

BROWN & BROWN INC
Form DEF 14A
March 15, 2012

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

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a)
of the Securities Exchange Act of 1934

Filed by the Registrant x
Filed by a Party other than the Registrant o

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, For Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Pursuant to § 240.14a-12

Brown & Brown, Inc.
(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if Other Than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- No fee required.
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- (2) Aggregate number of securities to which transaction applies:
- (3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):
- (4) Proposed maximum aggregate value of transaction:
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- Fee paid previously with preliminary materials.
- Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

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- (1) Amount Previously Paid:
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March 15, 2012

Dear Shareholder:

You are invited to attend the Annual Meeting of Shareholders (the “Meeting”) of Brown & Brown, Inc. (the “Company”), which will be held in the Atlantic Room of The Shores Resort, 2637 South Atlantic Avenue, Daytona Beach, Florida 32118, on Wednesday, April 25, 2012 at 9:00 a.m. (EDT).

This year, we are again pleased to take advantage of the Securities and Exchange Commission rule allowing companies to furnish proxy materials to their shareholders via the Internet. We believe that this e-proxy process expedites shareholders’ receipt of proxy materials, while lowering the costs and reducing the environmental impact of the Meeting. On or about March 15, 2012, we mailed to our beneficial shareholders a notice containing instructions on how to access our Proxy Statement and Annual Report and how to vote online (the “Notice”). All other shareholders will continue to receive a paper copy of the Proxy Statement, Proxy Card and Annual Report by mail. The Proxy Statement contains instructions on how you can (i) receive a paper copy of the Proxy Statement, Proxy Card and Annual Report if you only received a Notice by mail, or (ii) elect to receive your Proxy Statement and Annual Report over the Internet if you received them by mail this year.

The Notice and Proxy Statement on the following pages cover the formal business of the Meeting. Whether or not you expect to attend the Meeting, please vote online or by phone as directed in the Notice, or sign and return your proxy card promptly in the enclosed envelope to assure that your stock will be represented at the Meeting. If you decide to attend the Meeting and vote in person, you will, of course, have that opportunity.

Your continuing interest in the business of the Company is gratefully acknowledged. We hope many shareholders will attend the Meeting.

Sincerely,

/s/ J. Hyatt Brown
J. Hyatt Brown
Acting Chief Executive Officer

BROWN & BROWN, INC.

220 South Ridgewood Avenue
Daytona Beach, Florida 32114

3101 West Martin Luther King Jr. Boulevard
Suite 400
Tampa, Florida 33607

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS
April 25, 2012

The Annual Meeting of Shareholders (the "Meeting") of Brown & Brown, Inc. (the "Company") will be held in the Atlantic Room of The Shores Resort, 2637 South Atlantic Avenue, Daytona Beach, Florida 32118, on Wednesday, April 25, 2012 at 9:00 a.m. (EDT), for the following purposes:

1. To elect eleven (11) nominees to the Company's Board of Directors;
2. To ratify the appointment of Deloitte & Touche LLP as Brown & Brown, Inc.'s independent registered public accountants for the fiscal year ending December 31, 2012;
3. To approve (on an advisory basis) named executive officer compensation; and
4. To transact such other business as may properly come before the Meeting or any adjournment thereof.

The Board of Directors has fixed the close of business on February 17, 2012 as the record date for the determination of shareholders entitled to notice of and to vote at the Meeting and any postponements or adjournments of the Meeting.

For your convenience, we are also offering an audio webcast of the Meeting. To access the webcast, please visit the "Investor Relations" section of our website (www.bbinsurance.com) shortly before the Meeting time and follow the instructions provided. A replay of the webcast will be available on our website beginning the afternoon of April 25, 2012, and continuing for 30 days thereafter.

Your vote is important. Please vote, date, sign and promptly return the enclosed proxy in the envelope provided for that purpose, whether or not you intend to be present at the Meeting.

By Order of the Board of Directors

/s/ Laurel L. Grammig
Laurel L. Grammig
Secretary

Tampa, Florida
March 15, 2012

Important Notice Regarding the Availability of Proxy Materials for the Shareholder Meeting
to be Held on April 25, 2012

The Proxy Statement and Annual Report to Shareholders are available at:

BROWN & BROWN, INC.

