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, 2013

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, 2013 (the last business day of the registrant's most recently completed second fiscal quarter) was $3,830,091,657.

The number of outstanding shares of the registrant's Common Stock, $0.10 par value, as of February 19, 2014 was 145,433,663.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of Brown & Brown, Inc.'s Proxy Statement for the 2014 Annual Meeting of Shareholders are incorporated by reference into Part III of this Report.

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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, Kansas, Massachusetts, Michigan, New Jersey, New York, Oregon, Pennsylvania, Texas, Virginia 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 July 2013 acquisition of Beecher Carlson Holdings, Inc. ("Beecher Carlson"), or may acquire in the future, including the announced acquisition of The Wright Insurance Group, LLC (which is expected to close on April 1, 2014), 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 2014;
- 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; and
- Other risks and uncertainties as may be detailed from time to time in our public announcements and Securities and Exchange Commission ("SEC") filings.

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.

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, (2) our National Programs and Wholesale Brokerage Divisions, which earn fees primarily for the issuing of insurance policies on behalf of insurance carriers, and (3) our Retail Division for fees received in lieu of commissions, primarily since our July 1, 2013 acquisition of Beecher Carlson which services many larger fee-based accounts. 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, 2013, our activities were conducted in 245 locations in 41 states as follows, an office in London, England, Hamilton, Bermuda, and George Town, Cayman Islands:

Florida	40	Oklahoma	5	Kansas	2
California	25	Arizona	4	Missouri	2
New York	17	Kentucky	4	New Hampshire	2
Washington	16	Michigan	4	Delaware	1
Texas	15	Minnesota	4	Maryland	1
Georgia	11	Tennessee	4	Mississippi	1
New Jersey	10	Virginia	4	Montana	1
Oregon	8	Arkansas	3	Nevada	1
Colorado	7	Indiana	3	Rhode Island	1
Louisiana	7	New Mexico	3	Utah	1
Pennsylvania	7	North Carolina	3	Vermont	1
Illinois	6	South Carolina	3	West Virginia	1
Massachusetts	6	Ohio	3	Wisconsin	1
Connecticut	5	Hawaii	2		

Industry Overview

Premium pricing within the property and casualty insurance underwriting (risk-bearing) industry has historically been cyclical in nature, and has varied widely based on market conditions. For example, in late 2003, after three years of a “hard” market in which premium rates were stable or increasing, the insurance industry experienced the return of a “soft” market, characterized by flat or reduced premium rates in many lines and geographic areas. In 2004, as general premium rates continued to moderate, the southeastern United States experienced the worst hurricane season since 1992 (when Hurricane Andrew hit south Florida), and the following year brought this region the worst hurricane season ever recorded. As a result of the significant losses incurred by insurance companies due to these hurricanes, property and casualty insurance premium rates increased on coastal property, primarily in the southeastern United States, in 2006, while otherwise generally declining during 2006 and 2007.

To counter the higher property insurance rates in Florida, The State of Florida directed its property “insurer of last resort,” “Citizens Property Insurance Corporation” (“Citizens”), to significantly reduce its rates beginning in January 2007 and extending through January 1, 2010. As a result, several of our Florida-based operations lost significant amounts of revenue to Citizens in this period. Since that time, Citizens’ impact on our operations has declined each year as Citizens has slowly increased its rates in an effort to reduce its insured exposures. Our commission revenues from Citizens for 2013, 2012 and 2011 were approximately $5.7 million, $6.4 million, and $7.8 million, respectively. If, as expected, this trend continues, the financial impact of Citizens on our business should continue to decrease in 2014.

Although property and casualty insurance premium rates generally continued to decline from 2008 through 2011 in most lines of coverage, the rates of decline were slowing. However, from the second half of 2008 through 2011, insurable exposure units, such as sales and payroll expenditures, decreased significantly, primarily in the southeastern and western regions of the United States, due to the economic recession, and this decrease had a greater adverse impact on our commissions and fees revenue than did declining insurance premium rates in this period.

From the first quarter of 2012 through 2013, insurance premium rates gradually increased for most lines of coverage, and insurable exposure units began to flatten and in many cases, increase. As a result, in 2012, we achieved positive internal organic core commissions and fees revenue growth for the first time since 2006. In 2013, these rate and exposure unit increases, along with strong new business growth, generated positive internal organic revenue growth for each of our four reportable business divisions in each quarter, with the single exception of the fourth quarter for our Services Division, which experienced a record fourth quarter in 2012 as a result of the significant flood claims activity from Superstorm Sandy that was not replicated in 2013.

We currently expect that property and casualty insurance premium rates and insurable exposure units will generally continue to increase modestly and gradually during 2014, subject to continued improvement in the economic environment.

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.

The following table summarizes (1) the commissions and fees revenue generated by each of our reportable operating segments for 2013, 2012 and, 2011, and (2) the percentage of our total commissions and fees revenue represented by each segment for each such period:

(in thousands, except percentages)	2013	%	2012	%	2011	%
Retail Division	$ 725,159	53.5%	$ 639,708	53.7%	$ 604,966	60.2%
National Programs Division	291,014	21.5%	251,929	21.2%	164,352	16.3%
Wholesale Brokerage Division	209,493	15.4%	182,822	15.4%	172,547	17.2%
Services Division	131,033	9.7%	116,247	9.8%	64,875	6.4%
Other	(1,196)	(0.1)%	(1,625)	(0.1)%	(778)	(0.1)%
Total	$1,355,503	100.0%	$1,189,081	100.0%	$1,005,962	100.0%

We conduct all of our operations within the United States of America, except for one wholesale brokerage operation based in London, England, and retail operations based in Hamilton, Bermuda and George Town, Cayman Islands that were acquired in July 2013 as part of the Beecher Carlson transaction. These operations earned $12.2 million, $9.7 million and $9.1 million of revenues for the years ended December 31, 2013, 2012 and 2011, respectively. We do not have any material foreign long-lived assets.

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, 2013, our Retail Division employed 3,566 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 2013, commissions and fees from our largest single Retail Division customer represented less than one third of one percent (0.33%) 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, 2013, our National Programs Division employed 1,432 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®:* Allied Protector Plan® ("APP®") specializes in customized professional liability and business insurance programs for individual practitioners and businesses in the healthcare industry. The APP program offers liability insurance coverage for, among others, dental hygienists and dental assistants, home health agencies, physical therapy clinics, and medical directors. Also available through the APP 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® is a specialty insurance program offering comprehensive professional liability insurance solutions and risk management services to CPA practitioners and their firms nationwide. Optional coverage enhancements allow insureds to round out their policy and coverage needs, including: Employment Practices Liability, Employee Dishonesty, Non-Profit Directors and Officers, as well as Network Security and Privacy Protection Coverage.
- *Dentists*: First initiated in 1969, the Professional Protector Plan® ("PPP®") for Dentists 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 Services® 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 30 years, has been providing professional liability insurance with a niche focus on law firms with 1-20 attorneys. The LPP program handles all aspects of insurance operations including underwriting, distribution management, policy issuance and claims. The LPP is offered in 44 states.
- *Optometrists, Opticians, and Ophthalmologists*: Since 1973 the Optometric Protector Plan® ("OPP®"), has continually provided professional liability, general liability, property, workers' compensation insurance and risk management programs for eye care professionals nationwide. Our carrier partners offer specialty insurance products tailored to the eye care profession, and our agents and brokers are chosen for their expertise. The OPP is offered in all 50 states. Through our strategic carrier partnerships, we have diversified our demographic and also offer professional liability coverage to Chiropractors, Podiatrists and Physicians nationwide.

- *Professional Risk Specialty Group*: Professional Risk Specialty Group ("PRSG") has been providing Errors & Omissions/Professional Liability/Malpractice Insurance for over 22 years both in a direct retail sales and brokering capacity. PRSG has been an exclusive State Administrator for a Lawyers Professional Liability Program since 1994 in Florida and Louisiana, as well as state appointments in 23 other states. The admitted Lawyers Program focuses on 1-19 attorney firms and the non-admitted program is for firms with 20+ attorneys and is available for primary or excess coverage. PRSG is also involved in direct sales and brokering for other professional lines, such as Accountants, Architects & Engineers, Medical Malpractice, Directors & Officers, Employment Practices Liability, Title Agency E&O and Miscellaneous E&O.
- *Real Estate Title 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 Protector Plan® for Events* 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/event date. Liability and liquor liability is available as an option. Both the Wedding Protector Plan and Protector Plan for Events 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* 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.
- *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.
- *OnPoint* is an MGA with underwriting programs for tribal nations, manufactured housing, contractors' equipment and various affinity programs. The largest program is the Tribal business which provides tailored risk management and insurance solutions for U.S. tribal nations.
- *Personal Property* provides a series of coverages for homeowners and renters in numerous states.
- *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.
- *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 several states including California, Georgia, Michigan, South Carolina and Washington.
- *Workers' Compensation* provides workers' compensation insurance coverage primarily 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* ("Acumen Re") has been active in the facultative reinsurance casualty market since 1993, providing outsourced technical expertise in workers' compensation, general liability and professional liability (directors and officers along with errors and omissions) reinsurance accounts. Acumen Re's territory encompasses the entire United States, and this entity accesses insureds via approved reinsurance intermediaries strategically located throughout the country.
- *AFC Insurance, Inc.* ("AFC")("Humanity Plus Program") is a Program Administrator specializing in niche Property & Casualty products for a wide range of For-Profit and Nonprofit Human & Social Service organizations. Eligible risks include Addiction Treatment Centers, Adult Day Care Centers, Group Homes, Services for the Developmentally Disabled and more. AFC's nationwide comprehensive program offers all lines of coverage. AFC also has a separate program for independent pizza/deli 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. IWA also offers 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., one of our subsidiaries, 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®* 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®") provides insurance products for contractors, manufacturers and wholesalers supporting the railroad industry (not the railroads). The RRPP insurance coverages include general liability, property, commercial auto, umbrella, and inland marine.
- *Towing Operators Protector Plan® ("TOPP®"*) 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.

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.

- *Public Risk Underwriters of Indiana, LLC,* dba Downey Insurance 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.
- *Public Risk Underwriters of The Northwest, Inc.*, dba Canfield 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, school boards, and non-profit organizations in the State of Washington.
- *Public Risk Underwriters of Illinois, LLC,* dba Ideal Insurance Agency 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.

- *Public Risk Underwriters of New Jersey, Inc.* 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.
- *Public Risk Underwriters of Florida, Inc.* is the program administrator for the Preferred Governmental Insurance Trust 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, 2013, our Wholesale Brokerage Division employed 1,014 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 2013, commissions and fees from our largest Wholesale Brokerage Division customer represented approximately 1.4% of the Wholesale Brokerage Division's total commissions and fees revenue.

Services Division

At December 31, 2013, our Services Division employed 785 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. ACM services also include managed care, claim investigations, field adjusting and audit services. Approximately 76% of ACM's 2013 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.
- *ICA* provides comprehensive claims management solutions for both personal and commercial lines of insurance. ICA is a national service provider for daily and catastrophe claims, vendor management, TPA operations and staff augmentation. ICA offers training and educational opportunities to independent adjusters nationwide in our regional training facilities. Other claims services we offer: first notice of loss, fast track, field appraisals, quality control and consulting.
- *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 Solutions* ("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.
- *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 2013, our three largest workers' compensation contracts represented approximately 6.0% of our Services Division's fees revenues, or approximately 0.8% of our total consolidated commissions and fees revenue.

Employees

At December 31, 2013, we had 6,992 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 are 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, particularly outside of Florida and elsewhere.

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 mostly commercially oriented 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 1-800-732-0330. 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.

From late 2007 through 2011, global consumer confidence had 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. Those concerns slowed economic growth and resulted in a recession in the United States. Economic conditions had a negative impact on our results of operations during the years 2008 through 2011 due to reduced customer demand. In 2012, the economic conditions in the middle-market economy appeared to stabilize, and a gradual improvement continued through 2013. However, 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. Also, if general economic conditions are poor, some of our clients may cease operations completely or be acquired by other companies, which could have an adverse effect on our results of operations and financial condition. If these clients are affected by poor economic conditions but yet remain in existence, they may face liquidity problems or other financial difficulties which could result in delays or defaults in payments owed to us, which could have a significant adverse impact on our consolidated financial condition and results of operations. 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; increase in expenses and working capital requirements, which could reduce our return on invested capital; entry into unfamiliar markets; unanticipated problems or legal liabilities; estimation of the acquisition earn-out payables; 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. Post-acquisition deterioration of targets could also result in lower or negative earnings contribution and/or goodwill impairment charges.

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. Capacity could also be reduced by insurance companies failing or withdrawing from writing certain coverages that we offer our clients. 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 2013 fiscal year, we have $2,006,173,000 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, 2013 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, 2013, 2012 and 2011.

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. Also, the failure of an insurer with whom we place business could result in errors and omissions claims against us by our clients, which could adversely affect our results of operations and financial condition. Claimants may seek large damage awards, and these claims may involve potentially significant legal costs, including punitive damages. 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. In addition, given the long-tail nature of professional liability claims, errors and omissions matters can relate to matters dating back many years. 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, 2013, no insurance company accounted for more than 8.0% of our total core commissions. For the year ended December 31, 2012 and 2011, approximately 5.0% and 5.2% 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, and we could likely move our business to one of these other insurance companies, although some additional expense and loss of market share could possibly result.

BECAUSE OUR BUSINESS IS HIGHLY CONCENTRATED IN CALIFORNIA, FLORIDA, GEORGIA, INDIANA, KANSAS, MASSACHUSETTS, MICHIGAN, NEW JERSEY, NEW YORK, OREGON, PENNSYLVANIA, TEXAS, VIRGINIA 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, Kansas, Massachusetts, Michigan, New Jersey, New York, Oregon, Pennsylvania, Texas, Virginia and Washington. For the years ended December 31, 2013, 2012 and 2011, we derived $1,123.7 million or 82.9%, $976.7 million or 82.1% and $803.5 million, or 79.9%, 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. In addition, we acquired retail operations based in Hamilton, Bermuda and George Town, Cayman Islands in July 2013 as part of the Beecher Carlson transaction. 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. Other competitive concerns may include the quality of our products and services, our pricing and the ability of some of our customers to self-insure. 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 intermediaries, 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. As a result, such regulation and supervision could reduce our profitability or growth by increasing compliance costs, restricting the products or services we may sell, the markets we may enter, the methods by which we may sell our products and services, or the prices we may charge for our services and the form of compensation we may accept from our clients, carriers and third parties. 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 4.4% of our previous year's total annual revenues over the last three years. Due to, among other things, potentially poor macroeconomic conditions, 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. In addition, we may not be able to develop and implement new technologies as quickly as our competitors.

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. While we have taken, and continue to take, actions to protect the security and privacy of our information, entirely eliminating all risk of improper access to private information is not possible.

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. While our key personnel are prohibited by contract from soliciting our employees and customers for a period of years following separation from employment with us, 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 continue 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 EFFECT 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), 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, 2013, our executive officers, directors and certain of their family members collectively beneficially owned approximately 18.3% of our outstanding common stock, of which J. Hyatt Brown, our Chairman, and his family members, which include his sons, J. Powell Brown, our President and Chief Executive Officer and P. Barrett Brown, one of our Regional Vice Presidents, beneficially owned approximately 16.4%. 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 likely continue to promulgate new rules on a variety of subjects. These developments have increased (and may increase in the future) our compliance costs, may make it more difficult and more expensive for us to obtain director and officer liability insurance, and 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. Legislative developments that could adversely affect us include: changes in our business compensation model as a result of regulatory developments (for example, the 2010 Health Care Reform Legislation); and federal and state governments establishing programs to provide health insurance or, in certain cases, property insurance in catastrophe-prone areas or other alternative market types of coverage, that compete with, or completely replace, insurance products offered by insurance carriers. Also, 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, 2014 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 OUR 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.

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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 248 locations, with the exception of Dansville and Jamestown, New York, where we own the building in which our offices are located. We also own an airplane hangar 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
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
2013			
First Quarter	$32.08	$25.31	$ 0.09
Second Quarter	$33.24	$30.00	$ 0.09
Third Quarter	$35.13	$30.55	$ 0.09
Fourth Quarter	$33.69	$27.76	$ 0.10

On February 19, 2014, there were 145,433,663 shares of our common stock outstanding, held by approximately 1,204 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.

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On February 6, 2014, our Board of Directors approved a common stock repurchase plan to authorize the repurchase of up to $25.0 million worth of shares of the Company's common stock during the subsequent twenty-four months. As of February 28, 2014, we have not repurchased any shares of our common stock under the repurchase plan.

Equity Compensation Plan Information

The following table sets forth information as of December 31, 2013, 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	622,945	$ 18.55	—
Brown & Brown, Inc. 2010 Stock Incentive Plan	N/A	N/A	2,207,098
Brown & Brown, Inc. 1990 Employee Stock Purchase Plan	N/A	N/A	1,246,838
Brown & Brown, Inc. Performance Stock Plan	N/A	N/A	—
Total	622,945	$ 18.55	3,453,936
Equity compensation plans not approved by shareholders	—	—	—

(1) In addition to the number of securities listed in this column, 3,291,569 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 2013.

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, 2013.

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, 2013 to October 31, 2013	—	$ —	—	$ —
November 1, 2013 to November 30, 2013	95	$ 31.61	—	$ —
December 1, 2013 to December 31, 2013	36,707	$ 31.05	—	$ —
Total	36,802	$ 31.05	—	$ —

(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.

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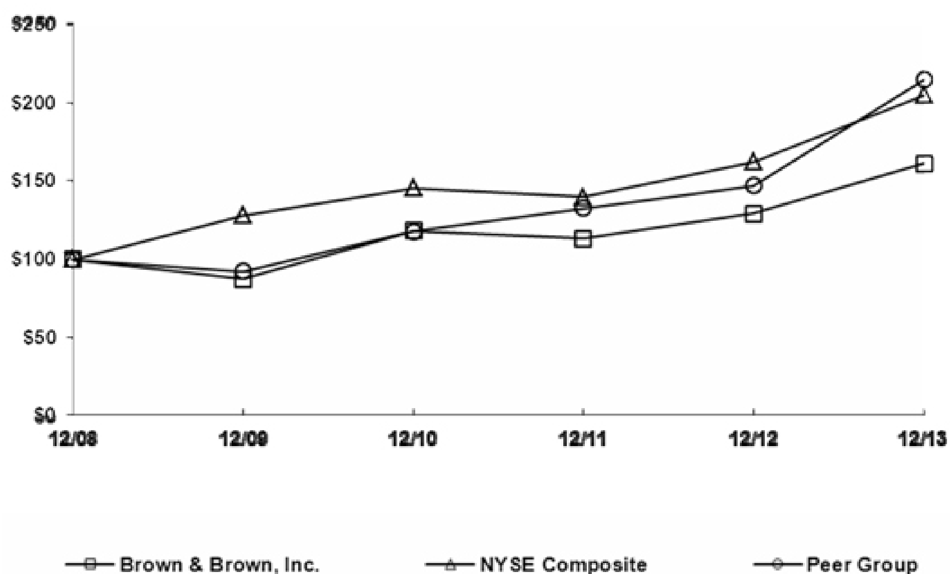
PERFORMANCE GRAPH

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 plc, Arthur J. Gallagher & Co, Marsh & McLennan Companies, and Willis Group Holdings plc). The returns of each company have been weighted according to such companies' respective stock market capitalizations as of December 31, 2008 for the purposes of arriving at a peer group average. The total return calculations are based upon an assumed $100 investment on December 31, 2008, with all dividends reinvested.



*$100 invested on 12/31/08 in stock or index, including reinvestment of dividends.
Fiscal year ending December 31.

