NORTH MIAMI
FLORIDA
776 N.E. 125 Street, North Miami, Florida 33161

Council Report

To: The Honorable Mayor and City Council

From: Karen Muir, Risk Manager

Date: October 14, 2014

RE: **A RESOLUTION OF THE MAYOR AND CITY COUNCIL OF THE CITY OF NORTH MIAMI, FLORIDA, AUTHORIZING THE CITY MANAGER TO AWARD POLICE PROFESSIONAL LIABILITY INSURANCE COVERAGE IN RESPONSE TO RFP#52-13-14, IN SUBSTANTIALLY THE ATTACHED FORM, BETWEEN THE CITY OF NORTH MIAMI AND RISK MANAGEMENT ASSOCIATES, D/B/A PUBLIC RISK INSURANCE AGENCY, PROVIDING FOR AN EFFECTIVE DATE AND FOR ALL OTHER PURPOSES AND AUTHORIZING THE ISSUANCE OF A PURCHASE ORDER IN THE AMOUNT OF $161,788.13**

RECOMMENDATION

It is recommended that the City Council authorize the City Manager to approve the proposal offered by Brown and Brown of Florida through its subsidiary Public Risk Insurance Agency (PRIA - located in Daytona Beach, Florida) in response to RFP #52-13-14, to provide Police Professional Liability Insurance. Coverage is written with Indian Harbor Insurance Company for the period 10/31/14 to 10/31/15. Staff is also recommending that Council authorize the issuance of a purchase order in the amount of $161,778.13.

BACKGROUND

Staff engaged in a competitive bidding process in August 2014 for Police Professional Liability Insurance. The sole respondent, PRIA, provided a very favorable coverage and premium package to the City. This included Choice of Counsel Endorsement and unlimited legal defense at a lower renewal premium than the expiring policy. The carrier, Indian Harbor Insurance Company which is a division of XL Group (parent company), has twenty-seven (27) years experience and received an "A+XV" rating from A.M. Best for financial strength. PRIA which is a wholly owned subsidiary of Brown & Brown, Inc., is also the 6th largest insurance intermediary in the United States and 7th in the world. It provides

Police Professional Liability Insurance services to over 250,000 public entity clients in Florida and holds $2,000,000,000 in capital, surplus and conditional reserve funds. Both PRIA (as Broker) and Indian Harbor Insurance Company have been providing Police Professional Liability Insurance to the City for the past five (5) years and our experience with them has been good.

PRIA has presented the City with one option to renew comparable limits to the expiring policy as follows: liability limits - $2,000,000/claim and aggregate, written on an occurrence form, with $25,000 deductible/claim and $75,000 annual aggregate. The proposed coverage carries an enhancement that the expiring policy did not offer, namely unlimited defense for wrongful acts; additionally, this does not erode the core policy limits. Coverage is being offered at an annualized premium of $161,778.13 which is approximately 9.48% lower than the expiring policy. The proposed premium is also 21% lower than budgeted sum.

The contract provides an option to renew this line of coverage under the same terms and conditions for four (4) years on a year to year basis.

Attachments

Resolution
Premium and coverage page

RESOLUTION NO. _____

A RESOLUTION OF THE VICE MAYOR AS ACTING MAYOR AND CITY COUNCIL OF THE CITY OF NORTH MIAMI, FLORIDA, APPROVING THE SELECTION OF RISK MANAGEMENT ASSOCIATES, INC., D/B/A PUBLIC RISK INSURANCE AGENCY, FOR THE PROVISION OF INSURANCE COVERAGE AS REQUIRED BY LAW, AND IN ACCORDANCE WITH THE TERMS, CONDITIONS, AND SPECIFICATIONS CONTAINED IN THE REQUEST FOR PROPOSAL NO. 52-13-14 POLICE PROFESSIONAL LIABILITY INSURANCE COVERAGE SERVICES; FURTHER AUTHORIZING THE CITY MANAGER AND CITY ATTORNEY TO EXECUTE AN AGREEMENT, IN SUBSTANTIALLY THE ATTACHED FORM, FOR THE INSURANCE COVERAGE PERIOD COMMENCING OCTOBER 31, 2014 THROUGH OCTOBER 31, 2015, AT A COST NOT TO EXCEED ONE HUNDRED SIXTY-ONE THOUSAND SEVEN HUNDRED SEVENTY-EIGHT DOLLARS AND THIRTEEN CENTS ($161,778.13); PROVIDING FOR AN EFFECTIVE DATE AND FOR ALL OTHER PURPOSES.

WHEREAS, the City of North Miami ("City") is desirous of obtaining the required Police Professional Liability Insurance Coverage Services on behalf of eligible City officials and employees from a qualified, experienced, and licensed insurance provider ("Services") as required by law; and

WHEREAS, on July 30, 2014, the City advertised ***Request for Proposal No. 52-13-14 Police Professional Liability Insurance Coverage Services*** ("RFP"), to procure Services in accordance with the terms, conditions, and specifications contained in the RFP; and

WHEREAS, in response to the RFP, Risk Management Associates, Inc., d/b/a Public Risk Insurance Agency ("Contractor"), timely submitted its Proposal and was evaluated by City administration as the sole responsive-responsible proposer whose Proposal, qualifications and references demonstrated to be the most advantageous to the City in the procurement of Services; and

WHEREAS, the Contractor has expressed its capability, expertise and willingness to provide Services for the coverage period commencing October 31, 2014 through October 31,

2015, at a cost not to exceed One Hundred Sixty One Thousand Seven Hundred Seventy Eight Dollars and thirteen cents ($161,778.13); and

WHEREAS, pursuant to the findings by City administration, the City Manager respectfully requests that the Vice Mayor acting as Mayor and City Council, authorize the execution of an agreement in substantially the attached form, for the provision of Services as required by law.

NOW, THEREFORE, BE IT RESOLVED BY THE VICE MAYOR AS ACTING MAYOR AND CITY COUNCIL OF THE CITY OF NORTH MIAMI, FLORIDA:

Section 1. **Selection Approval.** The Vice Mayor acting as Mayor and City Council of the City of North Miami, Florida, hereby approve the selection of Risk Management Associates, Inc., d/b/a Public Risk Insurance Agency, for the provision of insurance coverage as required by law, and in accordance with the terms, conditions, and specifications contained in the *Request for Proposal No. 52-13-14 Police Professional Liability Insurance Coverage Services.*

Section 2. **Authority of City Manager and City Attorney.** The Vice Mayor acting as Mayor and City Council of the City of North Miami, Florida, hereby authorize the City Manager and City Attorney to execute an agreement, in substantially the attached form, for the insurance coverage period commencing October 31, 2014 through October 31, 2015, at a cost not to exceed One Hundred Sixty One Thousand Seven Hundred Seventy Eight Dollars and Thirteen Cents ($161,778.13).

Section 3. **Effective Date.** This Resolution shall become effective immediately upon adoption.

PASSED AND ADOPTED by a _____ vote of the Vice Mayor as Acting Mayor and City Council of the City of North Miami, Florida, this _____ day of October, 2014.

_____
PHILIPPE BIEN-AIME
VICE MAYOR AS ACTING MAYOR

ATTEST:

_____
MICHAEL A. ETIENNE, ESQ.
CITY CLERK

APPROVED AS TO FORM
AND LEGAL SUFFICIENCY:

_____
REGINE M. MONESTIME
CITY ATTORNEY

SPONSORED BY: CITY ADMINISTRATION

Moved by: _____

Seconded by: _____

Vote:

Vice Mayor as Acting Mayor Philippe Bien-Aime	_____ (Yes)	_____ (No)
Councilperson Scott Galvin	_____ (Yes)	_____ (No)
Councilperson Carol Keys, Esq.	_____ (Yes)	_____ (No)
Councilperson Marie Erlande Steril	_____ (Yes)	_____ (No)

CITY OF NORTH MIAMI
PROFESSIONAL SERVICES AGREEMENT

(RFP No. 52-13-14; Police Professional Liability Insurance Coverage)

THIS PROFESSIONAL SERVICES AGREEMENT ("Agreement") is made and entered into this _____ day of _____, 2014 by and between the **City of North Miami**, a Florida municipal corporation, located at 776 NE 125th Street, North Miami, FL ("City") and **Risk Management Associates, Inc.**, d/b/a **Public Risk Insurance Agency**, a for-profit corporation organized and existing under the laws of the State of Florida, having its principal business office at 220 S. Ridgewood Avenue, Daytona Beach, FL 32114 ("Contractor"). The City and Contractor shall collectively be referred to as the "Parties", and each may individually be referred to as a "Party".

RECITALS

WHEREAS, the City of North Miami ("City") is desirous of obtaining the required Police Professional Liability Insurance Coverage for eligible City officials and employees, from a qualified, experienced, and licensed insurance provider ("Services") as required by law; and

WHEREAS, on July 30, 2014, the City advertised ***Request for Proposal No. 52-13-14 Police Professional Liability Insurance Coverage Services*** ("RFP"), to procure Services in accordance with the terms, conditions, and specifications contained in the RFP; and

WHEREAS, in response to the RFP, Contractor timely submitted its Proposal and was evaluated by City administration as the lowest responsive-responsible proposer whose Proposal, qualifications and references demonstrated to be the most advantageous to the City in the procurement of Services; and

WHEREAS, the Contractor has expressed the capability, willingness and expertise to perform the Services pursuant to the Contract Documents; and

WHEREAS, on October 14, 2014, the Vice Mayor as acting Mayor and City Council passed and adopted Resolution No. _____-____, approving the selection of Contractor, and authorized the City Manager and City Attorney to execute this Agreement, for the provision of Services in accordance with the terms, conditions, and specifications contained in the Contract Documents.

NOW THEREFORE, in consideration of the mutual terms and conditions set forth herein and other good and valuable consideration, the Parties hereto agree as follows:

ARTICLE 1 - RECITALS

1.1 The recitals are true and correct and are hereby incorporated into and made a part of this Agreement.

ARTICLE 2 - CONTRACT DOCUMENTS

2.1 The following documents are incorporated into and made part of this Agreement (collectively referred to as the "Contract Documents"):

2.1.1 City's *Request for Proposal No. 52-13-14 Police Professional Liability Insurance Coverage Services*, attached hereto by reference;

2.1.2 Contractor's response to City's RFP dated August 20, 2014 ("Proposal"), attached hereto attached by reference;

2.1.3 Any additional documents which are required to be submitted by Contractor pursuant to Contract Documents.

2.2 In the event of any conflict between the Contract Documents or any ambiguity or missing specification or instruction, the following priority is hereby established:

2.2.1 Specific written direction from the City Manager or City Manager's designee.

2.2.2 This Agreement.

2.3 The Parties agree that Contractor is responsible for clarifying any ambiguity, conflict, discrepancy, omission, or other error prior to Contractor submitting its Proposal or the right to clarify same shall be waived.

ARTICLE 3 – TERM OF AGREEMENT

3.1 The initial Term shall be the policy coverage period commencing October 31, 2014 through October 31, 2015. Contractor agrees that the performance of Services shall be pursued on schedule, diligently and uninterrupted at a rate of progress which will ensure full completion within the agreed Term. Failure to achieve timely Services within the Term shall be regarded as a material breach to this Agreement subject to the appropriate remedies available at law.

3.2 Following the initial Term, the City reserves the right to renew this Agreement with the same pricing, terms, and conditions, for an additional four (4) successive one-year Term periods. Renewal shall be based on satisfactory performance, mutual acceptance, and determination that the Agreement is in the best interest of the City.

3.3 The City shall be given at least one hundred twenty (120) days notice of cancellation or non-renewal of Agreement by Contractor and at least one hundred and twenty (120) days notice of any increase in premiums after the initial Term period. Changes in cost shall occur no more frequently than once on an annual basis.

3.4 When, in the opinion of the City, reasonable grounds for uncertainty exist with respect to the Contractor's ability to perform the Services or any portion thereof, the City may request that the Contractor, within a reasonable time frame set forth in the City's request, provide adequate assurances to the City in writing, of Contractor's ability to perform in accordance with terms of this Agreement. In the event that the Contractor fails to provide the City the requested assurances within the prescribed time frame, the City may treat such failure as a repudiation or breach of this Agreement, and resort to any remedy for breach provided for in this Agreement or at law.

ARTICLE 4 - COMPENSATION

4.1 Contractor shall be paid a lump sum amount not to exceed One Hundred Sixty One Thousand Seven Hundred Seventy Eight Dollars and thirteen cents ($161,778.13) as full compensation for the first year's coverage of Services, including any charges, fees, or commissions. Funding for this Agreement is contingent on the availability of funds and the Agreement is subject to amendment or termination due to lack of funds or a reduction of funds, upon ten (10) days written notice to Contractor.

4.2 The City shall pay Contractor within forty-five (45) days of receipt of invoice the total shown to be due on such invoice, provided the City has accepted the Services.

ARTICLE 5 - SCOPE OF SERVICES

5.1 As an inducement for the City to enter into this Agreement, Contractor has represented an expertise in the provision of Services. In reliance upon those representations, the City has entered into this Agreement with Contractor.

5.2 Contractor shall provide all required labor, supervision, materials, equipment, tools, services and expertise necessary for the completion and performance of Services, under the terms, conditions and specifications contained in the Contract Documents. Contractor shall perform the Services in accordance with that degree of care and skill ordinarily exercised by reputable members of its profession.

5.3 Contractor represents and warrants to the City that: (i) Contractor possesses all qualifications, licenses and expertise required for the provision of the Services, with personnel fully licensed by the State of Florida; (ii) Contractor is not delinquent in the payment of any sums due the City, including payment of permit fees, local business taxes, or in the performance of any obligations to the City; (iii) all personnel assigned to perform any portion of Services shall be, at all times during the term hereof, fully qualified and trained to perform the tasks assigned to each; (iv) the Services will be performed in the manner and at such times and locations as described by the City for the budgeted amount; and (v) the person executing this Agreement on behalf of Contractor is duly authorized to execute same and fully bind Contractor as a party to this Agreement.

5.4 The Services shall be completed by the Contractor to the satisfaction of the City. The City shall make decisions on all claims regarding interpretation of the Agreement and on all other matters relating to the execution, progress and quality of the Services.

ARTICLE 6 - INDEPENDENT CONTRACTOR

6.1 Contractor has been procured and is being engaged by the City as an independent contractor, and not as an agent or employee of the City. Accordingly, Contractor shall not attain, nor be entitled to, any rights or benefits under the Civil Service or Pension Ordinances of the City, nor any rights generally afforded classified or unclassified employees of the City. Contractor further understands that Florida workers' compensation benefits available to employees of the City, are not available to Contractor. Therefore, Contractor agrees to provide workers' compensation insurance for any employee or agent of Contractor rendering services to the City under this Agreement.

ARTICLE 7 - CONFLICTS OF INTEREST

7.1 Contractor represents and warrants to the City that it has not employed or retained any person or company employed by the City to solicit or secure this Agreement and that it has not offered to pay, paid, or agreed to pay any person any fee, commission, percentage, brokerage fee, or gift of any kind contingent upon or in connection with, the award of this Agreement.

7.2 Contractor covenants that no person under its employ who presently exercises any functions or responsibilities on behalf of the City in connection with this Agreement has any personal financial interest, directly or indirectly, with the Contractor or subcontractors, except as fully disclosed and approved by the City. Contractor further covenants that, in the performance of this Agreement, no person having such conflicting interest shall be employed.

ARTICLE 8 - DEFAULT

8.1 If Contractor fails to comply with any term or condition of this Agreement, or fails to perform any of its obligations hereunder, then Contractor shall be in default. The City shall have the right to terminate this Agreement, in the event Contractor fails to cure a default within five (5) business days after receiving Notice of Default. Contractor understands and agrees that termination of this Agreement under this section shall not release Contractor from any obligations accruing prior to the effective date of termination.

ARTICLE 9 - CITY'S TERMINATION RIGHTS

9.1 Notwithstanding the Term of Agreement provided in Article 3 above, the City shall have the right to terminate this Agreement, in its sole discretion at any time, with or without cause, by giving Contractor sixty (60) days written notice. In such event, the City shall pay Contractor compensation for Services rendered prior to the effective date of termination. The City shall not be liable to Contractor for any additional compensation, or for any consequential or incidental damages.

ARTICLE 10 - NOTICES

10.1 All notices, demands, correspondence and communications between the City and Contractor shall be deemed sufficiently given under the terms of this Agreement when dispatched by registered or certified mail, postage prepaid, return receipt requested, addressed as follows:

To Contractor:
Risk Management Associates, Inc.
d/b/a Public Risk Insurance Agency
Attn: Michelle Martin, VP/ Account Executive
P.O. Box 2416
Daytona Beach, FL 32115
Phone: (386) 239-4047
Fax: (386) 239-4049
Email: Mmartin@bbpria.com

To City:
City of North Miami
Attn: City Manager
776 N.E. 125th Street
North Miami, Florida 33161

With a copy to: City Attorney
City of North Miami
776 N.E. 125th Street
North Miami, Florida 33161

10.2 Either Party may at any time designate a different address and/or contact person by giving notice as provided above to the other Party. Such notices shall be deemed given upon receipt by the addressee.

10.3 In the event there is a change of address and the moving Party fails to provide notice to the other Party, then notice sent as provided in this Article shall constitute adequate notice.

ARTICLE 11- OWNERSHIP OF DOCUMENTS

11.1 All documents resulting from the provision of Services under this Agreement shall be deemed the sole property of the City, and the City shall have all rights incident to sole ownership. All such documents shall be provided to the City once the Services are completed. In the event the Agreement is terminated, Contractor agrees to provide the City all documents relating to the Services within ten (10) days from the date the Agreement is terminated.

ARTICLE 12- INDEMNIFICATION

12.1 Contractor shall defend, indemnify and hold harmless the City, its officers and employees from and against any and all claims, costs, losses and damages including, but not limited to reasonable attorney's fees, caused by the negligent acts or omissions of the Contractor, its officers, directors, agents, partners, subcontractors, employees and managers in the performance of the Services under this Agreement.

12.2 Contractor shall be fully responsible to City for all acts and omissions of the Contractor, its employees, subcontractors, suppliers, or other persons directly or indirectly employed by its subcontractors or suppliers, and any other persons or organizations performing or furnishing supplies under a direct or indirect agreement with Contractor. Nothing in the Contract Documents shall create any contractual relationship between City and any such subcontractor, supplier or other person or organization, nor shall it create any obligation on the part of City to pay or to cause the payment of any money due any subcontractor, supplier, employee or agent except as may otherwise be required by law.

12.3 Nothing contained in this Agreement is any way intended to be a waiver of the limitation placed upon the City's liability as set forth in Chapter 768, Florida Statutes. Additionally, the City does not waive sovereign immunity, and no claim or award against the City shall include attorney's fees, investigative costs or pre-judgment interest.

ARTICLE 13 – INSURANCE

13.1 Prior to the execution of this Agreement, the Contractor shall submit certificate(s) of insurance evidencing the required coverage and specifically providing that the City is an additional named insured. Contractor shall not commence Services under this Agreement until after Contractor has obtained all of the minimum insurance, as follows:

13.1.1 Commercial General Liability - with minimum limits of One Million Dollars ($1,000,000.00) per occurrence for bodily injury and property damage. This coverage shall also include personal, advertising injury and medical expense.

13.1.2 Professional Liability (Errors and Omissions) - with minimum limits of One Million Dollars ($1,000,000.00) covering any errors or omissions of the in the performance of professional Services. The Self Insured Retention shall not exceed Twenty Five Thousand Dollars ($25,000.00).

13.1.3 Commercial Automobile Liability - with minimum limits of One Million Dollars ($1,000,000.00), covering any auto including non-owned, hired or leased.

13.1.4 Worker's Compensation - as required by the State of Florida with statutory limits, and Employer's Liability, and with a minimum limit of One Million Dollars ($1,000,000.00), per accident for bodily injury or disease.

13.2 In the event the insurance certificate provided indicates that the insurance shall terminate and lapse during the term of this Agreement, Contractor shall furnish, at least thirty (30) calendar days prior to expiration of the date of the insurance, a renewed certificate of insurance as proof that equal and like coverage and extension is in effect. Contractor shall not continue to perform the Services required by this Agreement unless all required insurance remains in full force and effect.

13.3 All insurance policies required of the Contractor shall be written by a company with a Best's rating of B+ or better and duly authorized and licensed to do business in the State of Florida and be executed by duly licensed managers upon whom service of process may be made in Miami-Dade County, Florida.

13.4 The City shall be named as an additional insured for claims caused in whole or in part by the negligent acts or omissions of Contractor, its subcontractors, employees or assignees during the term of this Agreement. This provision shall b not limit the City's recovery for coverage under Contractor's insurance policy.

ARTICLE 14 - FORCE MAJEURE

14.1 A "Force Majeure Event" shall mean an act of God, act of governmental body or military authority, fire, explosion, power failure, flood, storm, hurricane, sink hole, other natural disasters, epidemic, riot or civil disturbance, war or terrorism, sabotage, insurrection, blockade, or embargo. In the event that either Party is delayed in the performance of any act or obligation pursuant to or required by the Agreement by reason of a Force Majeure Event, the time for required completion of such act or obligation shall be extended by the number of days equal to the total number of days, if any, that such Party is actually delayed by such Force Majeure Event. The Party seeking delay in performance shall give notice to the other Party specifying the anticipated duration of the delay, and if such delay shall extend beyond the duration specified in such notice, additional notice shall be repeated no less than monthly so long as such delay due to a Force Majeure Event continues. Any Party seeking delay in performance due to a Force Majeure Event shall use its best efforts to rectify any condition causing such delay and shall cooperate with the other Party to overcome any delay that has resulted.

ARTICLE 15 - PUBLIC RECORDS

15.1 Contractor understands that the public shall have access, at all reasonable times, to all documents and information pertaining to City contracts, subject to the provisions of Chapter 119, Florida Statutes, and agrees to allow access by the City and the public to all documents subject to disclosure under applicable law.

ARTICLE 16 - MISCELLANEOUS PROVISIONS

16.1 No waiver or breach of any provision of this Agreement shall constitute a waiver of any subsequent breach of the same or any other provision hereof, and no waiver shall be effective unless made in writing.

16.2 All representations, indemnifications, warranties and guarantees made in, required by, or given in accordance with this Agreement, as well as all continuing obligations indicated in the Contract Documents, shall survive final payment, completion and acceptance of the Services and termination or completion of the Agreement.

16.3 Should any provision, paragraph, sentence, word or phrase contained in this Agreement be determined by a court of competent jurisdiction to be invalid, illegal or otherwise unenforceable under the laws of the State of Florida, such provision, paragraph, sentence, word or phrase shall be deemed modified to the extent necessary in order to conform with such laws, or if not modifiable, then same shall be deemed severable, and in either event, the remaining terms and provisions of this Agreement shall remain unmodified and in full force and effect or limitation of its use.

16.4 This Agreement constitutes the sole and entire agreement between the Parties. No modification or amendments to this Agreement shall be binding on either Party unless in writing and signed by both Parties.

16.5 This Agreement shall be construed and enforced according to the laws of the State of Florida. Venue in any proceedings between the Parties shall be in Miami-Dade County, Florida.

16.6 The City reserves the right to audit the records of the Contractor covered by this Agreement at any time during the provision of Services and for a period of three years after final payment is made under this Agreement.

16.7 The Contractor agrees to comply with and observe all applicable federal, state, and local laws, rules, regulations, codes and ordinances, as they may be amended from time to time.

16.8 Services shall not be subcontracted, transferred, conveyed, or assigned under this Agreement in whole or in part to any other person, firm or corporation without the prior written consent of the City.

16.9 The City of North Miami is exempt from Federal Excise and State taxes. The applicable tax exemption number or certificate shall be made available upon request.

16.10 The professional Services to be provided by Contractor pursuant to this Agreement shall be non-exclusive, and nothing herein shall preclude the City from engaging other firms to perform Services.

16.11 This Agreement shall be binding upon the Parties herein, their heirs, executors, legal representatives, successors and assigns.

16.12 The Contractor agrees that it shall not discriminate as to race, sex, color, creed, national origin, or disability, in connection with its performance under this Agreement.

16.13 In the event of any dispute arising under or related to this Agreement, the prevailing party shall be entitled to recover all actual attorney fees, costs and expenses incurred by it in connection with that dispute and/or the enforcement of this Agreement, including all such actual attorney fees, costs and expenses at all judicial levels, including appeal, until such dispute is resolved with finality.

16.14 All other terms, conditions and requirements contained in the Contract Documents, which have not been modified by this Agreement, shall remain in full force and effect.

16.15 This Agreement may be executed in two or more counterparts, each of which shall constitute an original but all of which, when taken together, shall constitute one and the same Agreement.

[The remainder of this page is intentionally left blank.]

IN WITNESS WHEREOF, the Parties have executed this Agreement by their respective proper officers duly authorized the day and year first written above.

ATTEST:

Corporate Secretary or Witness:

By: _____

Print Name: _____

Title: _____

Date: _____

Risk Management Associates, Inc., d/b/a Public Risk Insurance Agency, a Florida for-profit corporation, "**Contractor**":

By: _____

Print Name: _____

Title: _____

Date: _____

ATTEST:

By: _____
Michael A. Etienne
City Clerk

City of North Miami, a Florida municipal corporation, "**City**":

By: _____
Aleem A. Ghany
City Manager

APPROVED AS TO FORM AND LEGAL SUFFICIENCY:

By: _____
Regine M. Monestime
City Attorney

FLORIDA DEPARTMENT OF STATE
DIVISION OF CORPORATIONS

Detail by FEI/EIN Number

Florida Profit Corporation

RISK MANAGEMENT ASSOCIATES, INC.

Filing Information

Document Number	H16549
FEI/EIN Number	592445801
Date Filed	08/14/1984
State	FL
Status	ACTIVE
Last Event	NAME CHANGE AMENDMENT
Event Date Filed	04/15/2003
Event Effective Date	NONE

Principal Address

220 S RIDGEWOOD AVENUE
DAYTONA BEACH, FL 32114

Changed: 04/29/2011

Mailing Address

655 N. FRANKLIN ST.
SUITE 1900
TAMPA, FL 33602

Changed: 04/23/2014

Registered Agent Name & Address

C T CORPORATION SYSTEM
1200 SOUTH PINE ISLAND ROAD
PLANTATION, FL 33324

Name Changed: 03/20/2012

Address Changed: 03/20/2012

Officer/Director Detail

Name & Address

Title Director, President

LYDECKER, CHARLES H

220 S RIDGEWOOD AVENUE
DAYTONA BEACH, FL 32114

Title VP, Secretary

GRAMMIG, LAUREL L
655 N. Franklin St., Ste. 1900
TAMPA, FL 33602

Title EXECUTIVE VP

FLOREZ, ALAN S
220 S RIDGEWOOD AVENUE
DAYTONA BEACH, FL 32114

Title V

WATTS, ANDY
220 S. RIDGEWOOD AVENUE
DAYTONA BEACH, FL 32114

Title Treasurer

TINSLEY, THOMAS G
220 S RIDGEWOOD AVENUE
DAYTONA BEACH, FL 32114

Annual Reports

Report Year	Filed Date
2012	04/27/2012
2013	04/16/2013
2014	04/23/2014

Document Images

04/23/2014 -- ANNUAL REPORT	View image in PDF format
04/16/2013 -- ANNUAL REPORT	View image in PDF format
04/27/2012 -- ANNUAL REPORT	View image in PDF format
03/20/2012 -- Reg. Agent Change	View image in PDF format
04/29/2011 -- ANNUAL REPORT	View image in PDF format
04/01/2010 -- ANNUAL REPORT	View image in PDF format
04/08/2009 -- ANNUAL REPORT	View image in PDF format
04/01/2009 -- ANNUAL REPORT	View image in PDF format
04/24/2008 -- ANNUAL REPORT	View image in PDF format
04/17/2007 -- ANNUAL REPORT	View image in PDF format
03/15/2006 -- ANNUAL REPORT	View image in PDF format
02/28/2005 -- ANNUAL REPORT	View image in PDF format
02/10/2004 -- ANNUAL REPORT	View image in PDF format

04/15/2003 -- Name Change	View image in PDF format
03/05/2003 -- ANNUAL REPORT	View image in PDF format
02/06/2002 -- ANNUAL REPORT	View image in PDF format
04/19/2001 -- ANNUAL REPORT	View image in PDF format
03/06/2000 -- ANNUAL REPORT	View image in PDF format
04/30/1999 -- ANNUAL REPORT	View image in PDF format
05/21/1998 -- ANNUAL REPORT	View image in PDF format
03/17/1997 -- ANNUAL REPORT	View image in PDF format
04/24/1996 -- ANNUAL REPORT	View image in PDF format
03/10/1995 -- ANNUAL REPORT	View image in PDF format

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PUBLIC RISK INSURANCE AGENCY
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COVER PAGE & CONTACT PERSON INFORMATION

POLICE PROFESSIONAL LIABILITY INSURANCE COVERAGE SERVICES RFP 52-13-14

Include this sheet as the very first page of your Proposal. Please complete the entire form in its entirety. The contact person indicated should be someone the City may contact for any questions or provide any correspondence related to this Solicitation.

Legal Name of Proposer(s): Risk Management Associates, Inc.

Doing Business As (DBA) *If applicable*: Public Risk Insurance Agency

Federal Employee Identification (FEIN) Number: 59-2445801

Mailing Address: P.O. Box 2416

City, State, Zip Code: Daytona Beach, FL 32115

Contact Persons Name: Michelle Martin, CIC

Title: Vice President / Account Executive

Email Address: mmartin@bbpria.com

Telephone Number: (386) 239-4047

Fax Number: (386) 239-4049

PRICE PROPOSAL FORM

POLICE PROFESSIONAL LIABILITY INSURANCE COVERAGE SERVICES RFP 52-13-14

The prices listed below shall include the total cost to complete the Services including but not limited to materials, labor, equipment, bonds, insurances, etc, as necessary to ensure proper delivery of services and/or products requested by the City of North Miami.

Proposed Coverage/Premium		
Insurance Coverage	**Annual Fixed Sum**	**% of Total Annual Premiums Paid by the Authority**
Wrongful Act:	2,000,000 / 2,000,000 Limit $ Unlimited Defense	%
Deductible:	$ 25,000 / 75,000 Aggregate	%
Grand Total:	$ 161,778.13	%

Other Items

Insurance Carrier/Rating: Indian Harbor Insurance Company / A XV

Type Policy Form: Claims Made (____) Occurrence (X)

Choice of Council Endorsement: Yes (X) No (____)

- Respondent, individual, partnership, corporation or association responding to this Solicitation certifies that all statements made in this document are true and correct to the best of their knowledge. Also the Respondent agree to hold this offer open for a period of one hundred and eighty (180) days from the deadline for receipt of Response.
- Respondent understand and agree to be bound by the conditions contained in this Solicitation and shall conform with all the requirements.

NARRATIVE DESCRIPTION
PROPOSAL SUBMITTAL CHECKLIST

POLICE PROFESSIONAL LIABILITY INSURANCE COVERAGE SERVICES
RFP 52-13-14

This checklist is provided for Proposer's convenience only and identifies the sections of this submittal document to be completed and submitted with each response. Any Proposal received without any one or more of these sections may be rejected as being non-responsive. Please be advised that this checklist may not necessarily complete include all of the requirements listed throughout this Solicitation. It sets guidelines for consideration, and may be added to as the need arises.

Company Name: Risk Management Associates, Inc. dba Public Risk Insurance Agency

Each item listed below should immediately follow this checklist, in said order:

No.	Minimum Requirements	Checklist
1.)	State of Florida active Sunbiz Report	X
2.)	Professional Licenses/Certifications (2-20 Property and Casualty License)	X
3.)	Company Rating	X
4.)	References (City Form A-14)	X
	Narrative Description	
5.)	Experience of the firm in providing Public Official Liability Insurance	X
6.)	Experience of staff and qualifications that will be assigned to this account	X
7.)	Methodology & Approach of Service	X

FOR PURCHASING OFFICE USE ONLY

☐ Complete ☐ Incomplete ☐ Other: _____

Comment: _____

CITY FORMS CHECKLIST

POLICE PROFESSIONAL LIABILITY INSURANCE COVERAGE SERVICES RFP 52-13-14

This checklist is provided for Proposer's convenience only and identifies the sections of this submittal document to be completed and submitted with each response. Any Proposal received without any one or more of these sections may be rejected as being non-responsive. Please be advised that this checklist may not necessarily complete include all of the requirements listed throughout this Solicitation. It sets guidelines for consideration, and may be added to as the need arises.

