prepared by Landlord's accountants, canceled checks, invoices, and such other documents as may be reasonably requested by Tenant, all of which documents shall be in accordance with generally accepted accounting standards, consistently applied ("GAAP"). In the event that it is ultimately determined that a refund of any amount paid by Tenant in respect of Operating Expenses which exceeds two and one-half percent (2.5%) of the total so paid by Tenant for such year and Tenant has not previously conducted an audit for two years preceding the year for which the audit is being conducted, Tenant shall have the right to audit any prior years to determine whether refunds are due for any such prior years. Landlord shall reasonably cooperate with Tenant as to facilitate the performance of Tenant's audit. Tenant agrees to conduct the audit in a manner which will cause minimum disruption to the operation of the Building and the management office of the Building. If as a result of such audit, Tenant claims that there is an error in Landlord's Statement (an "Expense Claim") and Landlord does not refund to Tenant the amount of such Expense Claim within 30 days after it is furnished to Landlord, Tenant shall have the right to seek determination of such claim in the following manner. Tenant shall provide Landlord with a list of three independent certified public accountants (identifying each accountant's firm), whose firm, to the best knowledge of Tenant after due inquiry, is not currently providing and has not provided in the previous 3 years services to Tenant. If possible, considering the requirements of the previous two sentences, two of the accountants shall be members of "Big Four" accounting firms, and the other accountant (or accountants) shall be a member of a nationally or regionally recognized firm. Within 10 business days after receipt from Tenant of such list, Landlord shall notify Tenant whether, to the best knowledge of Landlord after due inquiry, any of said three accounting firms on the list have provided services in the previous 3 years to Landlord (in which event the accountant from such accounting firm shall be disqualified from serving as the arbitrator), and within 15 business days after receipt from Tenant of such list, the parties shall mutually select from the remaining accountants the one who will serve as arbitrator under this paragraph. If the parties are unable to agree on such arbitrator, the parties shall make a joint application to the local chapter of the American Institute of Certified Public Accountants for the appointment of such arbitrator. Within 30 days after the parties have selected the Arbiter, Landlord and Tenant shall each submit to such accountant its position concerning the Expense Claim and all relevant information. The chosen accountant shall make a final and binding determination of the Expense Claim. Except as provided below to the contrary, each party shall be solely responsible for any fees that are payable to the accountant that is selected as an arbitrator, as well as any and all costs, expenses and fees incurred by Tenant and Landlord in connection with Tenant's audit. Notwithstanding the foregoing, Landlord shall reimburse Tenant within fifteen (15) days after receipt of invoice for any costs paid by Tenant to third parties performing the audit of Operating Expenses for the period in question in the event that it is determined (through mutual agreement or arbitration) that Landlord's Statement with respect to the period in question exceeds five percent (5%) of the total paid by Tenant for such year. Further, if it is determined that Landlord's Statement does not exceed five percent (5%) of the total paid by Tenant for such year, then Landlord shall not be responsible for such cost costs paid by Tenant, and Tenant shall be responsible for any costs paid by Landlord to third parties relating to Tenant's Audit. .

(k) Landlord's failure to bill Tenant for amounts due for Operating Expenses within one year of the expiration of the pertinent year, whether by failure to deliver Landlord's Statement or failure to amend a mistake contained in Landlord's Statement as delivered, will constitute an absolute waiver of Landlord's ability to recover additional amounts for that year.

4. SALES TAX

Along with and in addition to each Rent payment under this Lease, Tenant shall pay to Landlord the sales or privilege tax required by Florida Statutes Section 212.031 and any amendments or replacements thereof. Such tax is presently at the rate of 7.0% of the Rent charged for the Premises. Notwithstanding the foregoing, Tenant will not be required to pay such tax on the portion of Additional Rent applicable to any utilities on which Landlord has paid sales tax to the utility provider. Landlord will not charge more than the actual cost of any utility payable to the applicable utility provider. Landlord will include in its estimate of Tenant's Proportionate Share of Operating Expenses and Landlord's Statement an itemization of the amount and type of each utility billed to Tenant, along with the amount of sale tax paid to the utility provider.

5. USE

The Premises shall be used and occupied by Tenant solely for the purpose of general business offices and customary ancillary uses (the "Permitted Use") and for no other business or purpose without the written consent of Landlord. Tenant's use of the Premises shall not violate the Certificate of Occupancy for the Premises, nor any ordinance, law or regulation of any governmental body now in force nor the Rules and Regulations attached hereto and made a part hereof as Exhibit "D". Tenant further agrees that it will not use the Premises in any manner violating the Permitted Use that will (i) create a nuisance, disturbance, or annoyance to Landlord or any other tenant of the Building (ii) vitiate any insurances held by Landlord or Tenant; or (iii) alter the classification, increase the rate or cause the cancellation of any insurance on the Building.

6. ACCEPTANCE OF PREMISES

Subject to Landlord's warranty set forth in this Lease, and further subject to Landlord's performance of its obligations under the Work Letter, the taking of possession of the Premises by Tenant will be conclusive evidence as against Tenant that Tenant accepts the same "as-is" subject to the satisfaction of the punch-list items and any latent defects, and that the Premises and the Building were in good and satisfactory condition for the use intended at the time such possession was taken. Neither Landlord nor Landlord's agents have made any representations or promises with respect to the physical condition of the Building or the Premises, the rents, leases, expenses of operation, or any other matter or thing affecting or relating to the Premises except as herein expressly set forth, and no rights, easements or licenses are acquired by Tenant by implication or otherwise except as expressly set forth in the provisions of this Lease.

7. TENANT'S CARE

(a) Tenant will, at Tenant's expense, take good care of the interior surfaces of the Premises and the fixtures and appurtenances therein, reasonable wear and tear, and damage by fire, the elements, casualty, or acts of god excepted, and will suffer no active or permissive waste or injury thereof; and Tenant shall, at Tenant's expense, but under the direction of Landlord, promptly repair any injury or damage whether structural or nonstructural to Premises or Building caused by the misuse or neglect thereof by Tenant, or by persons permitted on Premises by Tenant, or Tenant moving in or out of Premises. All the aforesaid repairs shall be of quality or class equal to the original work or construction, and shall be made in accordance with the provisions of Paragraph 7(b) hereof. If Tenant fails after ten (10) days' written notice thereof to proceed with due diligence to make the repairs required to be made by Tenant, the repairs may be made by Landlord, at the expense of Tenant and the reasonable and actual expenses thereof incurred by Landlord, shall be collectible by Landlord as Additional Rental after rendition of a bill or statement therefore.

(b) Tenant will not, without Landlord's written consent, make alterations, additions or improvements in or about the Premises and will not do anything to or on the Premises which will increase the rate of fire insurance on the Building. It is expressly understood and agreed that Landlord is not requiring Tenant to make any such improvements to the Premises, and no improvements by Tenant shall be deemed improvements in accordance with an agreement between the parties, within the meaning of the Florida Mechanics' Lien Law. All contractors, subcontractors, mechanics, laborers, materialmen, and others engaged by Tenant who perform any work, labor or services, or furnish any materials, or otherwise participate in the improvement of the Premises shall be and are hereby given notice that Tenant is not authorized to subject Landlord's interest in the Premises to any claim for mechanics', laborers' and materialmen's liens, and all persons dealing directly or indirectly with Tenant may not look to the Premises as security for payment. Tenant shall save Landlord harmless from and against all expenses, liens, claims or damages to either property or person which may or might arise by reason of the making of any such additions, improvements, alterations and/or installations completed at the direction of Tenant. Tenant shall comply with the building codes, regulations and laws now or hereafter to be made or enforced in the municipality, county and/or state which have jurisdiction over such work. All alterations, additions or improvements of a permanent nature made or installed by Tenant to the Premises shall become the property of Landlord at the expiration of this Lease, unless Landlord, at the time of granting its consent to such alteration, addition or improvement, elects to relinquish its right thereto. In such event, so long as Landlord has provide Tenant written notice as a part of its consent that it requires the removal of such addition or improvement, Tenant shall remove the same at its sole cost and expense and shall repair any damage to Building and/or Premises caused by said removal prior to the expiration of Term. Tenant will not be required to remove any part of the initial Tenant Improvements (or any other improvements made by Landlord).

(c) Anything in this Lease to the contrary notwithstanding, Tenant has the right to make Minor Alterations (as hereinafter defined) to the Premises without Landlord's consent. "Minor Alterations" means minor Alterations in the Premises which: (1) are not structural in nature, (2) do not materially and adversely affect any of the main Building systems, and (3) are not visible from outside the Premises; provided, however, that any painting, wall covering installation, carpeting installation and removal of cabling and lighting fixtures will not be deemed visible from outside of the Premises for purposes of this paragraph.

(d) Prior to making any alterations (except for Minor Alterations) Tenant (i) shall submit to Landlord detailed plans and specifications (including layout, architectural, mechanical and structural drawings) for each proposed alteration and shall not commence any such alteration without first obtaining Landlord's written approval of such plans and specifications, (ii) shall, at its expense, obtain all permits, approvals and certificates required by any governmental or quasi-governmental bodies, and (iii) shall furnish to Landlord duplicate original policies of worker's compensation (covering all persons to be employed by Tenant, and Tenant's contractors and subcontractors in connection with such alteration) and commercial general liability (including property damage coverage) insurance in such form, with such companies, for such periods and in such amounts as Landlord may require, naming Landlord and its agents as additional insureds. Upon completion of such alteration, Tenant, at Tenant's expense, shall obtain certificates of final approval of such alteration required by any governmental or quasi-governmental bodies and shall furnish Landlord with copies thereof. All alterations shall be made and performed in accordance with the Rules and Regulations; all materials and equipment to be incorporated in the Premises as a result of all alterations shall satisfy current Building specifications and standards; no such materials or equipment shall be subject to any lien, encumbrance, chattel mortgage or title retention or security agreement. All alterations to which Landlord has consented shall be at Tenant's sole cost and expense.

(e) No later than the last day of the Term, Tenant will remove all Tenant's personal property and repair all injury done by or in connection with installation or removal of said property and surrender the Premises (together with all keys to Premises) in as good a condition as they were at the Commencement Date, reasonable wear and tear and damage by fire, the elements, acts of god, or casualty excepted. All property of Tenant remaining on the Premises after expiration of the Term shall be deemed conclusively abandoned and may be removed by Landlord and Tenant shall reimburse Landlord for the cost of removing the same. Tenant shall not be obligated to restore the Premises at the end of the Lease term (or sooner if earlier terminated), including the removal of any cabling or any internal stairs (if applicable).

(f) In doing any work related to the installation of Tenant's furnishings, fixtures, or equipment in the Premises, Tenant will use only contractors or workmen reasonably acceptable to Landlord. Tenant shall promptly remove any lien for material or labor claimed against the Premises by such contractors or workmen if such claim should arise and hereby indemnifies and holds Landlord harmless from and against any and all costs, expenses or liabilities incurred by Landlord as a result of such liens arising from work performed at the direction of Tenant.

(g) In addition, Tenant shall not install or operate in the Premises any electrically operated equipment or other machinery, other than for standard food preparation, electric typewriters, computers, printers, facsimile machines, copiers or adding machines and such other small electrically operated office equipment as is used in modern offices, without first obtaining the prior consent in writing of Landlord, who may condition such consent upon the payment by Tenant of Additional Rent in compensation for such excess consumption of water and/or electricity or wiring as may be occasioned by the operation of said equipment or machinery; nor shall Tenant install any other equipment whatsoever which will or may necessitate any changes, replacements or additions to or require the use of the water system, plumbing system, heating system, air-conditioning system or the electrical system of the Premises without the prior written consent of Landlord.

(h) Tenant agrees that all personal property brought into the Premises by Tenant, its employees, licensees and invitees shall be at the sole risk of Tenant, and Landlord shall not be liable for theft thereof of money deposited therein or for any damages thereto; provided such loss is not caused or contributed to by the negligence or willful misconduct of Landlord or its agents and employees.

8. BUILDING HOURS OF OPERATION

The normal business hours of the Building shall be from 8:00 a.m. to 6:00 p.m. on Monday through Friday, and 8:00 a.m. to 1:00 p.m. on Saturday. The Building will not operate on the recognized or actual Federal holiday for New Year's Day, Memorial Day, Independence Day, Labor Day, Thanksgiving and Christmas. Notwithstanding the foregoing, Tenant will have access to the Premises 24 hours a day, 7 days a week.

9. LANDLORD SERVICES

(a) Landlord shall, at its own expense, furnish the following services, 24 hours a day, 7 days a week (except HVAC) all of comparable quality and quantity to other First Class towers in downtown Tampa, Florida:

i. Landlord agrees to provide to the Premises at all times during the Term of this Lease not less than 6 watts, demand load, of electrical power per rentable square foot, exclusive of the Building's HVAC system. In the event that Tenant requests additional electric power in the Premises, and there is sufficient electrical capacity in the Building to comply with Tenant's request, Landlord shall provide such additional electric power to the Premises (and reasonable access to the Building's electric system, conduits, feeders and risers) at Tenant's reasonable cost and expense.

ii. Heat and air conditioning, during normal business hours, which is reasonably required for the comfortable occupation of the Premises, in accordance with the current ASHRAE standards, subject to any governmental laws, regulations or restrictions pertaining to the furnishing or use of such heat and air conditioning. Standard hours of operation for Tenant is 7:00 a.m. to 6:00 p.m. on Monday through Friday, and 8:00 a.m. to 1:00 p.m. on Saturdays, excluding holidays as listed in Section 8 of this Lease.

iii. Elevator service 24 hours per day, 7 days per week.

iv. Toilet room supplies.

v. Window washing with reasonable frequency.

vi. Daily janitorial service during the time and in the manner that such janitorial service is customarily furnished in first class office buildings in Tampa, Florida.

vii. Cold water for drinking, lavatory and toilet purposes.

(b) Services to be provided by Landlord hereunder shall be subject to the Rules and Regulations of the Building established by Landlord as described in Paragraph 31 herein.

(c) Landlord shall not be liable for any damages directly or indirectly resulting from, nor shall the Rent as herein set forth be abated by reason of (i) installation, use or interruption of use, of any equipment in connection with the furnishing of any of the foregoing services, or (ii) failure to furnish, or delay in furnishing, any such services when such failure or delay is caused by accident or any condition beyond the reasonable control of Landlord or by the making of necessary repairs or improvements to the Premises or to the Building. The temporary failure to furnish any such services shall not be construed as an eviction of Tenant or relieve Tenant from the duty of observing and performing any of the provisions of this Lease. Notwithstanding anything in this Lease to the contrary, if for any reason attributable to Landlord's negligence or intentional misconduct there is an interruption in any essential services to the Premises (including, without limitation, elevator service, electrical services, heating, ventilation or air conditioning, water, or sewer) and such interruption continues for a period of two (2) consecutive business days, Tenant shall be entitled to an abatement of all Rent payable under this Lease for the entire period that such services are not provided to the extent that such interruption interferes with the normal conduct of Tenant's business in the Premises. Should such interruption continue for a period of ninety (90) consecutive calendar days, Tenant shall have the option to cancel and terminate this Lease on ten (10) days' notice to Landlord.

(d) Landlord shall at its expense keep all portions of garage, Building and other improvements (other than the interior portions of the Premises maintained by Tenant) including but not limited to the (i) foundation, exterior and roof of the Building, (ii) interior and exterior common areas, (iii) parking and landscaped areas, and (iv) plumbing, heating, air conditioning and electrical systems, in good order, repair and condition, and in compliance with all applicable laws, unless any such work is necessary because of any act of Tenant as described in Paragraph 7(a) hereof, in which event the cost shall be borne by Tenant. This Section shall not apply to any damage caused by fire or other casualty or condemnation as described in this Lease.

(e) If Landlord fails to perform any of its defined services or maintenance within the Premises or Building, then Tenant will have the right to perform such maintenance or services and charge Landlord. Landlord will pay Tenant's invoices within 30 days of receipt.

10. DESTRUCTION OR DAMAGE TO PREMISES AND WAIVER OF SUBROGATION

(a) If the Building or the Premises are totally destroyed (or so substantially damaged as to be untenantable) by storm, fire, earthquake, or other casualty, Rent shall abate from the date of such damage or destruction. In the event Landlord fails to complete restoration of the Building or Premises in substantially the same condition such that the Building or Premises is tenantable in Landlord's commercially reasonable discretion within one hundred and eighty (180) days from the date of the casualty, this Lease may be terminated effective as of the date of such damage or destruction upon written notice from either party to the other given not more than ten (10) days following expiration of the one hundred and eighty (180) day period, except, however, Landlord shall not be responsible for any delays which are caused by reason of adjustment of fire insurance on the part of Landlord or Tenant or for delays contemplated by Paragraph 36 hereof. In the event such notice is not given, then this Lease shall remain in full force and effect and Rent shall commence thirty (30) days following delivery of the Premises to Tenant fully restored to its previous condition. In the event such damage or destruction occurs within one year from the expiration of the Term of this Lease, Tenant may, at its option on written notice to Landlord within thirty (30) days of such destruction or damage, terminate this Lease as of the date of such destruction or damage. If the Premises are damaged due to fire or other casualty, Tenant shall remove, at its sole cost and expense, its furniture and other belongings from the Premises as Landlord shall require in order for Landlord to repair and restore the Premises.

(b) If the Building or Premises are damaged but the Premises is not rendered wholly inaccessible or untenantable by any of the events set forth in subparagraph (a) above, Rent shall abate in such proportion as Premises have been damaged and Landlord shall restore Premises as within one hundred and eighty (180) days from the date of the casualty. In the event Landlord fails to complete restoration of the Building or Premises in substantially the same condition such that the Building or Premises is tenantable in Landlord's commercially reasonable discretion within one hundred and eighty (180) days from the date of the casualty, this Lease may be terminated effective as of the date of such damage or destruction upon written notice from Tenant to Landlord given not more than ten (10) days following expiration of the one hundred and eighty (180) day period.

(c) All obligations of the parties under this Section 10 are subject to the waiver of subrogation set forth in Section 18 hereof.

(d) Unless such repair or replacement is caused or contributed to by the negligence or willful misconduct of Landlord or its agents and employees, Landlord shall not be required to make any repairs or replacements of any improvements installed in the Premises (other than Landlord's Work) by or for Tenant, nor shall Landlord be responsible for the replacement of Tenant's furniture and furnishings.

(e) In no event shall Rent abate if the damage or destruction of the Premises whether total or partial, is the result of the negligence or willful misconduct of Tenant, its agents, or employees. Notwithstanding the foregoing, each party shall look first to any insurance in its favor before making any claim against the other party for recovery for loss or damage resulting from fire or other casualty, and to the extent that such insurance is in force and collectible and to the extent permitted by law, Landlord and Tenant each hereby releases and waives any right of recovery against the other or any one claiming through or under each of them by way of subrogation or otherwise. The foregoing release and waiver shall be in force only if both releasors' insurance policies contain a clause providing that such a release or waiver shall not invalidate the insurance and also, provided that such a policy can be obtained, without additional premiums. Tenant acknowledges that Landlord shall not carry insurance covering Tenant's furniture, fixtures, equipment and/or improvements. Unless such repair or replacement is caused by the negligence or willful misconduct of Landlord or its agents and employees, Landlord shall not be required to make any repairs or replacements of any improvements installed in the Premises (other than Landlord's Work) by or for Tenant, nor shall Landlord be responsible for the replacement of Tenant's furniture and furnishings.

11. DEFAULT BY TENANT – LANDLORD'S REMEDIES

(a) The following constitute events of default (an "Event of Default"): (i) Tenant's failure for five (5) business days after written notice thereof in paying any and all Rent as set forth herein; or (ii) Tenant's failure to observe or perform any item, covenant, or condition of this Lease on Tenant's part to be observed and performed (other than the covenant to pay any and all Rent) and Tenant fails to remedy such default within thirty (30) days after notice by Landlord to Tenant of such default, or if such default is of such a nature that it cannot be completely remedied within said period of thirty (30) days and Tenant does not commence within said period of thirty (30) days, or does not thereafter diligently pursue completing all steps necessary to remedy such default; or (iii) the entry against Tenant of a decree or order for relief in an involuntary case under the federal bankruptcy laws (as now or hereafter constituted) or any other applicable federal or state bankruptcy, insolvency or other similar law, or the appointment of a receiver, liquidator, assignee, trustee, custodian, sequestrator (or similar official) for Tenant or for any substantial part of Tenant's property, or an order for the winding-up of liquidation of Tenant's affairs and the continuance of any such decree or order is unstayed and in effect for a period of sixty (60) consecutive days; or (iv) the commencement by Tenant of a voluntary case under the federal bankruptcy laws (as now constituted or hereafter amended) or any other applicable federal or state bankruptcy, insolvency, or other similar law, or the consent by Tenant to the appointment of or taking possession by a receiver, liquidator, assignee, custodian, trustee, sequestrator (or similar official) for Tenant or for any substantial part of Tenant's property, or the making by Tenant of any assignment for the benefit of creditors, or the failure of Tenant generally to pay its debts as such debts become due, or the taking of corporate action by Tenant in furtherance of any of the foregoing; (v) levy upon or attachment under process against Premises or Tenant's effects or interest therein which is not satisfied or dissolved within fifteen (15) days after such levy upon or attachment; or (vi) abandonment or vacancy of the Premises by Tenant during the Term of this Lease without payment of Rent. After an authorized assignment or subletting, the occurrence of any of the foregoing Event of Default affect this Lease only if caused by or happening to the assignee or sublessee.