COMPANY/INDEX/MARKET	YEAR ENDING					
	12/31/2008	12/31/2009	12/31/2010	12/31/2011	12/31/2012	12/31/2013
Brown & Brown, Inc.	$ 100.00	$ 87.36	$ 118.22	$ 113.39	$ 129.32	$ 161.37
NYSE Composite Index	$ 100.00	$ 128.28	$ 145.46	$ 139.87	$ 162.23	$ 204.87
Peer Group	$ 100.00	$ 92.45	$ 117.98	$ 132.65	$ 147.18	$ 214.75

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, 2013 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				
	2013	2012	2011	2010	2009
REVENUES					
Commissions and fees	$1,355,503	$1,189,081	$1,005,962	$ 966,917	$ 964,863
Investment income	638	797	1,267	1,326	1,161
Other income, net	7,138	10,154	6,313	5,249	1,853
Total revenues	1,363,279	1,200,032	1,013,542	973,492	967,877
EXPENSES					
Employee compensation and benefits	683,000	608,506	508,675	487,820	484,680
Non-cash stock-based compensation	22,603	15,865	11,194	6,845	7,358
Other operating expenses	195,677	174,389	144,079	135,851	143,389
Amortization	67,932	63,573	54,755	51,442	49,857
Depreciation	17,485	15,373	12,392	12,639	13,240
Interest	16,440	16,097	14,132	14,471	14,599
Change in estimated acquisition earn-out payables	2,533	1,418	(2,206)	(1,674)	—
Total expenses	1,005,670	895,221	743,021	707,394	713,123
Income before income taxes	357,609	304,811	270,521	266,098	254,754
Income taxes	140,497	120,766	106,526	104,346	101,460
Net income	$ 217,112	$ 184,045	$ 163,995	$ 161,752	$ 153,294
EARNINGS PER SHARE INFORMATION					
Net income per share — diluted	$ 1.48	$ 1.26	$ 1.13	$ 1.12	$ 1.08
Weighted average number of shares outstanding — diluted	142,624	142,010	140,264	139,318	137,507
Dividends declared per share	$ 0.3700	$ 0.3450	$ 0.3250	$ 0.3125	$ 0.3025
YEAR-END FINANCIAL POSITION					
Total assets	$3,649,508	$3,128,058	$2,607,011	$2,400,814	$2,224,226
Long-term debt	$ 380,000	$ 450,000	$ 250,033	$ 250,067	$ 250,209
Total shareholders' equity	$2,007,141	$1,807,333	$1,643,963	$1,506,344	$1,369,874
Total shares outstanding at year-end	145,419	143,878	143,352	142,795	142,076
OTHER INFORMATION					
Number of full-time equivalent employees at year-end	6,992	6,438	5,557	5,286	5,206
Total revenues per average number of employees(1)	$ 203,020	$ 191,729(2)	$ 186,949	$ 185,568	$ 182,549
Stock price at year-end	$ 31.39	$ 25.46	$ 22.63	$ 23.94	$ 17.97
Stock price earnings multiple at year-end(3)	21.2	20.2	20.0	21.4	16.6
Return on beginning shareholders' equity(4)	12%	11%	11%	12%	12%

(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 our focus on net new business growth and acquisitions.

We attempt to foster a strong, decentralized sales culture with a goal of consistent, sustained growth over the long term.

We increased revenues every year from 1993 to 2013, with the exception of 2009, when our revenues dropped 1.0%. Our revenues grew from $95.6 million in 1993 to $1.4 billion in 2013, reflecting a compound annual growth rate of 14.2%. In the same 20 year period, we increased net income from $8.0 million to $217.1 million in 2013, 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. The continued declining exposure units during 2011 and 2010 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.

This growth trend has continued into 2013 with our consolidated internal revenue growth rate of 6.7%. Additionally, each of our four divisions recorded positive internal revenue growth for each quarter in 2013 except for the Services Division in the fourth quarter. The decline in the core organic commissions and fees revenues in the fourth quarter of 2013 for the Services Division was the result of the significant revenue recorded at our Colonial Claims operation in the fourth quarter of 2012 attributable to Superstorm Sandy for which no comparable revenues occurred in the fourth quarter of 2013. In the event that the gradual increases in insurance premium rates and insurable exposure units that occurred in 2013 continue into 2014, we expect to see continued positive quarterly internal revenue growth rates on a year-over-year basis for 2014, excluding the impact relating to our Colonial Claims operation. In the first quarter of 2013, Colonial Claims earned claims fees of $17.2 million as a direct result of the continued significant claims activity from Superstorm Sandy. Absent another major flooding event, we estimate Colonial Claims revenues for the first quarter of 2014 to be less than $1.0 million.

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 4.4% 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” are reported in this manner in order 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 can reflect either “positive” growth with a net increase in revenues, or “negative” growth with a net decrease in revenues.

Beginning a few years ago, five to six national insurance companies replaced their loss-ratio based profit-sharing contingent commission agreements with a new guaranteed fixed-base agreements, referred to as “Guaranteed Supplemental Commissions” (“GSCs”). For 2013, only four national insurance companies still used GSCs in lieu of loss-ratio based profit-sharing contingent commissions. 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, 2013, we accrued and earned $8.3 million of GSCs during 2013, most of which will be collected in the first quarter of 2014. For the twelve-month periods ended December 31, 2013, 2012 and 2011, we earned $8.3 million, $9.1 million and $12.1 million, respectively, of GSCs.

Fee revenues relate to fees negotiated in lieu of commissions, which are recognized as services are rendered. Fee revenues have historically been 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. However, in conjunction with our July 1, 2013 acquisition of Beecher Carlson, which has a primary focus on large retail customers that generally pay us fees directly, the fee revenues in our Retail Division for 2013 have increased by nearly $40.0 million to $73.0 million. For 2014, we expect the total fees in our Retail Division to be approximately $110.0 million. Fee revenues, on a consolidated basis, as a percentage of our total commissions and fees, represented 26.6% in 2013, 21.7% in 2012 and 16.4% in 2011.

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 and since that time we have invested in both interest bearing and non-interest bearing checking accounts. Investment income also includes gains and losses realized from the sale of investments. Other income primarily reflects net gains on sales of customer accounts and fixed assets, but will also include sub-rental income, legal settlements and other miscellaneous income.

Current Year Company Overview

2013 was a strong year for revenue growth and continued the positive trends that began in 2012. After the five-year period extending from 2007 to 2011, in which we experienced negative internal growth in our core organic commissions and fees revenue which we believe was a direct result of the general weakness of the economy, we achieved a positive internal revenue growth of 2.6% in 2012, and 6.7% in 2013.

The net growth in core organic commissions and fees in 2013 of $75.6 million is a significant improvement over the comparable growth in 2012 of $24.9 million and the net lost revenues of $21.5 million in 2011. Of the $75.6 million growth in the 2013 core organic commissions and fees, $38.1 million was generated by two new programs at our Arrowhead operation, the automobile aftermarket program and the non-standard auto program, and from our Colonial Claims operation as a result of the significant claims activity attributable to Superstorm Sandy. The remaining growth in the core organic commissions and fees revenue is principally attributable to rising insurance premium rates, and increasing insurance exposure units as a result of a gradually improving U. S. economy.

We continue to be successful in acquiring insurance operations that we believe are strategic in growing our business Divisions. In each of the last two years, we completed acquisitions with aggregate revenues in excess of $142.8 million: nine acquisitions in 2013 with estimated revenues of $142.8 million, and 20 acquisitions in 2012 with estimated revenues of $149.6 million. For 2014, we are continuing this trend with the announced acquisition of Wright Insurance Group, with estimated annualized revenues of $120.0 million, which is expected to close on or around April 1, 2014.

Income before income taxes in 2013 increased over 2012 by 17.3%, or $52.8 million, to $357.6 million. However, that net increase of $52.8 million includes $14.3 million of income before income taxes related to new acquisitions that were stand-alone offices, and therefore, income before income taxes from offices that existed in the same time periods of 2013 and 2012 (including the

new acquisitions that "folded in" to those offices) increased by $38.5 million. The net increase of $38.5 million related primarily to: (1) net new business, (2) a $2.6 million benefit from a change in estimated acquisition earn-out payables, and (3) a one-time $6.8 million bonus earned in 2012 by our Retail Division commissioned producers as a result of a special program for those whose 2012 production exceeded their 2011 production by at least five percent. These net increases were partially off-set by a $6.6 million increase in non-cash stock-based compensation primarily due to new grants issued in July 2013. Therefore, excluding these items, income before income taxes from those offices that existed in the same time periods of 2013 and 2012 (including the new acquisitions that "folded in" to those offices) increased by $37.7 million.

Acquisitions

Approximately 38,500 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 2013, we acquired 449 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	Net Cash	Notes	Other	Liabilities	Recorded Earn-out	Aggregate Purchase
	Asset	Stock	Revenues	Paid	Issued	Payable	Assumed	Payable	Price
2013	8	1	$ 142.8	$ 408.1	$ —	$ 0.5	$ 106.1	$ 5.1	$ 519.8
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

On July 1, 2013, we completed the acquisition of Beecher Carlson Holdings, Inc. ("Beecher Carlson"), an insurance and risk management broker with operations that include retail brokerage, program management and captive management. The aggregate purchase price for Beecher Carlson was $469.3 million, including $364.3 million of cash payments and the assumption of $105.0 million of liabilities. Beecher Carlson was acquired primarily to expand Brown & Brown's Retail and National Programs businesses, and to attract and hire high-quality individuals.

On January 9, 2012, we completed the acquisition of Arrowhead General Insurance Agency Superholding Corporation ("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 was 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.

On January 15, 2014 ,as previously announced, we entered into an agreement to acquire The Wright Insurance Group, LLC ("Wright"), with estimated annualized revenues of $120.0 million. This transaction is expected to close on or around April 1, 2014. Wright's operations include a national flood insurance program, government-sponsored insurance programs and proprietary national and regional programs. The total net consideration to be paid for the ownership interests of Wright is $602.5 million in addition to contingent consideration of up to $37.5 million if Wright completes certain agreed-upon acquisitions prior to closing. The transaction is subject to customary closing conditions, including Hart-Scott-Rodino approval and other related regulatory approvals.

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. 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"), or on a discounted cash flow basis.

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, 2013 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, 2013, 2012 and 2011.

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.

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RESULTS OF OPERATIONS FOR THE YEARS ENDED DECEMBER 31, 2013, 2012 AND 2011

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):

	2013	Percent Change	2012	Percent Change	2011
REVENUES					
Core commissions and fees	$1,295,977	14.1%	$1,136,252	19.5%	$ 950,685
Profit-sharing contingent commissions	51,251	17.3%	43,683	1.1%	43,198
Guaranteed supplemental commissions	8,275	(9.5)%	9,146	(24.3)%	12,079
Investment income	638	(19.9)%	797	(37.1)%	1,267
Other income, net	7,138	(29.7)%	10,154	60.8%	6,313
Total revenues	1,363,279	13.6%	1,200,032	18.4%	1,013,542
EXPENSES					
Employee compensation and benefits	683,000	12.2%	608,506	19.6%	508,675
Non-cash stock-based compensation	22,603	42.5%	15,865	41.7%	11,194
Other operating expenses	195,677	12.2%	174,389	21.0%	144,079
Amortization	67,932	6.9%	63,573	16.1%	54,755
Depreciation	17,485	13.7%	15,373	24.1%	12,392
Interest	16,440	2.1%	16,097	13.9%	14,132
Change in estimated acquisition earn-out payables	2,533	78.6%	1,418	NMF(1)	(2,206)
Total expenses	1,005,670	12.3%	895,221	20.5%	743,021
Income before income taxes	$ 357,609	17.3%	$ 304,811	12.7%	$ 270,521
Net internal growth rate — core commissions and fees	6.7%		2.6%		(2.4)%
Employee compensation and benefits ratio	50.1%		50.7%		50.2%
Other operating expenses ratio	14.4%		14.5%		14.2%
Capital expenditures	$ 16,366		$ 24,028		$ 13,608
Total assets at December 31	$3,649,508		$3,128,058		$2,607,011

(1) NMF = Not a meaningful figure

Commissions and Fees

Commissions and fees, including profit-sharing contingent commissions and GSCs, increased $166.4 million, or 14.0% in 2013. Profit-sharing contingent commissions and GSCs increased $6.7 million or 12.7% in 2013 to $59.5 million, due primarily to $4.7 million, $0.6 million, and $1.3 million increases in profit-sharing contingent commissions and GSCs in our Retail, National Programs and Wholesale Brokerage Divisions, respectively. Core commissions and fees revenue in 2013 increased $159.7 million, of which approximately $91.5 million represented core commissions and fees from acquisitions that had no comparable revenues in 2012. After taking into account divested business of $7.4 million, the remaining net increase of $75.6 million, representing net new business, reflects a 6.7% internal growth rate for core organic 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, 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.

Investment Income

Investment income decreased to $0.6 million in 2013, compared with $0.8 million in 2012, mainly due to lower average daily invested balances in 2013 than in 2012. Investment income of $0.8 million in 2012 was down $0.5 million as compared with 2011, mainly due to lower average daily invested balances in 2012 than in 2011.

Other Income, Net

Other income for 2013 reflected income of $7.1 million, compared with $10.2 million in 2012 and $6.3 million in 2011. We recognized gains of $3.1 million, $4.3 million and $2.3 million from sales of books of business (customer accounts) in 2013, 2012, and 2011, 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 $1.6 million, $3.6 million and $1.3 million in 2013, 2012, and 2011, 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 $2.4 million, $2.3 million and $2.3 million in 2013, 2012, and 2011, respectively.

Employee Compensation and Benefits

Employee compensation and benefits expense increased, approximately 12.2% or $74.5 million in 2013. However, that net increase included $37.6 million of new compensation costs related to new acquisitions that were stand-alone offices. Therefore, employee compensation and benefits from those offices that existed in the same time periods of 2013 and 2012 (including the new acquisitions that “folded in” to those offices) increased by $36.9 million. The employee compensation and benefit increases from these offices were primarily related to increases in staff and management salaries of $16.6 million, new salaried producers of $4.7 million, profit center and other related bonuses of $3.4 million, compensation to our commissioned producers of $5.7 million, health insurance costs of $1.8 million, payroll-related taxes of $3.7 million, and other net expenses of $1.0 million.

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 as a percentage of total revenues decreased in 2013 to 50.1% as compared to 50.7% for 2012 and 50.2% for 2011. We had 6,992 full-time equivalent employees at December 31, 2013, compared with 6,438 at December 31, 2012 and 5,557 at December 31, 2011. Of the net increase of 554 full-time equivalent employees at December 31, 2013 over the prior year-end, an increase of 374 was attributable to acquisitions, thus reflecting a net increase of 180 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 2013, 2012 and 2011, 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 42.5%, or $6.7 million in 2013 over 2012, primarily as a result of new non-vested stock awards granted on July 1, 2013 under our Stock Incentive Plan (“SIP”). Most of these SIP grants will typically vest in four to seven 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. Some SIP grants will vest after five years of service.

Non-cash stock-based compensation increased 41.7%, or $4.7 million in 2012 over 2011, as a result of new grants under our Stock Incentive Plan (“SIP”). These SIP grants will typically 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.

Other Operating Expenses

As a percentage of total revenues, other operating expenses represented 14.4% in 2013, 14.5% in 2012, and 14.2% in 2011.

Other operating expenses in 2013 increased $21.3 million over 2012, of which $12.5 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 2013 and 2012 (including the new acquisitions that "folded in" to those offices) increased by $8.8 million. Of the $8.8 million increase, $2.0 million related to increased data processing and software licensing expense, $2.0 million related to increased inspection and consulting fees, $1.6 million related to increased accounting and advisory fees, $0.9 million related to increased employee sales meeting costs, and $2.9 million related to other various, net cost increases. These increased costs were partially offset by a decrease of $0.6 million for legal, claims and litigation expenses.

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.

Amortization

Amortization expense increased $4.4 million, or 6.9%, in 2013, and $8.8 million, or 16.1%, in 2012. The increases in 2013 and 2012 were due to the amortization of additional intangible assets as a result of acquisitions completed in those years.

Depreciation

Depreciation increased 13.7% in 2013, and 24.1% in 2012. The increases in 2013 and 2012 were due primarily to the addition of fixed assets as a result of recent acquisitions.

Interest Expense

Interest expense increased $0.3 million, or 2.1%, in 2013, and $2.0 million, or 13.9%, in 2012. The 2013 and 2012 increases were due primarily to the additional debt borrowed in connection with our acquisitions of Beecher Carlson in 2013 and Arrowhead in 2012.

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, 2013, 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, 2013, 2012, and 2011 were as follows (in thousands):

	2013	2012	2011
Change in fair value on estimated acquisition earn-out payables	$ 570	$(1,051)	$(4,043)
Interest expense accretion	1,963	2,469	1,837
Net change in earnings from estimated acquisition earn-out payables	$2,533	$ 1,418	$(2,206)

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The fair values of the estimated earn-out payables were increased in 2013 since certain acquisitions performed at higher levels than estimated on our original projections. The fair values of the estimated earn-out payables were reduced in 2012 and 2011 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, 2013, the estimated acquisition earn-out payables equaled $43,058,000, of which $6,312,000 was recorded as accounts payable and $36,746,000 was recorded as other non-current liability. 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.

Income Taxes

The effective tax rate on income from operations was 39.3% in 2013, 39.6% in 2012, and 39.4% in 2011. The lower effective annual tax rates are primarily the result of lower 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, 2013, 2012 and 2011, by Division, are as follows (in thousands, except percentages):

2013	For the Year Ended December 31, 2013	For the Year Ended December 31, 2012	Total Net Change	Total Net Growth %	Less Acquisition Revenues	Internal Net Growth $	Internal Net Growth %
Retail(1)	$ 699,571	$ 611,156	$ 88,415	14.5%	$ 79,455	$ 8,960	1.5%
National Programs	271,772	233,261	38,511	16.5%	7,099	31,412	13.5%
Wholesale Brokerage	193,601	168,151	25,450	15.1%	4,332	21,118	12.6%
Services	131,033	116,247	14,786	12.7%	657	14,129	12.2%
Total core commissions and fees	$1,295,977	$1,128,815	$167,162	14.8%	$ 91,543	$75,619	6.7%

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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, 2013 and 2012 is as follows (in thousands):

	For the Year Ended December 31,	
	2013	2012
Total core commissions and fees	$1,295,977	$1,128,815
Profit-sharing contingent commissions	51,251	43,683
Guaranteed supplemental commissions	8,275	9,146
Divested business	—	7,437
Total commissions and fees	$1,355,503	$1,189,081

2012	For the Year Ended December 31,		Total Net Change	Total Net Growth %	Less Acquisition Revenues	Internal Net Growth $	Internal Net Growth %
	2012	2011					
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 Year 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 Year Ended December 31,		Total Net Change	Total Net Growth %	Less Acquisition Revenues	Internal Net Growth $	Internal Net Growth %
	2011	2010					
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)%

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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 Year 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

(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 89.9% 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):

	2013	Percent Change	2012	Percent Change	2011
REVENUES					
Core commissions and fees	$ 700,767	13.0%	$ 619,975	6.7%	$ 581,125
Profit-sharing contingent commissions	17,543	36.6%	12,843	(12.8)%	14,736
Guaranteed supplemental commissions	6,849	(0.6)%	6,890	(24.3)%	9,105
Investment income	82	(24.1)%	108	5.9%	102
Other income, net	3,083	(33.2)%	4,613	116.5%	2,131
Total revenues	728,324	13.0%	644,429	6.1%	607,199
EXPENSES					
Employee compensation and benefits	363,332	11.3%	326,574	7.5%	303,841
Non-cash stock-based compensation	9,055	59.4%	5,680	(7.1)%	6,114
Other operating expenses	113,159	14.8%	98,532	(0.2)%	98,745
Amortization	38,052	9.9%	34,639	3.8%	33,373
Depreciation	5,847	12.9%	5,181	2.7%	5,046
Interest	34,407	29.2%	26,641	(3.8)%	27,688
Change in estimated acquisition earn-out payables	(1,844)	NMF(1)	1,968	NMF(1)	(5,415)
Total expenses	562,008	12.6%	499,215	6.4%	469,392
Income before income taxes	$ 166,316	14.5%	$ 145,214	5.4%	$ 137,807
Net internal growth rate — core organic commissions and fees	1.5%		1.5%		(3.9)%
Employee compensation and benefits ratio	49.9%		50.7%		50.0%
Other operating expenses ratio	15.5%		15.3%		16.3%
Capital expenditures	$ 6,847		$ 5,732		$ 6,102
Total assets at December 31	$2,992,087		$2,420,759		$2,155,413

(1) NMF = Not a meaningful figure

The Retail Division's total revenues in 2013 increased 13.0%, or $83.9 million, over the same period in 2012, to $728.3 million. Profit-sharing contingent commissions and GSCs in 2013 increased $4.7 million, or 23.6%, over 2012, to $24.4 million, primarily due to improved loss ratios resulting in increased profitability for insurance companies in 2013. The $80.8 million net increase in core commissions and fees revenue resulted from the following factors: (i) an increase of approximately $79.5 million related to core commissions and fees revenue from acquisitions that had no comparable revenues in 2012; (ii) a decrease of $7.5 million related to commissions and fees revenue recorded in 2012 from business divested during 2013; and (iii) the remaining net increase of $9.0 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 2013, and was driven by slightly increasing insurable exposure units in most areas of the United States, and slight increases in general insurance premium rates.

