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

FORM 10-Q

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

For the quarterly period ended March 31, 2017

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

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

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

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

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth 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	☐
Emerging growth company	o		

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. o

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

The number of shares of the Registrant's common stock, $0.10 par value, outstanding as of May 1, 2017 was 140,269,131.

BROWN & BROWN, INC.

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Disclosure Regarding Forward-Looking Statements

Brown & Brown, Inc., together with its subsidiaries (collectively, "we," "Brown & Brown" or the "Company"), makes "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 potential future events. Although we believe the expectations expressed in the forward-looking statements included in this Quarterly Report on Form 10-Q and the reports, statements, information and announcements incorporated by reference into this report are based upon 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 but are not limited to the following items, in addition to those matters described in Part I, Item 2 "Management's Discussion and Analysis of Financial Condition and Results of Operations":

- Future prospects;
- Material adverse changes in economic conditions in the markets we serve and in the general economy;
- Premium rates set by insurance companies and insurable exposure units, which have traditionally varied and are difficult to predict;
- Future regulatory actions and conditions in the states in which we conduct our business;
- The occurrence of adverse economic conditions, an adverse regulatory climate, or a disaster in Arizona, California, Florida, Georgia, Illinois, Indiana, Kansas, Kentucky, Massachusetts, Michigan, New Jersey, New York, Oregon, Pennsylvania, Texas, Virginia and Washington, because a significant portion of business written by us is for customers located in these states;
- Our ability to attract, retain and enhance qualified personnel;
- Competition from others in or entering into the insurance agency, wholesale brokerage, insurance programs and related service business;
- The integration of our operations with those of businesses or assets we have acquired or may acquire in the future and the failure to realize the expected benefits of such integration;
- Risks that could negatively affect our acquisition strategy, including continuing consolidation among insurance intermediaries and the increasing presence of private equity investors driving up valuations;
- Our ability to forecast liquidity needs through at least the end of 2017;
- Our ability to renew or replace expiring leases;
- Outcomes of existing or future legal proceedings and governmental investigations;
- Policy cancellations and renewal terms, which can be unpredictable;
- Potential changes to the tax rate that would affect the value of deferred tax assets and liabilities and the impact on income available for investment or distributable to shareholders;
- 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");
- Our ability to effectively utilize technology to provide improved value for our customers or carrier partners as well as applying effective internal controls and efficiencies in operations; 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 are not based upon 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 upon 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 — FINANCIAL INFORMATION

ITEM 1 — Financial Statements (Unaudited)

BROWN & BROWN, INC.

CONDENSED CONSOLIDATED STATEMENTS OF INCOME
(UNAUDITED)

(in thousands, except per share data)	For the three months ended March 31,	
	2017	**2016**
REVENUES		
Commissions and fees	$ 444,566	$ 422,335
Investment income	243	418
Other income, net	20,271	1,420
Total revenues	465,080	424,173
EXPENSES		
Employee compensation and benefits	245,866	224,059
Other operating expenses	66,919	63,605
Gain on disposal	(100)	(2,044)
Amortization	21,620	21,610
Depreciation	6,098	5,318
Interest	9,682	9,897
Change in estimated acquisition earn-out payables	4,028	(821)
Total expenses	354,113	321,624
Income before income taxes	110,967	102,549
Income taxes	40,857	40,479
Net income	$ 70,110	$ 62,070
Net income per share:		
Basic	$ 0.50	$ 0.45
Diluted	$ 0.49	$ 0.44
Dividends declared per share	$ 0.14	$ 0.12

See accompanying Notes to Condensed Consolidated Financial Statements.

BROWN & BROWN, INC.

CONDENSED CONSOLIDATED BALANCE SHEETS
(UNAUDITED)

(in thousands, except per share data)	March 31, 2017	December 31, 2016
ASSETS		
Current Assets:		
Cash and cash equivalents	$ 546,721	$ 515,646
Restricted cash and investments	279,368	265,637
Short-term investments	20,622	15,048
Premiums, commissions and fees receivable	486,291	502,482
Reinsurance recoverable	39,239	78,083
Prepaid reinsurance premiums	280,140	308,661
Other current assets	44,584	50,571
Total current assets	1,696,965	1,736,128
Fixed assets, net	72,607	75,807
Goodwill	2,675,831	2,675,402
Amortizable intangible assets, net	685,519	707,454
Investments	17,153	23,048
Other assets	49,369	44,895
Total assets	$ 5,197,444	$ 5,262,734
LIABILITIES AND SHAREHOLDERS’ EQUITY		
Current Liabilities:		
Premiums payable to insurance companies	$ 643,181	$ 647,564
Losses and loss adjustment reserve	39,239	78,083
Unearned premiums	280,140	308,661
Premium deposits and credits due customers	90,853	83,765
Accounts payable	104,819	69,595
Accrued expenses and other liabilities	124,676	201,989
Current portion of long-term debt	55,000	55,500
Total current liabilities	1,337,908	1,445,157
Long-term debt, less unamortized discount and debt issuance costs	1,005,044	1,018,372
Deferred income taxes, net	368,323	357,686
Other liabilities	70,373	81,308
Shareholders’ Equity:		
Common stock, par value $0.10 per share; authorized 280,000 shares; issued 148,277 shares and outstanding 140,274 shares at 2017, issued 148,107 shares and outstanding 140,104 shares at 2016	14,828	14,811
Additional paid-in capital	472,749	468,443
Treasury stock, at cost 8,003 shares at 2017 and 2016, respectively	(257,683)	(257,683)
Retained earnings	2,185,902	2,134,640
Total shareholders’ equity	2,415,796	2,360,211
Total liabilities and shareholders’ equity	$ 5,197,444	$ 5,262,734

See accompanying Notes to Condensed Consolidated Financial Statements.

BROWN & BROWN, INC.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS(UNAUDITED)

(in thousands)	For the three months ended March 31, 2017	2016
Cash flows from operating activities:		
Net income	$ 70,110	$ 62,070
Adjustments to reconcile net income to net cash provided by operating activities:		
Amortization	21,620	21,610
Depreciation	6,098	5,318
Non-cash stock-based compensation	8,564	2,772
Change in estimated acquisition earn-out payables	4,028	(821)
Deferred income taxes	10,005	9,933
Amortization of debt discount	39	39
Amortization and disposal of deferred financing costs	383	420
Accretion of discounts and premiums, investments	8	18
Income tax benefit from exercise of shares from the stock benefit plans	—	(1,249)
Net gain on sales of investments, fixed assets and customer accounts	(2)	(1,911)
Payments on acquisition earn-outs in excess of original estimated payables	(4,547)	(3,550)
Changes in operating assets and liabilities, net of effect from acquisitions and divestitures:		
Premiums, commissions and fees receivable decrease	16,297	5,229
Reinsurance recoverables decrease (increase)	38,844	(26,161)
Prepaid reinsurance premiums decrease	28,521	29,859
Other assets decrease (increase)	1,404	(21,247)
Premiums payable to insurance companies (decrease)	(4,383)	(21,139)
Premium deposits and credits due customers increase	7,088	6,238
Losses and loss adjustment reserve (decrease) increase	(38,844)	26,161
Unearned premiums (decrease)	(28,521)	(29,859)
Accounts payable increase	45,386	22,962
Accrued expenses and other liabilities (decrease)	(77,325)	(50,034)
Other liabilities (decrease)	(14,752)	(3,436)
Net cash provided by operating activities	90,021	33,222
Cash flows from investing activities:		
Additions to fixed assets	(3,032)	(4,252)
Payments for businesses acquired, net of cash acquired	—	(40,603)
Proceeds from sales of fixed assets and customer accounts	589	2,467
Purchases of investments	(379)	(10,106)
Proceeds from sales of investments	679	7,604
Net cash used in investing activities	(2,143)	(44,890)
Cash flows from financing activities:		
Payments on acquisition earn-outs	(5,683)	(5,527)
Payments on long-term debt	(14,250)	(6,875)
Income tax benefit from exercise of shares from the stock benefit plans	—	1,249
Issuances of common stock for employee stock benefit plans	506	916
Repurchase shares to fund tax withholdings for non-cash stock-based compensation	(4,742)	(1,385)
Purchase of treasury stock	—	(11,250)
Settlement of accelerated share repurchase program	—	11,250
Cash dividends paid	(18,903)	(16,962)
Net cash used in financing activities	(43,072)	(28,584)
Net increase (decrease) in cash and cash equivalents inclusive of restricted cash	44,806	(40,252)
Cash and cash equivalents inclusive of restricted cash at beginning of period	781,283	673,173
Cash and cash equivalents inclusive of restricted cash at end of period	$ 826,089	$ 632,921

See accompanying Notes to Condensed Consolidated Financial Statements. Refer to Note 8 for reconciliation of cash and cash equivalents inclusive of restricted cash.

BROWN & BROWN, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

NOTE 1· 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, casualty and employee benefits areas. Brown & Brown’s business is divided into four reportable segments: the Retail Segment provides a broad range of insurance products and services to commercial, public and quasi-public entities, professional and individual customers; the National Programs Segment, acting as a managing general agent (“MGA”), provides professional liability and related package products for certain professionals, a range of insurance products for individuals, flood coverage, and targeted products and services designated for specific industries, trade groups, governmental entities and market niches, all of which are delivered through nationwide networks of independent agents, including Brown & Brown retail agents; the Wholesale Brokerage Segment markets and sells excess and surplus commercial insurance, primarily through independent agents and brokers, as well as Brown & Brown Retail offices; and the Services Segment 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 claims adjusting services.

NOTE 2· Basis of Financial Reporting

The accompanying unaudited Condensed Consolidated Financial Statements have been prepared in accordance with U.S. GAAP for interim financial information and with the instructions for Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by U.S. GAAP for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. These unaudited Condensed Consolidated Financial Statements should be read in conjunction with the audited Consolidated Financial Statements and the Notes thereto set forth in the Company’s Annual Report on Form 10-K for the year ended December 31, 2016.

The preparation of these financial statements in conformity with 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.

Recently Issued Accounting Pronouncements

In November 2016, the Financial Accountings Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) 2016-18, “Statement of Cash Flows (Topic 230)”: Restricted Cash (“ASU 2016-18”), which requires that the Statement of Cash Flows explain the changes during the period of cash and cash equivalents inclusive of amounts categorized as Restricted cash. ASU 2016-18 is effective for periods beginning after December 15, 2017; however, the Company has elected to early adopt for the reporting period ended March 31, 2017 under the full retrospective approach for all periods presented. With the adoption of ASU 2016-18, the change in Restricted cash is no longer reflected as a change in operating assets and liabilities, and the Statement of Cash Flows details the changes in the balance of cash and cash equivalents inclusive of Restricted cash. Net cash provided by operating activities for the three months ended March 31, 2016 were previously reported as $31.9 million. With the retrospective adoption, the net cash provided by operating activities for the three months ended March 31, 2016 is now reported as $33.2 million. The Company reflects cash collected from customers that is payable to insurance companies as Restricted cash if segregation of this cash is required by the state of domicile for the office conducting this transaction or if required by contract with the relevant insurance company providing coverage. Cash collected from customers that is payable to insurance companies is reported in cash and cash equivalents if no such restriction is required.

In August 2016, the FASB issued ASU 2016-15, "Statement of Cash Flows (Topic 230)": Classification of Certain Cash Receipts and Cash Payments (a consensus of the Emerging Issues Task Force) ("ASU 2016-15"), which addresses eight specific cash flow issues with the objective of reducing the existing diversity in practice in how certain cash receipts and cash payments are presented and classified and applies to all entities, including both business entities and not-for-profit entities that are required to present a statement of cash flows under Topic 230. ASU 2016-15 will take effect for public companies for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2017 and early adoption is permitted. The Company has evaluated the impact of ASU 2016-15 and has determined there is no impact on the Company's Statement of Cash Flows. The Company already presents cash paid on contingent consideration in business combination as prescribed by ASU 2016-15 and does not, at this time, engage in the other activities being addressed.

In March 2016, the FASB issued ASU 2016-09, "Improvements to Employee Share Based Payment Accounting" ("ASU 2016-09"), which amends guidance issued in Accounting Standards Codification ("ASC") Topic 718, Compensation - Stock Compensation. ASU 2016-09 simplifies several aspects of the accounting for share-based payment transactions, including the income tax consequences, classification of awards as either equity or liabilities, and classification on the statement of cash flows. ASU 2016-09 is effective for fiscal years beginning after

December 15, 2016, and interim periods within those fiscal years and early adoption is permitted. The Company adopted the guidance on January 1, 2017, as required. Prior periods have not been adjusted, as the guidance was adopted prospectively. The principal impact is that the tax benefit or expense from stock compensation is now presented in the income tax line of the Statement of Income whereas the prior treatment was to present this as a component of equity on the Balance Sheet. Also the tax benefit or expense is now presented as activity in Cash Flow from Operating Activity rather than the prior presentation as Cash Flow from Financing Activity in the Statement of Cash Flows. The Company also continues to estimate forfeitures of stock grants as allowed by ASU 2016-09.

In March 2016, the FASB issued ASU 2016-08, "Principal Versus Agent Considerations (Reporting Revenue Gross Versus Net)" ("ASU 2016-08") to clarify certain aspects of the principal-versus-agent guidance included in the new revenue standard ASU 2014-09 "Revenue from Contracts with Customers" ("ASU 2014-09"). The FASB issued the ASU in response to concerns identified by stakeholders, including those related to (1) determining the appropriate unit of account under the revenue standard's principal-versus-agent guidance and (2) applying the indicators of whether an entity is a principal or an agent in accordance with the revenue standard's control principle. ASU 2016-08 is effective contemporaneous with ASU 2014-09 beginning January 1, 2018. The impact of ASU 2016-08 is currently being evaluated along with ASU 2014-09. At this point in our evaluation the potential impact would primarily be limited to the claims administering activities within our Services Segment and therefore not material to the Company.

