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 September 30, 2016

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, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer," and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

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

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

The number of shares of the Registrant's common stock, $0.10 par value, outstanding as of November 4, 2016 was 140,209,157.

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 on reasonable assumptions within the bounds of our knowledge of our business, a number of factors could cause actual results to differ materially from those expressed in any forward-looking statements, whether oral or written, made by us or on our behalf. Many of these factors have previously been identified in filings or statements made by us or on our behalf. Important factors which could cause our actual results to differ materially from the forward-looking statements in this report include 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;
- Downward pressure on commercial property and casualty premiums or employee benefits premiums;
- 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 California, Florida, Georgia, Illinois, Indiana, Kansas, Kentucky, Massachusetts, Michigan, New Jersey, New York, North Carolina, 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 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;
- Exposure units, and premium rates set by insurance companies which have traditionally varied and are difficult to predict;
- Our ability to forecast liquidity needs through at least the end of 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 in providing 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 filings.

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

PART I — 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 September 30,		For the nine months ended September 30,	
	2016	2015	2016	2015
REVENUES				
Commissions and fees	$ 461,652	$ 431,863	$ 1,329,649	$ 1,252,888
Investment income	230	228	1,150	708
Other income, net	392	76	2,166	2,316
Total revenues	462,274	432,167	1,332,965	1,255,912
EXPENSES				
Employee compensation and benefits	237,653	216,156	692,814	645,419
Other operating expenses	67,433	66,121	197,329	191,591
Gain on disposal	(277)	(654)	(3,131)	(1,259)
Amortization	21,805	22,158	65,025	65,406
Depreciation	5,195	5,215	15,867	15,635
Interest	9,883	9,882	29,617	29,404
Change in estimated acquisition earn-out payables	3,610	459	6,846	2,194
Total expenses	345,302	319,337	1,004,367	948,390
Income before income taxes	116,972	112,830	328,598	307,522
Income taxes	45,427	45,403	128,733	122,139
Net income	$ 71,545	$ 67,427	$ 199,865	$ 185,383
Net income per share:				
Basic	$ 0.51	$ 0.48	$ 1.43	$ 1.31
Diluted	$ 0.50	$ 0.47	$ 1.41	$ 1.29
Dividends declared per share	$ 0.12	$ 0.11	$ 0.37	$ 0.33

See accompanying Notes to Condensed Consolidated Financial Statements.

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BROWN & BROWN, INC.

CONDENSED CONSOLIDATED BALANCE SHEETS
(UNAUDITED)

(in thousands, except per share data)	September 30, 2016	December 31, 2015
ASSETS		
Current Assets:		
Cash and cash equivalents	$ 488,683	$ 443,420
Restricted cash and investments	278,279	229,753
Short-term investments	13,287	13,734
Premiums, commissions and fees receivable	469,452	433,885
Reinsurance recoverable	332,004	31,968
Prepaid reinsurance premiums	333,967	309,643
Deferred income taxes	16,961	24,635
Other current assets	42,041	50,351
Total current assets	1,974,674	1,537,389
Fixed assets, net	77,771	81,753
Goodwill	2,672,365	2,586,683
Amortizable intangible assets, net	726,140	744,680
Investments	26,307	18,092
Other assets	44,770	35,882
Total assets	$ 5,522,027	$ 5,004,479
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities:		
Premiums payable to insurance companies	$ 619,149	$ 574,736
Losses and loss adjustment reserve	332,004	31,968
Unearned premiums	333,967	309,643
Premium deposits and credits due customers	111,012	83,098
Accounts payable	53,911	63,910
Accrued expenses and other liabilities	171,200	192,067
Current portion of long-term debt	80,492	73,125
Total current liabilities	1,701,735	1,328,547
Long-term debt less unamortized discount and debt issuance costs	1,031,693	1,071,618
Deferred income taxes, net	376,658	360,949
Other liabilities	87,169	93,589
Shareholders' Equity:		
Common stock, par value $0.10 per share; authorized 280,000 shares; issued 148,110 shares and outstanding 140,317 shares at 2016, issued 146,415 shares and outstanding 138,985 shares at 2015	14,811	14,642
Additional paid-in capital	464,028	426,498
Treasury stock, at cost 7,794 and 7,430 shares at 2016 and 2015, respectively	(250,025)	(238,775)
Retained earnings	2,095,958	1,947,411
Total shareholders' equity	2,324,772	2,149,776
Total liabilities and shareholders' equity	$ 5,522,027	$ 5,004,479

See accompanying Notes to Condensed Consolidated Financial Statements.

BROWN & BROWN, INC.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS(UNAUDITED)

(in thousands)	For the nine months ended September 30, 2016	2015
Cash flows from operating activities:		
Net income	$ 199,865	$ 185,383
Adjustments to reconcile net income to net cash provided by operating activities:		
Amortization	65,025	65,406
Depreciation	15,867	15,635
Non-cash stock-based compensation	11,593	17,348
Change in estimated acquisition earn-out payables	6,846	2,194
Deferred income taxes	20,081	16,974
Amortization of debt discount	118	118
Amortization and disposal of deferred financing costs	1,207	—
Accretion of discounts and premiums, investment	36	—
Income tax benefit from exercise of shares from the stock benefit plans	(7,213)	(2,502)
Net gain on sales of investments, fixed assets and customer accounts	(2,860)	(830)
Payments on acquisition earn-outs in excess of original estimated payables	(3,683)	(4,917)
Changes in operating assets and liabilities, net of effect from acquisitions and divestitures:		
Restricted cash and investments (increase) decrease	(48,526)	42,123
Premiums, commissions and fees receivable (increase) decrease	(31,324)	2,277
Reinsurance recoverables (increase)	(300,036)	(24,177)
Prepaid reinsurance premiums (increase)	(24,324)	(9,191)
Other assets decrease (increase)	1,231	(13,076)
Premiums payable to insurance companies decrease (increase)	39,787	(37,845)
Premium deposits and credits due customers increase	27,914	12,717
Losses and loss adjustment reserve increase	300,036	24,177
Unearned premiums increase	24,324	9,191
Accounts payable increase	13,858	27,793
Accrued expenses and other liabilities (decrease)	(22,119)	(11,547)
Other liabilities (decrease)	(17,094)	(26,610)
Net cash provided by operating activities	270,609	290,641
Cash flows from investing activities:		
Additions to fixed assets	(13,135)	(12,773)
Payments for businesses acquired, net of cash acquired	(113,219)	(109,926)
Proceeds from sales of fixed assets and customer accounts	3,411	4,794
Purchases of investments	(24,332)	(16,875)
Proceeds from sales of investments	16,716	14,460
Net cash used in investing activities	(130,559)	(120,320)
Cash flows from financing activities:		
Payments of long-term debt	(34,375)	(38,750)
Payments on acquisition earn-outs	(23,872)	(22,020)
Income tax benefit from exercise of shares from the stock benefit plans	7,213	2,502
Issuances of common stock for employee stock benefit plans	15,959	15,854
Repurchase stock benefit plan shares for employees to fund tax withholdings	(8,395)	(2,297)
Purchase of treasury stock	(11,250)	(100,000)
Settlement of accelerated share repurchase program	11,250	—
Cash dividends paid	(51,317)	(46,840)
Net cash used in financing activities	(94,787)	(191,551)
Net increase (decrease) in cash and cash equivalents	45,263	(21,230)
Cash and cash equivalents at beginning of period	443,420	470,048
Cash and cash equivalents at end of period	$ 488,683	$ 448,818

See accompanying Notes to Condensed Consolidated Financial Statements.

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 and casualty area. 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 entity, 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, and 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. Since May 2014, we have owned a flood insurance carrier, Wright National Flood Insurance Company ("Wright Flood"). Wright Flood's business consists of policies written pursuant to the National Flood Insurance Program of the Federal Emergency Management Agency ("FEMA"), and several excess flood insurance policies, all of which are fully reinsured.

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, 2015.

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.

In April 2015, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2015-03, "Simplifying the Presentation of Debt Issuance Costs". The guidance requires that debt issuance costs related to a recognized debt liability be presented in the balance sheet as a direct deduction from the carrying amount of the debt liability, consistent with debt discounts, and not recorded as a separate asset. The reason for the change is to align the treatment of debt issuance costs and debt discounts so that both reduce the carrying value of the liability. In August 2015, the FASB clarified that its guidance does not apply to line-of credit arrangements. This guidance requires retrospective application and is effective for fiscal years beginning after December 15, 2015 and for interim periods within those fiscal years, with early adoption permitted. The Company adopted the guidance on January 1, 2016, as required. As a result, the Company retrospectively applied the guidance to the 2015 Consolidated Balance Sheet by reclassifying $8.3 million from other assets to long-term debt.

The Company has condensed the presentation of non-cash stock based compensation into the employee compensation and benefits line. The non-cash stock based compensation shown in the 2015 Consolidated Statement of Income was $15.5 million for the full year.

Recently Issued Accounting Pronouncements

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 is currently in the process of evaluating the impact of adoption of the ASU on its consolidated financial statements.

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 for the Company beginning January 1, 2018. The impact of ASU 2016-08 is currently being evaluated along with ASU 2014-09.

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 is currently in the process of evaluating the impact of adoption of the ASU on its Consolidated Financial Statements.

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 is currently evaluating its leases against the requirements of this pronouncement, with the primary effect of adopting the new standard being the requirement to record assets and obligations for operating leases with original terms greater than twelve months.

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 plans to adopt ASU 2015-17 in the first quarter of 2017. This is not expected to have a material impact on our Consolidated Financial Statements other than reclassifying current deferred tax assets and liabilities to non-current on the balance sheet.

In August 2014, FASB issued ASU No. 2014-15, "Disclosure of Uncertainties About an Entity's Ability to Continue as a Going Concern" ("ASU 2014-15"), which addresses management's responsibility in evaluating whether there is substantial doubt about a company's ability to continue as a going concern and to provide related footnote disclosures. ASU 2014-15 is effective for fiscal years beginning after December 15, 2016 and for interim periods within those fiscal years, with early adoption permitted. The Company does not expect to early adopt this guidance, and it believes the adoption of this guidance will not have an impact on our Consolidated Financial Statements.

In May 2014, FASB issued 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. These may include identifying performance obligations in the contract, estimating the amount of variable consideration to include in the transaction price and allocating the transaction price to each separate performance obligation. ASU 2014-09 is effective for the Company beginning January 1, 2018. At that time, the Company may adopt the new standard under the full retrospective approach or the modified retrospective approach. The Company is currently evaluating its revenue streams against the requirements of this pronouncement.

NOTE 3· Net Income Per Share

Basic EPS is computed based on the weighted average number of common shares (including participating securities) issued and outstanding during the period. Diluted EPS is computed based on the weighted average number of common shares issued and outstanding plus equivalent shares, assuming the exercise of stock options. The dilutive effect of stock options is computed by application of the treasury-stock method. The following is a reconciliation between basic and diluted weighted average shares outstanding:

	For the three months ended September 30,		For the nine months ended September 30,	
(in thousands, except per share data)	2016	2015	2016	2015
Net income	$ 71,545	$ 67,427	$ 199,865	$ 185,383
Net income attributable to unvested awarded performance stock	(1,873)	(1,565)	(5,210)	(4,370)
Net income attributable to common shares	$ 69,672	$ 65,862	$ 194,655	$ 181,013
Weighted average number of common shares outstanding – basic	140,129	140,955	139,642	141,517
Less unvested awarded performance stock included in weighted average number of common shares outstanding – basic	(3,668)	(3,271)	(3,640)	(3,336)
Weighted average number of common shares outstanding for basic earnings per common share	136,461	137,684	136,002	138,181
Dilutive effect of stock options	1,721	2,357	1,582	2,265
Weighted average number of shares outstanding – diluted	138,182	140,041	137,584	140,446
Net income per share:				
Basic	$ 0.51	$ 0.48	$ 1.43	$ 1.31
Diluted	$ 0.50	$ 0.47	$ 1.41	$ 1.29

NOTE 4· Business Combinations

During the nine months ended September 30, 2016, Brown & Brown acquired the assets and assumed certain liabilities of five insurance intermediaries and all of the stock of one insurance intermediaries. Additionally, miscellaneous adjustments were 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. All of these businesses were acquired primarily to expand Brown & Brown's core business and to attract and hire high-quality individuals. 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 nine months ended September 30, 2016, several adjustments were made within the permitted measurement period that resulted in a decrease in the aggregate purchase price of the affected acquisitions of $917,497 relating to the assumption of certain liabilities. These measurement period adjustments have been reflected as current period adjustments in the nine months ended September 30, 2016 in accordance with the guidance in ASU 2015-16 "Business Combinations". The measurement period adjustments impacted goodwill, with no effect on earnings or cash in the current period.

Cash paid for acquisitions was $115.3 million and $109.9 million in the nine-month periods ended September 30, 2016 and 2015, respectively. We completed six acquisitions (excluding book of business purchases) in the nine-month period ended September 30, 2016. We completed nine acquisitions (excluding book of business purchases) in the nine-month period ended September 30, 2015.

The following table summarizes the purchase price allocation made as of the date of each acquisition for current year acquisitions and adjustments made during the measurement period for prior year acquisitions. The purchase price allocation for Social Security Advocates for the Disabled ("SSAD") and Morstan General Agency, Inc. ("Morstan") are provisional as they are based on initial valuations. The primary areas of the preliminary purchase price allocations for SSAD and Morstan that are not yet finalized relate to the fair value of certain tangible and intangible assets acquired and liabilities assumed, assets and liabilities related to income taxes and residual goodwill. 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. With the Company's adoption of ASU No. 2015-16 in the first fiscal quarter of 2016, these adjustments will be 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*
Social Security Advocates for the Disabled (SSAD)	Services	February 1, 2016	$ 32,526	$ 492	$ —	$ 971	$ 33,989	*$ 3,000*
Morstan General Agency, Inc. (Morstan)	Wholesale	June 1, 2016	66,050	—	10,200	3,091	79,341	*5,000*
Other	Various	Various	16,737	—	305	(234)	16,808	*5,722*
Total			$ 115,313	$ 492	$ 10,505	$ 3,828	$ 130,138	*$ 13,722*

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

(in thousands)	SSAD	Morstan	Other	Total
Cash	$ 2,094	$ —	$ —	$ 2,094
Other current assets	1,042	2,482	753	4,277
Fixed assets	307	300	47	654
Goodwill	22,352	51,454	11,876	85,682
Purchased customer accounts	13,069	26,481	7,201	46,751
Non-compete agreements	72	39	84	195
Total assets acquired	38,936	80,756	19,961	139,653
Other current liabilities	(1,717)	(1,415)	(3,153)	(6,285)
Deferred income tax, net	(3,230)	—	—	(3,230)
Total liabilities assumed	(4,947)	(1,415)	(3,153)	(9,515)
Net assets acquired	$ 33,989	$ 79,341	$ 16,808	$ 130,138

The weighted average useful lives for the acquired amortizable intangible assets are as follows: purchased customer accounts, 15 years; and non-compete agreements, 5 years.