Income before income taxes for 2013 increased 14.5%, or $21.1 million, over the same period in 2012, to $166.3 million. This increase was primarily due to net new business, the increase in profit-sharing contingent commissions, and continued improved efficiencies relating to compensation and employee benefits and certain other operating expenses, but which was partially off-set by a $1.5 million reduction in other income primarily due to gains on the sale of books of businesses in 2012. These increases were also enhanced by changes in estimated acquisition earn-out payables of $3.8 million, but partially offset by a net increase in the inter-company interest expense allocation of $7.8 million. The continued improved efficiencies relating to compensation and employee benefits, and certain other operating expenses resulted mainly from such costs increasing at a lower rate than our growth in net new business. However, a portion of the improved ratio of employee compensation and benefits to total revenues was the result of the $6.8 million of bonus compensation related to a special one-time bonus in 2012 which was not repeated in 2013.

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 partially 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.

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):

	2013	Percent Change	2012	Percent Change	2011
REVENUES					
Core commissions and fees	$ 271,772	16.5%	$ 233,261	56.7%	$148,842
Profit-sharing contingent commissions	19,265	4.7%	18,392	22.4%	15,029
Guaranteed supplemental commissions	(23)	(108.3)%	276	(42.6)%	481
Investment income	19	(5.0)%	20	— %	—
Other income, net	1,097	10.4%	994	NMF(1)	75
Total revenues	292,130	15.5%	252,943	53.8%	164,427
EXPENSES					
Employee compensation and benefits	132,948	20.5%	110,362	63.4%	67,560
Non-cash stock-based compensation	4,604	24.2%	3,707	177.5%	1,336
Other operating expenses	53,001	19.8%	44,248	88.4%	23,486
Amortization	14,593	4.7%	13,936	79.4%	7,770
Depreciation	5,399	17.4%	4,600	56.6%	2,937
Interest	24,014	(6.5)%	25,674	NMF(1)	1,381
Change in estimated acquisition earn-out payables	(808)	(24.8)%	(1,075)	111.6%	(508)
Total expenses	233,751	16.0%	201,452	93.8%	103,962
Income before income taxes	$ 58,379	13.4%	$ 51,491	(14.8)%	$ 60,465
Net internal growth rate — core organic commissions and fees	13.5%		0.8%		(3.0)%
Employee compensation and benefits ratio	45.5%		43.6%		41.1%
Other operating expenses ratio	18.1%		17.5%		14.3%
Capital expenditures	$ 4,473		$ 9,633		$ 1,968
Total assets at December 31	$1,335,911		$1,183,191		$680,251

(1) NMF = Not a meaningful figure

The National Programs Division's total revenues in 2013 increased $39.2 million to $292.1 million, a 15.5% increase over 2012. Profit-sharing contingent commissions and GSCs in 2013 increased $0.6 million over 2012, due primarily to a $3.7 million increase in profit-sharing contingent commissions received by Florida Intracoastal Underwriters, Limited Company ("FIU"), but which was partially offset by a decrease of $3.5 million at Proctor Financial, Ins, ("Proctor"). The $38.5 million net increase in core commissions and fees resulted from the following factors: (i) an increase of approximately $7.1 million related to the core commissions and fees revenue from acquisitions that had no comparable revenues in 2012; and (ii) the remaining net increase of $31.4 million primarily related to net new business. Therefore, the National Programs Division's internal growth rate for core organic commissions and fees revenue was 13.5% for 2013. Of the $31.4 million of net new business, $27.7 million related to a net increase in commissions and fees revenue from our Arrowhead operations.

Income before income taxes for 2013 increased 13.4% or $6.9 million, over the same period in 2012, to $58.4 million. This net increase was primarily due to the new automobile aftermarket and the non-standard auto programs at our Arrowhead subsidiary. Even though these programs increased the total operating profit dollars for the Division, the ratios of employee compensation and benefits, and other operating expenses as a percentage to total revenues increased over the prior year was due to the fact that these programs operated at a higher cost factor than the average program operated in 2012.

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, 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.

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):

	2013	Percent Change	2012	Percent Change	2011
REVENUES					
Core commissions and fees	$193,601	15.1%	$168,182	7.4%	$156,664
Profit-sharing contingent commissions	14,443	16.0%	12,448	(7.3)%	13,433
Guaranteed supplemental commissions	1,449	(33.9)%	2,192	(10.5)%	2,450
Investment income	22	— %	22	(35.3)%	34
Other income, net	392	(45.6)%	721	(54.3)%	1,577
Total revenues	209,907	14.4%	183,565	5.4%	174,158
EXPENSES					
Employee compensation and benefits	98,144	12.4%	87,293	5.2%	82,974
Non-cash stock-based compensation	2,039	53.5%	1,328	(10.4)%	1,482
Other operating expenses	36,589	9.3%	33,486	6.7%	31,379
Amortization	11,550	2.4%	11,280	2.2%	11,032
Depreciation	2,794	2.8%	2,718	4.8%	2,594
Interest	2,565	(35.5)%	3,974	(47.0)%	7,495
Change in estimated acquisition earn-out payables	2,404	NMF(1)	131	(81.0)%	691
Total expenses	156,085	11.3%	140,210	1.9%	137,647
Income before income taxes	$ 53,822	24.1%	$ 43,355	18.7%	$ 36,511
Net internal growth rate — core organic commissions and fees	12.6%		6.1%		2.4%
Employee compensation and benefits ratio	46.8%		47.6%		47.6%
Other operating expenses ratio	17.4%		18.2%		18.0%
Capital expenditures	$ 1,931		$ 3,383		$ 2,658
Total assets at December 31	$927,825		$837,364		$712,212

(1) NMF = Not a meaningful figure

The Wholesale Brokerage Division's total revenues for 2013 increased 14.4%, or $26.3 million, over the same period in 2012, to $209.9 million. Profit-sharing contingent commissions and GSCs for 2013 increased $1.3 million over the same period of 2012. The $25.4 million net increase in core commissions and fees revenue resulted from the following factors: (i) an increase of approximately $4.3 million related to the core commissions and fees revenue from acquisitions that had no comparable revenues in the same period of 2012; and (ii) the remaining net increase of $21.1 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 12.6% for 2013.

Income before income taxes for 2013 increased 24.1%, or $10.5 million over the same period in 2012 to $53.8 million, primarily due to net new business, an increase in profit-sharing contingent commissions, and a net reduction in the inter-company interest expense allocation of $1.4 million, but then partially offset by a $2.3 million expense in the form of a change in estimated acquisition earn-out payables.

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.

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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 catastrophe claims adjusting services.

Unlike our other segments, nearly all of the Services Division’s 2013 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):

	2013	Percent Change	2012	Percent Change	2011
REVENUES					
Core commissions and fees	$131,033	12.7%	$116,247	79.2%	$ 64,875
Profit-sharing contingent commissions	—	— %	—	— %	—
Guaranteed supplemental commissions	—	— %	—	— %	—
Investment income	1	— %	1	(99.2)%	128
Other income, net	455	(6.8)%	488	(49.6)%	969
Total revenues	131,489	12.6%	116,736	76.9%	65,972
EXPENSES					
Employee compensation and benefits	62,908	6.2%	59,235	71.7%	34,494
Non-cash stock-based compensation	755	26.5%	597	171.4%	220
Other operating expenses	27,885	6.5%	26,180	125.2%	11,626
Amortization	3,698	0.5%	3,680	44.8%	2,541
Depreciation	1,623	27.0%	1,278	116.6%	590
Interest	7,321	(14.9)%	8,602	49.7%	5,746
Change in estimated acquisition earn-out payables	2,781	605.8%	394	(87.0)%	3,026
Total expenses	106,971	7.0%	99,966	71.6%	58,243
Income before income taxes	$ 24,518	46.2%	$ 16,770	117.0%	$ 7,729
Net internal growth rate — core organic commissions and fees	12.2%		8.6%		1.3%
Employee compensation and benefits ratio	47.8%		50.7%		52.3%
Other operating expenses ratio	21.2%		22.4%		17.6%
Capital expenditures	$ 1,811		$ 2,519		$ 689
Total assets at December 31	$277,652		$238,430		$166,060

The Services Division’s total revenues for 2013 increased 12.6%, or $14.8 million, over 2012, to $131.5 million. Of the $14.8 million net increase in core commissions and fees revenue: (i) an increase of approximately $0.7 million related to the core commissions and fees revenue from the TPA business acquired as part of the Arrowhead acquisition, that had no comparable revenues in the same period of 2012; and (ii) net new business of $14.1 million, of which $13.0 million was due to our Colonial Claims operation and the impact of the significant flood claims resulting from the 2012 Superstorm Sandy. As such, the Services Division’s internal growth rate for core organic commissions and fees revenue was 12.2% for 2013.

Income before income taxes in 2013 increased 46.2%, or $7.7 million, over 2012, to $24.5 million, primarily due to net new business from our Colonial Claims operation. Additionally, this net increase was enhanced by a $1.3 million reduction in inter-company interest expense, but partially offset by a $2.4 million expense from changes in estimated earn-out payables.

The Services Division’s total revenues for 2012 increased 76.9%, or $50.8 million, over 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 $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.

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 $203.0 million at December 31, 2013 reflected a decrease of $16.9 million from the $219.8 million balance at December 31, 2012. During 2013, $389.4 million of cash was provided from operating activities. Also during this period, $367.7 million of cash was used for acquisitions, $15.5 million was used for acquisition earn-out payments, $16.4 million was used for additions to fixed assets, $30.0 million was provided from proceeds received on new long-term debt, and $53.5 million was used for payment of dividends.

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, $13.5 million was used for acquisition earn-out payments, $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, $8.8 million was used for acquisition earn-out payments, $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.

On January 9, 2012, we completed the acquisition of Arrowhead for a total cash purchase price of $397.0 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.

On July 1, 2013, we completed the acquisition of Beecher Carlson Holding, Inc. for a total cash purchase price of $364.2 million, subject to certain adjustments. We financed the acquisition through various modified and new credit facilities.

Our ratio of current assets to current liabilities (the “current ratio”) was 1.02 and 1.34 at December 31, 2013 and 2012, respectively.

Contractual Cash Obligations

As of December 31, 2013, 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	$480,000	$100,000	$280,000	$100,000	$ —
Other liabilities	42,653	15,612	14,262	4,978	7,801
Operating leases	174,486	34,972	59,216	38,224	42,074
Interest obligations	38,327	13,294	17,345	7,688	—
Unrecognized tax benefits	391	—	391	—	—
Maximum future acquisition contingency payments	130,584	24,167	100,325	6,092	—
Total contractual cash obligations	$866,441	$188,045	$471,539	$156,982	$49,875

Debt

In July 2004, we completed a private placement of $200.0 million of unsecured senior notes (the "Notes"). The $200.0 million was divided into two series: (1) Series A, which closed on September 15, 2004, for $100.0 million 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, 2013 and December 31, 2012, 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 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, and 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, 2013 and December 31, 2012, there was an outstanding debt balance of $150.0 million attributable to notes issued under the provisions of the Master Agreement. 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. At December 31, 2013 and December 31, 2012, there were no borrowings against this facility.

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, among other things, 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 additional 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. The Revolving Agreement was amended and restated by the SunTrust Revolver (as defined in the below paragraph).

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 provided 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. At December 31, 2013 and December 31, 2012, there were no borrowings against the SunTrust Revolver.

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.

On July 1, 2013, in conjunction with the Beecher acquisition, we entered into: (1) a revolving loan agreement (the “Wells Fargo Agreement”) with Wells Fargo Bank, N.A. that provides for a $50.0 million revolving line of credit (the “Wells Fargo Revolver”) and (2) a term loan agreement (the “Bank of America Agreement”) with Bank of America, N.A. (“Bank of America”) that provides for a $30.0 million term loan (the “Bank of America Term Loan”).

The maturity date for the Wells Fargo Revolver is December 31, 2016, at which time all outstanding principal and unpaid interest will be due. The Wells Fargo Revolver may be increased by up to $50.0 million (bringing the total available to $100.0 million). The calculation of interest and fees for the Wells Fargo 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 Wells Fargo 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 Wells Fargo Revolver are unsecured and the Wells Fargo Agreement includes various covenants, limitations and events of default that are customary for similar facilities for similar borrowers. The Wells Fargo Revolver was drawn down in the amount of $30.0 million on July 1, 2013. There were no borrowings against the Wells Fargo Revolver as of December 31, 2013.

The maturity date for the Bank of America Term Loan is December 31, 2016, at which time all outstanding principal and unpaid interest will be due. The calculation of interest for the Bank of America Agreement is generally based on our fixed charge coverage ratio. Interest is charged at a rate equal to the Alternative Base Rate or 1.00% to 1.40% above the Adjusted LIBOR Rate, each as more fully described in the Bank of America Agreement. Fees include an up-front fee. Initially, until Bank of America received our September 30, 2013 quarter end financial statements, the applicable margin for Adjusted LIBOR Rate advances was 1.50%. The obligations under the Bank of America Term Loan are unsecured and the Bank of America Agreement includes various covenants, limitations and events of default that are customary for similar facilities for similar borrowers. The Bank of America Term Loan was funded in the amount of $30.0 million on July 1, 2013. As of December 31, 2013 there was an outstanding balance of $30.0 million.

The 30-day LIBOR and Adjusted LIBOR Rate as of December 31, 2013 were 0.16% and 0.19%, respectively.

The Notes, the Master Agreement, the SunTrust Agreement, the JPM Agreement and the Bank of America Agreement 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, 2013 and December 31, 2012.

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 the SunTrust Revolver, the New Master Agreement, and the Wells Fargo Revolver will be sufficient to satisfy our

normal liquidity needs through at least the end of 2014. These liquidity needs include the total net consideration of $602.5 million to be paid for the ownership interests of Wright (in addition, contingent consideration of up to $37.5 million may be payable if Wright completes certain agreed-upon acquisitions prior to closing). We currently anticipate financing this transaction with a combination of cash and proceeds from one or more existing or new credit facilities. We may seek to raise additional capital through either the private or public debt markets to increase our cash and debt capacity. 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. This incurrence of additional debt, however, could negatively impact our capital structure and liquidity. In addition, if we are unable to raise as much additional debt as we want, or at all, we could issue additional equity to finance an acquisition which could have a dilutive effect on our current shareholders.

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, 2013 and 2012 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.

ITEM 8. Financial Statements and Supplementary Data.

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BROWN & BROWN, INC.
CONSOLIDATED STATEMENTS OF INCOME

(in thousands, except per share data)	Year Ended December 31, 2013	2012	2011
REVENUES			
Commissions and fees	$1,355,503	$1,189,081	$1,005,962
Investment income	638	797	1,267
Other income, net	7,138	10,154	6,313
Total revenues	1,363,279	1,200,032	1,013,542
EXPENSES			
Employee compensation and benefits	683,000	608,506	508,675
Non-cash stock-based compensation	22,603	15,865	11,194
Other operating expenses	195,677	174,389	144,079
Amortization	67,932	63,573	54,755
Depreciation	17,485	15,373	12,392
Interest	16,440	16,097	14,132
Change in estimated acquisition earn-out payables	2,533	1,418	(2,206)
Total expenses	1,005,670	895,221	743,021
Income before income taxes	357,609	304,811	270,521
Income taxes	140,497	120,766	106,526
Net income	$ 217,112	$ 184,045	$ 163,995
Net income per share:			
Basic	$ 1.50	$ 1.28	$ 1.15
Diluted	$ 1.48	$ 1.26	$ 1.13
Weighted average number of shares outstanding:			
Basic	141,033	139,364	138,582
Diluted	142,624	142,010	140,264
Dividends declared per share	$ 0.3700	$ 0.3450	$ 0.3250

See accompanying notes to consolidated financial statements.

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BROWN & BROWN, INC.
CONSOLIDATED BALANCE SHEETS

(in thousands, except per share data)	At December 31, 2013	At December 31, 2012
ASSETS		
Current Assets:		
Cash and cash equivalents	$ 202,952	$ 219,821
Restricted cash and investments	250,009	164,564
Short-term investments	10,624	8,183
Premiums, commissions and fees receivable	395,915	302,725
Deferred income taxes	29,276	24,408
Other current assets	39,260	39,811
Total current assets	928,036	759,512
Fixed assets, net	74,733	74,337
Goodwill	2,006,173	1,711,514
Amortizable intangible assets, net	618,888	566,538
Other assets	21,678	16,157
Total assets	$3,649,508	$3,128,058
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities:		
Premiums payable to insurance companies	$ 534,360	$ 406,704
Premium deposits and credits due customers	80,959	32,867
Accounts payable	34,158	48,524
Accrued expenses and other liabilities	157,400	79,593
Current portion of long-term debt	100,000	93
Total current liabilities	906,877	567,781
Long-term debt	380,000	450,000
Deferred income taxes, net	291,704	237,630
Other liabilities	63,786	65,314
Commitments and contingencies (Note 13)		
Shareholders' Equity:		
Common stock, par value $0.10 per share; authorized 280,000 shares; issued and outstanding 145,419 at 2013 and 143,878 at 2012	14,542	14,388
Additional paid-in capital	371,960	335,872
Retained earnings	1,620,639	1,457,073
Total shareholders' equity	2,007,141	1,807,333
Total liabilities and shareholders' equity	$3,649,508	$3,128,058

See accompanying notes to consolidated financial statements.

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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, 2011	142,795	$14,279	$286,997	$1,205,061	$ 7	$1,506,344
Net 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 and comprehensive income				184,045		184,045
Net unrealized holding gain on available-for-sale securities					(7)	(7)
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
Net income				217,112		217,112
Common stock issued for employee stock benefit plans	1,541	154	33,730			33,884
Income tax benefit from exercise of stock benefit plans			2,358			2,358
Cash dividends paid ($0.37 per share)				(53,546)		(53,546)
Balance at December 31, 2013	145,419	$14,542	$371,960	$1,620,639	$ —	$2,007,141

See accompanying notes to consolidated financial statements.