PROXY STATEMENT

ANNUAL MEETING AND PROXY SOLICITATION INFORMATION

On or about March 15, 2012, we mailed to our beneficial shareholders of record as of the close of business on February 17, 2012 a notice containing instructions on how to access this Proxy Statement and our Annual Report online and how to vote online (the "Notice"), and thereafter, we began mailing these proxy materials to all other shareholders. These proxy materials are made available to shareholders in connection with the solicitation of proxies by the Board of Directors of Brown & Brown, Inc. to be voted at the Annual Meeting of Shareholders, to be held in the Atlantic Room of The Shores Resort, 2637 South Atlantic Avenue, Daytona Beach, Florida 32118 at 9:00 a.m. (EDT) on Wednesday, April 25, 2012, and at any postponement or adjournment thereof (the "Meeting"). The close of business on February 17, 2012 has been fixed as the record date for the determination of shareholders entitled to notice of and to vote at the Meeting. At the close of business on the record date, we had outstanding 143,352,139 shares of \$.10 par value common stock, entitled to one vote per share.

As permitted by the Securities and Exchange Commission ("SEC") rules, Brown & Brown, Inc. is making this Proxy Statement and its Annual Report available to its shareholders electronically via the Internet. If you received a Notice by mail, you will not receive a printed copy of the proxy materials in the mail (unless you request them, as described below and explained in the Notice). Instead, the Notice instructs you on how to access and review all of the important information contained in the Proxy Statement and Annual Report. The Notice also instructs you on how you may vote online. If you received a Notice by mail and would like to receive a printed copy of our proxy materials, you should follow the instructions in the Notice for requesting the materials.

Shares represented by duly executed proxies in the accompanying form that we receive prior to the Meeting will be voted at the Meeting. If you specify in the proxy a choice with respect to any matter to be acted upon, the shares represented by such proxy will be voted as specified. If your proxy card is signed and returned without specifying a vote or an abstention, the shares represented by such proxy will be voted according to the recommendation of the Board of Directors. The Board of Directors recommends a vote FOR the election of eleven (11) nominees as directors; a vote FOR the ratification of the appointment of Deloitte & Touche LLP as Brown & Brown, Inc.'s independent registered public accountants for the fiscal year ending December 31, 2012; and a vote FOR the advisory vote to approve Named Executive Officer compensation. The Board of Directors knows of no other matters that may be brought before the Meeting. However, if any other matters are properly presented for action, it is the intention of the named proxies to vote on them according to their best judgment.

If your shares are held in a stock brokerage account, or by a bank or other nominee, you have the right to provide instructions on voting as requested by your broker, bank or nominee. Under the rules of the New York Stock Exchange (the "NYSE"), your broker, bank or nominee is permitted to vote your shares on the second proposal concerning the ratification of the appointment of Deloitte & Touche LLP as our independent registered public accountants for the fiscal year ending December 31, 2012 even if your broker, bank or nominee has not been given specific voting instructions as to this matter. Your broker, bank or nominee is not permitted to vote your shares on the first and third proposals.

After you have returned a proxy, you may revoke it at any time before it is voted by taking one of the following actions: (i) giving written notice of the revocation to our Secretary at 3101 West Martin Luther King, Jr. Blvd., Suite 400, Tampa, Florida 33607, or by email to annualmeeting@bbins.com; (ii) executing and delivering a proxy with a later date; or (iii) voting in person at the Meeting. Votes cast by proxy or in person at the Meeting will be tabulated by our transfer agent, American Stock Transfer & Trust Company, LLC, and by one or more inspectors of election

appointed at the Meeting, who will also determine whether a quorum is present for the transaction of business. A quorum is present when a majority in interest of all the common stock outstanding is represented by shareholders present in person or by proxy.

Shares of the common stock represented by proxies received by the Company (whether through the return of the enclosed proxy card, by telephone or over the Internet), where the shareholder has specified his or her choice with respect to the proposals described in this Proxy Statement (including the election of directors), will be voted in accordance with the specification(s) so made. If your proxy is properly executed but does not contain voting instructions, or if you vote via telephone or the Internet without indicating how you want to vote with respect to any item, your shares will be voted “FOR” the election of all nominees for the Board of Directors, “FOR” the ratification of the appointment of Deloitte & Touche LLP as auditors of the Company’s financial statements for the 2012 fiscal year, and “FOR” the advisory vote to approve named executive officer compensation.

A valid proxy also gives the individuals named as proxies authority to vote in their discretion when voting the shares on any other matters that are properly presented for action at the Meeting or any adjournment thereof.

