

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

FORM 8-K

**CURRENT REPORT
Pursuant to Section 13 or 15(d)
of The Securities Exchange Act of 1934**

Date of Report (Date of earliest event reported): April 26, 2021

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

Florida
(State or other jurisdiction
of incorporation)

001-13619
(Commission
File Number)

59-0864469
(IRS Employer
Identification No.)

300 North Beach Street, Daytona Beach, Florida 32114
(Address of principal executive offices) (Zip Code)

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

N/A
(Former name or former address, if changed since last report.)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, \$0.10 Par Value	BRO	New York Stock Exchange

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 or Rule 12b-2 of the Securities Exchange Act of 1934.

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Item 2.02 Results of Operations and Financial Condition.

On April 26, 2021, Brown & Brown, Inc. issued a press release announcing its results of operations for the first quarter ended March 31, 2021. A copy of the press release is furnished as Exhibit 99.1 hereto and is incorporated herein by reference.

The information furnished herewith pursuant to Item 2.02 of this Current Report, including Exhibit 99.1, shall not be deemed to be filed for the purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liabilities of that section. The information in this current report shall not be incorporated by reference into any registration statement or other document pursuant to the Securities Act of 1933, as amended, except as shall be expressly set forth by specific reference in such filing.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits

The following exhibit is furnished herewith:

Exhibit No.	Description
99.1	Press Release dated April 26, 2021.
104	Cover Page Interactive Data File (formatted as inline XBRL).

SIGNATURES

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

Date: April 26, 2021

BROWN & BROWN, INC.
(Registrant)

By: /S/ R. ANDREW WATTS
R. Andrew Watts, Chief Financial Officer



News Release

R. Andrew Watts
Chief Financial Officer
(386) 239-5770

April 26, 2021

BROWN & BROWN, INC. ANNOUNCES QUARTERLY REVENUES OF \$815.3 MILLION, AN INCREASE OF 16.7%, DILUTED NET INCOME PER SHARE OF \$0.70, AND A QUARTERLY DIVIDEND OF \$0.0925 PER SHARE

(Daytona Beach, Florida) . . . Brown & Brown, Inc. (NYSE:BRO) (the "Company") today announced its unaudited financial results for the first quarter of 2021.

Revenues for the first quarter of 2021 under U.S. generally accepted accounting principles ("GAAP") were \$815.3 million, increasing \$116.8 million, or 16.7%, compared to the first quarter of the prior year, with commissions and fees increasing by 16.9% and Organic Revenue⁽¹⁾ increasing by 9.8%. Net income was \$199.7 million, increasing \$47.3 million, or 31.0%, and diluted net income per share increased to \$0.70, or 29.6% as compared to the first quarter of the prior year. Diluted Net Income Per Share - Adjusted⁽²⁾ increased to \$0.70, or 37.3%, compared to the first quarter of the prior year.

J. Powell Brown, President and Chief Executive Officer of the Company, noted, "We had a great quarter. The results were driven by more new business, good retention, and rate increases across all four divisions. Our team did an outstanding job of delivering for our customers in a work-from-anywhere environment."

In addition, the Company today announced that the Board of Directors has declared a regular quarterly cash dividend of \$0.0925 per share. The dividend is payable on May 19, 2021 to shareholders of record on May 10, 2021.

**Reconciliation of Commissions and Fees
to Organic Revenue
Three Months Ended March 31, 2021 and 2020
(in millions, unaudited)**

	Three Months Ended	
	03/31/2021	03/31/2020
Commissions and fees	\$ 814.0	\$ 696.5
Profit-sharing contingent commissions	(25.9)	(23.9)
Guaranteed supplemental commissions	(5.3)	(3.9)
Core commissions and fees	\$ 782.8	\$ 668.7
Acquisitions	(48.7)	—
Dispositions	—	(0.2)
Foreign currency translation	—	0.2
Organic Revenue	\$ 734.1	\$ 668.7
Organic Revenue growth	\$ 65.4	
Organic Revenue growth %	9.8 %	