BROWN & BROWN, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS

(in thousands)	Year Ended December 31, 2013	2012	2011
Cash flows from operating activities:			
Net income	$ 217,112	$ 184,045	$ 163,995
Adjustments to reconcile net income to net cash provided by operating activities:			
Amortization	67,932	63,573	54,755
Depreciation	17,485	15,373	12,392
Non-cash stock-based compensation	22,603	15,865	11,194
Change in estimated acquisition earn-out payables	2,533	1,418	(2,206)
Deferred income taxes	32,247	32,723	30,328
Income tax benefit from exercise of shares from the stock benefit plans	(2,358)	(8,659)	(916)
Net gain on sales of investments, fixed assets and customer accounts	(2,806)	(4,105)	(1,890)
Payments on acquisition earn-outs in excess of original estimated payables	(2,788)	(4,086)	(1,369)
Changes in operating assets and liabilities, net of effect from acquisitions and divestitures:			
Restricted cash and investments (increase)	(85,445)	(34,029)	(6,941)
Premiums, commissions and fees receivable (increase)	(40,729)	(11,312)	(20,570)
Other assets (increase) decrease	(2,583)	2,145	(7,322)
Premiums payable to insurance companies increase (decrease)	61,624	(4,651)	9,447
Premium deposits and credits due customers increase	41,049	2,506	1,277
Accounts payable increase (decrease)	5,180	36,505	(2,807)
Accrued expenses and other liabilities increase (decrease)	70,872	(43,059)	3,975
Other liabilities (decrease)	(12,554)	(23,937)	(5,811)
Net cash provided by operating activities	389,374	220,315	237,531
Cash flows from investing activities:			
Additions to fixed assets	(16,366)	(24,028)	(13,608)
Payments for businesses acquired, net of cash acquired	(367,712)	(425,054)	(166,055)
Proceeds from sales of fixed assets and customer accounts	5,886	14,095	3,686
Purchases of investments	(18,102)	(11,167)	(12,698)
Proceeds from sales of investments	15,662	10,654	12,950
Net cash used in investing activities	(380,632)	(435,500)	(175,725)
Cash flows from financing activities:			
Payments on acquisition earn-outs	(15,491)	(13,539)	(8,843)
Proceeds from long-term debt	30,000	200,000	100,000
Payments on long-term debt	(93)	(1,227)	(102,072)
Borrowings on revolving credit facilities	31,863	100,000	—
Payments on revolving credit facilities	(31,863)	(100,000)	—
Income tax benefit from exercise of shares from the stock benefit plans	2,358	8,659	916
Issuances of common stock for employee stock benefit plans	12,445	13,305	8,667
Repurchase of stock benefit plan shares for employee to fund tax withholdings	(1,284)	(8,963)	(659)
Cash dividends paid	(53,546)	(49,534)	(46,494)
Net cash (used in) provided by financing activities	(25,611)	148,701	(48,485)
Net (decrease) increase in cash and cash equivalents	(16,869)	(66,484)	13,321
Cash and cash equivalents at beginning of year	219,821	286,305	272,984
Cash and cash equivalents at end of year	$ 202,952	$ 219,821	$ 286,305

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.

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 $8,010,000 and $7,174,000 at December 31, 2013 and 2012, 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

Certificates of deposit and other securities 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"), or on a discounted cash flow basis. Brown & Brown completed its most recent annual assessment as of November 30, 2013 and determined that the fair value of goodwill exceeded the carrying value of such assets. In addition, as of December 31, 2013, 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, 2013, 2012 and 2011.

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. 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)	2013	2012	2011
Net income	$217,112	$184,045	$163,995
Net income attributable to unvested awarded performance stock	(5,446)	(5,313)	(5,099)
Net income attributable to common shares	$211,666	$178,732	$158,896
Weighted average basic number of common shares outstanding	144,662	143,507	143,029
Less unvested awarded performance stock included in weighted average basic share outstanding	(3,629)	(4,143)	(4,447)
Weighted average number of common shares outstanding for basic earnings per common share	141,033	139,364	138,582
Dilutive effect of stock options	1,591	2,646	1,682
Weighted average number of shares outstanding	142,624	142,010	140,264
Net income per share:			
Basic	$ 1.50	$ 1.28	$ 1.15
Diluted	$ 1.48	$ 1.26	$ 1.13

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, 2013 and 2012, 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, 2013 and 2012 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.

NOTE 2 Business Combinations

Acquisitions in 2013

During 2013, Brown & Brown acquired the assets and assumed certain liabilities of ten 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 $519,794,000, including $408,072,000 of cash payments, the issuance of $552,000 in other payables, the assumption of $106,079,000 of liabilities and $5,091,000 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.

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*.

For 2013, several adjustments were made within the permitted measurement period that resulted in a reduction to the aggregate purchase price of the applicable acquisition of $504,000, including $18,000 of cash payments, an increase of $117,000 in other payables, the assumption of $82,000 of liabilities and the reduction of $721,000 in recorded earn-out payables.

The following table summarizes the aggregate purchase price allocation made as of the date of each acquisition for current year acquisitions and adjustment made during the measurement period for prior year acquisitions:

(in thousands)

Name	Business Segment	2013 Date of Acquisition	Cash Paid	Other Payable	Recorded Earn-out Payable	Net Assets Acquired	*Maximum Potential Earn-out Payable*
The Rollins Agency, Inc.	Retail	June 1	$ 13,792	$ 50	$ 2,321	$ 16,163	*$ 4,300*
Beecher Carlson Holdings, Inc.	Retail; National Programs	July 1	364,256	—	—	364,256	—
ICA, Inc.	Services	December 31	19,770	—	727	20,497	*5,000*
Other	Various	Various	10,254	502	2,043	12,799	*7,468*
Total			$408,072	$ 552	$ 5,091	$413,715	*$ 16,768*

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

(in thousands)	Rollins	Beecher	ICA	Other	Total
Cash	$ —	$ 40,360	$ —	$ —	$ 40,360
Other current assets	393	57,632	—	1,573	59,598
Fixed assets	30	1,786	75	24	1,915
Goodwill	12,697	265,174	12,377	5,696	295,944
Purchased customer accounts	3,878	101,565	7,917	5,623	118,983
Non-compete agreements	31	2,758	21	76	2,886
Other assets	—	—	107	1	108
Total assets acquired	17,029	469,275	20,497	12,993	519,794
Other current liabilities	(866)	(80,090)	—	(194)	(81,150)
Deferred income taxes, net	—	(22,764)	—	—	(22,764)
Other liabilities	—	(2,165)	—	—	(2,165)
Total liabilities assumed	(866)	(105,019)	—	(194)	(106,079)
Net assets acquired	$16,163	$ 364,256	$20,497	$12,799	$ 413,715

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 $295,944,000 was allocated to the Retail, National Programs, Wholesale Brokerage and Services Divisions in the amounts of $257,196,000, $27,091,000, ($812,000) and $12,469,000, respectively. Of the total goodwill of $295,944,000, $41,663,000 is currently deductible for income tax purposes and $249,190,000 is non-deductible. The remaining $5,091,000 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 2013 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, 2013, included in the Condensed Consolidated Statement of Income for the twelve months ended December 31, 2013, were $63,797,000 and $872,000, 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,**	
	2013	**2012**
Total revenues	$1,439,918	$1,329,262
Income before income taxes	$ 373,175	$ 329,291
Net income	$ 226,562	$ 198,826
Net income per share:		
Basic	$ 1.57	$ 1.39
Diluted	$ 1.55	$ 1.36
Weighted average number of shares outstanding:		
Basic	141,033	139,634
Diluted	142,624	142,010

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.

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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	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

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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*

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

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 2013 as a result of these adjustments totaled $873,000, all of which was allocated to goodwill. Of the $873,000 net additional consideration paid, $873,000 was issued in other payables. 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.

As of December 31, 2013, the maximum future contingency payments related to all acquisitions totaled $130,584,000, all of which 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.

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As of December 31, 2013, 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, 2013	2012	2011
Balance as of the beginning of the period	$ 52,987	$ 47,715	$ 29,608
Additions to estimated acquisition earn-out payables	5,816	21,479	30,525
Payments for estimated acquisition earn-out payables	(18,278)	(17,625)	(10,212)
Subtotal	40,525	51,569	49,921
Net change in earnings from estimated acquisition earn-out payables:			
Change in fair value on estimated acquisition earn-out payables	570	(1,051)	(4,043)
Interest expense accretion	1,963	2,469	1,837
Net change in earnings from estimated acquisition earn-out payables	2,533	1,418	(2,206)
Balance as of December 31	$ 43,058	$ 52,987	$ 47,715

Of the $43,058,000 estimated acquisition earn-out payables as of December 31, 2013, $6,312,000 was recorded as accounts payable and $36,746,000 was recorded as other non-current liabilities. 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.

NOTE 3 Goodwill

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

(in thousands)	Retail	National Programs	Wholesale Brokerage	Service	Total
Balance as of January 1, 2012	$ 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
Goodwill of acquired businesses	257,196	27,964	(812)	12,469	296,817
Goodwill disposed of relating to sales of businesses	(2,158)	—	—	—	(2,158)
Balance as of December 31, 2013	$1,131,257	$467,144	$287,242	$120,530	$2,006,173

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NOTE 4 Amortizable Intangible Assets

Amortizable intangible assets at December 31 consisted of the following:

	2013				2012			
(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	$1,120,719	$ (505,137)	$615,582	14.9	$1,005,031	$ (439,623)	$565,408	14.9
Non-compete agreements	28,115	(24,809)	3,306	7.0	25,320	(24,190)	1,130	7.2
Total	$1,148,834	$ (529,946)	$618,888		$1,030,351	$ (463,813)	$566,538	

Amortization expense recorded for amortizable intangible assets for the years ended December 31, 2013, 2012 and 2011 was $67,932,000, $63,573,000 and $54,755,000, respectively.

Amortization expense for amortizable intangible assets for the years ending December 31, 2014, 2015, 2016, 2017 and 2018 is estimated to be $71,306,000, $70,017,000, $65,479,000, $62,767,000, and $57,442,000, respectively.

NOTE 5 Investments

Investments at December 31 consisted of the following:

	2013 Carrying Value		2012 Carrying Value	
(in thousands)	Current	Non-Current	Current	Non-Current
Certificates of deposit and other securities	$10,624	$ 16	$8,183	$ 16

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
2013	$15,662	$ —	$ —
2012	$10,654	$ 13	$ —
2011	$12,950	$ 124	$ —

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NOTE 6 Fixed Assets

Fixed assets at December 31 consisted of the following:

(in thousands)	2013	2012
Furniture, fixtures and equipment	$149,170	$141,844
Leasehold improvements	21,231	18,889
Land, buildings and improvements	3,815	3,902
Total cost	174,216	164,635
Less accumulated depreciation and amortization	(99,483)	(90,298)
Total	$ 74,733	$ 74,337

Depreciation and amortization expense for fixed assets amounted to $17,485,000 in 2013, $15,373,000 in 2012, and $12,392,000 in 2011.

NOTE 7 Accrued Expenses and Other Liabilities

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

(in thousands)	2013	2012
Accrued bonuses	$ 70,272	$12,668
Accrued compensation and benefits	35,145	19,943
Accrued rent and vendor expenses	19,235	16,972
Reserve for policy cancellations	8,010	7,174
Accrued interest	3,324	3,295
Other	21,414	19,541
Total	$157,400	$79,593

NOTE 8 Long-Term Debt

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

(in thousands)	2013	2012
Unsecured senior notes	$ 480,000	$450,000
Acquisition notes payable	—	93
Revolving credit facility	—	—
Total debt	480,000	450,093
Less current portion	(100,000)	(93)
Long-term debt	$ 380,000	$450,000

In July 2004, the Company completed a private placement of $200.0 million of unsecured senior notes (the “Notes”). The $200.0 million was divided into two series: (1) Series A, which closed on September 15, 2004, for $100.0 million 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. The Company 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, 2013 and December 31, 2012, 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, and 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, 2013 and December 31, 2012, there was an outstanding debt balance of $150.0 million attributable to notes issued under the provisions of the Master Agreement. 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 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. At December 31, 2013 and December 31, 2012, there were no borrowings against this facility.

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, among other things, 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 additional 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. The Revolving Agreement was amended and restated by the SunTrust Revolver (as defined in the below paragraph).

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 provided 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. At December 31, 2013 and December 31, 2012, there were no borrowings against the SunTrust Revolver.

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.

On July 1, 2013, in conjunction with the acquisition of Beecher Carlson Holdings, Inc., the Company entered into: (1) a revolving loan agreement (the "Wells Fargo Agreement") with Wells Fargo Bank, N.A. that provides for a $50.0 million revolving line of credit (the "Wells Fargo Revolver") and (2) a term loan agreement (the "Bank of America Agreement") with Bank of America, N.A. ("Bank of America") that provides for a $30.0 million term loan (the "Bank of America Term Loan").

The maturity date for the Wells Fargo Revolver is December 31, 2016, at which time all outstanding principal and unpaid interest will be due. The Wells Fargo Revolver may be increased by up to $50.0 million (bringing the total available to $100.0 million). The calculation of interest and fees for the Wells Fargo 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

Wells Fargo 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 Wells Fargo Revolver are unsecured and the Wells Fargo Agreement includes various covenants, limitations and events of default that are customary for similar facilities for similar borrowers. The Wells Fargo Revolver was drawn down in the amount of $30.0 million on July 1, 2013. There were no borrowings against the Wells Fargo Revolver as of December 31, 2013.

The maturity date for the Bank of America Term Loan is December 31, 2016, at which time all outstanding principal and unpaid interest will be due. The calculation of interest for the Bank of America Agreement is generally based on our fixed charge coverage ratio. Interest is charged at a rate equal to the Alternative Base Rate or 1.00% to 1.40% above the Adjusted LIBOR Rate, each as more fully described in the Bank of America Agreement. Fees include an up-front fee. Initially, until Bank of America received our September 30, 2013 quarter end financial statements, the applicable margin for Adjusted LIBOR Rate advances was 1.50%. The obligations under the Bank of America Term Loan are unsecured and the Bank of America Agreement includes various covenants, limitations and events of default that are customary for similar facilities for similar borrowers. The Bank of America Term Loan was funded in the amount of $30.0 million on July 1, 2013. As of December 31, 2013 there was an outstanding balance of $30.0 million.

The 30-day LIBOR and Adjusted LIBOR Rate as of December 31, 2013 were 0.16% and 0.19%, respectively.

The Notes, the Master Agreement, the SunTrust Agreement and the JPM Agreement 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, 2013 and 2012.

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

Interest paid in 2013, 2012 and 2011 was $16,501,000, $16,090,000 and $15,571,000, respectively.

At December 31, 2013, maturities of long-term debt were $100,000,000 in 2014, $25,000,000 in 2015, $255,000,000 in 2016, $0 in 2017 and $100,000,000 in 2018.

NOTE 9 Income Taxes

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

(in thousands)	2013	2012	2011
Current:			
Federal	$ 94,007	$ 75,522	$ 65,461
State	13,438	11,852	10,084
Foreign	805	669	638
Total current provision	108,250	88,043	76,183
Deferred:			
Federal	28,469	27,348	27,212
State	3,723	5,375	3,131
Foreign	55	—	—
Total deferred provision	32,247	32,723	30,343
Total tax provision	$140,497	$120,766	$106,526

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:

	2013	2012	2011
Federal statutory tax rate	35.0%	35.0%	35.0%
State income taxes, net of federal income tax benefit	3.5	4.3	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	0.2	(0.3)	0.3
Effective tax rate	39.3%	39.6%	39.4%

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)	2013	2012
Current deferred tax assets:		
Deferred profit-sharing contingent commissions	$ 9,713	$ 9,490
Net operating loss carryforwards	8,408	5,786
Accruals and reserves	11,155	9,132
Total current deferred tax assets	$29,276	$24,408

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

(in thousands)	2013	2012
Non-current deferred tax liabilities:		
Fixed assets	$ 11,651	$ 12,427
Intangible assets	306,009	245,020
Total non-current deferred tax liabilities	317,660	257,447
Non-current deferred tax assets:		
Deferred compensation	22,598	13,576
Net operating loss carryforwards	3,843	6,658
Valuation allowance for deferred tax assets	(485)	(417)
Total non-current deferred tax assets	25,956	19,817
Net non-current deferred tax liability	$291,704	$237,630

Income taxes paid in 2013, 2012 and 2011 were $110,191,000**,** $80,622,000, and $75,403,000, respectively.

At December 31, 2013, Brown & Brown had net operating loss carryforwards of $22,135,000 and $94,561,000 for federal and state income tax reporting purposes, respectively, portions of which expire in the years 2014 through 2033. The federal carryforward is derived from insurance operations acquired by Brown & Brown in 2001 and 2013. The majority of the federal net operating loss carryforward resulted from the 2013 stock acquisition of Beecher Carlson Holdings, Inc. The state carryforward amount is derived from the operating results of certain subsidiaries and from the 2012 and 2013 stock acquisitions of Arrowhead General Insurance Agency Superholding Corp and Beecher Carlson Holdings, Inc.

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

(in thousands)	2013	2012	2011
Unrecognized tax benefits balance at January 1	$ 294	$ 806	$ 656
Gross increases for tax positions of prior years	232	222	257
Gross decreases for tax positions of prior years	—	(409)	—
Settlements	(135)	(325)	(107)
Unrecognized tax benefits balance at December 31	$ 391	$ 294	$ 806

The Company recognizes interest and penalties related to uncertain tax positions in income tax expense. As of December 31, 2013 and 2012, the Company had approximately $121,000 and $79,000 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 $391,000 as of December 31, 2013 and $294,000 as of December 31, 2012. 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 2011 through 2013 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 2013. In the United Kingdom, the Company's filings remain open for audit for the fiscal years 2012 and 2013.

The Company's wholly owned subsidiary, Arrowhead General Insurance Agency Superholding Corp, is currently undergoing an Internal Revenue Service review of its federal corporate income tax filings for the tax years ended December 31, 2010, December 31, 2011 and the short period ended January 9, 2012. The Company's 2008 through 2011 State of Colorado tax returns are currently under audit. In addition the Company has been notified by the State of Oregon regarding audits of all Oregon state tax returns for the period 2009 through 2012. Additionally, the Company has been notified by the State of Michigan regarding a review and audit of state tax returns for the period 2009 through 2011.

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 $14,819,000 in 2013, $14,266,000 in 2012, and $11,866,000 in 2011.

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, 2013, 5,549,882 shares had been granted under the PSP. As of December 31, 2013, 75,435 shares had not met the first condition for vesting, 2,295,852 shares had met the first condition of vesting and had been awarded, and 3,178,595 shares had satisfied both conditions of vesting and had been distributed to participants. Of the shares that have not vested as of December 31, 2013, the initial stock prices ranged from $4.25 to $25.68.

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, 2013, 2012 and 2011 is as follows:

	Weighted-Average Grant Date Fair Value	Granted Shares	Awarded Shares	Shares Not Yet Awarded
Outstanding at January 1, 2011	$ 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
Granted	$ —	—	—	—
Awarded	$ 10.25	—	122,021	(122,021)
Vested	$ 4.01	(119,364)	(119,364)	—
Forfeited	$ 8.73	(1,200,371)	(101,310)	(1,099,061)
Outstanding at December 31, 2013	$ 8.62	2,371,287	2,295,852	75,435

The total fair value of PSP grants that vested during each of the years ended December 31, 2013, 2012 and 2011 was $3,729,000, $23,034,000 and $2,384,000, 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, 187,040 shares were granted 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, 814,545 shares 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.