In February 2016, the FASB issued ASU 2016-02, "Leases (Topic 842)" ("ASU 2016-02"), which provides guidance for accounting for leases. Under ASU 2016-02, the Company will be required to recognize the assets and liabilities for the rights and obligations created by leased assets. ASU 2016-02 will take effect for public companies for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2018. The Company continues to evaluate the impact of this pronouncement with the principal impact being that the present value of the remaining lease payments be presented as a liability on the Balance Sheet as well as an asset of similar value representing the "Right of Use" for those leased properties. As detailed in Note 13 of the 2016 10-K, the undiscounted contractual cash payments remaining on leased properties is $213 million as of December 31, 2016.

In November 2015, FASB issued ASU No. 2015-17, "Income Taxes (Topic 740) - Balance Sheet Classification of Deferred Taxes" ("ASU 2015-17"), which simplifies the presentation of deferred income taxes by requiring deferred tax assets and liabilities be classified as a single non-current item on the balance sheet. ASU 2015-17 is effective for fiscal years beginning after December 15, 2016 with early adoption permitted as of the beginning of any interim or annual reporting period. The Company adopted the guidance on January 1, 2017, as required. As a result, the Company retrospectively applied the guidance to the 2016 balance sheet by reclassifying $24.6 million from deferred income taxes (asset) to deferred income taxes, net (liability) on the Condensed Consolidated Balance Sheet.

In May 2014, FASB issued ASU No. 2014-09, "Revenue from Contracts with Customers" ("ASU 2014-09"), which provides guidance for revenue recognition. ASU 2014-09 affects any entity that either enters into contracts with customers to transfer goods or services or enters into contracts for the transfer of non-financial assets, and supersedes the revenue recognition requirements in Topic 605, "Revenue Recognition," and most industry-specific guidance. The standard's core principle is that a company will recognize revenue when it transfers promised goods or services to customers in an amount that reflects the consideration to which a company expects to be entitled in exchange for those goods or services. In doing so, companies will need to use more judgment and make more estimates than under the current guidance. Specifically in situations where multiple performance obligations exist within the contract, the use of estimates is required to allocate the transaction price to each separate performance obligation. Historically 70% or more of the Company's revenue is in the form of commissions paid by insurance carriers. Commissions are earned upon the effective date of bound coverage, and no significant performance obligation remains in those arrangements after coverage is bound. The Company is currently evaluating the approximately 30% of revenue earned in the form of fees against the requirements of this pronouncement. Fees are predominantly in our National Programs and Services Segments, and to a lesser extent in the large accounts business within our Retail Segment. At the conclusion of this evaluation it may be determined that fee revenue from certain agreements will be recognized in earlier periods under the new guidance in comparison to our current accounting policies and others will be recognized in later periods. Based upon the work completed to date, management does not expect the overall impact to be material.

ASU 2014-09 is effective for the Company beginning January 1, 2018, after FASB voted to delay the effective date by one year. At that time, the Company may adopt the new standard under the full retrospective approach or the modified retrospective approach.

We do not anticipate a material change in our internal control framework necessitated by the adoption of ASU 2014-09.

NOTE 3· Net Income Per Share

Basic EPS is computed based on the weighted average number of common shares (including restricted shares) 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 three months ended March 31,	
(in thousands, except per share data)	2017	2016
Net income	$ 70,110	$ 62,070
Net income attributable to unvested awarded performance stock	(1,685)	(1,451)
Net income attributable to common shares	$ 68,425	$ 60,619
Weighted average number of common shares outstanding – basic	140,112	138,793
Less unvested awarded performance stock included in weighted average number of common shares outstanding – basic	(3,368)	(3,245)
Weighted average number of common shares outstanding for basic earnings per common share	136,744	135,548
Dilutive effect of stock options	2,282	1,392
Weighted average number of shares outstanding – diluted	139,026	136,940
Net income per share:		
Basic	$ 0.50	$ 0.45
Diluted	$ 0.49	$ 0.44

NOTE 4· Business Combinations

During the three months ended March 31, 2017, Brown & Brown did not acquire any insurance intermediaries, however there were miscellaneous adjustments recorded to the purchase price allocation of certain prior acquisitions completed within the last twelve months as permitted by Accounting Standards Codification Topic 805 — *Business Combinations* (“ASC 805”). Such adjustments are presented in the "Other" category within the following two tables. 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 Condensed 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 ASC 805. For the three months ended March 31, 2017, several adjustments were made within the permitted measurement period that resulted in an increase in the aggregate purchase price of the affected acquisitions of $489,720 relating to the assumption of certain liabilities. These measurement period adjustments have been reflected as current period adjustments in the three months ended March 31, 2017 in accordance with the guidance in ASU 2015-16 "Business Combinations". The measurement period adjustments primarily impacted goodwill, with no effect on earnings or cash in the current period.

The following table summarizes the changes to purchase price allocations made during the measurement period for prior year acquisitions. During the measurement periods, the Company will adjust assets or liabilities if new information is obtained about facts and circumstances that existed as of the acquisition date that, if known, would have resulted in the recognition of those assets and liabilities as of that date. These adjustments are made in the period in which the amounts are determined and the current period income effect of such adjustments will be calculated as if the adjustments had been completed as of the acquisition date.

(in thousands)

Name	Business Segment	Effective Date of Acquisition	Cash Paid	Note Payable	Other Payable	Recorded Earn-Out Payable	Net Assets Acquired	*Maximum Potential Earn-Out Payable*
Other	Various	Various	—	—	—	(211)	(211)	—
Total			$ —	$ —	$ —	$ (211)	$ (211)	*$ —*

The following table summarizes the adjustments made to the estimated fair values of the aggregate assets and liabilities for prior year acquisitions as of the date of each acquisition.

(in thousands)	Other	Total
Other current assets	93	93
Goodwill	429	429
Purchased customer accounts	(32)	(32)
Total assets acquired	490	490
Other current liabilities	(12)	(12)
Deferred income tax, net	(689)	(689)
Total liabilities assumed	(701)	(701)
Net assets acquired	$ (211)	$ (211)

As of March 31, 2017, 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) as defined in ASC 820-*Fair Value Measurement*. The resulting additions, payments, and net changes, as well as the interest expense accretion on the estimated acquisition earn-out payables, for the three months ended March 31, 2017 and 2016, were as follows:

(in thousands)	For the three months ended March 31, 2017	2016
Balance as of the beginning of the period	$ 63,821	$ 78,387
Additions to estimated acquisition earn-out payables	(211)	606
Payments for estimated acquisition earn-out payables	(10,230)	(9,077)
Subtotal	53,380	69,916
Net change in earnings from estimated acquisition earn-out payables:		
Change in fair value on estimated acquisition earn-out payables	3,335	(1,563)
Interest expense accretion	693	742
Net change in earnings from estimated acquisition earn-out payables	4,028	(821)
Balance as of March 31,	$ 57,408	$ 69,095

Of the $57.4 million estimated acquisition earn-out payables as of March 31, 2017, $35.3 million was recorded as accounts payable and $22.1 million was recorded as other non-current liabilities. As of March 31, 2017, the maximum future acquisition contingency payments related to all acquisitions was $106.4 million. Included within the additions to estimated acquisition earn-out payables are any adjustments to opening balance sheet items within the allowable measurement period, which may therefore differ from previously reported amounts.

NOTE 5· Goodwill

Goodwill is subject to at least an annual assessment for impairment by applying a fair value-based test. The Company completed its most recent annual assessment as of November 30, 2016, and identified no impairment as a result of the evaluation. The changes in the table below represent adjustments recorded to the purchase price allocation of certain prior acquisitions completed within the last twelve months as permitted by Accounting Standards Codification Topic 805 — *Business Combinations* (“ASC 805”).

The changes in the carrying value of goodwill by reportable segment for the three months ended March 31, 2017 are as follows:

(in thousands)	Retail	National Programs	Wholesale Brokerage	Services	Total
Balance as of January 1, 2017	$ 1,354,667	$ 901,294	$ 284,869	$ 134,572	$ 2,675,402
Goodwill of acquired businesses	(133)	—	(127)	689	429
Balance as of March 31, 2017	$ 1,354,534	$ 901,294	$ 284,742	$ 135,261	$ 2,675,831

NOTE 6· Amortizable Intangible Assets

Amortizable intangible assets at March 31, 2017 and December 31, 2016 consisted of the following:

	March 31, 2017				December 31, 2016			
(in thousands)	Gross Carrying Value	Accumulated Amortization	Net Carrying Value	Weighted Average Life (Years)(1)	Gross Carrying Value	Accumulated Amortization	Net Carrying Value	Weighted Average Life (Years)(1)
Purchased customer accounts	$ 1,447,280	$ (763,026)	$ 684,254	15.0	$ 1,447,680	$ (741,770)	$ 705,910	15.0
Non-compete agreements	29,668	(28,403)	1,265	6.8	29,668	(28,124)	1,544	6.8
Total	$ 1,476,948	$ (791,429)	$ 685,519		$ 1,477,348	$ (769,894)	$ 707,454	

(1) Weighted average life calculated as of the date of acquisition.

Amortization expense for amortizable intangible assets for the years ending December 31, 2017, 2018, 2019, 2020 and 2021 is estimated to be $84.9 million, $79.6 million, $75.1 million, $67.7 million, and $64.5 million, respectively.

NOTE 7· Long-Term Debt

Long-term debt at March 31, 2017 and December 31, 2016 consisted of the following:

(in thousands)	March 31, 2017	December 31, 2016
Current portion of long-term debt:		
Current portion of 5-year term loan facility expires 2019	$ 55,000	$ 55,000
Short-term promissory note	—	500
Total current portion of long-term debt	55,000	55,500
Long-term debt:		
Note agreements:		
4.500% senior notes, Series E, quarterly interest payments, balloon due 2018	100,000	100,000
4.200% senior notes, semi-annual interest payments, net of the unamortized discount, balloon due 2024	498,825	498,785
Total notes	598,825	598,785
Credit agreements:		
5-year term-loan facility, periodic interest and principal payments, LIBOR plus up to 1.750%, expires May 20, 2019	412,500	426,250
5-year revolving-loan facility, periodic interest payments, LIBOR plus up to 1.500%, plus commitment fees up to 0.250%, expires May 20, 2019	—	—
Total credit agreements	412,500	426,250
Debt issuance costs (contra)	(6,281)	(6,663)
Total long-term debt, less unamortized discount and debt issuance costs	1,005,044	1,018,372
Current portion of long-term debt	55,000	55,500
Total debt	$ 1,060,044	$ 1,073,872

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”). 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 5.660% per year. On February 1, 2008, $25.0 million in Series D Senior Notes due January 15, 2015, with a fixed interest rate of 5.370% per year, were issued. On September 15, 2011, and pursuant to a Confirmation of Acceptance (the “Confirmation”), dated January 21, 2011, in connection with the Master Agreement, $100.0 million in Series E Senior Notes were issued and are due September 15, 2018, with a fixed interest rate of 4.500% per year. The Series E Senior Notes were issued for the sole purpose of retiring existing senior notes. On January 15, 2015 the Series D Senior Notes were redeemed at maturity using cash proceeds to pay off the principal of $25.0 million plus any remaining accrued interest. On December 22, 2016, the Series C Senior Notes were redeemed at maturity using cash proceeds to pay off the principal of $25.0 million plus any remaining accrued interest. As of March 31, 2017, there was an outstanding debt balance issued under the provisions of the Master Agreement of $100.0 million.

On April 17, 2014, the Company entered into a credit agreement with JPMorgan Chase Bank, N.A. as administrative agent and certain other banks as co-syndication agents and co-documentation agents (the “Credit Agreement”). The Credit Agreement in the amount of $1,350.0 million provides for an unsecured revolving credit facility (the “Credit Facility”) in the initial amount of $800.0 million and unsecured term loans in the initial amount of $550.0 million, either or both of which may, subject to lenders’ discretion, potentially be increased by up to $500.0 million. The Credit Facility was funded on May 20, 2014 in conjunction with the closing of the Wright acquisition, with the $550.0 million term loan being funded as well as a drawdown of $375.0 million on the revolving loan facility. Use of these proceeds was to retire existing term loan debt and to facilitate the closing of the Wright acquisition as well as other acquisitions. The Credit Facility terminates on May 20, 2019, but either or both of the revolving Credit Facility and the term loans may be extended for two additional one-year periods at the Company’s request and at the discretion of the respective lenders. Interest and facility fees in respect to the Credit Facility are based on the better of the Company’s net debt leverage ratio or a non-credit enhanced senior unsecured long-term debt rating. Based on the Company’s net debt leverage ratio, the rates of interest charged on the term loan are 1.000% to 1.750%, and the revolving loan is 0.850% to 1.500% above the adjusted LIBOR rate for outstanding amounts drawn. There are fees included in the facility which include a facility fee based on the revolving credit commitments of the lenders (whether used or unused) at a rate of 0.150% to 0.250% and letter of credit fees based on the amounts of outstanding secured or unsecured letters of credit. The Credit Facility includes various covenants, limitations and events of default customary for similar facilities for similarly rated borrowers. As of March 31, 2017 and December 31, 2016, there was an outstanding debt balance issued under the provisions of the Credit Facility in total of $467.5 million and $481.3 million respectively, with no borrowings outstanding relative to the revolving loan. Per the terms of the agreement, a scheduled principal payment of $13.8 million is due on June 30, 2017.

On September 18, 2014, the Company issued $500.0 million of 4.200% unsecured senior notes due in 2024. The senior notes were given investment grade ratings of BBB-/Baa3 with a stable outlook. The notes are subject to certain covenant restrictions and regulations which are customary for credit rated obligations. At the time of funding, the proceeds were offered at a discount of the original note amount which also excluded an underwriting fee discount. The net proceeds received from the issuance were used to repay the outstanding balance of $475.0 million on the revolving Credit Facility and for other general corporate purposes. As of March 31, 2017 and December 31, 2016, there was an outstanding debt balance of $500.0 million exclusive of the associated discount balance.

In conjunction with the acquisition of Social Security Advocates for the Disabled (SSAD) effective February 1, 2016, the company added a $0.5 million promissory note incurred as a payment to the sellers and payable after the one-year anniversary of the acquisition. The note had a nominal rate of interest 0.810%. On March 10, 2017, the promissory note was settled, plus any outstanding accrued interest, using cash.