Goodwill of $85.7 million, which is net of any opening balance sheet adjustments within the allowable measurement period, was allocated to the Retail, National Programs, Wholesale Brokerage and Service Segments in the amounts of $11.9 million, $(1.0) thousand, $51.5 million and $22.4 million, respectively. Of the total goodwill of $85.7 million, $60.5 million is currently deductible for income tax purposes and $21.4 million is non-deductible. The remaining $3.8 million relates to the recorded earn-out payables and will not be deductible until it is earned and paid.

For the acquisitions completed during 2016, the results of operations since the acquisition dates have been combined with those of the Company. The total revenues from the acquisitions completed through September 30, 2016, included in the Condensed Consolidated Statement of Income for the three and nine months ended September 30, 2016, were $12.6 million and $21.5 million, respectively. The income before income taxes, including the intercompany cost of capital charge, from the acquisitions completed through September 30, 2016, included in the Condensed Consolidated Statement of Income for the three and nine months ended September 30, 2016, were $1.0 million and $2.4 million. If the acquisitions had occurred as of the beginning of the respective periods, the Company's results of operations would be as shown in the following table. These unaudited pro forma results are not necessarily indicative of the actual results of operations that would have occurred had the acquisitions actually been made at the beginning of the respective periods.

(UNAUDITED)	For the three months ended September 30,		For the nine months ended September 30,	
(in thousands, except per share data)	2016	2015	2016	2015
Total revenues	$ 462,684	$ 445,672	$ 1,350,014	$ 1,295,027
Income before income taxes	$ 117,144	$ 115,749	$ 332,101	$ 315,824
Net income	$ 71,650	$ 69,171	$ 201,996	$ 190,387
Net income per share:				
Basic	$ 0.51	$ 0.49	$ 1.45	$ 1.35
Diluted	$ 0.51	$ 0.48	$ 1.43	$ 1.32
Weighted average number of shares outstanding:				
Basic	136,461	137,684	136,002	138,181
Diluted	138,182	140,041	137,584	140,446

As of September 30, 2016 and 2015, 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 and nine months ended September 30, 2016 and 2015, were as follows:

	For the three months ended September 30,		For the nine months ended September 30,	
(in thousands)	2016	2015	2016	2015
Balance as of the beginning of the period	$ 73,447	$ 90,113	$ 78,387	$ 75,283
Additions to estimated acquisition earn-out payables	1,437	2,363	3,828	29,496
Payments for estimated acquisition earn-out payables	(16,988)	(12,899)	(27,555)	(26,937)
Subtotal	57,896	79,577	54,660	77,842
Net change in earnings from estimated acquisition earn-out payables:				
Change in fair value on estimated acquisition earn-out payables	2,883	(365)	4,704	(30)
Interest expense accretion	727	824	2,142	2,224
Net change in earnings from estimated acquisition earn-out payables	3,610	459	6,846	2,194
Balance as of September 30,	$ 61,506	$ 80,036	$ 61,506	$ 80,036

Of the $61.5 million estimated acquisition earn-out payables as of September 30, 2016, $23.0 million was recorded as accounts payable and $38.5 million was recorded as other non-current liabilities. 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, 2015, and identified no impairment as a result of the evaluation.

The changes in the carrying value of goodwill by reportable segment for the nine months ended September 30, 2016 are as follows:

(in thousands)	Retail	National Programs	Wholesale Brokerage	Services	Total
Balance as of January 1, 2016	$ 1,345,636	$ 901,866	$ 226,961	$ 112,220	$ 2,586,683
Goodwill of acquired businesses	11,854	(1)	51,477	22,352	85,682
Goodwill of transferred businesses	571	(571)	—	—	—
Balance as of September 30, 2016	$ 1,358,061	$ 901,294	$ 278,438	$ 134,572	$ 2,672,365

NOTE 6· Amortizable Intangible Assets

Amortizable intangible assets at September 30, 2016 and December 31, 2015 consisted of the following:

	September 30, 2016				December 31, 2015			
(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	$ 1,445,052	$ (720,728)	$ 724,324	15.0	$ 1,398,986	$ (656,799)	$ 742,187	15.0
Non-compete agreements	29,635	(27,819)	1,816	6.8	29,440	(26,947)	2,493	6.8
Total	$ 1,474,687	$ (748,547)	$ 726,140		$ 1,428,426	$ (683,746)	$ 744,680	

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

Amortization expense for amortizable intangible assets for the years ending December 31, 2016, 2017, 2018, 2019 and 2020 is estimated to be $86.6 million, $84.7 million, $79.5 million, $75.0 million, and $67.6 million, respectively.

NOTE 7· Long-Term Debt

Long-term debt at September 30, 2016 and December 31, 2015 consisted of the following:

(in thousands)	September 30, 2016	December 31, 2015
Current portion of long-term debt:		
Current portion of 5-year term loan facility expires 2019	$ 55,000	$ 48,125
5.660% senior notes, Series C, semi-annual interest payments, balloon due 2016	25,000	25,000
Short-term promissory note	492	—
Total current portion of long-term debt	80,492	73,125
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, balloon due 2024	498,746	498,628
Total notes	598,746	598,628
Credit agreements:		
5-year term-loan facility, periodic interest and principal payments, LIBOR plus up to 1.750%, expires May 20, 2019	440,000	481,250
5-year revolving-loan facility, periodic interest payments, currently LIBOR plus up to 1.500% and commitment fees up to 0.250%, expires May 20, 2019	—	—
Total credit agreements	440,000	481,250
Debt issuance costs (contra)	(7,053)	(8,260)
Total long-term debt less unamortized discount and debt issuance costs	1,031,693	1,071,618
Current portion of long-term debt	80,492	73,125
Total debt	$ 1,112,185	$ 1,144,743

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 Notes were redeemed at maturity using cash proceeds to pay off the principal of $25.0 million plus any remaining accrued interest. As of September 30, 2016, there was an outstanding debt balance issued under the provisions of the Master Agreement of $125.0 million.

On July 1, 2013, in conjunction with the acquisition of Beecher Carlson Holdings, Inc., the Company entered into a revolving loan agreement (the “Wells Fargo Agreement”) with Wells Fargo Bank, N.A. that provided for a $50.0 million revolving line of credit (the “Wells Fargo Revolver”). The maturity date for the Wells Fargo Revolver is December 31, 2016, at which time all outstanding principal and unpaid interest will be due. On April 16, 2014, in connection with the signing of the Credit Facility (as defined below) an amendment to the agreement was established to reduce the total revolving loan commitment from $50.0 million to $25.0 million. The Wells Fargo Revolver may be increased by up to $50.0 million (bringing the total amount available to $75.0 million). The calculation of interest and fees for the Wells Fargo Agreement is generally based on the Company’s funded debt-to-EBITDA ratio. Interest is charged at a rate equal to 1.000% to 1.400% above LIBOR or 1.000% below the Base Rate, each as more fully described in the Wells Fargo Agreement. Fees include an up-front fee, an availability fee of 0.175% to 0.250%, and a letter of credit margin fee of 1.000% to 1.400%. The obligations under the Wells Fargo Revolver are unsecured and the Wells Fargo Agreement includes various covenants, limitations and events of default that are customary for similar facilities for similar borrowers. On March 14, 2016, the Wells Fargo Revolver was terminated before its maturity date as mentioned above with no fees incurred. There were no borrowings against the Wells Fargo Revolver as of September 30, 2016 and December 31, 2015.

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 September 30, 2016 and December 31, 2015, there was an outstanding debt balance issued under the provisions of the Credit Facility in total of $495.0 million and $529.4 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 December 31, 2016.

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 September 30, 2016 and December 31, 2015, there was an outstanding debt balance of $500.0 million exclusive of the associated discount balance.

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 September 30, 2016 and December 31, 2015.

The 30-day Adjusted LIBOR Rate as of September 30, 2016 was 0.563%.

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

Our Restricted Cash balance is composed of funds held in separate premium trust accounts as required by state law or, in some cases, pursuant to agreements with our carrier partners. In the second quarter of 2015, certain balances that had previously been reported as held in restricted premium trust accounts were reclassified as non-restricted as they were not restricted by state law or by contractual agreement with a carrier. The resulting impact of this change is a reduction during the second quarter of 2015 of approximately $41.0 million in the balance reported on our Condensed Consolidated Balance Sheet as Restricted Cash and Investments and a corresponding increase in the balance reported as Cash and Cash Equivalents. While these balances are not restricted, they do represent premium payments from customers to be paid to insurance carriers and this change should not be viewed as a source of operating cash.

	For the nine months ended September 30,	
(in thousands)	2016	2015
Cash paid during the period for:		
Interest	$ 33,122	$ 33,091
Income taxes	$ 104,739	$ 96,579

Brown & Brown's significant non-cash investing and financing activities are summarized as follows:

	For the nine months ended September 30,	
(in thousands)	2016	2015
Other payable issued for purchased customer accounts	$ 10,505	$ 995
Estimated acquisition earn-out payables and related charges	$ 3,828	$ 29,497
Notes payable issued or assumed for purchased customer accounts	$ 492	$ —
Notes received on the sale of fixed assets and customer accounts	$ —	$ 544

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.

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 $3.8 million and $3.2 million of total revenues for the three months ended September 30, 2016 and 2015, respectively. These operations earned $10.3 million and $9.3 million of total revenues for the nine months ended September 30, 2016 and 2015, respectively. Long-lived assets held outside of the United States as of September 30, 2016 and 2015 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, 2015. 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 September 30, 2016					
(in thousands)	Retail	National Programs	Wholesale Brokerage	Services	Other	Total
Total revenues	$ 228,645	$ 123,632	$ 70,192	$ 39,586	$ 219	$ 462,274
Investment income	$ 5	$ 96	$ —	$ 57	$ 72	$ 230
Amortization	$ 10,861	$ 6,921	$ 2,882	$ 1,140	$ 1	$ 21,805
Depreciation	$ 1,508	$ 1,945	$ 503	$ 473	$ 766	$ 5,195
Interest expense	$ 9,026	$ 10,844	$ 1,540	$ 1,257	$ (12,784)	$ 9,883
Income before income taxes	$ 44,894	$ 32,319	$ 20,862	$ 5,971	$ 12,926	$ 116,972
Total assets	$ 3,652,977	$ 2,933,568	$ 1,053,516	$ 342,360	$ (2,460,394)	$ 5,522,027
Capital expenditures	$ 1,443	$ 2,153	$ 11	$ 80	$ 504	$ 4,191

	For the three months ended September 30, 2015					
(in thousands)	Retail	National Programs	Wholesale Brokerage	Services	Other	Total
Total revenues	$ 216,249	$ 116,966	$ 61,374	$ 37,980	$ (402)	$ 432,167
Investment income	$ 19	$ 49	$ 3	$ —	$ 157	$ 228
Amortization	$ 11,552	$ 7,133	$ 2,441	$ 1,022	$ 10	$ 22,158
Depreciation	$ 1,632	$ 1,850	$ 506	$ 474	$ 753	$ 5,215
Interest expense	$ 10,121	$ 13,398	$ 200	$ 1,527	$ (15,364)	$ 9,882
Income before income taxes	$ 41,785	$ 25,281	$ 22,276	$ 6,022	$ 17,466	$ 112,830
Total assets	$ 3,400,407	$ 2,542,619	$ 880,454	$ 296,659	$ (2,117,947)	$ 5,002,192
Capital expenditures	$ 1,637	$ 1,754	$ 425	$ 233	$ 127	$ 4,176

	For the nine months ended September 30, 2016					
(in thousands)	Retail	National Programs	Wholesale Brokerage	Services	Other	Total
Total revenues	$ 695,393	$ 333,522	$ 184,893	$ 117,906	$ 1,251	$ 1,332,965
Investment income	$ 33	$ 583	$ 4	$ 204	$ 326	$ 1,150
Amortization	$ 32,743	$ 21,011	$ 7,915	$ 3,345	$ 11	$ 65,025
Depreciation	$ 4,761	$ 5,881	$ 1,487	$ 1,432	$ 2,306	$ 15,867
Interest expense	$ 29,415	$ 34,895	$ 2,472	$ 3,820	$ (40,985)	$ 29,617
Income before income taxes	$ 144,496	$ 68,367	$ 51,711	$ 17,929	$ 46,095	$ 328,598
Total assets	$ 3,652,977	$ 2,933,568	$ 1,053,516	$ 342,360	$ (2,460,394)	$ 5,522,027
Capital expenditures	$ 4,664	$ 5,399	$ 925	$ 561	$ 1,586	$ 13,135

(in thousands)	For the nine months ended September 30, 2015 Retail	National Programs	Wholesale Brokerage	Services	Other	Total
Total revenues	$ 657,314	$ 319,577	$ 168,619	$ 111,128	$ (726)	$ 1,255,912
Investment income	$ 62	$ 150	$ 148	$ 1	$ 347	$ 708
Amortization	$ 33,671	$ 21,343	$ 7,296	$ 3,067	$ 29	$ 65,406
Depreciation	$ 4,908	$ 5,372	$ 1,630	$ 1,533	$ 2,192	$ 15,635
Interest expense	$ 30,841	$ 42,306	$ 645	$ 4,722	$ (49,110)	$ 29,404
Income before income taxes	$ 137,249	$ 48,567	$ 53,150	$ 16,062	$ 52,494	$ 307,522
Total assets	$ 3,400,407	$ 2,542,619	$ 880,454	$ 296,659	$ (2,117,947)	$ 5,002,192
Capital expenditures	$ 4,410	$ 5,004	$ 2,087	$ 774	$ 498	$ 12,773

NOTE 11· Investments

At September 30, 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	$ 26,787	$ 118	$ (5)	$ 26,900
Corporate debt	3,129	38	—	3,167
Total	$ 29,916	$ 156	$ (5)	$ 30,067

At September 30, 2016, the Company held $26.9 million in fixed income securities composed of U.S. Treasury securities, securities issued by U.S. Government agencies and Municipalities, and $3.2 million issued by corporations with investment grade ratings. Of that total, $3.8 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 September 30, 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	$ 5,102	$ (5)	$ —	$ —	$ 5,102	$ (5)
Corporate debt	701	—	160	—	861	—
Total	$ 5,803	$ (5)	$ 160	$ —	$ 5,963	$ (5)

The unrealized losses were caused by interest rate increases. At September 30, 2016, the Company had 10 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 September 30, 2016.

At December 31, 2015, 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	$ 11,876	$ 6	$ (26)	$ 11,856
Foreign government	50	—	—	50
Corporate debt	4,505	7	(16)	4,496
Short-duration fixed income fund	1,663	27	—	1,690
Total	$ 18,094	$ 40	$ (42)	$ 18,092

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, 2015:

	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	$ 8,998	$ (26)	$ —	$ —	$ 8,998	$ (26)
Foreign Government	50	—	—	—	50	—
Corporate debt	2,731	(14)	284	(2)	3,015	(16)
Total	$ 11,779	$ (40)	$ 284	$ (2)	$ 12,063	$ (42)

The unrealized losses in the Company's investments in U.S. Treasury Securities and obligations of U.S. Government agencies and bonds from corporate issuers were caused by interest rate increases. At December 31, 2015, the Company had 35 securities in an unrealized loss position. The contractual cash flows of the U.S. Treasury Securities and obligations of the U.S. Government agencies investments are either guaranteed by the U.S. Government or an agency of the U.S. Government. Accordingly, it is expected that the securities would not be settled at a price less than the amortized cost of the Company's investment. 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, 2015.