(b) In the case of an Event of Default, Landlord may, at its option, terminate this Lease. Upon such termination by Landlord, Tenant will at once surrender possession of Premises to Landlord and remove all of Tenant's effects therefrom; and Landlord may forthwith re-enter the Premises and repossess the Premises by any applicable action or procedure; and remove all persons and effects therefrom, using such force as may be necessary without being guilty of trespass, forcible entry or detainer or other tort. Landlord may also, in addition to any other remedies it may have, recover from Tenant all damages Landlord may incur by reason of such Event of Default, including the cost of recovering the Premises, reasonable attorneys' fees, and including the worth at the time of such termination of the excess, if any, of the amount of Rent reserved in this Lease for the remainder of the Term over the then reasonable rental value of Premises for the remainder of the Term, all of which amounts shall be immediately due and payable from Tenant to Landlord.

(c) As an alternative to the remedy available in subsection (b) above, in the case of an Event of Default, Landlord may at Landlord's option, terminate Tenant's right to possession and enter upon and rent Premises at the best price obtainable by reasonable effort, without advertisement, and by private negotiations and for any term Landlord deems proper without termination of this Lease evidenced by written notice to Tenant. Tenant shall upon receipt of such notice surrender possession of the Premises to Landlord and remove all of Tenant's effects therefrom; and Landlord may forthwith re-enter the Premises and repossess itself thereof; and remove all persons and effects therefrom, using such force as may be necessary without being guilty of trespass, forcible entry or detainer or other tort. Tenant shall be liable to Landlord for the deficiency, if any, between the amount of all Rent reserved in this Lease and the net rent, if any, collected by Landlord in reletting Premises (the "Net Rent"), which deficiency shall be due and payable by Tenant for the period in which Rent reserved in the Lease would have been due and payable. Net Rent shall be computed by deducting from gross rents collected all expenses or costs actually incurred by Landlord in reletting, including, but not limited to attorneys' fees and broker's commissions and the reasonable and actual costs incurred for renovating or remodeling Premises.

(d) Pursuit of any of the foregoing remedies shall not preclude pursuit of any of the other remedies herein provided or any other remedies provided by law.

(e) Landlord will have the obligation to mitigate its damages in the exercise of any of its remedies hereunder.

(f) Upon Tenant's default, Landlord may declare immediately due and payable all "Monthly Rental" and all additional rental and any other charges and assessments against Tenant due or to become due under this Lease.

(g) Any installment of Rent herein required to be paid by Tenant, or any amount due to Tenant from Landlord, which is not paid when due, shall bear interest at (i) the maximum interest rate permitted by applicable law or (ii) if there is no such rate then eighteen percent (18%) per annum shall be charged, (the "Default Rate") as a late charge for the purpose of reimbursing for expenses incurred by reason of such failure by Tenant or Landlord, as applicable, and not as penalty therefore. The interest so charged shall be collectible as Additional Rent.

(h) Landlord will have the obligation to mitigate its damages in the exercise of any of its remedies hereunder.

(i) If Tenant shall fail to pay any sum of money other than Rent, required to be paid by it hereunder or shall fail to perform any other act on its part to be performed hereunder, Landlord may, but shall not be obligated so to do, and without waiving or releasing Tenant from any obligations of Tenant, make any such payment or perform any such other act on Tenant's part to be made or performed following advance written notice and Tenant's opportunity to cure pursuant to Section 11(a). All sums so paid by Landlord and all necessary incidental costs shall be deemed Additional Rental hereunder and shall be payable to Landlord following 30-days written demand, together with interest thereon. Any installment of Rent herein required to be paid by Tenant, or any amount due to Tenant from Landlord, which is not paid when due, shall bear interest at (i) the maximum interest rate permitted by applicable law or (ii) if there is no such rate then eighteen percent (18%) per annum shall be charged, from the date of expenditure by Landlord to the date of repayment by Tenant, and Landlord shall have (in addition to any other right or remedy of Landlord) the same rights and remedies in the event of nonpayment thereof by Tenant as in the case of default by Tenant in the payment of (the "Default Rate") as a late charge for the purpose of reimbursing for expenses incurred by reason of such failure by Tenant or Landlord, as applicable, and not as penalty therefore. The interest so charged shall be collectible as Additional Rent.

12. LANDLORD'S LIABILITY

If Landlord defaults in the performance of any of its obligations under this Lease, which default results in a condition which materially interferes with Tenant's conduct of its business, and such default is not attributable to (i) the negligent or intentional act of Tenant or its agents, employees, contractors, subtenants or invitees; or (ii) Force Majeure, and such default continues for a period of more than thirty (30) days after receipt of written notice from Tenant specifying such default (except in case of emergency, following which such default continues for two business days after receipt of such notice), or if such default requires more than thirty (30) days to cure, then if Landlord fails to commence curing such default within the thirty (30) day period or fails to thereafter diligently continue curing such default until completion, then Tenant, in addition to all other rights or remedies which Tenant is entitled to under this Lease, at law or in equity, shall have the right to take reasonable measures to cure such Landlord's default and be reimbursed for the amount equal to the actual and reasonable out-of-pocket cost for curing such default plus interest at the Default Rate within 30-days following Tenant's written demand for reimbursement.

The term "Landlord" as used in this Lease shall mean only the owner or mortgagee in possession for the time being of the Building in which the Premises are located or the owner of a leasehold interest in said Building or the land thereunder so that in the event of sale of said Building or leasehold interest or an assignment of this Lease, and such purchasers or assignees assumption of Landlord's obligations hereunder, Landlord shall be and is hereby entirely freed and relieved of all obligations of Landlord subsequently accruing. It is specifically understood and agreed that there shall be no personal liability of Landlord in respect of any covenant, condition or provisions of this Lease; in the event of a breach or default by Landlord or any of its obligations under this Lease, Tenant shall look solely to Landlord's interest in the Building and the land, including proceeds and rent, for the satisfaction of Tenant's remedies.

13. ASSIGNMENT AND SUBLETTING

(a) Tenant shall not, without the prior written consent of Landlord, assign this Lease or any interest thereunder, or sublet Premises or any part thereof, or permit the use of the Premises by any party other than Tenant. Tenant shall submit to Landlord a written request for the consent of Landlord to such assignment or subletting which request shall be accompanied by the name of the assignee or subtenant, copy of the fully executed assignment or sublease which shall be conditioned upon Landlord's consent thereof, nature and character of the business of the proposed assignee or subtenant, the proposed use of the Premises, current financial information on the assignee and such additional information as Landlord may reasonably request. Consent by Landlord to one assignment or sublease shall not destroy or waive this provision, and all later assignments and subleases shall likewise be made only upon the prior written consent of Landlord.

(b) Tenant agrees that the instrument by which any assignment or subletting consented to by Landlord is accomplished shall expressly provide that the assignee or subtenant will perform and observe all the agreements, covenants, conditions and provisions to be performed and observed by Tenant under this Lease as and when performance and observance is due and that Landlord will have the right to enforce such agreements, covenants, conditions and provisions directly against such assignee or subtenant. Tenant shall in all cases (except in the case of a Permitted Transfer) remain responsible for the performance by any subtenant or assignee of all such agreements, covenants, conditions and provisions.

(c) In the event Tenant notifies Landlord of Tenant's intent to sublease or assign this Lease, and provides Landlord with the required information as stated above, Landlord shall within fifteen (15) days from receipt of such notice (i) consent to such proposed subletting, or (ii) refuse such consent. If Landlord does not consent or refuse consent within such fifteen (15) day period, Landlord will have been deemed to consent to such sublease or assignment. In the event a sublease or assignment is made as herein provided, Tenant shall reimburse Landlord for all of the reasonable and actual legal and accounting costs incurred by Landlord in order to accomplish such assignment or subletting, such costs not to exceed $1,000.00. Such subletting or assignment shall not cause Landlord any other costs, and if Landlord actually incurs any additional costs, then Tenant agrees to pay the same as Additional Rental.

(d) Landlord agrees that its consent to the proposed assignment or sublease shall not be unreasonably withheld, conditioned or delayed, provided that all of the following criteria are satisfied:

i. The assignee or subtenant shall not require commercially undesirable renovations to the Premises;

ii. The assignee or subtenant shall be of a reputation, and the character of the assignee's or subtenant's business shall be, in keeping with the general character of the building and the tenants thereof and shall not substantially increase the burden on existing cleaning services, or elevators over the burden prior to such proposed subletting;

iii. The assignee shall have the financial ability to perform its obligations under the or shall agree to provide other assurance reasonably acceptable to Landlord of the performance of said obligations;

iv. The purposes for which the Premises are intended or permitted to be used shall not be inconsistent with the manner of use permitted in the Building nor in conflict with any negative covenant as to exclusive use contained in any lease of space in the Building then in effect, provided that Landlord shall promptly advise Tenant of any such negative covenant forbidding the use for which Tenant may intend to assign or sublet upon Tenant's requesting in writing such information and shall be bound by the advice given by Landlord in response to such request;

v. There currently does not exist any Event of Default under this Lease;

vi. Tenant shall have no right to assign this Lease or sublet the whole or any part of the Premises to any party who is dealing with or has dealt with Landlord or Landlord's agents with respect to space available for rent in the Building within six (6) months immediately preceding Tenant's notice.

vii. Tenant agrees not to offer to assign nor sublet to a party which is currently a tenant in the Building.

(e) The following are additional conditions and restrictions upon assignment or subletting by Tenant:

i. Any sublease shall be expressly subject and subordinate to all of the terms and provisions of this Lease;

ii. If Tenant shall sublet or assign all or a portion of the Premises for a rental in excess of the total Rent stipulated herein, which is or may become due and owing, then Tenant shall pay to Landlord as Additional Rental fifty percent (50%) all of such excess amount ("Bonus Rent"). For purposes of this Lease, "Bonus Rent" shall mean sums (1) which Tenant receives pursuant to the terms of the assignment or sublet which are in excess of total Rent which Tenant is obligated to pay Landlord under this Lease (to be pro-rated if only a portion of the Leased Premises is subject to such transfer); less (2) (A) leasing commissions paid by Tenant; (B) other out-of-pocket costs paid by Tenant, including attorneys' fees, advertising costs, and expenses of improvements or other expenses of readying the Leased Premises for occupancy by the transferee; (C) any consideration paid to the transferee or any third party to induce the transferee to consummate the transfer; and (D) out-of-pocket costs paid by Tenant for tenant improvement work allowances or rent concessions. In no event shall Bonus Rent be payable in connection with a Permitted Transfer.

iii. With respect to subletting less than all the Premises, Tenant at its sole cost and expense, shall, if necessary, provide and permit reasonable means of ingress to and egress from the space sublet by Tenant.

iv. All rights and options provided to Tenant shall be allowed to be transferred to subtenant upon mutual agreement between Landlord and Tenant.

v. Tenant agrees not to publicly advertise the Premises for subletting or assignment at an amount below Tenant's then current Base Rent.

(f) Notwithstanding anything to the contrary set forth herein, Tenant shall have the right, without obtaining Landlord's consent, to: (a) assign this Lease or sublet all or any part of the Premises to (i) any person or entity which, directly or indirectly, controls, is controlled by, or is under common control with, Tenant (an "Affiliate"), (ii) to a successor of Tenant or an Affiliate (by merger, reorganization, consolidation, or transfer of all or substantially all of Tenant's (or such Affiliate's) assets, partnership or other equity interests) (b) assign this Lease or sublet all or any part of the Premises to any operating division, group, department, or group of individuals of Tenant or an Affiliate (collectively an

"Operating Unit"), which has ceased to be an Affiliate as a result of a spin-off from Tenant or otherwise (regardless of whether such assignment or sublet is to a new entity formed by such Operating Unit, or to an existing entity of which the Operating Unit becomes a part); or (c) transfer any interest in Tenant including, without limitation, a majority or controlling interest in Tenant. For purposes hereof, control (and variations thereof) shall mean the ownership of not less than fifty percent (50%) of the equity or other ownership interests of the entity in question or the power to direct or control the management of the entity in question. Any of the foregoing transfers are referred to herein as a "Permitted Transfer".

(g) In the event of violation of this Paragraph 13, Landlord may, after an Event of Default, accept from any assignee, sublessee or any one who claims a right to the interest of Tenant under this Lease or who occupies any part or the whole of the Premises the payment of Rent and/or the performance of any of the other obligations of Tenant under this Lease, but such acceptance shall not be deemed to be a waiver by Landlord of the breach by Tenant of the provisions of this Paragraph 13, nor a recognition by Landlord that any such assignee, sublessee, claimant or occupant has succeeded to the rights of Tenant hereunder, nor a release by Landlord of Tenant from further performance by Tenant of the covenants on Tenant's part to be performed under this Lease; provided, however, that the net amount of rent collected from any such assignee, sublessee, claimant or occupant shall be applied by Landlord to the Rent to be paid hereunder.

14. CONDEMNATION

If the whole of the Premises shall be condemned, or purchased in lieu of condemnation, by any competent authority, for any public purpose, then, the Term of this Lease shall cease and terminate from the time when the possession shall be required for such use or purpose and the Rent will cease.

(a) If any part of the Premises shall be taken or condemned or purchased in lieu thereof by any competent authority for any public purpose, provided the balance of the Premises remaining cannot be effectively utilized by Tenant for office space, Tenant shall have the option to cancel this Lease, giving Landlord written notice within twenty (20) days after receipt of notice of the condemnation from Landlord, or in the absence of such notice, within a reasonable time after the taking occurs. If Tenant is entitled to exercise said option to terminate and does so, Rent will cease as of the date of such taking. In the event Tenant does not terminate the Lease, then Tenant will be responsible for the Rent as heretofore set forth to the date of such taking or purchase; after which date the Rent herein reserved shall be reduced proportionately as the usable floor area of the remaining leased space compares to the usable floor area of the leased space before such taking or purchase.

(b) Landlord and Tenant hereby agree that any award or proceeds resulting from a condemnation or sale in lieu thereof of the whole or part of the Premises shall belong solely to Landlord, and Tenant hereby waives any right to make any claim therefor as the result of this Lease; provided, however, that Tenant shall not be prevented from pursuing any claim for its personal property or business damages against the condemning authority, so long as such claim will not diminish Landlord's award.

(c) If there shall be taken during the Term of this Lease any substantial or material part of the Building and Landlord decides not to restore the Building, Landlord may, upon reasonable notice to Tenant, terminate this Lease.

15. INSPECTIONS AND ACCESS TO PREMISES

Landlord or Landlord's agents shall have the right to enter the Premises at all times subsequent to reasonable notice to Tenant (except in the case of an emergency only reasonable notice, if any, will be required), to examine the Premises, to survey the Premises, to show to prospective purchasers or mortgagees of the Building or space therein, and to perform necessary maintenance and to make such commercially necessary repairs to the Premises or to any other portion of the Building or which Landlord may elect to perform following Tenant's failure to make repairs or perform any work which Tenant is obligated to perform under this Lease, or for the purpose of complying with laws, regulations or other requirements of government authorities. Landlord shall be allowed to take all material into and upon the Premises that may be required in connection with said activity without the same constituting an eviction or constructive eviction of Tenant in whole or in part and the Rent shall in no way abate while said activity is being conducted, by reason of loss or interruption of business of Tenant, or otherwise; provided such inspections and maintenance shall be conducted in such a manner as to minimize the interference with Tenant's Permitted Use and, as applicable, such access to the Premises shall be of such nature and scope as shall be reasonably required. If Tenant shall not be personally present to open and permit an entry into the Premises, at any time, when for any reason an entry therein shall be necessary or permissible, Landlord or Landlord's agents may enter the same by a master key, or may forcibly enter the same, without rendering Landlord or such agents liable therefor (if during such entry Landlord or Landlord's agents shall accord reasonable care to Tenant's property), and without in any manner affecting the obligations, and covenants of this Lease. Nothing herein contained, however, shall be deemed or construed to impose upon Landlord any obligation, responsibility or liability whatsoever, for the care, supervision or repair of the Premises or any part thereof, other than as herein provided.

16. SUBORDINATION AND LEASE AMENDMENT

(a) Subject to the non-disturbance obligations set forth in subsection (b) below, this Lease will be subject and subordinate to any underlying land leases and/or mortgages which may now or hereafter affect this Lease or the real property of which the Premises form a part and to all renewals, extensions, supplements, amendments, modifications, consolidations and/or replacement of the underlying land leases and/or mortgages. Tenant promptly shall, at Landlord's request, execute and deliver such further instruments as may be desired by any holder of a mortgage or by any lessor under any such underlying land leases. In the event Landlord's mortgagee shall reasonably require any changes in or additions to this Lease, Tenant hereby agrees to amend this Lease to effect such changes or additions and Landlord shall bear the full expense of the preparation and recording of the necessary written instruments; provided, however, nothing in this Paragraph 16 shall obligate Tenant to agree to any change in the amount of Rent required of Tenant hereunder, or to any change in the term of this Lease.

(b) As a condition to Tenant's subordination of this Lease to any future land leases and/or mortgages, Landlord shall deliver to Tenant a non-disturbance agreement in a form attached as Exhibit E hereto (the "SNDA"). Concurrently with the execution of this Lease, Landlord shall cause any current holders of interests superior to this Lease to execute and deliver an SNDA to Tenant.

(c) At any time and from time to time but on not less than ten (10) business days prior written request by Landlord, Tenant will execute, acknowledge and deliver to Landlord, promptly upon request, an estoppel certificate certifying:

i. That this Lease is unmodified and in full force and effect (or, if there have been modifications, that this Lease is in full force and effect as modified, and stating the date and nature of each modification);

ii. The date, if any, to which Rent and other sums payable hereunder have been paid, and the amount of security deposit and prepaid rent, if any;

iii. That no notice has been received by Tenant of any Event of Default which has not been cured except as specified in such certificate;

iv. That to Tenant's actual knowledge, without investigation, Landlord is not in default hereunder, except as to default specified in such certificate;

v. Such other matters as may be reasonably requested by Landlord or any actual or prospective purchaser or mortgage lender. Any such certificate may be relied upon by any actual or prospective purchaser, mortgagee or beneficiary under any deed or mortgage of the Building or any part thereof.

17. INDEMNITY

(a) Tenant shall defend, protect, indemnify and hold harmless Landlord and Landlord's agents against and from any and all claims, liabilities, fines, damages, penalties, suits, and expenses of all kinds or nature, including reasonable attorneys' fees and disbursements ("Losses") arising from: (1) from any activity done, permitted or suffered by Tenant or Tenant's agents in or about the Premises or the Building and (2) any act, neglect, fault, willful misconduct or omission of Tenant or Tenant's agents, or from any breach or default in the terms of this Lease by Tenant or Tenant's agents, and (3) any action or proceeding brought on account of any matter in items (1) or (2). If any action or proceeding is brought against Landlord by reason of any such claim, upon notice from Landlord, Tenant shall defend the same at Tenant's expense by counsel reasonably satisfactory to Landlord.

(b) Landlord shall defend, protect, indemnify and hold harmless Tenant and Tenant's agents against and from any and all Losses arising from: (1) from any activity done, permitted or suffered by Landlord or Landlord's agents in or about the Premises or the Building and (2) any act, neglect, fault, willful misconduct or omission of Landlord or Landlord's agents, or from any breach or default in the terms of this Lease by Landlord or Landlord's agents, and (3) any action or proceeding brought on account of any matter in items (1) or (2). If any action or proceeding is brought against Tenant by reason of any such claim, upon notice from Tenant, Landlord shall defend the same at Landlord's expense by counsel reasonably satisfactory to Tenant.

(c) The provisions of this Paragraph 17 shall survive the termination of this Lease.

(d) The foregoing indemnity shall not relieve any insurance carrier of its obligations under any policies required to be carried by either party pursuant to this Lease, to the extent that such policies cover the peril or occurrence that results in the claim that is subject to the foregoing indemnity.