The Master Agreement and the Credit Agreement all require the Company to maintain certain financial ratios and comply with certain other covenants. The Company was in compliance with all such covenants as of March 31, 2017 and December 31, 2016.

The 30-day Adjusted LIBOR Rate as of March 31, 2017 was 1.000%.

NOTE 8· Supplemental Disclosures of Cash Flow Information and Non-Cash Financing and Investing Activities

(in thousands)	For the three months ended March 31, 2017	2016
Cash paid during the period for:		
Interest	$ 14,531	$ 14,323
Income taxes	$ 2,704	$ 6,922

Brown & Brown's significant non-cash investing and financing activities are summarized as follows. The changes in the table below represent adjustments recorded to the purchase price allocation of certain prior acquisitions completed within the last twelve months as permitted by Accounting Standards Codification Topic 805 — *Business Combinations* ("ASC 805"). These adjustments had no affect on cash or the Condensed Consolidated Statements of Income.

(in thousands)	For the three months ended March 31, 2017	2016
Other payable issued for purchased customer accounts	$ —	$ 300
Change in estimated acquisition earn-out payables and related charges	$ (211)	$ 606
Notes payable issued or assumed for purchased customer accounts	$ —	$ 492

The following is a reconciliation of cash and cash equivalents inclusive of restricted cash as of March 31, 2017 and 2016.

(in thousands)	Balance as of March 31, 2017	2016
Table to reconcile cash and cash equivalents inclusive of restricted cash		
Cash and cash equivalents	$ 546,721	$ 401,846
Restricted cash	279,368	231,075
Total cash and cash equivalents inclusive of restricted cash at the end of the period	$ 826,089	$ 632,921

The following is a reconciliation of cash and cash equivalents inclusive of restricted cash as of December 31, 2016 and 2015.

(in thousands)	Balance as of December, 31 2016	2015
Table to reconcile cash and cash equivalents inclusive of restricted cash		
Cash and cash equivalents	$ 515,646	$ 443,420
Restricted cash	265,637	229,753
Total cash and cash equivalents inclusive of restricted cash at the end of the period	$ 781,283	$ 673,173

NOTE 9· Legal and Regulatory Proceedings

The Company is involved in numerous pending or threatened proceedings by or against Brown & Brown, Inc. or one or more of its subsidiaries that arise in the ordinary course of business. The damages that may be claimed against the Company in these various proceedings are in some cases substantial, including in certain instances claims for punitive or extraordinary damages. Some of these claims and lawsuits have been resolved, others are in the process of being resolved and others are still in the investigation or discovery phase. The Company will continue to respond appropriately to these claims and lawsuits and to vigorously protect its interests.

During the quarter, the Company was successful in settling a lawsuit it had brought against certain former employees of Brown & Brown, their employer, AssuredPartners, Inc. and certain key executives of AssuredPartners. The settlement includes a payment of $20,000,000 by AssuredPartners to Brown & Brown in exchange for releasing certain individuals from restrictive covenants in the employment contracts they had signed with the Company and provides protection for current Brown & Brown teammates from continued solicitation for employment by AssuredPartners.

The proceeds of the settlement were received in March 2017 and were recorded in the Other income line in the Statement of Income.

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 AM Best Company ratings of these third-party insurers, management does not believe there is a substantial risk of an insurer's material non-performance related to any current insured claims.

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

NOTE 10· Segment Information

Brown & Brown's business is divided into four reportable segments: (1) the Retail Segment, which provides a broad range of insurance products and services to commercial, public and quasi-public entities, and to professional and individual customers; (2) the National Programs Segment, which acts as a MGA, provides professional liability and related package products for certain professionals, a range of insurance products for individuals, flood coverage, and targeted products and services designated for specific industries, trade groups, governmental entities and market niches, all of which are delivered through nationwide networks of independent agents, and Brown & Brown retail agents; (3) the Wholesale Brokerage Segment, which markets and sells excess and surplus commercial and personal lines insurance, primarily through independent agents and brokers, as well as Brown & Brown retail agents; and (4) the Services Segment, 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 claims adjusting services.

Brown & Brown conducts all of its operations within the United States of America, except for a wholesale brokerage operation based in London, England, and retail operations in Bermuda and the Cayman Islands. These operations earned $3.0 million and $2.8 million of total revenues for the three months ended March 31, 2017 and 2016, respectively. Long-lived assets held outside of the United States as of March 31, 2017 and 2016 were not material.

The accounting policies of the reportable segments are the same as those described in Note 1 of the Company's Annual Report on Form 10-K for the year ended December 31, 2016. The Company evaluates the performance of its segments based upon revenues and income before income taxes. Inter-segment revenues are eliminated.

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

	For the three months ended March 31, 2017					
(in thousands)	Retail	National Programs	Wholesale Brokerage	Services	Other	Total
Total revenues	$ 239,287	$ 101,183	$ 65,247	$ 39,326	$ 20,037	$ 465,080
Investment income	$ 2	$ 74	$ —	$ 80	$ 87	$ 243
Amortization	$ 10,647	$ 6,904	$ 2,931	$ 1,138	$ —	$ 21,620
Depreciation	$ 1,389	$ 1,959	$ 490	$ 399	$ 1,861	$ 6,098
Interest expense	$ 8,576	$ 10,035	$ 1,675	$ 961	$ (11,565)	$ 9,682
Income before income taxes	$ 48,855	$ 12,527	$ 15,265	$ 6,121	$ 28,199	$ 110,967
Total assets	$ 3,861,118	$ 2,634,008	$ 1,121,109	$ 363,173	$ (2,781,964)	$ 5,197,444
Capital expenditures	$ 1,136	$ 1,080	$ 378	$ 150	$ 288	$ 3,032

(in thousands)	For the three months ended March 31, 2016					
	Retail	National Programs	Wholesale Brokerage	Services	Other	Total
Total revenues	$ 232,188	$ 101,070	$ 53,414	$ 36,568	$ 933	$ 424,173
Investment income	$ 21	$ 248	$ 3	$ 64	$ 82	$ 418
Amortization	$ 10,989	$ 7,108	$ 2,442	$ 1,065	$ 6	$ 21,610
Depreciation	$ 1,637	$ 1,929	$ 496	$ 487	$ 769	$ 5,318
Interest expense	$ 10,403	$ 12,590	$ 247	$ 1,236	$ (14,579)	$ 9,897
Income before income taxes	$ 50,452	$ 13,803	$ 14,562	$ 5,052	$ 18,680	$ 102,549
Total assets	$ 3,531,100	$ 2,499,870	$ 888,745	$ 324,269	$ (2,251,024)	$ 4,992,960
Capital expenditures	$ 1,049	$ 1,932	$ 592	$ 205	$ 474	$ 4,252

NOTE 11· Investments

At March 31, 2017, the Company's amortized cost and fair values of fixed maturity securities are summarized as follows:

(in thousands)	Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
U.S. Treasury securities, obligations of U.S. Government agencies and municipals	$ 26,648	$ 6	$ (64)	$ 26,590
Corporate debt	1,982	14	—	1,996
Total	$ 28,630	$ 20	$ (64)	$ 28,586

At March 31, 2017, the Company held $26.6 million in fixed income securities composed of U.S. Treasury securities, securities issued by U.S. Government agencies and municipals, and $2.0 million issued by corporations with investment grade ratings. Of that total, $11.4 million is classified as short-term investments on the Consolidated Balance Sheet as maturities are less than one-year. Additionally, the Company holds $9.2 million in short-term investments, which are related to time deposits held with various financial institutions.

For securities in a loss position, the following table shows the investments' gross unrealized loss and fair value, aggregated by investment category and length of time that individual securities have been in a continuous unrealized loss position as of March 31, 2017:

(in thousands)	Less than 12 Months		12 Months or More		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
U.S. Treasury securities, obligations of U.S. Government agencies and municipals	$ 23,601	$ (64)	$ —	$ —	$ 23,601	$ (64)
Corporate debt	276	—	—	—	276	—
Total	$ 23,877	$ (64)	$ —	$ —	$ 23,877	$ (64)

The unrealized losses were caused by interest rate increases. At March 31, 2017, the Company had 19 securities in an unrealized loss position. The corporate securities are highly rated securities with no indicators of potential impairment. Based on the ability and intent of the Company to hold these investments until recovery of fair value, which may be maturity, the bonds were not considered to be other-than-temporarily impaired at March 31, 2017.

At December 31, 2016, the Company's amortized cost and fair values of fixed maturity securities are summarized as follows:

(in thousands)	Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
U.S. Treasury securities, obligations of U.S. Government agencies and municipals	$ 26,280	$ 11	$ (59)	$ 26,232
Corporate debt	2,358	13	(1)	2,370
Total	$ 28,638	$ 24	$ (60)	$ 28,602

At December 31, 2016, the Company held $26.2 million in fixed income securities composed of U.S. Treasury securities, securities issued by U.S. Government agencies and municipals, and 2.4 million issued by corporations with investment grade ratings. Of that total, $5.6 million is classified as short-term investments on the Consolidated Balance Sheet as maturities are less than one-year. Additionally, the Company holds 9.5 million in short-term investments which are related to time deposits held with various financial institutions.

For securities in a loss position, the following table shows the investments' gross unrealized loss and fair value, aggregated by investment category and length of time that individual securities have been in a continuous unrealized loss position as of December 31, 2016:

	Less than 12 Months		12 Months or More		Total	
(in thousands)	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
U.S. Treasury securities, obligations of U.S. Government agencies and municipals	$ 14,663	$ (59)	$ —	$ —	$ 14,663	$ (59)
Foreign Government	—	—	—	—	—	—
Corporate debt	1,001	(1)	—	—	1,001	(1)
Total	$ 15,664	$ (60)	$ —	$ —	$ 15,664	$ (60)

The unrealized losses from corporate issuers were caused by interest rate increases. At December 31, 2016, the Company had 20 securities in an unrealized loss position. The corporate securities are highly rated securities with no indicators of potential impairment. Based on the ability and intent of the Company to hold these investments until recovery of fair value, which may be maturity, the bonds were not considered to be other-than-temporarily impaired at December 31, 2016.

The amortized cost and estimated fair value of the fixed maturity securities at March 31, 2017 by contractual maturity are set forth below:

(in thousands)	Amortized Cost	Fair Value
Years to maturity:		
Due in one year or less	$ 11,441	$ 11,432
Due after one year through five years	16,859	16,813
Due after five years	330	341
Total	$ 28,630	$ 28,586

The amortized cost and estimated fair value of the fixed maturity securities at December 31, 2016 by contractual maturity are set forth below:

(in thousands)	Amortized Cost	Fair Value
Years to maturity:		
Due in one year or less	$ 5,551	$ 5,554
Due after one year through five years	22,757	22,708
Due after five years	330	340
Total	$ 28,638	$ 28,602

The expected maturities in the foregoing table may differ from the contractual maturities because certain borrowers have the right to call or prepay obligations with or without penalty.

Proceeds from the sales and maturity of the Company's investment in fixed maturity securities were $0.4 million. This along with maturing time deposits yielded total cash proceeds from the sale of investments of $0.7 million in the period of January 1, 2017 to March 31, 2017. These proceeds were used to purchase additional fixed maturity securities. The gains and losses realized on those sales for the period from January 1, 2017 to March 31, 2017 were insignificant.

Realized gains and losses are reported on the Condensed Consolidated Statements of Income, with the cost of securities sold determined on a specific identification basis.

At March 31, 2017, investments with a fair value of approximately $4.0 million were on deposit with state insurance departments to satisfy regulatory requirements.

NOTE 12· Reinsurance

Although the reinsurers are liable to the Company for amounts reinsured, our subsidiary, Wright Flood remains primarily liable to its policyholders for the full amount of the policies written whether or not the reinsurers meet their obligations to the Company when they become due. The effects of reinsurance on premiums written and earned are as follows:

	Period from January 1, 2017 to March 31, 2017	
(in thousands)	Written	Earned
Direct premiums	$ 113,167	$ 141,688
Ceded premiums	(113,165)	(141,686)
Net premiums	$ 2	$ 2

All premiums written by Wright Flood under the National Flood Insurance Program are 100% ceded to FEMA, for which Wright Flood received a 30.9% expense allowance from January 1, 2017 through March 31, 2017. For the period from January 1, 2017 through March 31, 2017, the Company ceded $112.8 million of written premiums.

Effective April 1, 2014, Wright Flood is also a party to a quota share agreement whereby it cedes 100% of its gross excess flood premiums, excluding fees, to Arch Reinsurance Company and receives a 30.5% commission. Wright Flood ceded $0.3 million for the period from January 1, 2017 through March 31, 2017. No loss data exists on this agreement.

Wright Flood also ceded 100% of the Homeowners, Private Passenger Auto Liability, and Other Liability Occurrence to Stillwater Insurance Company, formerly known as Fidelity National Insurance Company. This business is in runoff. Therefore, only loss data still exists on this business. As of March 31, 2017, no ceded unpaid losses and loss adjustment expenses or incurred but not reported expenses for Homeowners, Private Passenger Auto Liability and Other Liability Occurrence existed.

As of March 31, 2017 the Condensed Consolidated Balance Sheet contained reinsurance recoverable of $39.2 million and prepaid reinsurance premiums of $280.1 million. There was no net activity in the reserve for losses and loss adjustment expense during the period January 1, 2017 through March 31, 2017, as Wright Flood's direct premiums written were 100% ceded to two reinsurers. The balance of the reserve for losses and loss adjustment expense, excluding related reinsurance recoverable, as of March 31, 2017 was $39.2 million.

NOTE 13· Statutory Financial Data

Wright Flood maintains capital in excess of the minimum statutory amount of $7.5 million as required by regulatory authorities. The unaudited statutory capital and surplus of Wright Flood was $24.3 million at March 31, 2017 and $23.5 million as of December 31, 2016. For the period from January 1, 2017 through March 31, 2017, Wright Flood generated statutory net income of $0.7 million. For the period from January 1, 2016 through December 31, 2016, Wright Flood generated statutory net income of $8.2 million.