Each item listed below should immediately follow this checklist, in said order:

No.	City Contract Forms	Checklist
1.)	A-1 Public Entity Crimes Affidavit	X
2.)	A-2 Non- Collusive Proposal Certificate	X
3.)	A-3 Local Preference Affidavit *(optional)*	N/A
4.)	A-5 Acknowledgement of Addenda *(if applicable)*	X
5.)	A-6 Disclosure of Subcontractors & Suppliers *(if applicable)*	N/A
6.)	A-7 Insurance Requirements	X

All of the City's Forms can be found on our website at: http://www.northmiamifl.gov/department/purchasing/forms.asp. These forms are fill –in forms. Please ensure to include all applicable forms with your Proposal documents signed and notarized as required. Emailed forms will NOT be accepted.

FOR PURCHASING OFFICE USE ONLY		
☐ Complete	☐ Incomplete	☐ Other: _____
Comment: _____		

FORM A-1

SWORN STATEMENT UNDER SECTION 287.133(3)(a), FLORIDA STATUTES, ON PUBLIC ENTITY CRIMES

THIS FORM MUST BE SIGNED AND SWORN TO IN THE PRESENCE OF A NOTARY PUBLIC OR OTHER OFFICER AUTHORIZED TO ADMINISTER OATHS.

1. This sworn statement is submitted to City of North Miami
[print name of public entity]

by Alan Florez, Executive Vice President
[print individual's name and title]

for Risk Management Associates, Inc. dba Public Risk Insurance Agency
[print name of entity submitting sworn statement]

whose business address is 220 S. Ridgewood Avenue, Suite 210, Daytona Beach, FL 32114

and (if applicable) its Federal Employer Identification Number (FEIN) is 59-2445801 (If the entity has no FEIN, include the Social Security Number of the individual signing this sworn statement: _____.)

2. I understand that a "public entity crime" as defined in Paragraph 287.133(1)(g), **Florida Statutes,** means a violation of any state or federal law by a person with respect to and directly related to the transaction of business with any business with any public entity or with an agency or political subdivision of any other state or of the United States, including, but not limited to, any bid or contract for goods or services to be provided to any public entity or an agency or political subdivision of any other state or of the United States and involving antitrust, fraud, theft, bribery, collusion, racketeering, conspiracy, or material misrepresentation.

3. I understand that "convicted" or "conviction" as defined in Paragraph 287.133(1)(b), **Florida Statutes,** means a finding of guilt or a conviction of a public entity crime, with or without an adjudication of guilt, in any federal or state trial court of record relating to charges brought by indictment or information after July 1, 1989, as a result of a jury verdict, nonjury trial, or entry of a plea of guilty or nolo contendere.

4. I understand that an "affiliate" as defined in Paragraph 287.133 (1)(a), **Florida Statutes,** means:

   1. A predecessor or successor of a person convicted of a public entity crime; or

   2. An entity under the control of any natural person who is active in the management of the entity and who has been convicted of a public entity crime. The term "affiliate" includes those officers, directors, executives, partners, shareholders, employees, members, and agents who are active in the management of an affiliate. The ownership by one person of shares constituting a controlling interest in another person, or a pooling of equipment or income among persons when not for fair market value under an arm's length agreement, shall be a prima facie case that one person controls another person. A person who knowingly enters into a joint venture with a person who has been convicted of a public entity crime in Florida during the preceding 36 months shall be considered an affiliate.

5. I understand that a "person" as defined in Paragraph 287.133(1)(e), Florida Statutes means any natural person or entity organized under the laws of any state or of the United States with the legal power to enter into a binding contract and which bids or applies to bid on contracts for the provision of goods or services let by a public entity, or which otherwise transacts or applies to transact business with a public entity. The term "person" includes those officers, directors, executives, partners, shareholders, employees, members, and agents who are active in management of an entity.

FORM A-1

NORTH MIAMI FLORIDA

6. Based on information and belief, the statement which I have marked below is true in relation to the entity submitting this sworn statement. **[indicate which statement applies.]**

☑ Neither the entity submitting this sworn statement, nor any officers, directors, executives, partners, shareholders, employees, members, or agents who are active in the management of the entity, nor any affiliate of the entity has been charged with and convicted of a public entity crime subsequent to July 1, 1989.

☐ The entity submitting this sworn statement, or one or more of its officers, directors, executives, partners, shareholders, employees, members or agents who are active in management of the entity, or an affiliate of the entity has been charged with and convicted of a public entity crime subsequent to July 1, 1989.

☐ The entity submitting this sworn statement, or one or more of its officers, directors, executives, partners, shareholders, employees, members, or agents who are active in the management of the entity, or an affiliate of the entity has been charged with and convicted of a public entity crime subsequent to July 1, 1989. However, there has been a subsequent proceeding before a Hearing Officer of the State of Florida, Division of Administrative Hearings and the Final Order entered by the hearing Officer determined that it was not in the public interest to place the entity submitting this sworn statement on the convicted vendor list. **[attach a copy of the final order]**

I UNDERSTAND THAT THE SUBMISSION OF THIS FORM TO THE CONTRACTING OFFICER FOR THE PUBLIC ENTITY IDENTIFIED IN PARAGRAPH 1 (ONE) ABOVE IS FOR THAT PUBLIC ENTITY ONLY AND, THAT THIS FORM IS VALID THROUGH DECEMBER 31 OF THE CALENDAR YEAR IN WHICH IT IS FILED. I ALSO UNDERSTAND THAT I AM REQUIRED TO INFORM THE PUBLIC ENTITY PRIOR TO ENTERING INTO A CONTRACT IN EXCESS OF THE THRESHOLD AMOUNT PROVIDED IN SECTION 287.017, FLORIDA STATUTES FOR CATEGORY TWO OF ANY CHANGE IN THE INFORMATION CONTAINED IN THIS FORM.

Alan Klos
[signature]

Sworn to and subscribed before me this 20th day of August, 20 14.

Personally known X

OR Produced identification Robin Lee Faircloth Notary Public - State of Florida

My commission expires 9/30/2014

(Type of Identification)

(Printed typed or stamped Commissioned name of Notary Public)

ROBIN LEE FAIRCLOTH
MY COMMISSION EXPIRES
September 30, 2014
#DD 997250
Bonded thru Notary Public Underwriters
NOTARY PUBLIC, STATE OF FLORIDA

FORM "A-2"
NON-COLLUSIVE BIDDER CERTIFICATE
STATE OF FLORIDA
COUNTY OF MIAMI-DADE

Before me, the undersigned authority, on this day personally appeared Alan Florez (Authorized Officer), who being by me duly sworn, deposes and says:

1. That he/she is the Executive Vice President of the corporation/partnership known and styles as Risk Management Associates, Inc., duly formed under the laws of the State of Florida, on August 14, 1984 ,200__, is duly authorized to represent such corporation/partnership in the making of this Affidavit and certification.

2. That Risk Management Associates, Inc. dba Public Risk Insurance Agency (corporation/partnership) has not, within 6 months next preceding the date of this affidavit, entered into any combination, contract, obligation, or agreement to create nor that may tend to create or to carry out any restriction on secret, competitive bidding on the procurement of RFP #52-13-14, to fix, maintain, increase, or reduce the price set out in the Proposal (bid) on the Project; to fix or maintain any standard or figure whereby the price bid in the Proposal is or has been in any manner affected, controlled, or established; or in any other manner to prevent or lessen competition in the bidding for the Project.

3. That Risk Management Associates, Inc. dba Public Risk Insurance Agency (corporation/partnership) has not, during such time, entered into, executed, or carried out any contract, obligation, or agreement with any person, corporation, or association of persons not to bid on this Project below a common standard or figure, to keep the price thereof at fixed or graded figures, to preclude a fair and unrestricted competition in the bidding of this Project, to regulate, fix or limit the bidding on the Project, or to abstain from engaging in the bidding on the Project, or any portion thereof.

4. That Risk Management Associates, Inc. dba Public Risk Insurance Agency (corporation/partnership) has not within 6 months next preceding the date of this Affidavit, either directly or through the instrumentality of trustees or otherwise, acquired assets shares, bonds, franchise, or other rights in or physical properties of any other corporation or partnership for the purpose of preventing or lessening, or in a manner that tends to affect or lessen, competition in the bidding on this Project.

5. That Risk Management Associates, Inc. dba Public Risk Insurance Agency (corporation/partnership) has not within such time entered into any agreement or understanding to refuse to buy from or sell to any other person, corporation, firm, or association of person who bids on the Project.

NORTH MIAMI
FLORIDA

Risk Management Associates, Inc. dba

6. That no officer of Public Risk Insurance Agency has, within Affiant's knowledge, during such 6 months made on behalf of its or for its benefit any such contract or agreement as is specified in this Affidavit.

7. That these representations and warranties will be true at the time of the bid opening.

Alan Florez

By: Alan Florez

Its: Executive Vice president
Authority Warranted

SWORN TO and subscribed before me this 20 day of August, 2014.

Robin Lee Faircloth
Notary Public
My Commission Expires:
9/30/2014

ROBIN LEE FAIRCLOTH
MY COMMISSION EXPIRES
September 30, 2014
#DD 997250
Bonded thru
Notary Public Underwriters
NOTARY PUBLIC, STATE OF FLORIDA

NORTH MIAMI
FLORIDA

FORM A-5

ADDENDUM TO BID DOCUMENTS

IFB NUMBER: 52-13-14

BID OPENING DATE: 9/2/2014

To All Bidders:

It is the Bidder's responsibility to assure receipt of all addenda. The Bidder should verify with the designated Contracting Officer prior to submitting a proposal that all addenda have been received. Bidder's are required to acknowledge the number of addenda received as part of their proposals.

This form must be returned with your bid as acknowledgement of receipt of all addenda issued for this RFP,RFQ or IFB and must signed in the space provided below. Bidder's failure to return this form will be deemed non-responsive and will not be considered for contract award.

Please initial to acknowledge receipt of addenda pertaining to this contract:

Addendum No. 1	✔
Addendum No. 2	
Addendum No. 3	
Addendum No. 4	
Addendum No. 5	
Addendum No. 6	
Addendum No. 7	
Addendum No. 8	
Addendum No. 9	
Addendum No. 10	

Acknowledged by:
Name: Alan Florez, Executive Vice President
Signature:
Date: 8/20/2014

Form "A-6"

BIDDER'S DISCLOSURE OF
SUBCONTRACTORS AND SUPPLIERS

RFQ, RFP OR IFB NO. N/A

DISCIPLINE_____

Team Composition Plan
Please provide the following for tracking purposes only:

Business Association	Business Name	*Business Address*	*Business* Phone #	Describe Type of Work to be Performed	% of Work	Diversity Class. *
Prime Contractor						
Subcontractor						
Subcontractor						
Subcontractor						
Subcontractor						
Subcontractor						
Subcontractor						
Subcontractor						
Subcontractor						
Joint Venture						

Diversity Classification:

A = Asian American *B = African American* *F = American Woman*
H = Hispanic American *N = Native American* *L=Local Vendor (North Miami)*

Form "A-7"

General Insurance Requirements

Bidders must submit with their bid or proposal, proof of insurance meeting or exceeding the following requirements.

- Workers' Compensation Insurance – Statutory limits and Employer's Liability Insurance - $1,000,000

- Fidelity / Dishonesty Coverage - $500,000 per occurrence

- Professional Liability (Errors and Omissions) Insurance –

    1. $1,000,000 per occurrence, $2,000,000 aggregate on dedicated project limits with a deductible (if applicable) not to exceed $25,000.00 per claim (audited financial statements required). The certificate of insurance shall reference any applicable deductible;
    2. Claims made policy must have an extended coverage reporting period of two years past the coverage completion date;
    3. For Deductible programs or Self Insured Retention Programs an Irrevocable Letter of Credit or performance Bond for amount of SIR/Deductible is required.

- Commercial General Liability Insurance – preferably written on an occurrence form with $1,000,000 for each occurrence, to include contractual liability, personal & advertising injury, and products/completed operations.

- Automobile Liability Insurance – $1,000,000 combined single limit bodily injury & property damage.

The successful Bidder(s) must submit, prior to signing of contract, a Certificate of Insurance including the City of North Miami as additional insured for Commercial General Liability and Auto Liability Insurance. Consultant shall guarantee all required insurance remain current and in effect throughout the term of contract.

Please note: The insurance requirements listed above are general in nature and should only be used as an indication of the most frequently required levels of coverage. Actual requirements may vary and will be fully documented within each individual IFB/RFP.

Due to Brown & Brown' size, we may have deductibles or Self-Insured Retentions within our insurance program. Financials have been provided in Section 12. A Certificate in favor of the City will be issued in due course, attached is confirmation of our program. Security (LOC or Bond) will only be provided upon reasonable request.

BROWN-3 OP ID: JW

CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY) 01/09/2014

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

PRODUCER
Brown & Brown of Florida, Inc.
Daytona Beach Office
P.O. Box 2412
Daytona Beach, FL 32115-2412
M. Decker Youngman

Phone: 386-252-9601
Fax: 386-239-5729

CONTACT NAME: SANDRA RAKAUSKAS #14021
PHONE (A/C, No, Ext): 386-239-5750 FAX (A/C, No): 386-323-9134
E-MAIL ADDRESS: SRAKAUSKAS@BBDAYTONA.COM

INSURED
BROWN & BROWN INC ETAL
PUBLIC RISK INSURANCE AGENCY
P O BOX 2412
DAYTONA BEACH, FL 32115

INSURER(S) AFFORDING COVERAGE	NAIC #
INSURER A : Travelers Prop & Cas of Amer	25674
INSURER B : National Surety Corporation	21881
INSURER C : Charter Oak Fire Ins	25615
INSURER D : Travelers Indemnity	25658
INSURER E : XL Specialty Ins Inc.	37885
INSURER F : Executive Risk Indemnity	35181

COVERAGES CERTIFICATE NUMBER: 12021 REVISION NUMBER:

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	ADDL INSR	SUBR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS		
A	GENERAL LIABILITY X COMMERCIAL GENERAL LIABILITY CLAIMS-MADE X OCCUR GEN'L AGGREGATE LIMIT APPLIES PER: POLICY PRO-JECT LOC			TC2JGLSA9527B87414	01/01/2014	01/01/2015	EACH OCCURRENCE	$	1,000,000
							DAMAGE TO RENTED PREMISES (Ea occurrence)	$	1,000,000
							MED EXP (Any one person)	$	5,000
							PERSONAL & ADV INJURY	$	1,000,000
							GENERAL AGGREGATE	$	2,000,000
							PRODUCTS - COMP/OP AGG	$	2,000,000
								$	
	AUTOMOBILE LIABILITY ANY AUTO ALL OWNED AUTOS SCHEDULED AUTOS X HIRED AUTOS X NON-OWNED AUTOS			TC2JCAP9527B86214	01/01/2014	01/01/2015	COMBINED SINGLE LIMIT (Ea accident)	$	1,000,000
							BODILY INJURY (Per person)	$	
							BODILY INJURY (Per accident)	$	
							PROPERTY DAMAGE (Per accident)	$	
								$	
B	UMBRELLA LIAB X OCCUR EXCESS LIAB CLAIMS-MADE DED RETENTION $			SUO00057895708	01/01/2014	01/01/2015	EACH OCCURRENCE	$	10,000,000
							AGGREGATE	$	
								$	
C D	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? Y / N (Mandatory in NH) If yes, describe under DESCRIPTION OF OPERATIONS below	N / A		TC2OUB9517B58014 TRKUB9518B76114	01/01/2014 01/01/2014	01/01/2015 01/01/2015	X WC STATU-TORY LIMITS OTH-ER		
							E.L. EACH ACCIDENT	$	1,000,000
							E.L. DISEASE - EA EMPLOYEE	$	1,000,000
							E.L. DISEASE - POLICY LIMIT	$	1,000,000
E	INS AGENTS E&O			ELU13229314	01/01/2014	01/01/2015	LIMIT		5,000,000
F	EMP DIS/FIDELITY			82220236	01/01/2014	01/01/2015	BLANKET		25,000,000

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (Attach ACORD 101, Additional Remarks Schedule, if more space is required)
FOR INFORMATION

CERTIFICATE HOLDER

PUBLR04

PUBLIC RISK INSURANCE AGENCY
P O BOX 2416
DAYTONA BEACH, FL 32115

CANCELLATION

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.

AUTHORIZED REPRESENTATIVE

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The ACORD name and logo are registered marks of ACORD

Licensing

Provide copies of all licenses requested for the Project/Services of this Solicitation.

FLORIDA DEPARTMENT OF STATE
DIVISION OF CORPORATIONS
www.sunbiz.org

Detail by Entity Name

Florida Profit Corporation

RISK MANAGEMENT ASSOCIATES, INC.

Filing Information

Document Number	H16549
FEI/EIN Number	592445801
Date Filed	08/14/1984
State	FL
Status	ACTIVE
Last Event	NAME CHANGE AMENDMENT
Event Date Filed	04/15/2003
Event Effective Date	NONE

Principal Address

220 S RIDGEWOOD AVENUE
DAYTONA BEACH, FL 32114

Changed: 04/29/2011

Mailing Address

655 N. FRANKLIN ST.
SUITE 1900
TAMPA, FL 33602

Changed: 04/23/2014

Registered Agent Name & Address

C T CORPORATION SYSTEM
1200 SOUTH PINE ISLAND ROAD
PLANTATION, FL 33324

Name Changed: 03/20/2012

Address Changed: 03/20/2012

Officer/Director Detail

Name & Address

Title Director, President

LYDECKER, CHARLES H

Licensing

220 S RIDGEWOOD AVENUE
DAYTONA BEACH, FL 32114

Title VP, Secretary

GRAMMIG, LAUREL L
655 N. Franklin St., Ste. 1900
TAMPA, FL 33602

Title EXECUTIVE VP

FLOREZ, ALAN S
220 S RIDGEWOOD AVENUE
DAYTONA BEACH, FL 32114

Title V

WATTS, ANDY
220 S. RIDGEWOOD AVENUE
DAYTONA BEACH, FL 32114

Title Treasurer

TINSLEY, THOMAS G
220 S RIDGEWOOD AVENUE
DAYTONA BEACH, FL 32114

Licensing

FLORIDA DEPARTMENT of FINANCIAL SERVICES

RISK MANAGEMENT ASSOCIATES, INC. DBA PUBLIC RISK INSURANCE AGENCY

220 S RIDGEWOOD AVE SUITE 210
DAYTONA BEACH FL 32114

Agency License Number L018706

Location Number: 133164

Issued On 09/14/2006

Pursuant To Section 626.382, Florida Statutes, This Agency's License Will Expire On 09/14/2015

Pursuant To Section 626.747, Florida Statutes, This Agency Shall Be In The Active Full-Time Charge Of A Licensed General Lines Agent Or Life Or Health Agent Who Is Appointed To Represent One Or More Insurers.

Pursuant To Section 626.172, Florida Statutes, Each Agency Shall Display The License Or Registration Prominently In A Manner That Makes It Clearly Visible To Any Customer Or Potential Customer Who Enters The Agency.

Jeff Atwater
Chief Financial Officer
State of Florida

Licensing

Licensee Details

Demographic Information

Name of Licensee: FLOREZ, ALAN SCOTT
License #: P034571
Business Location: DAYTONA BEACH,FLORIDA

Types and Classes of Valid Licenses

Type	Original Issue Date	Qualifying Appointment
GENERAL LINES (PROP & CAS)(0220)	3/15/2006	YES

Licensee Details

Demographic Information

Name of Licensee: MARTIN, MICHELLE YVETTE
License #: A166553
Business Location: DAYTONA BEACH,FLORIDA

Types and Classes of Valid Licenses

Type	Original Issue Date	Qualifying Appointment
GENERAL LINES (PROP & CAS)(0220)	8/6/1994	YES

Licensing

Licensee Details

Demographic Information

Name of Licensee: FAIRCLOTH, ROBIN LEE
License #: A295946
Business Location: DAYTONA BEACH,FLORIDA

Types and Classes of Valid Licenses

Type	Original Issue Date	Qualifying Appointment
SURPLUS LINES(0120)	10/16/2006	YES
LIFE INCL VAR ANNUITY & HEALTH (0215)	8/16/2002	YES
GENERAL LINES (PROP & CAS)(0220)	7/2/1998	YES

Licensee Details

Demographic Information

Name of Licensee: JENKINS, PATRICIA BRIANNA
License #: A230015
Business Location: DAYTONA BEACH,FLORIDA

Types and Classes of Valid Licenses

Type	Original Issue Date	Qualifying Appointment
GENERAL LINES (PROP & CAS)(0220)	1/30/2012	YES

Licensing

Licensee Details

Demographic Information

Name of Licensee: BLAKE, MELODY A
License #: P086087
Business Location: TITUSVILLE,FLORIDA

Types and Classes of Valid Licenses

Type	Original Issue Date	Qualifying Appointment
GENERAL LINES (PROP & CAS)(0220)	9/14/2006	YES

Ratings of Companies

Provide copies of insurance company rating (A+ rating – B+ acceptable or equivalent) and current financial status as delineated in its most recent audited financial statement.

Indian Harbor Insurance Company

A.M. Best #: 011340 NAIC #: 36940 FEIN #: 061346380

Administrative Office
Seaview House, 70 Seaview Avenue
Stamford, CT 06902-6040
United States

View Additional Address Information

Web: www.xlgroup.com
Phone: 203-964-5200
Fax: 203-964-0763

Assigned to companies that have, in our opinion, an excellent ability to meet their ongoing insurance obligations.

Financial Strength Rating
BEST
A Excellent

Based on A.M. Best's analysis, 052919 - XL Group plc is the **AMB Ultimate Parent** and identifies the topmost entity of the corporate structure. View a list of operating insurance entities in this structure.

Best's Credit Ratings

View all of the companies assigned this rating as a part of an AMB Rating Unit.

Financial Strength Rating **View Definition**

Rating:	A (Excellent)
Affiliation Code:	g (Group)
Financial Size Category:	XV ($2 Billion or greater)
Outlook:	Stable
Action:	Affirmed
Effective Date:	October 29, 2013
Initial Rating Date:	April 26, 1993

Long-Term Issuer Credit Rating **View Definition**

Long-Term:	a
Outlook:	Positive
Action:	Affirmed
Effective Date:	October 29, 2013
Initial Rating Date:	April 11, 2005

Best's Credit Rating Analyst

Office: A.M. Best Company, Oldwick NJ
Managing Senior Financial Analyst: Greg Reisner
Vice President: Robert B. DeRose

Disclosure Information

View A.M. Best's Rating Disclosure Statement

A.M. Best Revises Issuer Credit Rating Outlook to Positive for XL Group plc and Its Property/Casualty Subsidiaries
October 29, 2013

XL's assets are approximately $45 billion and they employ approximately 4000 employees worldwide.

The most **recent upgrade** of the XL companies is documented in the Press Release below.

Ratings of Companies

Press Release - OCTOBER 29, 2013

Print This Page

A.M. Best Revises Issuer Credit Rating Outlook to Positive for XL Group plc and Its Property/Casualty Subsidiaries

CONTACTS:

Nick Dranchak
Senior Financial Analyst
(908) 439-2200, ext. 5629
nick.dranchak@ambest.com

Rachelle Morrow
Senior Manager, Public Relations
(908) 439-2200, ext. 5378
rachelle.morrow@ambest.com

Robert DeRose
Vice President
(908) 439-2200, ext. 5453
robert.derose@ambest.com

Jim Peavy
Assistant Vice President, Public Relations
(908) 439-2200, ext. 5644
james.peavy@ambest.com

FOR IMMEDIATE RELEASE

OLDWICK, N.J. - OCTOBER 29, 2013
A.M. Best Co. has revised the outlook for the issuer credit rating (ICR) to positive from stable as well as affirmed the financial strength rating (FSR) of A (Excellent) and ICRs of "a" of the property/casualty subsidiaries of **XL Group plc** (XL) (Ireland) [NYSE:XL], led by **XL Insurance (Bermuda) Ltd** (Hamilton, Bermuda). The outlook for the FSR is stable. Concurrently, A.M. Best has revised the outlook to positive from stable and affirmed the ICRs of "bbb" of XL and **XLIT Ltd.** (Cayman Islands) as well as all debt ratings of XLIT Ltd. (See below for a detailed listing of the companies and ratings.)

The rating affirmations reflect the organization's excellent risk-based capitalization, strong worldwide market presence and stabilization of the group's overall earnings profile. XL subsidiaries' property/casualty operating results have been profitable through the first six months of 2013 with a combined ratio of 90.8%.

The positive outlook reflects the organization's improved trend in operating performance and overall profitability in recent quarters. XL's management team has implemented strategies that support and promote an enhanced risk management program as well as a continued focus on underwriting as the key component of the group's business approach. Management's focus on its core underwriting strengths has been exhibited by the additions of a substantial number of new experienced senior underwriting managers over the past few years in its global insurance operations.

XL's debt-to-capital ratio is expected to remain in the 15%-25% range as capital is anticipated to be enhanced by strong earnings. The fixed charge coverage has stabilized and is expected to remain comparable with the current level over the near term.

Positive rating actions could occur if over the next several years XL exhibits consistency in underwriting and net earnings in line with other comparably rated peers along with retained earnings growth. Negative rating actions could occur if the organization's operating performance is consistently below the market by a significant margin for several years or capital erosion due to operating performance or investment volatility exceeds A.M. Best's expectations.

The FSR of A (Excellent) and ICRs of "a" have been affirmed for the following subsidiaries of **XL Group plc**:

Ratings of Companies

Provide documentation on the insurance company's years in operation (and experience in providing requested coverage).

The parent company of Indian Harbor Insurance Company, XL Group plc has been in business for 27 years. They are a global company providing a myriad of property, casualty, professional liability, and many other coverages.

Indian Harbor has been providing professional liability (Public Officials Liability and Law Enforcement Liability) for the City since 2009.

Comment on insurance company's responsiveness in the administration of claims (substantiate as deemed appropriate).

XL public entity professional liability claims are handled by a specialty third party claims administration company, Summit Risk Services, Inc. Summit focuses on thorough investigation, hands on litigation management and aggressive settlement techniques. Summit represents more than 5,000 school boards, municipalities and Police Departments for professional liability matters. Claims Adjusters are qualified with law degrees. They specialize in:

- Title VII & IX Claims
- ADA Claims
- Employment Liability Claims
- Sexual Harassment
- Civil Rights
- First Amendment Claims
- Police Brutality

Summit has been handling the City's claims for 5 years. We have found them to be very responsive.

For example, there was a (single) internal misunderstanding involving the assignment of legal counsel a few years ago and Summit was very helpful and patient in getting the issue resolved to the City's satisfaction.

Experience of the Agency/Firm

The Respondent shall provide a narrative Description of the company and the services. Included as part of the narrative shall be the following information:

- *Give the date business was organized and/or incorporated and place of incorporation.*
- *Indicate whether the business is a parent or subsidiary in a group of firms/agencies.*
- *Ability to provide type, quality and quantity of Services requested, including experience of Services, financial status, technical skills, references and satisfactory record of performance.*
- *A summary of the institution's financial resources (include the latest year audited financial statements and annual report of insurance Agency and holding company).*

Brown & Brown, Inc. is an international company with locations in 38 states, London, and Bermuda. Brown & Brown, Inc. was founded in 1939 in Daytona Beach, Florida and is a Florida Corporation

Our corporate footprint is illustrated below:

- Ranked 6th largest insurance intermediary in the United States, 7th in the World
- 184 offices in 38 states, and business in all 50
- 7,500+ employees
- International operations include London & Bermuda brokerages with European market access
- **$10 Billion** of premiums placed

Brown & Brown has significant operations in Florida.

- Corporate headquarters in Daytona Beach and Tampa
- 70+ years continuous service in Florida
- Florida premium placements exceed $2 Billion.
- Largest independent intermediary in Florida by premium volume – by a factor of 3
- 40+ offices in Florida, including Homestead, Miami Lakes and Fort Lauderdale

One of Brown & Brown's core businesses is public entity business, nationally and in Florida.

- Public Entity operations in 10 states
- Florida public entity business exceeds **$200 million** in premium placements
- Over **250 public entity clients in Florida** served
- Florida public entity employees exceeds 200

The distinguishing factor of Brown & Brown is its unique culture. We are a nationally ranked, publicly traded (NYSE "BRO") insurance firm built on the understanding and consideration of our clients' needs. It is our culture that drives relationships built on integrity and industry knowledge, independence and entrepreneurism. With the resources, depth and power of our relationships and volume, our clients enjoy service from local and specialized offices geared specifically toward that office's clients and industry needs.

Experience and Qualifications

Brown & Brown acquired the Respondent, Risk Management Associates Inc., dba Public Risk Insurance Agency (PRIA), in 2003. PRIA has been in business since 1984. Our operations are unique:

- Only retail agency in Florida 100% committed to Florida's public entities.
- PRIA has served Florida governments exclusively for over 20 years.
- We place over $100 million of annual premiums for our Florida clients
- PRIA currently represents over 250 of Florida's governmental entities, including:
  - 20 counties
  - **65 cities**
  - 10 public school districts
  - 5 public universities
  - Other special taxing districts
- Professional Affiliations – PRIA is involved and committed to industry organizations to include:
  - Florida League of Cities (FLC)
  - Florida Association of Counties (FAC)
  - Florida City and County Managers Association (FCCMA)
  - Public Risk and Insurance Management Association (PRIMA)
  - Florida Governmental Finance Officers Association (FGFOA)
  - Florida Educational Risk Managers Association (FERMA)
  - Florida School Board Association (FSBA)
  - Risk Management Society (RIMS)
  - Florida Public Human Resources Association (FPHRA)

With over $1.3 billion of annual revenues, Brown & Brown is a publicly held corporation listed on the NYSE, symbol "BRO". As such, our financial practices are subject to strict controls. Our company is audited by Deloitte & Touche, LLP, an independent registered public accounting firm. They audit the internal control over financial reporting of Brown & Brown, Inc. and subsidiaries based on criteria established in Internal Control — Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission and in accordance with the standards of Public Company Accounting. Additional information concerning our secure financial position can be found at www.bbinsurance.com or by request.

Our Financials are found in Section 11 of this response.

Experience of the Agency/Firm

- *Give the location of the office which will handle the City's account and the number of professional staff personnel at the office. Background information shall be furnished on the personnel handling the City's account.*

PRIA will handle the City's account from its offices within 220 S. Ridgewood Avenue, Suite 210, Daytona Beach, FL 32114.

PRIA currently represents over **250 of Florida's governmental entities**, including:

- 20 counties
- **65 cities**
- 10 public school districts
- 5 public universities
- Other special taxing districts

There are **16 insurance professionals** located in Daytona Beach

- Over 250 years of combined insurance experience
- Most staff have professional designations, including:
  - Bachelors of Science – Risk Management/Insurance-Finance
  - CIC – Certified Insurance Counselor
  - CISR – Certified Insurance Service Representative
  - CRM – Certified Risk Manager
  - ARM – Associates in Risk Management
  - RMPE – Completion of **Risk Management for Public Entities** course
  - All staff members are encouraged to continue their pursuit of knowledge by continuing educational endeavors.

- *State if the business is licensed, permitted and/or certified to do business in the State of Florida, attach copies of all such licenses issued to the business entity.*

Brown & Brown and Risk Management Associates have and will maintain all necessary licenses required by federal, state and local regulators. Illustrations of all State licensing are provided in Section 4 as requested.