The amortized cost and estimated fair value of the fixed maturity securities at September 30, 2016 by contractual maturity are set forth below:

(in thousands)	Amortized Cost	Fair Value
Years to maturity:		
Due in one year or less	$ 3,753	$ 3,760
Due after one year through five years	25,833	25,951
Due after five years	330	356
Total	$ 29,916	$ 30,067

The amortized cost and estimated fair value of the fixed maturity securities at December 31, 2015 by contractual maturity are set forth below:

(in thousands)	Amortized Cost	Fair Value
Years to maturity:		
Due in one year or less	$ 5,726	$ 5,722
Due after one year through five years	12,038	12,041
Due after five years	330	329
Total	$ 18,094	$ 18,092

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 $4.7 million. This along with maturing time deposits and the utilization of funds from a money-market investment account of $8.2 million yielded total cash proceeds from the sale of investments of $16.7 million in the period of January 1, 2016 to September 30, 2016. These proceeds were used to purchase additional fixed maturity securities. The gains and losses realized on those sales for the period from January 1, 2016 to September 30, 2016 were insignificant. Additionally, there was a sale of the short-duration fixed income fund which resulted in cash proceeds of $1.7 million, as the fund was liquidated in the third quarter of 2016. Gains on this sale were also 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 September 30, 2016, 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, 2016 to September 30, 2016	
(in thousands)	Written	Earned
Direct premiums	$ 472,138	$ 447,813
Ceded premiums	(472,124)	(447,799)
Net premiums	$ 14	$ 14

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, 2016 through September 30, 2016. For the period from January 1, 2016 through September 30, 2016, the Company ceded $470.9 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 $1.2 million for the period from January 1, 2016 through September 30, 2016. 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 September 30, 2016, 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 September 30, 2016 the Condensed Consolidated Balance Sheet contained reinsurance recoverable of $332.0 million and prepaid reinsurance premiums of $334.0 million. There was no net activity in the reserve for losses and loss adjustment expense during the period January 1, 2016 through September 30, 2016, 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 September 30, 2016 was $332.0 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 $22.0 million at September 30, 2016. For the period from January 1, 2016 through September 30, 2016, Wright Flood generated statutory net income of $6.7 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 2015 and the maximum dividend payout that may be made in 2016 without prior approval is $4.1 million.

NOTE 15· Shareholders’ Equity

On March 5, 2015, the Company entered into an accelerated share repurchase program ("ASR") with an investment bank to purchase an aggregate $100.0 million of the Company’s common stock. As part of the ASR, the Company received an initial delivery of 2,667,992 shares of the Company’s common stock with a fair market value of approximately $85.0 million. On August 6, 2015, the Company was notified by its investment bank that the March 5, 2015 ASR agreement between the Company and the investment bank had been completed in accordance with the terms of the agreement. The investment bank delivered to the Company an additional 391,637 shares of the Company’s common stock for a total of 3,059,629 shares repurchased under the agreement. The delivery of the remaining 391,637 shares occurred on August 11, 2015. At the conclusion of this contract the Company had authorization for $50.0 million of share repurchases under the original Board authorization.

On July 20, 2015, the Company’s Board of Directors authorized the repurchase of up to an additional $400.0 million of the Company’s outstanding common stock.

On November 11, 2015, the Company entered into an ASR with an investment bank to purchase an aggregate $75.0 million of the Company's common stock. The Company received an initial delivery of 1,985,981shares of the Company's common stock with a fair market value of approximately $63.8 million. On January 6, 2016 this agreement was completed by the investment bank with the delivery of 363,209 shares of the Company's common stock. After completion of the ASR on January 6, 2016, the Company has approval to repurchase up to $375.0 million, in the aggregate, of the Company's outstanding common stock.

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, 2015, and the two discussions should be read together.

GENERAL

Company Overview — Third Quarter of 2016

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 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, the increasing costs of litigation settlements and awards have caused some customers to seek higher levels of insurance coverage. Historically, our revenues have typically grown as a result of our focus on net new business growth and acquisitions. We foster a strong, decentralized sales and service culture with the goal of consistent, sustained growth over the long-term.

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. The term "core organic commissions and fees" is our core commissions and fees less (i) the core commissions and fees earned for the first twelve months by newly-acquired operations and (ii) divested business (core commissions and fees generated from offices, books of business or niches sold or terminated during the comparable period). "Core organic commissions and fees", a non-GAAP measure, are reported in this manner in order to express the current year's core commissions and fees on a comparable basis with the prior year's core commissions and fees. The resulting net change reflects the aggregate changes attributable to (i) net new and lost accounts, (ii) net changes in our clients' exposure units, and (iii) net changes in insurance premium rates or the commission rate paid to us by our carrier partners.

We also earn "profit-sharing contingent commissions," which are profit-sharing commissions based primarily on underwriting results, but which may also reflect considerations for volume, growth and/or retention. These commissions are primarily received in the first and second quarters of each year, based on the aforementioned considerations for the prior year(s). Over the last three years, profit-sharing contingent commissions have averaged approximately 4.0% of the previous year's total commissions and fees revenue. Profit-sharing contingent commissions are included in our total commissions and fees in the Consolidated Statement of Income in the year received. For the three-month period ended September 30, 2016, profit-sharing contingent commissions were down $3.8 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 on actual premiums written. For the twelve-month period ending December 31, 2015, we had earned $10.0 million of GSCs, of which $7.6 million remained accrued at December 31, 2015, the balance of which is typically collected over the first and second quarter. For the three-month periods ended September 30, 2016 and 2015, we earned and accrued $2.9 million and $2.5 million, respectively, and for the nine-month periods ended September 30, 2016 and 2015, we earned and accrued $8.9 million and $8.1 million, respectively, from GSCs.

Combined, our profit-sharing contingent commissions and GSCs for the three months ended September 30, 2016 decreased by $3.4 million compared to the third quarter of 2015, primarily in our Wholesale Brokerage Segment.

Fee revenues relate to fees negotiated in lieu of commissions, which are recognized as services are rendered. Fee revenues have historically been generated primarily by: (1) our Services 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, and (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. These services are provided over a period of time, typically one year. Fee revenues, on a consolidated basis, as a percentage of our total commissions and fees, represented 30.6% in 2015, 30.6% in 2014 and 26.6% in 2013.

For the three and nine-month periods ended September 30, 2016, our consolidated internal revenue growth rate was 4.3% and 2.8%, respectively. Additionally, each of our four segments recorded positive internal revenue growth for the three and nine months ended September 30, 2016. In the event that the gradual increases in insurable exposure units that occurred in the past few years continues through 2016 and premium rate changes are similar with 2015, we believe we will continue to see positive quarterly internal revenue growth rates in 2016.

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 September 30, 2016 increased by $0.3 million as compared to the same period of the prior year, primarily reflecting that prior to 2016 we reported gains and losses on the sale of fixed assets as Other income.

Income before income taxes for the three-month period ended September 30, 2016 increased from the third quarter of 2015 by $4.1 million, primarily as a result of 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 Measures

In the discussion and analysis of our results of operations, in addition to reporting financial results in accordance with GAAP, we provide information regarding core commissions and fees, core organic commissions and fees, and our internal growth rate, which is the growth rate of our core organic commissions and fees. These measures are not in accordance with, or an alternative to the GAAP information provided in this Quarterly Report on Form 10-Q. 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. We present such non-GAAP supplemental financial information, as we believe such information provides additional meaningful methods of evaluating certain aspects of our operating performance from period to period on a basis that may not be otherwise apparent on a GAAP basis. This supplemental financial information should be considered in addition to, not in lieu of, our Condensed Consolidated Financial Statements.

Acquisitions

Part of our continuing business strategy is to attract high-quality insurance intermediaries to join our operations. From 1993 through the third quarter of 2016, we acquired 478 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 and reserves for litigation. In particular, the accounting for these areas requires significant use of judgment 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, 2015 on file with the Securities and Exchange Commission for details regarding our critical and significant accounting policies.

RESULTS OF OPERATIONS FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2016 AND 2015

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 and nine months ended September 30, 2016 and 2015 is as follows:

(in thousands, except percentages)	For the three months ended September 30, 2016	2015	% Change	For the nine months ended September 30, 2016	2015	% Change
REVENUES						
Core commissions and fees	$ 450,464	$ 417,275	8.0 %	$ 1,274,170	$ 1,199,180	6.3 %
Profit-sharing contingent commissions	8,247	12,068	(31.7)%	46,586	45,596	2.2 %
Guaranteed supplemental commissions	2,941	2,520	16.7 %	8,893	8,112	9.6 %
Investment income	230	228	0.9 %	1,150	708	62.4 %
Other income, net	392	76	NMF	2,166	2,316	(6.5)%
Total revenues	462,274	432,167	7.0 %	1,332,965	1,255,912	6.1 %
EXPENSES						
Employee compensation and benefits	237,653	216,156	9.9 %	692,814	645,419	7.3 %
Other operating expenses	67,433	66,121	2.0 %	197,329	191,591	3.0 %
(Gain) loss on disposal	(277)	(654)	(57.6)%	(3,131)	(1,259)	148.7 %
Amortization	21,805	22,158	(1.6)%	65,025	65,406	(0.6)%
Depreciation	5,195	5,215	(0.4)%	15,867	15,635	1.5 %
Interest	9,883	9,882	— %	29,617	29,404	0.7 %
Change in estimated acquisition earn-out payables	3,610	459	NMF	6,846	2,194	NMF
Total expenses	345,302	319,337	8.1 %	1,004,367	948,390	5.9 %
Income before income taxes	116,972	112,830	3.7 %	328,598	307,522	6.9 %
Income taxes	45,427	45,403	0.1 %	128,733	122,139	5.4 %
NET INCOME	$ 71,545	$ 67,427	6.1 %	$ 199,865	$ 185,383	7.7 %
Net internal growth rate – core organic commissions and fees	4.3%	2.4%		2.8%	2.6%	
Employee compensation and benefits ratio	51.4%	50.0%		52.0%	51.4%	
Other operating expenses ratio	14.6%	15.3%		14.8%	15.3%	
Capital expenditures	$ 4,191	$ 4,176		$ 13,135	$ 12,773	
Total assets at September 30				$ 5,522,027	$ 5,002,192	

NMF = Not a meaningful figure

Commissions and Fees

Commissions and fees, including profit-sharing contingent commissions and GSCs, for the three months ended September 30, 2016 increased $29.8 million to $461.7 million, or 6.9% over the same period in 2015. Core commissions and fees revenue for the third quarter of 2016 increased $33.2 million, of which approximately $17.3 million represented core commissions and fees from agencies acquired since 2015 that had no comparable revenues in the same period of 2015. After accounting for divested business of $2.0 million, the remaining net increase of $17.9 million represented net new business, which reflects a growth rate of 4.3% for core organic commissions and fees. Profit-sharing contingent commissions and GSCs for the third quarter of 2016 decreased by $3.4 million, or 23.3%, compared to the same period in 2015. The net decrease of $3.4 million in the third quarter was mainly driven by a decrease in profit-sharing contingent commissions in the Wholesale Brokerage Segment as a result of carrier experience.

For the nine months ended September 30, 2016 commissions and fees, including profit-sharing contingent commissions and GSCs, increased $76.8 million to $1,329.6 million, or 6.1% over the same period in 2015. Core commissions and fees revenue for the nine months ended September 30, 2016 increased $75.0 million, of which approximately $47.5 million represented core commissions and fees from acquisitions that had no comparable revenues in the same period of 2015. After accounting for divested business of $5.9 million, the remaining net increase of $33.4 million represented net new business, which reflects an internal growth rate of 2.8% for core organic commissions and fees. Profit-sharing contingent commissions and GSCs for the nine months ended September 30, 2016 increased by $1.8 million, or 3.3%, compared to the same period in 2015. The net increase of $1.8 million in the first nine months of 2016 was mainly driven by an increase in profit-sharing contingent commissions in the National Programs and Retail Segments, which was partially offset by a decrease in the Wholesale Brokerage Segment.

Investment Income

Investment income for the three months ended September 30, 2016 remained flat over the same period in 2015. Investment income for the nine months ended September 30, 2016 increased $0.4 million, or 62.4%, over the same period in 2015. This increase was related to higher average invested cash balances and additional interest income driven by cash management activities to earn a higher yield.

Other Income, net

Other income for the three months ended September 30, 2016 was $0.4 million, compared with $0.1 million in the same period in 2015. Other income consists primarily of legal settlements and other miscellaneous income. The $0.3 million increase for the three months ended September 30, 2016 from the comparable period in 2015 was primarily a result of a change in accounting treatment for the loss on fixed asset sales.

Other income for the nine months ended September 30, 2016 was $2.2 million, compared with $2.3 million in the same period in 2015. The $0.1 million decrease for the nine months ended September 30, 2016 from the comparable period in 2015 was primarily due to a $1.0 million benefit received from Company-owned life insurance, offset by a legal settlement realized in the prior year.

Employee Compensation and Benefits

Employee compensation and benefits expense as a percentage of total revenues increased to 51.4% for the three months ended September 30, 2016, from 50.0% for the three months ended September 30, 2015. Employee compensation and benefits for the third quarter of 2016 increased, approximately 9.9%, or $21.5 million, over the same period in 2015. This net increase included $2.7 million of compensation costs related to stand-alone acquisitions that had no comparable costs in the same period of 2015. Therefore, employee compensation and benefits expense attributable to those offices that existed in the same three-month period ended September 30, 2016 and 2015 increased by $18.8 million or 8.7%. The employee compensation and benefits expense net increases for these offices were primarily related to (i) an increase in staff salaries attributable to salary inflation and higher volumes in portions of our business; (ii) increased producer commissions due to increased revenue; and (iii) cost associated with our deferred compensation plan which are largely offset by unrealized gains reported in other operating expenses.

Employee compensation and benefits expense as a percentage of total revenues increased to 52.0% for the nine months ended September 30, 2016, from 51.4% for the nine months ended September 30, 2015. Employee compensation and benefits for the first nine months of 2016 increased, by approximately 7.3%, or $47.4 million, over the same period in 2015. This increase included $17.3 million of compensation costs related to acquisitions that had no comparable costs in the same period of 2015. Therefore, employee compensation and benefits expense attributable to those offices that existed in the same nine-month period ended September 30, 2016 and 2015 increased by $30.1 million or 4.7%. The employee compensation and benefits expense increases for these offices were primarily related to (i) an increase in staff salaries attributable to salary inflation and higher volumes in portions of our business; (ii) increased producer commissions due to increased revenue; and (iii) a decrease in non-cash stock-based compensation which partially offset the overall increase.