NOTE 14· Subsidiary Dividend Restrictions

Under the insurance regulations of Texas, where Wright Flood is incorporated, the maximum amount of ordinary dividends that Wright Flood can pay to shareholders in a rolling twelve-month period is limited to the greater of 10% of statutory adjusted capital and surplus as shown on Wright Flood’s last annual statement on file with the superintendent of the Texas Department of Insurance or 100% of adjusted net income. There was no dividend payout in 2016 and the maximum dividend payout that may be made in 2017 without prior approval is $8.2 million.

NOTE 15· Shareholders’ Equity

Under the authorization from the Company’s Board of Directors, shares may be purchased from time to time, at the Company’s discretion and subject to the availability of stock, market conditions, the trading price of the stock, alternative uses for capital, the Company’s financial performance and other potential factors. These purchases may be carried out through open market purchases, block trades, accelerated share repurchase plans of up to $100.0 million each (unless otherwise approved by the Board of Directors), negotiated private transactions or pursuant to any trading plan that may be adopted in accordance with Rule 10b5-1 of the Securities Exchange Act of 1934.

ITEM 2 — Management’s Discussion and Analysis of Financial Condition and Results of Operations.

The following discussion updates the MD&A contained in the Company's annual report on Form 10-K for the fiscal year ended December 31, 2016, and the two discussions should be read together.

GENERAL

Company Overview — First Quarter of 2017

The following discussion should be read in conjunction with our Condensed Consolidated Financial Statements and the related Notes to those Financial Statements included elsewhere in this Quarterly Report on Form 10-Q. In addition, please see “Information Regarding Non-GAAP Financial Measures” below, regarding important information on non-GAAP financial measures contained in our discussion and analysis.

We are a diversified insurance agency, wholesale brokerage, insurance programs and services organization headquartered in Daytona Beach, 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 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 loss experience, risk profile and 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, changes in premium rate levels, 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, increasing costs of litigation settlements and awards could cause 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 foster a strong, decentralized sales and service culture with the goal of consistent, sustained growth over the long-term.

"Commissions and fees" is included in our Condensed Consolidated Statements of Income. The term “Organic Revenue”, a non-GAAP financial measure, is our core commissions and fees (which are our commissions and fees less profit-sharing contingent commissions and less guaranteed supplemental commissions, as described below) 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). 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. “Organic Revenue” is 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 customers’ exposure units, (iii) net changes in insurance premium rates or the commission rate paid to us by our carrier partners; and (iv) the net change in fees paid to us by our customers. We believe that Organic Revenue provides a meaningful representation of the Company’s operating performance; the Company has historically viewed Organic Revenue growth as an important indicator when assessing and evaluating the performance of its four segments.Organic Revenue is reported in the Results of Operations and in the Results of Operations - Segment sections of this form 10-Q.

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 upon the aforementioned considerations for the prior year(s). Over the last three years, profit-sharing contingent commissions have averaged approximately 3.6% of the previous year’s commissions and fees revenue. Profit-sharing contingent commissions are included in our commissions and fees in the Consolidated Statement of Income in the year received. For the three-month period ended March 31, 2017, profit-sharing contingent commissions were down $1.0 million as compared to the same period of the prior year.

Certain insurance companies offer guaranteed fixed-base agreements, referred to as “Guaranteed Supplemental Commissions” (“GSCs”) in lieu of profit-sharing contingent commissions. Since GSCs are not subject to the uncertainty of loss ratios, they are accrued throughout the year based upon actual premiums written. For the twelve-month period ending December 31, 2016, we had earned $11.5 million of GSCs, of which $9.2 million remained accrued at December 31, 2016, the balance of which is typically collected over the first and second quarter. For the three-month periods ended March 31, 2017 and 2016, we earned and accrued $2.7 million and $3.1 million, respectively, from GSCs.

Combined, our profit-sharing contingent commissions and GSCs for the three months ended March 31, 2017 decreased by $1.4 million compared to the first quarter of 2016, primarily as a result of increased loss ratios in our Retail Segment.

Fee revenues relate to fees negotiated in lieu of commissions, and are recognized as services are rendered. Fee revenues have historically been generated primarily by: (1) our Services Segment, 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 claims adjusting services; (2) our National Programs and Wholesale Brokerage Segments, which earn fees primarily for the issuance of insurance policies on behalf of insurance companies; and to a lesser extent (3) our Retail Segment in our large-account customer base. Our services are provided over a period of time, which is typically one year. Fee revenues, on a consolidated basis, as a percentage of our total commissions and fees, represented 31.3% in 2016, 30.6% in 2015 and 30.6% in 2014.

For the three-month periods ended March 31, 2017 and 2016, our total commissions and fees growth rate was 5.3% and 4.6%, respectively, and our consolidated organic revenue growth rate was 3.5% and 1.3%, respectively. In the event that the gradual increases in insurable exposure units that occurred in the past few years continues through 2017 and premium rate changes are similar with 2016, we believe we will continue to see positive quarterly organic revenue growth rates in 2017.

Historically, investment income has consisted primarily of interest earnings on operating cash as well as 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. Investment income also includes gains and losses realized from the sale of investments. Other income primarily reflects legal settlements and other miscellaneous income and for the three months ended March 31, 2017 increased by $18.9 million as compared to the same period of the prior year, driven by a legal settlement recognized in the first quarter of 2017.

Income before income taxes for the three-month period ended March 31, 2017 increased from the first quarter of 2016 by $8.4 million, primarily as a result of the legal settlement with AssuredPartners, Inc., acquisitions completed in the past twelve months and profits from net new business, partially offset by the change in estimated acquisition earn-out payables.

Information Regarding Non-GAAP Financial Measures

In the discussion and analysis of our results of operations, in addition to reporting financial results in accordance with GAAP, we provide references to the following non-GAAP financial measures as defined in Regulation G of SEC rules: organic revenue and organic revenue growth. We view each of these non-GAAP financial measures as important indicators when assessing and evaluating our performance on a consolidated basis and for each of our segments because they allow 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. We believe that organic revenue provides a meaningful representation of our operating performance; we have historically viewed organic revenue growth as an important indicator when assessing and evaluating the performance of our four segments. We also use organic revenue for incentive compensation determinations for executive officers and other key employees.

These measures are not in accordance with, or an alternative to the GAAP information provided in this Quarterly Report on Form 10-Q. We present such non-GAAP supplemental financial information because we believe such information is of interest to the investment community and because we believe they provide 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 financial measures improve the comparability of results between periods by eliminating the impact of certain items that have a high degree of variability. 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 financial information should be considered in addition to, not in lieu of, our Condensed Consolidated Financial Statements.

Tabular reconciliations of this supplemental non-GAAP financial information to our most comparable GAAP information are contained in this Quarterly Report on Form 10-Q under “Results of Operation - Segment Information.”

Acquisitions

Part of our continuing business strategy is to attract high-quality insurance intermediaries to join our operations. From 1993 through the first quarter of 2017, we acquired 479 insurance intermediary operations, excluding acquired books of business (customer accounts).

Critical Accounting Policies

We have had no changes to our Critical Accounting Policies. We believe that of our significant accounting and reporting policies, the more critical policies include our accounting for revenue recognition, business combinations and purchase price allocations, intangible asset impairments, non-cash stock-based compensation and reserves for litigation. In particular, the accounting for these areas requires significant use of judgment to be made by management. Different assumptions in the application of these policies could result in material changes in our consolidated financial position or consolidated results of operations. Refer to Note 1 in the “Notes to Consolidated Financial Statements” in our Annual Report on Form 10-K for the year ended December 31, 2016 on file with the Securities and Exchange Commission for details regarding our critical and significant accounting policies.

RESULTS OF OPERATIONS FOR THE THREE MONTHS ENDED MARCH 31, 2017 AND 2016

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

Financial information relating to our Condensed Consolidated Financial results for the three months ended March 31, 2017 and 2016 is as follows:

(in thousands, except percentages)	For the three months ended March 31, 2017	For the three months ended March 31, 2016	% Change
REVENUES			
Core commissions and fees	$ 411,876	$ 388,244	6.1 %
Profit-sharing contingent commissions	30,012	30,981	(3.1)%
Guaranteed supplemental commissions	2,678	3,110	(13.9)%
Investment income	243	418	(41.9)%
Other income, net	20,271	1,420	NMF
Total revenues	465,080	424,173	9.6 %
EXPENSES			
Employee compensation and benefits	245,866	224,059	9.7 %
Other operating expenses	66,919	63,605	5.2 %
Loss/(gain) on disposal	(100)	(2,044)	(95.1)%
Amortization	21,620	21,610	— %
Depreciation	6,098	5,318	14.7 %
Interest	9,682	9,897	(2.2)%
Change in estimated acquisition earn-out payables	4,028	(821)	NMF
Total expenses	354,113	321,624	10.1 %
Income before income taxes	110,967	102,549	8.2 %
Income taxes	40,857	40,479	0.9 %
NET INCOME	$ 70,110	$ 62,070	12.9 %
Organic revenue growth rate[(1)]	3.5%	1.3%	
Employee compensation and benefits relative to total revenues	52.9%	52.8%	
Other operating expenses relative to total revenues	14.4%	15.0%	
Capital expenditures	$ 3,032	$ 4,252	
Total assets at March 31	$ 5,197,444	$ 4,992,960	

(1) A non-GAAP financial measure
NMF = Not a meaningful figure

Commissions and Fees

Commissions and fees, including profit-sharing contingent commissions and GSCs, for the three months ended March 31, 2017 increased $22.2 million to $444.6 million, or 5.3% over the same period in 2016. Core commissions and fees revenue for the first quarter of 2017 increased $23.6 million, of which approximately $10.7 million represented core commissions and fees from agencies acquired since 2016 that had no comparable revenues in the same period of 2016. After accounting for divested business of $0.6 million, the remaining net increase of $13.5 million represented net new business, which reflects an organic revenue growth rate of 3.5% for core organic commissions and fees. Profit-sharing contingent commissions and GSCs for the first quarter of 2017 decreased by $1.4 million, or 4.1%, compared to the same period in 2016. The net decrease of $1.4 million in the first quarter was mainly driven by a decrease in profit-sharing contingent commissions in the Retail Segment as a result of carrier experience.

Investment Income

Investment income for the three months ended March 31, 2017 decreased $0.2 million to $0.2 million, or 41.9% over the same period in 2016. This decrease was related to lower average invested cash balances when compared to the same period in 2016.

Other Income, net

Other income for the three months ended March 31, 2017 was $20.3 million, compared with $1.4 million in the same period in 2016. Other income consists primarily of legal settlements and other miscellaneous income. The $18.9 million increase for the three months ended March 31, 2017 from the comparable period in 2016 was a result was of the legal settlement recognized in the first quarter of 2017.

Employee Compensation and Benefits

Employee compensation and benefits expense as a percentage of total revenues increased to 52.9% for the three months ended March 31, 2017, from 52.8% for the three months ended March 31, 2016. Employee compensation and benefits for the first quarter of 2017 increased approximately 9.7%, or $21.8 million, over the same period in 2016. This net increase included (i) $5.2 million of compensation costs related to stand-alone acquisitions that had no comparable costs in the same period of 2016; (ii) an increase in staff salaries attributable to salary inflation and higher volumes in portions of our business; (iii) increased producer commissions due to increased revenue; (iv) increased non-cash stock based compensation due to larger forfeiture credits recorded in the first quarter of 2016; and (v) the additional cost associated with the Retail segment producer incentive bonus program introduced in 2017.

Other Operating Expenses

As a percentage of total revenues, other operating expenses were 14.4% in the first quarter of 2017, versus 15.0% reported in the first quarter of 2016. Other operating expenses for the first quarter of 2017 increased $3.3 million, or 5.2%, over the same period of 2016, of which $1.8 million was related to stand alone acquisitions that had no comparable costs in the same period of 2016. The other operating expenses for those offices that existed in both three-month periods ended March 31, 2017 and 2016, respectively, increased by $1.5 million, which was primarily attributable to (i) increased expenses associated with information technology services and consulting; and (ii) partially offset by a credit of approximately $3.0 million associated with premium tax refunds recognized in the first quarter of 2016.

Gain on Disposal

Gain on disposal for the first quarter of 2017 decreased $1.9 million, or 95.1%, from the first quarter of 2016. The change in the gain on disposal for the three months ended March 31, 2017 was due to activity associated with book of business sales. Although we are not in the business of selling customer accounts, we periodically sell an office or a book of business (one or more customer accounts) because we believe doing so is in the Company’s best interest.

Amortization

Amortization expense for the first quarter of 2017 remained flat over the first quarter of 2016. The impact from assets becoming fully amortized approximated the impact in amortization from new assets acquired since the first quarter 2016.

Depreciation

Depreciation expense for the first quarter of 2017 increased $0.8 million, or 14.7%, compared to the first quarter of 2016. These changes were due primarily to the addition of fixed assets resulting from acquisitions completed since the first three quarters of 2016, net of assets which became fully depreciated.

Interest Expense

Interest expense for the first quarter of 2017 decreased $0.2 million, or 2.2%, from the first quarter of 2016. This decrease was due to a rise in the floating interest rate of our Credit Facility term loan, offset by the scheduled amortized principal payments on the Credit Facility term loan which has reduced the Company's average debt balance.

Change in Estimated Acquisition Earn-Out Payables

Accounting Standards Codification (“ASC”) Topic 805-*Business Combinations* is the authoritative guidance requiring an acquiring entity to recognize 100% of the fair value 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 price 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 or reasonably estimated. Estimations of potential earn-out obligations are typically based upon future earnings of the acquired operations or entities, usually for periods ranging from one to three years.