(1) "Organic Revenue," a non-GAAP measure, is defined as commissions and fees less (i) the first twelve months of commission and fee revenues generated from acquisitions, less (ii) profit-sharing contingent commissions (revenues from insurance companies based upon the volume and the growth and/or profitability of the business placed with such companies during the prior year - "contingents"), less (iii) guaranteed supplemental commissions (commissions from insurance companies based solely upon the volume of the business placed with such companies during the current year - "GSCs"), less (iv) divested business (net commissions and fees generated from offices and books of business sold by the Company) with the associated revenue removed from the corresponding period of the prior year, and less (v) the period-over-period impact of foreign currency translation, as applicable, which is calculated by applying current year foreign exchange rates to the same period in the prior year. Organic Revenue can be expressed as a dollar amount or a percentage rate when describing Organic Revenue growth. We have historically viewed Organic Revenue and Organic Revenue growth as important indicators when assessing and evaluating our performance on a consolidated basis and for each of our four segments, because it allows us to determine a comparable, but non-GAAP, measurement of revenue growth that is associated with the revenue sources that were a part of our business in both the current and prior year and that are expected to continue in the future.

**Reconciliation of Diluted Net Income Per Share to
Diluted Net Income Per Share - Adjusted
Three Months Ended March 31, 2021 and 2020
(unaudited)**

	Three Months Ended		Change	
	03/31/2021	03/31/2020	\$	%
Diluted net income per share	\$ 0.70	\$ 0.54	\$ 0.16	29.6 %
Change in estimated acquisition earn-out payables	—	(0.03)	0.03	
Diluted Net Income Per Share - Adjusted	\$ 0.70	\$ 0.51	\$ 0.19	37.3 %

(2) "Diluted Net Income Per Share - Adjusted," a non-GAAP measure, is defined as diluted net income per share, excluding the change in estimated acquisition earn-out payables. We believe Diluted Net Income Per Share - Adjusted provides a meaningful representation of our operating performance and improves the comparability of our results between periods by excluding the impact of the change in estimated acquisition earn-out payables and certain other non-recurring or infrequently occurring items that have a high degree of variability from period-to-period and that we believe are not indicative of the Company's ongoing performance.

Income before income taxes for the first quarter of 2021 was \$239.2 million, an increase of \$33.9 million, or 16.5%, and Income

Before Income Taxes Margin⁽³⁾ decreased to 29.3% from 29.4% as compared to the first quarter of the prior year.

In order to provide a better understanding of our business, we evaluate EBITDAC⁽⁴⁾ performance. We view EBITDAC and EBITDAC Margin⁽⁵⁾ as important indicators when assessing and evaluating our performance, as they present more comparable, but non-GAAP, measurements of our operating margins in a meaningful and consistent manner. EBITDAC for the first quarter of 2021 was \$291.6 million, an increase of \$49.6 million, or 20.5%, compared to the first quarter of the prior year. EBITDAC Margin increased to 35.8% in the first quarter of 2021, as compared to 34.6% in the same period of 2020.

**Reconciliation of Income Before Income Taxes to EBITDAC and
Income Before Income Taxes Margin to EBITDAC Margin
Three Months Ended March 31, 2021 and 2020
(in millions, unaudited)**

	Three Months Ended	
	03/31/2021	03/31/2020
Income before income taxes	\$ 239.2	\$ 205.3
Income Before Income Taxes Margin	29.3 %	29.4 %
Amortization	29.5	26.4
Depreciation	7.5	6.0
Interest	16.3	15.3
Change in estimated acquisition earn-out payables	(0.9)	(11.0)
EBITDAC	\$ 291.6	\$ 242.0
EBITDAC Margin	35.8 %	34.6 %

(3) "Income Before Income Taxes Margin" is defined as income before income taxes divided by total revenues.

(4) "EBITDAC," a non-GAAP measure, is defined as income before interest, income taxes, depreciation, amortization and the change in estimated acquisition earn-out payables.

(5) "EBITDAC Margin," a non-GAAP measure, is defined as EBITDAC divided by total revenues.