PRIA Current Clients

City/Town/Village
Atlantis
Auburndale
Aventura
Bal Harbour Village
Bay Harbor Islands
Belleview
Bunnell
Cape Coral
Casselberry
Chattahoochee
Chipley
Coconut Creek
Dania Beach
Davenport
Davie
Deltona
Destin
Eagle Lake
Edgewater
Fellsmere
Fort Lauderdale
Fort Myers
Fort Walton Beach
Groveland
Haines City
High Springs
Highland Beach
Indian River Shores
Inverness
Jacksonville Beach
Jupiter
Key West
Lake Helen
Lake Worth
Lauderhill
Lighthouse Point
Madeira Beach
Madison
Marco Island
Margate
Mayo
Miami
Mulberry
Naples
North Miami
North Miami Beach

City/Town/Village (continued)
Ocala
Orange City
Perry
Polk City
St. Cloud
Sarasota
Tallahassee
Treasure Island
West Palm Beach
Weston

Counties
Brevard
Citrus
Clay
Columbia
Desoto
Flagler
Gadsden
Gilchrist
Gulf
Highlands
Jefferson
Lee
Levy
Madison
Marion
Okaloosa
Santa Rosa
Sarasota
Union
Wakulla
Washington

Special Districts
Barefoot Bay Recreation District
Bayfront Bay Recreation District
Big Bend Water Authority
Bonita Springs FCD
Broward MPO
Buckhead Ridge MCD
Canaveral Port Authority
Central Florida Fire

Special Districts (continued)
Children's Board of Hillsborough Citrus County Sheriff
Citrus Mosquito Control
Clay County Utility
Collier MCD
Davie CRA
East County WCD
Ft. Myers HA
Ft. Myers Bch Fire District
Golden Gate FCD
Health Care District of Palm Beach County
Hillsborough Transit Authority
Immokalee FCD
Immokalee WSD
Jupiter RA
Key Largo Ambulance
Key Largo Fire/Rescue
Lake Asbury MSBD
Lake Region Lakes
Lake Worth Drainage District
Lakewood Ranch Interdistrict Auth
Lakewood Ranch Stewardship Dist
Lee County HA
Loxahatchee Groves WCD
Loxahatchee River District
Melbourne Tillman WCD
Miami Beach HA
Moore Haven MCD
Naples Airport Authority
New River Solid Waste
Northern Palm Bch Co. Improvement Dist
Old Plantation WCD
Palm Beach County HA
Peace River WSA
Pine Tree WCD
Pinellas Park WMD
Pinellas Suncoast Fire

Special Districts (continued)
Pinellas Suncoast Transit
Pompano Beach HA
St. Johns River WMD
Sanibel Fire & Rescue
Sebring Airport
Seminole Improvement District
South Indian River WCD
South Trail Fire
Southeast Overtown Park West CRA
Southwest Florida WMD
Spring Lake Improvement Dist
Suwannee River WMD
TBARTA
Tampa Bay Water
Tampa Historic Streetcar
Three Rivers Library
Titusville HA
Upper Captiva FD
Viera Stewardship Dist
Wakulla UFFA
Washington County Sheriff
Winter Haven HA
54 Community Development Districts

Schools/Universities
Cape Coral Charter Schools Authority
Collier School District
Florida Atlantic University
Florida International University
Lee School District
Madison School Board
Marion School Board
Okaloosa School District
Orange County Schools
Pasco School District
Seminole School District
University of Central FL
University of FL

Experience and Qualifications of Staff

Provide a resume for all proposed personnel on the Respondent's team that will be assigned to the Contract to meet the requirements of this Solicitation documents.

- *The resume shall concentrate on the person's experience and qualifications as it relates to the requirements for the Project. Information on resumes shall contain comprehensive data that is easily verifiable.*

Our team approach to servicing our clients is to provide a strong internal **service team** that is ready to respond to each client's unique risk exposures and needs. To ensure a high level of continuous service we assign back up service team members for each account.

Alan Florez - Executive Vice President brings his over 15 years in the public entity and political arena to lead the PRIA team.

Michelle Martin, CIC – Vice President/Account Executive is the individual ultimately responsible for all services provided and insurance delivered to the City. With 24 years of insurance experience, she has spent the past 9 years solely focused on managing public entity programs. She is responsible for negotiating and coordinating services with insurers and communicating with the City's decision makers. She will be available for any and all meetings, presentations or workshops at the City's request.

Brian Cottrell, CIC, CRM - Vice President/Account Executive will utilize his 30+ years' public entity insurance experience to backup Ms. Martin as needed.

Robin Faircloth, CISR - Director of Operations, oversees all customer service and agency operations. With a Risk Management degree from Florida State University, Ms. Faircloth has focused in public entity service for 10 years. She has been charged to constantly improve PRIA's service offerings, including technological efficiencies to assist our clients.

Patricia Jenkins, CPSR– Account Representative is primarily responsible for daily service needs of the City such as policy maintenance, renewal proposals, claims handling as well as overseeing special projects. She brings 18 years of insurance experience to your team.

Melody Blake, ACSR - Account Representative, provides backup to Ms. Gross. Her 25+ years of insurance experience, 4 with PRIA, provides additional depth to our team.

Claims Coordinator/Technical Support – Dedicated support staff to issue Certificates of Insurance, Claims reporting and follow up, claims reports, and general back up of service staff.

Alan Florez
Executive Vice President
Public Risk Insurance Agency

EXPERIENCE

Risk Management Associates, Inc. dba Public Risk Insurance Agency (a wholly owned subsidiary of Brown & Brown, Inc.)
2005 to Present. Executive Vice President
Responsible for the executive oversight of Public Risk Insurance Agency. Additional duties include production, marketing and service of public entity insurance programs and accounts.

Executive Office of the Governor
November 2002 to March 2005. Special Assistant to Governor Jeb Bush
Served as Personal Aide to the Governor. Responsibilities included working as an intermediary to relay important and often sensitive information to the Chief of Staff and Senior Management. Responsible for managing Governor's time and maximizing his effectiveness and productivity during travel on official business

July 2001 – September 2002. Deputy Director of Legislative Affairs
Worked under Lt. Governor Frank Brogan and the Director to develop strategy to secure passage of the Governor's legislative priorities. Supervised and coordinated with designated agency legislative affairs directors to ensure collaboration and proper representation of the Governor's positions on legislative matters

Citizens for a Sound Economy, CSE
December 1998 – June 2001. Grassroots Coordinator
Field Director for the North Florida and Central Florida Regions of the State
Organized several conferences and political rallies aimed at mobilizing grassroots support for change in public policy. Worked with members of the Florida State Legislature to promote passage of CSE's legislative agenda

EDUCATION

B.A. in Political Science, University of Central Florida, Orlando, FL

LICENSES

2-20 General Lines Agents License, State of Florida

SERVICE & ACTIVITIES

Member, University of Central Florida, Board of Trustees

AREAS OF SPECIAL EXPERTISE

Florida public entity insurance programs
FEMA regulations

Brown & Brown PRIA
PUBLIC RISK INSURANCE AGENCY

Michelle Y. Martin, CIC
Vice President / Account Executive
Public Risk Insurance Agency

EXPERIENCE

Risk Management Associates, Inc. dba Public Risk Insurance Agency (a wholly owned subsidiary of Brown & Brown, Inc.)
2005 to Present. Vice President / Account Executive
Responsibilities include direct consulting with clients to identify and analyze risk exposures and coverage needs, and develop and design individualized insurance programs. Professional client services include oversight of insurance and risk management programs, including claims advocacy, internal policy and procedures development, and contract review. Effective and efficient communication methods for elected board presentations, committee meeting participation, and coordination of daily staff service needs.

Brown & Brown, Inc.
2004 to 2005. **Vice President, Risk Management Division/Account Executive**. Developed this division to enhance risk management services, cultivate new and existing client relationships, and concentrate marketing efforts for the agency's largest commercial accounts and other niche business, including governmental entities. Programs concentrated in National Accounts, Alternative Risk Finance Techniques, and Self-Insurance.

2002 to 2004. **Vice President, Marketing Manager**. Responsible for $170,000,000+ of premium volume for existing commercial and public entity accounts.

1994 to 2002. **Account Executive.** Focused on large account management, including business development, marketing and client relations/service.

1990 to 1994. **Technical Assistant and Marketing Analyst**. Handled large commercial and public entity insurance service, policy marketing, and quality control functions.

EDUCATION

University of Central Florida, B.A. Business Administration/Finance
Certified Insurance Counselor (CIC)
Risk Management for Public Entities (RMPE)
Candidate for Associates in Risk Management (ARM)

LICENSES

2-20 General Lines Agents License, State of Florida

PROFESSIONAL AFFILIATIONS

RIMS – Risk and Insurance Management Society
PRIMA – Public Risk and Insurance Management Association
FGFOA – Florida Government Finance Officer Association; Qualified speaker for continuing education

Brown & Brown PRIA
PUBLIC RISK INSURANCE AGENCY

Brian Cottrell, CIC CRM
Vice President / Account Executive
Public Risk Insurance Agency

EXPERIENCE

Risk Management Associates, Inc. dba Public Risk Insurance Agency (a wholly owned subsidiary of Brown & Brown, Inc.)
May 2006 to present. Vice President / Account Executive
Responsibilities include production, marketing and service of public entity programs. Consult directly with public entity clients regarding coverage, policy forms, and company affiliated services (e.g. loss control, claims handling, and risk management).

Acordia/Wells Fargo – West Palm Beach
1989 to 2006
Responsibilities included production, marketing and service of public entity programs and commercial accounts. Consulted directly with clients regarding coverage, policy forms, and company affiliated services (e.g. loss control, claims handling, and risk management).

Florida League of Cities
1985 to 1989
Responsibilities included production and servicing of public entities in South Florida.

EDUCATION

Palm Beach Community College
A.A. Degree – Business Administration
Certified Insurance Counselor (CIC)
Certified Risk Manager (CRM)

LICENSES

2-20 General Lines Agents License, State of Florida
2-18 Life & Health license, State of Florida

PROFESSIONAL AFFILIATIONS

Society of Certified Insurance Counselors
Society of Certified Risk Managers
RIMS – Risk and Insurance Management Society
PRIMA – Public Risk Management Association
FASD – Florida Association of Special Districts – Board Member
Palm Beach County Municipal League of Cities, Associate Member
Past President – Independent Insurance Agents of Palm Beach County

AREAS OF SPECIAL EXPERTISE

Florida public entity insurance programs
Florida workers' compensation

Robin L. Faircloth, CISR
Director of Operations
Public Risk Insurance Agency

EXPERIENCE

Risk Management Associates, Inc. dba Public Risk Insurance Agency (a wholly owned subsidiary of Brown & Brown, Inc.)
April 2010 to Present. Director of Operations
Oversee day-to-day operations for support staff and operational issues. Supervisor of Account Representative staff, provide support for AMS procedures and training. Monitor processing procedures and maintain quality control standards for the office. Direct and support agency operational needs. Service of select accounts.

October 2009 to April 2010. Director of Marketing
Responsibilities are primarily focused on the coordination of renewal and new business marketing. This enhancement is supported by the gathering of data related to insurance market capabilities, coverage forms, and other relevant data sought by our clients to better inform them of their insurance program.

July 2004 to October 2009. Customer Service Representative
Responsibilities include working with mid-sized to large public entity clients. Handle requests for certificates of insurance, policy changes and endorsements, claims issues, and other daily servicing duties. Manage initial notices of claims. Track claims activity until adjustors close files. Help address conflicts that may arise from claimants, insureds, and carriers. Provide technical and clerical support for public entity service representatives.

State Farm Insurance
August 1998 to June 2004. Insurance Account Representative
Performed a range of insurance and financial sales and customer service functions. Handled the receiving, filing, and tracking the status of claims to facilitate appropriate resolutions, build customer satisfaction, expand account relationships. Clarified complex insurance terminology and procedures to educate customers. Responsible for incoming money and processed daily deposits. Trained and assisted all team members with day-to-day activities.

EDUCATION

Florida State University, BS Degree, Risk Management/Insurance and Finance
Certified Insurance Service Representative (CISR)
Risk Management for Public Entities (RMPE)
FEMA Public Assistance Program
Candidate for Associate in Risk Management (ARM)

LICENSES

2-20 General Lines Agents License, State of Florida
2-15 Life, Health, and Variable Annuities License, State of Florida
1-20 Surplus Lines License, State of Florida

Patricia B. Jenkins, CPSR
Account Representative
Public Risk Insurance Agency

EXPERIENCE

Risk Management Associates, Inc. dba Public Risk Insurance Agency (a wholly owned subsidiary of Brown & Brown, Inc.)
June 2010 to present. Account Representative
Responsibilities include working with small to mid-sized public entity clients. Handle requests for certificates of insurance, policy changes and endorsements, claims issues, and other daily servicing duties. Provide technical and clerical support for public entity service representatives.

N.T. Vincent Insurance
2000-2010. Commercial and Personal Lines Account Manager. Managed several different lines of insurance such as Workers Compensation, General Liability, Commercial Property, etc. Administered clients. New business sales. Cross-selling. Processed accounting information.

Allstate Insurance Company
1998-2000. Office Manager/Commercial and Personal Lines Account Manager. Handled Customer Relations. New Business Sales. Cross-selling. Managed Office. Duties included day-to-day activities including certificates of insurance, request endorsements, process new business, renewals, etc. Managed Staff.

Caton Insurance Agency, Inc.
1996-1998 Commercial Lines Account Manager. Managed $2 million book of business. Created renewal retention reports. Worked with Senior VP as agent. Created proposals for clients. Handle requests for endorsements, certificates, policy checking for accuracy, etc.

LICENSES

2-20 General Lines Agent, State of Florida

EDUCATION

Collin County Community College
Certified Professional Service Representative, CPSR

Melody A. Blake, ACSR
Account Representative
Public Risk Insurance Agency

EXPERIENCE

Risk Management Associates, Inc. dba Public Risk Insurance Agency (a wholly owned subsidiary of Brown & Brown, Inc.)
July 2010 to present. Account Representative
Responsibilities include working with mid-sized to large public entity clients. Handle requests for certificates of insurance, policy changes and endorsements, claims issues, and other daily servicing duties. Manage initial notices of claims. Track claims activity until adjustors close files. Help address conflicts that may arise from claimants, insureds, and carriers. Provide technical and clerical support for public entity service representatives.

Beskin & Associates, Inc.
1991-2010. Senior Commercial Marketing Specialist
Responsible for in house underwriting, rating, and documentation for all new commercial lines business to agency handling six producers. Developed and maintained excellent agency/insurance company trust/rapport. Used various insurance companies' online rating systems. Maintained underwriting guidelines.

Developed and maintained various marketing/tracking spreadsheets. Directed renewal marketing representative with available markets. Handled Professional Liability new business and renewals. Was instrumental in making Beskin & Associates, Inc., one of the top producers with Zurich Small Business Unit.

Trained and answered other employees' questions with regards to rating systems and coverage issues. Corrected issues with insurance companies regarding policies received (processing endorsements). Searched and found various markets, admitted or non-admitted. Dealt with coastal issues/guidelines. Developed internal comparison coverage spreadsheets. Prepared formal proposals

1990-1991. Customer Service Representative.
Responsibilities include working with small to large commercial clients. Handle requests for certificates of insurance, policy changes and endorsements, claims issues, and other daily servicing duties.

EDUCATION

Accredited Customer Service Representative (ACSR)
Candidate for Associate in Insurance Account Management (AIAM)

LICENSES

2-20 General Lines Agent, State of Florida

Brown & Brown PRIA
PUBLIC RISK INSURANCE AGENCY

Methodology & Approach to the Services

Proposers approach methodology to providing the Services requested in this Solicitation:

- *Cost of Insurance coverage and ability to fulfill coverage/deductible requirements outlined in this Solicitation.*
- *An explanation of why the Proposer is the best qualified to perform the Contract and demonstrate its qualifications including an item-by-item disclosure outlining how the firm meets or exceeds the requirements of this RFP.*
- *Suitability of the methodologies and approaches used in achieving tasks.*

PRIA is proud to have represented the City for 5 years, prevailing in two of the City's RFP processes in 2009. We prevailed due to superior coverages, terms and conditions for two policies, Public Officials/Employment Practices Liability and Law Enforcement Liability.

Due to our extensive experience, insurer relationships with XL, the City's ability to control claims and good claims adjusters, **we have been able to actually REDUCE the overall rates of both policies – EVERY YEAR for the past 5 years.**

We have again provided a reduction of premium which is **significantly less than when PRIA initially became the City's Agent**.

In addition, we have negotiated **superior coverages** such as:

- Defense Costs in addition to the stated limits (unlimited)
- Allowance of Choice of Counsel (no specific endorsement is issued)
- Line of Duty of Death Endorsement$100,000 Benefit, and more….

PRIA is an independent agency, so we contract with many insurers. We can bring quotes from alternative insurers and alternative program designs at any time. For this process, we have provided the best quotes negotiated in the marketplace. Since the underwriters are the same on both policies, we have been able to apply leverage to keep both policies' premiums down which is a distinct advantage for the City. During our tenure, we have marketed or "bid" the insurance internally to be sure we are bringing the most competitive option to the City every year. We commit to continue performing these functions for the City.

In addition, we bring the knowledge and expertise in the public entity and risk management arena to serve as an effective consultant to the City. We have researched scenarios and advised the Risk Management Department on many issues during our tenure.

Methodology & Approach to the Services
Scope of Services

Our basic, general Scope of Services for all accounts within the Agency is as follows. We are always willing to provide that extra level of service for the City.

- Meet with City staff to review marketing strategy, expectations and budget constraints.
- Develop and execute Marketing Plan to access and negotiate with all viable insurance markets and alternative risk transfer plans.
- Initiate renewal process approximately 120 days prior to renewal.
- Risk exposure identification and review, including preparation of underwriting submissions.
- Recommend coverage and other risk transfer options for exposures not covered by insurance.
- Presentation of insurance renewal options to committees, workshops or board.
- Bind insurance coverage as directed in writing.
- Deliver binders and policies to document coverage at all times.
- Review each policy for accurate policy coverage, endorsement language and terms.
- Identify, request, track and audit policy corrections in a timely manner.
- Respond to all policy change requests and monitor endorsement issuance.
- Issue certificates of insurance. All certificates will be issued in accordance with FS 768.28 (sovereign immunity statute). Most certificates are issued the same day as requested.
- Assist with departmental premium allocations as needed.
- Monitor and communicate industry trends, developments or innovations.
- Monitor and communicate potential legislative issues or legal precedence or rulings that may affect the risk management program.
- Contractual risk review and assistance with vendor contractual requirements policy.
- Promote and facilitate risk and loss prevention and safety efforts.
- Coordinate educational seminars relative to your risk management plan.
- Claims advocacy, including attending claims review meetings. Also involvement in analyzing claims trending and assistance in favorable settlements of individual claims.
- Coordination of actuarial, claims, policy placement and other third party related services.
- Review and facilitate insurance company audits for accuracy.

Specific Information

- *Proposal shall include the latest list of ratings from A.M. Best's, Standard & Poor's or Moody's on the company's quoted*

This is provided annually with any new policy quotes. Herein we have presented Indian Harbor Insurance Company, an XL Group company, rated A XV by AM Best.

- *Included any specific experience with placing Excess Worker's Compensation Insurance coverage for governmental agencies.*

We provide Excess Workers' Compensation, Public Officials/Employment Practices insurance for many of our 250 public entity clients. We utilize various insurers and various retention levels to meet different needs of each entity.

- *Provide any supplemental materials which might enhance the City's understanding of the firm, its capabilities and experiences.*

Included herein.

NORTH MIAMI
FLORIDA

REFERENCES (Form A-14)

List a minimum of three (3)

Name: City of Miami Contact: Ann-Marie Sharpe

Address: 444 SW 2nd Avenue

City: Miami State: FL Zip: 33130

Contact Person: Ann-Marie Sharpe

Phone: (305) 416-1740 E-Mail: asharpe@miamigov.com

Type of Job Performed & Cost Broker Services on all Property & Casualty Lines - $85,000 Fee

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Name: City of North Miami Beach Contact: Esther Martinez

Address: 17011 NE 19th Avenue

City: North Miami Beach State: FL Zip: 33162

Contact Person: Esther Martinez

Phone: (305) 947-7581 E-Mail: esther.martinez@citynmb.com

Type of Job Performed & Cost Broker Services on all Property & Casualty Lines - $50,000 Fee

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Name: City of Dania Beach Contact: Jacquelyn Whiting Beauzil

Address: 100 W. Dania Beach Blvd

City: Dania Beach State: FL Zip: 33004

Contact Person: Jacquelyn Whiting Beauzil

Phone: (954) 924-6800, Ext 3608 E-Mail: jbeauzil@ci.dania-beach.fl.us

Type of Job Performed & Cost Broker Services on all Property & Casualty Lines, commissions included in premium.

PRINT

THE AGENCY

Risk Management Associates, Inc. dba Public Risk Insurance Agency (PRIA) has established itself as one of the premier insurance services organizations for public entities in the United States. Our in-depth understanding of the unique risk exposures and operating environment of public entities allows us to tailor insurance products and services to effectively meet their needs. As the only independent insurance agency solely dedicated to the public entity market, we are uniquely qualified to meet and exceed the expectations of our clients. Our 20 years of insuring local governments has afforded us significant experience and insight into the unique challenges and constraints that our clients face. PRIA currently represents over 300 public entities in Florida.

PRIA is a wholly owned subsidiary of Brown & Brown, Inc. - the 6th largest independent insurance agency in the United States and 7th largest worldwide as ranked by Business Insurance Magazine. Brown & Brown brings the experience of representing hundreds of public entities nationally in addition to PRIA's focus in Florida.

As a Brown & Brown company, PRIA has access to hundreds of insurance markets nationwide and in the international market. With premium volume exceeding $2,500,000,000 Brown & Brown's volume results in a superior negotiating position and leverage with state specific, regional, national, and international insurers. The focus and experience of our team in all of these markets produces superior risk transfer options and risk control expertise for your entity.

PRIA develops customized and innovative approaches towards effectively managing your risk. Cost effective insurance products, professional service, and commitment to client's needs are our primary goals. Proof of account satisfaction is reflected by a 97% business retention rate.

To fully serve our clientele, Public Risk Insurance Agency can offer coverage for other exposures such as:

- Bonds
- Fiduciary Liability
- Primary and Excess Flood
- Workers' Compensation
- Environmental Liability
- Accidental Death & Dismemberment
- Special Events
- Airport Liability
- Aboveground & Underground Petroleum Tank Liability

AN INTRODUCTION TO YOUR SERVICE TEAM

Alan Florez
Executive Vice President

Paul Dawson, ARM-P
Senior Vice President / Account Executive

Michelle Martin, CIC
Vice President / Account Executive

Brian Cottrell, CIC, CRM
Vice President / Account Executive

Matt Montgomery
Account Executive

Robin Faircloth, CISR
Director of Operations

Brittany O'Brien, CIC, CRM
Account Manager

Melody Blake, ACSR
Account Representative

Linda Burtchett
Account Representative

Kate Gross, ARM-P
Account Representative

Patricia "Trish" Jenkins, CPSR
Account Representative

Heather Williams
Assistant Account Representative

Will assist with daily servicing of your account, including endorsements, client services, accounting and quality assurance.

Our Service Team philosophy focuses on accountability at all levels of account management. Our goal is not simply to meet your service needs, but to exceed them. All of the employees at PRIA are dedicated to achieving this goal and distinguishing ourselves from the competition.

LAW ENFORCEMENT LIABILITY

Term: October 1, 2014 to October 1, 2015

Company: Indian Harbor Insurance Company
(Rated A XV by A.M. Best)

Limit of Liability:

Law Enforcement Liability		
Coverage:	Limit:	Deductible:
Annual Aggregate	$2,000,000	$25,000/ $75,000 Aggregate
Each Occurrence	$2,000,000	

Form: Occurrence

Terms, Conditions and Subjectivities include but are not limited to:

- Approved Choice of Counsel - The insured must direct Summit Risk on a claim-by-claim basis to be sure the correct firm is assigned to each case.
- Defense Costs in addition to limit
- Includes mental distress.
- Deductible includes Claims Expenses.
- Policy Form: PES-LEL-PF (02/08) An **OCCURRENCE** form.
- Nuclear Energy Exclusion (PES – LEL – 100 (10/07))
- 25% Minimum Earned Premium Endorsement (PES – LEL – 111 (10/07))
- Line of Duty of Death Endorsement (PES-LEL-123 (02/09))
- Endorsement – Deductible Annual Aggregate (PES – LEL – 129 (11/09))
- Endorsement – General Change, per expiring (PES – LEL – 130 (12/09))
- Service of Process Endorsement (XL Form Number TBD).
- Any Notices or Disclosures required by the state regulatory agency.
- Completed, **signed and dated** original PRU-TX application **prior to binding.**
- This insurance is issued pursuant to the Florida Surplus Lines laws. Entities insured by surplus lines carriers do not have the protection of the Florida Insurance Guaranty Act to the extent of any right of recovery for the obligation of an insolvent, unlicensed insurer.

This proposal is intended to give a brief overview. Higher limits may be available. Please refer to coverage forms for complete details regarding definition of terms, exclusions and limitations.

PREMIUM RECAPITULATION

	Annual Premium	Check Option Accepted	Check Option Rejected
Law Enforcement Liability	$ 159,702.00		
Florida Hurricane Catastrophe Fund Fee	$ 2,076.13		
TOTAL	$ 161,778.13	☐	☐

I authorize PRIA to request the underwriters to bind coverage on the items indicated above and acknowledge receipt of the Compensation and Financial Condition Disclosure(s) provided in this proposal.

_____
(Signature)

_____
(Name & Title)

_____
(Date)

Notes of Importance:

1. Quotes provided in the proposal are valid until 10/01/2014. After this date terms and conditions are subject to change by the underwriters.

2. Some of the Carriers are issued pursuant to the FL Surplus Lines laws. Entities insured by surplus lines carriers do not have the protection of the FL Insurance Guaranty Act to the extent of any right of recovery for the obligation of an insolvent, unlicensed insurer.

3. Premiums are subject to change if all lines of coverage quoted are not bound. **Premiums are subject to 25% minimum premium upon binding.**

4. Not all coverages requested may be provided in this quotation.

5. **With the exception of Workers' Compensation, the total premium is due within 30 days of inception. Premium financing can be arranged if needed.**

6. Quote is not bound until written orders to bind are received from the insured and the Company subsequently accepts the risk.

7. Should signed application reveal differing details/data than original application received, the entire quote/binder is subject to revision and possible retraction.

8. Higher limits of liability may be available. Please consult with your agent.

9. This proposal is based upon exposures to loss made known to the Public Risk Insurance Agency. Any changes in exposures (i.e. new operations, new acquisitions of property or change in liability exposure) need to be promptly reported to us in order that proper coverage may be put into place.

10. **This proposal is intended to give a brief overview. Please refer to coverage agreements for complete information regarding definition of terms, deductibles, sub-limits, restrictions and exclusions that may apply. In the event of any differences, the policy will prevail.**

Wholesale Business Compensation Disclosure

Wholesale Broker/Managing General Agent: Apex/Public Risk Underwriters TX

This intermediary is owned in whole or part by Brown & Brown, Inc., the parent company of Public Risk Insurance Agency. Brown & Brown entities operate independently and are not required to utilize other companies owned by Brown & Brown, Inc., but routinely do so. In addition to providing access to the insurance company, the Wholesale Insurance Broker/ Managing General Agent may provide additional services including, but not limited to: underwriting; loss control; risk placement; coverage review; claims coordination with insurance company; and policy issuance. Compensation paid for those services may be up to 15% of the premium you pay for coverage, and any compensation paid for those services is derived from your premium payment.

Guide to Bests Ratings		
Best Category	**Rating**	**Description**
Secure	A++	Superior
Secure	A+	Superior
Secure	A	Excellent
Secure	A-	Excellent
Secure	B++	Very Good
Secure	B+	Very Good
Vulnerable	B	Fair
Vulnerable	B-	Fair
Vulnerable	C++	Marginal
Vulnerable	C+	Marginal
Vulnerable	C	Weak
Vulnerable	C-	Weak
Vulnerable	D	Poor
Vulnerable	E	Under Regulatory Supervision
Vulnerable	F	In Liquidation
Vulnerable	S	Rating Suspended
Not Rated	NR-1	Insufficient Data
Not Rated	NR-2	Insufficient Size and/or operating experience
Not Rated	NR-3	Rating Procedure Inapplicable
Not Rated	NR-4	Company Request
Not Rated	NR-5	Not Formally Followed
Rating Modifier	u	Under Review
Rating Modifier	q	Qualified
Affiliation Code	g	Group
Affiliation Code	p	Pooled
Affiliation Code	r	Reinsured

Guide to Best's Financial Size Categories		
Reflects size of insurance company based on their capital, surplus and conditional reserve funds in U.S. dollars.	**I**	Less than $1,000,000
	II	$1,000,000 - $2,000,000
	III	$2,000,000 - $5,000,000
	IV	$5,000,000 - $10,000,000
	V	$10,000,000 - $25,000,000
	VI	$25,000,000 - $50,000,000
	VII	$50,000,000 - $100,000,000
	VIII	$100,000,000 - $250,000,000
	IX	$250,000,000 - $500,000,000
	X	$500,000,000 - $750,000,000
	XI	$750,000,000 - $1,000,000,000
	XII	$1,000,000,000 - $1,250,000,000
	XIII	$1,250,000,000 - $1,500,000,000
	XIV	$1,500,000,000 - $2,000,000,000
	XV	Greater than $2,000,000,000

Public Risk Insurance Agency always strives to place your coverage with highly secure insurance companies. We cannot, however, guarantee the financial stability of any carrier.

STATEMENT ACKNOWLEDGING THAT COVERAGE HAS BEEN PLACED WITH A NON-ADMITTED CARRIER

Per Florida Statute, the insured is required to sign the following E&S disclosure:

The undersigned hereby agrees to place insurance coverage in the surplus lines market and understands that superior coverage may be available in the admitted market and at a lesser cost. Persons insured by surplus lines carriers are not protected by the Florida Insurance Guaranty Association with respect to any right of recovery for the obligation of an insolvent unlicensed insurer.

City of North Miami
Name of Insured

Signature of Insured's Authorized Representative Date

Indian Harbor Insurance Company
Name of Excess and Surplus Lines Carrier

Law Enforcement Liability
Type of Insurance

10/01/2014
Effective Date of Coverage

REQUEST FOR PROPOSAL

Police Professional Liability Insurance Coverage Services

RFP No. 52-13-14

PRE-SOLICITATION CONFERENCE
NOT-APPLICABLE

ADDITIONAL INFORMATION & CLARIFICATION DEADLINE
TUESDAY, AUGUST 19, 2014 AT 12:00PM

RESPONSE SUBMISSION DATE AND TIME
TUESDAY, SEPTEMBER 2, 2014 AT 3:00PM (LOCAL TIME)

AT

CITY OF NORTH MIAMI
OFFICE OF THE CITY CLERK
CITY HALL, 1ST FLOOR
776 NE 125TH STREET
NORTH MIAMI, FL 33161-4116

The responsibility for submitting a response to this Solicitation at the Office of the City Clerk on or before the stated time and date will be solely and strictly the responsibility of the Respondent. The City of North Miami will in no way be responsible for delays caused by the United States mail delivery or caused by any other occurrence.

Copies of this Solicitation Document may be obtained by contacting DemandStar by Oniva at www.demandstar.com or calling toll free 1-800-711-1712 and request Document **No. 52-13-14**

Contact Person: Patrick Dulcio, Purchasing Agent
Email: pdulcio@northmiamifl.gov I Phone: (305) 895-9886 I Fax: (305) 895-1015

The City of North Miami, Florida, hereinafter referred to as "City", is hereby soliciting Proposals from qualified and experienced insurance brokerage firms to acquire insurance coverage for Police Professional Liability Insurance Coverage Services.