The net charge or credit to the Condensed 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 March 31, 2017 and 2016, 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) as defined in ASC 820-*Fair Value Measurement*. The resulting net changes, as well as the interest expense accretion on the estimated acquisition earn-out payables, for the three month periods ended March 31, 2017 and 2016 were as follows:

	For the three months ended March 31,	
(in thousands)	**2017**	**2016**
Change in fair value of estimated acquisition earn-out payables	$ 3,335	$ (1,563)
Interest expense accretion	693	742
Net change in earnings from estimated acquisition earn-out payables	$ 4,028	$ (821)

For the three months ended March 31, 2017 and 2016, the fair value of estimated earn-out payables was re-evaluated and increased by $3.3 million and decreased by $1.6 million, respectively, which resulted in charges and credits to the Condensed Consolidated Statement of Income.

As of March 31, 2017, the estimated acquisition earn-out payables equaled $57.4 million, of which $35.3 million was recorded as accounts payable and $22.1 million was recorded as other non-current liability.

Income Taxes

The effective tax rate on income from operations for the three months ended March 31, 2017 and 2016 was 36.8% and 39.5%, respectively. The decrease is related to the adoption of FASB Accounting Standards Update 2016-09, "Compensation-Stock Compensation (Topic 718): Improvements to Employee Share-Based Payment Accounting" ("ASU 2016-09") during the first quarter of 2017, which requires that upon vesting of stock based compensation, any tax implications be treated as a discrete credit to the income tax expense in the quarter of vesting.

RESULTS OF OPERATIONS — SEGMENT INFORMATION

As discussed in Note 10 to the Condensed Consolidated Financial Statements, we operate four reportable segments: Retail, National Programs, Wholesale Brokerage, and Services. On a segmented basis, increases in amortization, depreciation and interest expenses generally result from completed acquisitions within a given segment within the preceding 12 months. Likewise, other income in each segment reflects net gains primarily from legal settlements and miscellaneous income. As such, in evaluating the operational efficiency of a segment, management emphasizes the organic revenue growth rate of core commissions and fees revenue, the ratio of total employee compensation and benefits to total revenues, and the ratio of other operating expenses to total revenues.

The reconciliation of commissions and fees, included in the Condensed Consolidated Statement of Income, to organic revenue for the three months ended March 31, 2017, and 2016, is as follows:

	For the three months ended March 31,	
(in thousands)	**2017**	**2016**
Commissions and fees	$ 444,566	$ 422,335
Less profit-sharing contingent commissions	30,012	30,981
Less guaranteed supplemental commissions	2,678	3,110
Core commissions and fees	411,876	388,244
Less acquisition revenues	10,610	—
Less divested business	—	503
Organic Revenue	$ 401,266	$ 387,741

The growth rates for organic revenue, a non-GAAP financial measure, for the three months ended March 31, 2017, by segment, are as follows:

2017	Retail[(1)]		National Programs		Wholesale Brokerage		Services		Total	
(in thousands, except percentages)	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
Commissions and Fees	$ 239,055	$ 231,687	$ 101,080	$ 100,807	$ 65,185	$ 53,338	$ 39,246	$ 36,503	$ 444,566	$ 422,335
Total Change	$ 7,368		$ 273		$ 11,847		$ 2,743		$ 22,231	
Total Growth %	3.2%		0.3 %		22.2%		7.5%		5.3%	
Contingents	19,517	20,762	5,714	5,244	4,781	4,975	—	—	30,012	30,981
GSCs	2,268	2,627	3	6	407	477	—	—	2,678	3,110
Core Commissions and Fees	$ 217,270	$ 208,298	$ 95,363	$ 95,557	$ 59,997	$ 47,886	$ 39,246	$ 36,503	$ 411,876	$ 388,244
Acquisition Revenues	1,188	—	—	—	8,572	—	850	—	10,610	—
Divested Business	—	503	—	88	—	—	—	(88)	—	503
Organic Revenue[(2)]	$ 216,082	$ 207,795	$ 95,363	$ 95,469	$ 51,425	$ 47,886	$ 38,396	$ 36,591	$ 401,266	$ 387,741
Organic Revenue Growth[(2)]	$ 8,287		$ (106)		$ 3,539		$ 1,805		$ 13,525	
Organic Revenue Growth %[(2)]	4.0%		(0.1)%		7.4%		4.9%		3.5%	

The reconciliation of commissions and fees, included in the Condensed Consolidated Statement of Income, to organic revenue for the three months ended March 31, 2016, and 2015, is as follows:

	For the three months ended March 31,	
(in thousands)	2016	2015
Commissions and fees	$ 422,335	$ 403,781
Less profit-sharing contingent commissions	30,981	29,955
Less guaranteed supplemental commissions	3,110	3,356
Core commissions and fees	388,244	370,470
Less acquisition revenues	14,258	—
Less divested business	—	1,351
Organic Revenue	$ 373,986	$ 369,119

The growth rates for organic revenue, a non-GAAP financial measure, for the three months ended March 31, 2016, by segment, are as follows:

2016	Retail[1]		National Programs		Wholesale Brokerage		Services		Total	
(in thousands, except percentages)	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
Commissions and Fees	$ 231,687	$ 217,979	$ 100,807	$ 99,274	$ 53,338	$ 51,724	$ 36,503	$ 34,804	$ 422,335	$ 403,781
Total Change	$ 13,708		$ 1,533		$ 1,614		$ 1,699		$ 18,554	
Total Growth %	6.3%		1.5%		3.1%		4.9%		4.6%	
Contingents	20,762	18,828	5,244	6,017	4,975	5,110	—	—	30,981	29,955
GSCs	2,627	2,799	6	3	477	554	—	—	3,110	3,356
Core Commissions and Fees	$ 208,298	$ 196,352	$ 95,557	$ 93,254	$ 47,886	$ 46,060	$ 36,503	$ 34,804	$ 388,244	$ 370,470
Acquisition Revenues	11,089	—	1,266	—	254	—	1,649	—	14,258	—
Divested Business	—	504	—	492	—	—	—	355	—	1,351
Organic Revenue[2]	$ 197,209	$ 195,848	$ 94,291	$ 92,762	$ 47,632	$ 46,060	$ 34,854	$ 34,449	$ 373,986	$ 369,119
Organic Revenue Growth[2]	$ 1,361		$ 1,529		$ 1,572		$ 405		$ 4,867	
Organic Revenue Growth %[2]	0.7%		1.6%		3.4%		1.2%		1.3%	

(1) The Retail Segment includes commissions and fees reported in the “Other” column of the Segment Information in Note 10 of the Notes to the Condensed Consolidated Financial Statements, which includes corporate and consolidation items.

(2) A non-GAAP financial measure

Retail Segment

The Retail Segment provides a broad range of insurance products and services to commercial, public and quasi-public, professional and individual insured customers. Approximately 90% of the Retail Segment's commissions and fees revenue is commission based. Because most of our other operating expenses are not correlated to changes in commissions on insurance premiums, a significant portion of any fluctuation in the commissions we receive, net of related producer compensation, will result in a similar fluctuation in our income before income taxes, unless we make incremental investments or modifications to the costs in the organization.

Financial information relating to our Retail Segment for the three months ended March 31, 2017 and 2016 is as follows:

(in thousands, except percentages)	For the three months ended March 31, 2017	For the three months ended March 31, 2016	% Change
REVENUES			
Core commissions and fees	$ 217,345	$ 208,539	4.2 %
Profit-sharing contingent commissions	19,517	20,762	(6.0)%
Guaranteed supplemental commissions	2,268	2,627	(13.7)%
Investment income	2	21	(90.5)%
Other income, net	155	239	(35.1)%
Total revenues	239,287	232,188	3.1 %
EXPENSES			
Employee compensation and benefits	129,242	124,037	4.2 %
Other operating expenses	36,797	37,574	(2.1)%
Loss/(gain) on disposal	(155)	(2,044)	(92.4)%
Amortization	10,647	10,989	(3.1)%
Depreciation	1,389	1,637	(15.1)%
Interest	8,576	10,403	(17.6)%
Change in estimated acquisition earn-out payables	3,936	(860)	NMF
Total expenses	190,432	181,736	4.8 %
Income before income taxes	$ 48,855	$ 50,452	(3.2)%
Organic revenue growth rate[(1)]	4.0%	0.7%	
Employee compensation and benefits relative to total revenues	54.0%	53.4%	
Other operating expenses relative to total revenues	15.4%	16.2%	
Capital expenditures	$ 1,136	$ 1,049	
Total assets at March 31	3,861,118	3,531,100	

(1) A non-GAAP financial measure
NMF = Not a meaningful figure

The Retail Segment's total revenue during the three months ended March 31, 2017 increased 3.1%, or $7.1 million, over the same period in 2016, to $239.3 million. The $8.8 million increase in core commissions and fees revenue was driven by the following: (i) $8.3 million related to net new business; (ii) approximately $1.2 million related to the core commissions and fees revenue from acquisitions that had no comparable revenues in the same period of 2016; and (iii) an offsetting decrease of $0.7 million related to commissions and fees revenue from business divested in 2016 and 2017. Profit-sharing contingent commissions and GSCs for the first quarter of 2017 decreased 6.9%, or $1.6 million, from the same period in 2016, to $21.8 million driven by loss ratios from carriers. The Retail Segment's growth rate for total commissions and fees was 3.2% and the revenue growth rate for core organic commissions and fees revenue was 4.0% for the first quarter of 2017. The organic revenue growth rate was driven by revenue from net new business written during the preceding twelve months, which was impacted by some exposure unit growth and modest increases in commercial auto rates and employee benefits, partially offset by continued reductions in property insurance premium rates, particularly in catastrophe prone areas.

Income before income taxes for the three months ended March 31, 2017 decreased 3.2%, or $1.6 million, over the same period in 2016, to $48.9 million. The primary factors affecting this decrease were: (i) lower contingent commissions, (ii) higher acquisition earn-out adjustments of $4.8 million year-over-year, (iii) a $1.9 million change in gains on disposals to $0.2 million associated with prior year gains on a book sales, (iv) incremental expense related to a new Retail segment producer incentive program introduced in 2017, partially offset by (v) lower inter-company interest charges and, (vi) a reduction in operating expenses which decreased by $0.8 million or 2.1%, related to lower professional service fees.

National Programs Segment

The National Programs Segment manages over 50 programs supported by approximately 40 well-capitalized carrier partners. In most cases, the insurance carriers that support the programs have delegated underwriting and, in many instances, claims-handling authority to our programs operations. These programs are generally distributed through a nationwide network of independent agents and Brown & Brown retail agents, and offer targeted products and services designed for specific industries, trade groups, professions, public entities and market niches. The National Programs Segment operations can be grouped into five broad categories: Professional Programs, Arrowhead Insurance Programs, Commercial Programs, Public Entity-Related Programs and the National Flood Program. The National Programs Segment's revenue is primarily commission based.

Financial information relating to our National Programs Segment for the three months ended March 31, 2017 and 2016 is as follows:

	For the three months ended March 31,		
(in thousands, except percentages)	2017	2016	% Change
REVENUES			
Core commissions and fees	$ 95,363	$ 95,557	(0.2)%
Profit-sharing contingent commissions	5,714	5,244	9.0 %
Guaranteed supplemental commissions	3	6	(50.0)%
Investment income	74	248	(70.2)%
Other income, net	29	15	93.3 %
Total revenues	101,183	101,070	0.1 %
EXPENSES			
Employee compensation and benefits	48,747	46,694	4.4 %
Other operating expenses	20,959	18,894	10.9 %
Loss/(gain) on disposal	—	—	— %
Amortization	6,904	7,108	(2.9)%
Depreciation	1,959	1,929	1.6 %
Interest	10,035	12,590	(20.3)%
Change in estimated acquisition earn-out payables	52	52	— %
Total expenses	88,656	87,267	1.6 %
Income before income taxes	$ 12,527	$ 13,803	(9.2)%
Organic revenue growth rate[(1)]	(0.1)%	1.6%	
Employee compensation and benefits relative to total revenues	48.2 %	46.2%	
Other operating expenses relative to total revenues	20.7 %	18.7%	
Capital expenditures	$ 1,080	$ 1,932	
Total assets at March 31	$ 2,634,008	$ 2,499,870	

(1) A non-GAAP financial measure

The National Program Segment's revenue for the three months ended March 31, 2017 increased 0.1%, or $0.1 million, from the same period in 2016, to $101.2 million. The $0.2 million net decrease in core commissions and fees revenue was driven by: (i) a decrease of $0.1 million related to net lost business and (ii) a decrease of $0.1 million related to commissions and fees revenue recorded in the first quarter of 2016 from businesses since divested. Profit-sharing contingent commissions and GSCs were $5.7 million for the first quarter of 2017, which was an increase of $0.5 million from the first quarter of 2016, primarily related to certain programs meeting the requirements to receive contingent commissions in the current year.

The National Programs Segment's growth rate for total commissions and fees was 0.3% and the organic revenue growth rate for core organic commissions and fees revenue was (0.1)% for the three months ended March 31, 2017. This decrease in the organic revenue growth rate was mainly due to several programs experiencing carrier transitions and also certain programs being affected by lower premium rates, primarily in our coastal property programs, partially offset by growth in our lender placed business and several other programs.

Income before income taxes for the three months ended March 31, 2017 decreased 9.2%, or $1.3 million, from the same period in 2016, to $12.5 million. The decrease was driven by the one-time premium tax refunds received by our flood insurance business in first quarter of 2016, partially offset by the decrease in the inter-company interest expense charge for acquisitions.