Other Operating Expenses

As a percentage of total revenues, other operating expenses represented 14.6% in the third quarter of 2016, versus 15.3% reported in the third quarter of 2015. Other operating expenses for the third quarter of 2016 increased $1.3 million, or 2.0%, over the same period of 2015, of which $0.6 million was related to acquisitions that had no comparable costs in the same period of 2015. The other operating expenses for those offices that existed in both three-month periods ended September 30, 2016 and 2015, respectively, increased by $0.7 million, which was primarily attributable to (i) increased expenses associated with information technology services and consulting; (ii) a decrease in life insurance expense related to the deferred compensation plan; and (iii) partially offset by the benefits from our strategic purchasing program.

Other operating expenses represented 14.8% of total revenues for the nine months ended September 30, 2016, versus 15.3% for the nine months ended September 30, 2015. Other operating expenses for the first nine months of 2016 increased $5.7 million, or 3.0%, over the same period of 2015, of which $6.1 million was related to acquisitions that had no comparable costs in the same period of 2015. The other operating expenses for those offices that existed in both of the nine months ended September 30, 2016 and 2015, respectively, decreased by $0.4 million, which was primarily attributable to information technology services, consulting expenses and office rent offset by a decrease in life insurance expense related to the deferred compensation plan and benefits from our strategic purchasing program and premium tax refunds received in National Programs.

Gain on Disposal

Gain on disposal for the third quarter of 2016 decreased $0.4 million from the third quarter of 2015. Gain on disposal for the nine months ended September 30, 2016 increased $1.9 million over the nine months ended September 30, 2015. The change in the gain on disposal for the three and nine months ended September 30, 2016 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 third quarter of 2016 decreased $0.4 million, or 1.6%, over the third quarter of 2015. Amortization expense for the nine months ended September 30, 2016 decreased $0.4 million, or 0.6%, over the nine months ended September 30, 2015. These decreases reflect certain intangibles becoming fully amortized, partially offset with amortization of new intangibles from recently acquired businesses.

Depreciation

Depreciation expense for the third quarter of 2016 remained flat compared to the third quarter of 2015. Depreciation expense for the nine months ended September 30, 2016 increased $0.2 million, or 1.5%, over the nine months ended September 30, 2015. These changes were due primarily to the addition of fixed assets resulting from acquisitions completed since the first three quarters of 2015, net of assets which became fully depreciated.

Interest Expense

Interest expense for the third quarter of 2016 remained flat compared to the third quarter of 2015. Interest expense for the nine months ended September 30, 2016 increased $0.2 million, or 0.7%, over the nine months ended September 30, 2015. This increase was due to a rise in the floating interest rate of our Credit Facility term loan, partially 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 September 30, 2016 and 2015, 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 and nine month periods ended September 30, 2016 and 2015 were as follows:

	For the three months ended September 30,		For the nine months ended September 30,	
(in thousands)	2016	2015	2016	2015
Change in fair value of estimated acquisition earn-out payables	$ 2,883	$ (365)	$ 4,704	$ (30)
Interest expense accretion	727	824	2,142	2,224
Net change in earnings from estimated acquisition earn-out payables	$ 3,610	$ 459	$ 6,846	$ 2,194

For the three months ended September 30, 2016 and 2015, the fair value of estimated earn-out payables was re-evaluated and increased by $2.9 million and decreased by $0.4 million, respectively, which resulted in charges and credits to the Condensed Consolidated Statement of Income. For the nine months ended September 30, 2016 and 2015, the fair value of estimated earn-out payables was re-evaluated and increased by $4.7 million and decreased by $0.03 million, respectively, which resulted in charges and credits to the Condensed Consolidated Statement of Income.

As of September 30, 2016, the estimated acquisition earn-out payables equaled $61.5 million, of which $23.0 million was recorded as accounts payable and $38.5 million was recorded as other non-current liability.

Income Taxes

The effective tax rate on income from operations for the three months ended September 30, 2016 and 2015 was 38.8% and 40.2%, respectively. The effective tax rate on income from operations for the nine months ended September 30, 2016 and 2015 was 39.2% and 39.7% respectively. The decrease in the effective tax rate is driven by several permanent tax differences along with the apportionment of taxable income in the states where we operate.

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 in a particular year. 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 net internal 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 internal growth rates for our core organic commissions and fees for the three months ended September 30, 2016, by segment, are as follows:

2016 *(in thousands, except percentages)*	For the three months ended September 30, 2016	 2015	Total Net Change	Total Net Growth %	Less Acquisition Revenues	Internal Net Growth $	Internal Net Growth %
Retail(1)	$ 223,723	$ 211,601	$ 12,122	5.7%	$ 6,248	$ 5,874	2.8%
National Programs	121,011	113,136	7,875	7.0%	—	7,875	7.0%
Wholesale Brokerage	66,201	53,813	12,388	23.0%	8,764	3,624	6.7%
Services	39,529	36,665	2,864	7.8%	2,295	569	1.6%
Total core commissions and fees	$ 450,464	$ 415,215	$ 35,249	8.5%	$ 17,307	$ 17,942	4.3%

The reconciliation of the above internal growth schedule to the total commissions and fees included in the Condensed Consolidated Statements of Income for the three months ended September 30, 2016, and 2015, is as follows:

(in thousands)	For the three months ended September 30, 2016	 2015
Total core commissions and fees	$ 450,464	$ 415,215
Profit-sharing contingent commissions	8,247	12,068
Guaranteed supplemental commissions	2,941	2,520
Divested business	—	2,060
Total commissions and fees	$ 461,652	$ 431,863

The internal growth rates for our core organic commissions and fees for the three months ended September 30, 2015, by segment, are as follows:

2015 *(in thousands, except percentages)*	For the three months ended September 30, 2015	2014	Total Net Change	Total Net Growth %	Less Acquisition Revenues	Internal Net Growth $	Internal Net Growth %
Retail(1)	$ 211,759	$ 201,072	$ 10,687	5.3%	$ 7,756	$ 2,931	1.5%
National Programs	113,721	111,597	2,124	1.9%	1,195	929	0.8%
Wholesale Brokerage	53,813	50,334	3,479	6.9%	728	2,751	5.5%
Services	37,982	35,228	2,754	7.8%	—	2,754	7.8%
Total core commissions and fees	$ 417,275	$ 398,231	$ 19,044	4.8%	$ 9,679	$ 9,365	2.4%

The reconciliation of the above internal growth schedule to the total commissions and fees included in the Condensed Consolidated Statements of Income for the three months ended September 30, 2015 and 2014, is as follows:

(in thousands)	For the three months ended September 30, 2015	2014
Total core commissions and fees	$ 417,275	$ 398,231
Profit-sharing contingent commissions	12,068	15,011
Guaranteed supplemental commissions	2,520	2,571
Divested business	—	4,802
Total commissions and fees	$ 431,863	$ 420,615

The internal growth rates for our core organic commissions and fees for the nine months ended September 30, 2016, by segment, are as follows:

2016 *(in thousands, except percentages)*	For the nine months ended September 30, 2016	2015	Total Net Change	Total Net Growth %	Less Acquisition Revenues	Internal Net Growth $	Internal Net Growth %
Retail(1)	$ 662,549	$ 624,357	$ 38,192	6.1%	$ 27,080	$ 11,112	1.8%
National Programs	320,696	307,373	13,323	4.3%	1,680	11,643	3.8%
Wholesale Brokerage	173,223	153,767	19,456	12.7%	12,147	7,309	4.8%
Services	117,702	107,829	9,873	9.2%	6,568	3,305	3.1%
Total core commissions and fees	$ 1,274,170	$ 1,193,326	$ 80,844	6.8%	$ 47,475	$ 33,369	2.8%

The reconciliation of the above internal growth schedule to the total commissions and fees included in the Condensed Consolidated Statements of Income for the nine months ended September 30, 2016, and 2015, is as follows:

(in thousands)	For the nine months ended September 30, 2016	2015
Total core commissions and fees	$ 1,274,170	$ 1,193,326
Profit-sharing contingent commissions	46,586	45,596
Guaranteed supplemental commissions	8,893	8,112
Divested business	—	5,854
Total commissions and fees	$ 1,329,649	$ 1,252,888

The internal growth rates for our core organic commissions and fees for the nine months ended September 30, 2015, by segment, are as follows:

2015 (in thousands, except percentages)	For the nine months ended September 30, 2015	2014	Total Net Change	Total Net Growth %	Less Acquisition Revenues	Internal Net Growth $	Internal Net Growth %
Retail(1)	$ 625,640	$ 592,428	$ 33,212	5.6%	$ 25,896	$ 7,316	1.2%
National Programs	308,628	267,052	41,576	15.6%	37,301	4,275	1.6%
Wholesale Brokerage	153,767	143,636	10,131	7.1%	1,719	8,412	5.9%
Services	111,145	102,324	8,821	8.6%	—	8,821	8.6%
Total core commissions and fees	$ 1,199,180	$ 1,105,440	$ 93,740	8.5%	$ 64,916	$ 28,824	2.6%

The reconciliation of the above internal growth schedule to the total commissions and fees included in the Condensed Consolidated Statements of Income for the nine months ended September 30, 2015 and 2014, is as follows:

(in thousands)	For the nine months ended September 30, 2015	2014
Total core commissions and fees	$ 1,199,180	$ 1,105,440
Profit-sharing contingent commissions	45,596	49,515
Guaranteed supplemental commissions	8,112	7,587
Divested business	—	14,770
Total commissions and fees	$ 1,252,888	$ 1,177,312

(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.

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 88% 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 and nine months ended September 30, 2016 and 2015 is as follows:

	For the three months ended September 30,			For the nine months ended September 30,		
(in thousands, except percentages)	2016	2015	% Change	2016	2015	% Change
REVENUES						
Core commissions and fees	$ 223,641	$ 212,176	5.4 %	$ 662,963	$ 626,563	5.8 %
Profit-sharing contingent commissions	2,229	1,810	23.1 %	24,365	21,653	12.5 %
Guaranteed supplemental commissions	2,516	2,061	22.1 %	7,488	6,699	11.8 %
Investment income	5	19	(73.7)%	33	62	(46.8)%
Other income, net	254	183	38.8 %	544	2,337	(76.7)%
Total revenues	228,645	216,249	5.7 %	695,393	657,314	5.8 %
EXPENSES						
Employee compensation and benefits	123,175	116,906	5.4 %	369,109	345,432	6.9 %
Other operating expenses	35,953	34,571	4.0 %	111,377	105,266	5.8 %
(Gain) loss on disposal	(277)	(655)	(57.7)%	(3,131)	(1,333)	134.9 %
Amortization	10,861	11,552	(6.0)%	32,743	33,671	(2.8)%
Depreciation	1,508	1,632	(7.6)%	4,761	4,908	(3.0)%
Interest	9,026	10,121	(10.8)%	29,415	30,841	(4.6)%
Change in estimated acquisition earn-out payables	3,505	337	NMF	6,623	1,280	NMF
Total expenses	183,751	174,464	5.3 %	550,897	520,065	5.9 %
Income before income taxes	$ 44,894	$ 41,785	7.4 %	$ 144,496	$ 137,249	5.3 %
Net internal growth rate – core organic commissions and fees	2.8%	1.5%		1.8%	1.2%	
Employee compensation and benefits ratio	53.9%	54.1%		53.1%	52.6%	
Other operating expenses ratio	15.7%	16.0%		16.0%	16.0%	
Capital expenditures	$ 1,443	$ 1,637		$ 4,664	$ 4,410	
Total assets at September 30				$ 3,652,977	$ 3,400,407	

NMF = Not a meaningful figure

The Retail Segment's total revenue during the three months ended September 30, 2016 increased 5.7%, or $12.4 million, over the same period in 2015, to $228.6 million. The $11.5 million increase in core commissions and fees revenue was driven by the following: (i) approximately $6.2 million related to the core commissions and fees revenue from acquisitions that had no comparable revenues in the same period of 2015; (ii) $5.9 million related to net new business; and (iii) an offsetting decrease of $0.6 million related to commissions and fees revenue from business divested in 2015 and 2016. Profit-sharing contingent commissions and GSCs for the third quarter of 2016 increased 22.6%, or $0.9 million, from the same period in 2015, to $4.7 million due to better performance realized by our insurance carrier partners. The Retail Segment's internal growth rate for core organic commissions and fees revenue was 2.8% for the third quarter of 2016 and 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 was partially offset by continued reductions in property insurance premium rates, particularly in catastrophe prone areas. The internal growth rate was also partially driven by timing items related to revenue that was not recognized in previous quarters.

Income before income taxes for the three months ended September 30, 2016 increased 7.4%, or $3.1 million, over the same period in 2015, to $44.9 million. The primary factors affecting this increase were: (i) the net increase in revenue as described above, in addition to increased retail margins in contingents and GSCs, offset by, (ii) total compensation which increased by $6.3 million or 5.4%, due primarily to new teammates related to acquisitions completed over the past twelve months, salary inflation, and additional teammates to support revenue growth; (iii) operating expenses which increased by $1.4 million or 4.0%, due primarily to information technology services fees, professional fees relating to value added services in support of revenue generation, and rent expense partially offset by the benefits of our strategic purchasing program; (iv) a change in estimated acquisition earn-out payables that increased by $3.2 million to $3.5 million; and (v) a $0.4 million change in the benefit of gains on disposals to $0.3 million associated with book sales within certain profit centers.

The Retail Segment's total revenue during the nine months ended September 30, 2016 increased 5.8%, or $38.1 million, over the same period in 2015, to $695.4 million. The $36.4 million increase in core commissions and fees revenue was driven by the following: (i) approximately $27.1 million related to the core commissions and fees revenue from acquisitions that had no comparable revenues in the same period of 2015; (ii) $11.1 million related to net new business; and (iii) an offsetting decrease of $1.8 million related to commissions and fees revenue from business divested in 2015 and 2016. Profit-sharing contingent commissions and GSCs for the first nine months of 2016 increased 12.3%, or $3.5 million, from the same period in 2015, to $31.9 million. The Retail Segment's internal growth rate for core organic commissions and fees revenue was 1.8% for the first nine months of 2016 and was driven by revenue from net new business written during the preceding twelve months, some exposure unit growth, and modest increases in commercial auto rates, which was partially offset by continued reductions in property insurance premium rates, particularly in catastrophe prone areas.

Income before income taxes for the nine months ended September 30, 2016 increased 5.3%, or $7.2 million, over the same period in 2015, to $144.5 million. The primary factors affecting this increase were: (i) the net increase in revenue as described above; (ii) total compensation increased by $23.7 million or 6.9%, due primarily to new teammates related to acquisitions completed over the past twelve months, salary inflation, and additional teammates to support revenue growth; (iii) operating expenses which increased by $6.1 million or 5.8%, due primarily to information technology services fees, professional fees relating to value added services in support of revenue generation, and rent expense partially offset by the benefits or our strategic purchasing program; (iv) a change in estimated acquisition earn-out payables that increased $5.3 million to $6.6 million; partially offset by (v) a $1.8 million change in the benefit of gains on disposals to $3.1 million associated with book sales within certain profit centers.