Brown & Brown, Inc.
Consolidated Statements of Income
(in millions, except per share data; unaudited)

	Three Months Ended March 31,	
	2021	2020
REVENUES		
Commissions and fees	\$ 814.0	\$ 696.5
Investment income	0.3	1.2
Other	1.0	0.8
Total revenues	<u>815.3</u>	<u>698.5</u>
EXPENSES		
Employee compensation and benefits	429.5	349.6
Other operating expenses	94.4	107.2
(Gain) on disposal	(0.2)	(0.3)
Amortization	29.5	26.4
Depreciation	7.5	6.0
Interest	16.3	15.3
Change in estimated acquisition earn-out payables	(0.9)	(11.0)
Total expenses	<u>576.1</u>	<u>493.2</u>
Income before income taxes	239.2	205.3
Income taxes	39.5	52.9
Net income	<u>\$ 199.7</u>	<u>\$ 152.4</u>
Net income per share:		
Basic	<u>\$ 0.71</u>	<u>\$ 0.54</u>
Diluted	<u>\$ 0.70</u>	<u>\$ 0.54</u>
Weighted average number of shares outstanding - in thousands:		
Basic	<u>275,594</u>	<u>272,776</u>
Diluted	<u>276,955</u>	<u>274,861</u>
Dividends declared per share	<u>\$ 0.093</u>	<u>\$ 0.085</u>

Brown & Brown, Inc.
Consolidated Balance Sheets
(in millions, except per share data, unaudited)

	<u>March 31,</u> <u>2021</u>	<u>December 31,</u> <u>2020</u>
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 678.7	\$ 817.4
Restricted cash	462.0	454.5
Short-term investments	11.9	18.3
Premiums, commissions and fees receivable	1,153.1	1,099.2
Reinsurance recoverable	26.3	43.5
Prepaid reinsurance premiums	345.0	377.6
Other current assets	116.1	147.7
Total current assets	<u>2,793.1</u>	<u>2,958.2</u>
Fixed assets, net	205.8	201.1
Operating lease assets	180.9	187.0
Goodwill	4,473.0	4,395.9
Amortizable intangible assets, net	1,060.4	1,049.7
Investments	31.7	25.0
Other assets	165.9	149.6
Total assets	<u>\$ 8,910.8</u>	<u>\$ 8,966.5</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Premiums payable to insurance companies	\$ 1,147.5	\$ 1,198.5
Losses and loss adjustment reserve	26.3	43.5
Unearned premiums	345.0	377.6
Premium deposits and credits due customers	128.4	102.5
Accounts payable	245.8	190.5
Accrued expenses and other liabilities	278.0	371.8
Current portion of long-term debt	70.0	70.0
Total current liabilities	<u>2,241.0</u>	<u>2,354.4</u>
Long-term debt	2,009.1	2,025.9
Operating lease liabilities	167.0	172.9
Deferred income taxes, net	359.6	344.2
Other liabilities	303.1	314.9
Shareholders' equity:		
Common stock, par value \$0.10 per share; authorized 560,000 shares; issued 300,223 shares and outstanding 281,980 at 2021, issued 299,689 shares and outstanding 283,004 shares at 2020 - in thousands.	30.0	30.0
Additional paid-in capital	772.9	794.9
Treasury stock, at cost 18,243 shares at 2021, 16,685 at 2020, respectively - in thousands.	(661.4)	(591.3)
Accumulated other comprehensive loss	(5.0)	—
Retained earnings	3,694.5	3,520.6
Total shareholders' equity	<u>3,831.0</u>	<u>3,754.2</u>
Total liabilities and shareholders' equity	<u>\$ 8,910.8</u>	<u>\$ 8,966.5</u>

Brown & Brown, Inc.
Consolidated Statements of Cash Flows
(in millions, unaudited)