Wholesale Brokerage Segment

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

Financial information relating to our Wholesale Brokerage Segment for the three months ended March 31, 2017 and 2016 is as follows:

	For the three months ended March 31,		
(in thousands, except percentages)	**2017**	**2016**	**% Change**
REVENUES			
Core commissions and fees	$ 59,997	$ 47,886	25.3 %
Profit-sharing contingent commissions	4,781	4,975	(3.9)%
Guaranteed supplemental commissions	407	477	(14.7)%
Investment income	—	3	(100.0)%
Other income, net	62	73	(15.1)%
Total revenues	65,247	53,414	22.2 %
EXPENSES			
Employee compensation and benefits	33,486	26,390	26.9 %
Other operating expenses	11,360	9,267	22.6 %
Loss/(gain) on disposal	—	—	— %
Amortization	2,931	2,442	20.0 %
Depreciation	490	496	(1.2)%
Interest	1,675	247	NMF
Change in estimated acquisition earn-out payables	40	10	NMF
Total expenses	49,982	38,852	28.6 %
Income before income taxes	$ 15,265	$ 14,562	4.8 %
Organic revenue growth rate[1]	7.4%	3.4%	
Employee compensation and benefits relative to total revenues	51.3%	49.4%	
Other operating expenses relative to total revenues	17.4%	17.3%	
Capital expenditures	$ 378	$ 592	
Total assets at March 31	$ 1,121,109	$ 888,745	

(1) A non-GAAP financial measure
NMF = Not a meaningful figure

The Wholesale Brokerage Segment's total revenues for the three months ended March 31, 2017 increased 22.2%, or $11.8 million, from the same period in 2016, to $65.2 million. The $12.1 million net increase in core commissions and fees revenue was driven primarily by the following: (i) $8.6 million related to the core commissions and fees revenue from acquisitions that had no comparable revenues in the same period of 2016; and (ii) $3.5 million related to net new business. Contingent commissions and GSCs for the first quarter of 2017 decreased $0.3 million compared to the first quarter of 2016, to $5.2 million. This decrease in contingent commissions was driven by an increase in loss ratios with certain carriers. The Wholesale Brokerage Segment's growth rate for total commissions and fees was 22.2% and the organic revenue growth rate for core organic commissions and fees revenue was 7.4% for the first quarter of 2017. The organic revenue growth rate was driven by net new business and modest increases in exposure units, partially offset by contraction in insurance premium rates for catastrophe prone properties.

Income before income taxes for the three months ended March 31, 2017 increased 4.8%, or $0.7 million, over the same period in 2016, to $15.3 million, primarily due to the following: (i) the net increase in revenue as described above; offset by (ii) an increase in employee compensation and benefits of $7.1 million, of which $4.7 million was related to acquisitions that had no comparable compensation and benefits in the same period of 2016, with the remainder related to additional teammates to support increased transaction volumes; (iii) a decrease in profit from lower contingent commissions and GSCs; (iv) a $2.0 million increase in operating expenses, of which $1.9 million was related to acquisitions that had no comparable expenses in the same period of 2016; and (v) higher inter-company interest charges related to acquisitions completed in the previous year.

Services Segment

The Services Segment 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. The Services Segment also provides Medicare Set-aside account services, Social Security disability and Medicare benefits advocacy services, and claims adjusting services.

Unlike the other segments, nearly all of the Services Segment's revenue is generated from fees, which are not significantly affected by fluctuations in general insurance premiums.

Financial information relating to our Services Segment for the three months ended March 31, 2017 and 2016 is as follows:

(in thousands, except percentages)	For the three months ended March 31, 2017	2016	% Change
REVENUES			
Core commissions and fees	$ 39,246	$ 36,503	7.5 %
Profit-sharing contingent commissions	—	—	— %
Guaranteed supplemental commissions	—	—	— %
Investment income	80	64	25.0 %
Other income, net	—	1	(100.0)%
Total revenues	39,326	36,568	7.5 %
EXPENSES			
Employee compensation and benefits	19,650	18,876	4.1 %
Other operating expenses	11,002	9,875	11.4 %
Loss/(gain) on disposal	55	—	— %
Amortization	1,138	1,065	6.9 %
Depreciation	399	487	(18.1)%
Interest	961	1,236	(22.2)%
Change in estimated acquisition earn-out payables	—	(23)	(100.0)%
Total expenses	33,205	31,516	5.4 %
Income before income taxes	$ 6,121	$ 5,052	21.2 %
Organic revenue growth rate[(1)]	4.9%	1.2%	
Employee compensation and benefits relative to total revenues	50.0%	51.6%	
Other operating expenses relative to total revenues	28.0%	27.0%	
Capital expenditures	$ 150	$ 205	
Total assets at March 31	$ 363,173	$ 324,269	

(1) A non-GAAP financial measure

The Services Segment's total revenues for the three months ended March 31, 2017 increased 7.5%, or $2.8 million, over the same period in 2016, to $39.3 million. The $2.7 million increase in core commissions and fees revenue was driven primarily by the following: (i) $0.9 million related to the core commissions and fees revenue from acquisitions that had no comparable revenues in the same period of 2016; and (ii) $1.8 million related to net new business. The Services Segment's growth rate for total commissions and fees was 7.5% and the organic revenue growth rate for core organic commissions and fees revenue was 4.9% for the first quarter of 2017. The organic revenue growth rate was driven primarily by an increase in weather-related claims.

Income before income taxes for the three months ended March 31, 2017 increased 21.2%, or $1.1 million, over the same period in 2016, to $6.1 million due to a combination of organic revenue growth and variable costs for certain of our businesses.

Other

As discussed in Note 10 of the Notes to Condensed Consolidated Financial Statements, the "Other" column in the Segment Information table includes any income and expenses not allocated to reportable segments, and corporate-related items, including the inter-company interest expense charges to reporting segments.

LIQUIDITY AND CAPITAL RESOURCES

Our capital requirements to operate as an insurance intermediary are low and we have been able to grow and invest in our business principally through cash that has been generated from operations. We have the ability to access the use of our revolving Credit Facility, which provides up to $800.0 million in available cash, and we believe that we have access to additional funds, if needed, through the capital markets to obtain further debt financing under the current market conditions. The Company believes that its existing cash, cash equivalents, short-term investment portfolio and funds generated from operations, together with the funds available under the Credit Facility, will be sufficient to satisfy our normal liquidity needs, including principal payments on our long-term debt, for at least the next twelve months.

Contractual Cash Obligations

As of March 31, 2017, our contractual cash obligations were as follows:

	Payments Due by Period				
(in thousands)	Total	Less Than 1 Year	1-3 Years	3-5 Years	After 5 Years
Long-term debt	$ 1,067,500	$ 55,000	$ 512,500	$ —	$ 500,000
Other liabilities[(1)]	51,469	3,050	16,170	2,351	29,898
Operating leases	210,551	42,217	72,989	50,500	44,845
Interest obligations	184,766	36,265	54,876	42,000	51,625
Unrecognized tax benefits	875	—	875	—	—
Maximum future acquisition contingency payments[(2)]	106,354	54,360	51,339	655	—
Total contractual cash obligations	$ 1,621,515	$ 190,892	$ 708,749	$ 95,506	$ 626,368

(1) Includes the current portion of other long-term liabilities.
(2) Includes $57.4 million of current and non-current estimated earn-out payables.

Debt

Total debt at March 31, 2017 was $1,067.5 million, which was a decrease of $13.9 million compared to December 31, 2016. The decrease includes the repayment of $14.3 million in principal including the repayment of the $0.5 million in a short-term note payable related to the 2016 acquisition of Social Security Advocates for the Disabled, LLC, net of the amortization of discounted debt related to our 4.200% Notes due 2024 and debt issuance cost amortization of $0.4 million.

As of March 31, 2017, the Company satisfied the eighth installment of scheduled quarterly principal payments on the Credit Facility term loan. The Company has satisfied $82.5 million in total principal payments through March 31, 2017 since the inception of the note. Scheduled quarterly principal payments are expected to be made until maturity. The balance of the Credit Facility term loan is $467.5 million as of March 31, 2017. Of the total amount, $55.0 million is classified as current portion of long-term debt in the Condensed Consolidated Balance Sheet as the date of maturity is less than one year.

Off-Balance Sheet Arrangements

Neither we nor our subsidiaries have 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.

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

ITEM 3. 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, foreign exchange rates and equity prices. We are exposed to market risk through our investments, revolving credit line, term loan agreements and international operations.

Our invested assets are held primarily as cash and cash equivalents, restricted cash, available-for-sale marketable debt securities, non-marketable debt securities, certificates of deposit, U.S. treasury securities, and professionally managed short duration fixed income funds. These investments are subject to interest rate risk. The fair values of our invested assets at March 31, 2017 and December 31, 2016, 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 any significant equity securities received in conjunction with an acquisition shortly after the acquisition date.

As of March 31, 2017, we had $467.5 million of borrowings outstanding under our term loan which bears interest on a floating basis tied to the London Interbank Offered Rate (LIBOR) and therefore subject to changes in the associated interest expense. The effect of an immediate hypothetical 10% change in interest rates would not have a material effect on our Consolidated Financial Statements.

We are subject to exchange rate risk primarily in our U.K-based wholesale brokerage business that has a cost base principally denominated in British pounds and a revenue base in several other currencies, but principally in U.S. dollars. Based upon our foreign currency rate exposure as of March 31, 2017, an immediate 10% hypothetical change of foreign currency exchange rates would not have a material effect on our Consolidated Financial Statements.

ITEM 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

We carried out an evaluation (the “Evaluation”) required by Rules 13a-15 and 15d-15 under the Securities Exchange Act of 1934, as amended (the “Exchange Act”), 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 March 31, 2017. Based upon 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 disclosures.

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 March 31, 2017, that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

Inherent Limitations of Internal Control Over Financial Reporting

Our management, including our CEO and CFO, does not expect that our Disclosure Controls and internal controls will prevent all errors 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 CEO and the CFO, respectively. The Certifications are supplied in accordance with Section 302 of the Sarbanes-Oxley Act of 2002 (the “Section 302 Certifications”). This Item 4 of Part I of this Quarterly Report on Form 10-Q contains 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.

PART II

ITEM 1. Legal Proceedings

In Item 3 of Part I of the Company’s Annual Report on Form 10-K for its fiscal year ended December 31, 2016, certain information concerning litigation claims arising in the ordinary course of business was disclosed. Such information was current as of the date of filing. During the Company’s fiscal quarter ended March 31, 2017, no new legal proceedings, or material developments with respect to existing legal proceedings, occurred which require disclosure in this Quarterly Report on Form 10-Q.

ITEM 1A. Risk Factors

There were no material changes in the risk factors previously disclosed in Item 1A, “Risk Factors” included in the Company’s Annual Report on Form 10-K for the year ended December 31, 2016 and the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2017.

ITEM 2. Unregistered Sales of Equity Securities and Use of Proceeds

The following table provides information about our repurchase of shares of our common stock during the three months ended March 31, 2017:

	Total Number of Shares Purchased(1)	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Value that May Yet be Purchased Under the Plans or Programs(2)
January 1, 2017 to January 31, 2017	89,255	$ 44.84	—	$ 367,342,175
February 1, 2017 to February 28, 2017	7,625	43.41	—	367,342,175
March 1, 2017 to March 31, 2017	15,428	43.21	—	367,342,175
Total	112,308	$ 44.52	—	$ 367,342,175

(1) We purchased 112,308 shares during the quarter ended March 31, 2017 outside of our publicly announced share repurchase program, all of which represent shares surrendered by our teammates in the exercise of stock options under our equity compensation plans or to cover required tax withholdings on the vesting of shares in our equity compensation plans.

(2) As announced on July 21, 2014, our Board of Directors approved the purchase of up to $200.0 million of the Company’s outstanding common stock of which $150.0 million have been purchased with the last settlement on August 11, 2015. On July 20, 2015, the Company’s Board of Directors authorized the purchasing of up to an additional $400.0 million of the Company's outstanding common stock. On November 11, 2015, the Company entered into an accelerated share repurchase program with an investment bank to purchase an aggregate $75.0 million of the Company’s common stock, all of which has been settled with this latest settlement on January 6, 2016 in which the Company received 363,209 shares. Between October 25, 2016 and November 4, 2016, the Company made share repurchases in the open market in total of 209,618 shares at a total cost of $7.7 million. After completing these open market share repurchases, the Company’s outstanding Board-approved share repurchase authorization is $367.3 million. As of March 31, 2017, a total of 8,003,197 shares have been repurchased since the first quarter of 2014.

ITEM 6. 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(Commission file number 001-13619)), and Amended and Restated Articles of Incorporation (incorporated by reference to Exhibit 3a to Form 10-Q for the quarter ended March 31, 1999 (Commission file number 001-13619)).
3.2	Bylaws (incorporated by reference to Exhibit 3.2 to Form 8-K filed on October 12, 2016).
10.1*	Settlement Agreement, dated March 1, 2017, by and between the Company and AssuredPartners, Inc. and certain of its employees and former employees.
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 Definition Linkbase Document.
101.LAB	XBRL Taxonomy Extension Label Linkbase Document.
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document.

* Filed herewith.

SIGNATURE

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

BROWN & BROWN, INC.

Date: May 5, 2017

/s/ R. Andrew Watts

R. Andrew Watts

Executive Vice President, Chief Financial Officer and Treasurer

(duly authorized officer, principal financial officer and principal accounting officer)

SETTLEMENT AGREEMENT

This Agreement of Settlement ("Settlement Agreement") is made and entered into effective as of February 28th 2017 (the "Effective Date), by and among, on the one hand, Brown & Brown, Inc., and its subsidiaries, affiliates and related entities (collectively, "Brown"), and on the other hand, Jim W. Henderson ("Henderson"); Thomas E. Riley ("Riley"); Richard T. Schwarz, II ("Schwarz"); Brian E. Lindahl ("Lindahl"); Phillip L. Masi ("Masi"); Negar Sharifi ("Sharifi"); Jennica A. Mandarano f/k/a Jennica Crum ("Mandarano"); Kathryn E. Bloodwell f/k/a Kathryn E. Chester ("Bloodwell"); Michael A. Randall ("Randall"); Danielle Mattson ("Mattson"); AssuredPartners, Inc. ("AssuredPartners"). Henderson, Riley, and AssuredPartners are sometimes collectively referred to herein as the "Assured Defendants"; Schwarz, Lindahl, Masi, Sharifi, Mandarano, Bloodwell, Randall and Mattson are sometimes collectively referred to herein as "Individual Settling Defendants"; Henderson, Riley, AssuredPartners, Lindahl, Schwarz, Masi, Sharifi, Mandarano, Bloodwell, Randall, and Mattson are sometimes collectively referred to as the "Settling Defendants"; and Brown and the Settling Defendants are sometimes collectively referred to herein as the "Settling Parties". This Settlement Agreement is also made and entered into as of the Effective Date by and among, on the one hand, Brown, and Hailey Bush ("Bush"); Debra L, Dee f/k/a Debra L. Dee-Condon ("Dee"); Ashley Dyroff ("Dyroff"); Kimberly Fishberg ("Fishberg"); Danielle Harrison ("Harrison"); Sarah ("North"); Bisi Ogunjumo ("Ogunjumo"), and Mary Evans ("Evans"). Bush, Dee, Dryoff, Fishberg, Harrison, North, Ogunjumo, and Evans are collectively referred to herein as the "Non-Defendant Employees".