Please submit one (1) original bound Proposal, five (5) complete copies of the original Proposal and one (1) digital compact disk (CD) or USB Flash Drive either by mail or hand delivery in response to this Solicitation. Proposals are to be submitted in a sealed envelope bearing the name of the individual and/or company, and the address as well as the number and title of this Solicitation no later than the date and time specified in the Solicitation Timetable section, where shortly after a public opening will take place in the Council Chambers at which time accepted Proposals will be opened and read. Proposals received after said date and time will not be considered and no time extensions will be permitted. Address your Proposal to City of North Miami, Office of the City Clerk, 776 N E 125th Street, North Miami, Florida 33161. Please clearly mark Proposals:

"IMPORTANT, SOLICITATION ENCLOSED"

Police Professional Liability
Insurance Coverage Services
RFP No. 52-13-14

The City's tentative schedule for this Solicitation is as follows:

Event	Date	Time
Advertisement Date:	Wednesday, July 30, 2014	
Non-Mandatory Pre-Solicitation Conference:	Not-Applicable	10:00am
Last Date for Receipt of Written Questions:	Tuesday, August 19, 2014	12:00pm
Opening of Solicitation:	Tuesday, September 02, 2014	3:00pm
City Council Contract Approval Date:	To Be Determined	

(The City reserves the right to delay or modify scheduled dates and will notify Respondents of all changes in scheduled dates.)

Copies of this Solicitation may be obtained by contacting DemandStar via Oniva at www.demandstar.com or calling toll free 1-800-711-1712 or may be purchased for a non-refundable fee of $25.00 from the Purchasing Department.

ACCEPTANCE AND REJECTIONS

The City reserves the right to reject any or all Proposals with or without cause; to waive any or all irregularities with regard to the specifications and to make the award to the Respondent offering the greatest advantage to the City. Please be advised that this Solicitation is issued subject to the City of North Miami Code Section 7-192 prohibiting certain communications with the City as completely specified in the General Conditions contained herein.

We look forward to your active participation in this Solicitation.

Sincerely,
Marc-Anthony Tulloch,
Purchasing Manager

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All of our Contract forms are fill-in able and can be found on our website at:

http://www.northmiamifl.gov/business/purchasing/forms.asp.

A-1 Public Entity Crimes Affidavit
A-2 Non-Collusive Certificate
A-5 Acknowledgement of Addenda
A-6 Proposer's Disclosure of Subcontractors and Suppliers
A-7 Insurance Requirements
A-14 References

Attachment A Client Reference Form & Sample Questionnaire

Attachment B Law Enforcement Liability Application

Attachment C Police Professional Liability Loss History

Attachment D Copy of expiring policy's declaration page

Note: City of North Miami's Financial Report available for review online at: www.northmiamifl.gov, City Hall, Finance

SECTION 1.0
INSTRUCTIONS TO PROPOSERS / GENERAL TERMS AND CONDITIONS

1.1 DEFINITIONS

a) "City" means the City of North Miami.

b) "Contract" means a binding written agreement for the solicited Work and/or Services required by the City, including purchase orders, containing terms and obligations governing the relationship between the City and the Contractor.

c) "Contractor" means the Proposer or Respondent that receives an award of Contract or agreement from the City as a result of this Solicitation.

d) "Department" means a department of the City of North Miami.

e) "Proposal" means the documents timely remitted by Proposer or Respondent, in response to this Solicitation.

f) "Proposer" or "Respondent." All Contractors, consultants, organizations, Respondents or other entities submitting a response to this RFP.

g) "Scope of Services" or "Scope of Work" means section 3.0 of this Solicitation, which details the Work or Services to be performed by the Contractor under Contract.

h) "Solicitation" means this Request for Proposal (RFP) document, and all associated addenda and attachments.

i) "Subcontractors" or "Subconsultant" to mean any person, Respondent, entity or organization, other than the employees of the Contractor, who contracts with the Contractor to furnish labor, equipment, services, and materials, in connection with the provision of Services to the City, whether directly or indirectly, on behalf of the Contractor.

j) "Work" or "Services" means the provision of– Police Professional Liability Insurance coverage for eligible members of the City of North Miami Police Department.

1.2 CITY OVERVIEW

North Miami, Florida (pop. 60, 000) is a diverse community, ideally located midway between Miami and Fort Lauderdale and encompasses approximately 9.5 square miles. As the fifth largest city of Miami-Dade County, North Miami is committed to growth in its business community, while also focusing on issues such as education, the arts, leisure activities and sustainability to provide a viable future for our residents and preserve the City's rich history since its incorporation in 1926.

The City currently has 550+ employees and provides a wide range of governmental services including public safety / police services, parks and recreation, public works, water and sewer, planning, building and zoning, code enforcement, and community development to its citizens.

The City is a very large consumer of goods and services and the purchasing decisions of our employees and Contractors can positively or negatively affect the environment. By including environmental considerations in our procurement decision s, along with our traditional concerns with price, performance and availability, we will remain fiscally responsible while promoting practices that improve public health and safety, reduce pollution, and conserve natural resources.

1.3 INVITATION

This invitation is extended to Respondents that can provide the requirement(s) specified herein. The requirements presented in this Solicitation represent the City's anticipated needs.

1.4 PUBLIC ENTITY CRIMES AFFIDAVIT

The *Public Entity Crime Affidavit*, **(Form "A-1")** attached to this Solicitation, includes documentation that shall be executed by an individual authorized to bind the Respondent. If the *Public Entity Crime Affidavit* is not submitted as part of the Respondent's Proposal package, is altered in any manner or is not fully completed, the Respondent shall be deemed non-responsive to the Solicitation requirements.

1.5 PUBLIC ENTITY CRIME / DISCRIMANATORY RESPONDENT LIST

Any Respondent, or any of its suppliers, Subcontractors, or consultants who shall perform Work which is intended to benefit the City, shall not be a convicted Respondent or included on the discriminatory Respondent list. If the Respondent or any affiliate of the Respondent has been convicted of a public entity crime or has been placed on the discriminatory Respondent list, a period longer than 36 months must have passed since that person was placed on the convicted Respondent or discriminatory Respondent list. The Respondent further understands and accepts that any Contract issued as a result of this Solicitation shall be either voidable or subject to immediate termination by the City. The City in the event in such termination, shall not incur any liability to the Respondent for any Work or materials furnished.

1.6 LOBBYING

All Respondents, their agents and proposed sub consultants or Subcontractors, are hereby placed on noticed that neither the City Council Members, any evaluation committee members, employees of the City or employees of any other project sponsoring agencies

shall be lobbied either individually or collectively regarding this Solicitation. Respondents, their agents and proposed Subconsultants or Subcontractors are hereby placed on notice that they are prohibited from contacting any of these individuals for any purpose relating to the Solicitation (e.g., general information, meetings of introduction, meals, etc.). Any Proposal submitted by a Respondent, its agents and potential sub consultants or Subcontractors who violate these guidelines will not be considered for review. The Procurement Manager or Contract Specialist (identified on the cover page of this Solicitation) shall be the only point of contact for questions and/or clarifications concerning the Solicitation, the selection process and the negotiation and award procedures.

1.7 SUSPENSION OF CONTRACTORS FOR MATERIAL BREACH OF CITY CONTRACTS

Pursuant to Sec 7-160 (a), (b) & (c) upon recommendation by the Manager of Procurement, may temporarily or permanently suspend Contractors from doing business with the city whenever a Contractor materially breaches its Contract with the City. Any Proposal submitted by a Respondent, its proposed Subcontractors or sub consultants who are included on the City's Suspension List shall not be considered for review.

In addition, the principles of any Respondents or its proposed Subcontractors or sub consultants shall not attempt to do business with the City under a different name or form a new legal entity in order to do business with the City while the principals of the Respondent or its proposed Subcontractors or sub consultants remain on the Suspension List. In the event there is any intentional misrepresentation, the Respondent further understands and accepts that any Contract issued as a result of this Solicitation shall be subject to immediate termination for default and suspension procedures by the City. The City, in the event of such termination, shall not incur any liability to the Respondent for any Work or material furnished.

1.8 POINTS OF CONTACT TIMETABLE FOR INQUIRES

Respondents shall contact the contract specialist, identified on the cover page of this Solicitation, for all inquiries relating to this Solicitation. All Respondents' technical inquires shall be conRespondented in writing either through the mail, via facsimile transmission or electronic mail.

Technical questions will not be entertained beyond the cut-off date indicated on the cover page so that answers to substantive questions, in the form of written addenda, can be posted on the City's web site (www.northmiamifl.gov) and Demand Star by Onvia at www.demandstar.com or calling toll free 1-800-711-1712 and requesting the corresponding documents number.

1.9 ORAL REPRESENTATION

No oral representation made by the City staff shall be binding. The contents of this RFP and any subsequent addenda issued by the City shall govern all aspects of this Solicitation.

1.10 ADDENDA

If any Solicitation revisions become necessary (other than changes to the deadline for response submission), the City will post written addenda on the City web's site at (www.northmiamifl.gov) and on Demand Star by Onvia at www.demandstar.com or calling toll free 1-800-711-1712 and requesting the corresponding document number at least seven (7) calendar days before the date scheduled for opening the responses. The City may revise the deadline for response submission at any time prior to the date and time scheduled for opening the responses. **It is the responsibility of all Respondents to ascertain whether any addenda have been issued before the Solicitation deadline by either calling or checking the City's web site** (www.northmiamifl.gov) and Demand Star and by Onvia at www.demandstar.com or calling toll free 1-800-711-1712 and requesting the corresponding document number. All addenda placed on the Demand Star can be down loaded.

1.11 CANCELLATION OF THE SOLICITATION

The City reserves the right to cancel this Solicitation and/or re-advertise and re-solicit the requirements at any time when determined to be in the best interest of the City.

1.12 PROTEST

If a potential Respondent protests any provisions of the Request for Proposal documents, a written protest must be filed with the City Clerk within five (5) business days (excluding weekends and City observed holidays) prior to date set for opening of the Proposals. A written protest is considered filed when received by the City Clerk.

Any Proposer who files a formal written protest pursuant to Section 7-158, City Code, shall post with the city at the time of filing the formal written protest with the city at the time of filing the formal written protest a filing fee in an amount equal to one percent (1%) of the amount of the bid or proposed Contract, or one thousand dollars ($1,000), whichever is less. Failure to file a notice of protest within the time prescribed in Section 7-158, City Code, or failure to post the filing fee within the time allowed, shall constitute a waiver of such Proposer's right to file a protest.

Notice of written protest along with the filing fee, shall be timely filed with the City Clerk of the City North Miami at 776 NE 125th Street, 1st Floor North Miami, FL 33161. The City will not accept receipt of any formal written protests filed at any location other than the City's Clerk's Office

1.13 CONTRACT

The selected Respondent understands that this Solicitation or the response shall not constitute a contract with the City. No contract is binding or official until responses are reviewed and accepted by appointed City Staff, approved by the appropriate level of authority within the City and an official contract is duly executed by the parties. The selected Respondent shall be required to sign a Contract which the city determines to be fair, competitive and reasonable.

1.14 DEVELOPMENT COSTS

Neither the City nor its representatives shall be liable for any expenses incurred in connection with the preparation, submission or presentation of a response to this Solicitation. All information in the response shall be provided at no cost to the City.

1.15 TAX EXEMPT STATUS

The City is exempt from Florida Sales and Federal Excise taxes on direct purchase of tangible property.

1.16 RESPONSE SUBMISSION AND OPENING

All response shall be submitted in a sealed envelope by the deadline indicated on the cover page of this Solicitation. The response shall identify the Solicitation number and title specified on the cover page of this Solicitation. Reference information shall also be marked on the outside of the sealed envelope, including the Respondent's return address. The City assumes no responsibility for responses not properly marked.

The City will not accept responses delivered after the established deadline. If the response is delivered after the established deadline, a Respondent shall be deemed non-responsive to the Solicitation requirements.

Receipts of a response by any City office, receptionist or personal other than the Clerk's Office will not constitute "delivery" as required by this Solicitation. The City will not accept or consider responses submitted via facsimile transmission. The public is welcome to attend the Solicitation opening.

1.17 ASSIGNMENT OF RESPONSE

A Respondent shall not transfer or assign its response to a third party following submission of a Proposal to the City.

1.18 WITHDRAWAL OF RESPONSE

Respondents shall withdraw their submitted Proposal by notifying the City either in writing or in person through an authorized representative at any time prior to the submission deadline. Individuals making the withdrawal shall provide evidence of serving as an authorized representative of the Respondent. Responses, once received, become the property of the City, and will not be returned to Respondents even when they are withdrawn from consideration.

Responses, once opened, shall not be withdrawn or modified except to the extent agreed to by the City during subsequent Contract negotiation.

1.19 PUBLIC RECORDS AND EXEMPTIONS

Upon receipt, responses become "public records" and shall be subject to public disclosure consistent with Chapter 119, Florida Statutes. Respondents shall invoke the exemptions to disclosure provided by law, in the response to the Solicitation, by providing the specific statutory authority for the claimed exemption, identifying the data or other materials to be protected, and stating the reasons why such exclusion from public disclosure is necessary. Responses will be made available for public inspection at the time the City posts notice of its decision or intended decision concerning contract awards, or ten (10) days after the response opening, whichever is earlier.

1.20 REJECTION OF RESPONSES

Pursuant to Section 7-136, City Code, the City reserves the right to reject any and all Proposals for reasons including, but not limited to, the following:

(1) When such rejection is in the interests of the City;

(2) If such Proposal is deemed non-responsive;

(3) If the Respondent is deemed non-responsible; or

(4) If the Proposal contains any materials irregularities. Minor irregularities contained in response will be waived by the City. A minor irregularity is a variation from the Solicitation that does not affect the price of the Contract nor does it give a Respondent an advantage or benefit not enjoyed by other Respondents and does not adversely impact the City.

1.21 WRITTEN PROPOSAL EVALUATION / ORAL PRESENTATIONS

The selection committee members will independently score the Proposal on the basis of their qualifications and technical merit in accordance with the evaluation criteria included in Part 4 of this Solicitation. Following the submission and evaluation of the written Proposals, the City may request the highest ranked Respondents to provide oral presentation explaining and/or demonstrating each Proposal. All oral presentation will be scheduled and publicly noticed by the City. Following the completion of oral presentations, the selection committee members will score each presentation. Final ranking after oral presentations will be based on the summary of raw scores from the oral discussions for each Respondent.

1.22 REVIEW OF PROPOSAL FOR RESPONSIVE

Each Proposal will be reviewed to determine if the Proposal is responsive to the submission requirements outlined in the RFP. A responsive Proposal is one which follows the requirements of the RFP, includes all

documentation, is of timely submission, and has the appropriate signature as required on each document. Failure to comply with these requirements may result in a Proposal being deemed non-responsive.

1.23 CITY COUNCIL REVIEW

The Purchasing Manager will report the result of this RFP to the City Council for final approval in accordance with the City's Procurement Ordinance to enter into contract Negotiation. The City reserves the right to reject all Proposals.

1.24 THE CITY OPTIONS

The City may, at its sole and absolute discretion, reject any or all responses, re-advertise this Solicitation, postpone or cancel this Solicitation process at any time, or waive any irregularities in this Solicitation or in the responses received as a result of this Solicitation.

The determination of the criteria and process whereby responses are evaluated, the decision as to who shall receive a Contract award, or whether an award shall ever be made as a result of this Solicitation, shall be the sole and absolute discretion of the City.

In no event will any successful challenger of these determinations or decisions be automatically entitled to the award of this Solicitation.

The submittal of a Proposal will be considered by the City as constituting an offer by the Respondent to provide the Services described in this Solicitation.

1.25 CONTRACT AWARD

The City anticipates the award of one Contract, but reserves the right not to make any award whatsoever, if determined to be in the interest of the City.

Prior to Contract award, the Contractor shall submit documentation reflecting any required insurance coverage. The Contract number shall be included on the insurance documentation submitted to the City at the time of award execution and for all subsequent updates to the insurance coverage throughout the Contract period. Failure to execute the Contract and/or to provide evidence of any required insurance coverage shall be just cause for the termination of the award.

1.26 PROPOSAL SUBMITTAL/ADDENDUMS

All Proposals submitted shall include the completed Bid Form and all required product information and any other items as indicated on the Bid Form. Proposals will be considered "Non-Responsive" if the required information is not submitted by the date and time specified.

Before submitting a Proposal, each Respondent shall make all investigations and examinations necessary to ascertain if any addendums were issued by the Purchasing Agent.

1.27 NON-RESPONSIVE PROPOSALS

Responses found to be non-responsive shall not be considered. Responses may be rejected if found to be in nonconformance with the requirements and instructions herein contained. A Response may be found to be non-responsive by reasons, including, but not limited to, failure to utilize or complete prescribed forms, conditional responses, incomplete responses, indefinite or ambiguous responses, failure to meet deadlines and improper and/or undated signatures.

Other conditions which may cause rejection of Proposals include evidence of collusion among Respondents, obvious lack of experience or expertise to perform the required Work, submission of more than one Proposal for the same Work from an individual, Respondent, joint venture, or corporation under the same or a different name (also included for Design-Build Projects are those Proposals wherein the same Engineer is identified in more than one Proposal), failure to perform or meet financial obligations on previous contracts, employment of unauthorized aliens in violation of Section 274A (e) of the Immigration and Nationalization Act, or in the event an individual, Respondent, partnership, or corporation is on the United States Comptroller General's List of Ineligible Design-Builder for Federally Financed or Assisted Projects.

Proposals will also be rejected if not delivered or received on or before the date and time specified as the due date for submission.

1.28 CONE OF SILENCE

This RFP is issued pursuant to the City of North Miami Section 7-193, City Code, which prohibits certain types of communications: (a) A Cone of Silence shall be imposed upon each RFP, RFP and IFB after the advertisement of said RFP, RFP or IFB. At the time of imposition of the cone of silence, the Manager of the Purchasing Department or designee shall provide for public notice of the cone of silence. The Manager of the Purchasing Department shall issue a written notice thereof to the affected Departments, file a copy of such a notice with the city clerk, with the copy thereof to each city council member, and shall include in any public Solicitation for supplies or services a statement disclosing the requirements of this ordinance. Notwithstanding any other provision of this section, the imposition of a cone of silence on a particular RFP, RFP or IFB shall not preclude Purchasing staff from obtaining industry comment or performing market research provided all communication related thereto with a potential offeror, service provider, bidder, lobbyist, or consultant are in writing or are made at a duly noticed public meeting.

The ordinance does not apply to oral communications at pre-Proposal conference, oral presentations before selection committees, contract negotiations, public presentations made to the City Council during any duly noticed public meeting or communications in writing at any time with any City Council unless specifically prohibited by the applicable RFP, RFP, or bid

documents. A copy of all written communications must be filed with the City Clerk.

1.29 RESPONDENT'S DISCLOSURE OF SUBCONTRACTORS AND SUPPLIERS

This RFP shall require that the Respondent submits with its Proposal a listing of all first-tier Subcontractors or sub consultants who will perform any part of the Contract Work and all suppliers who will supply materials for the Contract Work direct to the selected Respondent. **Failure to comply with this requirement shall render the Proposal non-responsive.** In addition, the selected Respondent shall not change or substitute Subcontractors or suppliers from those listed in the Proposal except upon written approval of the City **(See "Form A-6").**

1.30 BUSINESS ENTITY / RESPONDENT REGISTRATION

The City of North Miami requires business entities to complete registration application before doing business with the City. Respondents need not register with the City to Present a Proposal; however, the selected Respondent(s) must register prior to award of a Contract as failure to register may result in the rejection of the Proposal. To register, contact the Purchasing Department at (305) 895-9886 or you may download the application *(revised 7/09)* from our website at www.northmiamifl.gov it is the responsibility of the business entity to update and renew its application concerning any changes such as new address, telephone number, commodities, etc. during the performance of any agreement obtained as a result of this RFP.

1.31 EXCEPTION TO THE RFP

Respondents may take exceptions to any of the terms of this RFP unless the RFP specifically states where exceptions may not be taken. Should a Respondent take exception where none is permitted, the Proposal will be rejected as non-responsive. All exceptions taken must indicate clearly what alternative is being offered to allow the City a meaningful opportunity to evaluate and rank Proposals, and the cost implications of the exception (if any). Where exceptions are taken, the City shall determine the acceptability of the proposed exceptions. The City, after completing evaluations, may accept or reject the exceptions. Where exceptions are rejected, the City may insist that the Respondent furnish the Services or goods described herein or negotiate an acceptable alternative.

All exceptions shall be referenced by utilizing the corresponding section, paragraph and page number in this RFP. However, the City is under no obligation to accept any exceptions. If no exception is stated, the City will assume that the Respondent will accept all terms and conditions.

1.32 PROPRIETARY/ CONFIDENTIAL INFORMATION

Respondents are hereby notified that all information submitted as part of, or in support of, Proposals will be available for public inspection after opening of Proposals, in compliances with Chapter 119, Florida Statutes, popularly known as the "Public Records Law."

1.33 LOCAL PREFERENCE / 10% TOTAL WORKFORCE CONSISTING OF NORTH MIAMI RESIDENTS / SUBCONTRACT WITH LOCAL PROPOSERS

The evaluation of competitive Solicitations is subject to Section 7-151, City Code which, except where contrary to federal and state law, or any other funding source requirements, provides that preference be given to local businesses. To satisfy this requirement, the Respondent shall afRespondent in writing its compliance with either of the following objective criteria as of the bid or Proposal submission date stated in the Solicitation. A local business shall be defined as:

a) A business that has a valid local business tax receipt, issued by City of North Miami at least one year prior to bid or Proposal submission, that is appropriate for the goods, services or construction to be purchased; or

b) A business that has a physical business address located within the limits of the City of North Miami from which the Respondent operates or performs business. Post Office Boxes are not verifiable and shall not be used for the purpose of establishing said physical address; or A business has at least ten percent (10%) of its total workforce residing in the city prior to the city's issuance of the Solicitation for supplies or services; or

c) The local preference may be applied to Respondents that subcontract at least ten percent (10%) of the contractual amount of a City project to Subcontractor who is physically located within the City of North Miami (Must complete Form A-3a & A-3b)

The preference is used to evaluate the submittals received from Respondents are assigned point totals, a preference of ten (10) percent of the total evaluation point, or ten (10) percent of the total price, shall be given to the local business. (See Form A-3)

1.34 RULES, REGULATED AND LICENSING REQUIREMENTS

The Respondent shall comply with all laws; ordinances and regulations applicable to the Services contemplated herein, especially those applicable to conflict of interest and collusion. Respondent are presumed to be familiar with all Federal, State and Local laws, ordinances, codes, rules and regulations that may in any way affect the goods or Services offered.

1.35 COMMUNITY BENEFITS PLAN

The Contractor will be required to submit, a Community Benefits Plan for approval by the City Manager. The Community Benefit plan shall be exclusive of the City of North Miami's Local Preference requirement, under Section 7-151 of the City Code.

The Contractor will be required to document their experience and track record in delivering to a municipality, county or other local government agency a Community Benefits Plan. The Contractor shall be required to demonstrate and provide to the City a proposed Community Benefit Plan which has identifiable and observable benefit to the community within the City. Proposers are encouraged to be creative in the development of a Community Benefit Plan and the types of benefits their plan is designed to provide. The City Manager, as the City's Chief Executive Officer, shall approve the final Community Benefits Plan proposed by the Contractor, as a precondition to the execution of any agreement. The Contractor's Community Benefits Plan shall be incorporated into and shall become a part of the agreement entered into between the City and the selected Proposer.

1.36 MODIFICATIONS OF PROPOSAL

No unsolicited modifications to Proposals will be permitted after the date and hour of the Proposal opening.

1.37 TRUTH IN NEGOTIATION STATEMENT

The Contractor must provide at the time for Contract execution a written statement stating that "wage rates and other factual unit cost supporting the compensation are accurate, complete and current at the time of contracting".

1.38 REVIEW OF SOLICITATIONS

The City will not allow any request for documents or reviews of submittals until thirty days after Proposals are received or after an award is announced. After said time, Respondents may request documents or make an appointment to review submittals and presentations.

1.39 LATE SUBMISSIONS

The City will not accept Proposals received after opening time and encourages early submittal.

1.40 SOLICITATION OPENING

This Solicitation will not be based solely on price. Therefore, the Cost Proposals will NOT be read aloud. However, properly received Proposals will be announced at the Proposal Opening. Proposal will be read in the Council Chambers located on the 2nd floor of City Hall 776 NE 125th Street North Miami, FL 33161. A list of Respondents shall be placed on the City's website.

1.41 ATTORNEYS' FEES

In the event of any dispute arising under or related to the Agreement, the prevailing party shall be entitled to recover all actual attorney fees, costs and expenses incurred by it in connection with that dispute and/or the enforcement of the Agreement, including all such actual attorney fees, costs and expenses at all judicial levels, including appeal, until such dispute is resolved with finality.

1.42 CONFLICTS OF INTEREST

The City's Conflict of Interest guidelines, provided under Article XI, of the City Code, as amended, shall apply to this Solicitation and Contract. Respondents should be aware, that if awarded a Contract, no person under its employ who presently exercises any functions or responsibilities on behalf of the City in connection with this Solicitation has any personal financial interest, directly or indirectly, with contractors or Respondents providing professional Services on Work assigned to the Contractor, except as fully disclosed and approved by the City. Contractor shall further be aware that if awarded, in the performance of this Solicitation no person having such conflicting interest shall be employed.

1.43 CONTRACTOR OBLIGATIONS

The Contractor warrants that any and all Work, materials, Services or equipment that may reasonably be inferred from the Contract Documents as being required to produce the intended result, will be supplied by the Contractor at its own cost, whether or not specifically called for.

The Contractor warrants and accepts that any and all Work, materials, Services or equipment necessitated by the I nspections of City and/or County agencies, or other regulatory agencies as are applicable, to bring the Work into conformity with the Contract Documents and all applicable laws, codes, regulations, procedures, or considered inside the contemplation of the Contract Documents, shall be deemed the responsibility of the Contractor at no additional cost to the City.

END OF SECTION

SECTION 2.0
SPECIAL CONDITIONS

2.1 PURPOSE

The purpose of this Solicitation is to solicit qualifications and selection of a Respondent(s) to provide products and/or Services requested throughout this Solicitation. This Solicitation shall serve to provide interested parties with general information as to the procedures for which a Respondent maybe selected.

2.2 PRE-SOLICITATION CONFERENCE – NON-MANDATORY

Intentionally Omitted.

2.3 TERM OF CONTRACT

A Contract will commence on October 31, 2014, succeeding the approval of the Contract by the City Council, unless otherwise stipulated in the Notice of Award letter, which is distributed by the City's Purchasing Department and contingent upon the completion and submittal of all required Solicitation documents.

The initial term of the Contract shall be for one (1) year with the first six (6) months being a trial period. If the Services provided by the Contractor are satisfactory as determined by the City at the conclusion of the six-month trial period, the Contract term will continue. The Contract shall remain in effect for the entirety of the initial term, unless otherwise terminated earlier by the City. In the event Services are scheduled to end because of the expiration of the Contract, the Contractor shall continue Services with the written consent of the City.

2.4 OPTION TO RENEW

Following the initial term, the City reserves the right to renew the Contract with the same pricing, terms, and conditions, for an additional four (4) successive one-year term periods. Contract renewal shall be based on satisfactory performance, mutual acceptance, and determination that the Contract is in the best interest of the City.

The City shall be given at least one hundred and twenty (120) days notice of cancellation or non-renewal of Contract and at least one hundred and twenty (120) days notice of any increase in premiums after the initial Contract period. Changes in cost shall occur no more frequently than on an annual basis.

The City shall have the option of terminating the Contract by giving the Contractor sixty (60) days written notice.

2.5 METHOD OF AWARD

See section 4 for method of evaluation and award

2.6 INDEMNIFICATION AND INSURANCE

Respondents must submit with their responses, proof of insurance meeting or exceeding the following coverage or a letter of intent to provide the following requirements if awarded a Contract:

2.6.1 COMMERCIAL GENERAL LIABILITY

With minimum limits of **$1 Million** per occurrence for bodily injury and property damage. This coverage shall also include personal, advertising injury- and medical expense.

2.6.2 PROFESSIONAL LIABILITY (Errors and Omissions)

$1 million minimum limit covering any errors or omissions of the company/broker in the performance of professional Services. The Self Insured Retention shall not exceed $25,000.

2.6.3 COMMERCIAL AUTOMOBILE LIABILITY

With minimum limit of **$1 Million**, covering any auto including non-owned, hired or leased.

2.6.4 WORKER'S COMPENSATION

As required by the State of Florida with statutory limits, and Employer's Liability with a minimum limit of $1,000,000 per accident for bodily injury or disease.

Both Commercial General and Automobile Liability insurance policies shall name the City of North Miami as "additional insured". All insurance required herein shall be written as primary policies, not contributing to or in excess of any coverage that the City may carry.

All insurance policies required by the Contract shall be maintained in full force and effect throughout the term period. The insurance carriers shall have a minimum of B+ rating based on the latest rating publication for Property and Casualty Insurers such as A.M. Best Company (or its equivalent). All insurers must be lawfully admitted to conduct business within the State of Florida. Required insurance coverage must be approved by the City's Risk Management prior to signing of Contract. Contractor may produce any insurance under a "blanket" or "umbrella" insurance policy, provided that such policy or a certificate of such policy specify the amount(s) of the total insurance allocated to this Contract. Coverage limits shall equal or exceed the amount(s) required by this agreement and shall not be reduced for claims made fon other projects undertaken by Contractor.

The Contractor must submit, prior to signing of Contract, a Certificate of Insurance naming the City of North Miami as additional insured for Commercial General Liability and Auto Liability Insurance. Contractor shall guarantee all required insurances remain current and in effect throughout the term of Contract.

Contractor shall indemnify and hold harmless the City and its officers, employees, agents and instrumentalities from any and all liability, losses or damages, including attorneys' fees and costs of defense, which the City or its officers, employees, agents or instrumentalities may incur as a result of claims, demands, suits, causes of actions or proceedings of any kind or nature arising out of, relating to or resulting from the performance of an Agreement by the Contractor or its employees, agents, servants, partners principals or Subcontractors.

Contractor shall pay all claims and losses in connection therewith and shall investigate and defend all claims, suits or actions of any kind or nature in the name of the City, where applicable, including appellate proceedings, and shall pay all costs, judgments, and attorney's fees which may issue thereon.

Contractor expressly understands and agrees that any insurance protection required by this Agreement or otherwise provided by Contractor shall in no way limit the responsibility to indemnify, keep and save harmless and defend the City or its officers, employees, agents and instrumentalities as herein provided.

The Contractor must submit, no later than ten (10) days after award and prior to execution of Contract, a Certificate of Insurance naming the City of North Miami as additional insured.

2.7 BID BOND/OFFER GUARANTY BASED ON PERCENTAGE OF OFFER PRICE

Intentionally Omitted.

2.8 PERFORMANCE & PAYMENT BOND

Intentionally Omitted.

2.9 FAILURE TO PERFORM

If in the opinion of the City's representative, the Contractor refuses to execute contractual obligations as outlined in the Contract produces an unsatisfactory product, or neglects or refuses to address the deficit to provide a suitable resolution that meets the City's expectation, then City's representative may notify the Contractor that the Contract will be terminated by the City.

If at any time the City's representative shall be of the opinion that the said service delivery is being unnecessarily delayed and will not be completed within the prescribed time then City's representative may notify the Contractor to discontinue all Work under Contract. The Contractor shall immediately respect said notice and cease said Work and shall forfeit the Contract.

The City may thereupon look to the next lowest and responsive and responsible Respondent to complete the Work or re-advertise for Proposals and let a contract for the uncompleted Work in the same manner as was followed in the letting of the Contract and charge the cost thereof to the original Respondent under Contract. Any excess cost arising therefore over and above the original Contract Price shall be charged to the Respondent.

2.10 FEDERAL AND STATE REGULATIONS

The Contractor shall comply with all applicable federal, state and local rules and regulations regarding the provision of Services.

2.11 ACCEPTANCE OF SERVICES BY THE CITY

The Services to be provided hereunder shall be provided in full compliance with the specifications and requirements set forth in the Contract Documents.

2.12 NOTICE TO PROCEED

The Contractor shall neither commence any Work, nor enter a City Work premise, until a written Notice to Proceed ("NTP") is issued by the City to Contractor directing the commencement of Work.

2.13 LABOR, MATERIALS AND EQUIPMENT SHALL BE SUPPLIED BY THE CONTRACTOR

Unless otherwise provided in this Solicitation the Contractor shall furnish the labor, materials, equipment, and coordination of services for satisfactory Contract performance.