18. INSURANCE

(a) Tenant covenants to provide on or before the Commencement Date and keep in force during the Term of this Lease, a commercial general liability insurance policy insuring Tenant against bodily injury, property damage and personal injury. This policy shall be in the amount of One Million Dollars ($1,000,000) with respect to bodily injury and property damage. Tenant agrees to also provide an umbrella liability policy in the amount of Two Million Dollars ($2,000,000) providing at least the same coverage as the commercial general liability insurance policy. The policies shall be written by a good and solvent insurance company qualified to do business in the State of Florida and reasonably approved by Landlord and shall include Landlord as an additional named insured. The certificates thereof shall be delivered to Landlord prior to the Commencement Date. Tenant shall renew said policy not less than thirty (30) days prior to the expiration date thereof from time to time, and furnish said certificates therefor to Landlord. Tenant shall provide at least 30-days prior written notice to Landlord in the evident such policies are subject to cancellation or material change.

(b) Tenant shall carry fire and other insurance insuring its interest in Tenant's improvements in Premises, and its interest in its office furniture, equipment, supplies and other personal property, in an amount equal to but not less than ninety percent (90%) of the full insurable value thereof, written by a good and solvent insurance company qualified to do business in the State of Florida, naming Tenant as the insured. The certificates thereof shall be delivered to Landlord prior to the Commencement Date. Tenant shall renew said policy not less than thirty (30) days prior to the expiration date thereof from time to time, and furnish said certificate therefor to Landlord. All insurance policies provided pursuant to this subparagraph shall satisfy the requirements set forth in Paragraph 10(c).

(c) Landlord shall purchase and keep in force fire, special form "all risk" insurance covering the Building in an amount equal to full replacement value. Landlord may maintain "Loss of Rents" insurance, insuring that the Rent will be paid in a timely manner to Landlord for a period of at least twelve (12) months if the Premises, the Building, or any portion thereof are destroyed or rendered unusable or inaccessible by any cause insured against under this Lease.

(d) Anything in this Lease to the contrary notwithstanding, Landlord and Tenant each hereby waives any and all rights of recovery, claim, action or cause of action against the other (and against any assignee of Landlord and assignee or subtenant of Tenant) for any loss or damage that may occur to the Building or Premises or any improvements thereto, or any personal property of Landlord or Tenant, arising from any cause that (a) is customarily insured against under the terms of special form (all-risk) property insurance; or (b) is insured against under the terms of any property insurance actually carried. The foregoing waiver shall apply regardless of the cause or origin of the claim, including but not limited to the negligence of a party or that party's agents, officers, employees or contractors. The parties hereto, as between themselves, hereby waive the right to seek or collect punitive or consequential damages.

19. REMEDIES CUMULATIVE

The rights given to Landlord and Tenant herein are in addition to any rights that may be given by a statute or under law.

20. HOLDING OVER

(a) Tenant acknowledges that possession of the Premises must be surrendered to Landlord at the expiration or sooner termination of the Term of this Lease. Tenant agrees to indemnify and save Landlord harmless against all third party claims directly resulting from delay by Tenant in so surrendering the Premises, including, without limitation, any claims made by any succeeding tenant founded on such delay. The parties recognize and agree that the damage to Landlord resulting from any failure by Tenant to timely surrender possession of the Premises as aforesaid will be extremely substantial, will exceed the amount of Monthly Rental and Additional Rental theretofore payable hereunder, and will be impossible to accurately measure. Tenant therefore agrees that if possession of the Premises is not surrendered to Landlord within 24 hours after the date of the expiration or sooner termination of the Term of this Lease, then Tenant shall pay to Landlord for each month and for each portion of any month during which Tenant holds over in the Premises after the expiration or sooner termination of the Term of this Lease, without the express written consent and approval of Landlord, a sum equal to one hundred twenty five percent (125%) of the aggregate of that portion of Monthly Rental and Additional Rental (calculated on a daily basis) which was payable under this Lease during the last month of the Term hereof. Nothing herein contained shall be deemed to permit Tenant to retain possession of the Premises after the expiration or sooner termination of the Term of this Lease. The aforesaid provisions of this Section shall survive the expiration or sooner termination the term of this Lease.

(b) Notwithstanding the foregoing, Tenant shall have the one-time right, upon notice (the "Holdover Notice") to Landlord not less than twelve (12) months prior to the expiration of the then-current Term, to extend the Term for a period of up to twelve (12) months (the "Permitted Holdover Term"), in which case the Expiration Date shall be deemed the last day of the Permitted Holdover Term and the Rent payable by Tenant during the Permitted Holdover Term shall equal the Rent applicable during the last rental period of the Term.

21. ENTIRE AGREEMENT - NO WAIVER

This Lease contains the entire agreement of the parties hereto and no representations, inducements, promises or agreements, oral or otherwise, between the parties not embodied herein, shall be of any force or effect. The failure of either party to insist in any instance on strict performance of any covenant or condition hereof, or to exercise any option herein contained, shall not be construed as a waiver of such covenant, condition or option in any other instance. This Lease cannot be changed or terminated orally but only by an agreement in writing signed by both parties hereto.

22. WAIVER OF JURY TRIAL

Landlord and Tenant each hereby waives all right to trial by jury in any claim, action, proceeding or counterclaim by either party against the other on any matters arising out of or in any way connected with this Lease, the relationship of Landlord and Tenant and/or Tenant's use or occupancy of the Premises. This Waiver of Jury Trial is made by the parties knowingly, voluntarily and intentionally.

23. HEADINGS

The headings in this Lease are included for convenience only and shall not be taken into consideration in any construction or interpretation of this Lease or any of its provisions.

24. NOTICES

Any notice by either party to the other shall be valid only if in writing and shall be deemed to be duly given only if: (i) mailed (by U.S. certified mail, return receipt requested, postage prepaid), (ii) personally delivered, or (iii) sent by Federal Express or other comparable commercial overnight delivery service, to the other party at the addresses set forth below (or to such other address as Landlord or Tenant may designate to each other from time to time by written notice), and will be deemed to have been given, rendered or made (x) on the day so delivered.

Brown & Brown of Florida, Inc.
655 N. Franklin Street, Suite 2000
Tampa, FL 33602
Attn: Carrie R. Brown, Corporate Counsel
Email: cbrown@bbinslegal.com

and (ii) if to Landlord, at:

TWC Fifty-Eight, Ltd.
c/o Wilson Management Company
655 N. Franklin Street, Suite 2200
Tampa, Florida 33602
Attn: Carolyn Wilson
Email: carolyn.wilson@wilsoncompany.com

or at such other address for either party as that party may designate by notice to the other; notice shall be deemed given, if delivered personally, upon delivery thereof, or if mailed, upon the posting thereof.

25. HEIRS AND ASSIGNS - PARTIES

(a) The provisions of this Lease shall bind and inure to the benefit of Landlord and Tenant, and their respective successors, heirs, legal representatives, and assigns, it being understood that the term "Landlord" as used in this Lease, means only the owner or the lessee for the time being of the land and Building of which Premises are a part, so that in the event of any sale or sales of said property or of any lease thereof, the Landlord named herein shall be and hereby is entirely freed and relieved of all covenants and obligations of Landlord hereunder accruing thereafter, and it shall be deemed without further agreement that the purchaser, or the lessee, as the case may be, has assumed and agreed to carry out any and all covenants and obligations of Landlord hereunder during the period such party has possession of the land and Building. Should the land and the Building be severed as to ownership by sale and/or lease, then the owner of the entire Building or lessee of the entire Building that has the right to lease space in the building to tenants shall be deemed the "Landlord". Tenant shall be bound to any such succeeding party landlord for performance by Tenant of all the terms, covenants, and conditions of this Lease and agrees to execute any attornment agreement not in conflict with the terms and provisions of this Lease at the request of any such succeeding Landlord.

(b) The parties "Landlord", and "Tenant", and pronouns relating thereto, as used herein, shall include male, female, singular and plural, corporation, partnership or individual, as may fit the particular parties.

26. ATTORNEYS' FEES

The prevailing party's reasonable attorneys' fees in pursuing any remedy under this Lease, or in collecting any Rent or other amount due under this Lease, shall be paid by the other party.

27. TIME OF ESSENCE

Time is of the essence of this Lease.

28. INTENTIONALLY DELETED

29. TENANT IMPROVEMENTS

Landlord will provide a "turn-key" build-out of Premises in accordance with the work letter attached as Exhibit C hereto and incorporated by reference (the "Work Letter").

30. PARKING ARRANGEMENTS

(a) Subject to all of the terms, provisions, covenants and conditions contained in this Lease, Tenant shall have the right to utilize in the parking facility 18 reserved parking spaces and 106 unreserved parking spaces which parking facility shall provide for the use of tenants of the Building and such other people that Landlord decides to lease such parking spaces to in Landlord's sole discretion. Such parking spaces shall be at no additional charge to Tenant over the initial term of the lease. Tenant shall have the right to purchase an additional 2 unreserved parking spaces per 1,000 square feet at our current promotional rate of $77.00 per month, per space plus all applicable sales tax; however, Landlord may, in Landlord's commercially reasonable discretion, adjust said monthly parking rate based on current market parking rates for the downtown area. The Rent for parking spaces is payable in advance on the first day of each month throughout the Term of this Lease. The Rent for such parking space(s) shall be deemed Additional Rental payable in the same manner as Rent set forth in this Lease and shall be subject to all of the terms, provisions, conditions and covenants of this Lease including, but not limited to, any provisions pertaining to late charges and Default.

(b) Tenant's right to use, and its right to permit its principals, employees, contractors, and guests to use, the Parking Areas are subject to the following conditions: (i) Landlord reserves the right to change the access to the Parking Areas, provided that some manner of reasonable access to the Parking Areas remains after such change; and such change shall not entitle Tenant to any claim against Landlord or to any abatement of Rent; (ii) Landlord has no obligation to provide security or a parking lot attendant and Landlord shall have no liability on account of any loss or damage to any vehicle or the contents thereof, or any personal injury, property damage, or other tort liability suffered by Tenant, its employees, agents, or contractors, Tenant agreeing to bear the risk of loss for same; (iii) if and when so requested by Landlord, Tenant shall furnish Landlord with the license numbers and descriptions of any vehicles of Tenant, its principals, employees, agents and contractors.

31. RULES AND REGULATIONS

Tenant shall observe and comply with the Rules and Regulations annexed hereto as Exhibit D and made a part hereof, and such further reasonable rules and regulations as Landlord may prescribe on written notice to Tenant for the safety, care and cleanliness of the Building, and the comfort, quietness and convenience of other occupants of the Building. In the event of a conflict between the terms and conditions of this Lease and the Rules and Regulations, then the terms and conditions of this Lease shall govern. Landlord agrees to enforce all Rules and Regulations consistently and in a non-discriminatory manner against all tenant and occupants of the Building.

32. BROKER

Tenant warrants and represents that it has negotiated this Lease directly with Wilson Management Company and CLW Real Estate Services Group (collectively, the "Brokers") and has not authorized or employed, or acted by implication to authorize or to employ, any other real estate broker or salesman to act for Tenant in connection with this Lease. Landlord will pay the commissions of the Brokers pursuant to a separate agreement between the parties. Tenant shall hold Landlord harmless from and indemnify and defend Landlord against any and all claims by any real estate broker or salesman, other than the Brokers and any other brokers dealt with by Landlord, if any, and Landlord shall indemnify and hold Tenant harmless against any and all claims by any real estate broker or salesman, including the Brokers, other than brokers dealt with by Tenant, for a commission or finder's fee as a result of Tenant entering into this Lease.

33. INTENTIONALLY DELETED

34. PUBLIC AREAS

Landlord shall have the right at any time, without the same constituting an eviction of Tenant or entitling Tenant to any abatement of Rent, and without otherwise incurring any liability to Tenant to change the arrangement and/or location of (including the closing of) public entrances, passageways, parking areas, stores, doorways, corridors, elevators, escalators, stairs, toilets or other public parts of the Building, provided that in so doing, Landlord does not deny Tenant and Tenant's agents, invitees and licensees of reasonable means of access to the Premises and necessary use and enjoyment of the common areas and parking. Landlord shall also have the right from time to time to change the name of the Building.

Landlord will ensure that the Building and the proposed floors will comply with all laws (including without limitation, the ADA) as of the date of occupancy. Capital costs to comply with present government regulations; including ADA in common areas of the Building, including restrooms, will be borne by the Landlord and not included in operating expenses. Any costs to comply with laws adopted after the Commencement Date may be passed through so long as such costs are amortized over their useful lives in accordance with GAAP. ADA compliance for restrooms, drinking fountains, elevator call buttons, etc. is Landlord's responsibility.

Building common areas meet ADA compliance with the exception of the parking garage.

35. QUIET ENJOYMENT

Subject to the terms of this Lease, Tenant shall peaceably and quietly hold and enjoy the Premises.

36. FORCE MAJEURE

Whenever a period of time is prescribed for the taking of an action by Landlord or Tenant (other than the payment of Rent), the period of time for the performance of such action shall be extended by the number of days that the performance is actually delayed due to strikes, acts of God, shortages of labor or materials, war, terrorist acts, civil disturbances and other causes beyond the reasonable control of the performing party ("Force Majeure").

37. RENT OBLIGATION SEPARATE FROM LANDLORD OBLIGATIONS

Except as otherwise provided for in this Lease, Tenant shall not for any reason withhold or reduce Tenant's required payments of rentals and other charges provided in this Lease, it being agreed that the obligations of Landlord hereunder are independent of Tenant's obligations.

38. RELATIONSHIP OF THE PARTIES

Nothing contained herein shall be deemed or construed by the parties hereto, nor by any third party, as creating the relationship of principal and agent or of partnership or of joint venture between the parties hereto, it being understood and agreed that neither the method of computation of rent, nor any other provision contained herein, nor any acts of the parties herein, shall be deemed to create any relationship between the parties hereto other than the relationship of Landlord and Tenant.

39. CORPORATE TENANT

If Tenant is a corporation, each person executing this Lease on behalf of Tenant does hereby covenant and warrant that (i) Tenant is duly incorporated and validly existing on the laws of its state of incorporation, (ii) Tenant has and is qualified to do business in Florida, (iii) Tenant has full corporate right and authority to enter into this Lease and to perform all Tenant's obligations hereunder, and (iv) each person (and both of the persons if more than one signs) signing this Lease on behalf of the corporation is duly and validly authorized to do so.

40. INTENTIONALLY DELETED

41. SAVING PROVISION

If any provision of this Lease, or its application to any situation shall be invalid or unenforceable to any extent, the remainder of this Lease, or the application thereof to situations other than that as to which it is invalid or unenforceable, shall not be affected thereby, and every provision of this Lease shall be valid and enforceable to the fullest extent permitted by law.

42. EFFECTIVENESS OF LEASE

This Lease shall have no binding force or effect and shall neither confer any rights nor impose any obligations, including brokerage obligations, on either Landlord or Tenant unless and until both Landlord and Tenant shall execute this Lease and executed counterparts of this Lease shall have been delivered to both Landlord and Tenant.

43. EXHIBITS

The following Exhibit A (Location of Premises within the Building), Exhibit B (Approved Space Plan of Premises), Exhibit C (Tenant Improvements) and Exhibit D (Rules and Regulations), are attached to this Lease and, by this reference, are made a part hereof.

44. ENVIRONMENTAL LAWS

(a) Landlord warrants and represents that it has not used or stored, and covenants that it shall not use or store, any Hazardous Materials (as defined below) in the Premises, the Support Systems, the parking facilities, or the Building (as defined in the Lease), and further warrants and represents that, to the best of Landlord’s knowledge, there are no Hazardous Materials in the Premises, the Support Systems, or the Building. Landlord covenants and agrees at all times during the Term hereof to comply with all applicable Environmental Laws (as defined below). The term “Hazardous Materials” means asbestos and asbestos-containing material (regardless of its condition); any chemical, material or substance at any time defined as or included in the definition of “hazardous substances”, “hazardous wastes”, hazardous materials”, “extremely hazardous waste”, “biohazardous waste”, “pollutant”, “toxic pollutant”, “contaminant”, “restricted hazardous waste”, “acutely hazardous waste”, “radioactive waste”, “infectious waste”, “toxic substances”, or any other term or expression intended to define, list or classify substances by reason of properties harmful to health, safety or the indoor or outdoor environment (including harmful properties such as ignitability, corrosivity, reactivity, carcinogenicity, toxicity or words of similar import) under any Legal Requirement; any oil, petroleum, petroleum fraction or petroleum derived substance; mercury; urea formaldehyde foam insulation; electrical equipment which contains any oil or dielectric fluid containing polychlorinated biphenyls; provided, however, that such term shall not be deemed to include (a) limited quantities of substances typically used and reasonably necessary for the ordinary operation and maintenance of the Building and Support Systems, so long as such substances are used, transported, stored and handled in accordance with all Environmental Laws; or (b) oil, petroleum, petroleum fractions or petroleum derived substances used for purposes of heating or providing emergency power for the Building. The term “Support Systems” means any utility system or other facility which serves the Building, whether located in the Premises or in other portions of the Building. “Environmental Laws” means all applicable Federal, State and local laws, statutes, ordinances, permits, orders, decrees, guidelines, rules, regulations and orders pertaining to health or the environment (“Environmental Laws”), including, without limitation, the Comprehensive Environmental Response, Compensation and Liability Act of 1980 (“CERCLA”) and the Resource Conservation and Recovery Act (“RCRA”), as each of the foregoing have been amended and may be amended from time to time. “Abatement Work” shall be defined as the removal of any and all Hazardous Materials and the delivery to Tenant of a clearance certificate from the applicable governmental jurisdiction (or, if no governmental jurisdiction issues such certificate, then from a licensed environmental hygienist) certifying the complete removal thereof.

(b) If Hazardous Materials are discovered in the Premises or Support Systems at any time during the Term hereof, then Tenant shall have the right to vacate the Premises and Landlord shall, at its sole cost and expense, promptly perform all Abatement Work and repair or replace all improvements damaged by the Abatement Work. All Base Rent and additional rent shall totally abate from the date on which the Hazardous Materials are discovered until the date on which the Abatement Work is complete and all damaged improvements are repaired or replaced to the extent that Tenant may reoccupy the entire Premises for the conduct of Tenant’s business. Landlord shall indemnify, defend and hold Tenant harmless from and against any and all costs associated with the presence of Hazardous Materials within the Premises, including the disruption of Tenant’s business and its quiet and peaceful possession of the Premises, relating to any Hazardous Materials in the Premises or Support Systems and provided that such Hazardous Materials were not installed therein by Tenant or Tenant’s agents. Landlord shall be solely responsible for and shall comply with all legal requirements with respect to Hazardous Materials in the Premises, provided that such Hazardous Materials were not installed thereon by Tenant or Tenant’s Agents.

(c) Tenant represents and warrants to Landlord that Tenant’s use of, and activities on, the Premises shall be conducted in compliance with all Environmental Laws. In the event any of Tenant’s activities require the use of “hazardous” or “toxic” substances or materials, as such terms are defined by any of the Environmental Laws, then Tenant represents and warrants to Landlord that Tenant has received all permits and approvals required under the Environmental Laws with respect to such toxic or hazardous substances. Tenant covenants and agrees to maintain the Premises in a “clean” condition during the Lease Term, as extended or renewed, except as a result of a release or other acts or omissions of persons other than Tenant. As used in this Section, the term “clean” shall mean that the Premises are in complete compliance with the standards set forth under the Environmental Laws and any standards set forth in this Lease, except as a result of a release or other acts or omissions of persons other than Tenant.

In the event Tenant breaches any of its representations, warranties, or covenants and agreements contained in this Section or fails to notify Landlord of the release of any hazardous or toxic substances from the Premises, then such breach or failure to notify shall be deemed a material default under this Lease and Landlord shall have all rights and remedies available to it, including, but not limited to, the right to terminate this Lease and the right to initiate a clean-up of the Premises, in which case Landlord shall be immediately reimbursed by Tenant for, and indemnified by Tenant from, any and all costs, expenses, losses, and liabilities incurred in connection with such clean-up (including all reasonable attorneys’ fees) by Landlord. In the alternative, Landlord may require Tenant to clean-up the Premises and to fully indemnify and hold Landlord harmless from any and all losses, liabilities, expenses (including but not limited to reasonable attorneys’ fees), and costs incurred by Landlord in connection with Tenant’s clean-up action. Notwithstanding anything herein, Tenant agrees to pay, and shall indemnify Landlord from and against, any and all losses, claims, liabilities, costs, and expenses (including but not limited to reasonable attorneys’ fees) incurred by Landlord as a result of the breach by Tenant of this section, and as a result of any contamination of the Premises due to Tenant’s use of hazardous or toxic substances on the Premises.

(d) If Tenant’s operations require the ongoing use of hazardous or toxic substances, then Tenant shall supply Landlord with copies of reports and any other monitoring information required by the Environmental Laws, and any failure by Tenant to do so shall be, at Landlord’s option, a default under this Lease. As used in this section, “Premises” shall mean and refer to the property which is the subject of this Lease as well as any portion of the Building owned by Landlord which may be damaged or contaminated by the release of any toxic or hazardous substance.