Recitals

A. Brown is in the business of selling and servicing insurance and risk transfer alternatives including, but not limited to, the business of quoting, proposing, soliciting, selling, placing, providing, servicing and/or renewing insurance, reinsurance, and surety products.

B. In May and June of 2016, the Individual Settling Defendants terminated their respective employment relationships with Brown.

C. The Individual Settling Defendants entered into the following agreements with Brown during their respective employments with Brown: (i) an agreement, dated February 20, 2012, between Schwarz and Brown, and an addendum to this agreement dated January 7, 2014 (collectively the "Schwarz Agreement"); (ii) an agreement, dated October 28, 1997, between Lindahl and Brown; (iii) an agreement, dated April 26, 2005, between Masi and Brown, and an addendum to this agreement dated July 12, 2005; (iv) an agreement, dated August 19, 2008, between Sharifi and Brown, and an addendum to this agreement dated January 20, 2009; (v) an agreement, dated February 1, 2011, between Mandarano and Brown; (vi) an agreement, dated May 25, 2009, between Bloodwell and Brown; (vii) an agreement, dated June 23, 2009, between Randall and Brown, and an addendum to this agreement dated January 12, 2010; (viii) an agreement, dated November 16, 2015 between Mattson and Brown, and, together these agreements are collectively known as the "Employment Agreements".

D. On or about June 15, 2016, Brown filed a lawsuit in the Circuit Court for the Seventh Judicial Circuit, in and for Volusia County, Florida (the "Court"), Case No. 2016-

30900-CICI, against the Assured Defendants and the Individual Settling Defendants, asserting certain violations of the Individual Settling Defendants' respective post-employment restrictive covenants, tortious interference, and other claims. Schwarz, Lindahl, Masi, Randall, Mandarano, and Sharifi asserted counterclaims against Brown for breach of employment agreements and breach of implied condition of employment agreements. The claims and counterclaims alleged in Case No. 2016-30900-CICI are collectively known as "the Lawsuit". The Settling Defendants filed an appeal of the Circuit Court's Order on Plaintiff's Motion for Temporary Injunction, rendered on October 24, 2016, to the Fifth District Court of Appeal for the State of Florida, Case No.: 16-3811 (the "Appeal").

E. The Non-Defendant Employees terminated their respective employment relationships with Brown following the filing of the Lawsuit. The Non-Defendant Employees entered into the following agreements with Brown during their respective employments with Brown: (i) an agreement, dated January 6, 2014, between Bush and Brown; (ii) an agreement, dated September 26, 1997 between Dee and Brown; (iii) an agreement, dated April 16, 2012, between Dyroff and Brown; (iv) an agreement, dated January 14, 2008, between Fishberg and Brown; (v) an agreement, dated August 25, 2014, between Harrison and Brown; (vi) an agreement, dated October 29, 2014, between North and Brown; vii) an agreement, dated February 20, 2012, between Ogunjumo and Brown, and (viii) an agreement dated June 29, 2006, between Evans and Brown These agreements are collectively known as the "Non-Defendant Employees' Employment Agreements".

F. The Settling Parties desire to settle and compromise all matters at issue between them in the Lawsuit, the Appeal and otherwise, both known and unknown. The Non-Defendant Employees and Brown desire to settle and compromise all matters at issue between them with regards to the Non-Defendant Employees' Employment Agreements and otherwise, both known and unknown.

Terms

NOW, THEREFORE, in consideration of the mutual promises and covenants described herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Settling Parties and the Non-Defendant Employees hereby agree as follows:

1. Purpose and Scope of Settlement Agreement. The purpose of this Settlement Agreement is to resolve, as between Brown and the Settling Defendants, and as applicable the Non-Defendant Employees, all existing disputes between them, both known and unknown, including but not limited to those that have been raised, or that could have been raised, in the Lawsuit and in the Appeal, on the terms and conditions set forth herein.

2. Dismissal of Lawsuit and Appeal. The Settling Parties agree that they will submit a joint stipulation and proposed order dismissing the Lawsuit with prejudice and discharging the bond put in place by Brown, in the form attached to this Settlement Agreement as Exhibit 1, within two (2) business days of the Effective Date, provided, however, that the Circuit Court of the Seventh Judicial Circuit, in and for Volusia County, Florida shall retain jurisdiction over the Settling Parties to enforce the terms of this Settlement Agreement, as well as for any other just

and proper purposes related to the Lawsuit. The Settling Defendants shall file a notice of voluntary dismissal of the Appeal within one (1) business day of the Effective Date. The Settling Parties will bear their own costs and attorneys' fees in connection with the Lawsuit, the Appeal, and this Settlement Agreement. The Non-Defendant Employees shall bear their own costs and attorneys' fees in connection with this Settlement Agreement.

3. Settlement Payment. On the same day that the Settling Defendants execute this Settlement Agreement, the Settling Defendants and the Non-Defendant Employees will collectively deliver to Brown, via wire transfer, the sum of Twenty Million Dollars and 00/100 ($20,000,000.00) (the "Settlement Payment"), pursuant to written instructions to be provided by Brown to the Settling Defendants and the Non-Defendant Employees. Failure to timely deliver the Settlement Payment shall constitute grounds for Brown to terminate this Settlement Agreement and suspend any performance due hereunder.

4. Post-Settlement Restrictive Covenants. The obligations and covenants set forth in this Section 4 shall be referred to in this Agreement as the "Post-Settlement Restrictive Covenants."

(a) **No Hire and Non-Solicitation Covenants.** The following Post-Settlement Restrictive Covenants set forth in this Section 4(a) are intended to expressly and specifically supersede and replace the post-employment restrictive covenants set forth in the Employment Agreements and the Non-Defendants Employees' Employment Agreements.

For a period of six (6) months from the Effective Date (the "No-Hire Period"), the Settling Defendants and the Non-Defendant Employees shall not solicit, hire, engage, or seek to induce, directly or indirectly, any Brown Employee for employment in any capacity, with AssuredPartners, Inc., or any entity with which any of the Individual Settling Defendants and/or the Non-Defendant Employees are or may become affiliated as officers, directors, employees, or shareholders. For purposes of the No-Hire Period, "Brown Employee" shall mean all persons employed by Brown at any Brown office in the United States as of the Effective Date of this Settlement Agreement.

For a period of eighteen (18) months from the Effective Date (the "18 Month No-Hire Period"), the Settling Defendants and the Non-Defendant Employees shall not solicit, hire, engage, or seek to induce, directly or indirectly, any Brown Employee for employment in any capacity from the Daytona Beach and/or Orlando Brown Offices, which encompasses both Orange and Seminole Counties, with AssuredPartners, Inc., or any entity with which any of the Individual Settling Defendants and/or the Non-Defendant Employees are or may become affiliated as officers, directors, employees, or shareholders. For purposes of the 18 Month No-Hire Period, "Brown Employee" shall mean all persons employed by Brown at any Brown office located in Daytona Beach and the greater Orlando area including all offices in Orange and Seminole Counties as of the Effective Date of this Settlement Agreement.

(b) **Return of Brown & Brown Business Information, Confidential Information and/or Trade Secrets**. To the extent they have not done so already, and if they have any such information in their possession, the Settling Defendants and the Non-Defendant Employees shall: (a) return all hard copies of Brown's nonpublic business information, Confidential Information,

and trade secrets, including any and all copies of such information that might have been in their possession prior to the execution of this Settlement Agreement, within seven (7) days of the date of execution of this Settlement Agreement; (b) not use any Brown legal or business forms, as such existed as of the Effective Date; and (c) shall maintain and protect Brown's material, non-public information of which the Individual Settling Defendants and/or the Non-Defendant Employees are aware as of the Effective Date. With regard to the Settling Defendants and the Non-Defendant Employees, the term Confidential Information shall have the meanings given in Section 6(a)(i) of the Schwarz Agreement. Brown's Confidential Information, nonpublic business information, trade secrets, and Brown's legal or business forms as defined herein shall not include the customer accounts which are held by the Settling Defendants as of the Effective Date.

(c) **Notice to AssuredPartners.** If Brown has reason to believe there is a breach of Section 4 of this Settlement Agreement, Brown shall give AssuredPartners written notice, pursuant to Section 13 herein, of the alleged breach, and AssuredPartners shall have fifteen (15) days from the date of notification in which to effect a cure of any such breach.

5. Brown's Release of Disputed Claims.

(a) **General Release.** In consideration for the promises, covenants, and agreements contained in this Settlement Agreement, Brown, on behalf of itself, its predecessors in interest, successors in interest, affiliated and subsidiary corporations, and all of their current and former shareholders, officers, directors, employees, agents, insurers, representatives, assigns, and attorneys, hereby releases and discharges the Settling Defendants and the Non-Defendant Employees individually and collectively, along with their predecessors in interest, successors in interest, affiliated entities and all of their current and former members, shareholders, officers, directors, employees, agents, insurers, representatives, assigns, and attorneys (collectively with the Settling Defendants, the "Settling Defendant Releasees") from any and all actions, cause and causes of action, suits, claims, and demands arising out of or in any way connected with any and all matters that were asserted, or could have been asserted, as claims, counterclaims, or otherwise, against any of the Settling Defendant Releasees in the Lawsuit. The claims released hereunder expressly include all claims arising out of the Employment Agreements of the Settling Defendant Releasees, who were Brown employees, and the Non-Defendant Employees' Employment Agreements of the Non-Defendant Employees.

(b) Release of Covenants and Restrictions in Employment Agreements.

In consideration for the promises, covenants, and agreements contained in this Settlement Agreement, Brown, on behalf of itself, its predecessors in interest, successors in interest, affiliated and subsidiary corporations, and all of their current and former shareholders, officers, directors, employees, agents, insurers, representatives, assigns, and attorneys hereby releases and discharges the Individual Settling Defendants and Non-Defendant Employees from all obligations pursuant to the Employment Agreements and Non-Defendant Employees' Employment Agreements in their entirety, subject to the Post Settlement Restrictive Covenants agreed to pursuant to Paragraph 4 of this Settlement Agreement.

6. Settling Defendants' Release of Disputed Claims.

(a) **General Release**. In consideration for the promises, covenants and agreements contained in this Settlement Agreement, the Settling Defendants and the Non-Defendant Employees on behalf of themselves, individually and collectively, along with their predecessors in interest, successors in interest, affiliated corporations, and all of their current and former shareholders, officers, directors, employees, agents, insurers, representatives, assigns, and attorneys, hereby release and discharge Brown, its predecessors in interest, successors in interest, affiliated and subsidiary corporations, and all of its current and former shareholders, officers, directors, employees, agents, insurers, representatives, assigns, and attorneys (collectively with Brown, the "Brown Releasees") from any and all actions, cause and causes of action, suits, claims, and demands, known or unknown, arising out of or in any way connected with any and all matters that were asserted, or could have been asserted, as claims, counterclaims, or otherwise, in the Lawsuit.

(b) **Employment-Related Releases.** Schwarz, Lindahl, Masi, Sharifi, Mandarano, Bloodwell, Randall, Mattson, and the Non-Defendant Employees fully waive, release, remise, acquit, and forever discharge, on behalf of themselves individually, and for their heirs, executors, attorneys, administrators, agents, and assigns, any and all known or unknown claims, demands, causes of action, damages, losses, and expenses they may have, have had, or hereafter can, shall, or may have against Brown, any parent, subsidiary or affiliated companies of Brown, and its and their respective predecessors, successors, assigns, former and current officers, directors, agents, representatives, officials, attorneys, and employees (collectively referred to below as "Affiliates"). Specifically included in this waiver and release are, among other things, any and all claims of alleged employment discrimination under the Age Discrimination in Employment Act, as amended, 29 U.S.C. §621, et seq., Title VII of the Civil Rights Act of 1964, as amended, 42 U.S.C. §2000e, et seq., the Americans with Disabilities Act of 1990, as amended, 42 U.S.C. §12101, et seq., and any other federal, state or local statute, rule or regulation, as well as any claims under the Employee Retirement Income Security Act of 1974, 29 U.S.C. §1001, et seq., and any claims of alleged wrongful discharge, negligent or intentional infliction of emotional distress, breach of contract, fraud, and any other alleged unlawful behavior, the existence of which is denied by Brown and Affiliates. Schwarz, Lindahl, Masi, Sharifi, Mandarano, Bloodwell, Randall, Mattson, and the Non-Defendant Employees represent that neither they nor any person or entity acting on their behalf has filed any complaint or charge against Brown or Affiliates with the Equal Employment Opportunity Commission ("EEOC"), the Florida Commission on Human Relations, the federal or Florida Department of Labor, or with any other local, state or federal agency or court. Schwarz, Lindahl, Masi, Sharifi, Mandarano, Bloodwell, Randall, Mattson, and the Non-Defendant Employees agree that if they, or any person or entity acting on behalf of them, should bring such a charge, claim, complaint, or action, Schwarz, Lindahl, Masi, Sharifi, Mandarano, Bloodwell, Randall, Mattson, and the Non-Defendant Employees hereby waive and forfeit any right to recover additional benefits, compensation, and all fees under such claim, and will exercise every good-faith effort to have such claim dismissed as to each of them personally. Schwarz, Lindahl, Masi, Sharifi, Mandarano, Bloodwell, Randall, Mattson, and the Non-Defendant Employees further agree that if any of them violates this Settlement Agreement by bringing any action, charge, claim, or complaint against Brown or its affiliates in any form, then the person(s) violating the Settlement Agreement shall pay all costs

and expenses, including reasonable attorneys' fees, that are incurred by Brown in defending such action, charge, claim, or complaint.