If the shares you own are held in “street name” by a broker or other nominee entity and you provide instructions to the broker or nominee as to how to vote your shares, your broker or other nominee entity, as the record holder of your shares, is required to vote your shares according to your instructions. Under the NYSE rules, certain proposals, such as the ratification of the appointment of the Company’s independent auditors, are considered “routine” matters and brokers and other nominee entities generally may vote on such matters on behalf of beneficial owners who have not furnished voting instructions. For “non-routine” matters, such as the election of directors and the “say on pay” advisory vote, brokers and other nominee entities may not vote unless they have received voting instructions from the beneficial owner. A “broker non-vote” occurs when a broker or other nominee entity does not vote on a particular proposal because it does not have authority under the NYSE rules to vote on that particular proposal without receiving voting instructions from the beneficial owner.

Broker non-votes, as well as properly executed proxies marked ABSTAIN, will be counted for purposes of determining whether a quorum is present at the Meeting.

Because this director election is an uncontested election, if a quorum is present, the nominees for election as directors who receive a number of “FOR” votes that exceeds 50% of the votes cast will be elected as directors. Votes actually cast shall include votes where the authority to cast a vote for the director’s election is explicitly withheld and exclude abstentions with respect to that director’s election. If a nominee is not elected and no successor has been elected at the meeting, the director shall promptly tender his or her conditional resignation following certification of the vote. The Nominating/Corporate Governance Committee shall consider the resignation offer and recommend to the Board of Directors whether to accept it. The Board of Directors will endeavor to act on the Nominating/Corporate Governance Committee’s recommendation within 90 days following the recommendation. For additional information regarding the majority voting standard, see “Majority Voting for Directors,” below.

In order to pass, each of Proposals 2 and 3 must receive the affirmative vote of a majority of the shares entitled to be cast on the Proposal. An abstention is considered as present and entitled to vote. Because each of Proposals 2 and 3 requires the affirmative vote of a majority of the shares entitled to be cast on the Proposal, an abstention will have the effect of a vote against each of Proposals 2 and 3. A broker non-vote, on the other hand, is not considered “entitled to vote.” Therefore, broker non-votes will not have an effect on Proposals 2 and 3.

Proxies may be solicited by our officers, directors, and regular supervisory and executive employees, none of whom will receive any additional compensation for their services. Also, Alliance Advisors, LLC may solicit proxies on our behalf at an approximate cost of \$5,000, plus reasonable expenses. Such solicitations may be made personally or by mail, facsimile, telephone, messenger, or via the Internet. We will pay persons holding shares of common stock in their names or in the names of nominees, but not owning such shares beneficially, such as brokerage houses, banks, and other fiduciaries, for the expense of forwarding solicitation materials to their principals. We will pay all of the costs of solicitation of proxies.

Our executive offices are located at 220 South Ridgewood Avenue, Daytona Beach, Florida 32114 (telephone number (386) 252-9601) and 3101 West Martin Luther King Jr. Boulevard, Suite 400, Tampa, Florida 33607 (telephone number (813) 222-4100).

SECURITY OWNERSHIP OF MANAGEMENT AND CERTAIN BENEFICIAL OWNERS

The following table sets forth, as of February 17, 2012, information as to our common stock beneficially owned by (1) each of our directors, (2) each current executive officer named in the Summary Compensation Table, and (3) all of our directors and current executive officers as a group. As of February 17, 2012, there was no other person whom we knew to be the beneficial owner of more than five percent of the outstanding shares of our common stock.

NAME OF BENEFICIAL OWNER(1)	AMOUNT AND NATURE OF BENEFICIAL OWNERSHIP(2)(3)(4)	PERCENT OF TOTAL	
J. Hyatt Brown(5)	21,277,135	14.84	%
Samuel P. Bell, III	27,782	*	
Hugh M. Brown(6)	12,882	*	
J. Powell Brown(7)	1,517,988	1.06	%
Bradley Currey, Jr.	301,982	*	
Theodore J. Hoepner	45,782	*	
Toni Jennings	13,447	*	
Timothy R.M. Main	2,701	*	
Wendell S. Reilly(8)	103,732	*	
John R. Riedman	56,428	*	
Chilton D. Varner(9)	24,872	*	
Charles H. Lydecker (10)	459,089	*	
J. Scott Penny(11)	510,909	*	
Anthony T. Strianese	192,382	*	
Cory T. Walker	404,983	*	
All current directors and executive officers as a group (23 persons)	26,659,150	18.60	%

* Less than 1%.