(e) This Section shall survive the expiration or sooner termination of this Lease.

45. ADDITIONAL COVENANTS

(a) Radon Disclosure. Florida Statute 404.056(8) requires the following disclosure statement:

"RADON GAS: Radon is a naturally occurring radioactive gas that, when it has accumulated in a building in sufficient quantities, may present health risks to persons who are exposed to it over time. Levels of radon that exceed federal and state guidelines have been found in buildings in Florida. Additional information regarding radon and radon testing may be obtained from your county health department."

(b) Competition. Landlord agrees not to name the building after a competitor or put a competitor's sign on the Building or any exterior monument.

(c) Security. Courtesy officers patrol the building between the hours of 6 am and 8 pm, Monday through Friday, excluding holidays or observed holidays. The elevators are programmed with access and lockout. Tenant may provide and install an electronic key pad at their server room.

(d) Signage: Building standard interior and directory signage to be provided at Landlord's cost. Landlord shall provide to Tenant, rights to exterior signage, either building or monument, as per City of Tampa code compliance. Should Tenant desire to exercise this right, signage must be approved by Landlord and installed at sole expense of Tenant.

(e) Storage Space: On site storage is available for Franklin Exchange Tenants. Cost to be determined based on Tenant's storage requirements.

(f) Building Conference Room: The Wilson College conference/training room located on the 21st floor is available for Tenant at a 4 hour minimum. The cost is $75 per 4 hour increment. Advance reservations are required through the Building's Management Office.

(g) After Hours HVAC. Landlord will perform a test and balance before design and after substantial completion of Tenant Improvement and/or Tenant's occupancy of the premises. HVAC Standard Hours 7AM-6PM and 8 AM to 1 PM on Saturdays. The current charge for HVAC required before or after Standard Hours is $35 per hour, per floor. HVAC requested on holidays or observed holidays will be charged at the after- hours rate.

46. OPTION TO EXPAND.

Tenant shall have the option to expand the Premises ("Expansion Option") by leasing any space in the Building, subject to the currently existing rights of other tenants in the Building. Tenant must exercise the Expansion Option by delivering written notice to Landlord in the first two (2) years of the Term. The expansion space subject of the exercised Expansion Option will be deemed part of the Premises when possession is delivered to Tenant in turn-key condition, with all Base Building Improvements completed (as defined in Exhibit C) as well as leasehold improvements designed and constructed in compliance with the Work Letter and including any additional modifications as reasonably necessary to address any unique circumstances applicable to the Expansion Space. as any comparable to those in the existing Premises. All terms and conditions of the Lease (including a prorated free rent and Allowance) will apply to the addition of the expansion space to the Premises. Within a reasonable period following Tenant's exercise of the Expansion Option, the parties shall execute an amendment reasonably acceptable to both parties memorializing the terms and conditions for the addition of the expansion space.

47. RIGHT OF FIRST OFFER.

Tenant shall have an ongoing Right of First Offer during the Term (including all Renewal Lease Terms) as to all space on the 17th floor of the Building (the "ROFO Space"). The Base Rent payable will be equal to Tenant's Monthly Rental rate for the Premises as of the date Tenant exercises its Right of First Offer. At Tenant's election, Tenant can engage its own contractors and engineers to complete the build out of the ROFO Space, or engage Landlord to perm such services. Rent for the ROFO will commence on the fourth full month after the Substantial Completion of any tenant improvements in the ROFO Space. The lease term for ROFO Space will be coterminous with that of the Lease (including any exercised renewal terms) as long as there is at least 18 months remaining in the Term at the time Tenant's lease of the ROFO Space commences. If there is less than 18 months remaining in the term at the time Tenant's lease of the ROFO Space commences, then Tenant still may exercise the Right of First Offer as to the ROFO Space as long as Tenant agrees to extend the Term of the Lease for such period as is necessary to achieve at least a full 18 month term for the ROFO Space.

Landlord shall provide Tenant with written notice of the availability of any ROFO Space prior to leasing such ROFO Space to a third party. Tenant shall have 30 days following receipt of Landlord's notice (the "Exercise Period") to give written notice to Landlord of Tenant's exercise of its Right of First Offer as to all or a portion of the ROFO Space described in Landlord's notice. Tenant's exercise notice must identify the portion of the ROFO Space which Tenant elects to lease. Any ROFO Space described in Landlord's notice to which Tenant does not exercise its Right of First Offer by notice to Landlord within the Exercise Period may be leased by Landlord to a third party provided Landlord enters into a lease with the third party within 180 days after the Exercise Period. Any portion of the ROFO Space not subject to a binding lease within such 180-day period will continue to be subject to the Right of First Offer.

48. OPTION TO RENEW.

Tenant has the option to renew the Lease (the "Renewal Option") for two (2) additional periods of seven (7) years each (each a "Renewal Lease Term") (a separate notice is required for each Renewal Lease Term). Following the expiration of the second (2nd) Renewal Term, Tenant shall have no further right to renew the Lease pursuant to this Section. Tenant shall exercise each Renewal Option by giving Landlord notice no less than twelve (12) months prior to the Expiration Date or the last day of any Renewal Lease Term. If Tenant fails to give such notice to Landlord prior to the date that is twelve (12) months prior to the Expiration Date, then Tenant shall forfeit this Renewal Option (but will retain any other renewal options available under this Lease). If Tenant exercises the Renewal Option, then during any such Renewal Lease Term, Landlord and Tenant's respective rights, duties and obligations shall be governed by the terms and conditions of the Lease. All references to the term "Term", as used in the Lease, shall mean the "Renewal Lease Term". Base Rent for the Renewal Lease Term will be the Fair Market Rental Rate, determined as follows:

i. The term "Fair Market Rental Rate" means the market rental rate for the pertinent Renewal Option for which such determination is being made for office space in comparable office buildings in the Downtown office market area ("Area") for leases of space of equivalent quality, size, utility, and location. Such determination shall take into account all relevant factors, including, without limitation, the following matters: the credit standing of Tenant; the payment of any real estate commission; the length of the term; expense stops or base years; the fact that Landlord will experience no vacancy period and that Tenant will not suffer the costs and business interruption associated with moving its offices and negotiating a new lease; the condition of and alterations required to comparable premises as compared to the condition of the Premises; construction allowances and other tenant concessions that would be available to tenants comparable to Tenant in the Area (such as moving expense allowance, free rent periods, and lease assumption and take-over provisions, if any).

ii. Determination. Landlord shall deliver to Tenant notice of its determination of the Fair Market Rental Rate (the “FMR Notice”) for the Premises for the Renewal Lease Term in question within thirty (30) days after Tenant exercises its Renewal Option. If Tenant disagrees with Landlord’s assessment of the Fair Market Rental Rate specified in a FMR Notice, then it shall so notify Landlord in writing within thirty (30) days after delivery of such FMR Notice (the “Objection Notice”), electing either to withdraw Tenant’s exercise of the Renewal Option or to proceed to determine the Fair Market Rate in accordance with the procedure set forth in this paragraph (“FMR Arbitration”). If Tenant fails to give the Objection Notice within the thirty (30) days after delivery of the FMR Notice, then Tenant shall be deemed to have withdrawn its exercise of the Renewal Option. If Tenant timely gives the Objection Notice, but fails to elect either to withdraw its exercise of the Renewal Option or to proceed with FMR Arbitration, Tenant shall be deemed to have withdrawn its exercise of the Renewal Option. If in the Objection Notice Tenant elects to proceed with FMR Arbitration, Landlord and Tenant shall meet to attempt to determine the Fair Market Rental Rate. If Tenant and Landlord are unable to agree on such Fair Market Rental Rate within ten (10) business days after delivery of the Objection Notice, then Landlord and Tenant shall each appoint an independent real estate appraiser with at least ten (10) years’ commercial real estate appraisal experience in the Area market, each of whom shall make a determination of the Fair Market Rental Rate within twenty (20) days after their selection hereunder. If Tenant and Landlord are unable to agree upon and select one of the determinations made by the initial two (2) appraisers within ten (10) business days after receipt of the two determinations, the two appraisers shall then, within five (5) days thereafter, select an independent third appraiser with like qualifications. If the two appraisers are unable to agree on the third appraiser within such five (5) day period, either Landlord or Tenant, by giving five (5) days prior notice thereof to the other, may apply to the then presiding judge of the Circuit Court for Hillsborough County, Florida, for selection of a third appraiser who meets the qualifications stated above. Within twenty (20) days after the selection of the third appraiser, the third appraiser shall make a determination of the Fair Market Rental Rate by selecting whichever of the two determinations made by the initial two appraisers is closer to the actual Fair Market Rental Rate in the opinion of such third appraiser, which determination shall be binding on Landlord and Tenant. The third appraiser shall have no discretion other than to select one or the other determination of the initial two appraisers as set forth herein. Tenant and Landlord shall each bear the entire cost of the appraiser selected by it and shall share equally the cost of the third appraiser.

iii. Administration. If Tenant has exercised the Renewal Option and the Fair Market Rental Rate for the Renewal Lease Term has not been determined in accordance with this Section by the time that Rent for the Renewal Lease Term is to commence in accordance with the terms hereof, then Tenant shall pay Rent for the Renewal Lease Term based on the Fair Market Rental Rate proposed by Landlord pursuant to this Section until such time as the Fair Market Rental Rate has been so determined, at which time appropriate cash adjustments shall be made between Landlord and Tenant such that Tenant is charged Rent based on the Fair Market Rental Rate (as finally determined pursuant to this Section) for the Renewal Lease Term during the interval in question.

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IN WITNESS WHEREOF, the parties have hereunto set their hands and seals, as of the day and year first above written.

TENANT:

Witnesses as to Tenant :

Brown & Brown of Florida, Inc., a Florida corporation

____
Print Name:______________________

By: ______________________________
Name: C. Roy Bridges
Title: President

____
Print Name:______________________

Witnesses as to Tenant :

B&B Protector Plans, Inc., a Florida corporation

____
Print Name:______________________

By: ______________________________
Name: Ken Masters
Title: President

____
Print Name:______________________

LANDLORD:

Witnesses as to Landlord:

TWC Fifty-Eight, Ltd., a Florida limited partnership

By: Wilson Management Company, its Agent

____
Print Name:______________________

By: ______________________________
Name: Carolyn Wilson
Title: President

____
Print Name:______________________

EXHIBIT “A”

LOCATION OF PREMISES WITHIN BUILDING

EXHIBIT "B"

SPACE PLAN OF PREMISES

EXHIBIT “C”

TENANT IMPROVEMENTS

WORKLETTER

Landlord shall construct the Base Building Improvements and design and construct the Tenant Improvements (together, “Landlord’s Work”) in accordance with this Workletter on a “Turnkey” basis such that Landlord shall complete Landlord’s Work without any charge (except as specified herein) to Tenant. The “Tenant Improvements” consist of all improvements in the Premises beyond the Base Building Improvements, all as described in the Construction Documents.

ARTICLE I
DESIGN DEVELOPMENT

1.1 Design Professionals.

All plans and specifications relating to the Tenant Improvements shall be prepared by Junto Design (“Landlord’s Architect”). Tenant may employ other consultants of its selection to review and inspect the design and construction of Tenant Improvements. Tenant’s architects, engineers, and other consultants shall be afforded access to all design and construction work in progress. Landlord and Tenant have reviewed and approved (in writing) plans and specifications attached hereto as Exhibit B (the “Approved Space Plans”) which Landlord shall use to construct the Tenant Improvements.

1.2 Construction Documents.

Attached hereto are the mutually agreed upon plans and specifications (the “Construction Documents”) describing the Tenant Improvements in sufficient detail to permit their construction. The layout of the Premises described in the Construction Documents conforms to the layout of the Premises described in the Approved Space Plans.

1.3 Information and Approval Standards.

Within three (3) business days after any oral or written request submitted from time to time by Tenant or its architects, engineers, or other consultants, Landlord shall furnish any plans, specifications, drawings, samples, or other materials or information reasonably related to the design and construction of the Tenant Improvements. By giving any written approval of Approved Space Plans or Construction Documents, Landlord shall be deemed to have agreed and to have represented and warranted that each item (to the extent and level of detail described in the Space Plans or the Construction Documents) complies with (and that no changes or additional or different equipment or parts are required to comply with), all applicable building codes and laws including, but not limited to, the Americans With Disabilities Act, all state and local building codes, applicable architectural access laws and/or regulations and all environmental laws and regulations (together, “Applicable Laws”), and with the specifications and standards of the Building relating to:

(a) Mechanical, electrical, and plumbing systems,

(b) Floor loading and structural components,

(c) Heating, ventilating, and air conditioning, and

(d) Window treatment, signs, graphics, or other quality, appearance, or aesthetic considerations (but only to the extent the Lease gives Landlord the right to approve those items, and then only to the extent specific written standards are provided to Tenant).

(e) Fire and life safety systems.

ARTICLE II
CONSTRUCTION

2.1 Employment of Contractors.

Landlord shall fully and timely construct the Base Building Improvements and the Tenant Improvements in accordance with this Workletter on a "turnkey" basis. Landlord shall be solely responsible for all payments and other liabilities or obligations to, and satisfaction of any liens or claims asserted by, contractors or other persons employed in connection with the Base Building Improvements and Tenant Improvements.

Landlord shall withhold a retainage equal to ten percent (10%) of the total project costs to be paid to general contractor at the completion of all punch list items and a final walkthrough is completed by Landlord, Tenant and general contractor.

Landlord shall require, to the fullest extent allowed by law, the Contractor to defend, indemnify, and hold harmless Landlord and Tenant from and against claims for (i) personal injury or disease, including death, and property damage, (ii) liens or other claims for payment to subcontractors, suppliers, or workers, and (iii) fines, penalties, or assessments by governmental authorities arising out of or related to Contractor's operations.

ARTICLE III
SUBSTANTIAL COMPLETION, COMMENCEMENT DATE AND DELAYS

3.1 Substantial Completion Date.

Landlord shall achieve substantial completion of Landlord's Work on or before the Target Commencement Date. When Landlord believes that the Landlord's Work has been substantially completed, Landlord, Tenant, and Landlord's Architect shall inspect Landlord's Work.

(a) The Tenant Improvements shall be considered "Substantially Complete" if (following completion of the Base Building Improvements) they:

i. Conform to the Construction Documents and are capable of being occupied for their intended purpose exclusive of touch-up, minor finish, and similar so-called "punch-list" items that do not materially interfere with Tenant's occupancy or its business activities; and

ii. Landlord's architect issues a Certificate of Substantial Completion for all Landlord's Work. In the event of any dispute between Landlord and Tenant relating to whether the Tenant Improvements are substantially complete, or relating to what punch-list or other work is required to finally complete such construction in accordance with the Construction Documents, the reasonable decision of Landlord's Architect (acting as a professional and not as Landlord's agent) shall control.

(b) If Landlord's Work is not Substantially Completed by the Target Commencement Date, the Commencement Date shall be delayed for 1 day for each such day of delay in achieving Substantial Completion. In the event Landlord's Work is not Substantially Completed by August 31, 2012 (the "Outside Date"), for any reason except as a direct and sole result of a Tenant Delay, beginning on the Outside Date, Rent will abate two (2) days for each day of delay in achieving Substantial Completion and Landlord shall be responsible for any holdover premium payable by Tenant at its current premises, located at 3101 W. Martin Luther King Blvd. If the Premises are not Substantially Completed by October 31, 2012 (the "Substantial Completion Cancellation Date") for any reason except as a direct and sole result of a Tenant Delay, Tenant may terminate the Lease as specified in paragraph 3.4 below.

(c) Tenant' and Landlord shall agree on a list of all punch-list items needed to achieve final completion. Landlord shall complete all punch-list items identified as soon as possible, but in any event within thirty (30) days after the Certificate of Substantial Completion has been issued.

3.2 Commencement Date.

The "Commencement Date" of the Lease is the later of the following:

(a) The date Landlord delivers the Premises with Landlord's Work Substantial Completed; and

(b) The Target Commencement Date.

3.3 Tenant Delays.

There will be no adjustment to the Commencement Date (and the Target Commencement Date shall be deemed the Commencement Date) if Substantial Completion is delayed beyond the Substantial Completion Date solely as a result of Tenant Delay. "Tenant Delay" means any of the following:

(a) Tenant's delay in working with Landlord's Architect to complete the Space Plans or the Construction Documents (except if attributable to Landlord's failure to furnish information or approvals as and when required by this Workletter);

(b) Delays resulting from change orders to the Construction Documents or any Construction Contract executed in accordance with the provisions of this Workletter.

(c) Delays attributable to the non-availability or excess procurement time for specially fabricated materials or equipment identified by Landlord as such in the Construction Documents or as part of the bidding process for the Construction Contract(s).

Any Tenant Delay must be claimed by written notice to Tenant within 24 hours after the beginning of the circumstance that constitutes a Tenant Delay or claimed within the change order documentation. Failure to deliver the written notice within the required time waives the particular Tenant Delay. Tenant may require Landlord (at Tenant's expense) to work the necessary overtime to make up Tenant's Delay.

3.4 Termination Option.

If Landlord fails to achieve Substantial Completion of Landlord's Work on or before the Substantial Completion Cancellation Date, Tenant may terminate the Lease by notice to Landlord given within fifteen (15) days after that date. If the Lease is so terminated, (a) Tenant shall be entitled to recover from Landlord all damages resulting from such breach, including without limitation any costs and expenses actually incurred by Tenant, and (b) Tenant shall have no further obligations or liabilities under this Lease, including any liabilities for payment of costs related to the Tenant Improvements.

ARTICLE IV
BASE BUILDING

4.1 Base Building.

(a) The following items will be supplied and installed as part of the Base Building by Landlord, at Landlord's sole cost and expense: The structural elements of the Building, elevator system, washrooms, fire exit stairways, electrical risers, telephone risers, plumbing risers, sprinkler systems, air distribution system and air handling loop, janitorial closets, telephone closets, electrical closets, primary and secondary electrical, mechanical, fire protection, and life safety systems distribution, and common areas of the Building, all of which shall be in accordance with the as-built plans of the Building, a copy of which has been delivered to Tenant, and shall be in good working order.

(b) The Premises and any other area intended for Tenant's Improvements shall be "broom clean" and free from any debris, with all existing leasehold improvements demolished and removed.

(c) Concrete floor slabs shall be patched and smooth, with a deviation of no more than 1/4 inch over 10 feet. Landlord warrants the floor live load to be 80 pounds per square inch. Any corrective work shall be considered Landlord's Work.

(d) All per windows will have Building standard window treatment for thin slat horizontal blinds in standard color to be installed by Landlord after completion of Landlords Work in the Premises. In the event that existing window treatment is to be reused, they must be refurbished to "like new condition."

(e) A fully operational life safety system (with smoke detectors, fire alarm speakers, fire extinguishers and cabinets in common areas, exit lights, and emergency circuitry) unless shown as removed on Tenant's Plans (as defined below). The trunk automatic sprinkler system shall be installed in the Premises. Landlord shall be responsible for the distribution throughout the Premises. Notwithstanding the above, any existing risers and sprinkler heads shall remain in place unless shown as removed on Tenant's Approved Space Plans. Any necessary modifications shall be made by Landlord. All testing to be performed by Landlord at Landlord's expense.

(f) The Base Building heating, ventilation and air conditioning system (HVAC) shall comply with the most current version of ASHRAE 62 and ASHRAE 55 with the capacity to provide 72° ±2° year-round temperature. The HVAC system shall include all primary and secondary ductwork including VAV boxes and controls.

(g) Except as noted on Tenant's Space Plans , Landlord shall demolish and remove all existing partitions, improvements, doors, frames, hardware, carpet, interior walls, corridors, ceiling grids/tiles, lights, branch ductwork from VAV boxes to the diffusers, and cabling, and include patching and repair of drywall at perimeter sill, all columns and core walls so that it is ready to receive paint

(h) Demising walls (i.e., walls dividing the Premises from other portions of the floor) shall be floor to deck, of steel stud with 5/8" drywall board on corridor or exterior side

(i) All electrical meters necessary to measure electrical consumption within the Premises.

(j) Water for supplemental 24-hour cooling, if required by Tenant;

(k) Completely finished common area lobby areas and hallways in accordance with Landlord’s Finish Schedule.

(l) Completely finished common area restroom facilities in accordance with Landlord’s Finish Schedule

(m) Water and sewer service shall be furnished to the toilet rooms on the floors of the Premises. One drinking fountain will be provided on the floor.

(n) Electrical service shall be provided to panels on the floor(s) of the Premises. General power panels shall have 208 volt circuits with the capacity to provide 6 watts per square foot and lighting panels 277 volt circuits with the capacity to provide 6 watts per square foot to the Premises.