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 and nine months ended September 30, 2016 and 2015 is as follows:

	For the three months ended September 30,			For the nine months ended September 30,		
(in thousands, except percentages)	2016	2015	% Change	2016	2015	% Change
REVENUES						
Core commissions and fees	$ 121,011	$ 113,721	6.4 %	$ 320,696	$ 308,628	3.9 %
Profit-sharing contingent commissions	2,498	3,188	(21.6)%	12,152	10,734	13.2 %
Guaranteed supplemental commissions	14	10	40.0 %	24	15	60.0 %
Investment income	96	49	95.9 %	583	150	NMF
Other income, net	13	(2)	NMF	67	50	34.0 %
Total revenues	123,632	116,966	5.7 %	333,522	319,577	4.4 %
EXPENSES						
Employee compensation and benefits	47,796	46,412	3.0 %	141,204	135,743	4.0 %
Other operating expenses	23,756	22,836	4.0 %	62,009	65,681	(5.6)%
(Gain) loss on disposal	—	1	(100.0)%	—	459	(100.0)%
Amortization	6,921	7,133	(3.0)%	21,011	21,343	(1.6)%
Depreciation	1,945	1,850	5.1 %	5,881	5,372	9.5 %
Interest	10,844	13,398	(19.1)%	34,895	42,306	(17.5)%
Change in estimated acquisition earn-out payables	51	55	(7.3)%	155	106	46.2 %
Total expenses	91,313	91,685	(0.4)%	265,155	271,010	(2.2)%
Income before income taxes	$ 32,319	$ 25,281	27.8 %	$ 68,367	$ 48,567	40.8 %
Net internal growth rate – core organic commissions and fees	7.0%	0.8%		3.8%	1.6%	
Employee compensation and benefits ratio	38.7%	39.7%		42.3%	42.5%	
Other operating expenses ratio	19.2%	19.5%		18.6%	20.6%	
Capital expenditures	$ 2,153	$ 1,754		$ 5,399	$ 5,004	
Total assets at September 30				$ 2,933,568	$ 2,542,619	

NMF = Not a meaningful figure

The National Program Segment's revenue for the three months ended September 30, 2016 increased 5.7%, or $6.7 million, from the same period in 2015, to $123.6 million. The $7.3 million net increase in core commissions and fees revenue was driven by: (i) $7.9 million related to net new business and (ii) a decrease of $0.6 million related to commissions and fees revenue recorded in the third quarter of 2015 from businesses since divested. Profit-sharing contingent commissions and GSCs were $2.5 million for the third quarter of 2016, which was a decrease of $0.7 million from the third quarter of 2015, primarily related to one of our coastal property programs shifting premium to other carriers within the program to better manage market conditions.

The National Programs Segment's internal growth rate for core commissions and fees revenue was 7.0% for the three months ended September 30, 2016. This internal growth rate was mainly due to increased flood claims revenues and revenues from our lender placed coverage program. Growth in this segment was partially offset by certain programs that have been affected by lower premium rates, primarily in our coastal property programs.

Income before income taxes for the three months ended September 30, 2016 increased 27.8%, or $7.0 million, from the same period in 2015, to $32.3 million. The increase was driven by the net revenue growth noted above, and continued expense management initiatives as we grow and scale our programs along with a $2.6 million decrease in the intercompany interest expense charge for acquisitions. We charge our segments an intercompany interest charge associated with the cost of capital for each business they acquire. This intercompany interest charge is reduced each year according to a fixed amortization schedule.

National Programs revenue for the nine months ended September 30, 2016 increased 4.4%, or $13.9 million, from the same period in 2015, to $333.5 million. The $12.1 million increase in core commissions and fees revenue was driven by: (i) $11.6 million related to net new business, (ii) approximately $1.7 million related to core commissions and fees revenue from acquisitions that had no comparable revenues in the same period of 2015, and (iii) a decrease of $1.2 million related to commissions and fees revenue from business divested in 2015 and 2016. Profit-sharing contingent commissions and GSCs were $12.2 million for the first nine months of 2016, which was an increase of $1.4 million from the same period in 2015.

The National Programs Segment's internal growth rate for core commissions and fees revenue was 3.8% for the nine months ended September 30, 2016. This internal growth rate was mainly due to increased flood claims revenues and revenues from our lender placed coverage program. Growth in this segment was partially offset by certain programs that have been affected by lower premium rates, primarily in our costal property programs.

Income before income taxes for the nine months ended September 30, 2016 increased 40.8%, or $19.8 million, from the same period in 2015, to 68.4 million. The increase was driven by the net revenue growth noted above, expense management initiatives as we grow and scale our programs, $5.8 million in credits related to premium taxes along with a $7.4 million decrease in the intercompany interest expense charge for acquisitions. We charge our segments an intercompany interest charge associated with the cost of capital for each business they acquire. This intercompany interest charge is reduced each year according to a fixed amortization schedule.

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 and nine months ended September 30, 2016 and 2015 is as follows:

	For the three months ended September 30,			For the nine months ended September 30,		
(in thousands, except percentages)	2016	2015	% Change	2016	2015	% Change
REVENUES						
Core commissions and fees	$ 66,201	$ 53,813	23.0 %	$ 173,223	$ 153,767	12.7 %
Profit-sharing contingent commissions	3,520	7,070	(50.2)%	10,069	13,209	(23.8)%
Guaranteed supplemental commissions	411	449	(8.5)%	1,381	1,398	(1.2)%
Investment income	—	3	(100.0)%	4	148	(97.3)%
Other income, net	60	39	53.8 %	216	97	122.7 %
Total revenues	70,192	61,374	14.4 %	184,893	168,619	9.7 %
EXPENSES						
Employee compensation and benefits	33,187	26,373	25.8 %	90,099	79,111	13.9 %
Other operating expenses	11,175	9,503	17.6 %	31,141	26,373	18.1 %
(Gain) loss on disposal	—	—	— %	—	(385)	(100.0)%
Amortization	2,882	2,441	18.1 %	7,915	7,296	8.5 %
Depreciation	503	506	(0.6)%	1,487	1,630	(8.8)%
Interest	1,540	200	NMF	2,472	645	NMF
Change in estimated acquisition earn-out payables	43	75	(42.7)%	68	799	(91.5)%
Total expenses	49,330	39,098	26.2 %	133,182	115,469	15.3 %
Income before income taxes	$ 20,862	$ 22,276	(6.3)%	$ 51,711	$ 53,150	(2.7)%
Net internal growth rate – core organic commissions and fees	6.7%	5.5%		4.8%	5.9%	
Employee compensation and benefits ratio	47.3%	43.0%		48.7%	46.9%	
Other operating expenses ratio	15.9%	15.5%		16.8%	15.6%	
Capital expenditures	$ 11	$ 425		$ 925	$ 2,087	
Total assets at September 30				$ 1,053,516	$ 880,454	

NMF = Not a meaningful figure

The Wholesale Brokerage Segment's total revenues for the three months ended September 30, 2016 increased 14.4%, or $8.8 million, from the same period in 2015, to $70.2 million. The $12.4 million net increase in core commissions and fees revenue was driven primarily by the following: (i) $8.8 million related to the core commissions and fees revenue from acquisitions that had no comparable revenues in the same period of 2015; and (ii) $3.6 million related to net new business. Contingent commissions and GSCs for the third quarter of 2016 decreased $3.6 million compared to the third quarter of 2015, to $3.9 million. This decrease in contingents was driven by an increase in loss ratios with certain carriers. The Wholesale Brokerage Segment's internal growth rate for core organic commissions and fees revenue was 6.7% for the third quarter of 2016, and 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 September 30, 2016 decreased 6.3%, or $1.4 million, over the same period in 2015, to $20.9 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 $6.8 million, of which $4.7 million was related to acquisitions that had no comparable compensation and benefits in the same period of 2015, 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 $1.7 million increase in operating expenses, of which $1.5 million was related to acquisitions that had no comparable expenses in the same period of 2015 and (v) higher intercompany interest charge related to acquisitions completed in the previous year.

The Wholesale Brokerage Segment's total revenues for the nine months ended September 30, 2016 increased 9.7%, or $16.3 million, from the same period in 2015, to $184.9 million. The $19.5 million net increase in core commissions and fees revenue was driven primarily by the following: (i) $7.4 million related to net new business; and (ii) $12.1 million related to the core commissions and fees revenue from acquisitions that had no comparable revenues in the same period of 2015. Contingent commissions and GSCs for the first nine months of 2016 decreased $3.2 million compared to the same period of 2015, to $11.5 million. This decrease in contingents was driven by an increase in loss ratios with certain carriers. The Wholesale Brokerage Segment's internal growth rate for core organic commissions and fees revenue was 4.8% for the first nine months of 2016, and was driven by net new business and modest increases in exposure units, partially offset by significant contraction in insurance premium rates for catastrophe prone properties.

Income before income taxes for the nine months ended September 30, 2016 decreased 2.7%, or $1.4 million, over the same period in 2015, to $51.7 million, primarily due to the following: (i) the net increase in revenue as described above, offset by; (ii) a gain on a business divested in the first nine months of 2015 that has no equivalent gain in the first nine months of 2016; (iii) a $3.0 million decrease in profit from lower contingent commissions and GSCs; (iv) an increase in employee compensation and benefits of $11.0 million, of which $6.2 million was related to acquisitions that had no comparable compensation and benefits in the same period of 2015 with the remainder related to additional teammates to support increased transaction volumes; (v) a $4.8 million increase is operating expenses, of which $1.9 million was related to acquisitions that had no comparable expenses in the same period of 2015; a (vi) a decrease of $0.7 million in estimated acquisition earn-out expenses; and (vii) an increase of $1.8 million in intercompany interest expense related to acquisitions completed in the previous twelve months.

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 and nine months ended September 30, 2016 and 2015 is as follows:

	For the three months ended September 30,			For the nine months ended September 30,		
(in thousands, except percentages)	2016	2015	% Change	2016	2015	% Change
REVENUES						
Core commissions and fees	$ 39,529	$ 37,982	4.1 %	$ 117,702	$ 111,145	5.9 %
Profit-sharing contingent commissions	—	—	— %	—	—	— %
Guaranteed supplemental commissions	—	—	— %	—	—	— %
Investment income	57	—	— %	204	1	NMF
Other income, net	—	(2)	(100.0)%	—	(18)	(100.0)%
Total revenues	39,586	37,980	4.2 %	117,906	111,128	6.1 %
EXPENSES						
Employee compensation and benefits	20,151	19,302	4.4 %	58,658	58,340	0.5 %
Other operating expenses	10,583	9,641	9.8 %	32,722	27,395	19.4 %
(Gain) loss on disposal	—	—	— %	—	—	— %
Amortization	1,140	1,022	11.5 %	3,345	3,067	9.1 %
Depreciation	473	474	(0.2)%	1,432	1,533	(6.6)%
Interest	1,257	1,527	(17.7)%	3,820	4,722	(19.1)%
Change in estimated acquisition earn-out payables	11	(8)	NMF	—	9	(100.0)%
Total expenses	33,615	31,958	5.2 %	99,977	95,066	5.2 %
Income before income taxes	$ 5,971	$ 6,022	(0.8)%	$ 17,929	$ 16,062	11.6 %
Net internal growth rate – core organic commissions and fees	1.6%	7.8%		3.1%	8.6%	
Employee compensation and benefits ratio	50.9%	50.8%		49.7%	52.5%	
Other operating expenses ratio	26.7%	25.4%		27.8%	24.7%	
Capital expenditures	$ 80	$ 233		$ 561	$ 774	
Total assets at September 30				$ 342,360	$ 296,659	

NMF = Not a meaningful figure

The Services Segment's total revenues for the three months ended September 30, 2016 increased 4.2%, or $1.6 million, over the same period in 2015, to $39.6 million. The $1.5 million increase in core commissions and fees revenue was driven primarily by the following: (i) $2.3 million related to the core commissions and fees revenue from acquisitions that had no comparable revenues in the same period of 2015; and (ii) $0.6 million related to net new business; (iii) partially offset by a decrease of $1.4 million related to commissions and fees revenue recorded in the third quarter of 2015 from businesses since divested. The Services Segment's internal growth rate for core commissions and fees revenue was 1.6% for the third quarter of 2016. This growth was driven primarily by an increase in weather-related claims.

Income before income taxes for the three months ended September 30, 2016 decreased 0.8%, or $0.1 million, over the same period in 2015, to $6.0 million due to a combination of internal revenue growth as noted above offset by higher variable costs for certain of our businesses.

The Services Segment's total revenues for the nine months ended September 30, 2016 increased 6.1%, or $6.8 million, over the same period in 2015, to $117.9 million. The $6.6 million increase in core commissions and fees revenue was driven by the following: (i) approximately $6.6 million related to core commissions and fees revenue from acquisitions that had no comparable revenues in the same period of 2015; (ii) $3.3 million related to net new business; and (iii) that was partially offset by a decrease of $3.3 million related to commissions and fees revenue from business divested in 2015 and 2016. The Services Segment's internal growth rate for core commissions and fees revenue was 3.1% for the first nine months of 2016. This growth was driven primarily by an increase in weather related claims, our Social Security Advocacy businesses and partially offset by some decline in our Medicare Set-aside businesses as there were lower referrals.

Income before income taxes for the nine months ended September 30, 2016 increased 11.6%, or $1.9 million, over the same period in 2015, to $17.9 million due to a combination of internal revenue growth noted above and the continued efficient operating 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

The Company strives to maintain a conservative balance sheet with regard to debt and liquidity. 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 September 30, 2016, our contractual cash obligations were as follows:

	Payments Due by Period				
(in thousands)	Total	Less Than 1 Year	1-3 Years	4-5 Years	After 5 Years
Long-term debt	$ 1,120,500	$ 80,500	$ 540,000	$ —	$ 500,000
Other liabilities(1)	70,541	21,899	14,492	1,562	32,588
Operating leases	216,944	42,405	74,466	52,505	47,568
Interest obligations	200,771	35,958	60,688	42,000	62,125
Unrecognized tax benefits	433	—	433	—	—
Maximum future acquisition contingency payments(2)	116,406	34,156	81,595	655	—
Total contractual cash obligations	$ 1,725,595	$ 214,918	$ 771,674	$ 96,722	$ 642,281

(1) Includes the current portion of other long-term liabilities.
(2) Includes $61.5 million of current and non-current estimated earn-out payables.

Debt

Total debt at September 30, 2016 was $1,112.2 million, which was a decrease of $32.5 million compared to December 31, 2015. The decrease includes the repayment of $34.3 million in principal, net of the amortization of discounted debt related to our 4.200% Notes due 2024 and debt issuance cost amortization of $1.2 million plus the addition of $0.5 million in a short-term note payable related to the recent acquisition of Social Security Advocates for the Disabled, LLC.