In 2013, 3,719,974 shares were granted under the SIP. Of the shares granted in 2013, 891,399 shares will vest upon the grantees’ completion of between three and seven years of service with the Company, and because grantees have the right to vote the shares and receive dividends immediately after the date of grant these shares are considered awarded and outstanding under the two-class method. As of December 31, 2013, no shares had met the first condition for vesting.

Additionally, non-employee members of the Board of Directors received shares annually 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. No additional shares were granted or issued to the non-employee members of the Board of Directors in 2013.

At December 31, 2013, 2,207,098 shares were available for future grants, of which 318,134 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, 2013, 2012 and 2011 is as follows:

	Weighted-Average Grant Date Fair Value	Granted Shares	Awarded Shares	Shares Not Yet Awarded
Outstanding at January 1, 2011	$ 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
Granted	$ 31.95	3,719,974	—	3,719,974
Awarded	$ 30.71	—	966,215	(966,215)
Vested	$ —	—	—	—
Forfeited	$ 23.88	(271,184)	(7,906)	(263,278)
Outstanding at December 31, 2013	$ 27.96	6,606,101	995,717	5,610,384

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 1,246,838 were available for future subscriptions as of December 31, 2013. 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 2013 was $8.36. The fair values of an ESPP share option as of the Subscription Periods beginning in August 2012 and 2011, were $5.84 and $4.27, respectively.

For the ESPP plan years ended July 31, 2013, 2012 and 2011, the Company issued 487,672, 562,748 and 488,052 shares of common stock, respectively. These shares were issued at an aggregate purchase price of $10,456,000, or $21.44 per share, in 2013, $9,302,000, or $16.53 per share, in 2012, and $8,048,000, or $16.49 per share, in 2011.

For the five months ended December 31, 2013, 2012 and 2011 (portions of the 2013-2014, 2012-2013 and 2011-2012 plan years), 222,526, 246,164, and 230,481 shares of common stock (from authorized but unissued shares), respectively, were subscribed to by ESPP participants for proceeds of approximately $5,937,000, $5,278,000 and $3,810,000, 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, 2013, 2012 and 2011 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, 2011	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
Granted	—	$ —		
Exercised	(115,847)	$ 17.56		
Forfeited	—	$ —		
Expired	—	$ —		
Outstanding at December 31, 2013	622,945	$ 18.55	4.1	$ 7,289
Ending vested and expected to vest at December 31, 2013	622,945	$ 18.55	4.1	$ 7,289
Exercisable at December 31, 2013	422,945	$ 18.48	4.2	$ 5,460
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

The following table summarizes information about stock options outstanding at December 31, 2013:

	Options Outstanding			Options Exercisable	
Exercise Price	Number Outstanding	Weighted Average Remaining Contractual Life (years)	Weighted Average Exercise Price	Number Exercisable	Weighted Average Exercise Price
$22.06	12,000	1.0	$ 22.06	—	$ 22.06
$18.48	610,945	4.2	$ 18.48	422,945	$ 18.48
Totals	622,945	4.1	$ 18.55	422,945	$ 18.48

The total intrinsic value of options exercised, determined as of the date of exercise, during the years ended December 31, 2013, 2012 and 2011 was $1,558,000, $5,780,000 and $333,000, 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, 2013, 2012 and 2011, 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)	2013	2012	2011
Stock Incentive Plan	$15,934	$ 9,288	$ 5,320
Employee Stock Purchase Plan	3,538	2,856	2,126
Performance Stock Plan	2,310	2,612	2,661
Incentive Stock Option Plan	821	1,109	1,087
Total	$22,603	$15,865	$11,194

Summary of Unrecognized Compensation Expense

As of December 31, 2013, there was approximately $133.9 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 6.9 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)	2013	2012	2011
Other payable issued for purchased customer accounts	$1,425	$25,439	$ —
Notes payable issued or assumed for purchased customer accounts	$ —	$ 59	$ 1,603
Estimated acquisition earn-out payables and related charges	$5,091	$21,479	$30,525
Notes received on the sale of fixed assets and customer accounts	$1,108	$ 967	$ 8,166

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, 2013, the aggregate future minimum lease payments under all non-cancelable lease agreements were as follows:

(in thousands)	
2014	$ 34,972
2015	31,386
2016	27,830
2017	22,209
2018	16,015
Thereafter	42,074
Total minimum future lease payments	$174,486

Rental expense in 2013, 2012 and 2011 for operating leases totaled $42,992,000, $39,810,000, and $34,951,000, respectively.

Legal Proceedings

The Company records losses for claims in excess of the limits of, or outside the coverage of, applicable insurance 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 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 amount, the Company accrues the amount at the lower end of the range.

The Company's accruals for legal matters that were probable and estimable were not material at December 31, 2013 and 2012. 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, management 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.

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NOTE 14 Quarterly Operating Results (Unaudited)

Quarterly operating results for 2013 and 2012 were as follows:

(in thousands, except per share data)	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
2013				
Total revenues	$335,012	$325,792	$359,310	$343,165
Total expenses	$235,521	$239,571	$263,855	$266,723
Income before income taxes	$ 99,491	$ 86,221	$ 95,455	$ 76,442
Net income	$ 60,131	$ 52,007	$ 57,749	$ 47,225
Net income per share:				
Basic	$ 0.42	$ 0.36	$ 0.40	$ 0.32
Diluted	$ 0.41	$ 0.36	$ 0.39	$ 0.32
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

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, and retail operations in Bermuda and the Cayman Islands. These operations earned $12.2 million, $9.7 million and $9.1 million of total revenues for the years ended December 31, 2013, 2012 and 2011, 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.

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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, 2013					
(in thousands)	Retail	National Programs	Wholesale Brokerage	Services	Other	Total
Total revenues	$ 728,324	$ 292,130	$ 209,907	$ 131,489	$ 1,429	$1,363,279
Investment income	$ 82	$ 19	$ 22	$ 1	$ 514	$ 638
Amortization	$ 38,052	$ 14,593	$ 11,550	$ 3,698	$ 39	$ 67,932
Depreciation	$ 5,847	$ 5,399	$ 2,794	$ 1,623	$ 1,822	$ 17,485
Interest expense	$ 34,407	$ 24,014	$ 2,565	$ 7,321	$ (51,867)	$ 16,440
Income before income taxes	$ 166,316	$ 58,379	$ 53,822	$ 24,518	$ 54,574	$ 357,609
Total assets	$2,992,087	$ 1,335,911	$ 927,825	$ 277,652	$(1,883,967)	$3,649,508
Capital expenditures	$ 6,847	$ 4,743	$ 1,931	$ 1,811	$ 1,034	$ 16,366

	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

NOTE 16 Subsequent Event

On January 15, 2014, Brown & Brown entered into a merger agreement (the "Agreement") to acquire The Wright Insurance Group, LLC ("Wright"). Immediately upon the consummation of the merger, Wright's equity interests will be converted into the rights to receive cash equal, collectively, to $602.5 million. This amount is composed of cash payments of $587.5 million for the Programs Business, $7.5 million for Wright National Flood Insurance Company ("WNFIC") and $7.5 million for WNFIC statutory surplus. In addition, Wright's equityholders may receive additional consideration of up to $37.5 million in cash in the event of the closing of certain acquisition transactions by Wright and its affiliates (or, after the closing of the acquisition of Wright, by the Company and its affiliates) prior to July 15, 2015.

Under the Agreement, the merger is subject to certain closing conditions including the receipt of required regulatory approvals for the transaction (including the approval of antitrust authorities necessary to complete the acquisition). If the merger is not closed by July 15, 2014 (which may potentially be extended to October 15, 2014 if the only then-outstanding conditions are obtaining regulatory approvals), either party may terminate the agreement.

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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, 2013 and 2012, and the related consolidated statements of income, shareholders' equity, and cash flows for each of the three years in the period ended December 31, 2013. 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, 2013 and 2012, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2013, 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, 2013, based on the criteria established in *Internal Control—Integrated Framework (1992)* issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated February 28, 2014 expressed an unqualified opinion on the Company's internal control over financial reporting.

/s/ DELOITTE & TOUCHE LLP

Certified Public Accountants
Jacksonville, Florida
February 28, 2014

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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, 2013, based on criteria established in *Internal Control—Integrated Framework (1992)* 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 Beecher Carlson Holdings, Inc. and ICA, Inc. (collectively the “2013 Excluded Acquisitions”), which were acquired during 2013 and whose financial statements constitute 2.6% and 10.8% of net and total assets, respectively, 3.4% of revenues, and 2.2% of net income of the consolidated financial statement amounts as of and for the year ended December 31, 2013. Accordingly, our audit did not include the internal control over financial reporting of the 2013 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, 2013, based on the criteria established in *Internal Control—Integrated Framework (1992)* 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, 2013 of the Company and our report dated February 28, 2014 expressed an unqualified opinion on those financial statements.

/s/ DELOITTE & TOUCHE LLP

Certified Public Accountants
Jacksonville, Florida
February 28, 2014

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 (1992)* 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 2013: Beecher Carlson Holdings, Inc. and ICA, Inc. (collectively the "2013 Excluded Acquisitions"), which were acquired during 2013 and whose financial statements constitute 2.6% and 10.8% of net and total assets, respectively, 3.4% of revenues, and 2.2% of net income of the consolidated financial statement amounts as of and for the year ended December 31, 2013. 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 (1992)* 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, 2013. Management's internal control over financial reporting as of December 31, 2013 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
February 28, 2014

/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 2013.

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, 2013. 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 2013: Beecher Carlson Holdings, Inc. and ICA, Inc. (collectively the "2013 Excluded Acquisitions"), which were acquired during 2013 and whose financial statements constitute 2.6% and 10.8% of net and total assets, respectively, 3.4% of revenues, and 2.2% of net income of the consolidated financial statement amounts as of and for the year ended December 31, 2013. 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, 2013 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, 2013. Management's report on internal control over financial reporting as of December 31, 2013 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, 2013, 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 2014 (the “2014 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 2014 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 2014 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 2014 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 2014 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 3.2 to Form 8-K filed on March 2, 2012).
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 (incorporated by reference to Exhibit 10.1(a) to Form 10-K for the year ended December 31, 2012); Eighth Amendment to Lease dated April 16, 2012 (incorporated by reference to Exhibit 10.1(a) to Form 10-K for the year ended December 31, 2012); and Ninth Amendment to Lease dated December 5, 2012 (incorporated by reference to Exhibit 10.1(a) to Form 10-K for the year ended December 31, 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 (incorporated by reference to Exhibit 10.1(b) to Form 10-K for the year ended December 31, 2012).
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 (incorporated by reference to Exhibit 10.4(g) to Form 10-K for the year ended December 31, 2012).
10.4(h)	Employment Agreement, dated as of June 1, 2009, between the Registrant and Anthony Strianese (incorporated by reference to Exhibit 10.4(h) to Form 10-K for the year ended December 31, 2012).
10.4(i)	Employment Agreement, dated as of January 9, 2012, between the Registrant and Chris L. Walker (incorporated by reference to Exhibit 10.1 to Form 10-Q for the quarter ended March 31, 2013).
10.4(j)	Transition Agreement, dated as of November 7, 2013, between the Registrant and Cory T. Walker.
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(a)	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).
10.8(b)	Form of Performance-Triggered Stock Grant Agreement under 2010 Stock Incentive Plan (incorporated by reference to Exhibit 10.1 to Form 8-K filed on July 8, 2013).
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).
10.14	Merger Agreement, dated May 21, 2013, among Brown & Brown, Inc., Brown & Brown Merger Co., Beecher Carlson Holdings, Inc., and BC Sellers' Representative LLC, solely in its capacity as the representative of Beecher's shareholders (incorporated by reference to Exhibit 10.1 to Form 10-Q for the quarter ended June 30, 2013).
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.

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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: February 28, 2014

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	Director; President and Chief Executive Officer (Principal Executive Officer)	February 28, 2014
/s/ Cory T. Walker Cory T. Walker	Sr. Vice President, Treasurer and Chief Financial Officer (Principal Financial and Accounting Officer)	February 28, 2014
* J. Hyatt Brown	Chairman of the Board	February 28, 2014
* Samuel P. Bell, III	Director	February 28, 2014
* Hugh M. Brown	Director	February 28, 2014
* Bradley Currey, Jr.	Director	February 28, 2014
* Theodore J. Hoepner	Director	February 28, 2014
* James S. Hunt	Director	February 28, 2014
* Toni Jennings	Director	February 28, 2014
* Timothy R.M. Main	Director	February 28, 2014
* H. Palmer Proctor, Jr.	Director	February 28, 2014
* Wendell Reilly	Director	February 28, 2014
* Chilton D. Varner	Director	February 28, 2014

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

TRANSITION AGREEMENT

THIS **TRANSITION AGREEMENT** (this "Agreement"), effective as of November 7, 2013 (the "Effective Date"), is made and entered into by and between **BROWN & BROWN, INC.**, a Florida corporation (together with its present and future subsidiaries and affiliates, the "Company"), and **CORY T. WALKER**, a resident of the State of Florida ("Executive").

BACKGROUND

In connection with Executive's retirement from the Company in March 2014, the Company and the Executive wish to memorialize their agreement concerning Executive's remaining period of employment with the Company, and with respect to the period following Executive's departure from the Company. In recognition of Executive's distinguished career with, and many contributions to, the success of the Company through a period of more than two decades marked by extraordinary expansion, growth and change, and in recognition of the importance of, and as consideration for, Executive's agreement to abide by certain post-retirement obligations as set forth in this Agreement following Executive's departure from the Company, the Company desires to provide Executive the consideration described in this Agreement in return for the agreements of the Executive set forth herein. The date upon which Executive's retirement from the Company is effective shall be described herein as the "Retirement Date."

The Company is one of the largest insurance intermediaries in the United States of America and in the world, and the stock of Brown & Brown, Inc. is publicly held and traded on the New York Stock Exchange (NYSE:BRO). Executive has served as the Company's Chief Financial Officer for 16 of the past 22 years. He is currently Senior Vice President, Treasurer and Chief Financial Officer of Brown & Brown, Inc., and also serves as a director and/or executive officer of nearly all of its direct and indirect subsidiaries or affiliated entities ("Affiliates"), and thus, the rights, benefits and obligations that comprise this Agreement equally extend to the Company's Affiliates. Additionally, in the course of his career with the Company, he served for a period of years as Profit Center Manager of a retail office of a subsidiary of Brown & Brown, Inc. as well as an insurance producer. By virtue of title, position, experience and tenure, Executive occupies a special and unique position of trust, is one of the named executive officers in the Company's 2013 Proxy Statement, is an executive officer of the Company and is a member of what is commonly known as the Company's "Senior Leadership" as well as the group of select Senior Leaders who comprise the Company's "Executive Leadership Team."

The Company is in the business of selling and servicing insurance, risk transfer alternatives, and related services including, but not limited to, quoting, proposing, soliciting, selling, placing, providing, servicing and/or renewing insurance, reinsurance, and surety products, as well as loss control, claims administration, risk management, program administration, Medicare secondary payer statute compliance, Social Security disability and Medicare benefits advocacy services (as such products and services may be developed, added by acquisition or modified from time to time, the "Insurance Business"). The term "Insurance Business" is not intended to include the risk-bearing activities of insurance carriers.

The Company, on behalf of itself, its shareholders and its employees, has a compelling interest in maintaining the confidentiality of Confidential Information and/or Trade Secrets (as such terms are defined in Section 5(a) of this Agreement), retaining its employees, and maintaining the customer relationships and business goodwill the Company develops and acquires. By virtue of Executive's position, Executive has been afforded extensive and intimate knowledge of the Company's strategic goals, including particularized plans and processes developed by the Company, whether through the Executive's efforts or otherwise, which are not known to others in the industry and which give the Company and its Affiliates competitive advantage. In addition, Executive has had full access to information concerning the performance and results of various leaders, business units, divisions, profit

centers and Affiliates of the Company and information related to the development and execution of strategic plans for the Company and/or its Affiliates. Executive's role has been such that the Company's Confidential Information and Trade Secrets have necessarily become inextricably entwined with Executive's own knowledge and experience.

NOW, THEREFORE, the Parties, intending to be legally bound, agree as follows:

TERMS

1. The Executive's Retirement and Future Relationship.

The provisions constituting the "Background" section above are hereby incorporated into this Agreement as if set forth herein at length.

(a) The Executive's employment with the Company and its affiliates shall end as of the close of business on the later of (i) March 4, 2014, or (ii) the date the Company files its annual report on Form 10-K for its fiscal year ended December 31, 2013 (the "10-K") with the Securities and Exchange Commission (the "Retirement Date"). He agrees that, after the Retirement Date, he will make himself available at reasonable times and locations to assist the Company in any transition issues arising from his retirement; such assistance must be reasonably requested by the Company. The Company will reimburse the Executive for reasonable and necessary travel expenses (substantiated as required by the Company policies) arising from such business and customer-related transition services. The level of services that the Executive provides after the Retirement Date shall in no event exceed 20 percent of the average level of services performed by the Executive for the Company during the 36-month period immediately preceding the Retirement Date. Therefore, the services performed by the Executive after the Retirement Date shall not exceed the level of services permitted under Treasury Regulation §1.409A-1(h)(1)(ii) under which the Executive is presumed to have had a "separation from service" (as such term is defined for purposes of Section 409A of the Internal Revenue Code of 1986, as amended (the "Code")) on the Retirement Date.

(b) The Executive agrees that he will return to the Company on or before the Retirement Date all property in his possession, custody or control which he obtained from the Company or from any of their customers/potential customers, vendors/potential vendors, merger/acquisition candidates, employees, contractors or consultants including but not limited to the originals and all copies of any documents, files, data or information (electronic or hard-copy), access cards, credit cards, passwords and file-access methods/protocols, computers/laptops/PDAs (including all software and peripherals), cell phones, credit cards and stored documents/files/information, with all documents, files and information being returned unaltered and unencrypted.

(c) The Executive agrees that the Executive has not and will not, directly or indirectly, disparage the Company or the Company's current or former officers, directors or employees orally, in writing or in any other manner (such as through the use of emails, blogs, photographs, social media (Facebook; Twitter, etc.), etc.) or any other electronic or web-based media). Further, the Executive agrees that he will not make negative statements or comments in any form, manner or medium about the Company or its current or former officers, directors or employees or about his employment by or end of employment with the Company. Executive agrees that, if he receives an inquiry from any media representative about the Company or its current or former officers, director or employees, his employment by the Company or the end of that employment, Executive will not respond but will immediately contact the Company's General Counsel to inform the Company of the media inquiry.

(d) If the Executive has vested Company stock options or stock appreciation rights that he wants to exercise, he must do so within thirty (30) days of the Retirement Date unless otherwise

provided in the applicable award agreement(s) and plan document(s). Except as otherwise provided in Section 2(b) below, any unvested Company stock options, stock appreciation rights, restricted stock awards or restricted stock unit awards will be forfeited in accordance with the terms of the Executive's award agreements with the Company and the applicable Company plan. The Executive understands and agrees that (a) the federal "insider trading" securities laws continue to apply to the Executive notwithstanding his retirement from employment with the Company, (b) the Company's Insider Trading Policy prohibits the Executive from trading in the Company securities while in possession of material nonpublic information concerning the Company and (c) the prohibition against such trading continues to apply to the Executive after leaving the Company. Therefore, the Executive agrees to abide by the Company trading windows even after leaving the Company until such time as the insider information the Executive possessed, if any, becomes public.

(e) Executive agrees to resign any positions as an officer and director of the Company, including any direct or indirect Company subsidiary, effective as of the Retirement Date. Executive also agrees to sign and deliver to the Company on the Retirement Date a formal letter of resignation in the form attached to this Agreement as Exhibit "A."