ARTICLE V
OTHER PROVISIONS

5.1 Changes and Modifications:

(a) Following approval of the Construction Documents, only Barrett Brown or other Tenant representative authorized in writing delivered to Landlord to bind Tenant may authorize changes or modifications to the Construction Documents, all of which must be in writing, signed by Tenant’s representative to be binding on Tenant (“Changes” or “Change Order”). Landlord’s authorized representative that shall receive and process such Changes shall be Jay Hedahl, or any other person authorized in writing by Landlord delivered to Tenant. At the time Tenant orders a Change, Landlord will notify Tenant whether any delay shall result from the Change. Landlord shall, before proceeding with the Change Order, submit to Tenant’s authorized representative in writing, within two (2) business days after Tenant notifies Landlord of the Change Order or demand therefore, an analysis of the additional cost or savings involved, and the impact on the date of Substantial Completion, if any. Calculation of the additional cost or savings shall be based upon the contractual terms of the contract between Landlord and general contractor. It is agreed that neither the general contractor nor any subcontractor under a will add any surcharge or fee or other mark-ups for overhead/general conditions but will be able to add profit of 3 % of the change order cost for implementing the Change. If Tenant fails to approve in writing Landlord’s submission within two (2) business days following receipt thereof, the same shall be deemed disapproved by Tenant and Landlord shall not make the Change. If unauthorized Changes are made, Landlord will, at its sole expense, be responsible for restoring Landlord’s Work or Tenant may accept Landlord’s Work as changed or modified but shall not be required to pay any costs above and beyond the contract associated with the approved Construction Documents nor accept related delays. Moreover, if Landlord fails to provide a statement of the delay with the estimated cost or savings to make the change associated with any requested Change, Landlord will not be permitted to claim any Tenant Delay associated with the Change. Notwithstanding anything contained herein to the contrary, no event of Tenant Delay shall apply to a Change unless Landlord provides written notice of a delay associated with the Change as provided above, and a delay has actually occurred.

(b) All additional costs or delays shall be substantiated to Tenant’s reasonable satisfaction. Whenever items are deleted from the Work to be performed or savings are discovered or realized through negotiating or rebidding with subcontractors, Tenant will receive a credit equal to “actual” savings that are realized or should have realized if such savings were brought to the attention of Tenant. Any savings realized shall only apply to overages due to Change Orders or additions requested by Tenant.

5.2 Reporting.

Landlord will prepare and send to Tenant the following three (3) reports from Lease execution until Substantial Completion; (a) a weekly report listing all general categories of Landlord Work activity and detailing all progress, delays, or other occurrences of significance regarding Landlord’s Work and, (b) a weekly, updated CPM schedule that details (i) all past, present and future construction activities, (ii) all delays to critical items and Landlord’s plan (at its cost) to regain the Substantial Completion by the Target Commencement Date and, (c) a monthly report which will detail a summary and status report of progress in all general categories of activity, including a detailed financial report which indicates all amounts and categories of the total project costs. All reports will be reviewed by Landlord, general contractor, and Tenant at weekly meetings and weekly “job walks” if requested by Tenant.

5.3 Warranty.

Landlord warrants that the Landlord’s Work will be free from defects in workmanship or material and will comply with the Construction Documents and with Applicable Laws. In addition, Landlord also warrants that all equipment and materials included in the Tenant Improvements will be new (unless otherwise specified in the Construction Documents) and of good quality. If within one (1) year after the Commencement Date any part of Landlord’s Work is found not to be in material compliance with the foregoing warranties, Landlord shall correct the material noncompliance promptly at its own expense after receipt of written notice from Tenant. Tenant shall give any such notice promptly after discovery of the condition. Tenant hereby assigns to Landlord all rights and claims against any architect or engineer employed by Tenant in connection with this Lease for errors or omissions by such parties.

5.4 Inspections:

Landlord agrees that Tenant’s authorized representatives have the right, but not the obligation, to periodically inspect Landlord’s Work. Such Tenant inspections will require reasonable advance notice to Landlord. Moreover, no such inspections shall relieve Landlord of its obligation to timely complete Landlord’s Work in strict accordance with the Construction Documents. If Tenant’s inspections reveal material deficiencies in the quality of workmanship or material noncompliance with the Construction Documents or the integrity of improvements, Landlord shall remedy such deficiencies at its cost, without delay to date of Substantial Completion.

EXHIBIT "C-1"

CONSTRUCTION DOCUMENTS

[see attached]

Brown & Brown Exhibit C-1 Construction Document Exceptions List

The following list of items are mutually agreed upon exceptions to the Construction Documents (the "Exceptions"). Landlord and Tenant agree to diligently work together to resolve such Exceptions with the common understanding that the finishes and/or alterations are to be consistent with Class A office space finishes. To the extent an Exception is not building standard or included by Landlord as part of the Turn-Key build out, Tenant shall decide whether to include and pay for or eliminate such item from the Landlord's Work.

- Laminate partitions in the restrooms are building standard – water closets are on the drawings. Laminate partitions are listed on the plans as an alternate option. Water closets are an upgrade, and can be purchased by Tenant. (A-600-A-1)
- The wallcovering allowances and carpet allowances are not listed on each selection on the plans. Are all selections within the allotted building standard allowance? (Finish schedule)
- It is not necessary to have double door openings on mechanical rooms and electrical rooms. (Example on A-302)
- Drinking fountains on the plans are not building standard and are not included as part of the Turn-Key build out unless such are required per code. (A-600)
- Hot water is not standard and is not included by Landlord as part of the Turn-Key build out. (A-700-E-15)
- Sensors on restroom fixtures are not building standard and are not included by Landlord as part of the Turn-Key build out. The plans show sensors on soap dispensers, commodes, urinals and paper towel dispensers. . (A-600)
- Waterless urinals are not building standard and are not included by Landlord as part of the Turn-Key build out. . (A-600-T4)
- Water filtration system and inst-hot water heaters are not building standards. (A-700-E-15 & A-700-E-16) and will not be included by Landlord as part of the Turn-Key build out.
- Are the warranty and specifications for the carpet comparable to building standard? (Finish schedule)
- Electrified doors are not building standard and are not included by Landlord as part of the Turn-Key build out. Also, only 2 are listed. Are they not going on each floor? (A-320)
- All wall types call for insulation. Per the pricing letter provided by Junto only the following rooms were to have insulation; Boardroom, Conference rooms, Training, Bistro, IT/Server room, Central Copy and Storage Rooms. (A-101)
- No wall section is provided for perimeter/exterior wall. (Ref. note 5 on floor plans A-311)
- No details provided for column enclosures; size, wall type, etc. (A-100.4 dimensions / methodology)
- Key rooms call for ceiling heights higher than 8'6" which may not be attainable. For example, it was previously noted that there is limited space available where the fresh-air intake is located and a soffit would likely be required in these areas to allow space for the ductwork to transition. One such area is in the main conference room. (A-801, A-802 & A-803). This is OK if the ceiling heights are not lower than 8'6".

Landlord Initials ________ Tenant Initials________

- Need to make note of all the allowances (millwork, floorcovering, etc.) that were specifically listed in the Junto pricing letter. (Finish schedule)
- Install sinks in the handicap stalls.
- Install Audio Visual for the Boardroom (to be done by Tenant at Tenant's expense).
- Office 1815, 1814, 1812 and 1810 need to be D1.2.
- Clarify wall covering for the 18th floor and clarify accuracy of paint color SW6158 and SW6122.
- Clarify floor covering. On A109.1 – VCT 2 refers to break 1811 however on A901 break 1811 references VCT 4. Just need clarify which floor covering is correct. The break room shall be VCT 1, 4 & 5 as indicated on the finish plan NOT as written on the finish schedule/narrative.

Landlord Initials ________ Tenant Initials________

EXHIBIT "D"

RULES AND REGULATIONS

1. The sidewalks and public portions of the Building, such as entrances, passages, courts, parking areas, elevators, vestibules, stairways, corridors, or halls shall not be obstructed or encumbered by Tenant or its employees, agents, invitees, or guests nor shall they be used for any purpose other than ingress and egress to and from the Premises.

2. No awnings or other projections shall be attached to the outside walls of the Building. No curtains, blinds, shades, louvered openings, or screens shall be attached to or hung in, or used in connection with, any window or door of the Premises, without the prior written consent of Landlord, unless installed by Landlord. No aerial or antenna shall be erected on the roof or exterior walls of the Premises or on the Building without the prior written consent of Landlord in each instance.

3. No sign, advertisement, notice, or other lettering shall be exhibited, inscribed, painted, or affixed by Tenant on any part of the outside of the Premises or Building or on corridor walls or doors or mounted on the inside of any windows without the prior written consent of Landlord. Signs on any entrance door or doors shall conform to Building standards and shall, at Landlord's expense, be inscribed, painted, or affixed for Tenant by sign makers approved by Landlord. In the event of the violation of the foregoing by Tenant, Landlord may install and/or remove same without any liability and may charge the expense incurred to Tenant.

4. The sashes, sash doors, skylights, windows, heating, ventilating, and air conditioning vents and doors that reflect or admit light and air into the halls, passageways, or other public places in the Building shall not be covered or obstructed by Tenant, or its employees, agents, invitees, or guests, nor shall any bottles, parcels, or other articles be placed outside of the Premises.

5. No show cases or other articles shall be put in front of or affixed to any part of the exterior of the Building, nor placed in the public halls, corridors, or vestibules without the prior written consent of Landlord.

6. Whenever Tenant shall submit to Landlord any plan, agreement, assignment, sublease, or other document for Landlord's consent or approval, Tenant agrees to pay Landlord, on demand, a processing fee in a sum equal to the reasonable fee for review of same, including the services of any architect, engineer, or attorney employed by Landlord to review or prepare any such plan, agreement, assignment, sublease, consent, or other document.

7. The water and wash closets and other plumbing fixtures shall not be used for any purpose other than those for which they were constructed, and no sweepings, rubbish, rags, or other substances shall be thrown therein. All damages resulting from any misuse of fixtures shall be borne by Tenant who, or whose employees, agents, invitees, or guests, shall have caused the same.

8. Tenant shall not in any way deface any part of the Premises or the Building. Tenant shall not lay linoleum, or other similar floor covering, so that the same shall come in direct contact with the floor of the Building, and, if linoleum or other similar floor covering is desired to be used, an interlining of builder's deadening felt shall be first affixed to the floor, by a paste or other material, soluble in water, the use of cement or other similar adhesive material being expressly prohibited.

9. No animals or any kind (except seeing eye dogs and other animals used to assist physically challenged individuals) shall be brought upon the Premises or Building.

10. No cooking shall be done or permitted by Tenant on the Premises except in conformity to law and then only in the utility kitchen (if a utility kitchen was provided for in approved plans for the Premises or if Landlord has consented in writing thereto), which is to be primarily used by Tenant's employees for heating beverages and light snacks. No refrigeration or heating equipment may be placed inside the Premises without the prior written consent of Landlord in each instance. Tenant shall not cause or permit any unusual or objectionable odors to be produced upon or permeate from the Premises.

11. No office space in the Building shall be used for the distribution or for the storage of merchandise or for the sale at auction or otherwise of merchandise, goods, or property of any kind.

12. Tenant shall not make or permit to be made any unseemly or disturbing noises or disturb or interfere with occupants of the Building or neighboring premises or those having business with them. Tenant shall not throw anything out of the doors or windows or down the corridors, stairwells, or elevator shafts of the Building. Tenant shall not make or permit electrical waves which will impair radio or television broadcasting or reception from or in the Building.

13. Neither Tenant nor any of Tenant's employees, agents, invitees, or guests shall at any time bring or keep upon the Premises any inflammable, combustible, or explosive substance or any chemical substance, other than reasonable amounts of cleaning fluids and solvents required in the normal operation of Tenant's business, all of which shall only be used in strict compliance with all applicable Environmental Laws.

14. Landlord shall have a valid pass key to all spaces within the Premises at all times during the Lease Term. No additional locks or bolts of any kind shall be placed upon any of the doors or windows by Tenant, nor shall any changes be made in existing locks or the mechanism thereof, without the prior written consent of Landlord and unless and until a duplicate key is delivered to Landlord. Tenant must, upon the termination of its tenancy, restore to Landlord all keys to stores, offices, and toilet rooms, either furnished to or otherwise procured by Tenant, and in the event of the loss of any keys so furnished, Tenant shall pay Landlord for the cost thereof.

15. All deliveries, removals, and/or the carrying in or out of any safes, freights, furniture, or bulky matter of any description may be accomplished only with the prior approval of Landlord and then only in approved areas, through the approved loading/service area doors, and during approved hours. Tenant shall assume all liability and risk with respect to such movements. Landlord may restrict the location where such heavy or bulky matters may be placed inside the Premises. Landlord reserves the right to inspect all freight to be brought into the Building and to exclude from the Building all freight which can or may violate any of these Rules and Regulations or the Lease of which these Rules and Regulations are a part.

16. Tenant shall not, unless otherwise approved by Landlord, occupy or permit any portion of the Premises demised to it to be occupied as, by, or for a public stenographer or typist, barber shop, bootblacking, beauty shop or manicuring, beauty parlor, telephone or telegraph agency, telephone or secretarial service, messenger service, travel or tourist agency, employment agency, public restaurant or bar, commercial document reproduction or offset printing service, ATM or similar machines, retail, wholesale, or discount shop for sale of merchandise, retail service shop, labor union, school or classroom, governmental or quasi-governmental bureau, department, or agency, including an autonomous governmental corporation, a firm the principal business of which is real estate brokerage, or a company engaged in the business of renting office or desk space; or for a public finance (personal loan) business or

for manufacturing, unless Tenant's Lease expressly grants permission to do so. Tenant shall not operate or permit to be operated on the Premises any coin or token operated vending machine or similar device (including, without limitation, telephones, lockers, toilets, scales, amusement devices, and machines for sale of beverages, foods, candy, cigarettes, or other goods), except for those vending machines or similar devices which are for the sole and exclusive use of Tenant's employees. Tenant shall not engage or pay any employees on the Premises, except those actually working for Tenant on the Premises, nor advertise for labor giving an address at the Premises.

17. Tenant shall not create or use any advertising mentioning or exhibiting any likeness of the Building without the prior written consent of Landlord. Landlord shall have the right to prohibit any such advertising which, in Landlord's reasonable opinion, tends to impair the reputation of the Building or its desirability as a building for offices, and upon written notice from Landlord, Tenant shall discontinue such advertising.

18. Landlord reserves the right to exclude from the Building at all times other than the Normal Business Hours all persons who do not present a pass to the Building on a form or card approved by Landlord. Tenant shall be responsible for all its employees, agents, invitees, or guests who have been issued such a pass at the request of Tenant and shall be liable to Landlord for all acts of such persons.

19. The Premises shall not be used for lodging or sleeping, or for any immoral, disreputable, or illegal purposes, or for any purpose which may be dangerous to life, limb, or property.

20. Any maintenance requirements of Tenant will be attended to by Landlord only upon application at Landlord's office at the Building. Landlord's employees shall not perform any work or do anything outside of their regular duties, unless under specific instructions from the office of Landlord.

21. Canvassing, soliciting, and peddling within the Building or in the common areas is prohibited and Tenant shall cooperate to prevent the same.

22. There shall not be used in any space, or in the public halls of the Building, either by Tenant or by jobbers or others, in the delivery or receipt of merchandise to Tenant, any hand trucks, except those equipped with rubber tires and side guards. No hand trucks shall be used in elevators other than those designated by Landlord as service elevators. All deliveries shall be confined to the service areas and through the approved service entries.

23. In order to obtain maximum effectiveness of the cooling system, Tenant shall lower and/or close venetian or vertical blinds or drapes when the sun's rays fall directly on the exterior windows of the Premises.

24. In the event that, in Landlord's reasonable opinion, the replacement of ceiling tiles becomes necessary after they have been removed on behalf of Tenant by telephone company installers or others (in both the Premises and the public corridors), the cost of such replacements shall be charged to Tenant on a per tile basis.

25. All paneling or other wood products not considered furniture which Tenant shall install in the Premises shall be of fire-retardant materials. Prior to the installation of any such materials, Tenant shall submit to Landlord a satisfactory (in the reasonable opinion of Landlord) certification of such materials' fire-retardant characteristics.

26. All trucks and delivery vans shall be parked in designated areas only and not parked in spaces reserved for cars. All delivery service doors are to remain closed except during the time that

deliveries, garbage removal, or other approved uses are taking place therein. All loading and unloading of goods shall be done only at such time, in the areas, and through the entrances designated for such purposes by Landlord.

27. Tenant shall be responsible for the removal and proper disposition of all crates, oversized trash, boxes, and items termed garbage from the Premises. The corridors and parking and delivery areas are to be kept clean from such items. Tenant shall provide convenient and adequate receptacles for the collection of standard items of trash and shall facilitate the removal of such trash by Landlord. Tenant shall ensure that liquids are not disposed of in such receptacles.

28. Tenant shall not conduct any business, loading or unloading, assembling, or any other work connected with Tenant's business in any public areas.

29. Landlord shall not be responsible for lost or stolen personal property, equipment, or money occurring within the Premises or Building, regardless of how or when the loss occurs.

30. Neither Tenant, nor its employees, agents, invitees, or guests, shall paint or decorate the Premises, or mark, paint, or cut into, drive nails or screw into nor in any way deface any part of the Premises or Building without the prior written consent of Landlord. Notwithstanding the foregoing, standard picture hanging shall be permitted without Landlord's prior consent. If Tenant desires a signal, communications, alarm, or other utility or service connection installed or changed, such work shall be done at the expense of Tenant, with the approval and under the direction of Landlord.

31. Tenant shall give Landlord prompt notice of all accidents to or defects in air conditioning equipment, plumbing, electric facilities, or any part or appurtenance of the Premises.

32. Tenant agrees and fully understands that the overall aesthetic appearance of the Building is of paramount importance; thus Landlord shall maintain complete aesthetic control over any and every portion of the Premises visible from outside the Premises including but not limited to all fixtures, equipment, signs, exterior lighting, plumbing fixtures, shades, awnings, merchandise, displays, art work, wall coverings, or any other object used in Tenant's business. Landlord will notify Tenant in writing of any aesthetic deficiencies and Tenant will have seven (7) days to correct the deficiencies to Landlord's satisfaction or Tenant shall be in default of this Lease and the default section shall apply.

33. Tenant shall not install, operate, or maintain in the Premises or in any other area of the Building, any electrical equipment which does not bear the U/L (Underwriters Laboratories) seal of approval, or which would overload the electrical system or any part of the system beyond its capacity for proper, efficient, and safe operation as determined by Landlord, taking into consideration the overall electrical system and the present and future requirements therefor in the Building. Tenant shall not furnish any cooling or heating to the Premises, including, without limitation, the use of any electronic or gas heating devices, without Landlord's prior written consent.

34. Pursuant to applicable law, the Building is deemed to be a "no-smoking" building and smoking is prohibited in all interior common areas. In addition, Landlord may, from time to time, designate non-smoking areas in all or any portion of the exterior common areas and within Tenant's Premises.

35. Whenever and to the extent that the above Rules and Regulations conflict with any of the rights or obligations of Tenant pursuant to the provisions of the Lease, the provisions of the Lease shall govern.

36. Tenant shall comply with any recycling programs for the Building implemented by Landlord from time to time.

37. Landlord may, upon request by any tenant, waive compliance by such tenant with any of the Rules and Regulations provided that (i) no waiver shall be effective unless in writing and signed by Landlord or Landlord’s authorized agent, (ii) any such waiver shall not relieve such tenant from the obligation to comply with such Rule or Regulation in the future unless expressly consented to by Landlord, and (iii) no waiver granted to any tenant shall relieve any other tenant from the obligation of complying with the Rules and Regulations unless such other tenant has received a similar waiver in writing from Landlord.

EXHIBIT "E"

<u>CORPORATE GUARANTY</u>

POE & BROWN, INC.

EMPLOYMENT AGREEMENT

THIS EMPLOYMENT AGREEMENT is entered between **POE & BROWN, INC.**, hereinafter called the “Company” and Charles Lydecker, hereinafter called “Employee”.

1. Definitions. “Company” means Poe & Brown, Inc. as well as any successor entity formed by merger or acquisition, including any company that may acquire a majority of the stock of Poe & Brown, Inc. and, with respect to paragraphs 8 and 9 hereof, also means its subsidiaries, affiliated companies and any company operated or managed by the Company as of the time this Agreement is entered into, and as of the time the Agreement is terminated. With respect to paragraph 9 hereof also means any company or business in which Employee has an equity interest or a controlling or managing interest.

2. Employment. The Company hereby employs or continues to employ Employee upon the terms and conditions set forth in this Agreement.

3. Term. The term of the Agreement shall be continuous until terminated by either party, except that termination shall be subject to the provisions of paragraph 7, below.