As of September 30, 2016, the Company satisfied the fifth installment of scheduled quarterly principal payments on the Credit Facility term loan. The Company has satisfied $55.0 million in total principal payments through September 30, 2016 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 $495.0 million as of September 30, 2016. 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.

During 2015, the $25.0 million of 5.660% notes due December 2016 were classified as current portion of long-term debt in the Condensed Consolidated Balance Sheet as the date of maturity is less than one year. It is management's intention to repay this debt from operating cash.

On March 14, 2016, the Company terminated the Wells Fargo Revolver $25.0 million facility without incurring any fees. The facility was to mature on December 31, 2016. The Company terminated the Wells Fargo Revolver as it maintains flexibility with the Credit Facility revolver capacity and current capital and credit resources available.

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. Some of these investments are subject to interest rate risk. The fair values of our invested assets at September 30, 2016 and December 31, 2015, 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 September 30, 2016, we had $495.0 million of borrowings outstanding under our term loan, which bears interest on a floating basis tied to the London Interbank Offered Rate (LIBOR) and is 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 on our foreign currency rate exposure as of September 30, 2016, 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 September 30, 2016. Based on the Evaluation, our CEO and CFO concluded that the design and operation of our Disclosure Controls were effective.

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 September 30, 2016, 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, 2015, 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 September 30, 2016, 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, 2015 and the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2016.

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 September 30, 2016:

	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)
July 1, 2016 to July 31, 2016	54,669	$ 37.45	—	$ 375.0 million
August 1, 2016 to August 31, 2016	308	$ 36.69	—	375.0 million
September 1, 2016 to September 30, 2016	2,021	36.99	—	375.0 million
Total	56,998	$ 37.43	—	$ 375.0 million

(1) We purchased 56,998 shares during the quarter ended September 30, 2016 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. After this completion, the Company has outstanding approval to purchase up to $375.0 million, in the aggregate, of the Company's outstanding common stock. As of September 30, 2016, a total of 7,793,579 shares have been repurchased since the first quarter of 2015.

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), and Amended and Restated Articles of Incorporation (incorporated by reference to Exhibit 3a to Form 10-Q for the quarter ended March 31, 1999).
3.2	Bylaws (incorporated by reference to Exhibit 3.2 to Form 8-K filed on October 12, 2016).
10.3	Transition Agreement dated and effective as of July 1, 2016 between the Registrant and Charles H. Lydecker.
10.3	Consulting Agreement dated and effective as of July 1, 2016 between the Registrant and Charles H. Lydecker.
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.

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: November 9, 2016

/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)

EXHIBIT "A"

CONSULTING AGREEMENT

THIS **CONSULTING AGREEMENT** (this "Agreement"), effective as of July 1, 2016, (the "Effective Date"), is made and entered into by and between **BROWN & BROWN, INC.,** a Florida corporation (the "Company"), and **CHARLES H. LYDECKER** ("Contractor"). The Company and Contractor are sometimes referred to herein each as a "Party" and collectively, the "Parties."

Background

Contractor voluntarily resigned from the Company in July 2016 ("Resignation"). Contractor's Resignation from the Company is effective on the Effective Date.

The Company has made an offer to engage Contractor as an independent contractor, and Contractor is willing to accept such engagement for services on the terms and conditions set forth in this Agreement.

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

Terms

The provisions of the Background paragraphs set forth above are hereby incorporated into this Agreement as if set forth herein at length.

1. Engagement of Services.

(a) The Company hereby engages Contractor, and Contractor hereby accepts such engagement, upon the terms and conditions set forth in this Agreement (the "Engagement"). Contractor shall devote such time as shall be reasonably required to fulfill the purposes of this Agreement. Contractor shall have such responsibilities, duties, obligations and authority in connection with the Engagement as the executive officers of the Company may require or assign. Contractor shall provide such services ("Services") to the Company as outlined in Schedule 1 herein. Notwithstanding anything to the contrary in this Agreement, the level of services that Contractor provides after the Resignation Date shall in no event exceed 20 percent of the average level of services performed by Contractor for the Company during the 36-month period immediately preceding the Effective Date. Therefore, the services performed by Contractor after the Effective Date shall not exceed the level of services permitted under Treasury Regulation §1.409A-1(h)(1)(ii) under which Contractor is presumed to have had a "separation from service" (as such term is defined for purposes of Section 409A of the Internal Revenue Code of 1986, as amended (the "Code")) on the Effective Date

(b) Contractor is acting under this Agreement as an independent contractor with full power and authority to determine the means, manner and method of performance of Contractor's duties, subject to applicable administrative and underwriting guidelines of the Company's insurance carriers. As an independent contractor, Contractor shall pay Contractor's own expenses and shall not be eligible for any benefits from the Company. This Agreement shall not be deemed or construed as a continuing employment relationship between the Company and Contractor. In no event shall Contractor be deemed to be an employee of the Company. The Company is not responsible for and shall not withhold any federal, state or local taxes, workers' compensation contributions, unemployment insurance contributions, or other payroll deductions from Contractor's compensation. Contractor understands and agrees that it is solely responsible for such matters.

2. Compensation.

(a) During the Term (as defined below), the Company shall pay Contractor:

(i) Seven Hundred Fifty Thousand Dollars ($750,000) payable within two (2) days of the execution of this Agreement; and

(ii) Five Hundred Thousand Dollars ($500,000), payable in twelve (12) separate monthly payments of $41,666.66 on the first regular payroll date of each calendar month following the Effective Date (with each payment considered a "separate payment" and not one of a series of payments for purposes of Code Section 409A), except as otherwise provided in this Section 2; and

(iii) For any new commercial lines Client Account referred by the Contractor during the Term, written by the Company, and generating at least $2,500 of net annual agency commissions, an amount equal to thirty percent (30%) of the net first-year agency commissions earned by the Company from such referred Client Account(s) during the Term, such amount to paid to the Contractor within thirty (30) days following the date of the Company's receipt of any such commissions.

(b) In the event that the Contractor breaches any agreement under this Agreement or the Transition Agreement (as defined below), he will forfeit the right to receive any additional payments or benefits from the Company under this Agreement. Under no circumstances shall there be any effect on, or reduction of, Contractor's right to receive and retain the Accelerated Stock or the $750,000 paid in accordance with Section 2(a)(i) above.

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

(d) In the event of the Contractor's Disability (as defined below) after the Resignation Date and prior to the completion of the payments described above in Section 2(a), any unpaid amount(s) shall be payable in a lump sum within thirty (30) days after the date on which the Company receives written notification of the Contractor's Disability. For purposes of this Section 2(d), "Disability" means the Contractor is unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of not less than twelve (12) months.

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

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

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

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

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

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

3. Term and Termination.

(a) The term of this Agreement (the "Term") commences on the Effective Date and shall automatically terminate twelve (12) months after the Effective Date, unless the parties elect to extend the Engagement for another agreed-upon renewal term.

(b) Termination of the Engagement under this Agreement, whether before or after the expiration of the Term, shall not release either Contractor or the Company from obligations hereunder through the date of such termination nor from the applicable restrictive covenants as set forth in (the "Restrictive Covenants") that certain Transition Agreement dated July 1, 2016 (the "Transition Agreement"), between Contractor and the Company, which is expressly incorporated herein by reference and which shall survive the termination of the Engagement and the termination of this Agreement. On notice of termination of or by Contractor, the Company has the power to suspend Contractor from all duties on the date notice is given, and to immediately require the return of all professional documentation as described in the Agreement. The Company has the further right to impound all property on Company premises, including such property owned by Contractor, for a reasonable time following termination, to permit the Company to inventory the property and ensure that its property and trade secrets are not removed from the premises. Contractor acknowledges that Contractor has no right or expectation of privacy with respect to property kept on Company premises, including any such information maintained on computer systems utilized by Contractor during the Engagement.

(c) Notwithstanding anything set forth in Section 3(a) or (b), prior to the expiration of the Term, the Engagement may be terminated by Contractor upon written notice of not less than thirty (30) days, with or without cause, and any unpaid amount(s) shall be immediately forfeited as of the effective date of such termination.

(d) After the Resignation Date, Contractor may engage, without forfeiture or penalty, in any employment or business activity, whether or not in the Insurance Business or whether or not in competition with the Company, so long as such employment or business activity does not constitute a breach of this Agreement or the Transition Agreement.

4. Amendment. Unless this Agreement provides otherwise, this Agreement cannot be altered, amended, changed, or modified in any respect or particular unless each such alteration, amendment, change, or modification shall have been agreed to by each of the Parties hereto and reduced to writing in its entirety and signed and delivered by each Party.

5. Waivers and Modifications. No waiver, failure to strictly enforce or modification of this Agreement or of any covenant, condition, or limitation in this Agreement shall be valid unless in writing and duly executed by the Party to be charged therewith, and no evidence of any waiver or modification shall be offered or received in evidence in any proceeding, arbitration, or litigation between the Parties hereto arising out of or affecting this Agreement, or the rights or obligations of the Parties hereunder, unless such waiver or modification is in writing, duly executed as aforesaid, and the Parties further agree that the provisions of this section may not be waived except as herein set forth.

6. Attorneys' Fees. In the event that either Party is required to bring any suit or proceeding against the other to enforce any of the provisions of this Agreement, the prevailing Party shall be responsible for all reasonable attorneys' fees and costs incurred in such proceedings, including, but not limited to, all costs of investigation and litigation, including expert witness fees, depositions costs (including appearance fees and transcript charges), injunction bond premiums, travel and lodging expenses, and all other reasonable costs and expenses.

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

If to the Company:

Brown & Brown, Inc.
220 S. Ridgewood Avenue
Daytona Beach, FL 32114
Attention: Robert W. Lloyd, General Counsel
Facsimile No.: (386) 239-7293
E-mail: rlloyd@bbins.com

If to the Executive:

Charles H. Lydecker
607 N. Beach St.
Ormond Beach, FL 32174
E-mail: chldaytona@gmail.com

With copy to:
Richard Lydecker, Senior Partner
Lydecker Diaz
1221 Brickell Avenue, 19th Floor
Miami, FL 33131
Email: RL@Lydeckerdiaz.com

8. Assignment and Enforcement. Contractor agrees that, with Contractor's written consent, the Company may freely assign this Agreement, and/or any rights hereunder, including to any Affiliate or to any entity. Further, to the extent applicable, the Company's Affiliates shall be deemed third-party beneficiaries and may enforce the applicable rights and obligations of this Agreement. Contractor further agrees to be bound by the provisions of this Agreement for benefit of the Company or any Subsidiary or Affiliate thereof to which the Contractor's engagement may be transferred, without the necessity that this Agreement be re-executed at the time of such transfer. The Company's assignees or successors are expressly authorized to enforce the Company's rights and privileges hereunder. Contractor may not assign or delegate Contractor's rights or obligations hereunder in whole or in part without the Company's prior written consent. Subject to the foregoing, this Agreement shall be binding upon and inure to the benefit of the Parties' respective successors and assigns.

9. WAIVER OF JURY TRIAL. **THE PARTIES HEREBY KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVE ANY RIGHT EITHER MAY HAVE TO A TRIAL BY JURY WITH RESPECT TO ANY LITIGATION RELATED TO OR ARISING OUT OF, UNDER OR IN CONJUNCTION WITH THIS AGREEMENT, CONTRACTOR'S ENGAGEMENT WITH THE COMPANY, AND/OR THE TERMINATION OF CONTRACTOR'S ENGAGEMENT WITH THE COMPANY. THE PARTIES UNDERSTAND AND AGREE THAT, BY SIGNING THIS AGREEMENT, ANY LAWSUIT RELATING TO CONTRACTOR'S ENGAGEMENT, OR THE TERMINATION THEREOF, WHICH CURRENTLY EXIST OR MAY ARISE IN THE FUTURE, WILL BE HEARD AND DECIDED BY A JUDGE, RATHER THAN A JURY AND THAT THE PARTIES EXPRESSLY AGREE TO WAIVE ANY RIGHT THAT THEY OTHERWISE MAY HAVE TO A TRIAL BY JURY, UNLESS OTHERWISE PROHIBITED BY LAW. THE PARTIES RETAIN ALL OTHER SUBSTANTIVE AND PROCEDURAL RIGHTS, EXCEPT THE RIGHT TO A JURY TRIAL, UNLESS OTHERWISE PROHIBITED BY LAW.**

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

11. Miscellaneous. The waiver of or failure to strictly enforce any breach of any provision of the Agreement by Contractor, on the one hand, or the Company or, if applicable, its Affiliates, on the other hand, shall not operate or be construed as a waiver of any subsequent breach by the other Party. This Agreement constitutes the entire agreement, and supersedes all prior agreements and understandings, both written and oral, among the Parties, with respect to the subject matter hereof, except the Transition Agreement, which is intended to survive the execution and delivery of this Agreement. Except for the Transition Agreement, any prior agreement between the Parties or their respective affiliates with respect to the subject matter hereof shall be of no further force and effect, and to the extent of any such prior agreements, this Agreement shall be deemed a novation, good and sufficient consideration for which is acknowledged by all Parties hereto. This Agreement shall inure only to the benefit of the Parties, their successors and assigns as expressly provided herein and in the Transition Agreement, and no third party beneficiaries of either agreement are contemplated by the Parties. This Agreement may be executed in counterparts, all of which together shall comprise one and the same instrument.

12. Negotiation of Agreement. This Agreement has been negotiated by the Parties hereto, each having had the opportunity to be represented by counsel of its choice, and no provision hereof shall be construed against any Party by reason of that Party being considered to be the drafter of such provision. Contractor represents that he has read this Agreement carefully and understands this Agreement or has relied exclusively on his counsel for an understanding of the terms and conditions herein.

13. Code Section 409A. This Agreement and the monies and benefits provided hereunder are intended to qualify for an exemption from Code Section 409A, where applicable, provided, however, that if this Agreement and the monies and benefits provided hereunder are not so exempt, they are intended to comply with Code Section 409A to the extent applicable thereto. Notwithstanding any provision of this Agreement to the contrary, this Agreement shall be interpreted and construed consistent with this intent, provided that the Company shall not be required to assume any increased economic burden in connection therewith. Although the Company intends to administer this Agreement so that it will comply with the requirements of Code Section 409A, the Company does not represent or warrant that this Agreement will comply with Code Section 409A or any other provision of federal, state, or local law. Neither the Company nor its directors, officers, employees or advisers shall be liable to Contractor (or any other individual claiming a benefit through Contractor) for any tax, interest, or penalties Contractor may owe as a result of monies or benefits paid under this Agreement, and the Company shall have no obligation to indemnify or otherwise protect Contractor from the obligation to pay any taxes pursuant to Code Section 409A. Notwithstanding anything to the contrary contained in this Agreement, if (a) Contractor is a "specified employee" within the meaning of Treasury Regulation Section 1.409A-1(i), and (b) any payment provided

by Section 2(a) does not qualify for exemption from Code Section 409A under the short-term deferral exception to deferred compensation of Treasury Regulation Section 1.409A-1(b)(4) or otherwise, then, to the extent required for compliance with Code Section 409A, any payments that are not exempt from Code Section 409A shall be made in accordance with the terms of this Agreement, but in no event earlier than the first to occur of (i) the first day of the seventh month following the Effective Date, or (ii) Contractor's death. Any payments delayed pursuant to the prior sentence shall be made in a lump sum on the first day of the seventh month following the Effective Date, and the Company will pay the payments, if any, on and after the first day of the seventh month following the Effective Date at the time(s) and in the form(s) provided by the applicable section(s) of this Agreement. Each payment pursuant to Section 2 shall be considered a "separate payment" and not one of a series of payments for purposes of Code Section 409A.