2.14 CONTRACTS OVERLAPPING FISCAL YEARS

The City's fiscal year begins October 1 and ends September 30 of the following calendar year. When a Contract's term extends beyond the fiscal year in which the Contract commences, the City will issue a new Purchase Order to cover its needs for the balance of the fiscal year and a new purchase order will be issued to correspond with the remaining months of the Contract that extends into the next fiscal year. Issuance of a new Purchase Order shall be subject to the availability of budgeted funds.

2.15 NO DAMAGES FOR DELAY

The Contractor shall not be entitled to any claim for damages including, but not limited to, loss of profits, commissions, home office overhead expenses, equipment rental and similar costs, on account of delays in the progress of the Services from any cause whatsoever including an act or neglect of the City, adverse weather conditions, an act of God, strike, war or national disaster or emergency, unusual delay in deliveries, unusual delay in service delivery, unavoidable problems with turnaround, or other causes beyond the Contractor's control, or by delay authorized by the City, or by other causes which the Contractor determines may justify delay. The Contractor's sole recovery and sole remedy for any such delay shall be a reasonable extension of time and a revision to the Service Schedule as determined by the City. However, additional costs to the Contractor or delays in the Contractor's performance caused by improperly timed activities shall not be the basis for granting a time extension. If the Contractor wishes to make a claim for an increase in time of performance, written notice of such claim shall be made to the City within ten (10) working days after the occurrence of the event, or the first appearance of the condition giving rise to such claim. The City's representative shall determine whether or not the Contractor is entitled to a time extension for the delay. The failure of the Contractor to give such notice shall constitute a waiver of any claim under

this section.

2.16 COUNCIL MEETING

Contractor must be available to attend City Council meetings when required. Contractor must be prepared to answer any questions and/or provide oral presentations (using presentation board, PowerPoint or handouts) if requested by City Council and/or an authorized City representative.

2.17 SOLICITATION CLARIFICATION AND INQUIRIES

Any questions or clarifications regarding this Solicitation shall be submitted in writing to Purchasing Agent, Patrick Dulcio via email at pdulcio@northmiamifl.gov. Respondent(s) must clearly understand that the only official answer or position of the City will be the one received in writing.

The Solicitation number and title shall be referenced on all correspondence, be sure to include the page and paragraph number for each question in order to ensure that questions asked are responded to correctly. All questions must be received no later than the time and date specified in the Solicitation Timetable section. All responses to questions/clarifications will be sent to all prospective Respondents in the form of an addendum. **NO QUESTIONS WILL BE RECEIVED VERBALLY OR AFTER SAID DEADLINE.** Addendum(s) will be made available on the City's webpage and it is the Respondent's sole responsibility to assure receipt of all (if any) addenda(s).

END OF SECTION

SECTION 3.0
SCOPE OF SERVICES / TECHNICAL SPECIFICATIONS

3.1 SCOPE OF WORK

The City has issued this Solicitation to solicit competitive Proposals from qualified professional firms or individuals ("Respondent") with experience providing a broad range of insurance brokerage services to provide the City with a competitive insurance coverage.

3.2 GENERAL REQUIREMENTS

The City's current insurance Police Professional Liability insurance written through Indian Harbor Insurance Company, carries an annual premium of $178,733.

Interested insurance companies or brokers shall be qualified pursuant to law and must be currently licensed to practice in the State of Florida Coverage requested by the City is as follows:

AMOUNT:	$2,000,000 Wrongful Act
DEDUCTIBLE:	$25,000 Deductible $75,000 Annual Claim Aggregate
POLICY FORM:	Occurrence (with legal cost and expenses inclusive within the sum assured)
ANNUAL AGGREGATE:	City of North Miami and City of North Miami Police Department including: High Hazard Employees: 123 Medium Hazard Employees: 5 Low Hazard Employees: 37 K-9 Dogs: 4

The RFP response shall include the cost of coverage and clearly delineate deductible and coverage conditions as outlined above.

Proposer must be willing and able to provide at least one annual safety training program to the City's Law Enforcement Officers to enhance their knowledge of police liability and safeguard against situations that could conceivably put the City and the Officers at risk.

3.3 COVERAGE REQUIREMENT

Coverage must include but not specifically be limited to the following:

1. The carrier shall be obligated to pay any damages such as bodily or property damage caused by an occurrence and arising out of the law enforcement operations of a covered insured during the covered period.

2. The carrier shall be obligated to defend any suit against the covered insured seeking damages on account of such bodily injury or property damage, even if any of the allegations of the suit are groundless, false or fraudulent.

3. The policy shall provide for damages assessed against the insured as punitive.

4. Coverage shall be provided for but not limited to claims of false arrest, assault and battery from the use of reasonable force to protect persons or property, false imprisonment, malicious prosecution, false or improper service of process, libel or slander, intentional infliction of emotional distress, defamation of character, discrimination unless uninsurable by law, violation of property rights, wrongful eviction, wrongful entry, humiliation and invasion of rights of privacy and violation of constitutional rights, growing out of the law enforcement operations of the North Miami Police Department and the performance of law enforcement duties of the Police Department.

5. Policy shall include coverage for the following insured individuals while acting within the scope of their duties for the North Miami Police Department: (a) Law Enforcement Officers and in the event of their death, incapacity or bankruptcy, their heirs, executors, administrators, assigns and legal representative; (b) The City of North Miami and its Public Officials, (c) All other employees, auxiliary personnel, reserves and authorized volunteers of the North Miami Police Department.

6. Covered expenses including fees charged by an attorney <u>designated by the insured</u>; all other fees, costs and expenses resulting from the investigation adjustment, defense and appeal of a claim incurred by the City; and claimant's attorney's fees and costs assessed by court order or agreed upon through settlement.

7. Acceptable carrier will include the City in all settlement negotiations and will not settle without the City's consent.

8. Deductible policies should include choice of Council Endorsement where City will have discretion in retained counsel.

9. It is the desire of the City that all insurers have an A.M. Best Company rating of B+ or better. Insurers with a Best rating lower than B+ will be considered in light of the protection being offered. If the insurer with a Best rating of lower than B+- is proposed, the insurer's current financial statement must be included in the proposal for review. If you are proposing a trust, a copy of the most recent financial statement must be included in the proposal for review. The City will be the sole evaluator of acceptable insurance companies. All insurers must be currently authorized to transact business in the State of Florida.

10. Notwithstanding any provision in the Contract to the contrary, the carrier may not affect an increase of rates or other change in consideration applicable to this Contract prior to the end of any 12-month anniversary of the Contract.

11. Loss history reports must be furnished bi-annually in excel format until all claims have been resolved; if existing insurer is not the current provider of some outstanding losses, the broker shall ensure that the loss runs are provided for prior carriers.

12. The carrier acknowledges that the City has made a reasonable attempt to provide all known relevant ratings and loss data. The carrier therefore waives any right of denial of coverage or avoidance of this policy based upon any expressed or implied warranty or representation that the data provided discloses all such ratings, underwriting and loss data known to exist.

3.4 ALTERNATE PROPOSALS

A $25,000 deductible is preferred with a $75,000 annual aggregate; however the City will consider alternate levels.

An alternate Proposal is viewed by the City as a Proposal describing an approach to accomplishing the requirements of the Request for Proposal which differs from the approach set forth in the solicitation.

An alternate Proposal may also be a second Proposal submitted by the same Proposer which differs in some degree from its basic or prime Proposal.

Alternate Proposals may be in the area of technical approach, or other provisions or requirements of the solicitation.

END OF SECTION

SECTION 4.0
EVALUATION/SELECTION PROCESS

4.1 REVIEW OF PROPOSALS FOR RESPONSIVENESS

Each Proposal will be reviewed to determine if the Proposal is responsive to the submission requirements outlined in the Solicitation. A responsive Proposal is one which follows the requirements of this Solicitation that includes all documentation, is submitted in the format outlined in this Solicitation, is of timely submission, and has the appropriate signatures as required on each document. Failure to comply with these requirements may result in the Proposal being deemed non- responsive. The Contract will be awarded to the lowest responsible and responsive proposer whose Proposal best serves the interest of and represents the best values to the City in conformity with Chapter 7, Article III of the City code.

4.2 MINIMUM REQUIREMENTS

To be eligible to respond to this Solicitation, the Respondent must be licensed by the state of Florida and demonstrate sufficient capacity, resources and experience to provide said Services pursuant to all applicable sections under Article XXXVIII, Florida Statutes. Any Respondent that fails to meet all the following minimum qualification requirements may be noted as "NON-RESPONSIVE" and may not be evaluated / scored.

4.2.1 The Respondent shall be licensed to do business in the State of Florida. Submit Sunbiz report with your company registered as active.

4.2.2 Respondents must be properly registered to practice their profession and licensed to engage in contracting in the State of Florida at the time of Proposal submission. The Respondent shall submit copies of the following;

- 2-20 Property and Casualty License

4.2.3 References at a minimum, Proposer must provide at least three (3) references of local government clients to which it has provided said Services. If available, such references should be representatives of Florida jurisdictions to which the Proposer is currently providing, or has provided, Services within the last five (5) years.

4.3 EVALUATION PROCESS

A committee appointed by the City's Purchasing Department shall review the responses to this Solicitation for compliance with the requirements and provide an objective evaluation of all Respondents. The committee will be comprised of appropriate City personnel from multiple Departments and/or members of the community, as deemed necessary, with the appropriate experience and/or knowledge, striving to ensure that the committee is balanced with regard to both ethnicity and gender. Criteria weights may be changed by the committee prior to evaluation. The committee's initial evaluation of Respondents shall be on the basis of the specific Project needs and the professional

Services offered by the Respondent as stated in the Qualifying Information submitted, in accordance with those criteria listed below.

4.4 SELECTION CRITERIA

Criteria will be scored on a scale of **"0" to "100"** per evaluator with the maximum number of points available for each criterion as noted in this section. The maximum number of points to be scored under this process is **100 points per committee member**. Scoring is based on a point total per evaluator and not a percentage. The highest ranking Respondent will be determined by using a combination of Respondent's total scores for criteria listed. Selection will not be based solely on lowest price. The City will put each Proposal through a process of evaluation to determine the Respondent's responsiveness to City's needs. Criteria to be considered include:

Criteria	Maximum Points
Ratings and Financial status of companies used to secure quotes (A rating – B+ acceptable or equivalent) and current financial position as established in its most recent audited financial statement	15
Experience of company used to secure quote (include years in operation and responsiveness in claims administration)	15
Experience of the agency/firm in providing Police Professional Liability insurance	15
Experience of agency staff and qualifications of those who will be assigned to this account	15
Methodology & Approach (Cost of Insurance coverage and how well the Company quoted by agency meets the City's expectations regarding coverage, deductible/SIR. etc)	20
References (Use Contract Form A-14)	10
Value Added Services Provided by Vendor	10
Evaluation Score:	**100**

4.5 ORAL PRESENTATIONS

Respondents may be invited to provide an Oral Presentation as a part of the evaluation process for this Solicitation. The Committee will schedule interviews only with selected Respondents. Notice of assigned presentation times will be communicated in advance to the Respondent but may be given short notice of appearance. The purpose of the presentation will be to clarify the Response and ensure a mutual understanding of the Scope of Work. The oral presentation may clarify but may not modify the prior written submission. Verbal exchanges between the presenter(s) and evaluation committee during presentations are intended only for purposes of providing clarification in response to questions from Evaluation Committee. These exchanges are not in any way be construed as a "negotiation" of terms by either party.

4.6 NEGOTIATIONS

The City may award a Contract on the basis of initial offers received, without discussions. Therefore, each initial offer should contain the Proposer's best terms from a monetary and technical standpoint.

Notwithstanding the foregoing, if the City and said Proposer(s) cannot reach agreement on a Contract, the City reserves the right to terminate negotiations and may, at the City Manager's or designee's discretion, begin negotiations with the next lowest responsible and responsive proposer. This process may continue until a Contract acceptable to the City has been executed or all Proposals are rejected. No Proposer shall have any rights against the City arising from such negotiations or termination thereof.

Any Proposer recommended for negotiations may be required to provide to the City:

4.6.1 Its most recent certified business financial statements as of a date not earlier than the end of the Proposer's preceding official tax accounting period, together with a statement in writing, signed by a duly authorized representative, stating that the present financial condition is materially the same as that shown on the balance sheet and income statement submitted, or with an explanation for material change in the financial condition. A copy of the most recent business income tax return will be accepted if certified financial statements are unavailable.

4.6.2 Information concerning any prior or pending litigation, either civil or criminal, involving a governmental agency or which may affect the performance of Services to be rendered herein, in which the Proposer, any of its employees or Subcontractors is or has been involved within the last three years.

END OF SECTION

SECTION 5.0
PROPOSAL FORMAT

IT IS THE RESPONSIBILITY OF THE RESPONDENT TO ENSURE THAT THE PROPOSAL BEING SUBMITTED IS TIMELY, COMPLETE, INCLUSIVE OF ADDRESSING ALL OF THE REQUIREMENTS AND EVALUATION CRITERIA HEREIN.

PLEASE READ THE ENTIRE SOLICITATION BEFORE SUBMITTING A PROPOSAL.

5.1 GENERAL INSTRUCTIONS

Respondents should carefully follow the format and instructions outlined throughout this section, observing format requirements where indicated. All materials (except for plans and schematics, if any) are to be submitted on 8 1/2" X 11" papers, paginated and separated by tabs to identify each required section. Neatly typed and double sided on recycled paper, with normal margins and spacing. All documents and information must be fully completed and signed as required. Also when submitting your one (1) complete scanned electronic copy on CD or DVD in adobe or Word format be sure to promptly label with the your company's name, Solicitation number and title.

Please be concise in all responses. If any category is NOT APPLICABLE, so expressly state. Proposals which do not include the required documents may be deemed NON-RESPONSIVE and may not be considered for evaluation.

5.1.1 COPIES

Submit an original Proposal, be sure to clearly mark "Original" as such. Five (5) complete copies of the original Proposal are requested. Each copy of the Proposal is distributed to the Evaluation Committee if your Proposal copies are incomplete your Proposal may be deemed Non-Responsive.

5.1.2 DIGITALS COPY

Submit One (1) USB flash drive, compact disk (CD) or DVD of your original Proposal. Clearly label digital copy with Solicitation No. & Title and Company Name.

5.1.3 SUBMISSION

Proposals are to be submitted in a sealed envelope bearing the name of the Respondent, company and the address as well as the title and number of the Solicitation no later than the time and date specified in the Project Timetable section of this Solicitation. At which time the Proposals will be opened and read in the Council Chambers by a member of the Purchasing Department.

PROPOSALS RECEIVED AFTER THIS TIME WILL NOT BE CONSIDERED AND NO TIME EXTENSIONS WILL BE PERMITTED

Address your Proposal to City of North Miami, Office of the City Clerk, 776 N E 125th Street, North Miami, Florida 33161 (Please clearly mark Proposal).

5.2 PROPOSAL FORMAT

The Proposal must be in the following format. Failure to include responses to items #1 through #10 in this Section 5.2 may result in the proposer being deemed non-responsive and resulting in the Proposal not being considered.

Separated by a physical tab/divider each require and/or non-require document to insure all necessary documents are not overlooked. You can label each tab as 1, 2, 3, etc. If a tab section does not apply to you, you may put "Not Applicable" on the tab divider page or on a sheet of paper.

LABEL EACH SECTION AS NUMBERED

1. COVER PAGE FORM

The Cover Page Form shall be submitted as part of the Solicitation. This Form must be completely and neatly filled-in. The Cover Page Form shall include the company name, identify the person authorized by law to render the Services (as registered with the State of Florida Division of Corporations) and title. In addition, the Respondent shall include the mailing address, phone number, fax number and e-mail address. The Respondent shall identify one person of authority that will receive all notifications from and will be contacted directly by the City as needed in reference to this Solicitation.

2. PRICE PROPOSAL

The Respondent will be required to propose a percentage of sales fees to be paid to the City in response to this Solicitation. This portion of the Proposal will be taken into consideration when awarding this Solicitation to the Awarded Respondent. A total Price Solicitation (proposed "Contract Price") shall be submitted on the "PRICE PROPOSAL FORM".

3. SUBMITTAL CHECKLIST

The Submittal Checklist shall be submitted as part of this Solicitation. A checklist is provided merely for the convenience of the Respondent and may not be relied upon in lieu of the instructions or requirements provided in this Solicitation.

4. LICENSING

Provide copies of all licenses requested for the Project/Services of this Solicitation.

5. RATINGS OF COMPANIES USED TO SECURE QUOTES

Provide copies of insurance company rating (A+ rating – B+ acceptable or equivalent) and current financial status as delineated in its most recent audited financial statement

Provide documentation on the insuance company's year's in operation (and experience in providing requested coverage)

Comment on insurance company's responsiveness in the administration of claims (substantiate as deemed appropriate)

6. EXPERIENCE OF THE AGENCY/FIRM IN PROVIDING PUBLIC OFFICIAL LIABILITY INSURANCE

The Respondent shall provide a Narrative Description of the company and the project. Included as part of the narrative shall be the following information

- Give the date business was organized and/or incorporated and place of incorporation.
- Indicate whether the business is a parent or subsidiary in a group of firms/agencies.
- Ability to provide type, quality and quantity of services requested, including experience of services, financial status, technical skill, references and satisfactory record of performance.
- A summary of the institution's financial resources (include the latest year audited financial statements and annual report of Insurance Agency and holding company).
- Give the location of the office which will handle the City's account and the number of professional staff personnel at the office. Background information shall be furnished on the personnel handling the City's account.
- State if the business is licensed, permitted and/or certified to do business in the State of Florida, attach copies of all such licenses issued to the business entity.

7. EXPERIENCE OF STAFF AND QUALIFICATIONS THAT WILL BE ASSIGNED TO THIS ACCOUNT

- Provide a resumes for all proposed personnel on the Respondent's team that will be assigned to the Contract to meet the requirements of this Solicitation documents.
    - The resume shall concentrate on the person's experience and qualifications as it relates to the requirements for the Project. Information on resumes shall contain comprehensive data that is easily verifiable.

8. METHODOLOGY & APPROACH TO THE PROJECT

Proposers approach methodology to providing the services requested in this Solicitation:

- Cost of Insurance coverage and ability to fulfill coverage/deductible requirements outlined in this Proposal.
- An explanation of why the Proposer is the best qualified to perform the Contract and demonstrate its qualifications including an item-by-item disclosure outlining how the firm meets or exceeds the requirements of this RFP.
- Suitability of the methodologies and approaches used in achieving tasks

9. SPECIFIC INFORMATION

- Proposal shall include the latest list of ratings from A.M. Best's, Standard & Poor's, or Moody's on the company's quoted;
- Include any specific experience with placing Excess Worker's Compensation Insurance coverage for governmental agencies;
- Provide any supplemental materials which might enhance the City's understanding of the firm, its capabilities and experience.

10. REFERENCES

Respondent must provide at least three (3) references, of work within the last five (5) years, preferably from government agencies related to contracts of similar scope and magnitude as described in this Solicitation. Experience will not be considered unless complete reference data is provided. Use Contract Form A-14.

5.3 CONTRACT FORMS

All Contract forms must be completed (with all blanks filled in), executed and properly notarized.

The following forms must be submitted in the following order:

Respondent Registration (if not registered)

Form A-1 Public Entity Crimes Affidavit

Form A-2 Non- Collusive Proposal Certificate

Form A-5 Acknowledgement of Addenda *(if applicable, attach copies of addendum)*

Form A-6 Disclosure of Subcontractors & Suppliers *(if applicable)*

Form A-7 Insurance Requirements *(Provide copies of the required Insurance)*

Form A-14 References

All of our forms can now be found on our website at: **http://www.northmiamifl.gov/business/purchasing/forms.asp. These forms are fill –in forms. Please ensure to include all applicable forms with your Proposal documents signed and notarized as required. Emailed forms will NOT be accepted.**

In regards to "Form A-5 Acknowledgement of addenda", it is the sole responsibility of the Respondent to check the City's website at (http://www.northmiamifl.gov/departments/purchasing/current_bids_proposals.aspx#bta) for all applicable addends.

END OF SECTION

SECTION 6.0
ATTACHEMENTS, FORMS & APPENDIX

COVER PAGE & CONTACT PERSON INFORMATION

POLICE PROFESSIONAL LIABILITY
INSURANCE COVERAGE SERVICES
RFP 52-13-14

Include this sheet as the very first page of your Proposal. Please complete the entire form in its entirety. The contact person indicated should be someone the City may contact for any questions or provide any correspondence related to this Solicitation.

Legal Name of Proposer(s): _____

Doing Business As (DBA)
If applicable: _____

Federal Employee Identification
(FEIN) Number: _____

Mailing Address: _____

City, State, Zip Code: _____

Contact Persons Name: _____

Title: _____

Email Address: _____

Telephone Number: _____

Fax Number: _____

NORTH MIAMI
FLORIDA

PRICE PROPOSAL FORM

POLICE PROFESSIONAL LIABILITY INSURANCE COVERAGE SERVICES RFP 52-13-14

The prices listed below shall include the total cost to complete the Services including but not limited to materials, labor, equipment, bonds, insurances, etc, as necessary to ensure proper delivery of services and/or products requested by the City of North Miami.

Proposed Coverage/Premium		
Insurance Coverage	**Annual Fixed Sum**	**% of Total Annual Premiums Paid by the Authority**
Wrongful Act:	$	%
Deductible:	$	%
Grand Total:	$	%

Other Items

Insurance Carrier/Rating: _____

Type Policy Form: Claims Made (____) Occurrence (____)

Choice of Council Endorsement: Yes (____) No (____)

- Respondent, individual, partnership, corporation or association responding to this Solicitation certifies that all statements made in this document are true and correct to the best of their knowledge. Also the Respondent agree to hold this offer open for a period of one hundred and eighty (180) days from the deadline for receipt of Response.
- Respondent understand and agree to be bound by the conditions contained in this Solicitation and shall conform with all the requirements.

NORTH MIAMI
FLORIDA

NARRATIVE DESCRIPTION
PROPOSAL SUBMITTAL CHECKLIST

POLICE PROFESSIONAL LIABILITY INSURANCE COVERAGE SERVICES
RFP 52-13-14

This checklist is provided for Proposer's convenience only and identifies the sections of this submittal document to be completed and submitted with each response. Any Proposal received without any one or more of these sections may be rejected as being non-responsive. Please be advised that this checklist may not necessarily complete include all of the requirements listed throughout this Solicitation. It sets guidelines for consideration, and may be added to as the need arises.

Company Name: _____

Each item listed below should immediately follow this checklist, in said order:

No.	Minimum Requirements	Checklist
1.)	State of Florida active Sunbiz Report	☐
2.)	Professional Licenses/Certifications (2-20 Property and Casualty License)	☐
3.)	Company Rating	☐
4.)	References (City Form A-14)	☐
	Narrative Description	
5.)	Experience of the firm in providing Public Official Liability Insurance	☐
6.)	Experience of staff and qualifications that will be assigned to this account	☐
7.)	Methodology & Approach of Service	☐

FOR PURCHASING OFFICE USE ONLY
☐ Complete ☐ Incomplete ☐ Other: _____
Comment: _____

CITY FORMS CHECKLIST

POLICE PROFESSIONAL LIABILITY INSURANCE COVERAGE SERVICES RFP 52-13-14

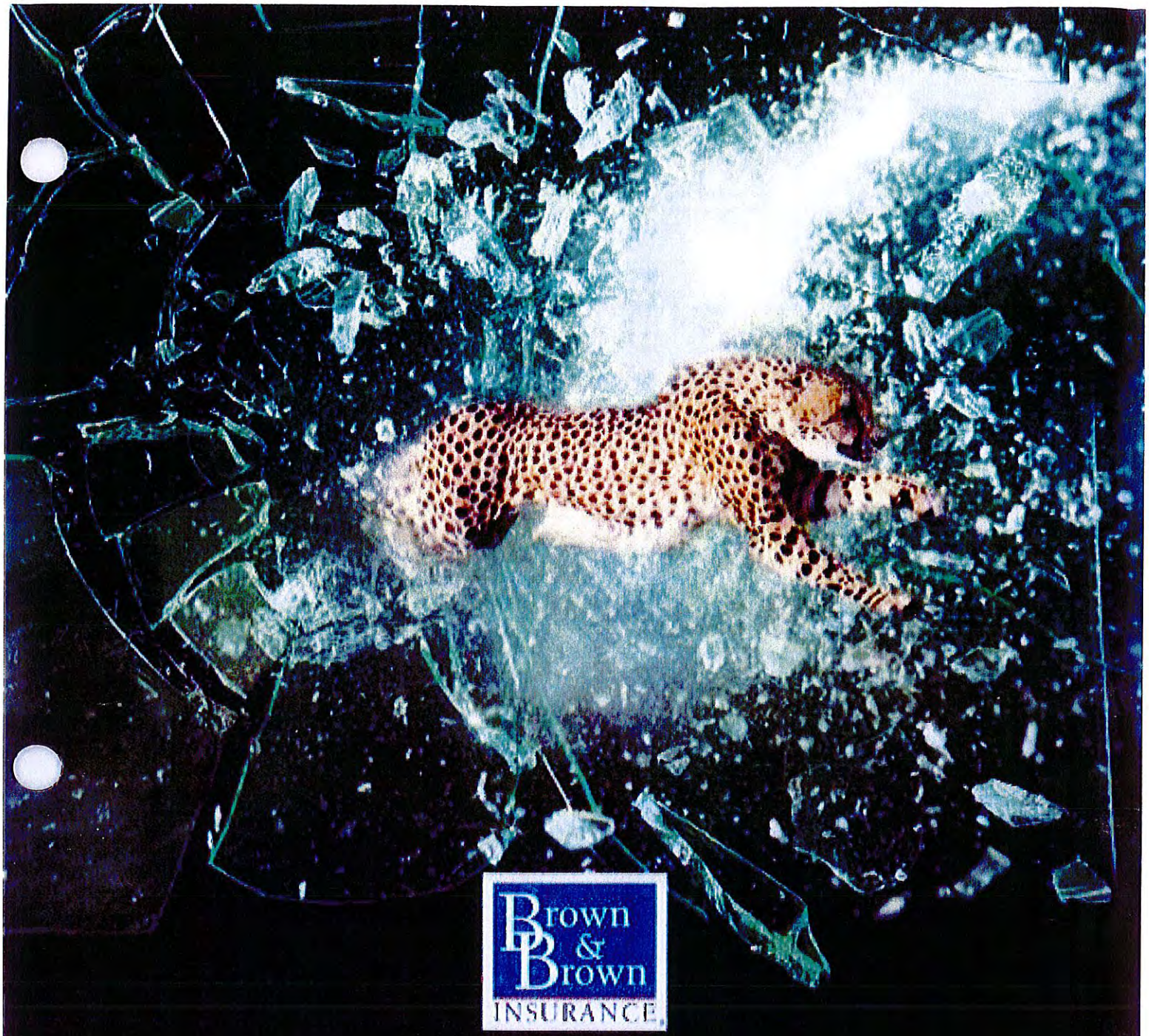
This checklist is provided for Proposer's convenience only and identifies the sections of this submittal document to be completed and submitted with each response. Any Proposal received without any one or more of these sections may be rejected as being non-responsive. Please be advised that this checklist may not necessarily complete include all of the requirements listed throughout this Solicitation. It sets guidelines for consideration, and may be added to as the need arises.

Each item listed below should immediately follow this checklist, in said order:

No.	City Contract Forms	Checklist
1.)	A-1 Public Entity Crimes Affidavit	☐
2.)	A-2 Non- Collusive Proposal Certificate	☐
3.)	A-3 Local Preference Affidavit *(optional)*	☐
4.)	A-5 Acknowledgement of Addenda *(if applicable)*	☐
5.)	A-6 Disclosure of Subcontractors & Suppliers *(if applicable)*	☐
6.)	A-7 Insurance Requirements	☐

All of the City's Forms can be found on our website at: http://www.northmiamifl.gov/department/purchasing/forms.asp. These forms are fill –in forms. Please ensure to include all applicable forms with your Proposal documents signed and notarized as required. Emailed forms will NOT be accepted.

FOR PURCHASING OFFICE USE ONLY		
☐ Complete	☐ Incomplete	☐ Other: _____
Comment: _____		



Brown & Brown INSURANCE

BREAKING BARRIERS

2013 ANNUAL REPORT

BIG IS TOO BIG?
Can any wave be too big?

Is there a limit to how ***FAR*** or ***HIGH*** or ***FAST*** we can go?

Whenever we as humans have reached a new height of achievement in any endeavor and it appears as though a boundary has been drawn in the sand, always... *always*... there is an intrepid explorer or artist or athlete or statesman or scientist who decides, at that moment, that he or she will break down that barrier and draw a new line in the sand.

Everything that has ever been done had never been done until somebody did it.

MOUNT EVEREST

Breaking Barriers®

Dear Shareholders,

2013 was a barrier-breaking record year for our Company, with 13.6% revenue growth and 17.5% earnings per share (EPS) growth. We increased our dividends for the twentieth consecutive year and our net income grew by $33.1 million to $217.1 million. We grew our core commissions and fees revenue organically by 6.7% which generated $75.6 million of new organic growth dollars - a record for our firm and we believe a true testament to our team's commitment to serving our clients.

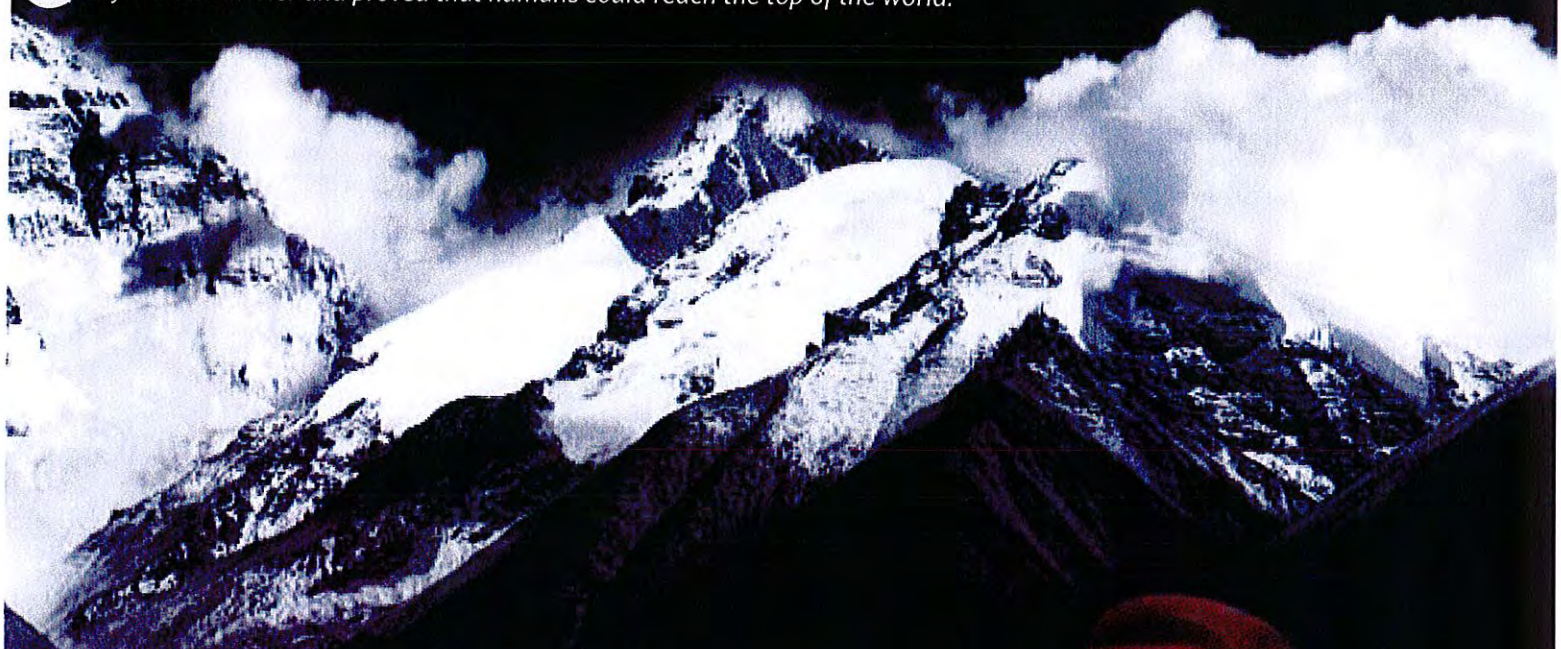
None of this would be possible without our 6,992 teammates across America and in Bermuda and London, who strive every day to deliver the best solutions for our clients. To our teammates, I thank you for everything you do for our team. Without your hard work and dedication, these results would be unattainable. I am very proud of each of you and am honored to work with you and for you.