7. Binding Effect and Acquired Entities. The Settling Parties and the Non-Defendant Employees stipulate that this Settlement Agreement shall be binding on their successors, assigns, and heirs (except as otherwise set forth in this Settlement Agreement). Additionally, the restrictive covenants described in Section 4 of this Settlement Agreement shall be binding on any person or entity with which the Settling Defendants and/or the Non-Defendant Employees acquire through merger or acquisition on or after the Effective Date (the "Acquired Affiliates"). Further, the Settling Defendants and/or the Non-Defendant Employees shall be prohibited from requesting, causing, or directing: (a) anyone to terminate their employment with Brown during the No-Hire Period and the 18 Month No-Hire Period in order to become employed by an agency that AssuredPartners or their affiliates are considering for acquisition.

8. Integrated Settlement. Except as provided in this section, this Settlement Agreement contains the entire, complete, and integrated statement of each and every term and provision agreed to by and between the Settling Parties and the Non-Defendant Employees herein, and it is not subject to any condition or term not provided for herein. All prior negotiations and agreements, oral or written, are merged in this Settlement Agreement. This Settlement Agreement supersedes any and all prior communications and agreements between or among the Settling Parties and the Non-Defendant Employees or their representatives relative to the matters contained herein, whether in writing, oral, or otherwise including the Brown Employment Agreements and the Non-Defendant Employees' Employment Agreements.

9. Counterparts. This Settlement Agreement may be executed in multiple counterparts. Facsimile or e-mailed pdf signatures shall be considered valid signatures, but the parties shall thereafter exchange original signature pages. By signing this Settlement Agreement, each signatory represents that he, she or it is authorized to enter into this Settlement Agreement for the party on whose behalf he is signing and that he, or the entity he is representing, consents (for purposes of enforcing this Settlement Agreement only) to personal jurisdiction in the Court for purposes of the enforcement of this Settlement Agreement

10. No Admission of Liability. The Settling Parties and the Non-Defendant Employees acknowledge and agree that this Settlement Agreement is not an admission of any wrongdoing by, or liability of, any Settling Party and the Non-Defendant Employees.

11. Headings for Convenience Only. The paragraph and section headings in this Settlement Agreement are solely for convenience and shall not be deemed to limit or otherwise affect the meaning or construction of any part of this Settlement Agreement.

12. No Party Is Considered the Drafter of this Settlement Agreement. This Settlement Agreement has been the subject of negotiations among the Settling Parties and the Non-Defendant Employees. No party shall be considered to be the drafter of this Settlement Agreement, or any provision hereof for any purpose.

13. Notices. Except as otherwise provided herein, all notices or communications

required under this Settlement Agreement shall be made via e-mail, with a copy or original sent by overnight courier, to the addresses below, or as otherwise designated from time to time by the Settling Parties and the Non-Defendant Employees:

To Brown:	With a copy to:
Robert W. Lloyd Executive Vice President, Secretary, and General Counsel Brown & Brown, Inc. 220 S. Ridgewood Avenue Suite 301 Daytona Beach, FL 32114 rlloyd@bbins.com	Thomas J. Leek Cobb Cole 149 South Ridgewood Avenue Suite 700 Daytona Beach, FL 32114 Thomas.Leek@CobbCole.com

To the Settling Defendants and the Non-Defendant Employees:

Michael Gay
Kimberly A. Ashby
Sean P. Smith
Foley & Lardner, LLP
111 N. Orange Avenue
Suite 1800
Orlando, FL 32801-2386
mgay@foley.com
kashby@foley.com
ssmith@foley.com
slbradley@foley.com

14. Review of Settlement Agreement With Counsel. The Settling Parties and the Non-Defendant Employees acknowledge that they have had an opportunity to have counsel of their choosing review this Settlement Agreement. The Settling Parties and the Non-Defendant Employees execute this Settlement Agreement after being fully informed of its terms, contents, and effects and after having had the opportunity to review its terms with counsel.

15. Choice of Law, Forum Selection and Injunctive Relief. This Settlement Agreement shall be construed and interpreted in accordance with the laws of the State of Florida. All actions or proceedings arising in connection with this Settlement Agreement shall be resolved in the Circuit Court for the Seventh Judicial Circuit, In and For Volusia County, Florida. This choice of venue is intended by the parties to be mandatory and not permissive in nature, thereby precluding the possibility of litigation between the parties with respect to or arising out of this Settlement Agreement in any jurisdiction other than that specified herein. Each party waives, to the fullest extent permitted by applicable law, any right it may have to assert the doctrine of forum non conveniens or similar doctrine or to object to venue with respect to any proceeding brought in accordance with this Section and stipulates that the aforementioned

Court shall have in personam jurisdiction and venue over each of them solely for the purposes of litigating any dispute, controversy or proceeding arising out of or related to this Settlement Agreement.

16. Modification and Strict Compliance. The Settling Parties and the Non-Defendant Employees agree that this Settlement Agreement may be modified only in writing signed by the Parties and represent and warrant that they shall promptly notify the Court of any such written modification (if appropriate). The Settling Parties and the Non-Party Defendants further acknowledge that any party's failure to enforce this Settlement Agreement or otherwise demand strict compliance with its terms at any time during the duration of the Post-Settlement Restrictive Covenants, shall not be deemed to be a waiver of the right to enforce this Settlement Agreement or demand strict compliance with its terms at any later time.

17. Severability. If any provision of this Settlement Agreement is declared null and void or unenforceable, in whole or in part, by any court or tribunal having jurisdiction, then such provision or such part of a provision shall be considered separate and apart from the remainder of this Settlement Agreement, which shall remain in full force and effect, unless the provision rendered null and void or unenforceable results in the Settlement Agreement failing in its essential purpose.

18. Attorneys' Fees and Costs. In the event that any Settling Party and/or the Non-Defendant Employees are required to bring any suit or proceeding against any other Settling Party and/or the Non-Defendant Employees to enforce any of the provisions of this Settlement Agreement, the non-prevailing party shall be responsible for the other Party's (or Parties') reasonable attorneys' fees whether incurred during settlement, at trial, on appeal, or in any bankruptcy proceeding, and costs incurred in such proceedings, including, but not limited to, all costs of investigation and litigation, consulting expert and expert witness fees, deposition costs (including appearance fees and transcript charges), injunction bond premiums, travel and lodging expenses, and all other reasonable costs and expenses.

The Parties individually and by and through their undersigned counsel hereby agree and stipulate to the above Settlement Agreement.

[Remainder of Page Intentionally Blank]

Signature Page to Settlement Agreement

I hereby acknowledge that I have read and understood the foregoing and agree to be bound by the obligations, terms and conditions set forth therein, as they apply to me or the entity on whose behalf I am signing. I further represent that I have authority to bind the entity or person on whose behalf I am signing for the purpose of this Settlement Agreement.

JIM W. HENDERSON

/s/ Jim W. Henderson______________

Signature Page to Settlement Agreement

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THOMAS E. RILEY

/s/ Thomas E. Riley_______________

Signature Page to Settlement Agreement

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RICHARD T. SCHWARZ, II

/s/ Richard T. Schwarz, II___________

{019777-1265 : MMURP/DRFTMSC : 02113835.DOC; 3}

Signature Page to Settlement Agreement

I hereby acknowledge that I have read and understood the foregoing and agree to be bound by the obligations, terms and conditions set forth therein, as they apply to me or the entity on whose behalf I am signing. I further represent that I have authority to bind the entity or person on whose behalf I am signing for the purpose of this Settlement Agreement.

BRIAN E. LINDAHL

/s/ Brian E. Lindahl_______________

Signature Page to Settlement Agreement

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PHILLIP L. MASI

/s/ Phillip L. Masi________________

{019777-1265 : MMURP/DRFTMSC : 02113835.DOC; 3}

Signature Page to Settlement Agreement

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NEGAR SHARIFI

/s/ Negar Sharifi_________________

Signature Page to Settlement Agreement

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JENNICA A. MANDARANO f/k/a JENNICA CRUM

/s/ Jennica A. Mandarano__________

{019777-1265 : MMURP/DRFTMSC : 02113835.DOC; 3}

Signature Page to Settlement Agreement

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KATHRYN E. BLOODWELL f/k/a KATHRYN E. CHESTER

/s/ Kathryn E. Bloodwell ___________

Signature Page to Settlement Agreement

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MICHAEL A. RANDALL

/s/ Michael A. Randall____________

Signature Page to Settlement Agreement

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DANIELLE MATTSON

/s/ Danielle Mattson______________

Signature Page to Settlement Agreement

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ASSUREDPARTNERS, INC.

By: /s/ Jim W. Henderson____________

Name: Jim W. Henderson

Title: Chairman and Chief Executive Officer

Signature Page to Settlement Agreement

I hereby acknowledge that I have read and understood the foregoing and agree to be bound by the obligations, terms and conditions set forth therein, as they apply to me or the entity on whose behalf I am signing. I further represent that I have authority to bind the entity or person on whose behalf I am signing for the purpose of this Settlement Agreement.

Hailey Bush

/s/ Hailey Bush__________________

Signature Page to Settlement Agreement

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Debbie Dee

/s/ Debbie Dee___________________

Signature Page to Settlement Agreement

I hereby acknowledge that I have read and understood the foregoing and agree to be bound by the obligations, terms and conditions set forth therein, as they apply to me or the entity on whose behalf I am signing. I further represent that I have authority to bind the entity or person on whose behalf I am signing for the purpose of this Settlement Agreement.

Ashley Dyroff

/s/ Ashley Dyroff_________________

Signature Page to Settlement Agreement

I hereby acknowledge that I have read and understood the foregoing and agree to be bound by the obligations, terms and conditions set forth therein, as they apply to me or the entity on whose behalf I am signing. I further represent that I have authority to bind the entity or person on whose behalf I am signing for the purpose of this Settlement Agreement.

Kimberly Fishberg

/s/ Kimberly Fishberg______________

Signature Page to Settlement Agreement

I hereby acknowledge that I have read and understood the foregoing and agree to be bound by the obligations, terms and conditions set forth therein, as they apply to me or the entity on whose behalf I am signing. I further represent that I have authority to bind the entity or person on whose behalf I am signing for the purpose of this Settlement Agreement.

Danielle Harrison

/s/ Danielle Harrison______________

{019777-1265 : MMURP/DRFTMSC : 02113835.DOC; 3}

Signature Page to Settlement Agreement

I hereby acknowledge that I have read and understood the foregoing and agree to be bound by the obligations, terms and conditions set forth therein, as they apply to me or the entity on whose behalf I am signing. I further represent that I have authority to bind the entity or person on whose behalf I am signing for the purpose of this Settlement Agreement.

Sarah North

/s/ Sarah North___________________

Signature Page to Settlement Agreement

I hereby acknowledge that I have read and understood the foregoing and agree to be bound by the obligations, terms and conditions set forth therein, as they apply to me or the entity on whose behalf I am signing. I further represent that I have authority to bind the entity or person on whose behalf I am signing for the purpose of this Settlement Agreement.

Bisi Ogunjumo

/s/ Bisi Ogunjumo________________

Signature Page to Settlement Agreement

I hereby acknowledge that I have read and understood the foregoing and agree to be bound by the obligations, terms and conditions set forth therein, as they apply to me or the entity on whose behalf I am signing. I further represent that I have authority to bind the entity or person on whose behalf I am signing for the purpose of this Settlement Agreement.

Mary Evans

/s/ Mary Evans ___________________

Signature Page to Settlement Agreement

I hereby acknowledge that I have read and understood the foregoing and agree to be bound by the obligations, terms and conditions set forth therein, as they apply to me or the entity on whose behalf I am signing. I further represent that I have authority to bind the entity or person on whose behalf I am signing for the purpose of this Settlement Agreement.

BROWN & BROWN, INC.

By: /s/ Mark E. King________________

Name: Mark E. King

Title: Chief Litigation Counsel

Exhibit 31.1

Certification by the Chief Executive Officer
Pursuant to Section 302 of The Sarbanes-Oxley Act of 2002

I, J. Powell Brown, certify that:

1. I have reviewed this Quarterly Report of Brown & Brown, Inc. (the "Registrant") on Form 10-Q for the quarter ended March 31, 2017;

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 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 most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the Registrant's internal control over financial reporting; and

5. The Registrant's other certifying officer 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: May 5, 2017

/s/ J. Powell Brown

J. Powell Brown
President and Chief Executive Officer

Exhibit 31.2

**Certification by the Chief Financial Officer
Pursuant to Section 302 of The Sarbanes-Oxley Act of 2002**

I, R. Andrew Watts, certify that:

1. I have reviewed this Quarterly Report of Brown & Brown, Inc. (the “Registrant”) on Form 10-Q for the quarter ended March 31, 2017;

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 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 most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the Registrant’s internal control over financial reporting; and

5. The Registrant’s other certifying officer 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: May 5, 2017

/s/ R. Andrew Watts

R. Andrew Watts

Executive Vice President, Chief Financial Officer and Treasurer

Exhibit 32.1

Certification Pursuant to Section 1350 of Title 18 of the United States Code, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

In connection with the Quarterly Report of Brown & Brown, Inc. (the "Company") on Form 10-Q for the quarter ended March 31, 2017 as filed with the Securities and Exchange Commission on the date hereof (the "Form 10-Q"), 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-Q 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-Q fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: May 5, 2017

/s/ J. Powell Brown

J. Powell Brown
President and Chief Executive Officer

Exhibit 32.2

Certification Pursuant to Section 1350 of Title 18 of the United States Code, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

In connection with the Quarterly Report of Brown & Brown, Inc. (the “Company”) on Form 10-Q for the quarter ended March 31, 2017 as filed with the Securities and Exchange Commission on the date hereof (the “Form 10-Q”), I, R. Andrew Watts, 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-Q 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-Q fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: May 5, 2017

/s/ R. Andrew Watts

R. Andrew Watts

Executive Vice President, Chief Financial Officer and Treasurer