*****

[**Signature Page Follows**]

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

CONTRACTOR:	**COMPANY:**
CHARLES H. LYDECKER	**BROWN & BROWN, INC.**
/s/ Charles H. Lydecker	By: /s/ J. Powell Brown
Charles H. Lydecker	Name: J. Powell Brown
	Title: President and Chief Executive Officer

SCHEDULE 1 TO CONSULTING AGREEMENT

The primary services to be provided will be related to new business referrals, retention of accounts and talent identification, all subject to regular reporting to J. Powell Brown, President and Chief Executive Officer of the Company. Services shall not include marketing, public relations or similar public promotion of the Company's business.

TRANSITION AGREEMENT

THIS **TRANSITION AGREEMENT** (this "Agreement"), effective as of July 1, 2016 (the "Effective Date"), is made and entered into by and between **BROWN & BROWN, INC.**, a Florida corporation (together with its present and future Subsidiaries and affiliates, the "Company"), and **CHARLES H. LYDECKER**, a resident of the State of Florida ("Executive"). The Company and Executive are each a "Party" and collectively, the "Parties."

BACKGROUND

In connection with Executive's voluntary resignation from the Company in July 2016 ("Resignation"), the Company and the Executive wish to memorialize their agreement concerning Executive's remaining period of employment with the Company, and with respect to the period following Executive's departure from the Company. In recognition of Executive's career with the Company, and as consideration for Executive's agreement to abide by certain post-resignation obligations as set forth in this Agreement following Executive's departure from the Company, the Company desires to provide Executive the consideration described in this Agreement in return for the agreements of the Executive set forth herein. The date upon which Executive's Resignation from the Company is effective shall be described herein as the "Resignation Date."

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

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

TERMS

1. The Executive's Resignation and Future Relationship.

(a) The Executive's employment with the Company and its Subsidiaries shall end as of the close of business on July 1, 2016, which shall also be deemed to be the Resignation Date. Pursuant to a Consulting Agreement in the form attached to this Agreement as Exhibit "A" (the "Consulting Agreement"), the Executive agrees that, after the Resignation Date, he will make himself available to the Company at reasonable times and locations to fulfill his duties under the Consulting Agreement. The level of services that the Executive provides after the Resignation Date shall in no event exceed 20 percent of the average level of services performed by the Executive for the Company during the 36-month period immediately preceding the Resignation Date and, except as set forth in the Consulting Agreement, shall not extend beyond twelve (12) months following the Resignation Date. Therefore, the services performed by the Executive after the Resignation Date shall not exceed the level of services permitted under Treasury Regulation §1.409A-1(h)(1)(ii) under which the Executive is presumed to have had a "separation from service" (as such term is defined for purposes of Section 409A of the Internal

Revenue Code of 1986, as amended (the "Code")) on the Resignation Date. The foregoing shall not under any circumstance preclude or interfere with Executive's future employment or activities except as expressly provided for in this Agreement.

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

(c) Executive and Company agree to keep strictly confidential the substance of this Agreement, including any and all related verbal and written information regarding the Agreement. The Parties agree that neither will discuss or divulge any such information to any person other than Executive's or Company's own attorneys or accountants, without the prior written consent of the other, unless ordered to do so by a court or governmental entity of competent jurisdiction. The Parties agree that, if they receive an inquiry from any media representative about the other or Company's current or former officers, director or employees, his employment by the Company or the end of that employment, the parties will not respond but will immediately contact the other to inform the other of the media inquiry. Notwithstanding the foregoing, each of the Executive and the Company acknowledge that the disclosure of this Agreement is expected to be required by applicable law and that this Agreement is expected to be filed by the Company with the Securities and Exchange Commission in connection with its reporting obligations under the Exchange Act (as defined below).

(d) If the Executive has vested Company stock options or stock appreciation rights that he wants to exercise, he must do so within thirty (30) days of the Resignation Date unless otherwise provided in the applicable award agreement(s) and plan document(s). Except as otherwise provided in Section 2(b) below, any Company stock options, stock appreciation rights, restricted stock awards or restricted stock unit awards that are not vested in Executive as of the Resignation Date will be forfeited in accordance with the terms of the Executive's award agreements with the Company and the applicable Company plan. The Executive understands and agrees that (a) the federal "insider trading" securities laws continue to apply to the Executive notwithstanding his Resignation from employment with the Company, (b) the Company's Insider Trading Policy prohibits the Executive from trading in the Company securities while in possession of material nonpublic information concerning the Company and (c) the prohibition against such trading continues to apply to the Executive after leaving the Company. Therefore, the Executive agrees to abide by the Company trading windows even after leaving the Company until such time as the insider information the Executive possessed, if any, becomes public.

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

2. The Company's Obligations to the Executive.

(a) The Company will pay or provide to the Executive the following, all subject to the Executive's continuing satisfactory performance of his duties through the Resignation Date and the Executive's signing and delivering the Agreement and Consulting Agreement to the Company:

(i) The Executive's base salary as earned through the Resignation Date, to be paid upon the Company's next regularly occurring payroll date following the Resignation Date;

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

(iii) promptly after the Resignation Date, the papers necessary for the Executive to elect continuation of any group medical insurance coverage pursuant to the Consolidated Omnibus Budget Reconciliation Act ("COBRA") and the terms and conditions of the Company's medical plan; if the Executive elects continued coverage pursuant to COBRA, the Executive shall be solely responsible for all matters relating to his continuation of coverage pursuant to federal COBRA law, including, without limitation, the election of such coverage and the timely payment of premiums;

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

(v) distribution of the Executive's existing account balance (if any) in the Company's Deferred Compensation Plan, according to the terms and conditions of the Deferred Compensation Plan.

(b) In addition to the cash compensation paid in accordance with Section 2(a) above, the Company will waive, subject to approval by the Compensation Committee of the Company's Board of Directors, effective on the Resignation Date, the remaining time-based employment conditions for vesting the following 111,000 shares of restricted common stock of the Company that were granted to the Executive under the Brown & Brown, Inc. Performance Stock Plan (the "PSP") and the 2010 Brown & Brown, Inc. Stock Incentive Plan (the "SIP"), as applicable (collectively, the "Restricted Stock"):

(i) The following "awarded" but unvested restricted stock awards:

(A) 13,712 shares granted on April 1, 2003 under the PSP;

(B) 8,000 shares granted on February 27, 2008 under the PSP;

(C) 9,316 shares granted on April 27, 2010 under the PSP; and

(D) 33,418 shares granted on January 18, 2011 under the SIP.

(ii) The following Performance-Triggered Stock Grants (PTSGs):

(A) 31,017 shares granted on July 1, 2013 under the SIP;

(B) 9,214 shares granted on January 22, 2014 under the SIP; and

(C) 6,323 shares granted on January 21, 2015 under the SIP.

For purposes of this Agreement, the shares of Restricted Stock, if any, with respect to which the remaining time-based employment conditions for vesting of the Restricted Stock are waived will be referred to as the "Accelerated Restricted Stock." Failure of the Compensation Committee of the Board of Directors to approve the waiver of the remaining time-based employment conditions for vesting of the 111,000 shares in Executive, as contemplated in this subparagraph 2(b), shall render this Agreement and the Consulting

Agreement null and void. The Executive will not be permitted to sell or transfer more than 50% (i.e., 55,500 shares) of the Accelerated Restricted Stock prior to September 30, 2016, subject to the current blackout period which expires July 21, 2016.

(c) Company acknowledges and agrees that Executive's rights to the Accelerated Restricted Stock and the $750,000 initial payment made to Executive under the Consulting Agreement shall not be subject to forfeiture, for any reason.

(d) The Executive acknowledges the following related to compensation paid or granted by the Company pursuant to this Agreement:

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

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

3. Mutual Release of the Company and Personnel.

(a) In exchange for the monies and benefits given by each Party to the other under this Agreement to which the other was not otherwise entitled, the parties agree, on their own behalf and on behalf of any other person entitled to make a claim on their behalf or through them, that each hereby freely, finally, fully and forever releases and discharges the other from any and all claims and causes of action of any kind or nature that the other once had or now has against the other, including without limitations any and all claims arising out or related in any way, directly or indirectly, to the Executive's employment or end of employment with the Company, whether such claims are now known or unknown to the parties ("Released Claims"). Released Claims do not include (i) any claims arising from events occurring after the Executive signs this Agreement, (ii) any claims which by law may not be released by the Executive; (iii) any claims of the Executive for vested benefits under the Company's employee benefit plans and (iv) any rights granted to Executive under this Agreement or the Consulting Agreement executed contemporaneously herewith. The parties agree that it is his intent that the releases of claims being given by him in this Agreement are intended to operate as a general release to the maximum extent permitted by law.

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

(c) The Executive will not affirmatively seek to cause any civil/criminal investigations or regulatory actions to be taken against the Company. In the event Executive receives a subpoena related to the Company, Executive shall promptly notify Company and provide reasonable cooperation to Company. The Executive represents and warrants, to the best of his knowledge and belief, that he has served in his capacity as an officer of the Company and an officer and/or director of one or more Subsidiaries and fulfilled all obligations thereof without knowingly violating any governing law. In the event Executive receives a subpoena related to the Company, Executive shall promptly notify Company and provide reasonable cooperation to Company. Nothing in this Agreement prohibits Executive from communicating directly with the U.S. Securities and Exchange Commission, or any member of its staff, about any possible violation of federal securities law or making any disclosure protected under the whistleblower provisions of federal law or regulation.

4. Informed, Voluntary Signature.

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

(b) To the extent necessary to comply with Code Section 409A, if the date on which the Company provides this "Transition Agreement" to the Executive and the Retirement Date are in two separate taxable years, any payment of amounts under Section 2 or the Consulting Agreement that constitute deferred compensation within the meaning of Code Section 409A shall be payable on the later of (i) the date such payment is otherwise payable under the Agreement, or (ii) the first business day of such second taxable year.

(c) Notwithstanding anything else contained in this Agreement to the contrary, Executive understands that he is not releasing any rights to indemnity from the Company for any claims against him arising out of his capacity or service rendered to the Company (or any of its Subsidiaries) that are within the scope of: (a) § 607.0850, Florida Statutes; (b) any similar statute in another relevant jurisdiction or (c) the Bylaws or the Articles of Incorporation of the Company or any of its Subsidiaries of (d) applicable decisional law. It is understood that any such indemnification (which, if appropriate will include advancement of expenses) is governed by Florida law.

5. Post-Resignation Restrictive Covenants and Related Matters.

(a) Defined Terms.

(i) "Client Account" means any person or entity for which Company has been compensated for services provided to that person or entity during the Executive's employment with Company or the Restricted Period. Client Account does not include insurance carriers, wholesale brokers, brokers, syndicates or other entities which pay Company, or share with Company, fees or commissions related to the Insurance Business.

(ii) "Confidential Information" means any of the following: (1) financial Information of any kind relating to the Company's Insurance Business including, but not limited to the financial relationships of the Company with carriers, brokers and intermediaries [Financial Information includes, but is not limited to, commission structures, incentive arrangements and discounts]; (2) material Information from or about an issuer of securities including, specifically, Brown & Brown, Inc. that could reasonably be expected to influence Executive or any other Person to purchase or sell securities of such issuer; (3) sales training and producer training materials and programs produced or developed by Brown & Brown University or otherwise customized and maintained as formal training programs for producers and sales personnel of Company; (4) strategic planning, marketing and sales Information, whether general or client-specific; (5) Information regarding the Company's contractual, relationships and communications with other entities in the Insurance Business; (6) all Information relating to Client Accounts; (7) personnel Information including compensation structures and plans; (8) Information containing Trade Secrets; (9) Information concerning communications with, and advice of, corporate or retained attorneys; and (10) any nonpublic information obtained from Brown & Brown regarding current or past mergers, if the information is subject to a nondisclosure or confidentiality agreement. Confidential Information does not include any information that is publicly available or independently provided to Executive (except for such public disclosures made in violation of this Agreement) or any information generally known within the insurance industry. However, Confidential Information includes the compilation of otherwise public information by the Company for a specific business purpose, where such compilation has independent economic value.

(iii) "Information" means any and all non-public information, and data of the Company that relates to the Insurance Business, regardless whether kept in a document or electronic storage medium, and includes, but is not limited to, all compilations, programs, devices, strategies, and methods. Information that is provided to Company by third parties is not deemed public even though the third party may provide limited access to the Information to others in the course of the third party's business or financial dealings. Information is public only if it is widely and easily available to anyone, whether within or outside of the Insurance Business, and is not a unique compilation of public information prepared by Company for use in the Insurance Business.

(iv) "Insurance Business" means the business of selling and servicing insurance, risk transfer alternatives, and related services including, but not limited to, quoting, proposing, soliciting, selling, placing, providing, servicing and/or renewing insurance, reinsurance, and surety products, as well as loss control, claims administration, risk management, program administration, Medicare secondary payer compliance, Social Security disability and Medicare benefits advocacy services. Relationships of the Company with insurance carriers, intermediaries, vendors, parties to whom Company provides risk management, administrative, or any other service offered by Company, form a part of the Company's Insurance Business; provided, however, that the term "Insurance Business" is not intended to include the risk-bearing activities of insurance carriers.

(v) "Subsidiary" or "Subsidiaries" means any business organization formed, owned and controlled by Company for purposes of engaging in the Insurance Business as of the Effective Date of this Agreement.

(vi) "Trade Secret" means the same as defined by the Florida Uniform Trade Secrets Act, as enacted in Florida and construed by Florida decisional law, as amended from time to time, and has been patented, trademarked or copyrighted at the time of the execution of this Agreement by the USPTO or other governmental agency with jurisdiction to enforce and/or protect Trade Secrets.