This year witnessed the formation of the National Retail Council (NRC), a select group of 16 Retail Division leaders through whom all of our 104 retail offices report. The intent of the NRC is to disperse oversight responsibilities for Retail Division offices so that those in charge are fully in touch with the enterprises they help to guide. We believe this leadership structure is the most conducive to the enhancement of organic growth in our largest division. 2013 also marked significant growth in this division, via our acquisition of Beecher Carlson Holdings, Inc., which brought us high-quality teammates, leadership and business, and strengthened our large-account capabilities as well as adding to our programs management and captive management operations in our National Programs Division.

As we continue to evolve from a billion-dollar company to our next intermediate goal of "$2B," we think about growing our business organically and profitably – increasing our free cash annually, recruiting, rewarding and protecting our teammates and investing in high-quality organizations that fit culturally. As we have increased revenues 35% over the past three years, we have continued to focus on four operating principles that we believe are fundamental to our success:

"I am very proud of each of you and am honored to work with you and for you."

It is the highest point on the Earth's surface, and until May 29, 1953 it had never felt the footsteps of human beings. On that day Sir Edmund Hillary and his Sherpa guide Tenzing Norgay (shown to the left) reached the summit utilizing equipment that may have been state-of-the-art at the time, but extremely rudimentary when compared to today's high-tech gear. Most importantly, they broke a barrier and proved that humans could reach the top of the world.



1) Strive to do what is in our clients' best interests each and every time;

2) Recruit, reward, and enhance the best people for the Brown & Brown team;

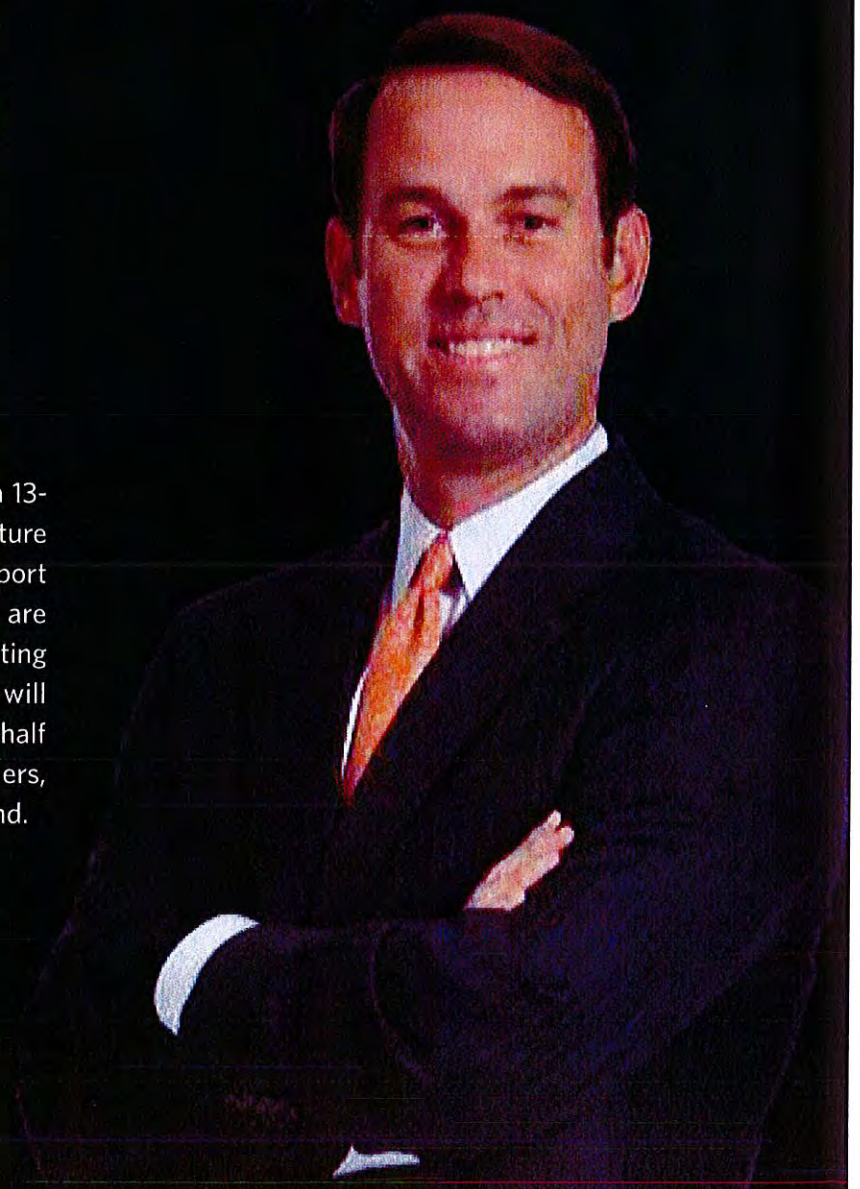
3) Work closely with our carrier partners to provide optimal solutions to our clients; and

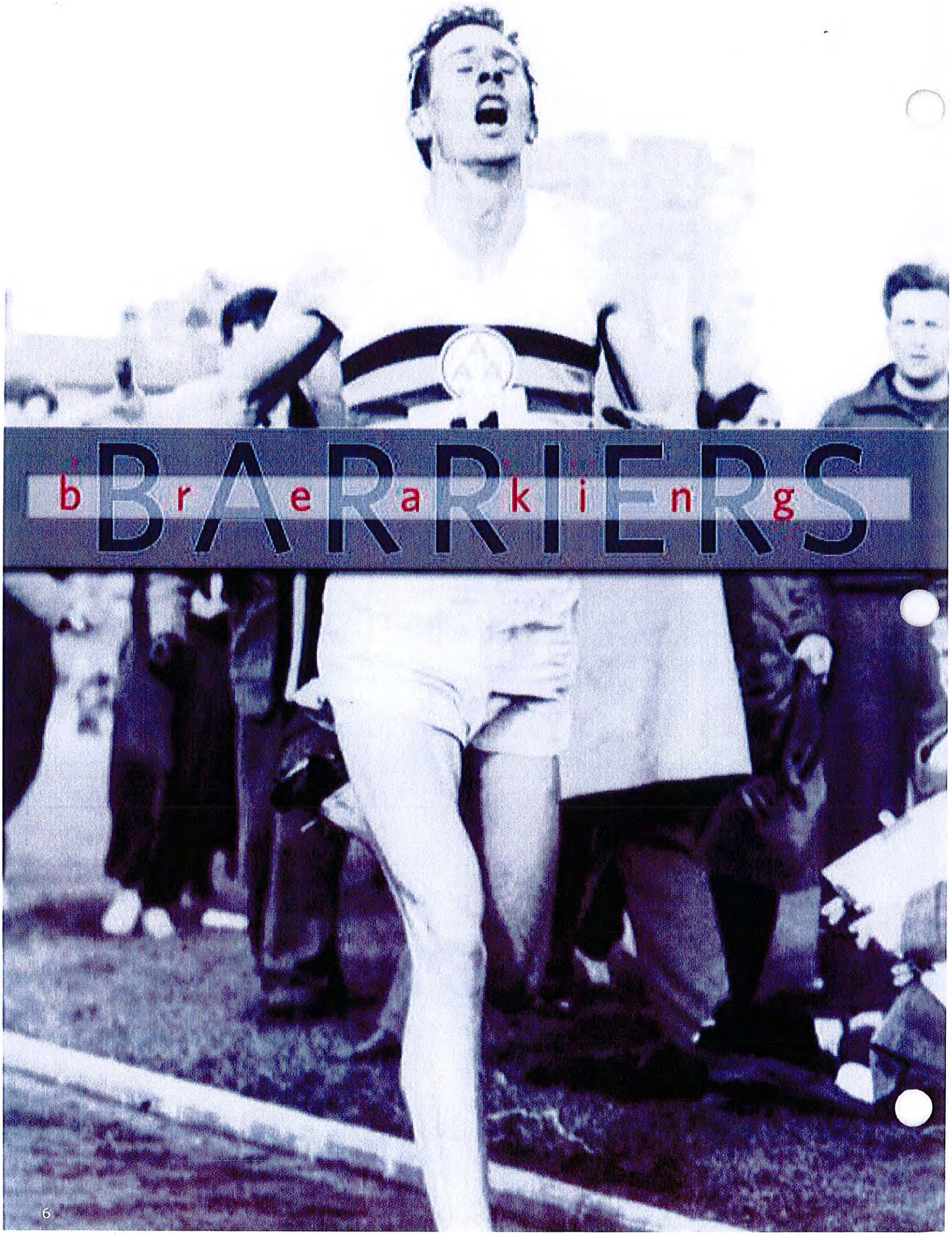
4) Support the communities that we serve.

To our shareholders, although we are measured by a 13-week scorecard each quarter, we think about our culture and investments long-term. We appreciate your support and interest in Brown & Brown. Please know we are committed to delivering profitable growth and generating more free cash to reinvest in our business. We will continue to work tirelessly to "break barriers" on behalf of our clients, and for the sake of you, our shareholders, as we move toward our intermediate goals and beyond.

Regards,

J. Powell Brown, CPCU
President and Chief Executive Officer




BARRIERS
breaking

On May 6th 1954, Roger Bannister did what no human had ever done before: **ran a mile in less than four minutes**, barely beating his main rival John Landry. This was a barrier that seemed unbreakable, through a century of trying and through more than a dozen Olympics and thousands of competitive track meets worldwide.

It all begins with the individual; when someone decides,

"I'm going to do that!"

From the ground up. One teammate at a time.

"I didn't even know what insurance was. I was planning to go into law, but saw the earning potential in the insurance industry. So, I checked it out. I actually learned about Brown & Brown from interviewing with the competition. At least two other companies said they didn't offer training like B&B does. I still thank them for helping me make my decision!"

– **Jeffrey Harrison,**
originally from Marlton, NJ, now working in the Ft. Lauderdale office.

"I studied risk management and insurance in college at Ole Miss and interviewed with Brown & Brown at a career fair. The training B&B provides really attracted me to the company. They are committed to helping me become more knowledgeable and successful in my craft."

– **Hannah Parker,** *originally from Mobile, AL, now working in the Tampa office.*

Kevin Steele

Rocco DeVito

Alan Mong

Hannah Parker

Clint Miller

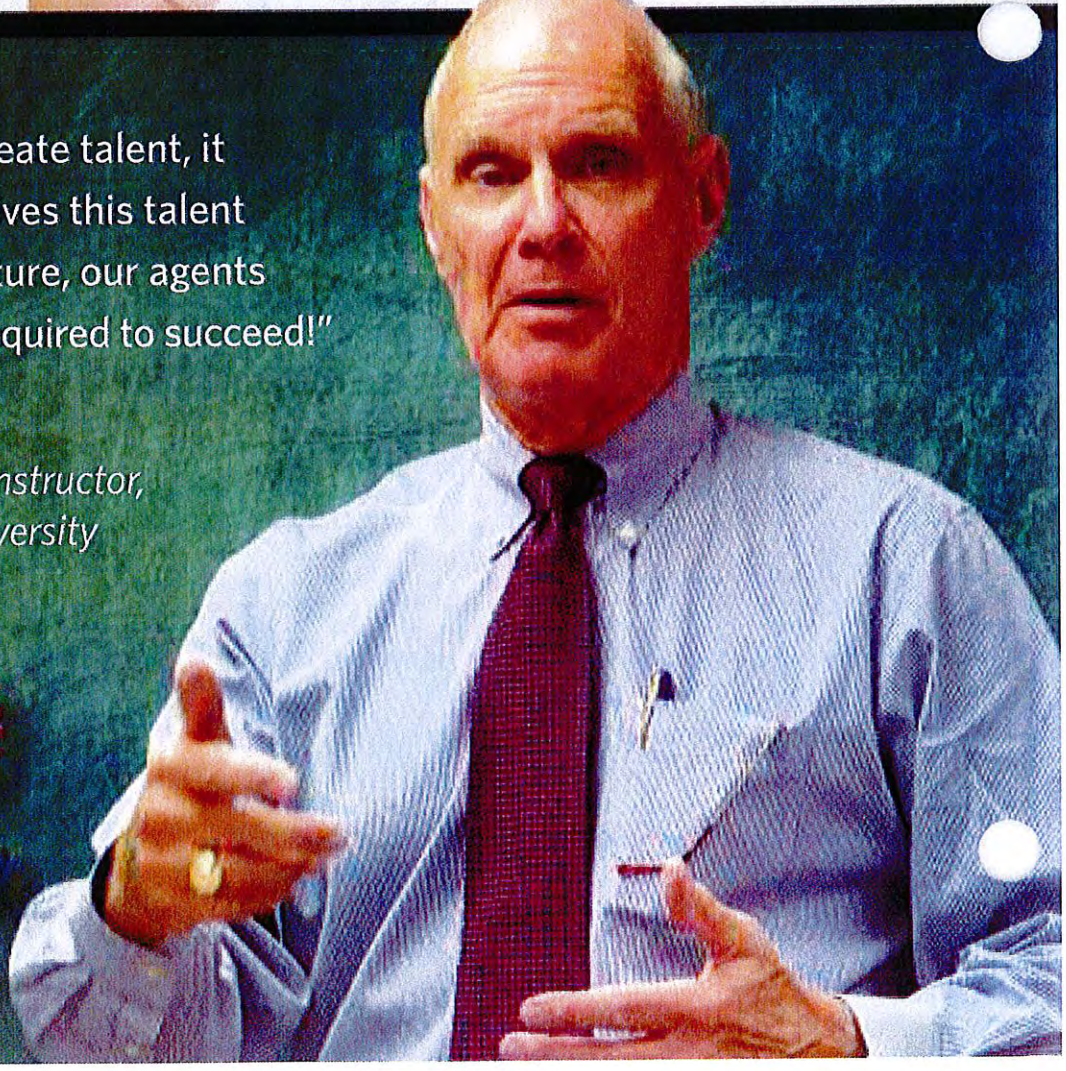
Matt Montgomery

Jeff Beal

At the end of the day, it is the one-to-one interactions between our individual team members and their clients that make the difference—the meetings, the phone calls, the Tweets, texts and emails that take place virtually every minute of the day in the far corners of our enterprises.

These touchpoints—too numerous to mention—are where we build our company. We know and understand that. That's why we recruit, train, nurture and reward the best and brightest in our industry. We find those individuals with the unique mixture of brains, ambition, instincts, savvy, people skills and commitment to customer satisfaction that it takes to be on our team. Then we train them at "Brown & Brown University", an institution we believe to be "best-in-class" in our industry.

Brown & Brown University FL #23 Class

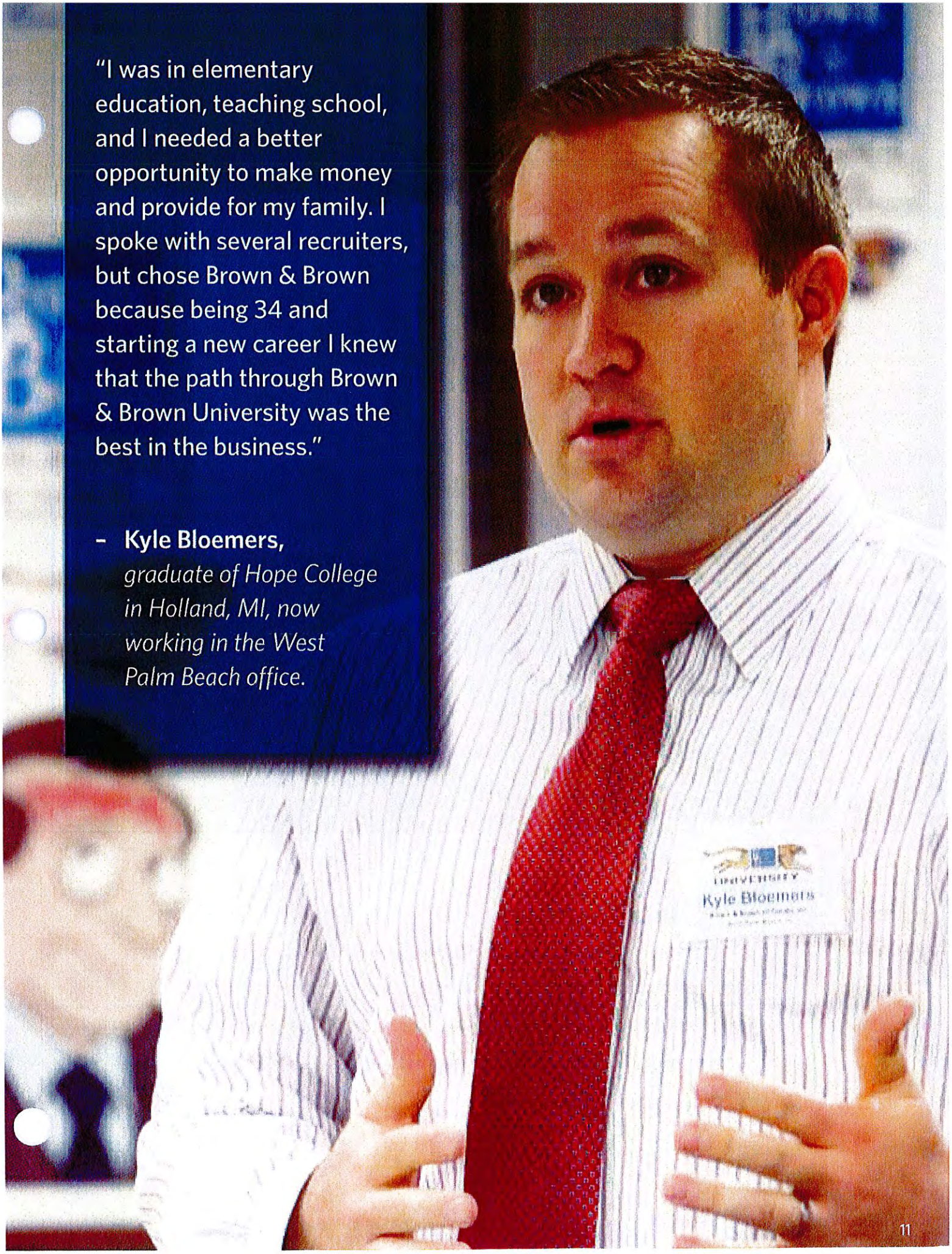


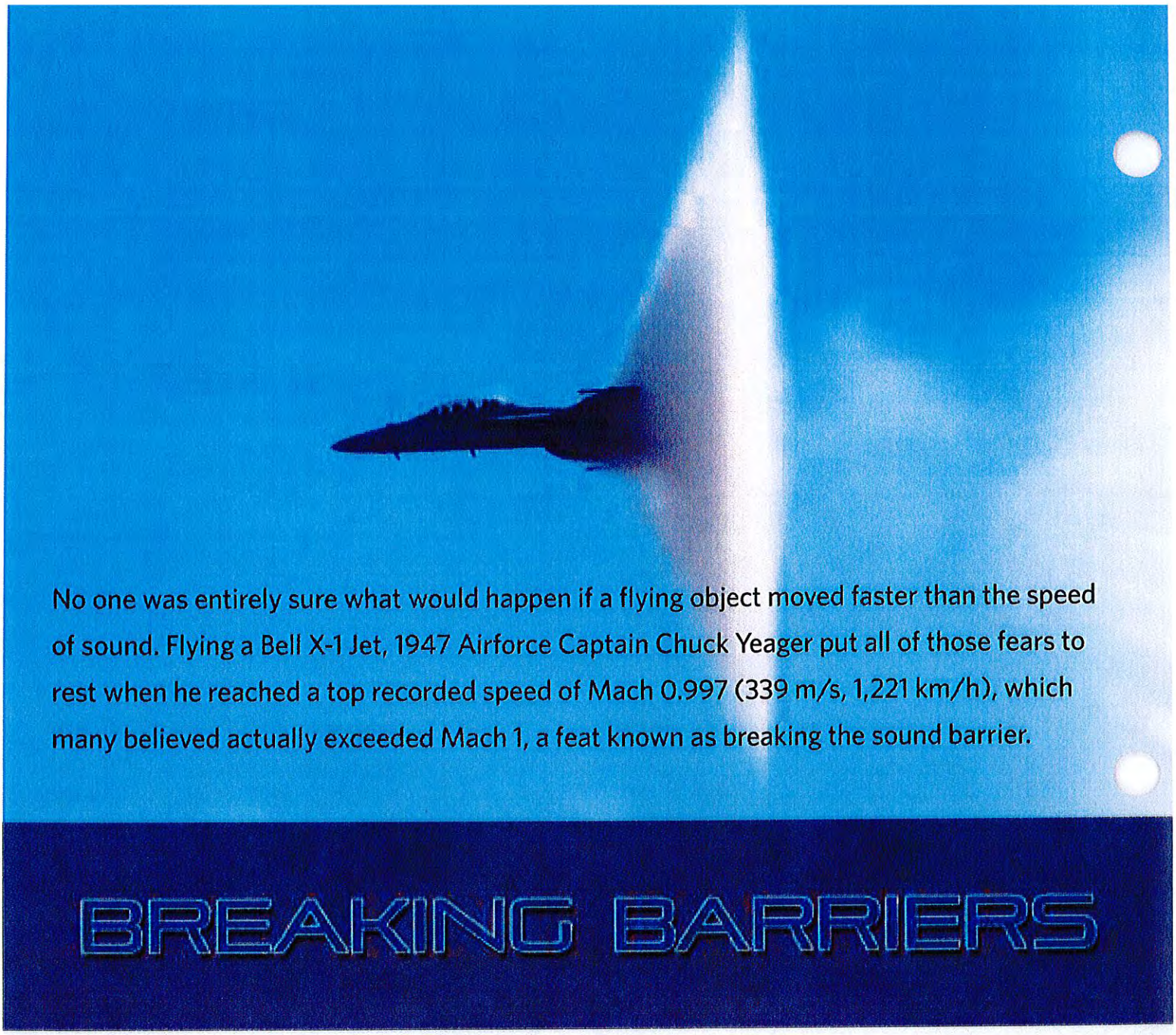
"This class doesn't create talent, it identifies it. Then it gives this talent structure. With structure, our agents gain the confidence required to succeed!"

– **Tom Finwall,** *P&C Instructor, Brown & Brown University*

"I was in elementary education, teaching school, and I needed a better opportunity to make money and provide for my family. I spoke with several recruiters, but chose Brown & Brown because being 34 and starting a new career I knew that the path through Brown & Brown University was the best in the business."

– **Kyle Bloemers,**
graduate of Hope College in Holland, MI, now working in the West Palm Beach office.





The decentralized operational model fostered by Brown & Brown allows each of our local profit centers to chart its own course and build its own success. Corporate leaders are there to provide guidance and knowledge when asked, but we realize that the local team members live in their communities, know the decision-makers, and understand the unique characteristics of people and businesses who live and work there. That's why it is important that we support local efforts, but not dictate a rigid corporate structure that inhibits the personalized approach critical to success in each territory.

"I came in here with a law degree and not one day of experience in the insurance industry. But I was welcomed as a member of this great team and have learned—and continue to learn—so much."

– **Angela Lopez,**
Operations Manager,
Brown & Brown Insurance Services of California, Inc., Orange County; Anaheim, California

IN THE TRENCHES.
ONE PROFIT CENTER AT A TIME.

Sales contests are one way not only to increase books of business but also to build morale and camaraderie. Here the B&B Nevada team of *(pictured left to right)* Michael Enzenbacher, Vice President – Las Vegas Division; Brian Cruden, Executive Vice President; and Charles Litwin, Underwriter-Marketing Manager, go over details for their 2013 incentive trip.

Brown & Brown of Florida, Inc.

Daytona Beach, FL

The Daytona Beach team broke a significant barrier in 2013 by posting nearly $5 million in new business. The successes were a combination of aggressive new sales efforts and, perhaps most importantly, transforming long-term relationships into new business. "We had growth from clients we have been servicing for 20 or more years," explains Brian Lindahl, Senior Vice President - Daytona Beach Division. "It is a testament to the people here who, year in and year out, have provided such outstanding service to these important clients that they entrusted their new business opportunities to our team."

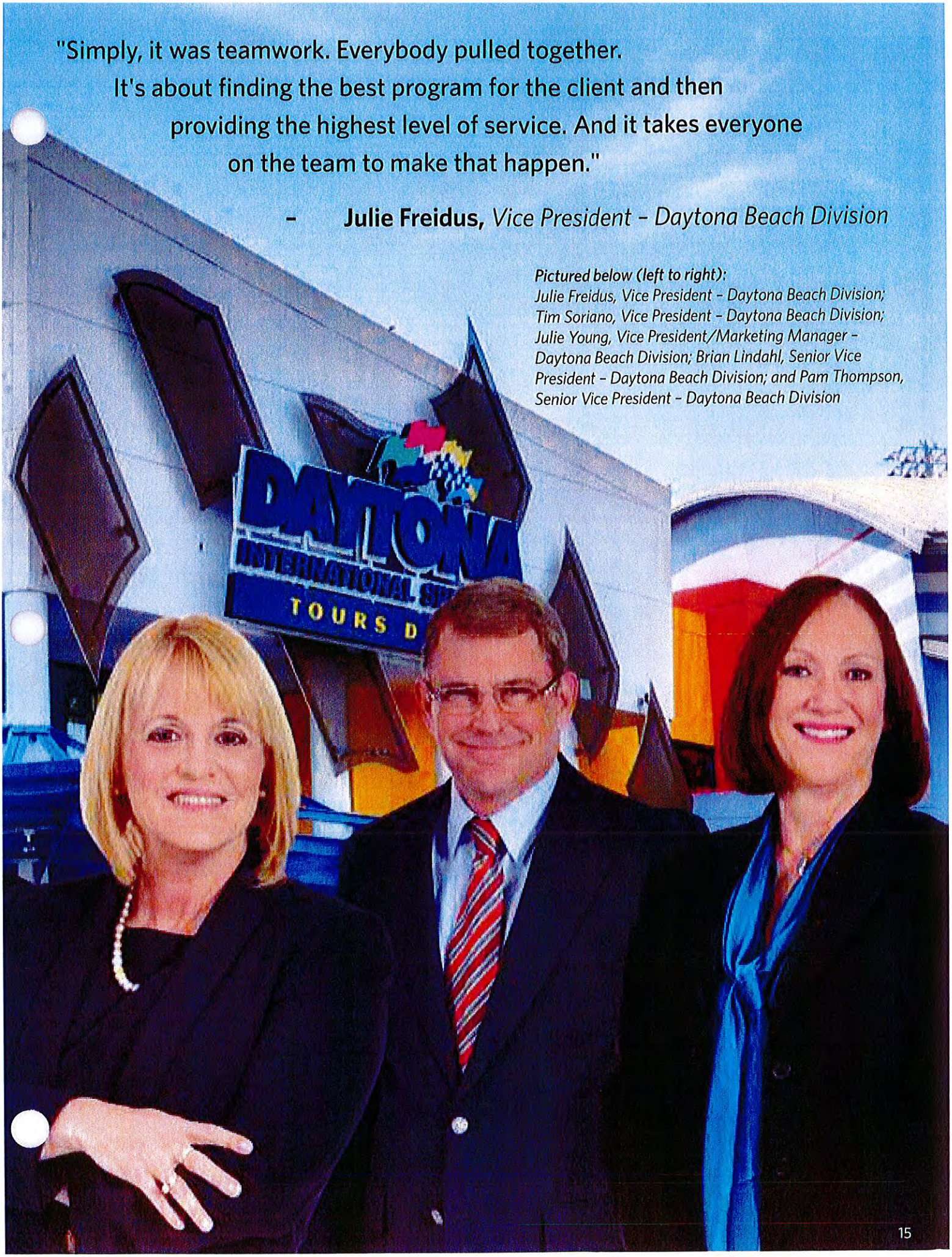
"Everybody stepped up to the plate," adds Alan Florez, Executive Vice President - Daytona Beach Division. "This was a year where everything came together. We are fortunate to have a multitude of professionals who have cultivated relationships that allow us to build a reputation in the marketplace. This puts us in a great position to seize the opportunities when they arise."

Vice President - Daytona Beach Division Tim Soriano adds to those sentiments. "It was a combination of hard work, opportunities, discipline, leadership, camaraderie and competition. We literally have sales contests inside of sales contests, and this year it all paid off."

"Simply, it was teamwork. Everybody pulled together. It's about finding the best program for the client and then providing the highest level of service. And it takes everyone on the team to make that happen."

– **Julie Freidus,** *Vice President – Daytona Beach Division*

Pictured below (left to right):
Julie Freidus, Vice President – Daytona Beach Division; Tim Soriano, Vice President – Daytona Beach Division; Julie Young, Vice President/Marketing Manager – Daytona Beach Division; Brian Lindahl, Senior Vice President – Daytona Beach Division; and Pam Thompson, Senior Vice President – Daytona Beach Division



Brown & Brown Insurance Services of California, Inc., Orange County

Anaheim, CA

According to Tim Casey, Executive Vice President of B&B in Orange County, the Southern California marketplace is by far the most competitive he has experienced during his 13 years with the company. Over the last seven years, the profit center has built a "dynamic team" of people from diverse walks of life and has fostered an environment of trust and collaboration internally between departments. As a result, the profit center was able to break several barriers in 2013: $8.9 million in revenues, a 30% operating profit and more than $1.1 million in new business.

Pictured above (left to right):
Allison Magda, *Sales Manager;*
Angela Lopez, *Operations Manager;*
Tim Casey, *Executive Vice President;*
Nicole Skvarca, *Regional Operations Supervisor; and*
Helen Vits, *Employee Benefits Department Head of Sales*

"Our model is geared towards developing a business plan with a client and then executing that plan. We believe the key to success in keeping clients long-term is to outline goals and expectations on an annual basis and to deliver results."

– **Tim Casey,**
Executive Vice President of Brown & Brown Insurance Services of California, Inc., Orange County

"A lot of agencies are driven by quoting. We don't do that. Through our affiliation with Brown & Brown we have great relationships with carriers and we work with them to develop strategies and tactics that get the job done for our clients."

– **Allison Magda,**
Sales Manager

Brown & Brown Insurance of Nevada, Inc.

Las Vegas, NV

"It was our market dominance as the state's largest broker in the health and welfare space plus B&B's top ten position in the brokerage business that got us in the door. A major player like Wynn is not going to go with a local yokel. But our internal talent is what closed the deal."

– **Brian Cruden,**
Executive Vice President,
Brown & Brown
Insurance of Nevada, Inc.

The leadership team of B&B Las Vegas has only been in place since May of 2012, but it didn't take them long to break a huge barrier and write the benefits program for Wynn Resorts, one of the Strip's most iconic fixtures. It took a combination of local knowledge and hard work plus the power of the Brown & Brown name to seal the deal.

Brian Cruden, Executive Vice President of Brown & Brown Insurance of Nevada, Inc., went on to point out that their approach included a total recalibration of the way Wynn approaches their health and welfare issues and the creation of a business plan that addressed these challenges in innovative ways.

> "We helped them re-engineer the way to think about human capital. It is about solutions, not price."