4. Extent of Duties. Employee shall work full time for the Company and shall also perform such duties as specified from time to time by the Company. During the term of Employee’s employment under this Agreement, Employee shall not, directly or indirectly, engage in the insurance business in any of its phases, either as a broker, agent, solicitor, consultant or participant, in any manner or in any firm or corporation engaged in the business of insurance or reinsurance, except for the account of the Company or as directed by the Company. Unless otherwise agreed, Employee shall devote all of Employee’s productive time to duties outlined in this paragraph and shall not engage in any other gainful employment without written consent of the Company.

5. Compensation.

(a) If the Employee is a Producer, then the Company Producer Compensation System in effect and applicable at this time to the undersigned is the final determination of the compensation for the Employee. Employee acknowledges that Employee has read and understands the provisions of the System, and understands that the System may be changed at any time upon not less than 10 days written notice to Employee.

(b) If the Employee is not a Producer, then Employee’s compensation shall be as agreed between Company and Employee from time to time.

6. Benefits. Employee shall be entitled to enjoy the same benefits as conferred upon any other employees of comparable rank within the Company. This includes plans such as life and health insurance, sick pay, paid vacation and employee discounts. Employee acknowledges that the applicable benefits have been explained to Employee. Employee understands that such benefits are provided by the Company at the Company's discretion and may be changed, increased, decreased or eliminated from time to time. Employee also understands that the Company reserves the right to approve business development and entertainment privileges on a case-by-case basis to Producers based upon the discretion of management, without granting equal or equivalent privileges to other Producers.

7. Termination. The employment relationship memorialized by this Agreement may be terminated by Company or Employee at any time, with or without cause. Termination of Employee's employment under this Agreement shall not release either Employee or the Company from obligations hereunder arising or accruing through the date of such termination nor from the provisions of paragraphs 8, 9 and 10 of this Agreement. On notice of termination of or by the Employee, the Company has the power to suspend the Employee from all duties on the date notice is given, and to immediately require return of all professional documentation as described in the Agreement. Company has the further right to impound all property on Company premises, including such property owned by Employee, for a reasonable time following termination, to permit Company to inventory the property and ensure that its property and trade secrets are not removed from the premises. Employee acknowledges that Employee has no right or expectation of privacy with respect to property kept on Company premises, including any such information maintained on computer systems utilized by Employee during employment by Company.

8. Confidential Information; Covenant Not to Solicit or Service Customers or Prospective Customers; Related Matters.

(a) Employee recognizes and acknowledges that the Confidential Information (as hereafter defined) constitutes valuable, secret, special, and unique assets of Company. Employee covenants and agrees that, during the term of this Agreement and for a period of three years following termination (whether voluntary or involuntary), Employee will not disclose the Confidential Information to any person, firm, corporation, association, or other entity for any reason or purpose without the express written approval of Company and will not use the Confidential Information except in Company's business. It is expressly understood and agreed that the Confidential Information is the property of Company and must be immediately returned to Company upon demand. The term "Confidential Information" includes all information, whether or not reduced to written or recorded form, that is related to Company and that is not generally known to competitors of the Company nor intended for general dissemination, whether furnished by

Company or compiled by Employee, including but not limited to: (1) lists of the Company's customers, insurance carriers, Company accounts and records pertaining thereto; and (2) prospect lists, policy forms, and/or rating information, expiration dates, information on risk characteristics, information concerning insurance markets for large or unusual risks, and all other types of written information customarily used by Company or available to the Employee. Employee understands that it is Company's intention to maintain the confidentiality of this information notwithstanding that employees of Company may have free access to the information for the purpose of performing their duties with Company, and notwithstanding that employees who are not expressly bound by agreements similar to this agreement may have access to such information for job purposes. Employee acknowledges that it is not practical, and shall not be necessary, to mark such information as "confidential," nor to transfer it within the Company by confidential envelope or communication, in order to preserve the confidential nature of the information.

(b) For a period of two (2) years following termination of employment hereunder (whether voluntary or involuntary), Employee specifically agrees not to solicit, divert, accept, nor service, directly or indirectly, as insurance solicitor, insurance agent, insurance broker, insurance wholesaler, managing general agent, or otherwise, for Employee's accounts or the accounts of any other agent, broker, or insurer, either as officer, director, stockholder, owner, partner, employee, promoter, consultant, manager, or otherwise, any insurance or bond business of any kind or character from any person, firm, corporation, or other entity, that is a customer or account of the Company during the term of this Agreement, or from any prospective customer or account to whom the Company made proposals about which Employee had knowledge, or in which Employee participated, during the last two years of Employee's employment with Company. For purposes of this Agreement, Employee acknowledges that informing existing clients or prospects that Employee is or may be leaving Company prior to leaving employment of Company shall be deemed to constitute prohibited solicitation under this Agreement.

Should a court of competent jurisdiction declare any of the covenants set forth in this paragraph unenforceable, each of the parties hereto agrees that such court shall be empowered and shall grant Company injunctive relief reasonably necessary to protect its interest.

(c) Employee agrees that Company shall have the right to communicate the terms of this Agreement to any third parties, including but not limited to, any past, present or prospective employer of Employee. Employee waives any right to assert any claim for damages against Company or any officer, employee or agent of Company arising from disclosure of the terms of this Agreement.

(d) In the event of a breach or threatened breach of the provisions of this paragraph 8, Company shall be entitled to injunctive relief as well as any other applicable remedies at law or in equity. Employee understands and agrees that without such protection, Company's business would be irreparably harmed, and that the remedy of monetary damages alone would be inadequate.

(e) Should legal proceedings (including arbitration proceedings) have to be brought by the Company against the Employee to enforce this Agreement, the period of restriction under this paragraph 8 shall be deemed to begin running on the date of entry of an order granting the Company preliminary injunctive relief and shall continue uninterrupted for the next succeeding two (2) years. The Employee acknowledges that the purposes of this paragraph 8 would be frustrated by measuring the period of restriction from the date of termination of employment where the Employee failed to honor the Agreement until directed to do so by court order.

(f) The provisions of this paragraph 8 shall be independent of any other provision of this Agreement, and the existence of any claim or cause of action by the Employee against the Company, whether predicated on this Agreement or otherwise, shall not constitute a defense to the enforcement of this paragraph 8 by the Company.

9. Organizing Competitive Businesses; Soliciting Company Employees. Employee agrees that so long as Employee is working for Company, Employee will not undertake the planning or organizing of any business activity competitive with the work Employee performs. Employee agrees that Employee will not, for a period of two years following termination of employment with Company, directly or indirectly solicit any of the Company’s employees to work for Employee or any other competitive company. Employee acknowledges and agrees that all activities under this paragraph shall be presumed to be in aid of prohibited solicitation under the terms of paragraph 8 of this Agreement, and shall justify injunctive relief as provided in paragraph 8.

10. Protection of Company Property. All records, files, manuals, lists of customers, blanks, forms, materials, supplies, computer programs and other materials furnished to the Employee by the Company, used by Employee on its behalf, or generated or obtained by Employee during the course of Employee’s employment, shall be and remain the property of Company. Employee shall be deemed the bailee thereof for the use and benefit of Company and shall safely keep and preserve such property, except as consumed in the normal business operations of Company. Employee acknowledges that this property is confidential and is not readily accessible to Company’s competitors. Upon termination of employment hereunder, the Employee shall immediately deliver to Company or its authorized representative all such property, including all copies, remaining in the Employee’s possession or control.

Employee understands that it is Company’s intention to maintain the confidentiality of this information notwithstanding that employees of Company may have free access to the information for the purpose of performing their duties with Company, and notwithstanding that employees who are not expressly bound by agreements similar to this agreement may have access to such information for job purposes. Employee acknowledges that it is not practical, and shall not be necessary, to mark such information as "confidential," nor to transfer it within Company by confidential envelope or communication, in order to preserve the confidential nature of the information.

11. Attorneys' Fees. In the event of a dispute concerning the terms of this Agreement, or arising out of the employment relationship created by this Agreement, the prevailing party shall be entitled to recover, in addition to any other remedy obtained, (i) all attorneys' fees incurred in the investigation and preparation of issues for trial and in the trial and appellate proceedings, and (ii) costs and expenses of investigation and litigation, including expert witness fees, deposition costs (appearance fee and transcript charges), injunction bond premiums, travel and lodging expenses, arbitration fees and charges, and all other reasonable costs and expenses.

12. Notices. Any notices required or permitted to be given under this Agreement shall be sufficient if in writing and if sent by Certified Mail to:

Employee at:

and to the Company at: Poe & Brown, Inc.
401 E. Jackson Street
Suite 1700
Tampa, FL 33602
Attn: Laurel L. Grammig
General Counsel

or such other address as either shall give to the other in writing for this purpose.

13. Waiver of Breach. The waiver by either party of a breach of any provision of the Agreement shall not operate or be construed as a waiver of any subsequent breach by the other party.

14. Entire Agreement. This instrument contains the entire agreement of the parties. All employment agreements entered into which are dated prior to this Agreement are considered null and void, unless and to the extent otherwise stated herein. This Agreement may not be changed orally but only by an agreement in writing signed by the party against whom enforcement of any waiver, change, modification, extension or discharge is sought.

15. Binding Effect. This Agreement shall be binding on and inure to the benefit of the respective parties and their respective heirs, legal representatives, successors and assigns. No assignment, consent by Employee, or notice to Employee shall be required to render this Agreement enforceable by any entity defined as "Company" in this Agreement.

16. Interpretation. This Agreement shall not be construed or interpreted in a manner adverse to any party on the grounds that such party was responsible for drafting any portion of it.

17. Waiver of Jury Trial. Employee and Company hereby knowingly, voluntarily and intentionally waive any right either may have to a trial by jury with respect to any litigation related to or arising out of, under or in conjunction with this Agreement, or Employee's employment with the Company.

18. Assignment. Employee agrees that Company may assign this Agreement to any entity in connection with any sale of some or all of Company's assets or subsidiary corporations, or the merger by Company with or into any business entity.

19. Governing Law. This Agreement shall be governed by and construed according to the laws of the State of Florida, excluding laws related to conflicts of law.

IN WITNESS WHEREOF, the parties have executed this Agreement as noted below.

Witnesses:

John D. Thiel

Anne M Cerasco

As to Company

POE & BROWN, INC.

By: Jim W. Henderson

Name: Jim W. Henderson

Title: Ex. Vice Pres.

Date: 10/27/97

John D. Thiel

Anne M Cerasco

As to Employee

EMPLOYEE

Name: Charles Lydecker

Signature: Charles H. Lydecker

Date: 10/27/97

BROWN & BROWN, INC.

EMPLOYMENT AGREEMENT

THIS **EMPLOYMENT AGREEMENT,** dated June 1, 2009 (this "Agreement"), is made and entered into by and between **BROWN & BROWN, INC.**, a Florida corporation (the "Company"), and Anthony Strianese, a resident of the State of Georgia (the "Employee").

1. Definitions. "Company" means Brown & Brown, Inc. as well as any successor entity formed by merger or acquisition, including any company that may acquire a majority of the stock of Brown & Brown, Inc. and, with respect to **Sections 8, 9** and **10** hereof, also means its subsidiaries, affiliated companies and any company operated or managed by the Company as of the time this Agreement is entered into, and as of the time the Agreement is terminated. With respect to **Section 9** hereof, "Employee" also means any company or business in which Employee has an equity interest or a controlling or managing interest.

2. Employment. The Company hereby employs or continues to employ Employee upon the terms and conditions set forth in this Agreement.

3. Term. The term of the Agreement shall be continuous until terminated by either party, except that termination shall be subject to the provisions of **Section 7**, below.

4. Extent of Duties. Employee shall work full time for the Company and shall also perform such duties as specified from time to time by the Company. During the term of Employee's employment under this Agreement, Employee shall not, directly or indirectly, engage in the insurance business in any of its phases, either as a broker, agent, solicitor, consultant or participant, in any manner or in any firm or corporation engaged in the business of insurance or reinsurance, except for the account of the Company or as directed by the Company. Unless otherwise agreed, Employee shall devote all of Employee's productive time to duties outlined in this Section 4 and shall not engage in any other gainful employment without written consent of the Company.

5. Compensation.

(a) If Employee is a Producer, then Employee's compensation will be based on the commission system in effect and applicable at this time to the undersigned. Employee acknowledges that the commission structure has been explained to Employee, and understands that the system may be changed at any time upon notice to Employee.

(b) If Employee is not a Producer, then Employee's compensation shall be as agreed between Company and Employee from time to time.

6. Benefits. Employee shall be entitled to enjoy the same benefits as generally conferred upon any other employees of comparable rank within the Company. This includes plans such as life and health insurance. Employee acknowledges that the applicable benefits have been explained to Employee. Employee understands that such benefits are provided by the Company at the Company's discretion and may be changed, increased, decreased or eliminated from time to time. Employee also understands that the Company reserves the right to approve business development and entertainment privileges on a case-by-case basis to Producers based upon the discretion of management, without granting equal or equivalent privileges to other Producers.

7. Termination. The employment relationship memorialized by this Agreement may be terminated by Company or Employee at any time, with or without cause. Termination of Employee's employment under this Agreement shall not release either Employee or the Company from obligations hereunder arising or accruing through the date of such termination nor from the provisions of **Sections 8**, **9** and **10** of this Agreement. On notice of termination of or by the Employee, the Company has the power to suspend the Employee from all duties on the date notice is given, and to immediately require return of all professional documentation as described in the Agreement. Company has the further right to impound all property on Company premises, including such property owned by Employee, for a reasonable time following termination, to permit Company to inventory the property and ensure that its property and trade secrets are not removed from the premises. Employee acknowledges that Employee has no right or expectation of privacy with respect to property kept on Company premises, including any such information maintained on computer systems utilized by Employee during employment by Company.

8. Confidential Information; Covenant Not to Solicit or Service Customers or Prospective Customers; Related Matters.

(a) Employee recognizes and acknowledges that the Confidential Information (as hereafter defined) constitutes valuable, secret, special, and unique assets of Company. Employee covenants and agrees that, during the term of this Agreement and for a period of two (2) years following termination of Employee's employment with the Company for any reason (whether voluntary or involuntary), Employee will not disclose the Confidential Information to any person, firm, corporation, association, or other entity for any reason or purpose without the express written approval of Company and will not use the Confidential Information except in Company's business. It is expressly understood and agreed that the Confidential Information is the property of Company and must be immediately returned to Company upon demand. The term "Confidential Information" includes all information, whether or not reduced to written or recorded form, that is related to Company and that is not generally known to competitors of the Company nor intended for general dissemination, whether furnished by Company or compiled by Employee, including but not limited to: (i) lists of the Company's customers, insurance carriers, Company accounts and records pertaining thereto; and (ii) prospect lists, policy forms, and/or rating information, expiration dates, information on risk characteristics, information concerning insurance markets for large or unusual risks, and all other types of written information customarily used by Company or available to the Employee. Employee understands that it is Company's intention to maintain the confidentiality of this information notwithstanding that employees of Company may have free access to the information for the purpose of performing their duties with Company, and notwithstanding that employees who are not expressly bound by agreements similar to this agreement may have access to such information for job purposes. Employee acknowledges that it is not practical, and shall not be necessary, to mark such information as "confidential," nor to transfer it within the Company by confidential envelope or communication, in order to preserve the confidential nature of the information.

(b) For a period of two (2) years following termination of Employee's employment with the Company for any reason (whether voluntary or involuntary), Employee specifically agrees not to solicit, divert, accept, nor service, directly or indirectly, as insurance solicitor, insurance agent, insurance broker, insurance wholesaler, managing general agent, or otherwise, for Employee's account or the account of any other agent, broker, or insurer, either as officer, director, stockholder, owner, partner, employee, promoter, consultant, manager, or otherwise, any insurance or bond business of any kind or character from any person, firm, corporation, or other entity, that is a customer or account of the Company during the term of this Agreement, or from any prospective customer or account to whom the Company made proposals about which Employee had knowledge, or in which Employee participated, during the last two (2) years of

Employee's employment with Company. For purposes of this Agreement, Employee acknowledges that informing existing clients or prospects that Employee is or may be leaving Company prior to leaving employment of Company shall be deemed to constitute prohibited solicitation under this Agreement.

(c) Employee agrees that Company shall have the right to communicate the terms of this Agreement to any third parties, including but not limited to, any past, present or prospective employer of Employee. Employee waives any right to assert any claim for damages against Company or any officer, employee or agent of Company arising from disclosure of the terms of this Agreement.

(d) In the event of a breach or threatened breach of the provisions of this **Section 8**, Company shall be entitled to injunctive relief as well as any other applicable remedies at law or in equity. Employee understands and agrees that without such protection, Company's business would be irreparably harmed, and that the remedy of monetary damages alone would be inadequate.

(e) Should legal proceedings (including arbitration proceedings) have to be brought by the Company against the Employee to enforce this Agreement, the period of restriction under this **Section 8** shall be deemed to begin running on the date of entry of an order granting the Company preliminary injunctive relief and shall continue uninterrupted for the next succeeding two (2) years. The Employee acknowledges that the purposes of this **Section 8** would be frustrated by measuring the period of restriction from the date of termination of employment where the Employee failed to honor the Agreement until directed to do so by court order.

(f) The provisions of this **Section 8** shall be independent of any other provision of this Agreement, and the existence of any claim or cause of action by the Employee against the Company, whether predicated on this Agreement or otherwise, shall not constitute a defense to the enforcement of this **Section 8** by the Company.

(g) Should a court of competent jurisdiction declare any of the covenants set forth in this **Section 8** unenforceable, each of the parties hereto agrees that such court shall be empowered and shall grant Company injunctive relief reasonably necessary to protect its interest with respect to the enforceable provisions hereof.

9. <u>Organizing Competitive Businesses; Soliciting Company Employees</u>. Employee agrees that so long as Employee is working for Company, Employee will not undertake the planning or organizing of any business activity competitive with the work Employee performs. Employee agrees that Employee will not, for a period of two (2) years following termination of Employee's employment with the Company for any reason (whether voluntary or involuntary), directly or indirectly solicit or seek to induce any of the Company's employees to leave the Company's employ for any reason, including, without limitation, to work for Employee or any other competitive company. Employee acknowledges and agrees that all activities under this **Section 9** shall be presumed to be in aid of prohibited solicitation under the terms of **Section 8** of this Agreement, and shall justify injunctive relief as provided in **Section 8**.

10. <u>Protection of Company Property</u>. All records, files, manuals, lists of customers, blanks, forms, materials, supplies, computer programs and other materials furnished to the Employee by the Company, used by Employee on its behalf, or generated or obtained by Employee during the course of Employee's employment, shall be and remain the property of Company. Employee shall be deemed the bailee thereof for the use and benefit of Company and shall safely keep and preserve such property, except as consumed in the normal business operations of Company. Employee acknowledges that this property is confidential and is not readily accessible to Company's competitors. Upon termination of employment hereunder, the Employee shall immediately deliver to Company or its authorized representative all such property, including all copies, remaining in the Employee's possession or control.

11. Attorneys' Fees. In the event of a dispute concerning the terms of this Agreement, each party shall bear its own attorney's fees, court costs, and other dispute-related costs and expenses.

12. Notices.

(a) Each party giving or making any notice or other communication (each, a "Notice") pursuant to this Agreement shall: (i) give the Notice in writing; and (ii) use one of the following methods of delivery: (A) personal delivery; (B) registered or certified mail, in each case, return receipt requested and postage prepaid; (C) nationally recognized overnight courier, with all fees prepaid; or (D) facsimile.

(b) Notices shall be addressed as indicated below, or to such other addressee or to such other address as may be designated by a party in a Notice pursuant to this **Section 12**:

If to Company:	Brown & Brown, Inc. 3101 W. Martin Luther King Jr. Blvd. Suite 400 Tampa, FL 33607 Attention: Laurel L. Grammig, General Counsel Facsimile No.: (813) 222-4464
If to Employee:	Most current residence address on file with Company

13. Waiver of Breach. The waiver by either party of a breach of any provision of the Agreement shall not operate or be construed as a waiver of any subsequent breach by the other party.

14. Entire Agreement. This instrument contains the entire agreement of the parties. All employment agreements entered into which are dated prior to this Agreement are considered null and void, unless and to the extent otherwise stated herein. This Agreement may not be changed orally but only by an agreement in writing signed by the party against whom enforcement of any waiver, change, modification, extension or discharge is sought.

15. Binding Effect. This Agreement shall be binding on and inure to the benefit of the respective parties and their respective heirs, legal representatives, successors and assigns. No assignment, consent by Employee, or notice to Employee shall be required to render this Agreement enforceable by any entity defined as "Company" in this Agreement.

16. Interpretation. This Agreement shall not be construed or interpreted in a manner adverse to any party on the grounds that such party was responsible for drafting any portion of it.