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

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

(ii) Executive shall not, at any time, make an unauthorized disclosure of Confidential Information or Trade Secrets, and shall use reasonable diligence to guard and protect the Confidential Information and Trade Secrets from any unauthorized disclosure;

(iii) Upon execution of this Agreement, unless the Company gives Executive prior express permission, Executive shall not, at any time, use for Executive's own exclusive benefit, or use for or disclose to any competitor, Client Account, insurance or reinsurance carrier, managing general agent, and/or vendor of the Company or any other person or entity, the Confidential Information and/or Trade Secrets as set forth herein including using or disclosing any Confidential Information and/or Trade Secrets to solicit or divert any Insurance Business in respect of any Client Account of the Company for the benefit or account of any person or entity other than the Company;

(iv) Following the Resignation Date, Executive shall deliver to the Company, all Information and property obtained or possessed by Executive while employed by Company in the Insurance Business, whether or not such property constitutes Confidential Information or Trade Secrets, including Client Account information and marketing literature, and any electronic data stored on a computer. Executive shall not destroy or delete any material, including but not limited to any electronic data stored on a computer, before returning such material or property to the Company or its Subsidiaries; and

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

(vi) Executive understands that it is the Company's intention to maintain the confidentiality of their Confidential Information and Trade Secrets. Executive acknowledges that it is not practical, and shall not be necessary, to mark such information as "confidential," nor to transfer it within the Company by confidential envelope or communication, in order to preserve the confidential nature of the information. To the contrary, Executive understands and agrees that all such information shall be deemed Confidential Information and/or Trade Secrets and Executive shall treat all such information as such.

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

(c) Non-Solicitation Covenant. For a period of two (2) years following the Resignation Date (the "Restricted Period"), Executive shall not solicit, in any capacity whatsoever, other than on behalf of the Company pursuant to the Consulting Agreement, any Insurance Business from or in respect of any Client Account of the Company that the Executive had direct involvement in or Confidential Information regarding the solicitation of such Client Account in the twenty-four (24) month period prior to the date of termination of the Executive's employment with the Company. Executive acknowledges that unilaterally informing Client Accounts that Executive is leaving the Company shall be deemed prohibited solicitation under this Agreement. The Parties agree to issue a joint statement regarding Executive's separation from the Company. Should the Parties fail to agree on the text of a proposed statement, each Party will designate a neutral representative to draft the terms to attempt to resolve the same.

(d) Non-Interference Covenant. During the Restricted Period, Executive agrees not to intentionally interfere with the business relationship between the Company and any Client Account that

Executive had direct involvement in or Confidential Information regarding the solicitation of said Client Account in the twenty-four (24) month period prior to the date of termination of the Executive's employment with the Company or any entity with which the Company has maintained a business relationship in furtherance of its operations in the Insurance Business.

(e) No Raiding Covenant. During the Restricted Period, Executive will not solicit for employment any employee or independent contractor of the Company, and further agrees that the Executive will not seek to induce any such person to terminate employment or engagement with the Company for any reason, including to work for Executive or any competitor of Company. This clause is not intended to prohibit any other employee of Company from soliciting or accepting employment with an entity with which Executive is also employed, so long as Executive does not induce termination of employment with the Company, nor participate in the solicitation of the other employee of Company for employment by Executive's subsequent employer.

(f) Non-Compete Covenant. For a period of twelve (12) months following the Resignation Date, in order to protect Confidential Information and the Company's customer relationships and business goodwill, Executive shall not engage in, or be or become the owner of an equity interest in, or otherwise consult with, be employed by, or participate in the business of, any of the entities identified in Schedule 1 hereto.

(g) Preliminary Activities. The Executive agrees that until the last three months of any time period during which he is precluded from taking any act pursuant to this Section 5, he shall also not, in any capacity whatsoever, engage in planning, preparation, communications with third parties in furtherance of potentially later engaging in activities that he is otherwise then precluded from taking pursuant to this Section 5.

(h) Other Business Activities. Executive is permitted to seek or explore other employment, partnerships, ownership, management, or other business opportunities with other persons, companies or entities, so long as it is not expressly excluded by this Agreement.

(i) Related Matters.

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

(ii) Executive agrees that if the Company discovers a good faith and reasonable objective evidence that a violation of this Section 5 has occurred or is imminent, the Company shall have the right to communicate the terms of this Section 5 to any prospective or current employer of Executive. In the event that either party has a good faith belief that the other party hereto has violated the terms of this agreement, each hereby agrees that to provide advance written notice to the other party's designee, as set forth herein, specifically stating the grounds therefor.

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

(iv) It is the intention of the Parties that the terms and provisions of this Agreement be enforceable to the maximum extent permitted by applicable law. To that end, the Parties agree that if a court should declare any of the covenants in this Section 5 unenforceable, the court shall be authorized to modify or "blue pencil" the covenants to the extent necessary to cure any legal impediment to enforcement.

(v) This Agreement does not relieve the Executive of other legal responsibilities and liabilities that Executive has to the Company under applicable state and federal statutes and common law. Instead, Executive acknowledges that this Agreement only creates additional rights and responsibilities for protecting the Company's interests.

6. Mutual Non-Disparagement Covenant. The Parties agree that they will not, directly or indirectly, disparage the other including, the Company's current or former officers, directors or employees orally, in writing or in any other manner (such as through the use of emails, blogs, photographs, social media (Facebook, Twitter, etc.), etc.) or any other electronic or web-based media). Further, the Parties agree that they will not make disparaging statements or comments in any form, manner or medium about the other including Company's current or former officers, directors or employees or about his employment by or end of employment with the Company. Disparaging statements or comments shall be those that meet the common law meaning of defamation per se under Florida law. The Parties acknowledge that it would be impossible to monitor or enforce this covenant as to Company's entire employee base of over 7,800 employees. In order to preserve the spirit and intent of the covenant, the Parties agree that this covenant shall apply solely to the present and future composition of the Company's Leadership Council. In the event that either Party has a good faith belief that the other Party has violated the terms of this covenant, each hereby agrees to provide advance written notice to the other Party's designee, as set forth under Section 8, specifically stating the grounds therefor. Each Party agrees to an in-person meeting, with or without a mediator, to give the other Party a reasonable opportunity to cure said claimed breach, as a condition precedent to any action or right(s) against the other Party. If said alleged breach cannot be cured, then both Parties shall consider said pre-suit meeting as a settlement conference and protected by Section 90.48, Fla. Stat., and by the Florida Mediation Privilege set forth in Chapter 44, Fla. Stat. This Section 6 shall not be interpreted either Party from giving truthful testimony under legal process or compulsion, subject to notification provisions of this Agreement.

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

8. Notices. Notices shall be addressed by certified mail and emailed as indicated below, or to such other addressee or to such other address as may be designated by either Party:

If to the Company:

Brown & Brown, Inc.
220 S. Ridgewood Avenue
Daytona Beach, FL 32114
Attention: Robert W. Lloyd, General Counsel
Facsimile No.: (386) 239-7293

E-mail: rlloyd@bbins.com

If to the Executive: Charles H. Lydecker
607 N. Beach St.
Ormond Beach, FL 32174
E-mail: chldaytona@gmail.com

With copy to:
Richard Lydecker, Senior Partner
Lydecker Diaz
1221 Brickell Avenue, 19th Floor
Miami, FL 33131
E-mail: RL@Lydeckerdiaz.com

9. **Assignment and Enforcement**. Executive agrees that Company may freely assign this Agreement or any of its rights or privileges hereunder in connection with any sale or transfer of some or all of Company's assets or Subsidiary corporations, Company's sale of a controlling interest in the Company's stock, or the merger or other business combination by Company with or into any business entity. Executive further agrees to be bound by the provisions of this Agreement for benefit of the Company to whose employ Executive may be transferred, without the necessity that this Agreement or another employment agreement be re-executed at the time of such transfer. No assignment, consent by Executive, or notice to Executive shall be required to render this Agreement enforceable by any assignee, transferee, or successor. The Company's assignees, transferees, or successors are expressly authorized to enforce the Company's rights and privileges hereunder, including the restrictive covenants set forth in Section 5. Executive's services hereunder are personal in nature, and Executive may not assign or delegate Executive's rights or obligations hereunder in whole or in part without the Company's prior written consent. Subject to the foregoing, this Agreement shall be binding upon and inure to the benefit of the Parties' respective successors and permitted assigns. Other than as contemplated in this Section 9, no term or provision of this Agreement is intended to be, or shall be, for the benefit of any person or entity not a party hereto, and no such other person or entity shall have any right or cause of action hereunder.

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

11. **Jurisdiction and Venue**. This Agreement is entered into between Executive and Company in Volusia County, Florida, and becomes binding on the parties in Volusia County, Florida. Should Executive execute this Agreement at any location other than Volusia County, Florida, Executive hereby acknowledges that such was for the sole convenience of the Executive, and Executive hereby waives any claim that the situs of this Agreement is any place other than Volusia County, Florida. Any litigation or other proceeding ("Proceeding") arising out of, under or relating to this Agreement shall be brought, prosecuted and maintained in either (a) the courts of the State of Florida, County of Volusia, or (b) if it has or can acquire jurisdiction, the United States District Court for the Middle District of Florida, and each of the Parties irrevocably submits to the exclusive jurisdiction of each such court in any such Proceeding, waives any objection it may now or hereafter have to venue or to convenience of forum, agrees that all claims in respect of the Proceeding shall be heard and determined only in any such court and agrees not to bring any such Proceeding in any other court. The Parties agree that either or both of them may file a copy of this Section 111 with any court as written evidence of the knowing, voluntary and bargained agreement between the Parties irrevocably to waive any objections to venue or to convenience of forum. Each Party agrees that the chosen exclusive forums are reasonable and shall not be so inconvenient that such Party will, for all practical purposes, be deprived of such Party's day in court. Process in any Proceeding referred to in the first sentence of this Section 11 may be served on any Party anywhere in the world.

12. WAIVER OF JURY TRIAL. THE PARTIES HEREBY KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVE ANY RIGHT EITHER MAY HAVE TO A TRIAL BY JURY WITH RESPECT TO ANY LITIGATION RELATED TO OR ARISING OUT OF, UNDER OR IN CONJUNCTION WITH THIS AGREEMENT, EXECUTIVE'S EMPLOYMENT WITH THE COMPANY, AND/OR THE SEPARATION OF EXECUTIVE FROM EMPLOYMENT WITH THE COMPANY. THE PARTIES UNDERSTAND AND AGREE THAT, BY SIGNING THIS AGREEMENT, ANY LAWSUIT RELATING TO EXECUTIVE'S EMPLOYMENT, OR ANY SEPARATION, WILL BE HEARD BY A JUDGE, RATHER THAN A JURY.

13. Miscellaneous.

(a) Term. The term of this Agreement shall be for a period of twenty-four (24) months, unless otherwise provided herein.

(b) Waiver. The waiver by Executive, on the one hand, or the Company, on the other hand, of a breach of any provision of the Agreement shall not operate or be construed as a waiver of any subsequent breach by the other Party.

(c) Entire Agreement. This Agreement, including all of the Exhibits hereto which are hereby incorporated herein, and the Consulting Agreement between the parties executed contemporaneously herewith, constitutes the entire agreement, and supersedes all prior employment agreements or other agreements and understandings, both written and oral, among the Parties, with respect to the subject matter hereof. Any prior agreement between the Parties or their respective Subsidiaries with respect to the subject matter hereof (other than the Consulting Agreement) shall be of no further force and effect, and to the extent of any such prior agreements, this Agreement shall be deemed a novation, good and sufficient consideration for which is acknowledged by both Parties.

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

(e) Executive's Cooperation. Following the Resignation Date, Executive shall reasonably cooperate with the Company and its Subsidiaries with respect to any matters requiring a vote of shareholders and with respect to any disputes with third parties, internal investigation, or administrative, regulatory, or judicial proceeding, and with other matters as reasonably requested by the Company or its Subsidiaries (including Executive being available to the Company upon reasonable notice for interviews and factual investigations, appearing at the Company's request to give testimony without requiring service of a subpoena or other legal process, volunteering to the Company all pertinent information and turning over to the Company all relevant documents that are or may come into Executive's possession, all at times and on schedules that are reasonably consistent with Executive's other activities and commitments). If Executive is subpoenaed or is required to testify or provide a deposition or discovery about the Company or its current or former officers, directors or employees, his employment by the Company or the end of that employment, he agrees to contact the Company's General Counsel about the subpoena/demand as promptly as is reasonably possible. Further, Executive agrees to meet and cooperate with the Company's attorneys in preparation for such testimony (and, of course, he will at all times testify truthfully). If the Company requires Executive's cooperation in accordance with this Section 13(e) after the Resignation Date, Company shall reimburse reasonable expenses incurred by Executive in providing such services as agreed in advance, which shall not exceed the actual cost or loss of income sustained by Executive plus any reasonable travel and lodging costs actually incurred, upon submission of receipts.

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

(g) Tax Withholding; Indemnification and Reimbursement of Payments on Behalf of Executive. Company and its Subsidiaries shall be entitled to deduct or withhold from any amounts owing from the Company or any of its Subsidiaries to Executive (including withholding shares of other equity securities in the case of issuances of equity by the Company or any of its Subsidiaries) any federal, state, local, or foreign withholding taxes, excise taxes, or employment taxes ("Taxes") imposed with respect to Executive's compensation or other payments from Company or any of its Subsidiaries, including wages, bonuses, distributions, the receipt or exercise of equity options, and/or the receipt or vesting of restricted equity. If any such deductions or withholdings are not made, Executive shall indemnify, defend, and hold harmless Company and its Subsidiaries for any amounts paid with respect to any such Taxes, together with any interest, penalties, and related expenses thereto. For avoidance of doubt, for purposes of this Section 13(g), "Taxes" shall exclude Company's or any of its Subsidiaries' portion of any payroll taxes.

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

(i) Unless required by law, regulation, applicable stock exchange listing requirements or by a court of competent jurisdiction, it is agreed that this document shall remain confidential until such time as it is filed, and will not be used for any purpose other than enforcing its specific terms in any proceeding between the parties hereto, and it is further agreed that any portions of the document not required to be publicly disclosed shall remain confidential.

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

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

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

EXECUTIVE:	**COMPANY:**
CHARLES H. LYDECKER	**BROWN & BROWN, INC.**
/s/ Charles H. Lydecker	By: /s/ J. Powell Brown
Charles H. Lydecker	Name: J. Powell Brown
	Title: President and Chief Executive Officer
Date Signed: July 1, 2016	Date Signed: July 1, 2016

Schedule 1

Non-Compete Companies

Arthur J. Gallagher & Co
AssuredPartners
Gallagher
HUB International
Marsh
BB&T Insurance Services
Wells Fargo Insurance Services

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

EXHIBIT "B"

(letter addressed to the Corporate Secretary)

I, Charles H. Lydecker, hereby resign as Regional President of the Retail Division and Senior Vice President of Brown & Brown, Inc., a Florida corporation ("Company"), effective as of the close of business on July 1, 2016. I also hereby resign any and all officer and director positions that I may have with the Company and any direct or indirect Subsidiary of the Company as of that same date. In addition, I agree to sign in the future any reasonable documents that are necessary or desired to effect such resignations from the Company and its direct or indirect Subsidiaries.

Respectfully,

/s/ Charles H. Lydecker______
Charles H. Lydecker

Date Signed:July 1, 2016

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 September 30, 2016;

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: November 9, 2016

/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 September 30, 2016;

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: November 9, 2016

/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 September 30, 2016 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: November 9, 2016

/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 September 30, 2016 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: November 9, 2016

/s/ R. Andrew Watts

R. Andrew Watts

Executive Vice President, Chief Financial Officer and Treasurer