2. The Company's Obligations to the Executive.

(a) The Company will pay or provide to the Executive the following, all subject to Executive's continuing satisfactory performance of his duties through the Retirement Date and the Executive's delivery to the Company on the Retirement Date an additional release in the form of Exhibit "B" hereto in form and substance reasonably satisfactory to the Company and having not revoked the same within 7 days following Executive's signing and delivering it to the Company:

(i) The Executive's base salary through the Retirement Date plus non-equity incentive compensation attributable to fiscal year 2013 of an amount and in a manner to be determined by the Company in the ordinary course pursuant to the criteria it would be using to determine such award but for the Executive's retirement;

(ii) The Executive's balance (if any) in the Company's Employee Stock Purchase Plan as of the Retirement Date, according to such plan's terms and conditions;

(iii) Cash equivalent to one million two hundred fifty thousand dollars ($1,250,000) less withholdings as for wages, payable as follows:

(A) Except as otherwise provided in Sections 2(a)(iii)(B) and (C) below, the cash amount will be paid in four separate payments (with each payment considered a "separate payment" and not one of a series of payments for purposes of Code Section 409A), as follows:

(1) a payment of five hundred thousand dollars ($500,000) to be paid on the earlier of (i) March 14, 2014, if the Executive has been in full compliance with this Agreement or (ii) eight (8) days following the Retirement Date;

(2) a payment of two hundred and fifty thousand dollars ($250,000) to be paid on the first day of the thirteenth (13th) calendar month beginning after the Retirement Date (by way of example, if the Retirement Date is March 4, 2014, such payment would be made April 1, 2015);

(3) a payment of two hundred and fifty thousand dollars ($250,000) to be paid on the first day of the nineteenth (19th) calendar month beginning after the Retirement Date (by way of example, if the Retirement Date is March 4, 2014, such payment would be made October 1, 2015); and

(4) a payment of two hundred and fifty thousand dollars ($250,000) to be paid on the first day of the twenty-fifth (25th) calendar month beginning after the Retirement Date (by way of example, if the Retirement Date is March 4, 2014, such payment would be made April 1, 2016).

(B) In the event of the Executive's death after the Retirement Date and prior to the completion of the payments described above in Section 2(a)(iii)(A), any unpaid amount(s) shall be payable in a lump sum within thirty (30) days after the Executive's death to the personal representative of any estate established for the Executive or as may be otherwise appropriate under applicable law;

(C) In the event of a Change in Control (defined below) after the Retirement Date and prior to the completion of the payments described above in Section 2(a)(iii)(A), any unpaid amount(s) shall be paid to the Executive in a lump sum on or promptly after the date on which the Change in Control occurs. "Change in Control" means the happening of any of the following after the Retirement Date:

(1) the direct or indirect sale, lease, transfer, conveyance or other disposition (other than by way of merger or consolidation), in one or a series of related transactions, of all or substantially all of the properties or assets of the Company and its subsidiary corporations taken as a whole to any person (as such term is used in Sections 13(d) and 14(d) of the Securities Exchange Act of 1934, as amended, including regulations and applicable guidance thereunder, (the "Exchange Act")) other than the Company or one of its subsidiary corporations, provided, for the avoidance of doubt, that the sale of a corporation that is a subsidiary of the Company shall not constitute a Change in Control if the subsidiary does not represent substantially all of the properties or assets of the Company and its subsidiaries taken as a whole;

(2) the adoption of a plan relating to the Company's liquidation or dissolution, with all material contingencies satisfied or waived, and the taking of a substantial step to implement such liquidation or dissolution;

(3) the consummation of any transaction (including, without limitation, any merger or consolidation) the result of which is that any person other than the Company or its subsidiary corporations, becomes the beneficial owner (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of more than fifty percent (50%) of the combined voting power of the Company's voting stock or other voting stock into which the Company's voting stock is reclassified, consolidated, exchanged or changed, measured by voting power rather than number of shares;

(4) the Company consolidates with, or merges with or into, any person, or any person consolidates with, or merges with or into, the Company, in any such event pursuant to a transaction in which any of the voting stock of the Company or such other person is converted into or exchanged for cash, securities or other property, other than any such transaction where the shares of voting stock of the Company outstanding immediately prior to such transaction directly or indirectly constitute, or are converted into or exchanged for, a majority of the voting stock of the surviving person immediately after giving effect to such transaction; or

(5) the first day on which a majority of the members of the Board of Directors of the Company (the "Board") are not Continuing Directors. "Continuing Director" means any member of the Board who (1) was a member of the Board on the Retirement Date; or (2) was nominated for election or elected to the Board with the approval of a majority of the Continuing Directors who were members of the Board at the time of such nomination or election.

(D) In the event that the Executive breaches any agreement hereunder, he will forfeit the right to receive any additional payments or benefits from the Company hereunder.

(iv) promptly after the Retirement Date, the papers necessary for the Executive to elect continuation of any group medical insurance coverage pursuant to the Consolidated Omnibus Budget Reconciliation Act (“COBRA”) and the terms and conditions of the Company’s medical plan; if the Executive elects continued coverage pursuant to COBRA, the Company shall reimburse the Executive for the portion of the COBRA premiums for the Executive’s continued group health insurance coverage under the Company’s medical plan; provided, however, that the Executive shall be solely responsible for all matters relating to his continuation of coverage pursuant to federal COBRA law, including, without limitation, the election of such coverage and the timely payment of premiums; provided, further, that no reimbursement shall be made following the effective date of the Executive’s coverage by a health insurance plan of a subsequent employer; provided, further, that no reimbursement shall be paid unless and until the Executive submits proof of payment acceptable to the Company within 30 days after the Executive incurs such expense;

(v) the opportunity to elect the timing of distribution of any existing account balance in the Company’s Employee Savings Plan, according to the terms and conditions of the Employee Savings Plan; the Company will not make any further contribution to the Employee’s account under the Employee Savings Plan after the Retirement Date and he remains responsible for repayment of any loans from his Employee Savings Plan account; and

(vi) distribution of the Employee’s existing account balance, if any, in the Company’s Deferred Compensation Plan, according to the terms and conditions of the Deferred Compensation Plan.

(b) Provided that the Executive remains continuously employed by the Company until the Retirement Date, the Company will waive, effective on the Retirement Date, the remaining time-based employment conditions for vesting of the outstanding shares of performance stock that (i) were granted to the Executive under the Company’s Performance Stock Plan on February 22, 2000, April 1, 2001, and April 1, 2003, and (ii) were awarded in accordance with the terms of the applicable grant agreements and the Performance Stock Plan based on achievement of the specified performance targets. If the Executive’s employment with the Company terminates for any reason prior to the Retirement Date, the Company will not waive the employment conditions for vesting of any outstanding shares of performance stock and all of the Executive’s outstanding shares of performance stock will be forfeited to the extent provided by and in accordance with the terms of the applicable grant agreements. Moreover, no conditions of vesting of any kind will be waived for grants made under equity plans, including without limitation, both the Performance Stock Plan and Stock Incentive Plan, other than the three specified grants, each of which has achieved the performance target required as a condition of vesting, and which would otherwise require approximately one, two and four years more of employment, respectively, in order to satisfy the 15-year time-based vesting condition; rather, the shares represented by such grants shall be forfeited at the Retirement Date. For the avoidance of doubt, nothing contained in this Section 2(b) will affect the operation of any outstanding performance stock grant agreement or Performance Stock Plan provision relating to vesting in the event of a change in control of the Company or the Employee’s death or disability.

(c) The Executive understands and agrees that the monies and benefits described in this Section 2 are the sole financial obligations of the Company to the Executive under this Agreement.

CTW Brown & Brown, Inc.

(d) The Executive agrees that the payment of any monies or benefits under this Agreement are subject to deductions and withholdings as required by law and, further, that he is solely responsible for and will pay all taxes, contributions or other payments to any taxing authority which arise from his receipt of the monies or benefits paid to him under this Agreement.

(e) The Company's execution and performance of its obligations under this Agreement are specifically conditioned on (a) the Executive's execution, delivery to the Company and non-revocation of this Agreement; (b) the Executive keeping confidential (other than as expressly provided in this Agreement) the existence and terms of this Agreement from the time he first learns of its terms until he signs this Agreement (if he chooses to sign it); (c) the Executive's satisfactory performance of his assigned duties until the Retirement Date and any subsequent transition duties requested by the Company pursuant to Section 1(a), above; and (d) the Executive's compliance with the terms of this Agreement.

3. The Executive's Release of the Company and Personnel.

(a) In exchange for the monies and benefits given by the Company to the Executive under this Agreement to which he is not otherwise entitled, the Executive agrees, on his own behalf and on behalf of any other person entitled to make a claim on his behalf or through him, that he hereby freely, finally, fully and forever releases and discharges the Company from any and all claims and causes of action of any kind or nature that the Executive once had or now has against the Company, including all claims arising out of the Executive's employment or end of employment with the Company, whether such claims are now known or unknown to the Executive ("Released Claims"). Released Claims do not include (i) any claims arising from events occurring after the Executive signs this Agreement, (ii) any claims which by law may not be released by the Executive; (iii) any claims of the Executive for vested benefits under the Company's employee benefit plans; and (iv) any claims related to the Company's performance of this Agreement. The Executive agrees that it is his intent that the releases of claims being given by him in this Agreement are intended to operate as a general release to the maximum extent permitted by law.

(b) The Executive realizes that there are many laws and regulations relating to employment, including Title VII of the Civil Rights Act of 1964, as amended; the Age Discrimination in Employment Act of 1967, as amended; the Americans with Disabilities Act of 1990; the Family and Medical Leave Act; the Employee Retirement Income Security Act of 1974, as amended; and various other federal, state and local constitutions, statutes, ordinances, human rights, discrimination, retaliation/whistleblower, wage payment laws, and common laws (including the laws of contract and tort), including any applicable Florida discrimination, retaliation and wage payment laws. The Executive intends to fully and finally release the Company from any and all claims arising under such laws which he has or may have arising from events occurring prior to the date on which he signs this Agreement except as set forth in the next-to-last sentence of Section 3(a), above.

(c) The Executive agrees that he does not now have pending any claims or lawsuits against the Company, that he has not suffered an on-the-job injury for which he has not already filed a claim and that he will not in the future commence or join in any lawsuit against the Company. Further, the Executive waives his right to any monetary recovery should any federal, state, or local administrative agency pursue any claims on his behalf arising out of or related to his employment with and/or retirement from employment with the Company. The Executive affirmatively states that to his knowledge the Company is in compliance with all laws and regulations, and that he will not in the future take a contrary position. Should he take a contrary position, the Executive understands and agrees that any sum of money he receives as a consequence will be immediately due and payable to the Company.

4. Informed, Voluntary Signature.

(a) The Executive agrees he has had a full and fair opportunity to review this "Transition Agreement" and signs it knowingly, voluntarily and without duress or coercion. Further, in executing this Agreement, the Executive agrees that he has not relied on any representation or statement not set forth in this Agreement and its attachments.

(b) The Executive agrees that he was given an opportunity to consider this "Transition Agreement" and its attachments for twenty-one (21) days before signing it. If he has signed it sooner than twenty-one (21) days after receiving it, the Executive agrees that he has waived the opportunity to review it for that entire period. The Company encourages the Executive to consult an attorney before signing this Agreement.

(c) Federal law requires that (i) this Agreement be revocable by the Executive for seven (7) days following his execution of it and (ii) this Agreement is not effective or enforceable until the seven-day period expires and the Executive has not revoked it. If the Executive wishes to revoke this Agreement, he must send a written notice of revocation to Robert W. Lloyd, Esq., General Counsel of the Company, so it is received not later than the close of business on the seventh day after he signed the Agreement. The Executive understands that, if he revokes this Agreement, he will not receive any of the monies or benefits described in Section 2, except to the extent the Company otherwise is required to provide such monies or benefits as a matter of law.

(d) Notwithstanding anything herein to the contrary, if the Executive has not executed this "Transition Agreement" with all periods of revocation thereof expired as of the Retirement Date, the Executive shall forfeit the right to receive the amounts the Executive would otherwise have been entitled to receive under Section 2(a)(iii). To the extent necessary to comply with Code Section 409A, if the date on which the Company provides this "Transition Agreement" to the Executive and the Retirement Date are in two separate taxable years, any payment of amounts under Section 2(a)(iii) that constitute deferred compensation within the meaning of Code Section 409A shall be payable on the later of (i) the date such payment is otherwise payable under the Agreement, or (ii) the first business day of such second taxable year.

(e) Notwithstanding anything else contained in this Agreement to the contrary, Executive understands that he is not releasing any rights to indemnity from the Company for any claims against him arising out of his capacity or service rendered to the Company (or any of its subsidiaries) that are within the scope of: (a) § 607.0850, Florida Statutes; (b) any similar statute in another relevant jurisdiction or (c) the Bylaws or the Articles of Incorporation of the Company or any of its subsidiaries. It is understood that any such indemnification (which, if appropriate will include advancement of expenses) is contingent upon Executive's compliance with the standards set forth in the relevant statute, bylaw or provision of the articles of incorporation, as applicable. In particular, the Company may require Executive to sign an undertaking to repay any expenses advanced if he is ultimately found not to be entitled to indemnification pursuant to the relevant statute, bylaw or provision of the articles of incorporation.

5. Confidential Information and Trade Secrets; Post-Retirement Restrictive Covenants; Related Matters.

(a) *Confidential Information and Trade Secrets*.

(i) The term:

(A) "Confidential Information" means any and all information, observations and data of the Company and/or its Affiliates, regardless of whether kept in a document, electronic storage medium, or in the Executive's memory, and includes, but is not limited to, all data, compilations, programs, devices, strategies, concepts, ideas or methods concerning or related to:

(1) Non-public financial condition, results of operations, and amounts of compensation paid to officers and employees;

(2) Material non-public information from or about an issuer of securities (in this case, specifically, Brown & Brown, Inc., NYSE: BRO) that might foreseeably influence Executive or any other Person to purchase or sell securities of such issuer;

(3) Sales training and producer training data and materials including, but not limited to, “Brown & Brown University,” other producer sales schools and leadership development programs sponsored and promoted by Company or its Affiliates;

(4) Strategic plans and studies, marketing programs, and sales programs, and the terms and conditions (including prices) of sales and offers of sales of products and/or services;

(5) The terms, conditions and current status of the agreements and relationships with insurance or reinsurance carriers, intermediaries, managing general agents, vendors, or other entities, including agreements regarding contingent revenue, overrides and supplemental commissions;

(6) Any reports, invoice slips, call logs, phone logs, or other document or thing that contains, lists, references or relates to policy expiration dates and/or effective dates, policy numbers, insurance companies, and/or managing general agents;

(7) The identities and business preferences of insurance or reinsurance carriers, intermediaries, managing general agents, vendors, or any employee or agent thereof with whom the Company or any of its Affiliates communicates, along with the Company’s or its Affiliates’ practices and procedures for identifying Prospective Client Accounts;

(8) The names and identities of any and all Client Accounts and Prospective Client Accounts, including any and all Client Account lists and Prospective Client Accounts, data bases evidencing Client Accounts and Prospective Client Accounts, or other similar compilations evidencing the identities of the Company’s Client Accounts and Prospective Client Accounts;

(9) The terms and conditions of any policies written for any Client Accounts, including the pricing, margins, costs, discounts, commission structure or any other component of pricing;

(10) Personnel information including the productivity and profitability (or lack thereof) of employees, agents, or independent contractors;

(11) The know-how, processes or techniques, regulatory approval strategies, computer programs, data, formulae, compositions, service techniques and protocols, skills, ideas, and strategic plans possessed, developed, accumulated or acquired by the Company or its Affiliates;

(12) Any communications between the Company, its Affiliates, their respective officers, directors, managers, shareholders, employees, and independent

contractors, and any attorney retained by the Company or its Affiliates for any purpose, or any person retained or employed by such attorney for the purpose of assisting such attorney in Executive's representation of the Company or its Affiliates;

(13) Any communications between the Company its Affiliates, their respective officers, directors, managers, shareholders, employees, and independent contractors, and any current or Prospective Client Account, whether or not such communication is recorded on any medium;

(14) Any information regarding M&A Prospects and other merger or acquisition opportunities, any possible, completed or terminated Transactions, and other aspects of the M&A Process including: (1) document templates and examples, (2) term sheets, letters of intent, pro forma income statements, acquisition profiles, agreements, acquisition lists, and related information relating any M&A Prospect, and (3) and the fact that the Company has entered into a non-disclosure agreement, or entertained discussions or requested and received information relating to an actual or potential Transaction with any M&A Prospect (collectively, "M&A Information"); and

(15) Any other matter or thing, whether or not recorded on any medium or kept in the Executive's memory, (a) by which the Company or its Affiliates derives actual or potential economic value from such matter or thing being not generally known to other persons or entities who might obtain economic value from its disclosure or use, or (b) which gives the Company or its Affiliates an opportunity to obtain an advantage over its competitors who do not know or use the same.

(ii) "Confidential Information" does not include any information that is publicly available (except for such public disclosures made in violation of this Agreement) or any information generally known within the Insurance Business. However, Confidential Information includes the compilation of otherwise public information by the Company for a specific business purpose, where such compilation derives independent economic value in its own right.

(iii) "Transaction" means a possible acquisition transaction (whether by asset acquisition, stock acquisition, merger, or other form of business combination) with such M&A Prospect.

(iv) "M&A Prospect" means any business with which the Company or any of its Affiliates has, directly or indirectly, entertained discussions or requested and received information relating to an actual or potential Transaction by the Company or any of its Affiliates within the two (2)-year period immediately preceding the Retirement Date.

(v) "Trade Secret" shall have the meaning ascribed thereto under the Florida Uniform Trade Secrets Act (or any successor statute), as adopted and in effect on and after the date of this Agreement, and generally means any information that is not generally known, has independent economic value by reason of not being widely known, and as to which the owner of such Trade Secret takes reasonable precautions to protect its secrecy.

(vi) "Client Account" means any person or entity as to whom the Company has engaged in Insurance Business within the preceding twenty-four (24) months of the termination of Employee's employment with the Company. "Prospective Client Account" means any person or entity as to whom the Company has quoted, proposed, or solicited the sale of Insurance Business within the preceding twenty-four (24) months of the termination of Employee's employment with the Company.

(vii) the "M&A Process" means, collectively and as the same may be modified from time to time (i) the identification of M&A Prospects; (ii) the negotiation and entry into a non-disclosure, confidentiality, or similar agreement with an M&A Prospect or its representative; (iii) the

pursuit, receipt, analysis and evaluation of financial, legal, operational, and other information provided by or on behalf of an M&A Prospect to determine whether the Company should pursue a possible Transaction"); (iv) the negotiation of terms with a M&A Prospect and its representatives regarding a possible Transaction; (v) the consummation of a possible Transaction with an M&A Prospect or, alternatively, the termination of discussions regarding a possible Transaction with an M&A Prospect; and/or (vi) the integration and monitoring of the performance of a completed Transaction of an M&A Prospect.