17. **Waiver of Jury Trial. Employee and Company hereby knowingly, voluntarily and intentionally waive any right either may have to a trial by jury with respect to any litigation related to or arising out of, under or in conjunction with this Agreement, or Employee's employment with the Company.**

18. Assignment and Enforcement. Employee agrees that Company may assign this Agreement to any entity in connection with any sale or transfer of some or all of Company's assets or subsidiary corporations, or the merger or other business combination by Company with or into any business entity. Employee further agrees to be found by the provisions of this Agreement for benefit of the Company or its parent or any subsidiary or affiliate thereof to whose employ Employee may be transferred, without the necessity that this Agreement or another employment agreement be re-executed at the time of such transfer. Employee may not assign or delegate Employee's rights or obligations hereunder in whole or in part without the Company's prior written consent. Subject to the foregoing, this Agreement shall be binding upon and inure to the benefit of the parties' respective successors and assigns.

19. Governing Law. This Agreement shall be governed by and construed and enforced according to the internal laws of the State of Florida, excluding laws related to conflicts of law.

IN WITNESS WHEREOF, the parties have executed this Employment Agreement as of the date first set forth above.

Witnesses (2):

1. ______________________

2. ______________________

As to Company

BROWN & BROWN, INC.

By: ______________________

Name: B. Pinkalla

Title: LEADERSHIP DEVELOPMENT

Witnesses (2):

1. ______________________

2. ______________________

As to Employee

EMPLOYEE

____

Print Name: Anthony Strianese

EMPLOYMENT AGREEMENT

THIS **EMPLOYMENT AGREEMENT** (this “Agreement”), dated as of March 26, 2003 (the “Effective Date”), is made and entered into by and between **PEACHTREE SPECIAL RISK BROKERS, LLC.,** a Georgia limited liability company, with business locations in Georgia, Florida, New York, North Carolina and California (the “Company”), and **ANTHONY STRIANESE,** a resident of the State of Georgia (“Employee”).

WITNESSETH:

WHEREAS, Employee is employed with the Company as its Profit Center Manager and, in that capacity, works as an insurance broker (“Producer”) and supervises the work performed by all of the Producers and other personnel employed by the Company; and

WHEREAS, the Company’s offer of continued employment is contingent upon Employee executing and delivering this Agreement;

THEREFORE, for and in consideration of the foregoing and the agreements set forth below, the parties agree as follows:

1. Definitions. The “Company” means Peachtree Special Risk Brokers, LLC, as well as any successor entity formed by merger or acquisition, including any company that may acquire a majority interest in Peachtree Special Risk Brokers, LLC. With respect to **Section 11** hereof, “Employee” also means any company or business in which Employee has an equity interest or a controlling or managing interest.

2. Employment. The Company hereby continues to employ Employee upon the terms and conditions set forth in this Agreement.

3. Term. The term of the Agreement shall be continuous until terminated by either party, except that termination shall be subject to the provisions of **Section 7**, below.

4. Extent of Duties. Employee shall continue to work full time for the Company and shall also perform such duties as specified from time to time by the Company. During the term of Employee’s employment under this Agreement, Employee shall not, directly or indirectly, engage in the insurance business in any of its phases, either as a broker, agent, solicitor, consultant or participant, in any manner or in any firm or corporation engaged in the business of insurance or reinsurance, except for the account of the Company or as directed by the Company. Unless otherwise agreed, Employee shall devote all of Employee’s productive time to duties outlined in this paragraph and shall not engage in any other gainful employment without written consent of the Company.

5. Compensation. Employee’s compensation will be as agreed between Employee and the Company from time to time.

6. Benefits. Employee shall be entitled to enjoy the same benefits as conferred upon any other employees of comparable rank within the Company. This includes plans such as life and health insurance, sick pay, and paid vacation. Employee acknowledges that the applicable benefits have been explained to Employee. Employee understands that such benefits are provided by the Company at the Company’s discretion and may be changed, increased, decreased or eliminated from time to time. Employee also understands that the Company reserves the right to approve business development and entertainment privileges on a case-by-case basis to Producers based upon the discretion of management, without granting equal or equivalent privileges to other Producers.

7. Termination. The employment relationship memorialized by this Agreement may be terminated by Company or Employee at any time, with or without cause. Termination of Employee’s employment under this Agreement shall not release either Employee or the Company from obligations hereunder arising or accruing through the date of such termination nor from the provisions of this Agreement concerning post-termination obligations, including, without limitation, **Sections 8, 9, 10** and **11**. On notice of termination of or by the Employee, the Company has the power to suspend the Employee from all duties on the date notice is given, and to immediately require return of all professional documentation as described in the Agreement. Company has the further right to impound all property on Company premises, including such property owned by Employee, for a reasonable time following termination, to permit Company to inventory the property and ensure that its property and trade secrets are not removed from the premises. Employee acknowledges that Employee has no right or expectation of privacy with respect to property kept on Company premises, including any such information maintained on computer or phone voice mail systems utilized by Employee during employment by Company.

8. Relationship of the Company and Employee. Employee recognizes that during the course of Employee’s employment with the Company, the Company will disclose or make available to Employee confidential information that could be used by Employee on behalf of a competitor of the Company to the Company’s substantial detriment. Employee acknowledges that the Company, through its expertise and reputation in the insurance agency industry, its support services and personnel, and follow-up work, will contribute substantially to Employee’s development as an effective insurance broker. Employee further acknowledges that (a) during the course of Employee’s employment, Employee will use the confidential information given to Employee by the Company or developed by Employee as an employee of the Company to become a principal contact with certain customers of the Company, including retail insurance agents who place business through the Company, (b) the relationship Employee will develop with such customers as a result of the Company’s training and Employee’s commitment of time while in the Company’s employment is necessarily a personal relationship that involves elements of personal service and trust, and (c) during the course of employment, Employee will develop good will for the Company with such customers, all of which are the sole and exclusive property of the Company. Employee further acknowledges that the good will that the Company enjoys is the principal asset of the Company. In view of the foregoing, Employee acknowledges and agrees that the restrictive covenants contained in this Agreement are reasonably necessary to protect the Company’s legitimate business interests and good will.

9. Non-Disclosure. (a) For purposes of this Agreement, the term "Confidential Information" includes each, every, and all written or recorded documentation or information related to the insurance agency and/or brokerage business of the Company or any of its affiliates (whether constituting a trade secret or not) which is or has been disclosed to Employee or of which Employee became aware as a consequence of or through Employee's relationship to the Company and which has value to the Company and is not generally known to the Company's competitors including, but not limited to: (i) lists of the Company's customers, including, without limitation, the retail insurance agents who place business through the Company, and insurance companies and records pertaining thereto; and (ii) customer lists, prospect lists, policy forms, and/or rating information, expiration dates, information on risk characteristics, information concerning insurance markets for large or unusual risks, and all other types of written or recorded documentation or information customarily used by the Company. Confidential Information shall not include any data or information that has been voluntarily disclosed to the public by the Company (except where such public disclosure has been made by Employee without authorization) or that has been independently developed and disclosed by others, or that otherwise enters the public domain through lawful means.

(b) Employee recognizes and acknowledges that the Confidential Information constitutes a valuable, secret, special, and unique asset of the Company that comprises a substantial part of the Company's value. Employee covenants and agrees that Employee will not, during the time Employee is employed by the Company and for a period of two (2) years following the date Employee's employment with the Company is terminated for any reason, use or disclose the Confidential Information to any person, firm, corporation, association, or other entity for any reason or purpose without the express written approval of the Company. It is expressly understood and agreed that the Confidential Information is the property of the Company and that all Confidential Information existing in tangible or written form must be immediately returned to the Company upon demand therefor at any time after the Effective Date.

(c) Notwithstanding the foregoing provisions of this **Section 9**, Employee may make disclosures required by a valid order or subpoena issued by a court or administrative agency of competent jurisdiction, on the condition that Employee has notified the Company of such order or subpoena at least 14 days in advance of the required disclosure date in order to provide the Company an opportunity to protect its interest.

10. Non-Piracy. During the time Employee is employed by the Company and for a period of two (2) years following the date Employee's employment with the Company is terminated or ceases for any reason (the "Termination Date"), Employee agrees not to solicit or divert, directly or indirectly, as insurance broker, insurance solicitor, or insurance agent, for Employee's account or the account of any other broker, agent, or insurer, any customer or insurance or bond account of any kind that is serviced by the Company on the Termination Date or within one (1) year prior to such date.

11. Non-Solicitation of Employees. Employee agrees that Employee will not, during the time Employee is employed by the Company and for a period of two (2) years following the Termination Date, directly or indirectly solicit or seek to induce any of the employees of the Company to leave employment with the Company for any reason, including, without limitation, soliciting such employees to work for any competitor of the Company.

12. Communication of Terms. Employee agrees that the Company shall have the right to communicate the terms of this Agreement to any present or prospective customer, any employer or prospective employer of Employee, or any other party, and the Company shall incur no liability to Employee by reason of disclosure of the terms of this Agreement.

13. Remedies. In the event of a breach of the provisions of this Agreement, the Company shall be entitled to injunctive relief as well as any other applicable remedies at law or in equity. Should a court of competent jurisdiction declare any of the covenants set forth in this Agreement unenforceable due to an unreasonable geographical restriction or duration, or otherwise, each of the parties hereto agrees that such court shall be empowered and shall grant each injured party injunctive relief reasonably necessary to protect its interest, to the extent permitted by applicable law.

14. Waiver. No waiver or modification of this Agreement or of any covenant, condition, or limitation herein contained shall be valid unless in writing and duly executed by the party to be charged therewith and no evidence of any waiver or modification shall be offered or received in evidence of any proceeding, arbitration, or litigation between the parties hereto arising out of or affecting this Agreement, or the rights or obligations of the parties hereunder, unless such waiver or modification is in writing, duly executed as aforesaid, and the parties further agree that the provisions of this section may not be waived except as herein set forth.

15. Attorneys' Fees. If any litigation arises hereunder, the prevailing party shall be entitled to reasonable attorneys' fees and costs at both the trial and appellate levels.

16. Notices. Any notices required or permitted to be given under this Agreement shall be sufficient if in writing and if sent by Certified Mail or delivered by hand to:

Employee at:

Peachtree Special Risk Brokers, LLC
250 Corporate Center Court
Stockbridge, GA 30281

and to the Company at:

Peachtree Special Risk Brokers, LLC
c/o Brown & Brown, Inc.
401 E. Jackson Street, Suite 1700
Tampa, Florida 33602
Attn: Laurel L. Grammig, General Counsel

or such other address as either party shall give to the other in writing for this purpose.

17. Amendment. This Agreement cannot be altered, amended, changed, or modified in any respect or particular unless each such alteration, amendment, change, or modification shall have been agreed to by each of the parties hereto and reduced to writing in its entirety and signed and delivered by each party.

18. Severability. If any provision or covenant, or any part thereof, of this Agreement should be held by any court to be illegal, invalid or unenforceable, either in whole or in part, such illegality, invalidity or unenforceability shall not affect the legality, validity or enforceability of the remaining provisions or covenants, or any part thereof, all of which shall remain in full force and effect to the maximum extent permitted by applicable law.

19. Assignment and Binding Effect. This Agreement shall be binding upon and inure to the benefit of the parties hereto, and their respective successors, personal representatives, heirs, successors, and assigns, including any successor by virtue of merger or acquisition, and Employee expressly consents to any assignment of this Agreement to any successor in interest.

20. Entire Agreement. This Agreement contains all of the terms and conditions agreed to between the parties as to the subject matter hereof, and there are no oral agreements relating to the transactions covered hereby. Any prior agreement between the parties or their respective affiliates with respect to the subject matter hereof shall be of no further force and effect, and to the extent of any such prior agreements this Agreement shall be deemed a novation, good and sufficient consideration for which is acknowledged by all parties hereto.

21. Further Assurances. The parties agree to execute and deliver such other and further instruments and documents as may be necessary to implement and effectuate the terms of this Agreement.

22. Counterparts. This Agreement may be executed in counterparts, all of which together shall comprise one and the same instrument.

23. Governing Law. This Agreement has been made in the State of Georgia and shall be governed by and construed and enforced in accordance with internal Georgia law, without regard to conflicts of laws principles.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first above written.

COMPANY:

PEACHTREE SPECIAL RISK BROKERS, LLC

By: [signature]

Name: J. Powell Brown

Title: Regional Executive Vice President

3/28/03

ANTHONY STRIANESE

3-26-03

EMPLOYMENT AGREEMENT

THIS **EMPLOYMENT AGREEMENT** (this "Agreement"), dated as of , 2003 (the "Effective Date"), is made and entered into by and between **PEACHTREE SPECIAL RISK BROKERS, LLC.**, a Georgia limited liability company, with business locations in Georgia, Florida, New York, North Carolina and California (the "Company"), and **ANTHONY STRIANESE**, a resident of the State of Georgia ("Employee").

WITNESSETH:

WHEREAS, Employee is employed with the Company as its Profit Center Manager and, in that capacity, works as an insurance broker ("Producer") and supervises the work performed by all of the Producers and other personnel employed by the Company; and

WHEREAS, the Company's offer of continued employment is contingent upon Employee executing and delivering this Agreement;

THEREFORE, for and in consideration of the foregoing and the agreements set forth below, the parties agree as follows:

1. Definitions. The "Company" means Peachtree Special Risk Brokers, LLC, as well as any successor entity formed by merger or acquisition, including any company that may acquire a majority interest in Peachtree Special Risk Brokers, LLC. With respect to **Section 11** hereof, "Employee" also means any company or business in which Employee has an equity interest or a controlling or managing interest.

2. Employment. The Company hereby continues to employ Employee upon the terms and conditions set forth in this Agreement.

3. Term. The term of the Agreement shall be continuous until terminated by either party, except that termination shall be subject to the provisions of **Section 7**, below.

4. Extent of Duties. Employee shall continue to work full time for the Company and shall also perform such duties as specified from time to time by the Company. During the term of Employee's employment under this Agreement, Employee shall not, directly or indirectly, engage in the insurance business in any of its phases, either as a broker, agent, solicitor, consultant or participant, in any manner or in any firm or corporation engaged in the business of insurance or reinsurance, except for the account of the Company or as directed by the Company. Unless otherwise agreed, Employee shall devote all of Employee's productive time to duties outlined in this paragraph and shall not engage in any other gainful employment without written consent of the Company.

5. Compensation. Employee's compensation will be as agreed between Employee and the Company from time to time.

6. Benefits. Employee shall be entitled to enjoy the same benefits as conferred upon any other employees of comparable rank within the Company. This includes plans such as life and health insurance, sick pay, and paid vacation. Employee acknowledges that the applicable benefits have been explained to Employee. Employee understands that such benefits are provided by the Company at the Company's discretion and may be changed, increased, decreased or eliminated from time to time. Employee also understands that the Company reserves the right to approve business development and entertainment privileges on a case-by-case basis to Producers based upon the discretion of management, without granting equal or equivalent privileges to other Producers.

7. Termination. The employment relationship memorialized by this Agreement may be terminated by Company or Employee at any time, with or without cause. Termination of Employee's employment under this Agreement shall not release either Employee or the Company from obligations hereunder arising or accruing through the date of such termination nor from the provisions of this Agreement concerning post-termination obligations, including, without limitation, **Sections 8**, **9**, **10** and **11.** On notice of termination of or by the Employee, the Company has the power to suspend the Employee from all duties on the date notice is given, and to immediately require return of all professional documentation as described in the Agreement. Company has the further right to impound all property on Company premises, including such property owned by Employee, for a reasonable time following termination, to permit Company to inventory the property and ensure that its property and trade secrets are not removed from the premises. Employee acknowledges that Employee has no right or expectation of privacy with respect to property kept on Company premises, including any such information maintained on computer or phone voice mail systems utilized by Employee during employment by Company.

8. Relationship of the Company and Employee. Employee recognizes that during the course of Employee's employment with the Company, the Company will disclose or make available to Employee confidential information that could be used by Employee on behalf of a competitor of the Company to the Company's substantial detriment. Employee acknowledges that the Company, through its expertise and reputation in the insurance agency industry, its support services and personnel, and follow-up work, will contribute substantially to Employee's development as an effective insurance broker. Employee further acknowledges that (a) during the course of Employee's employment, Employee will use the confidential information given to Employee by the Company or developed by Employee as an employee of the Company to become a principal contact with certain customers of the Company, including retail insurance agents who place business through the Company, (b) the relationship Employee will develop with such customers as a result of the Company's training and Employee's commitment of time while in the Company's employment is necessarily a personal relationship that involves elements of personal service and trust, and (c) during the course of employment, Employee will develop good will for the Company with such customers, all of which are the sole and exclusive property of the Company. Employee further acknowledges that the good will that the Company enjoys is the principal asset of the Company. In view of the foregoing, Employee acknowledges and agrees that the restrictive covenants contained in this Agreement are reasonably necessary to protect the Company's legitimate business interests and good will.

9. Non-Disclosure. (a) For purposes of this Agreement, the term "Confidential Information" includes each, every, and all written or recorded documentation or information related to the insurance agency and/or brokerage business of the Company or any of its affiliates (whether constituting a trade secret or not) which is or has been disclosed to Employee or of which Employee became aware as a consequence of or through Employee's relationship to the Company and which has value to the Company and is not generally known to the Company's competitors including, but not limited to: (i) lists of the Company's customers, including, without limitation, the retail insurance agents who place business through the Company, and insurance companies and records pertaining thereto; and (ii) customer lists, prospect lists, policy forms, and/or rating information, expiration dates, information on risk characteristics, information concerning insurance markets for large or unusual risks, and all other types of written or recorded documentation or information customarily used by the Company. Confidential Information shall not include any data or information that has been voluntarily disclosed to the public by the Company (except where such public disclosure has been made by Employee without authorization) or that has been independently developed and disclosed by others, or that otherwise enters the public domain through lawful means.

(b) Employee recognizes and acknowledges that the Confidential Information constitutes a valuable, secret, special, and unique asset of the Company that comprises a substantial part of the Company's value. Employee covenants and agrees that Employee will not, during the time Employee is employed by the Company and for a period of two (2) years following the date Employee's employment with the Company is terminated for any reason, use or disclose the Confidential Information to any person, firm, corporation, association, or other entity for any reason or purpose without the express written approval of the Company. It is expressly understood and agreed that the Confidential Information is the property of the Company and that all Confidential Information existing in tangible or written form must be immediately returned to the Company upon demand therefor at any time after the Effective Date.

(c) Notwithstanding the foregoing provisions of this **Section 9**, Employee may make disclosures required by a valid order or subpoena issued by a court or administrative agency of competent jurisdiction, on the condition that Employee has notified the Company of such order or subpoena at least 14 days in advance of the required disclosure date in order to provide the Company an opportunity to protect its interest.

10. Non-Piracy. During the time Employee is employed by the Company and for a period of two (2) years following the date Employee's employment with the Company is terminated or ceases for any reason (the "Termination Date"), Employee agrees not to solicit or divert, directly or indirectly, as insurance broker, insurance solicitor, or insurance agent, for Employee's account or the account of any other broker, agent, or insurer, any customer or insurance or bond account of any kind that is serviced by the Company on the Termination Date or within one (1) year prior to such date.

11. Non-Solicitation of Employees. Employee agrees that Employee will not, during the time Employee is employed by the Company and for a period of two (2) years following the Termination Date, directly or indirectly solicit or seek to induce any of the employees of the Company to leave employment with the Company for any reason, including, without limitation, soliciting such employees to work for any competitor of the Company.

12. Communication of Terms. Employee agrees that the Company shall have the right to communicate the terms of this Agreement to any present or prospective customer, any employer or prospective employer of Employee, or any other party, and the Company shall incur no liability to Employee by reason of disclosure of the terms of this Agreement.

13. Remedies. In the event of a breach of the provisions of this Agreement, the Company shall be entitled to injunctive relief as well as any other applicable remedies at law or in equity. Should a court of competent jurisdiction declare any of the covenants set forth in this Agreement unenforceable due to an unreasonable geographical restriction or duration, or otherwise, each of the parties hereto agrees that such court shall be empowered and shall grant each injured party injunctive relief reasonably necessary to protect its interest, to the extent permitted by applicable law.

14. Waiver. No waiver or modification of this Agreement or of any covenant, condition, or limitation herein contained shall be valid unless in writing and duly executed by the party to be charged therewith and no evidence of any waiver or modification shall be offered or received in evidence of any proceeding, arbitration, or litigation between the parties hereto arising out of or affecting this Agreement, or the rights or obligations of the parties hereunder, unless such waiver or modification is in writing, duly executed as aforesaid, and the parties further agree that the provisions of this section may not be waived except as herein set forth.

15. Attorneys' Fees. If any litigation arises hereunder, the prevailing party shall be entitled to reasonable attorneys' fees and costs at both the trial and appellate levels.