Pictured below (left to right):
Georges Maalouf, Executive Vice President – Las Vegas Division; Susan Coles, Operations Manager; Dave Lester, Vice President; Clara Cruden, Vice President Client Services; and Brian Cruden, Executive Vice President

The Infinite Barrier

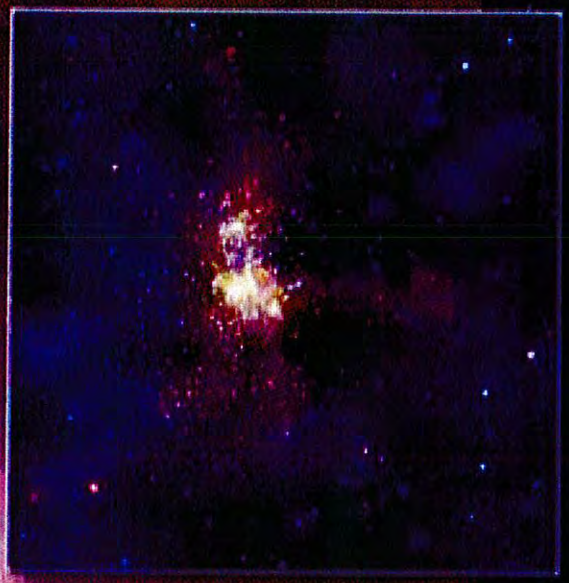
Operators of the Hubble telescope recently aimed its lens at a dark spot in space known as Abell 2744 and held it there. Days later, photos began to arrive, depicting the deepest-ever observations of space. Residing within these deep fields were thousands of galaxies from 3.5 billion to more than 12 billion light years from earth.

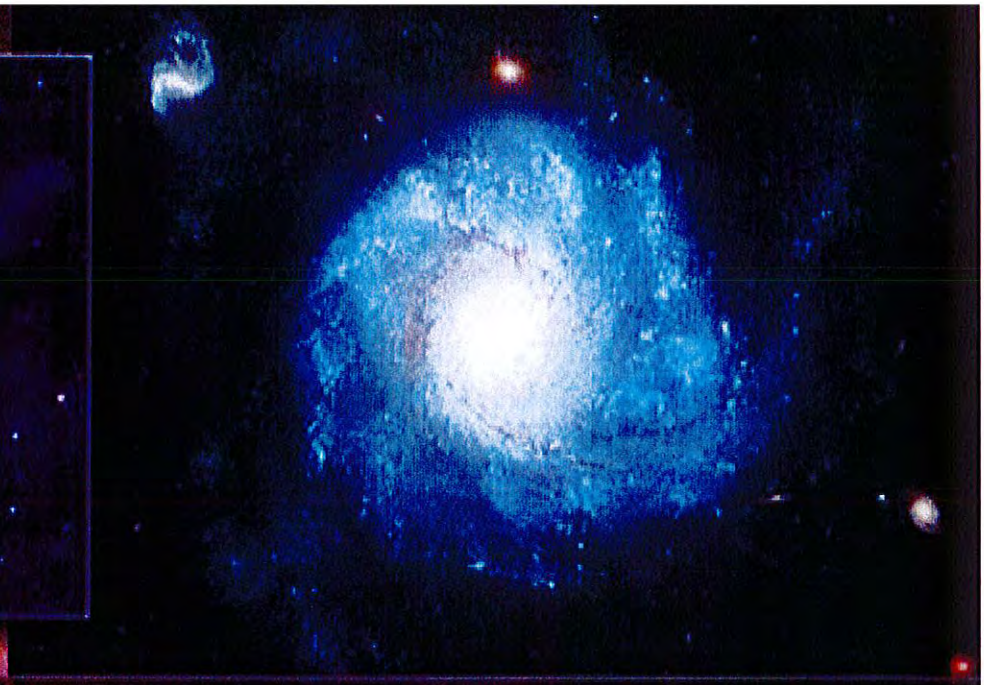
BREAKING BARRIERS

CORPORATE WIDE.

It was, perhaps, the first impossible dream of early humans; the ability to become a bird, to spread wings and take to the sky. Of course, first with the hot air balloon and later with the airplane, we were able to shake loose the chains of gravity. But even the most audacious dreamer would struggle to conceive that one day we would glimpse galaxies billions of light-years away.

The Hubble telescope is an inspiring symbol of the power of dreams and the astonishing teamwork that it takes to achieve them. The world-changing success of the Hubble consumes the talents, vision and dedication of thousands of people: from the metallurgists who designed the tiniest bolts that hold the telescope together, to the chemists who created materials that could withstand the rigors of space, to the programmers who devised the software, to the engineers and scientists whose collective genius lifted this awesome device into space, to the operators and analysts who follow and interpret its discoveries.





Coalescing the individual and company strengths with a vibrant, driven corporate culture.

What you believe in is what you become.

Brown & Brown is committed to achieving new levels of customized client solutions and exemplary customer service. It is not about big ideas. It is about hundreds of small ideas, manifesting themselves every day between those we serve and those who serve them. To innovate. To experiment. To occasionally fail. To ultimately succeed and rewrite history. This is a drive that propels great companies to greater heights, and it is embedded in the culture of Brown & Brown Insurance. We refuse to be ordinary. We reject those who say, "It can't be done." We are an "intra-preneurial" company comprised of people who have built their businesses from the ground up.

And we **BREAK BARRIERS** every day.

Brown & Brown of Garden City, Inc. dba Sobel Affiliates

Garden City, NY

In 2004, the Sobel Affiliates agency broke the century barrier and celebrated its 100th Anniversary. Three years later Alan and Michael Labadorf, the great grandsons of the founder, decided to sell to Brown & Brown. The result? Greater growth and higher profitability than at any time in the company's history—indeed a win-win for the agency and for B&B.

"It couldn't have been a better fit," says Neil Unger, Senior Vice President. "Other than some changes in our systems, we are still managed by the same team, and we are allowed to do things our way. You couldn't ask more from a merger."

"When I first learned of the merger my initial thought was disappointment. I mean, it had been run by five generations of the same family. But Brown & Brown helps you focus on positive changes without getting in your way. These have made us much stronger."

– **Gigi Cabasso**
Senior Vice President

"It took a long time to get me to come to the table. I didn't want to sell and then just go off to Florida and play golf. The Brown & Brown decentralized model which encourages entrepreneurial initiative clinched the deal for me. It could not have worked out better."

– **Michael Labadorf**
Executive Vice President

"We have benefited from the best practices, depth of experience and wider strengths with carriers that Brown & Brown brought to us. And then there is the whole culture. It is positive, innovative and dynamic. It was the best decision we ever made."

– **Alan Labadorf**
Managing Director

Brown & Brown of Washington, Inc.

Seattle, WA

Corporate culture —the sharing of values, vision, ethics and best practices— is a cornerstone of Brown & Brown's success. Our decentralized operations model requires special efforts when previously independent firms combine their expertise, reputations and teams to form a new and stronger Brown & Brown organization. And by its very nature, the merger process creates cultural barriers that need to be broken down.

In Seattle, five different teams embarked on a shared journey to break down these barriers and build a unified commitment to core values. It began with a wedding cake, the layers of which each represented one of the five merging entities. It went on to open discussion forums where teammates could sort through anxieties, unknowns and corporate differences.

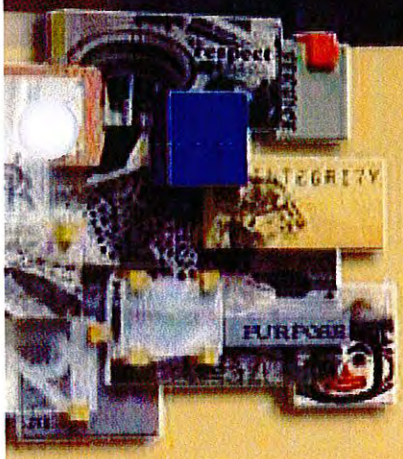
From there the process evolved into the creation of artwork denoting the combining of our shared cultural values, the development of Vision Maps to clearly define the common direction, and other office décor to promote our B&B culture. The very space in which the teams would work was designed around the idea of working as teams in open and fluid spaces: low walls, lots of light, common spaces for teammates to work and gather together. A modern, fresh look and feel, attractive to new generations.

"Each company came from high-walled cubes and offices that tended to isolate team members from one another. We decided to position people by teams of specialty—no more walls—where they could share information. We literally broke down barriers."

- Christina Buchholz, *Employee Benefits Leader*

Pictured below (left to right): *Karen Blonden, Accounting Leader; Ronaldo Manalo, Sales Leader; Sharon Deuman, Operations Director; Kelly Chavez, Benefits Operations Leader; Melanie Van Gelder, Tribal Leader; Jeff Ogard, Personal Lines Leader; Tracy Johnson, Leadership Development; Christina Buchholz, Employee Benefits Leader; and Alex Bogaard, Executive Vice President.*

Pictured above (left to right):
Alex Bogaard, Tracy Johnson and Christina Buchholz.



"We came together, all of us, as a team to identify not what made us different, but rather our common values and aspirations. We each understand that our combined and individual successes are based on the merits of our choices, dedication, attitudes, and performances. We play to win. When we don't, we work hard to improve. When we win, we celebrate the 'we'. "

– **Alex Bogaard**
Executive Vice President of
Brown & Brown of Washington, Inc.

"To promote teamwork, when Brown & Brown initiated the "InterZone Sales Contest", we developed an intra-office contest for our people. We wanted them to have an opportunity to be rewarded for their efforts – just as we reward the Sales Team."

– **Tracy Johnson,** *Leadership Development (HR) Leader*

The
RETAIL DIVISION

Total revenues for 2013 were **$728.3 million,** a **13.0% increase** over 2012.

RETAIL DIVISION OFFICE LOCATIONS

Arizona
Arkansas
California
Colorado
Connecticut
Delaware
Florida
Georgia
Hawaii
Illinois
Indiana
Kentucky
Louisiana
Massachusetts
Michigan
Minnesota
Mississippi
Nevada
New Hampshire
New Jersey
New Mexico
New York
Ohio
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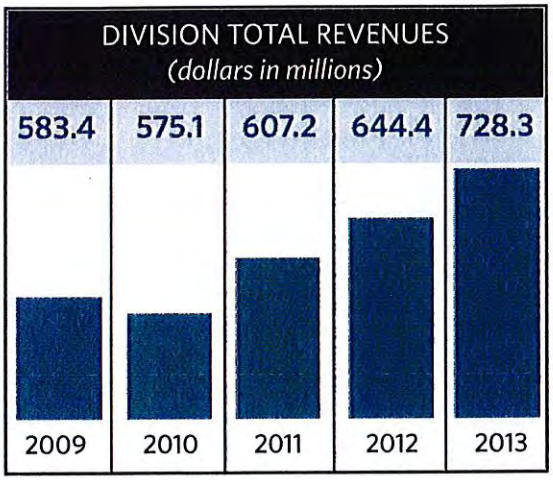
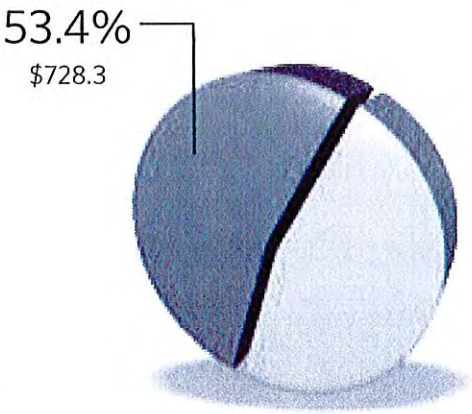
Virginia
Washington
Wisconsin

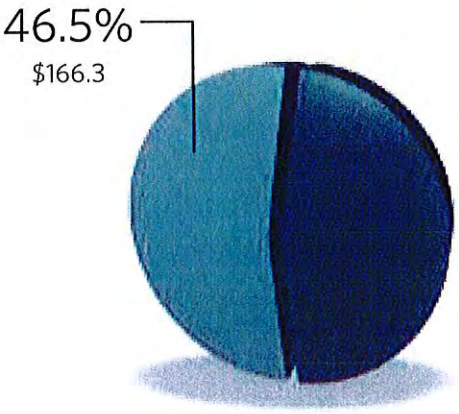
Outside US
Bermuda
Cayman Islands



CONTRIBUTION TO TOTAL REVENUES
(dollars in millions)



CONTRIBUTION TO INCOME BEFORE INCOME TAXES
(dollars in millions)



During 2013 our 104 Retail profit centers, with 150+ locations spread across 36 states and staffed by 3,500 + insurance professionals, were responsible for generating 53.4% of Brown & Brown's total revenues. Our core organic commissions and fees revenue grew each quarter (1.5% annualized), operating profit margin[1] increased by 20 basis points to 32.5%, and profit-sharing contingent commissions and guaranteed supplemental commissions (GSC) grew by 23.6%.

The principal categories of insurance we sell include property insurance relating to physical damage to property and resultant interruption of business or extra expense caused by fire, windstorm or other perils; casualty insurance relating to legal liabilities, workers' compensation, and commercial and private passenger automobile coverages; and fidelity and surety bonds. Additionally, we sell and service group and individual life, accident, disability, health, hospitalization, medical and dental insurance.

A landmark strategic change was instituted by Retail Division President Charlie Lydecker in 2013, with the creation of the National Retail Council ("NRC"). This 16-member group of Retail leaders oversees all facets of recruitment, training, retention, sales and operations of every Retail profit center. Each office is the responsibility of one of the NRC members thus offering significantly increased contact and guidance. Meeting as needed, but not less often than every 60 days, the NRC provides a forum for the sharing of ideas and solutions across the entire retail space, while also ensuring we have the "right people in the right seats" throughout the country.

We continue to seek out and attract the highest quality individuals as evidenced by the successes of our 177 newly hired producers in our Property & Casualty and Employee Benefits ranks (excludes those producers joining us via acquisition). Our pipeline of talent principally comes from our close relationships with professors and counselors at several major universities. That talent is then systematically developed within Brown & Brown through our comprehensive educational and training network of "B&B University." This rigorous two-year training program prepares graduates to excel in the technical world of insurance intermediaries.

On July 1, 2013, we completed the largest acquisition in our history with the purchase of the $106 million-revenue Beecher Carlson operations, headquartered in Atlanta, Georgia. Our new teammates' sophisticated large-account focus is expected to provide an excellent adjunct to many of our existing clients' expanding insurance requirements. The combination of Beecher Carlson's unique analytical tools in the hands of its experienced staff and our current retail market presence creates a compelling opportunity. Regional Vice President and Profit Center Leader Steve Denton's position on the NRC will facilitate a rapid and effective coalescing of these resources.

Healthcare coverage issues continue to be in the forefront of our clients' minds. B&B's National Employee Benefits Committee, headed by Pattysue Rauh, CPA, remains committed to educating our insurance professionals on all aspects of current regulations while closely monitoring pending legislation. The Brown & Brown Insurance Employee Benefits Marketplace℠ is a fully operational and extremely valuable healthcare exchange facility for the thousands of employees of our clients. The third annual company-wide Benefits Symposium, another opportunity for the sharing of creative ideas amongst our Benefits professionals, who currently handle $225 million, or 31% of our annual Retail revenue, will be held in April 2014.

A heightened focus on our insurance carrier partners has already been fostered through the formation of the NRC. Each NRC member has a defined geographic concentration which enhances the ability of regional and national insurance carriers to target specific, common client needs. With decentralization continuing to be our overarching mantra, we are now able to be better understood and compensated by the insurance carrier community.

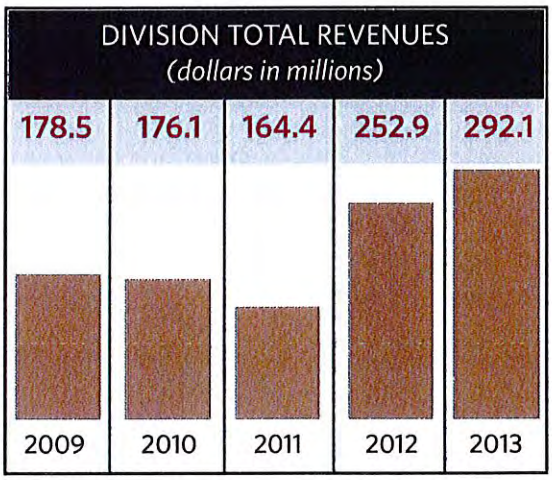
[1] Income before income taxes plus interest expense, amortization, and change in estimated acquisition earn-out payables; divided by total revenues.

The
NATIONAL PROGRAMS DIVISION

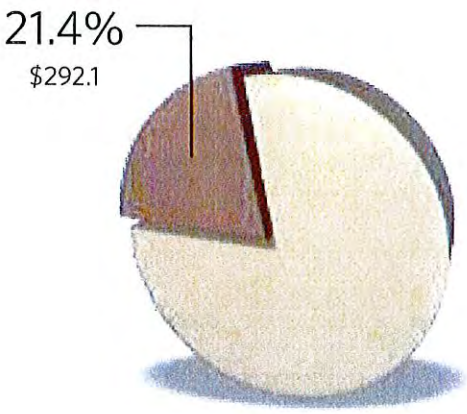
Total revenues for 2013 were **$292.1 million,** a **15.5% increase** over 2012.

NATIONAL PROGRAMS DIVISION OFFICE LOCATIONS

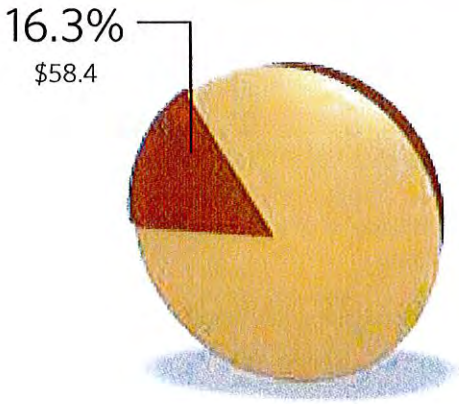
Arizona
California
Colorado
Florida
Georgia
Illinois
Indiana
Kansas
Michigan
Minnesota
Missouri
New Jersey
New York
Oklahoma
Oregon
Pennsylvania
Texas
Utah
Washington



CONTRIBUTION TO TOTAL REVENUES
(dollars in millions)



CONTRIBUTION TO INCOME BEFORE INCOME TAXES
(dollars in millions)



Our National Programs Division can be viewed as two broad groups: Professional Programs and Property/Casualty Programs. This Division manages or administers more than 50 different programs that provide a broad spectrum of insurance products and services to our clients.

In most cases, the insurance carriers that underwrite the programs have delegated underwriting and, in many instances, claims-handling authority to our programs operations. These programs are generally distributed through nationwide networks of independent agents and offer targeted products and services designed for specific industries, trade groups, professions, public entities and market niches. Basically, they can be broken down into four categories:

1. Professional Programs
2. Commercial Programs
3. Public Entity-Related Programs
4. Arrowhead Insurance Group Programs

Professional Programs provides professional liability and related package insurance products for certain professionals. Professional Programs tailors insurance products to the needs of a particular professional group; negotiates policy forms and coverage with an insurance company; and, in certain cases, secures the formal or informal endorsement of the product by a professional association or sponsoring company.

Professional groups that Professional Programs services include dentists, lawyers, accountants, optometrists, opticians, insurance agents, financial advisors, registered representatives, securities broker-dealers, benefit administrators, real estate brokers, real estate title agents and escrow agents.

Commercial Programs markets targeted products and services to specific industries, trade groups, public and quasi-public entities and market niches. Most of our special programs are marketed and sold through independent agents, however some are marketed and sold directly to insured customers.

Public Entity-Related Programs focus on providing various insurance programs specifically for cities, municipalities, school boards and quasi-governmental agencies. These insurance coverages can range from providing fully insured programs to establishing risk retention insurance pools to excess and facultative specific coverages.

Arrowhead General Insurance Agency, Inc. ("Arrowhead") is a national insurance program manager and one of the largest general agents in the property and casualty insurance industry in the United States. Based in San Diego, California, Arrowhead acts as a "virtual insurer" by providing outsourced product development, marketing, underwriting, actuarial, compliance and claims and other administrative services for more than 20 insurance carrier partners. While Arrowhead has full underwriting authority from its carrier partners, it does not assume any underwriting risk. Arrowhead also provides third-party claims administration services through its subsidiary, American Claims Management, Inc.

Brown & Brown has been in the program business since the 1970's, and today we are one of the largest program operators in the United States. At the start of 2000, the National Programs Division's total revenues were approximately $32.6 million, or 13.7% of our consolidated revenues, whereas today, the Division's total revenues are $292.1 million, or 21.4% of our consolidated revenues. We steadily grew the Programs Division since 2000, both organically, as well as through acquisitions, by attracting at least one program operator to join us in eight of the last twelve years. We acquired Cal-Surance in 2002, our Washington State public entity pool manager in 2003, Proctor Financial in 2004, and American Specialty in 2005, and with our January 2012 acquisition of Arrowhead, we have fortified our position.

Other outstanding programs in this Division provide insurance coverages and insurance solutions for: coastal and inland high-value condominiums and apartments; dry cleaners, linen supply and uniform rental companies; commercial and private shippers for small packages and parcels; and clients in professional sports, motor sports, amateur sports and the entertainment industry.

The

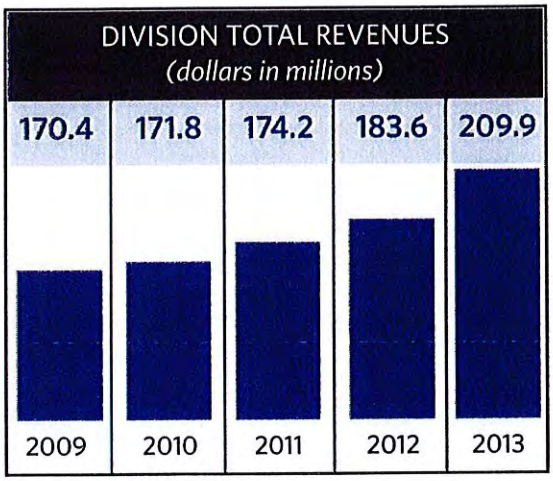
WHOLESALE BROKERAGE DIVISION

Total revenues for 2013 were **$209.9 million,** a **14.4% increase** over 2012.

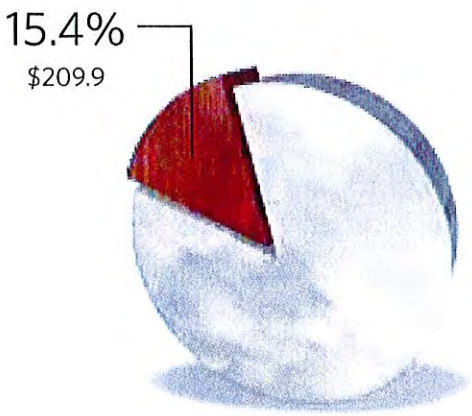
WHOLESALE BROKERAGE DIVISION OFFICE LOCATIONS

California
Colorado
Florida
Georgia
Hawaii
Illinois
Louisiana
Maryland
Minnesota
Missouri
Montana
New Jersey
North Carolina
Oklahoma
Oregon
Pennsylvania
Texas
Virginia
Washington
West Virginia

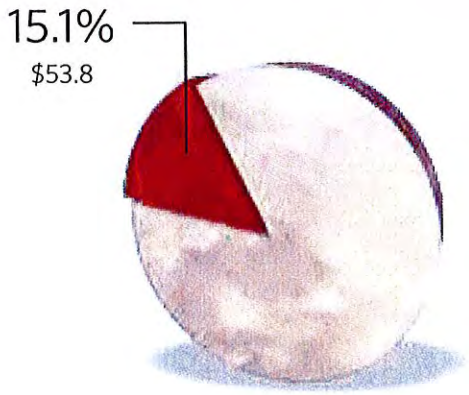
Outside US
London, England



CONTRIBUTION TO TOTAL REVENUES
(dollars in millions)



CONTRIBUTION TO INCOME BEFORE INCOME TAXES
(dollars in millions)



Our Wholesale Brokerage Division markets excess and surplus commercial and personal insurance products to retail insurance agencies, and reinsurance products and services to insurance companies throughout the United States. Our Wholesale Brokerage Division can be categorized into two broad groups: (1) Brokerage operations and (2) Binding Authority operations.

BROKERAGE OPERATIONS

Our Brokerage operations represent various U.S. and U.K. surplus lines insurance companies, and certain of our offices are also Lloyd's of London correspondents. Generally, our brokers focus on either property coverages or casualty coverages, such as general liability, product liability or professional liability coverages.

BINDING AUTHORITY OPERATIONS

Our Binding Authority operations represent admitted insurance companies for smaller agencies that do not otherwise have access to certain insurance company representation. Our Binding Authority teams have contracts with specialty lines companies that give us the authority to directly quote and issue policies. To be successful in this business, over a long period of time, we have to think like insurance company underwriters by understanding the risks and determining the appropriate premiums to be charged for such risks. It is our combined market product, expertise and quick turnaround times that enable us to meet our goal of efficiently binding accounts with the best coverages and at the most competitive prices available.

The newest addition to our Binding Authority team is Texas Security General Agency, Inc. ("Texas Security"), who joined us in September 2012. Texas Security is located in San Antonio and provides insurance services for over 2500 agents in the state of Texas. At the time of the acquisition, 85% of Texas Security's business was focused on providing E&S personal lines coverage through multiple binding authority contracts, primarily via small premium transactions.

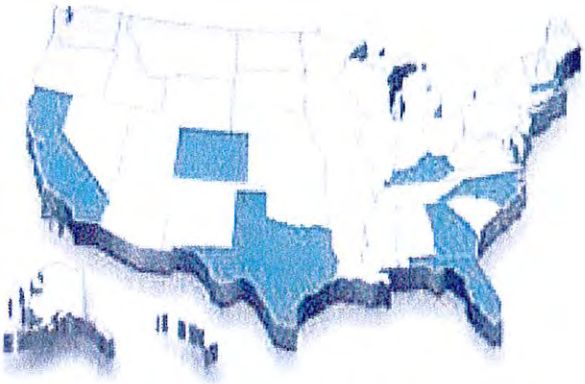
Since joining Brown & Brown, Texas Security has found multiple synergies that have allowed them to grow the commercial lines segment of their business. Using markets that were made available to them after joining B&B, the commercial lines segment has grown from just under $400,000 in net revenue to over $1.1 million, with continued growth expected in 2014. This growth has been fueled by increased market presence in the commercial property, casualty, and transportation segments, despite moderating rates. Texas Security has also found increased name recognition in the insurance marketplace since joining B&B, which has helped with recruiting talented people as well as selling insurance.

Our Binding Authority operations have consistently broken barriers of growth and profitability, and for 2013, these operations represented 57% of the Division's total revenues. The success of Binding Authority has been evident even through years of rate volatility, market changes and economic downturns, and is driven by a long history of strong carrier relationships and some of the best retail agents nationwide. Binding Authority is high-volume, fast-paced business, so it is imperative to have underwriters and brokers with a strong work ethic who are well-seasoned with experience and strong relationships to quickly provide what is needed for the retail agents on every single account. Our brokers strive to communicate constantly with their independent agents to ensure there is full awareness of the markets and products available.

Our Binding Authority operations never settle for average. We constantly seek to have the best carriers with the best products. We need to have more insurance underwriting capacity and more products than our competitors. Our goal is to be the top performer with our insurance company partners so that they can provide the best risk solutions for every one of our clients.

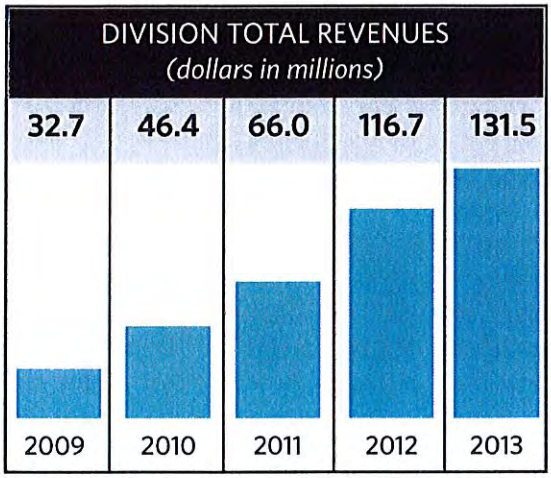
The
SERVICES DIVISION

Total revenues for 2013 were **$131.5 million,** a **12.6% increase** over 2012.

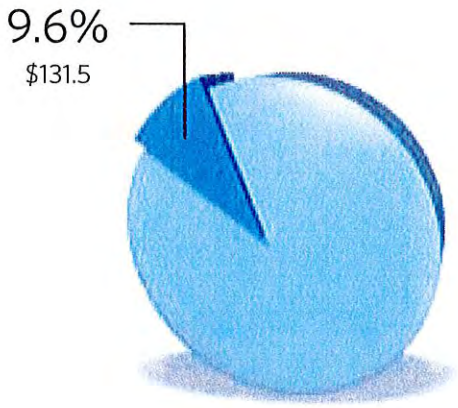


SERVICES DIVISION OFFICE LOCATIONS

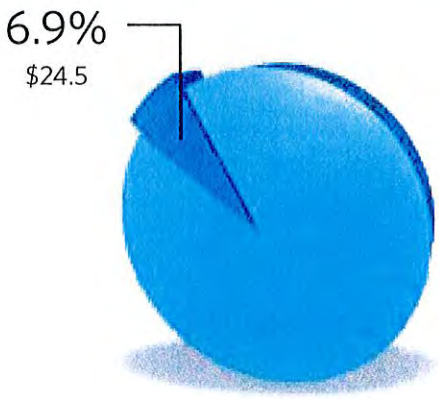
California
Colorado
Florida
Georgia
Kentucky
Massachusetts
North Carolina
Texas



CONTRIBUTION TO TOTAL REVENUES
(dollars in millions)



CONTRIBUTION TO INCOME BEFORE INCOME TAXES
(dollars in millions)



Our continued focus is to provide high-quality back-office services to our ever expanding client base, primarily to many of our insurance carrier partners.

The Services Division is comprised of: USIS, Inc. ("USIS®"); Preferred Governmental Claim Solutions, Inc. ("PGCS®"); AmeriSys®, a division of USIS.; NuQuest/Bridge Pointe® and Protocols®; The Advocator Group℠; Colonial Claims Corporation ("Colonial Claims"); American Claims Management, Inc. ("ACM"); and ICA, LP ("ICA"). These operations provide clients with 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 and Social Security disability and Medicare advocacy services. Unlike our other three divisions, the Services Division's total revenues are primarily derived from fees.

Our newest acquisition in the Services Division is ICA, which joined us in December 2013. ICA provides comprehensive claims management solutions for both personal and commercial lines of insurance. ICA is a national service provider for daily and catastrophe claims, vendor management, TPA operations and staff augmentation. Their claims services also include first notice of loss, fast track, field appraisals, quality control and consulting. ICA also offers training and educational opportunities to independent adjusters nationwide in our regional training facilities.

ACM, which accounts for 28.5% of the 2013 divisional total revenues and 9.5% of the 2013 divisional operating profits[1], is a national third-party administrator which provides insurance claims handling and related services, primarily related to commercial and personal lines claims. ACM handles all aspects of the claims administration process including claims adjusting, administration, subrogation, litigation, and data management services. ACM currently provides claims administration services for all the programs in which our Arrowhead operations are involved.

The Advocator Group accounts for 21.0% of the 2013 divisional total revenues and 20.7% of the 2013 divisional operating profits[1]. Founded in 2002, The Advocator Group is dedicated to helping individuals apply for and obtain Social Security Disability Insurance (SSDI). Advocating for over 10,000 individuals each year, the organization's mission is to help preserve or improve the financial well-being and quality of life of clients. The Advocator Group partners with long-term disability insurance carriers, employers and third-party administrators to ensure a seamless transition and coordination of ongoing disability benefits. Aevo Insurance Services, LLC, a subsidiary of The Advocator Group, provides health plan selection and enrollment assistance for Medicare beneficiaries. In addition, Adeo Solutions, a division of The Advocator Group, offers second injury fund reimbursement and other services to the workers' compensation insurance market.

Colonial Claims, which accounts for 18.1% of the 2013 divisional total revenues and 40.2% of the 2013 divisional operating profits[1], is one of the premier catastrophe adjusting companies in the nation, with the ability to deal with losses associated with all perils and major catastrophes. For the last 20 years, Colonial Claims has led the nation yearly in volume of National Flood Insurance Program claims adjusted. Additionally, many of Colonial Claims' cadre of adjusters have liability and environmental adjusting experience. In the course of its history, Colonial Claims has represented more than 100 property and casualty and surplus lines insurance carriers.