(viii) Executive acknowledges and agrees that the Company is engaged in the highly competitive Insurance Business, and has expended, or will expend, significant sums of money and has invested, or will invest, a substantial amount of time to develop and use, and maintain the secrecy of, the Confidential Information and/or Trade Secrets. The Company has thus obtained, or will obtain, a valuable economic asset which has enabled, or will enable, it to develop an extensive reputation and to establish long-term business relationships with its Client Accounts, insurance or reinsurance carriers, managing general agents and/or vendors. If such Confidential Information and/or Trade Secrets were disclosed to another Person or used for the benefit of anyone other than the Company, the Company would suffer irreparable harm, loss and damage. Accordingly, Executive acknowledges and agrees that:

(A) The Confidential Information and/or Trade Secrets are, and at all times hereafter shall remain, the sole and exclusive property of the Company;

(B) Executive shall use Executive's best efforts and the utmost diligence to guard and protect the Confidential Information and/or Trade Secrets from any unauthorized disclosure to any competitor, Client Account, insurance or reinsurance carrier, managing general agent, and/or vendor of the Company or any other person, firm, corporation, or other entity;

(C) Unless the Company gives Executive prior express permission, during Executive's employment and following the Retirement Date, Executive shall not use for Executive's own benefit, or use for or disclose to any competitor, Client Account, insurance or reinsurance carrier, managing general agent, and/or vendor of the Company or any other person, firm, corporation, or other entity, the Confidential Information and/or Trade Secrets as set forth herein including using or disclosing any Confidential Information and/or Trade Secrets to solicit or divert any Insurance Business in respect of any Client Account or Prospective Client Account of the Company for the benefit or account of any Person other than the Company;

(D) Except in the ordinary course of the Company's business, Executive shall not seek or accept any Confidential Information and/or Trade Secrets from any former, present, or future employee or agent of the Company;

(E) Executive irrevocably assigns to the Company, to the extent permitted by law, all rights, title and interest in and to all work performed, and all materials, creations, designs, technology, discoveries, inventions, ideas, information and other subject matter (whether or not patentable or copyrightable), conceived, developed or created by Executive, alone or with others, during the period of Executive's employment with the Company, including, but not limited to, all copyrighted, trade secret, patent, trademark and other intellectual property rights ("Creations"), except that this shall not apply to a Creation that Executive developed entirely on Executive's own time without using the equipment, supplies, facilities, or trade secret information of Company or Affiliates unless such a Creation (a) relates to the Insurance Business, or actual or demonstrably anticipated research or development of the Company, or (b) results from any work performed by the Executive for Company or Affiliates;

(F) Following the Retirement Date, Executive shall deliver to the Company, all (A) memoranda, notes, plans, records, reports, computer tapes, printouts and software, and other documents (and copies thereof) relating to the Confidential Information, Trade Secrets, or Creations, or the business of the Company or its Affiliates that Executive may then have in Executive's possession or control, and (B) other property of the Company or its Affiliates in Executive's possession or control, whether or not such property constitutes Confidential Information, Trade Secrets or Creations, including keys, security cards, passes, credit cards, marketing literature, and any electronic data stored on a computer. Executive shall not destroy or delete any material, including but not limited to any electronic data stored on a computer, before returning such material or property to the Company or its Affiliates; and

(G) Following the Retirement Date, Executive shall not reverse engineer or derive independently any Trade Secret or Confidential Information of the Company or its Affiliates, nor shall Executive use in any way Executive's knowledge of any facts pertaining to the Company's Client Accounts, expiration dates, or the terms and conditions of the Company's or its Affiliates' business dealings with its Client Accounts.

(ix) Executive understands that it is the Company's and its Affiliates' intention to maintain the confidentiality of their Confidential Information and Trade Secrets notwithstanding that employees or independent contractors of the Company or its Affiliates may have free access to the information for the purpose of performing their duties with the Company, and notwithstanding that employees or independent contractors who are not expressly bound by agreements similar to this agreement may have access to such information for job purposes. Executive 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. To the contrary, Executive understands and agrees that all such information shall be deemed Confidential Information and/or Trade Secrets and Executive shall treat all such information as such.

(x) Executive acknowledges that (A) M&A Information, as well as other Confidential Information, may be deemed to be material non-public information and (B) federal and state securities laws and regulations prohibit any person receiving material non-public information from or about an issuer (in this case the Company) from purchasing or selling securities of such issuer or from disclosing such information to any other Person under circumstances in which it is reasonably foreseeable that such Person is likely to purchase or sell such securities.

(xi) Executive understands that the Company and its Affiliates have and will receive from time to time confidential or proprietary information from third parties ("Third Party Information") subject to a duty on the Company's and its Affiliates' part to maintain the confidentiality of such information and to use it only for certain limited purposes. During Executive's employment and after the Retirement Date, and without in any way limiting the provisions of this Section 5(a), Executive will hold Third Party Information in the strictest confidence and will not disclose to anyone (other than the personnel, consultants and professional advisors of the Company or its Affiliates who need to know such information in connection with their work for the Company or its Affiliates) or use, except in connection with Executive's work for the Company or its Affiliates, any Third Party Information unless expressly authorized in writing by the Board of Directors, the President, and/or the Chief Executive Officer of the Company.

(b) *Non-Solicitation Covenant*. During Executive's employment with the Company and for a period of two (2) years following the Retirement Date (the "Restricted Period"), Executive shall not solicit, canvass, divert, accept, propose, quote, sell, service, or otherwise transact, directly or indirectly, in any capacity whatsoever, other than as an employee of the Company during Executive's employment with the Company, any Insurance Business from or in respect of any Client Account or Prospective Client Account of the Company.

(c) *Non-Interference Covenants*.

(i) During the Restricted Period, Executive agrees not to directly or indirectly, in any capacity whatsoever, interfere or endeavor to interfere with the business relationship between the Company and any Restricted Third Party (as defined below), including but not limited to interference with the continuance of the provision of any goods, products (including insurance or surety products) or services (including insurance, risk management, consulting or other services) by any Restricted Third Party to the Company, either directly or on behalf of any Client Account or Prospective Client Account. The term "Restricted Third Party" means any person, entity or enterprise including any insurer, reinsurer, insurance program, risk pool or other risk-bearing entity or insurance or reinsurance market; or any retail insurance agent, general agent or wholesale insurance broker, (A) who, at any time within the twelve (12) month-period immediately preceding the Retirement Date, was a provider or supplier of goods, products (including insurance, bonds or surety products) or services (including insurance, risk management, consulting or other services) to the Company, either directly or on behalf of Client Accounts or Prospective Client Accounts, excluding suppliers of utilities or goods or services supplied for administrative purposes but including any individual who provided services to the Company by was of a consultancy or other independent contractor arrangement, and (B) with whom Executive dealt to a material extent during that period.

(ii) During the Restricted Period, Executive agrees not to directly or indirectly (A) induce or attempt to induce any M&A Prospect to cease doing or not do a Transaction with the Company or any of its Affiliates, or in any way interfere with the relationship between any such M&A Prospect and the Company or any of its Affiliates, or (B) acquire or invest in (by asset acquisition, equity acquisition, equity subscription, recapitalization, merger, or other form of business combination), attempt to acquire, or arrange, participate in, or facilitate (including by providing any assistance, advice, financing, solicitation, brokerage, or similar services) any acquisition by another Person of, any M&A Prospect.

(d) *No Raiding Covenant*. During the Restricted Period, Executive agrees that Executive will not directly or indirectly, in any capacity whatsoever, refer or accept for employment or engagement any employee or independent contractor of the Company or any of its Affiliates, and further agrees that Executive will not directly or indirectly solicit, in any capacity whatsoever, or seek to induce any such person to terminate employment or engagement with the Company or its Affiliates for any reason, including to work for Executive or any Person engaged in the Insurance Business in the United States of America.

(e) *Non-Compete Covenant*.

(i) For a period of twelve (12) months following the Retirement Date, in order to protect Confidential Information and/or Trade Secrets and the Company's customer relationships and business goodwill, Executive shall not engage in, or be or become the owner of an equity interest in, or otherwise consult with, be employed by, or participate in the business of, any person or entity (including the owners, subsidiaries and affiliates of any such entity) engaged in the Insurance Business in the United States of America, provided that Executive may serve as a risk manager or in a similar capacity for a Client Account if in such capacity Executive would not reasonably be considered to be in competition with Company (or any subsidiary of Company, or any assignee thereof).

(ii) For a period commencing twelve (12) months following the Retirement Date and ending eighteen (18) months after the Retirement Date, in order to protect Confidential

Information and/or Trade Secrets and the Company's customer relationships and business goodwill, Executive shall not directly or indirectly, in any capacity whatsoever, engage in, or be or become the owner of an equity interest in, or otherwise consult with, be employed by, or participate in the business of any of the entities identified in Exhibit "C" hereto.

(iii) For a period commencing eighteen (18) months following the Retirement Date and ending twenty-four (24) months after the Retirement Date, in order to protect Confidential Information and/or Trade Secrets and the Company's customer relationships and business goodwill, Executive shall not directly or indirectly, in any capacity whatsoever, engage in, or be or become the owner of an equity interest in, or otherwise consult with, be employed by, or participate in the business of the entities identified in Exhibit "D" hereto.

(f) *Preliminary Activities.* The Executive agrees that with respect to each of the time periods in which he is precluded from any activities pursuant to this Section 5, he shall also not directly or indirectly, in any capacity whatsoever, commit to or engage in planning, preparation, communications with third parties or any other activity whatsoever in contemplation or furtherance of potentially later engaging in activities that he is otherwise then precluded from taking pursuant to this Section 5. Notwithstanding the foregoing, with respect to the time periods set forth in Sections 5(e)(i) and (ii), above, this section 5(f) shall not apply in the last three (3) months of such time periods.

(g) *Related Matters*.

(i) Executive acknowledges and agrees that: (A) the Company has recognized Executive's merit and has promoted, elevated and enhanced Executive to the executive leadership of the Company; (B) the Company has permitted and encouraged Executive's interaction and the development of relationships with persons and entities in the Insurance Business and third party stock analysts, Company shareholders and Company directors; (C) the Company has long-term relationships with its Client Accounts and Restricted Third Parties and that those relationships were in many instances developed at considerable expense and difficulty to the Company over several years of close and continuing involvement and that the Company is acquiring at considerable expense the benefits and goodwill associated with such relationships; (D) Executive has carefully considered, and agrees that the provisions of this Section 5 are fair, reasonable, and not unduly restrictive on Executive, and do not preclude Executive from earning a livelihood or unreasonably impose limitations on Executive's ability to earn a living; (E) the potential harm to the Company and its Affiliates of the non-enforcement of any provision of this Section 5 outweighs any potential harm to Executive of its enforcement by injunction or otherwise; and (F) Executive has had an opportunity to obtain legal advice before agreeing to these terms.

(ii) Executive agrees that the Company shall have the right to communicate the terms of this Section 5 after the Retirement Date to any prospective or current employer of Executive. Executive waives any right to assert any claim for damages against Company or any officer, employee or agent of the Company arising from such disclosure of the terms of this Agreement.

(iii) In the event of a breach or threatened breach of the provisions of this Section 5, the Company shall be entitled to injunctive relief as well as any other applicable remedies at law or in equity. Executive understands and agrees that without such protection, the Company's business would be irreparably harmed, and that the remedy of monetary damages alone would be inadequate.

(iv) Executive acknowledges that the purposes of this Section 5 would be frustrated by measuring the period of restriction from the Retirement Date where Executive failed to honor the Agreement during the Restricted Period, as applicable, until directed to do so by court order. Therefore, should Executive violate this Agreement and should legal proceedings have to be brought by the Company against Executive to enforce this Agreement, the period of restriction under this Section 5 shall be deemed to be extended for a period equal to the period of violation by Executive.

(v) The provisions of this Section 5 shall be independent of any other provision of this Agreement, and the existence of any claim or cause of action by Executive against the Company, whether predicated on this Agreement or otherwise, shall not constitute a defense to the enforcement of this Section 5 by the Company.

(vi) It is the intention of the Parties that the terms and provisions of this Agreement be enforceable to the maximum extent permitted by applicable law. In furtherance of the foregoing, the Parties further agree that if a court of competent jurisdiction declares any of the covenants set forth in this Section 5 unenforceable, then such court shall be authorized to modify such covenants so as to render the remaining covenants and the modified covenants valid and enforceable to the maximum extent possible, and as so modified, to enforce this Agreement in accordance with its terms. In accordance with the foregoing, if any provision of this Section 5 shall be held to be excessively broad, it shall be limited to the extent necessary to comply with applicable law. This Agreement does not relieve the Executive of other legal responsibilities and liabilities that Executive has to the Company under applicable state and federal statutes and common law. Instead, Executive acknowledges that this Agreement only creates additional rights and responsibilities for protecting the Company's interests.

6. Waivers, Modifications and Amendments. No waiver or modification or amendment of this Agreement or of any covenant, condition, or limitation herein shall be valid unless in writing and duly executed by the Party to be charged therewith.

7. Notices. Notices shall be addressed as indicated below, or to such other addressee or to such other address as may be designated by either Party:

If to the Company:	Brown & Brown, Inc. 220 S. Ridgewood Avenue Daytona Beach, FL 32114 Attention: Robert W. Lloyd, General Counsel Facsimile No.: (386) 239-7293 E-mail: rlloyd@bbins.com
If to Executive:	To the most current residence address on file with the Company.

8. Assignment and Enforcement. Executive agrees that Company may freely assign this Agreement or any of its rights or privileges hereunder to any Person, including to any (a) Affiliate of the Company or (b) Person in connection with any sale or transfer of some or all of Company's assets or subsidiary corporations, Company's sale of a controlling interest in the Company's stock, or the merger or other business combination by Company with or into any business entity. Executive further agrees to be bound by the provisions of this Agreement for benefit of the Company or any Affiliate thereof to whose employ Executive may be transferred, without the necessity that this Agreement or another employment agreement be re-executed at the time of such transfer. No assignment, consent by Executive, or notice to Executive shall be required to render this Agreement enforceable by any assignee, transferee, or successor. The Company's assignees, transferees, or successors are expressly authorized to enforce the Company's rights and privileges hereunder, including the restrictive covenants set forth in Section 5. Executive's services hereunder are personal in nature, and Executive may not assign or delegate Executive'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 permitted assigns. Other than as contemplated in this Section 8**,** no term or provision of this Agreement is intended to be, or shall be, for the benefit of any Person not a party hereto, and no such other Person shall have any right or cause of action hereunder.

9. Governing Law. This Agreement shall be governed by and construed and enforced in accordance with the laws of the State of Florida, without regard to conflicts of laws principles.

10. Jurisdiction and Venue. This Agreement is entered into between Executive and Company in Volusia County, Florida, and becomes binding on the parties in Volusia County, Florida. Should Executive execute this Agreement at any location other than Volusia County, Florida, Executive hereby acknowledges that such was for the sole convenience of the Executive, and Executive hereby waives any claim that the situs of this Agreement is any place other than Volusia County, Florida. Any litigation or other proceeding ("Proceeding") arising out of, under or relating to this Agreement shall be brought, prosecuted and maintained in either (a) the courts of the State of Florida, County of Volusia, or (b) if it has or can acquire jurisdiction, the United States District Court for the Middle District of Florida, and each of the Parties irrevocably submits to the exclusive jurisdiction of each such court in any such Proceeding, waives any objection it may now or hereafter have to venue or to convenience of forum, agrees that all claims in respect of the Proceeding shall be heard and determined only in any such court and agrees not to bring any such Proceeding in any other court. The Parties agree that either or both of them may file a copy of this Section 10 with any court as written evidence of the knowing, voluntary and bargained agreement between the Parties irrevocably to waive any objections to venue or to convenience of forum. Each Party agrees that the chosen exclusive forums are reasonable and shall not be so inconvenient that such Party will, for all practical purposes, be deprived of such Party's day in court. Process in any Proceeding referred to in the first sentence of this Section 10 may be served on any Party anywhere in the world.

11. WAIVER OF JURY TRIAL. THE PARTIES 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, EXECUTIVE'S EMPLOYMENT WITH THE COMPANY, AND/OR THE SEPARATION OF EXECUTIVE FROM EMPLOYMENT WITH THE COMPANY. THE PARTIES UNDERSTAND AND AGREE THAT, BY SIGNING THIS AGREEMENT, ANY LAWSUIT RELATING TO EXECUTIVE'S EMPLOYMENT, OR ANY SEPARATION, WILL BE HEARD BY A JUDGE, RATHER THAN A JURY.

12. Miscellaneous.

(a) *Waiver*. The waiver by Executive, on the one hand, or the Company, on the other hand, 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.

(b) *Entire Agreement*. This Agreement, including all of the Exhibits hereto which are hereby incorporated herein, constitutes the entire agreement, and supersedes all prior employment agreements (including that certain "Employment Agreement" between Executive and the Company executed August 1, 1994) or other agreements and understandings, both written and oral, among the Parties, with respect to the subject matter hereof. 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. Notwithstanding the foregoing, if Executive was a party to any employment, non-competition, non-piracy, non-solicitation or confidentiality agreement with any Affiliate of the Company immediately prior to Executive's employment with Company, nothing herein shall waive or release Executive's post-employment obligations arising under such agreement.

(c) *No Strict Construction; Descriptive Headings; Interpretation.* The language used in this Agreement shall be deemed to be the language chosen by the Parties to express their mutual intent, and no rule of strict construction shall be applied against any party. The descriptive headings of this Agreement are inserted for convenience only and do not constitute a section of this Agreement. The use of the word "including" in this Agreement shall be by way of example rather than by limitation. Any reference to the "discretion" of a Party shall mean the sole judgment or discretion of such Party.

(d) *Executive's Cooperation.* Following the Retirement Date, Executive shall cooperate with the Company and its Affiliates with respect to matters requiring a vote of shareholders at the 2014 Annual Shareholders' Meeting and with respect to any disputes with third parties, internal investigation, or administrative, regulatory, or judicial proceeding, and with other matters as reasonably requested by the Company or its Affiliates (including Executive being available to the Company upon reasonable notice for interviews and factual investigations, appearing at the Company's request to give testimony without requiring service of a subpoena or other legal process, volunteering to the Company all pertinent information and turning over to the Company all relevant documents that are or may come into Executive's possession, all at times and on schedules that are reasonably consistent with Executive's other activities and commitments). If Executive is subpoenaed or is required to testify or provide a deposition or discovery about the Company or its current or former officers, directors or employees, his employment by the Company or the end of that employment, he agrees to contact the Company's General Counsel about the subpoena/demand as promptly as is reasonably possible. Further, Executive agrees to meet and cooperate with the Company's attorneys in preparation for such testimony (and, of course, he will at all times testify truthfully). If the Company requires Executive's cooperation in accordance with this Section 12(d) after the Retirement Date, the Company shall reimburse Executive for reasonable travel expenses (substantiated as required by the Company policies).

(e) *Business Days.* If any time period for giving notice or taking action hereunder expires on a Saturday, Sunday, or holiday observed in the State of Florida, the time period shall be automatically extended to the next business day.

(f) *Tax Withholding; Indemnification and Reimbursement of Payments on Behalf of Executive.* The Company and its Affiliates shall be entitled to deduct or withhold from any amounts owing from the Company or any of its Affiliates to Executive (including withholding shares of other equity securities in the case of issuances of equity by the Company or any of its Affiliates) any federal, state, local, or foreign withholding taxes, excise taxes, or employment taxes ("Taxes") imposed with respect to Executive's compensation or other payments from the Company or any of its Affiliates, including wages, bonuses, distributions, the receipt or exercise of equity options, and/or the receipt or vesting of restricted equity. If any such deductions or withholdings are not made, Executive shall indemnify, defend, and hold harmless the Company and its Affiliates for any amounts paid with respect to any such Taxes, together with any interest, penalties, and related expenses thereto. For avoidance of doubt, for purposes of this Section 12(f), "Taxes" shall exclude the Company's or any Affiliate's portion of any payroll taxes.

(g) If one or more Section(s) of this Agreement are ruled invalid or unenforceable, such invalidity or unenforceability shall not affect any other provision of this Agreement, which shall remain in full force and effect.