	Three Months Ended March 31,	
	2021	2020
Cash flows from operating activities:		
Net income	\$ 199.7	\$ 152.4
Adjustments to reconcile net income to net cash provided by operating activities:		
Amortization	29.5	26.4
Depreciation	7.5	6.0
Non-cash stock-based compensation	18.7	9.0
Change in estimated acquisition earn-out payables	(0.9)	(11.0)
Deferred income taxes	10.6	(5.0)
Amortization of debt discount and disposal of deferred financing costs	0.6	0.5
Net (gain)/loss on sales of investments, fixed assets and customer accounts	(0.4)	(0.2)
Payments on acquisition earn-outs in excess of original estimated payables	(0.4)	(0.3)
Effect of changes in foreign exchange rate	0.2	—
Changes in operating assets and liabilities, net of effect from acquisitions and divestitures:		
Premiums, commissions and fees receivable (increase)/decrease	(22.0)	(53.0)
Reinsurance recoverables (increase)/decrease	17.2	24.9
Prepaid reinsurance premiums (increase)/decrease	32.6	32.2
Other assets (increase)/decrease	25.3	24.6
Premiums payable to insurance companies increase/(decrease)	(103.8)	(53.6)
Premium deposits and credits due customers increase/(decrease)	25.9	13.1
Losses and loss adjustment reserve increase/(decrease)	(17.2)	(24.9)
Unearned premiums increase/(decrease)	(32.6)	(32.2)
Accounts payable increase/(decrease)	68.9	57.0
Accrued expenses and other liabilities increase/(decrease)	(107.0)	(126.8)
Other liabilities increase/(decrease)	(27.3)	(5.3)
Net cash provided by operating activities	125.1	33.8
Cash flows from investing activities:		
Additions to fixed assets	(11.4)	(16.5)
Payments for businesses acquired, net of cash acquired	(70.4)	(153.3)
Proceeds from sales of fixed assets and customer accounts	0.1	0.4
Purchases of investments	(5.1)	(1.5)
Proceeds from sales of investments	4.4	1.7
Net cash used in investing activities	(82.4)	(169.2)
Cash flows from financing activities:		
Payments on acquisition earn-outs	(15.1)	(6.5)
Payments on long-term debt	(17.5)	(13.8)
Repurchase shares to fund tax withholdings for non-cash stock-based compensation	(45.1)	(6.8)
Purchase of treasury stock	(70.0)	(1.4)
Cash dividends paid	(26.1)	(23.9)
Net cash provided by/(used in) financing activities	(173.8)	(52.4)
Effect of foreign exchange rate changes in cash and cash equivalents inclusive of restricted cash	(0.1)	—
Net decrease in cash and cash equivalents inclusive of restricted cash	(131.2)	(187.8)
Cash and cash equivalents inclusive of restricted cash at beginning of period	1,271.9	963.0
Cash and cash equivalents inclusive of restricted cash at end of period	\$ 1,140.7	\$ 775.2

Conference call, webcast and slide presentation

A conference call to discuss the results of the first quarter of 2021 will be held on Tuesday, April 27, 2021 at 8:00 AM (EDT). The Company may refer to a slide presentation during its conference call. You can access the webcast and the slides from the "Investor Relations" section of the Company's website at www.bbinsurance.com.

About Brown & Brown

Brown & Brown, Inc. (NYSE: BRO) is a leading insurance brokerage firm, providing risk management solutions to individuals and businesses. With more than 80 years of proven success and thousands of teammates, we offer knowledge you can trust and strive to deliver superior customer service. For more information, please visit www.bbinsurance.com.