- (1) Unless otherwise indicated, the address of such person is c/o Brown & Brown, Inc., 220 South Ridgewood Avenue, Daytona Beach, Florida 32114.
- (2) Beneficial ownership of shares, as determined in accordance with applicable Securities and Exchange Commission ("SEC") rules, includes shares as to which a person has or shares voting power and/or investment power. We have been informed that all shares shown are held of record with sole voting and investment power, except as otherwise indicated.
- (3) The number and percentage of shares owned by the following persons include the indicated number of shares owned through our 401(k) plan as of December 31, 2011: Mr. Powell Brown – 15,779; Mr. Walker – 28,424; Mr. Lydecker – 13,599; Mr. Penny- 23,628; Mr. Strianese – 0; and all current directors and officers as a group – 154,320. The number and percentage of shares owned by the following persons also include the indicated number of shares which such persons have been granted and as to which the first condition of vesting has been satisfied under our Performance Stock Plan ("PSP") as of February 17, 2012: Mr. Powell Brown – 89,612; Mr. Walker – 98,300;

Mr. Lydecker – 91,588; Mr. Penny – 159,648; Mr. Strianese – 67,976; and all current directors and officers as a group – 960,474. The number and percentage of shares owned by Mr. Powell Brown also includes 37,408 shares which Mr. Powell Brown has been granted and as to which the first condition of vesting has been satisfied under our 2010 Stock Incentive Plan (“SIP”). These PSP and, in the case of Mr. Powell Brown, SIP shares have voting and dividend rights due to satisfaction of the first condition of vesting based on stock price performance, but the holders thereof have no power to sell or dispose of the shares, and the shares are subject to forfeiture.

- (4) On March 23, 2003, the indicated number of options was granted to the following persons under the 2000 Incentive Stock Option Plan (“ISO Plan”): Mr. Powell Brown – 50,000; Mr. Walker – 50,000; Mr. Lydecker – 50,000; Mr. Penny – 80,000; Mr. Strianese – 20,000; and all current directors and officers as a group – 484,242. Of these granted amounts, the indicated number of options were exercisable by the following persons under the ISO Plan as of February 17, 2012: Mr. Powell Brown – 0; Mr. Walker – 0; Mr. Lydecker – 0; Mr. Penny – 54,656; Mr. Strianese – 4,316; all current directors and officers as a group – 58,972; the underlying shares are therefore deemed to be beneficially owned. On February 27, 2008, the indicated number of options were granted to the following persons under the ISO Plan: Mr. Powell Brown – 175,000; Mr. Walker – 100,000; Mr. Lydecker – 100,000; Mr. Penny – 100,000; Mr. Strianese – 100,000; all current directors and officers as a group – 890,000. Of these granted amounts, the indicated number of options were exercisable by the following persons under the ISO Plan as of February 17, 2012: Mr. Powell Brown – 64,589; Mr. Walker – 34,589; Mr. Lydecker – 34,589; Mr. Penny – 40,000; Mr. Strianese – 40,000; and all current directors and officers as a group – 328,945.

- (5) Of the shares beneficially owned by Mr. Hyatt Brown, 21,186,328 are held of record by Ormond Riverside Limited Partnership, of which Swakopmund, Inc. is the General Partner that has voting and investment power over such shares. Swakopmund, Inc. is 100% owned by the Swakopmund Trust of 2009, a revocable trust created by Mr. Hyatt Brown, who is the sole trustee thereof and retains the sole voting and investment powers with respect to all the shares of Swakopmund, Inc. An additional 22,807 shares are beneficially owned jointly with Mr. Hyatt Brown's spouse, and these shares have shared voting and investment power, and an additional 68,000 shares are held in an IRA account.
- (6) Mr. Hugh Brown's ownership includes 400 shares owned by his spouse, as to which he disclaims beneficial ownership.
- (7) Mr. Powell Brown's ownership includes 7,969 shares owned by children living in his household, as to which he disclaims beneficial ownership.
- (8) Mr. Reilly's ownership includes 97,000 shares that are pledged as security.
- (9) Ms. Varner's ownership includes 13,600 shares that are pledged as security for a line of credit with a financial institution.
- (10) Mr. Lydecker's ownership includes 24 shares owned by children living in his household, as to which he disclaims beneficial ownership.
- (11) Mr. Penny's ownership includes 90,685 shares that are pledged as security for a line of credit with a financial institution, and 96 shares owned by children living in his household, as to which he disclaims beneficial ownership.

MANAGEMENT

Directors and Executive Officers

Set forth below is certain information concerning our current directors and executive officers. All directors and officers hold office for one-year terms or until their successors are elected and qualified.

NAME	POSITION	AGE	YEAR FIRST BECAME A DIRECTOR
J. Hyatt Brown	Chairman of the Board, acting President and Chief Executive Officer	74	1993
Samuel P. Bell, III	Director	72	1993
Hugh M. Brown	Director	76	2004
J. Powell Brown	Director; President and Chief Executive Officer	44	