(h) The Executive and the Company agree that the disclosure of this document is required by law, and is expected to occur in connection with the filing of the Company's 2013 Annual Report on Form 10-K, which is expected to be filed no later than March 3, 2014. Unless required by law or by a court of competent jurisdiction, it is agreed that this document shall remain confidential until such time as it is filed, and will not be used for any purpose other than enforcing its specific terms in any proceeding between the parties hereto, and it is further agreed that any portions of the document not required to be publicly disclosed shall remain confidential.

______ CTW ______ Brown & Brown, Inc.

(i) *Code Section 409A.* This Agreement and the monies and benefits provided hereunder are intended to qualify for an exemption from Code Section 409A, where applicable, provided, however, that if this Agreement and the monies and benefits provided hereunder are not so exempt, they are intended to comply with Code Section 409A to the extent applicable thereto. Notwithstanding any provision of this Agreement to the contrary, this Agreement shall be interpreted and construed consistent with this intent, provided that the Company shall not be required to assume any increased economic burden in connection therewith. Although the Company intends to administer this Agreement so that it will comply with the requirements of Code Section 409A, the Company does not represent or warrant that this Agreement will comply with Code Section 409A or any other provision of federal, state, or local law. Neither the Company nor its directors, officers, employees or advisers shall be liable to Employee (or any other individual claiming a benefit through Employee) for any tax, interest, or penalties Employee may owe as a result of monies or benefits paid under this Agreement, and the Company shall have no obligation to indemnify or otherwise protect Employee from the obligation to pay any taxes pursuant to Code Section 409A. With respect to the payments provided by Section 2(a)(iii) of this Agreement upon, the Employee's employment shall be treated as terminated if the termination meets the definition of "separation from service" as set forth in Treasury Regulation Section 1.409A-1(h)(l). Notwithstanding anything to the contrary contained in this Agreement, if (a) Employee is a "specified employee" within the meaning of Treasury Regulation Section 1.409A-1(i), and (b) any payment provided by Section 2(a)(iii) does not qualify for exemption from Code Section 409A under the short-term deferral exception to deferred compensation of Treasury Regulation Section 1.409A-1(b)(4), then any payments that are not exempt from Code Section 409A shall be made in accordance with the terms of this Agreement, but in no event earlier than the first to occur of (i) the first day of the seventh month following Employee's termination of employment, or (ii) Employee's death. Any payments delayed pursuant to the prior sentence shall be made in a lump sum on the first day of the seventh month following the date of termination of Executive's employment, and the Company will pay the payments, if any, on and after the first day of the seventh month following the date of termination of Executive's employment at the time(s) and in the form(s) provided by the applicable section(s) of this Agreement. Each payment pursuant to Section 2(a)(iii) shall be considered a "separate payment" and not one of a series of payments for purposes of Code Section 409A.

(j) *Counterparts.* This Agreement may be executed in counterparts, all of which together shall comprise one and the same instrument.

IN WITNESS WHEREOF, the Parties have executed this Transition Agreement effective as of the date first written above.

EXECUTIVE

/s/ Cory T. Walker
Cory T. Walker

Date Signed: November 7, 2013

BROWN & BROWN, INC.

By: /s/ Laurel L. Grammig

Name: Laurel L. Grammig

Date Signed: November 7, 2013

EXHIBIT “A”

(letter addressed to the Corporate Secretary)

I, Cory T. Walker, hereby resign as Chief Financial Officer of Brown & Brown, Inc., a Florida corporation (“Company”), effective immediately. I also hereby resign any and all officer and director positions that I may have with the Company and any direct or indirect subsidiary of the Company. In addition, I agree to sign in the future any reasonable documents that are necessary or desired to effect such resignations from the Company and its direct or indirect subsidiaries. This will confirm that my resignation is not due to any disagreement with such entity relating to the Company’s operations, policies or procedures.

Respectfully,

____
Cory T. Walker

__________ CTW

__________ Brown & Brown, Inc.

EXHIBIT “B”

SUPPLEMENT TO A TRANSITION AGREEMENT

THIS SUPPLEMENT TO A TRANSITION AGREEMENT (this “Supplement”) is made and entered into by and between **BROWN & BROWN, INC.**, a Florida corporation (together with its present and future subsidiaries and affiliates, the “Company”), and **CORY T. WALKER**, a resident of the State of Florida (“Executive”).

BACKGROUND

In connection with Executive’s retirement from the Company, the Company and the Executive executed and delivered a Transition Agreement dated as of November , 2013 (the “Agreement”), pursuant to which, among other things, the Company was to provide certain monetary and other benefits to the Executive under certain circumstances, including his execution and nonrevocation of this Supplement to such Agreement.

NOW, THEREFORE, the Company and the Executive, intending to legally abound, agree as follows:

1. The Executive’s Release of the Company and Personnel.

(a) In exchange for the monies and benefits given by the Company to the Executive under the Agreement to which he is not otherwise entitled, the Executive agrees, on his own behalf and on behalf of any other person entitled to make a claim on his behalf or through him, that he hereby freely, finally, fully and forever releases and discharges the Company from any and all claims and causes of action of any kind or nature that the Executive once had or now has against the Company, including all claims arising out of the Executive’s employment or end of employment with the Company, whether such claims are now known or unknown to the Executive (“Released Claims”). Released Claims do not include (i) any claims which by law may not be released by the Executive; (ii) any claims of the Executive for vested benefits under the Company’s employee benefit plans; and (iii) any claims related to the Company’s performance of the Agreement. The Executive agrees that it is his intent that the releases of claims being given by him in this Supplement are intended to operate as a general release to the maximum extent permitted by law.

(b) The Executive realizes that there are many laws and regulations relating to employment, including Title VII of the Civil Rights Act of 1964, as amended; the Age Discrimination in Employment Act of 1967, as amended; the Americans with Disabilities Act of 1990; the Family and Medical Leave Act; the Employee Retirement Income Security Act of 1974, as amended; and various other federal, state and local constitutions, statutes, ordinances, human rights, discrimination, retaliation/whistleblower, wage payment laws, and common laws (including the laws of contract and tort), including any applicable Florida discrimination, retaliation and wage payment laws. The Executive intends to fully and finally release the Company from any and all claims arising under such laws which he has or may have arising from events occurring prior to the date on which he signs this Supplement except as set forth in the next-to-last sentence of the preceding paragraph above.

(c) The Executive agrees that he does not now have pending any claims or lawsuits against the Company, that he has not suffered an on-the-job injury for which he has not already filed a claim and that he will not in the future commence or join in any lawsuit against the Company. Further, the Executive waives his right to any monetary recovery should any federal, state, or local administrative agency pursue any claims on his behalf arising out of or related to his employment with and/or separation

from employment with the Company. The Executive affirmatively states that to his knowledge the Company is in compliance with all laws and regulations, and that he will not in the future take a contrary position. Should he take a contrary position, the Executive understands and agrees that any sum of money he receives as a consequence will be immediately due and payable to the Company.

2. Informed, Voluntary Signature.

(a) The Executive agrees he has had a full and fair opportunity to review this “Supplement To A Transition Agreement” and signs it knowingly, voluntarily and without duress or coercion. Further, in executing this Supplement, the Executive agrees that he has not relied on any representation or statement not set forth in this Supplement.

(b) The Executive agrees that he was given an opportunity to consider this “Supplement To A Transition Agreement” for twenty-one (21) days before signing it. If he has signed it sooner than twenty-one (21) days after receiving it, the Executive agrees that he has waived the opportunity to review it for that entire period. The Company encourages the Executive to consult an attorney before signing this Supplement.

(c) Federal law requires that (i) this Supplement be revocable by the Executive for seven (7) days following his execution of it and (ii) this Supplement is not effective or enforceable until the seven-day period expires and the Executive has not revoked it. If the Executive wishes to revoke this Supplement, he must send a written notice of revocation to Robert W. Lloyd, Esq., General Counsel of the Company, so it is received not later than the close of business on the seventh day after he signed the Supplement. The Executive understands that, if he revokes this Supplement, he will not receive any of the monies or benefits described in Section 2 of the Agreement, except to the extent the Company otherwise is required to provide them as a matter of law.

(d) Notwithstanding anything herein to the contrary, if the Executive has not executed this “Supplement To A Transition Agreement” with all periods of revocation thereof expired as of the eighth (8th) day following the Retirement Date (the “Required Release Date”), the Executive shall forfeit the right to receive the amounts the Executive would otherwise have been entitled to receive under Section 2(a)(iii) of the Agreement. To the extent necessary to comply with Code Section 409A, if the Retirement Date and the Required Release Date are in two separate taxable years, any payment of amounts under Section 2(a)(iii) of the Agreement that constitute deferred compensation within the meaning of Code Section 409A shall be payable on the later of (i) the date such payment is otherwise payable under the Agreement, or (ii) the first business day of such second taxable year.

(e) Notwithstanding anything else contained in this Agreement to the contrary, Executive understands that he is not releasing any rights to indemnity from the Company for any claims against him arising out of his capacity or service rendered to the Company (or any of its subsidiaries) that are within the scope of: (a) § 607.0850, Florida Statutes; (b) any similar statute in another relevant jurisdiction or (c) the Bylaws or the Articles of Incorporation of the Company or any of its subsidiaries. It is understood that any such indemnification (which, if appropriate will include advancement of expenses) is contingent upon Executive’s compliance with the standards set forth in the relevant statute, bylaw or provision of the articles of incorporation, as applicable. In particular, the Company may require Executive to sign an undertaking to repay any expenses advanced if he is ultimately found not to be entitled to indemnification pursuant to the relevant statute, bylaw or provision of the articles of incorporation.

3. Miscellaneous. This Supplement cannot be signed by the Executive sooner than his last day of employment at the Company. Capitalized Terms used herein and not otherwise defined shall have the meaning given them in the Agreement. The provisions constituting the “Background” section above are hereby incorporated into this Supplement as if set forth herein at length.

_________ CTW | _________ Brown & Brown, Inc.

IN WITNESS WHEREOF, the Parties have executed this Supplement to a Transition Agreement effective on the date written above.

EXECUTIVE		**BROWN & BROWN, INC.**	
______________________________		By:	______________________________
Cory T. Walker			
Date Signed:	______________________________	Name:	______________________________
		Date Signed:	______________________________

__________ CTW __________ Brown & Brown, Inc.

<u>EXHIBIT “C”</u>

[Reference Non-Compete Covenant - 5(e)(ii)]

Alliant Insurance Services
Aon plc
Arthur J. Gallagher & Co
AssuredPartners.
BB&T Corporation
BB&T Insurance Services, Inc.
GTCR
Hellman & Friedman LLC
HUB International
KKR & Co. L.P
Marsh & McLennan Companies
Wells Fargo & Company
Willis Group Holdings plc

And any company owning, owned by or under common ownership with, such entities.

___________ CTW ___________ Brown & Brown, Inc.

EXHIBIT “D”

[Reference Non-Compete Covenant - 5(e)(iii)]

GTCR

AssuredPartners

And any person or entity owning, or entity owned by or under common ownership with, such entities.

Exhibit 21

Brown & Brown, Inc. is the sole owner of the following corporations either directly or indirectly:

Acumen RE Management Corporation	Delaware
Advocator Group Holding Company, Inc.	Florida
Aevo Insurance Services, LLC	Florida
AFC Insurance, Inc.	Pennsylvania
AGIA Premium Finance Company, Inc.	California
Alexander Anthony Insurance, LLC	Utah
Allocation Services, Inc.	Florida
American Claims Management - Atlantic Region, LLC	Georgia
American Claims Management, Inc.	California
American Specialty Insurance & Risk Services, Inc.	Indiana
Apex Insurance Agency, Inc.	Virginia
Arrowhead General Insurance Agency - Atlantic Region, LLC	Georgia
Arrowhead General Insurance Agency Holding Corp.	Delaware
Arrowhead General Insurance Agency Superholding Corp.	Delaware
Arrowhead General Insurance Agency, Inc.	Minnesota
Arrowhead Specialty Underwriting, LLC	Georgia
AVIRS Acquisition, LLC	Pennsylvania
Axiom Re, LP	Florida
Azure International Holding Co.	Delaware
B&B Protector Plans, Inc.	Florida
B&B TN Holding Company, Inc.	Delaware
BB FL Holding 2, LLC	Florida
BB FL Holding, LLC	Florida
Beecher Carlson Brokerage, Ltd.	Bermuda
Beecher Carlson Cayman, Ltd.	Cayman Islands
Beecher Carlson Holdings, Inc.	Delaware
Beecher Carlson Insurance Services of Colorado, LLC	Colorado
Beecher Carlson Insurance Services, LLC	California
Beecher Carlson Management, Ltd.	Bermuda
Beecher Carlson of Florida, Inc.	Florida
Braishfield Associates of New York, Inc.	New York
Braishfield Associates, Inc.	Florida
Brown & Brown Acquisition Group, LLC	Delaware
Brown & Brown Agency of Insurance Professionals, Inc.	Oklahoma
Brown & Brown Benefit Advisors, Inc.	New Jersey
Brown & Brown Disaster Relief Foundation, Inc.	Florida
Brown & Brown Insurance Agency of Virginia, Inc.	Virginia
Brown & Brown Insurance Brokers of Sacramento, Inc.	California
Brown & Brown Insurance of Arizona, Inc.	Arizona
Brown & Brown Insurance of Georgia, Inc.	Georgia
Brown & Brown Insurance of Nevada, Inc.	Nevada

Brown & Brown Insurance Services of California, Inc.	California
Brown & Brown Insurance Services of The Bay Area, Inc.	California
Brown & Brown Lone Star Insurance Services, Inc.	Texas
Brown & Brown Metro, Inc.	New Jersey
Brown & Brown NJ Holding Co., Inc.	Florida
Brown & Brown of Arkansas, Inc.	Arkansas
Brown & Brown of Bartlesville, Inc.	Oklahoma
Brown & Brown of Central Carolina, Inc.	North Carolina
Brown & Brown of Central Michigan, Inc.	Michigan
Brown & Brown of Central Oklahoma, Inc.	Oklahoma
Brown & Brown of Colorado, Inc.	Colorado
Brown & Brown of Connecticut, Inc.	Connecticut
Brown & Brown of Delaware, Inc.	Delaware
Brown & Brown of Detroit, Inc.	Michigan
Brown & Brown of Florida, Inc.	Florida
Brown & Brown of Garden City, Inc.	Florida
Brown & Brown of Illinois, Inc.	Illinois
Brown & Brown of Indiana, LLC	Indiana
Brown & Brown of Iowa, Inc.	Iowa
Brown & Brown of Kentucky, Inc.	Kentucky
Brown & Brown of Lehigh Valley, LP	Pennsylvania
Brown & Brown of Louisiana, LLC	Louisiana
Brown & Brown of Massachusetts, LLC	Massachusetts
Brown & Brown of Michigan, Inc.	Michigan
Brown & Brown of Minnesota, Inc.	Minnesota
Brown & Brown of Mississippi, LLC	Delaware
Brown & Brown of Missouri, Inc.	Missouri
Brown & Brown of Nashville, Inc.	Tennessee
Brown & Brown of New Hampshire, Inc.	New Hampshire
Brown & Brown of New Jersey, LLC	New Jersey
Brown & Brown of New Mexico, Inc.	New Mexico
Brown & Brown of New York, Inc.	New York
Brown & Brown of North Dakota, Inc.	North Dakota
Brown & Brown of Northern Illinois, Inc.	Delaware
Brown & Brown of Ohio, LLC	Ohio
Brown & Brown of Oregon, LLC	Oregon
Brown & Brown of Pennsylvania, LP	Pennsylvania
Brown & Brown of South Carolina, Inc.	South Carolina
Brown & Brown of Tennessee, Inc.	Tennessee
Brown & Brown of Washington, Inc.	Washington
Brown & Brown of West Virginia, Inc.	West Virginia
Brown & Brown of Wisconsin, Inc.	Wisconsin
Brown & Brown PA Holding Co. 2, LLC	Florida
Brown & Brown PA Holding Co., LLC	Florida
Brown & Brown Program Insurance Services, Inc.	California
Brown & Brown Realty Co.	Delaware

CC Acquisition Corp.	Florida
Colonial Claims Corporation	Florida
Combined Group Insurance Services, Inc.	Texas
Decus Holdings (UK) Limited	United Kingdom
Decus Insurance Brokers Limited	United Kingdom
ECC Insurance Brokers, Inc.	Illinois
Elohssa, Inc.	Florida
Florida Intracoastal Underwriters, Limited Company	Florida
Graham-Rogers, Inc.	Oklahoma
Green Insurance Company	Bermuda
Halcyon Underwriters, Inc.	Florida
Healthcare Insurance Professionals, Inc.	Texas
Healthcare Professionals Insurance Services, Inc.	California
Hull & Company of New York, Inc.	New York
Hull & Company, Inc.	Florida
ICA, LP	North Carolina
Independent Consulting & Risk Management Services, Inc.	California
Industry Consulting Group, Inc.	Florida
International E & S Insurance Brokers, Inc.	California
Investigation Solutions, Inc.	California
Irving Weber Associates, Inc.	New York
Lancer Claims Services, Inc.	Nevada
MacDuff America, Inc.	Florida
MacDuff Underwriters, Inc.	Florida
Madoline Corporation	Florida
Marquee Managed Care Solutions, Inc.	California
Monarch Management Corporation	Kansas
National ConnectForce Claims, Inc.	California
OnPoint Insurance Services, LLC	Delaware
OnPoint Underwriting, Inc.	Delaware
Peachtree Special Risk Brokers of New York, LLC	New York
Peachtree Special Risk Brokers, LLC	Georgia
Preferred Governmental Claim Solutions, Inc.	Florida
Premier Interpreting & Transportation, Inc.	California
Procor Solutions LLC	New Jersey
Proctor Financial, Inc.	Michigan
Program Management Services, Inc.	Florida
Public Risk Underwriters Insurance Services of Texas, LLC	Texas
Public Risk Underwriters of Florida, Inc.	Florida
Public Risk Underwriters of Georgia, Inc.	Georgia
Public Risk Underwriters of Illinois, LLC	Illinois
Public Risk Underwriters of Indiana, LLC	Indiana
Public Risk Underwriters of New Jersey, Inc.	New Jersey
Public Risk Underwriters of The Northwest, Inc.	Washington
Public Risk Underwriters, LLC	Florida
Risk Management Associates, Inc.	Florida

SIM Insurance Services, LLC	Texas
Spectrum Wholesale Insurance Services, LLC	Delaware
Superior Recovery Services, Inc.	California
Texas Security General Insurance Agency, Inc.	Texas
The Advocator Group, LLC	Florida
Title Pac, Inc.	Oklahoma
Tribal Nation Insurance Services, LLC	Connecticut
TSG Premium Finance, LLC	Texas
USIS, Inc.	Florida
YouZoom Insurance Services, Inc.	California

Exhibit 23

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 February 28, 2014, 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, 2013.

/s/ DELOITTE & TOUCHE LLP

Certified Public Accountants
Jacksonville, Florida
February 28, 2014

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 2013 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 22, 2014

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 2013 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 22, 2014

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 2013 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 22, 2014

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 2013 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 22, 2014

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 2013 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 22, 2014

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 2013 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/ JAMES S. HUNT
James S. Hunt

Dated: January 22, 2014

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 2013 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 22, 2014

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 2013 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 22, 2014

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 2013 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, JR.
H. Palmer Proctor, Jr.

Dated: January 22, 2014

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 2013 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 22, 2014

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 2013 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 22, 2014

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 2013 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 22, 2014

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: February 28, 2014

/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: February 28, 2014

/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, 2013 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: February 28, 2014

/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, 2013 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: February 28, 2014

/s/ Cory T. Walker
Cory T. Walker
Chief Financial Officer