Forward-looking statements

This press release may contain certain statements relating to future results which are "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934, which are intended to be covered by the safe harbors created by those laws. These forward-looking statements include those relating to the Company's anticipated financial results for the first quarter of 2021 and the potential effects of the COVID-19 pandemic ("COVID-19") on the Company's business, operations, financial performance and prospects. These statements are not historical facts, but instead represent only the Company's current belief regarding future events, many of which, by their nature, are inherently uncertain and outside of the Company's control. It is possible that the Company's actual results, financial condition and achievements may differ, possibly materially, from the anticipated results, financial condition and achievements contemplated by these forward-looking statements. Further, statements about the effects of COVID-19 on our business, operations, financial performance and prospects may constitute forward-looking statements and are subject to the risk that the actual impacts may differ, possibly materially, from what is reflected in those forward-looking statements due to factors and future developments that are uncertain, unpredictable and in many cases beyond our control, including the scope and duration of COVID-19, actions taken by governmental authorities in response to COVID-19, and the direct and indirect impact of COVID-19 on our customers, insurance carriers, third parties and us. These risks and uncertainties include, but are not limited to, COVID-19 and the resulting governmental and societal responses, the severity and duration of COVID-19, and the resulting impact on the U.S. economy, the global economy, and the Company's business, liquidity, customers, insurance carriers and third parties; the Company's determination as it finalizes its financial results for the first quarter of 2021 that its financial results differ from the current preliminary unaudited numbers set forth herein; the inability to retain or hire qualified employees, as well as the loss of any of our executive officers or other key employees; acquisition-related risks that could negatively affect the success of our growth strategy, including the possibility that we may not be able to successfully identify suitable acquisition candidates, complete acquisitions, integrate acquired businesses into our operations and expand into new markets; a cybersecurity attack or any other interruption in information technology and/or data security and/or outsourcing relationships; the requirement for additional resources and time to adequately respond to dynamics resulting from rapid technological change; the loss of or significant change to any of our insurance company relationships, which could result in additional expense, loss of market share or material decrease in our profit-sharing contingent commissions, guaranteed supplemental commissions or incentive commissions; adverse economic conditions, natural disasters, or regulatory changes in states where we have a concentration of our business; the inability to maintain our culture or a change in management, management philosophy or our business strategy; risks facing us in our Services Segment, including our third-party claims administration operations, that are distinct from those we face in our insurance intermediary operations; the limitations of our system of disclosure and internal controls and procedures in preventing errors or fraud, or in informing management of all material information in a timely manner; the significant control certain existing shareholders have over the Company; risks related to our international operations, which may require more time and expense than our domestic operations to achieve or maintain profitability; changes in data privacy and protection laws and regulations or any failure to comply with such laws and regulations; improper disclosure of confidential information; the potential adverse effect of certain actual or potential claims, regulatory actions or proceedings on our businesses, results of operations, financial condition or liquidity; uncertainty in our business practices and compensation arrangements due to potential changes in regulations; regulatory changes that could reduce our profitability or growth by increasing compliance costs, technology compliance, 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 customers, carriers and third-parties; a decrease in demand for liability insurance as a result of tort reform litigation; our failure to comply with any covenants contained in our debt agreements; the possibility that covenants in our debt agreements could prevent us from engaging in certain potentially beneficial activities; changes in the U.S.-based credit markets that might adversely affect our business, results of operations and financial condition; risks associated with the current interest rate environment, and to the extent we use debt to finance our investments, changes in interest rates will affect our cost of capital and net investment income; disintermediation within the insurance industry, including increased competition from insurance companies, technology companies and the financial services industry, as well as the shift away from traditional insurance markets; changes in current U.S. or global economic conditions; effects related to pandemics, epidemics, or outbreaks of infectious diseases; conditions that result in reduced insurer capacity; 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; intangible asset risk, including the possibility that our goodwill may become impaired in the future; other risks and uncertainties as may be detailed from time to time in our public announcements and Securities and Exchange Commission filings; and other factors that the Company may not have currently identified or quantified. All forward-looking statements made herein are made only as of the date of this release, and the Company does not undertake any obligation to publicly update or correct any forward-looking statements to reflect events or circumstances that subsequently occur or of which the Company hereafter becomes aware.

Non-GAAP supplemental financial information

This press release contains references to the following non-GAAP financial measures as defined in Regulation G of SEC rules: Organic Revenue, Diluted Net Income Per Share - Adjusted, EBITDAC and EBITDAC Margin.

Reconciliations of these supplemental non-GAAP financial information to the Company's GAAP information are contained in this earnings release. These measures are not in accordance with, or an alternative to the GAAP information provided in the Company's condensed consolidated financial statements.

We present such non-GAAP supplemental financial information because we believe such information is of interest to the investment community and because we believe it provides additional meaningful methods of evaluating certain aspects of the Company's operating performance from period to period on a basis that may not be otherwise apparent on a GAAP basis. We believe these non-GAAP measures improve the comparability of results between periods by excluding the impact of certain items that have a high degree of variability. We believe that Organic Revenue provides a meaningful representation of the Company's operating performance; the Company has historically viewed Organic Revenue and Organic Revenue growth as important indicators when assessing and evaluating the performance on a consolidated basis and for each of its four segments. We believe Diluted Net Income Per Share - Adjusted provides a meaningful representation of our operating performance and improves the comparability of our results between periods by excluding the impact of the change in estimated acquisition earn-out payables and certain other non-recurring or infrequently occurring items that have a high degree of variability from period-to-period and that we believe are not indicative of the Company's ongoing performance. We view EBITDAC and EBITDAC Margin as important indicators when assessing and evaluating our performance, as they present more comparable measurements of our operating margins in a meaningful and consistent manner. As disclosed in our most recent proxy statement, we use Organic Revenue and EBITDAC Margin for incentive compensation determinations for executive officers and other key employees.

Our industry peers may provide similar supplemental non-GAAP information with respect to one or more of these measures, although they may not use the same or comparable terminology and may not make identical adjustments. This supplemental non-GAAP financial information should be considered in addition to, and not in lieu of, the Company's condensed consolidated financial statements.

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