16. Notices. Any notices required or permitted to be given under this Agreement shall be sufficient if in writing and if sent by Certified Mail or delivered by hand to:

Employee at:

Peachtree Special Risk Brokers, LLC
250 Corporate Center Court
Stockbridge, GA 30281

and to the Company at:

Peachtree Special Risk Brokers, LLC
c/o Brown & Brown, Inc.
401 E. Jackson Street, Suite 1700
Tampa, Florida 33602
Attn: Laurel L. Grammig, General Counsel

or such other address as either party shall give to the other in writing for this purpose.

17. Amendment. This Agreement cannot be altered, amended, changed, or modified in any respect or particular unless each such alteration, amendment, change, or modification shall have been agreed to by each of the parties hereto and reduced to writing in its entirety and signed and delivered by each party.

18. Severability. If any provision or covenant, or any part thereof, of this Agreement should be held by any court to be illegal, invalid or unenforceable, either in whole or in part, such illegality, invalidity or unenforceability shall not affect the legality, validity or enforceability of the remaining provisions or covenants, or any part thereof, all of which shall remain in full force and effect to the maximum extent permitted by applicable law.

19. Assignment and Binding Effect. This Agreement shall be binding upon and inure to the benefit of the parties hereto, and their respective successors, personal representatives, heirs, successors, and assigns, including any successor by virtue of merger or acquisition, and Employee expressly consents to any assignment of this Agreement to any successor in interest.

20. Entire Agreement. This Agreement contains all of the terms and conditions agreed to between the parties as to the subject matter hereof, and there are no oral agreements relating to the transactions covered hereby. Any prior agreement between the parties or their respective affiliates with respect to the subject matter hereof shall be of no further force and effect, and to the extent of any such prior agreements this Agreement shall be deemed a novation, good and sufficient consideration for which is acknowledged by all parties hereto.

21. Further Assurances. The parties agree to execute and deliver such other and further instruments and documents as may be necessary to implement and effectuate the terms of this Agreement.

22. Counterparts. This Agreement may be executed in counterparts, all of which together shall comprise one and the same instrument.

23. Governing Law. This Agreement has been made in the State of Georgia and shall be governed by and construed and enforced in accordance with internal Georgia law, without regard to conflicts of laws principles.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first above written.

COMPANY:

PEACHTREE SPECIAL RISK BROKERS, LLC

By: ______________________________
Name: ______________________________
Title: ______________________________

ANTHONY STRIANESE

3-26-03

Exhibit 21

Brown & Brown, Inc. is the sole owner of the following corporations either directly or indirectly:
Acumen Re Management Corporation (DE)
Advocator Group Holding Company, Inc. (FL)
Advocator Group, LLC (The) (FL)
AFC Insurance, Inc. (PA)
AG Insurance Services, LLC (FL)
AGIA Premium Finance Company (CA)
Alexander Anthony Insurance, LLC (UT)
Allocation Services, Inc. (FL)
American Claims Management, Inc. (CA)
American Claims Management — Atlantic Region, LLC (GA)
American Specialty Insurance & Risk Services, Inc. (IN)
Apex Insurance Agency, Inc. f/k/a Program Management Services, Inc. (VA)
Arrowhead General Insurance Agency Holding Corp. (DE)
Arrowhead General Insurance Agency Superholding Corp. (DE)
Arrowhead General Insurance Agency, Inc. (MN)
Arrowhead Specialty Underwriting, LLC (GA)
AVIRS Acquisition, LLC (PA)
Axiom Re, LP (FL)
Azure International Holding Co. (DE)
B & B Protector Plans, Inc. (FL)
B&B TN Holding Company, Inc. (DE)
BB FL Holding, LLC (FL)
BB FL Holding 2, LLC (FL)
Braishfield Associates of New York, Inc. (NY)
Braishfield Associates, Inc. (FL)
Brown & Brown Agency of Insurance Professionals, Inc. (OK)
Brown & Brown Benefit Advisors, Inc. f/k/a Grinspec, Inc. (NJ)
Brown & Brown Disaster Relief Foundation, Inc. (FL-non-profit)
Brown & Brown Insurance Agency of Virginia, Inc. (VA)
Brown & Brown Insurance Brokers of Sacramento, Inc. (CA)
Brown & Brown Insurance of Arizona, Inc. (AZ)
Brown & Brown Insurance of Georgia, Inc. (GA)
Brown & Brown Insurance of Nevada, Inc. (NV)
Brown & Brown Insurance Services of the Bay Area, Inc. (CA)
Brown & Brown Insurance Services of California, Inc. f/k/a Brown & Brown of Northern California, Inc. (CA)
Brown & Brown Lone Star Insurance Services, Inc. (TX)
Brown & Brown Metro, Inc. (NJ)
Brown & Brown NJ Holding Co., Inc. (FL)
Brown & Brown of Arkansas, Inc. (AR)
Brown & Brown of Bartlesville, Inc. (OK)
Brown & Brown of Central Carolina, Inc. (NC)
Brown & Brown of Central Michigan, Inc. (MI)
Brown & Brown of Central Oklahoma, Inc. (OK)
Brown & Brown of Colorado, Inc. (CO)
Brown & Brown of Connecticut, Inc. (CT)
Brown & Brown of Delaware, Inc. (DE)
Brown & Brown of Detroit, Inc. f/k/a Alcos, Inc. (MI)
Brown & Brown of Florida, Inc. f/k/a B & B Insurance Services, Inc. (FL)
Brown & Brown of Garden City, Inc. f/k/a Ernest Smith Insurance Agency, Inc. (FL)
Brown & Brown of Illinois, Inc. (IL)
Brown & Brown of Indiana, LLC (IN)
Brown & Brown of Iowa, Inc. (IA)
Brown & Brown of Kentucky, Inc. (KY)
Brown & Brown of Lehigh Valley, LP (PA)
Brown & Brown of Louisiana, LLC (LA)
Brown & Brown of Massachusetts, LLC (MA)
Brown & Brown of Michigan, Inc. (MI)
Brown & Brown of Minnesota, Inc. (MN)
Brown & Brown of Missouri, Inc. (MO)
Brown & Brown of Nashville, Inc. (TN)
Brown & Brown of New Hampshire, Inc. (NH)
Brown & Brown New Jersey, LLC (NJ)

Brown & Brown of New Mexico, Inc. (NM)
Brown & Brown of New York, Inc. (NY)
Brown & Brown of North Dakota, Inc. (ND)
Brown & Brown of Northern Illinois, Inc. f/k/a John Manner Insurance Agency, Inc. (IL)
Brown & Brown of Ohio, LLC (OH)
Brown & Brown of Oregon, Inc. f/k/a Fullerton & Company, Inc. (OR)
Brown & Brown of Pennsylvania, LP (PA)
Brown & Brown of South Carolina, Inc. (SC)
Brown & Brown of Southwest Indiana, Inc. (IN)
Brown & Brown of Tennessee, Inc. (TN)
Brown & Brown of The West, Inc. f/k/a CITA Insurance Services, Inc. (CA)
Brown & Brown of Washington, Inc. (WA)
Brown & Brown of West Virginia, Inc. (WV)
Brown & Brown of Wisconsin, Inc. (WI)
Brown & Brown PA Holding Co., LLC (FL)
Brown & Brown PA Holding Co. 2, LLC (FL)
Brown & Brown Program Insurance Services, Inc. f/k/a Brown & Brown of California, Inc. (CA)
Brown & Brown Realty Co. (DE)
CC Acquisition Corp. (FL)
Colonial Claims Corporation (FL)
Combined Group Insurance Services, Inc. (TX)
Decus Holdings (UK), Limited (UK)—UK Registration No. 000006382677
Decus Insurance Brokers Limited (UK)—UK Registration No. 000006382680
ECC Insurance Brokers, Inc. (IL)
ELOHSSA, Inc. (FL)
Energy & Marine Underwriters, Inc. (LA)
Florida Intracoastal Underwriters, Limited Company (FL)
Graham-Rogers, Inc. (OK)
Halcyon Underwriters, Inc. (FL)
Healthcare Insurance Professionals, Inc. (TX)
Hull & Company of New York, Inc. (NY)
Hull & Company, Inc. (FL)
Independent Consulting Risk Management Services, Inc. (CA)
Industry Consulting Group, Inc. f/k/a ICG Acquisition Corp. (FL)
International E&S Insurance Brokers, Inc. (CA)
Investigation Solutions, Inc. (CA)
Irving Weber Associates, Inc. (NY)
Lancer Claims Services, Inc. (NV)
MacDuff America, Inc. (FL)
MacDuff Underwriters, Inc. (FL)
Madoline Corporation (FL)
Marquee Managed Care Solution, Inc. f/k/a Pacific Claims Services, Inc. (CA)
Monarch Management Corporation (KS)
National Connect Force Claims, Inc. (CA)
Peachtree Special Risk Brokers of New York, LLC (NY)
Peachtree Special Risk Brokers, LLC (GA)
Portland Insurance Agency, LLC (OR)
Preferred Governmental Claim Solutions, Inc. (FL)
Premier Interpreting & Transportation, Inc. (CA)
Procor Solutions LLC (NJ)
Proctor Financial, Inc. (MI)
Program Management Services, Inc. (FL)
Public Risk Underwriters Insurance Services of Texas, LLC (TX)
Public Risk Underwriters of Florida, Inc. (FL)
Public Risk Underwriters of Georgia, Inc. (GA)
Public Risk Underwriters of Illinois, LLC (IL)
Public Risk Underwriters of Indiana, LLC (IN)
Public Risk Underwriters of New Jersey, Inc. (NJ)
Public Risk Underwriters of the Northwest, Inc. (WA)
Public Risk Underwriters, LLC (FL)
Risk Management Associates, Inc. (FL)
SIM Insurance Services, LLC (TX)
Superior Recovery Services, Inc. (CA)
Texas Security General Insurance Agency, Inc. f/k/a Conduit Insurance Managers, Inc. (TX)
Title Pac, Inc. (OK)
TSG Premium Finance, LLC (TX)
USIS, Inc. (FL)
YouZoom Insurance Services, Inc. (CA)

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in Registration Statement No. 33-41204 on Form S-8, as amended by Amendment No. 1 (Form S-8 No. 333-04888) and in Registration Statement Nos. 333-14925, 333-43018, 333-109322, 333-109324, and 333-109327 on Forms S-8 of our report dated March 1, 2013, relating to the consolidated financial statements of Brown & Brown, Inc. and subsidiaries ("Brown & Brown"), and the effectiveness of Brown & Brown's internal control over financial reporting, appearing in this Annual Report on Form 10-K of Brown & Brown for the year ended December 31, 2012.

/s/ DELOITTE & TOUCHE LLP

Certified Public Accountants
Jacksonville, Florida
March 1, 2013

Exhibit 24

POWER OF ATTORNEY

The undersigned constitutes and appoints Laurel L. Grammig and Cory T. Walker, or either of them, as his true and lawful attorney-in-fact and agent, with full power of substitution and resubstitution, for him and in his name, place and stead, in any and all capacities, to sign the 2012 Annual Report on Form 10-K for Brown & Brown, Inc., and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises as fully to all intents and purposes as he might or could in person, hereby ratifying and confirming all that said attorneys-in-fact and agents, or their substitutes, may lawfully do or cause to be done by virtue hereof.

/S/ SAMUEL P. BELL III

Samuel P. Bell, III

Dated: January 15, 2013

POWER OF ATTORNEY

The undersigned constitutes and appoints Laurel L. Grammig and Cory T. Walker, or either of them, as his true and lawful attorney-in-fact and agent, with full power of substitution and resubstitution, for him and in his name, place and stead, in any and all capacities, to sign the 2012 Annual Report on Form 10-K for Brown & Brown, Inc., and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises as fully to all intents and purposes as he might or could in person, hereby ratifying and confirming all that said attorneys-in-fact and agents, or their substitutes, may lawfully do or cause to be done by virtue hereof.

/S/ HUGH M BROWN

Hugh M. Brown

Dated: January 15, 2013

POWER OF ATTORNEY

The undersigned constitutes and appoints Laurel L. Grammig and Cory T. Walker, or either of them, as his true and lawful attorney-in-fact and agent, with full power of substitution and resubstitution, for him and in his name, place and stead, in any and all capacities, to sign the 2012 Annual Report on Form 10-K for Brown & Brown, Inc., and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises as fully to all intents and purposes as he might or could in person, hereby ratifying and confirming all that said attorneys-in-fact and agents, or their substitutes, may lawfully do or cause to be done by virtue hereof.

/S/ J. HYATT BROWN

J. Hyatt Brown

Dated: January 15, 2013

POWER OF ATTORNEY

The undersigned constitutes and appoints Laurel L. Grammig and Cory T. Walker, or either of them, as his true and lawful attorney-in-fact and agent, with full power of substitution and resubstitution, for him and in his name, place and stead, in any and all capacities, to sign the 2012 Annual Report on Form 10-K for Brown & Brown, Inc., and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises as fully to all intents and purposes as he might or could in person, hereby ratifying and confirming all that said attorneys-in-fact and agents, or their substitutes, may lawfully do or cause to be done by virtue hereof.

/S/ BRADLEY CURREY, JR.

Bradley Currey, Jr.

Dated: January 15, 2013

POWER OF ATTORNEY

The undersigned constitutes and appoints Laurel L. Grammig and Cory T. Walker, or either of them, as his true and lawful attorney-in-fact and agent, with full power of substitution and resubstitution, for him and in his name, place and stead, in any and all capacities, to sign the 2012 Annual Report on Form 10-K for Brown & Brown, Inc., and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises as fully to all intents and purposes as he might or could in person, hereby ratifying and confirming all that said attorneys-in-fact and agents, or their substitutes, may lawfully do or cause to be done by virtue hereof.

/S/ THEODORE J. HOEPNER

Theodore J. Hoepner

Dated: January 15, 2013

POWER OF ATTORNEY

The undersigned constitutes and appoints Laurel L. Grammig and Cory T. Walker, or either of them, as her true and lawful attorney-in-fact and agent, with full power of substitution and resubstitution, for her and in her name, place and stead, in any and all capacities, to sign the 2012 Annual Report on Form 10-K for Brown & Brown, Inc., and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises as fully to all intents and purposes as she might or could in person, hereby ratifying and confirming all that said attorneys-in-fact and agents, or their substitutes, may lawfully do or cause to be done by virtue hereof.

/S/ TONI JENNINGS

Toni Jennings

Dated: January 15, 2013

POWER OF ATTORNEY

The undersigned constitutes and appoints Laurel L. Grammig and Cory T. Walker, or either of them, as his true and lawful attorney-in-fact and agent, with full power of substitution and resubstitution, for him and in his name, place and stead, in any and all capacities, to sign the 2012 Annual Report on Form 10-K for Brown & Brown, Inc., and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises as fully to all intents and purposes as he might or could in person, hereby ratifying and confirming all that said attorneys-in-fact and agents, or their substitutes, may lawfully do or cause to be done by virtue hereof.

/S/ TIMOTHY R.M. MAIN

Timothy R.M. Main

Dated: January 15, 2013

POWER OF ATTORNEY

The undersigned constitutes and appoints Laurel L. Grammig and Cory T. Walker, or either of them, as his true and lawful attorney-in-fact and agent, with full power of substitution and resubstitution, for him and in his name, place and stead, in any and all capacities, to sign the 2012 Annual Report on Form 10-K for Brown & Brown, Inc., and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises as fully to all intents and purposes as he might or could in person, hereby ratifying and confirming all that said attorneys-in-fact and agents, or their substitutes, may lawfully do or cause to be done by virtue hereof.

/S/ H. PALMER PROCTOR
H. Palmer Proctor

Dated: January 15, 2013

POWER OF ATTORNEY

The undersigned constitutes and appoints Laurel L. Grammig and Cory T. Walker, or either of them, as his true and lawful attorney-in-fact and agent, with full power of substitution and resubstitution, for him and in his name, place and stead, in any and all capacities, to sign the 2012 Annual Report on Form 10-K for Brown & Brown, Inc., and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises as fully to all intents and purposes as he might or could in person, hereby ratifying and confirming all that said attorneys-in-fact and agents, or their substitutes, may lawfully do or cause to be done by virtue hereof.

/S/ WENDELL S. REILLY
Wendell S. Reilly

Dated: January 15, 2013

POWER OF ATTORNEY

The undersigned constitutes and appoints Laurel L. Grammig and Cory T. Walker, or either of them, as his true and lawful attorney-in-fact and agent, with full power of substitution and resubstitution, for him and in his name, place and stead, in any and all capacities, to sign the 2012 Annual Report on Form 10-K for Brown & Brown, Inc., and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises as fully to all intents and purposes as he might or could in person, hereby ratifying and confirming all that said attorneys-in-fact and agents, or their substitutes, may lawfully do or cause to be done by virtue hereof.

/S/ JOHN R. RIEDMAN

John R. Riedman

Dated: January 15, 2013

POWER OF ATTORNEY

The undersigned constitutes and appoints Laurel L. Grammig and Cory T. Walker, or either of them, as her true and lawful attorney-in-fact and agent, with full power of substitution and resubstitution, for her and in her name, place and stead, in any and all capacities, to sign the 2012 Annual Report on Form 10-K for Brown & Brown, Inc., and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises as fully to all intents and purposes as she might or could in person, hereby ratifying and confirming all that said attorneys-in-fact and agents, or their substitutes, may lawfully do or cause to be done by virtue hereof.

/S/ CHILTON D. VARNER

Chilton D. Varner

Dated: January 15, 2013

POWER OF ATTORNEY

The undersigned constitutes and appoints Laurel L. Grammig and Jennifer A. Hayes, or either of them, as his true and lawful attorney-in-fact and agent, with full power of substitution and resubstitution, for him and in his name, place and stead, in any and all capacities, to sign the 2012 Annual Report on Form 10-K for Brown & Brown, Inc., and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises as fully to all intents and purposes as he might or could in person, hereby ratifying and confirming all that said attorneys-in-fact and agents, or their substitutes, may lawfully do or cause to be done by virtue hereof.

/S/ CORY T. WALKER

Cory T. Walker

Dated: January 15, 2013

Exhibit 31.1

CERTIFICATIONS

I, J. Powell Brown, certify that:

1. I have reviewed this annual report on Form 10-K of Brown & Brown, Inc. (Registrant);

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Registrant as of, and for, the periods presented in this report;

4. The Registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Registrant and have:

(a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) evaluated the effectiveness of the Registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) disclosed in this report any change in the Registrant's internal control over financial reporting that occurred during the Registrant's fourth fiscal quarter that has materially affected, or is reasonably likely to materially affect, the Registrant's internal control over financial reporting.

5. The Registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Registrant's auditors and the audit committee of the Registrant's board of directors (or persons performing the equivalent functions):

(a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Registrant's ability to record, process, summarize and report financial information; and

(b) any fraud, whether or not material, that involves management or other employees who have a significant role in the Registrant's internal control over financial reporting.

Date: March 1, 2013

/s/ J. Powell Brown

J. Powell Brown
President and Chief Executive Officer

Exhibit 31.2

CERTIFICATIONS

I, Cory T. Walker, certify that:

1. I have reviewed this annual report on Form 10-K of Brown & Brown, Inc. (Registrant);

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Registrant as of, and for, the periods presented in this report;

4. The Registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Registrant and have:

(a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) evaluated the effectiveness of the Registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) disclosed in this report any change in the Registrant's internal control over financial reporting that occurred during the Registrant's fourth fiscal quarter that has materially affected, or is reasonably likely to materially affect, the Registrant's internal control over financial reporting.

5. The Registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Registrant's auditors and the audit committee of the Registrant's board of directors (or persons performing the equivalent functions):

(a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Registrant's ability to record, process, summarize and report financial information; and

(b) any fraud, whether or not material, that involves management or other employees who have a significant role in the Registrant's internal control over financial reporting.

Date: March 1, 2013

/s/ Cory T. Walker
Cory T. Walker
Chief Financial Officer

Exhibit 32.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO SECTION 906
OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of Brown & Brown, Inc. (Company) on Form 10-K for the fiscal year ended December 31, 2012 as filed with the Securities and Exchange Commission on the date hereof (Form 10-K), I, J. Powell Brown, Chief Executive Officer of the Company, hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Form 10-K fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. § 78m or § 78o(d)); and

(2) The information contained in the Form 10-K fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: March 1, 2013

/s/ J. Powell Brown
J. Powell Brown
President and Chief Executive Officer

Exhibit 32.2

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO SECTION 906
OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of Brown & Brown, Inc. (Company) on Form 10-K for the fiscal year ended December 31, 2012 as filed with the Securities and Exchange Commission on the date hereof (Form 10-K), I, Cory T. Walker, Chief Financial Officer of the Company, hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Form 10-K fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. § 78m or § 78o(d)); and

(2) The information contained in the Form 10-K fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: March 1, 2013

/s/ Cory T. Walker
Cory T. Walker
Chief Financial Officer