USIS and PGCS, which account for 18.4% of the 2013 divisional total revenues and 10.0% of the 2013 divisional operating profits[1], provides comprehensive risk management and third-party administration services for insurance entities and self-funded or fully-insured workers' compensation and liability plans.

AmeriSys, a division of USIS, is a licensed and certified provider of medical management and managed care programs specifically designed for workers' compensation insurance programs and plans. Services provided as components of these programs include case management; utilization review and management; client access to custom developed medical provider networks (PPOs); and return-to-work programs and initiatives. AmeriSys works hard for and with their customers providing the services and resources needed to best contain medical costs while preserving patient satisfaction, all in an effort to assist occupationally ill or injured employees to stay or promptly return to their work. In addition, beginning in the last quarter of 2013 AmeriSys became the provider for the State of Florida medical management program.

NuQuest/Bridge Pointe and Protocols, which account for 14.0% of the 2013 divisional total revenues and 19.6% of the 2013 divisional operating profits[1], provide a full suite of Medicare Secondary Payer compliance-related services, including Medicare set-aside services, medical cost projection services, Medicare conditional payment resolution and professional administration of settlement funds, to more than 300 insurance carriers, third-party administrators, self-insured employers and claimants nationwide. These entities assist with enforcement of the Medicare Secondary Payer Statute ("MSP"), which is intended to ensure that Medicare does not make primary payment to health care providers when another responsible payer exists. Medicare's enforcement rights under the MSP continue to be strengthened, most recently by a new federal law that has resulted in increased opportunities with workers' compensation, liability insurance (including self-insurance) and no-fault claims.

[1] Income before income taxes plus interest expense, amortization, and changes in estimated acquisition earn-out payables.

Board of Directors

J. Hyatt Brown
CPCU, CLU
Chairman
Brown & Brown, Inc.

J. Powell Brown
CPCU
President & Chief Executive Officer
Brown & Brown, Inc.

Samuel P. Bell, III, Esq.
Of Counsel to the law firm of Pennington, Moore, Wilkinson, Bell & Dunbar, P.A.
Acquisition Committee; Compensation Committee, Chairman

Wendell S. Reilly

Samuel P. Bell, III, Esq.

Toni Jennings

H. Palmer Proctor, Jr.

Bradley Currey, Jr.

J. Hyatt Brown

Hugh M. Brown
Founder and former President &
Chief Executive Officer, BAMSI, Inc.
Audit Committee; Nominating/Corporate Governance Committee

Bradley Currey, Jr.
Former Chairman &
Chief Executive Officer,
Rock-Tenn Company
Acquisition Committee; Nominating/Corporate Governance Committee

Theodore J. Hoepner
Former Vice Chairman,
SunTrust Bank Holding Company
Acquisition Committee; Audit Committee, Chairman; Compensation Committee

James S. Hunt
Former Executive Vice President
and Chief Financial Officer,
Walt Disney Parks and Resorts Worldwide
Audit Committee; Compensation Committee

Toni Jennings
Chairman, Jack Jennings & Sons;
Former Lieutenant Governor,
State of Florida
Compensation Committee; Nominating/Corporate Governance Committee

Timothy R. M. Main
Managing Director, Evercore Group LLC
Acquisition Committee

H. Palmer Proctor, Jr.
President/Director, Fidelity Bank
Acquisition Committee; Audit Committee

Wendell S. Reilly
Managing Partner,
Grapevine Partners, LLC
Acquisition Committee, Chairman; Nominating/Corporate Governance Committee

Chilton D. Varner
Partner, King & Spalding LLP
Lead Director; Compensation Committee; Nominating/Corporate Governance Committee, Chairman

J. Powell Brown

Hugh M. Brown

James S. Hunt

Chilton D. Varner

Theodore J. Hoepner

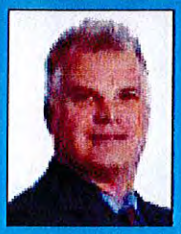
Timothy R. M. Main

Leadership Overview

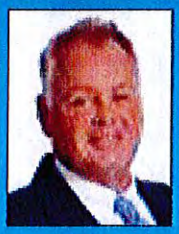
Linda S. Downs
CPCU, AIA
Chief Operating Officer & Regional President

C. Roy Bridges
CIC
Regional President

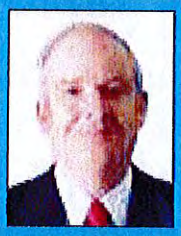
Charles H. Lydecker
CPCU, CIC, AIM
Retail Division President



J. Scott Penny
CIC
Chief Acquisitions Officer & Regional President



Anthony T. Strianese
Regional President



Sam R. Boone, Jr.
Regional Executive Vice President

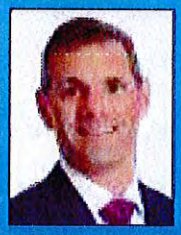
Kenneth R. Masters
Regional Executive Vice President

Chris L. Walker
Regional Executive Vice President

P. Barrett Brown
Regional Vice President

Kathy Colangelo
CIC, ASLI
Regional Vice President

Steve Denton
Regional Vice President



Nicholas J. Dereszynski
CEBS, CIC
Regional Vice President

Anthony M. Grippa
Regional Vice President

Thomas K. Huval
CIC
Regional Vice President

Richard A. Knudson
CIC
Regional Vice President

Executive Officers

J. Powell Brown
CPCU
President & Chief Executive Officer

Linda S. Downs
CPCU, AIA
Chief Operating Officer & Regional President

C. Roy Bridges
CIC
Regional President

Charles H. Lydecker
CPCU, CIC, AIM
Retail Division President

J. Scott Penny
CIC
Chief Acquisitions Officer & Regional President

Anthony T. Strianese
Regional President

Sam R. Boone, Jr.
Regional Executive Vice President

Kenneth R. Masters
Regional Executive Vice President

Chris L. Walker
Regional Executive Vice President

Cory T. Walker
CPCU, CIC, ARM, CRM
Senior Vice President, Treasurer & Chief Financial Officer *

R. Andrew Watts
Executive Vice President, Treasurer & Chief Financial Officer **

Robert W. Lloyd, Esq.
CIC
Vice President and General Counsel

Laurel L. Grammig, Esq.
CIC, CRM
Vice President, Corporate Secretary & Chief Compliance and Regulatory Officer

Richard Freebourn, Sr.
CPCU, CIC
Vice President, Internal Operations

** Until his retirement from the Company March 4, 2014*
*** Since March 4, 2014*

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Management's Discussion and Analysis of Financial Condition and Results of Operations

GENERAL

The following discussion should be read in conjunction with our Consolidated Financial Statements and the related Notes to those Consolidated Financial Statements included elsewhere in this Annual Report.

We are a diversified insurance agency, wholesale brokerage, insurance programs and services organization headquartered in Daytona Beach and Tampa, Florida. As an insurance intermediary, our principal sources of revenue are commissions paid by insurance companies and, to a lesser extent, fees paid directly by customers. Commission revenues generally represent a percentage of the premium paid by an insured and are materially affected by fluctuations in both premium rate levels charged by insurance companies and the insureds' underlying "insurable exposure units," which are units that insurance companies use to measure or express insurance exposed to risk (such as property values, or sales and payroll levels) to determine what premium to charge the insured. Insurance companies establish these premium rates based upon many factors, including reinsurance rates paid by such insurance companies, none of which we control.

The volume of business from new and existing customers, fluctuations in insurable exposure units and changes in general economic and competitive conditions all affect our revenues. For example, level rates of inflation or a general decline in economic activity could limit increases in the values of insurable exposure units. Conversely, the increasing costs of litigation settlements and awards have caused some customers to seek higher levels of insurance coverage. Historically, our revenues have typically grown as a result of our focus on net new business growth and acquisitions.

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

We increased revenues every year from 1993 to 2013, with the exception of 2009, when our revenues dropped 1.0%. Our revenues grew from $95.6 million in 1993 to $1.4 billion in 2013, reflecting a compound annual growth rate of 14.2%. In the same 20 year period, we increased net income from $8.0 million to $217.1 million in 2013, a compound annual growth rate of 17.9%.

The years 2007 through 2011 posed significant challenges for us and for our industry in the form of a prevailing decline in insurance premium rates, commonly referred to as a "soft market" and increased significant governmental involvement in the Florida insurance marketplace which resulted in a substantial loss of revenues for us. Additionally, beginning in the second half of 2008 and throughout 2011, there was a general decline in insurable exposure units as the consequence of the general weakening of the economy in the United States. As a result, from the first quarter of 2007 through the fourth quarter of 2011 we experienced negative internal revenue growth each quarter. The continued declining exposure units during 2011 and 2010 had a greater negative impact on our commissions and fees revenues than declining insurance premium rates.

Beginning in the first quarter of 2012, many insurance premium rates began to slightly increase. Additionally, in the second quarter of 2012, the general declines in insurable exposure units started to flatten and these exposure units subsequently began to gradually increase during the year. As a result, we recorded positive internal revenue growth for each quarter of 2012 for each of our four divisions with two exceptions; the first quarter for the Retail Division and the third quarter for the National Programs Division, in which declines of only 0.7% and 3.3%, respectively, were experienced.

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

We also earn "profit-sharing contingent commissions," which are profit-sharing commissions based primarily on underwriting results, but which may also reflect considerations for volume, growth and/or retention. These commissions are primarily received in the first and second quarters of each year, based on the aforementioned considerations for the prior year(s). Over the last three years, profit-sharing contingent commissions have averaged approximately 4.4% of the previous year's total commissions and fees revenue. Profit-sharing contingent commissions are typically included in our total commissions and fees in the Consolidated Statements of Income in the year received. The term "core commissions and fees" excludes profit-sharing contingent commissions and guaranteed supplemental commissions, and therefore represents the revenues earned directly from specific insurance policies sold, and specific fee-based services rendered. In contrast, the term "core organic commissions and fees" is our core commissions and fees less (i) the core commissions and fees earned for the first twelve months by newly-acquired operations and (ii) divested business (core commissions and fees generated from offices, books of business or niches sold or terminated during the comparable period). "Core organic commissions and fees" are reported in this manner in order to express the current year's core commissions and fees on a comparable basis with the prior year's core commissions and fees. The resulting net change reflects the aggregate changes attributable to (i) net new and lost accounts, (ii) net changes in our clients' exposure units, and (iii) net changes in insurance premium rates. The net changes in each of these three components can be determined for each of our customers. However, because our agency management accounting systems do not aggregate such data, it is not reportable. Core organic commissions and fees can reflect either "positive" growth with a net increase in revenues, or "negative" growth with a net decrease in revenues.

Beginning a few years ago, five to six national insurance companies replaced their loss-ratio based profit-sharing contingent commission agreements with new guaranteed fixed-base agreements, referred to as "Guaranteed Supplemental Commissions" ("GSCs"). For 2013, only four national insurance companies still used GSCs in lieu of loss-ratio based profit-sharing contingent commissions. Since GSCs are not subject to the uncertainty of loss ratios, they are accrued throughout the year based on actual premiums written. As of December 31, 2013, we accrued and earned $8.3 million of GSCs during 2013, most of which will be collected in the first quarter of 2014. For the twelve-month periods ended December 31, 2013, 2012 and 2011, we earned $8.3 million, $9.1 million and $12.1 million, respectively, of GSCs.

Fee revenues relate to fees negotiated in lieu of commissions, which are recognized as services are rendered. Fee revenues have historically been generated primarily by: (1) our Services Division, which provides insurance-related services, including third-party claims administration and comprehensive medical utilization management services in both the workers' compensation and all-lines liability arenas, as well as Medicare set-aside services, Social Security disability and Medicare benefits advocacy services, and catastrophe claims adjusting services, and (2) our National Programs and Wholesale Brokerage Divisions, which earn fees primarily for the issuance of insurance policies on behalf of insurance companies. These services are provided over a period of time, typically one year. However, in conjunction with our July 1, 2013 acquisition of Beecher Carlson, which has a primary focus on large retail customers that generally pay us fees directly, the fee revenues in our Retail Division for 2013 have increased by nearly $40.0 million to $73.0 million. For 2014, we expect the total fees in our Retail Division to be approximately $110.0 million. Fee revenues, on a consolidated basis, as a percentage of our total commissions and fees, represented 26.6% in 2013, 21.7% in 2012 and 16.4% in 2011.

Historically, investment income has consisted primarily of interest earnings on premiums and advance premiums collected and held in a fiduciary capacity before being remitted to insurance companies. Our policy is to invest available funds in high-quality, short-term fixed income investment securities. As a result of the bank liquidity and solvency issues in the United States in the last quarter of 2008, we moved substantial amounts of our cash into non-interest bearing checking accounts so that they would be fully insured by the Federal Deposit Insurance Corporation ("FDIC") or into money-market investment funds (a portion of which is FDIC insured) of SunTrust and Wells Fargo, two large national banks. Effective January 1, 2013, the FDIC ceased providing insurance guarantees on non-interest bearing checking accounts and since that time we have invested in both interest bearing and non-interest bearing checking accounts. Investment income also includes gains and losses realized from the sale of investments. Other income primarily reflects net gains on sales of customer accounts and fixed assets, but will also include sub-rental income, legal settlements and other miscellaneous income.

Management's Discussion and Analysis of Financial Condition and Results of Operations

CURRENT YEAR COMPANY OVERVIEW

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

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

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

Income before income taxes in 2013 increased over 2012 by 17.3%, or $52.8 million, to $357.6 million. However, that net increase of $52.8 million includes $14.3 million of income before income taxes related to new acquisitions that were stand-alone offices, and therefore, income before income taxes from offices that existed in the same time periods of 2013 and 2012 (including the new acquisitions that "folded in" to those offices) increased by $38.5 million. The net increase of $38.5 million related primarily to: (1) net new business, (2) a $2.6 million benefit from a change in estimated acquisition earn-out payables, and (3) a one-time $6.8 million bonus earned in 2012 by our Retail Division commissioned producers as a result of a special program for those whose 2012 production exceeded their 2011 production by at least five percent. These net increases were partially off-set by a $6.6 million increase in non-cash stock-based compensation primarily due to new grants issued in July 2013. Therefore, excluding these items, income before income taxes from those offices that existed in the same time periods of 2013 and 2012 (including the new acquisitions that "folded in" to those offices) increased by $37.7 million.

ACQUISITIONS

Approximately 38,500 independent insurance agencies are estimated to be operating currently in the United States. Part of our continuing business strategy is to attract high-quality insurance intermediaries to join our operations. From 1993 through 2013, we acquired 449 insurance intermediary operations, excluding acquired books of business (customer accounts).

A summary of our acquisitions over the last three years is as follows:

(in millions, except for number of acquisitions)

	Number of Acquisitions		Estimated Annual Revenues	Net Cash Paid	Notes Issued	Other Payable	Liabilities Assumed	Recorded Earn-out Payable	Aggregate Purchase Price
	Asset	Stock							
2013	8	1	$ 142.8	$ 408.1	$ ——	$ 0.5	$ 106.1	$ 5.1	$ 519.8
2012	19	1	$ 149.6	$ 483.9	$ 0.1	$ 25.4	$ 136.7	$ 21.5	$ 667.6
2011	37	1	$ 88.7	$ 167.4	$ 1.2	$ ——	$ 15.7	$ 30.5	$ 214.8

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

On January 9, 2012, we completed the acquisition of Arrowhead General Insurance Agency Superholding Corporation ("Arrowhead") pursuant to a merger agreement dated December 15, 2011 (the "Merger Agreement"). Under the Merger Agreement, the total cash purchase price of $395.0 million was subject to adjustments for options to purchase shares of Arrowhead's common stock, working capital, sharing of net operating tax losses, Arrowhead's preferred stock units, transaction expenses, and closing debt. In addition, within 60 days following the third anniversary of the acquisition's closing date, we will pay to certain persons who were Arrowhead equityholders as of the closing date additional earn-out payments equal, collectively, to $5.0 million, subject to certain adjustments based on the "cumulative EBITDA" of Arrowhead and all of its subsidiaries, as calculated pursuant to the Merger Agreement, during the final year of the three-year period following the acquisition's closing date.

Arrowhead is a national insurance program manager and one of the largest managing general agents ("MGAs") in the property and casualty insurance industry.

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

CRITICAL ACCOUNTING POLICIES

Our Consolidated Financial Statements are prepared in accordance with U.S. GAAP. The preparation of these financial statements requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses. We continually evaluate our estimates, which are based on historical experience and on assumptions that we believe to be reasonable under the circumstances. These estimates form the basis for our judgments about the carrying values of our assets and liabilities, which values are not readily apparent from other sources. Actual results may differ from these estimates.

We believe that, of our significant accounting policies (see "Note 1—Summary of Significant Accounting Policies" of the Notes to Consolidated Financial Statements), the following critical accounting policies may involve a higher degree of judgment and complexity.

REVENUE RECOGNITION

Commission revenues are recognized as of the effective date of the insurance policy or the date on which the policy premium is billed to the customer, whichever is later. Commission revenues related to installment billings at the Company's subsidiary, Arrowhead, are recorded on the later of the effective date of the policy or the first installment billing. At those dates, the earnings process has been completed, and we can reliably estimate the impact of policy cancellations for refunds and establish reserves accordingly. Management determines the policy cancellation reserve based upon historical cancellation experience adjusted in accordance with known circumstances. Subsequent commission adjustments are recognized upon our receipt of notification from insurance companies concerning matters necessitating such adjustments. Profit-sharing contingent commissions are recognized when determinable, which is when such commissions are received from insurance companies, or when we receive formal notification of the amount of such payments. Fee revenues are recognized as services are rendered.

BUSINESS COMBINATIONS AND PURCHASE PRICE ALLOCATIONS

We have acquired significant intangible assets through business acquisitions. These assets consist of purchased customer accounts, non-compete agreements, and the excess of purchase prices over the fair value of identifiable net assets acquired (Goodwill). The determination of estimated useful lives and the allocation of purchase price to intangible assets requires significant judgment and affects the amount of future amortization and possible impairment charges.

All of our business combinations initiated after June 30, 2001 have been accounted for using the purchase method. In connection with these acquisitions, we record the estimated value of the net tangible assets purchased and the value of the identifiable intangible assets purchased, which typically consist of purchased customer accounts and non-compete agreements. Purchased customer accounts include the physical records and files obtained from acquired businesses that contain information about insurance policies, customers and other matters essential to policy renewals. However, they primarily represent the present value of the underlying cash flows expected to be received over the estimated future renewal periods of the insurance policies comprising those purchased customer accounts. The valuation of purchased customer accounts involves significant estimates and assumptions concerning matters such as cancellation frequency, expenses and discount rates. Any change in these assumptions could affect the carrying value of purchased customer accounts. Non-compete agreements are valued based on their duration and any unique features of particular agreements. Purchased customer accounts and non-compete agreements are amortized on a straight-line basis over the related estimated lives and contract periods, which range from five to 15 years. The excess of the purchase price of an acquisition over the fair value of the identifiable tangible and intangible assets is assigned to goodwill and is not amortized.

Acquisition purchase prices are typically based on a multiple of average annual operating profit earned over a one- to three-year period within a minimum and maximum price range. The recorded purchase prices for all acquisitions consummated after January 1, 2009 include an estimation of the fair value of liabilities associated with any potential earn-out provisions. Subsequent changes in the fair value of earn-out obligations are recorded in the consolidated statement of income when incurred.

The fair value of earn-out obligations is based on the present value of the expected future payments to be made to the sellers of the acquired businesses in accordance with the provisions contained in the respective purchase agreements. In determining fair value, the acquired business's future performance is estimated using financial projections developed by management for the acquired business and this estimate reflects market participant assumptions regarding revenue growth and/or profitability. The expected future payments are estimated on the basis of the earn-out formula and performance targets specified in each purchase agreement compared to the associated financial projections. These estimates are then discounted to present value using a risk-adjusted rate that takes into consideration the likelihood that the forecasted earn-out payments will be made.

INTANGIBLE ASSETS IMPAIRMENT

Goodwill is subject to at least an annual assessment for impairment measured by a fair-value-based test. Amortizable intangible assets are amortized over their useful lives and are subject to an impairment review based on an estimate of the undiscounted future cash flows resulting from the use of the assets. To determine if there is potential impairment of goodwill, we compare the fair value of each reporting unit with its carrying value. If the fair value of the reporting unit is less than its carrying value, an impairment loss would be recorded to the extent that the fair value of the goodwill within the reporting unit is less than its carrying value. Fair value is estimated based on multiples of earnings before interest, income taxes, depreciation, amortization and change in estimated acquisition earn-out payables ("EBITDAC"), or on a discounted cash flow basis.

Management assesses the recoverability of our goodwill on an annual basis, and assesses the recoverability of our amortizable intangibles and other long-lived assets whenever events or changes in circumstances indicate that the carrying value of such assets may not be recoverable. The following factors, if present, may trigger an impairment review: (i) significant underperformance relative to historical or projected future operating results; (ii) significant negative industry or economic trends; (iii) significant decline in our stock price for a sustained period; and (iv) significant decline in our market capitalization. If the recoverability of these assets is unlikely because of the existence of one or more of the above-referenced factors, an impairment analysis is performed. Management must make assumptions regarding estimated future cash flows and other factors to determine the fair value of these assets. If these estimates or related assumptions change in the future, we may be required to revise the assessment and, if appropriate, record an impairment charge. We completed our most recent evaluation of impairment for goodwill as of November 30, 2013 and determined that the fair value of goodwill exceeded the carrying value of such assets. Additionally, there have been no impairments recorded for amortizable intangible assets for the years ended December 31, 2013, 2012 and 2011.

NON-CASH STOCK-BASED COMPENSATION

We grant stock options and non-vested stock awards to our employees, and the related compensation expense is required to be recognized in the financial statements based upon the grant-date fair value of those awards.

LITIGATION CLAIMS

We are subject to numerous litigation claims that arise in the ordinary course of business. If it is probable that an asset has been impaired or a liability has been incurred at the date of the financial statements and the amount of the loss is estimable, an accrual for the costs to resolve these claims is recorded in accrued expenses in the accompanying Consolidated Balance Sheets. Professional fees related to these claims are included in other operating expenses in the accompanying Consolidated Statements of Income. Management, with the assistance of in-house and outside counsel, determines whether it is probable that a liability has been incurred and estimates the amount of loss based upon analysis of individual issues. New developments or changes in settlement strategy in dealing with these matters may significantly affect the required reserves and affect our net income.

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

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

Financial information relating to our Consolidated Financial Results is as follows:

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

[1] *NMF=Not a meaningful figure*

COMMISSIONS AND FEES

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

Commissions and fees, including profit-sharing contingent commissions and GSCs, increased $183.1 million, or 18.2% in 2012. Profit-sharing contingent commissions and GSCs 'ecreased $2.4 million or 4.4% in 2012 to $52.8 million, due primarily to $4.1 million and $1.2 million reductions in profit-sharing contingent commissions and GSCs in our Retail and Wholesale Brokerage Divisions, respectively; but these reductions were partially offset by a $3.2 million increase in our National Programs Division. Core commissions and fees revenue increased $185.6 million, of which approximately $171.4 million represented core commissions and fees from acquisitions that had no comparable revenues in 2011. After taking into account divested business of $10.7 million, the remaining net increase of $24.9 million, representing net new business, reflects a 2.6% internal growth rate for core organic commissions and fees.

INVESTMENT INCOME

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

OTHER INCOME, NET

Other income for 2013 reflected income of $7.1 million, compared with $10.2 million in 2012 and $6.3 million in 2011. We recognized gains of $3.1 million, $4.3 million and $2.3 million from sales of books of business (customer accounts) in 2013, 2012, and 2011, respectively. Although we are not in the business of selling books of business, we periodically will sell an office or a book of business because it does not produce reasonable margins or demonstrate a potential for growth, or for other reasons related to the particular assets in question. Other income also included $1.6 million, $3.6 million and $1.3 million in 2013, 2012, and 2011, respectively, paid to us in connection with settlements of litigation against former employees for violation of restrictive covenants contained in their employment agreements with us. Additionally, we recognized non-recurring gains, rental income and sales of software services of $2.4 million, $2.3 million and $2.3 million in 2013, 2012, and 2011, respectively.

EMPLOYEE COMPENSATION AND BENEFITS

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

Employee compensation and benefits expense increased, on a net basis, approximately 19.6% or $99.8 million in 2012. However, that net increase included $80.9 million of new compensation costs related to new acquisitions that were stand-alone offices, and therefore, employee compensation and benefits from those offices that existed in the same time periods of 2012 and 2011 (including the new acquisitions that "folded in"

to those offices) increased by $18.9 million. The employee compensation and benefit increases from these offices were primarily related to increases in staff and management salaries of $3.2 million, new salaried producers of $1.3 million, profit center bonuses of $1.4 million, health insurance costs of $1.8 million, employee 401(k)/profit-sharing contributions of $0.7 million and bonus incentives of $8.1 million primarily due to $6.8 million earned by our Retail Division commissioned producers as a result of a special one-time bonus program for those whose 2012 production exceeded their 2011 production by at least 5%.

Employee compensation and benefits expense as a percentage of total revenues decreased in 2013 to 50.1% as compared to 50.7% for 2012 and 50.2% for 2011. We had 6,992 full-time equivalent employees at December 31, 2013, compared with 6,438 at December 31, 2012 and 5,557 at December 31, 2011. Of the net increase of 554 full-time equivalent employees at December 31, 2013 over the prior year-end, an increase of 374 was attributable to acquisitions, thus reflecting a net increase of 180 employees in the offices existing at both year-ends.

NON-CASH STOCK-BASED COMPENSATION

We have an employee stock purchase plan, and grant stock options and non-vested stock awards to our employees. Compensation expense for all share-based awards is recognized in the financial statements based upon the grant-date fair value of those awards. For 2013, 2012 and 2011, the non-cash stock-based compensation expense incorporates the costs related to each of our four stock-based plans as explained in Note 11 of the Notes to the Consolidated Financial Statements.

Non-cash stock-based compensation increased 42.5%, or $6.7 million in 2013 over 2012, primarily as a result of new non-vested stock awards granted on July 1, 2013 under our Stock Incentive Plan ("SIP"). Most of these SIP grants will typically vest in four to seven years, subject to the achievement of certain performance criteria by grantees, and the achievement of consolidated earnings per share growth at certain levels by us, over three-to five-year measurement periods. Some SIP grants will vest after five years of service.

Non-cash stock-based compensation increased 41.7%, or $4.7 million in 2012 over 2011, as a result of new grants under our Stock Incentive Plan ("SIP"). These SIP grants will typically vest in four to ten years, subject to the achievement of certain performance criteria by grantees, and the achievement of consolidated earnings per share growth at certain levels by us, over three-to five-year measurement periods.

OTHER OPERATING EXPENSES

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

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

Other operating expenses in 2012 increased $30.3 million over 2011, of which $33.3 million was related to acquisitions that joined as stand-alone offices. Therefore, other operating expenses attributable to offices that existed in the same periods in both 2012 and 2011 (including the new acquisitions that "folded in" to those offices) decreased by $3.0 million. Of the $3.0 million decrease, $2.7 million related to reductions in office rents and related expenses, $2.2 million related to a reduction in legal expenses and $2.0 million related to lower insurance costs. These cost savings were partially offset by increases of $1.3 million in consulting and inspection services, $1.1 million for litigation reserves, and $1.0 million in employee sales meetings.

AMORTIZATION

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

DEPRECIATION

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

INTEREST EXPENSE

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

CHANGE IN ESTIMATED ACQUISITION EARN-OUT PAYABLES

Accounting Standards Codification ("ASC") Topic 805—*Business Combinations* is the authoritative guidance requiring an acquirer to recognize 100% of the fair values of acquired assets, including goodwill, and assumed liabilities (with only limited exceptions) upon initially obtaining control of an cquired entity. Additionally, the fair value of contingent consideration arrangements (such as earn-out purchase arrangements) at the acquisition date must be included in the purchase price consideration. As a result, the recorded purchase prices for all acquisitions consummated after January 1, 2009 include an estimation of the fair value of liabilities associated with any potential earn-out provisions. Subsequent changes in these earn-out obligations are required to be recorded in the consolidated statement of income when incurred. Estimations of potential earn-out obligations are typically based upon future earnings of the acquired entities, usually for periods ranging from one to three years.

The net charge or credit to the Consolidated Statement of Income for the period is the combination of the net change in the estimated acquisition earn-out payables balance, and the interest expense imputed on the outstanding balance of the estimated acquisition earn-out payables.

As of December 31, 2013, the fair values of the estimated acquisition earn-out payables were re-evaluated and measured at fair value on a recurring basis using unobservable inputs (Level 3). The resulting net changes, as well as the interest expense accretion on the estimated acquisition earn-out payables, for the years ended December 31, 2013, 2012, and 2011 were as follows:

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

The fair values of the estimated earn-out payables were increased in 2013 since certain acquisitions performed at higher levels than estimated on our original projections. The fair values of the estimated earn-out payables were reduced in 2012 and 2011 since certain acquisitions did not perform at the level estimated based on our original projections. An acquisition is considered to be performing well if its operating profit exceeds the level needed to reach the minimum purchase price. However, a reduction in the estimated acquisition earn-out payable can occur even though the acquisition is performing well, if it is not performing at the level contemplated by our original estimate.

As of December 31, 2013, the estimated acquisition earn-out payables equaled $43,058,000, of which $6,312,000 was recorded as accounts payable and $36,746,000 was recorded as other non-current liability. As of December 31, 2012, the estimated acquisition earn-out payables equaled $52,987,000, of which $10,164,000 was recorded as accounts payable and $42,823,000 was recorded as other non-current liability.

INCOME TAXES

The effective tax rate on income from operations was 39.3% in 2013, 39.6% in 2012, and 39.4% in 2011. The lower effective annual tax rates are primarily the result of lower average effective state income tax rates.

RESULTS OF OPERATIONS — SEGMENT INFORMATION

As discussed in Note 15 of the Notes to Consolidated Financial Statements, we operate four reportable segments or divisions: the Retail, National Programs, Wholesale Brokerage, and Services Divisions. On a divisional basis, increases in amortization, depreciation and interest expenses result from completed acquisitions within a given division in a particular year. Likewise, other income in each division primarily reflects net gains on sales of customer accounts and fixed assets. As such, in evaluating the operational efficiency of a division, management emphasizes the net internal growth rate of core commissions and fees revenue, the gradual improvement of the ratio of total employee compensation and benefits to total revenues, and the gradual improvement of the ratio of other operating expenses to total revenues.

The term "core commissions and fees" excludes profit-sharing contingent commissions and GSCs, and therefore represents the revenues earned directly from specific insurance policies sold, and specific fee-based services rendered. In contrast, the term "core organic commissions and fees" is our core commissions and fees less (i) the core commissions and fees earned for the first twelve months by newly-acquired operations and (ii) divested business (core commissions and fees generated from offices, books of business or niches sold or terminated during the comparable period). Core organic commissions and fees attempts to express the current year's core commissions and fees on a comparable basis with the prior year's core commissions and fees. The resulting net change reflects the aggregate changes attributable to (i) net new and lost accounts, (ii) net changes in our clients' exposure units, and (iii) net changes in insurance premium rates. The net changes in each of these three components can be determined for each of our customers. However, because our agency management accounting systems do not aggregate such data, it is not reportable. Core organic commissions and fees reflect either "positive" growth with a net increase in revenues, or "negative" growth with a net decrease in revenues.

The internal growth rates for our core organic commissions and fees for the three years ended December 31, 2013, 2012 and 2011, by Division, are as follows:

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

The reconciliation of the above internal growth schedule to the total Commissions and Fees included in the Consolidated Statements of Income for the years ended December 31, 2013 and 2012 is as follows:

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

(in thousands, except percentages) 2012	For the Year Ended December 31, 2012	2011	Total Net Change	Total Net Growth %	Less Acquisition Revenues	Internal Net Growth $	Internal Net Growth %
Retail [1]	$ 618,562	$ 571,129	$ 47,433	8.3%	$ 38,734	$ 8,699	1.5%
National Programs	233,261	148,841	84,420	56.7%	83,281	1,139	0.8%
Wholesale Brokerage	168,182	155,151	13,031	8.4%	3,598	9,433	6.1%
Services	116,247	64,875	51,372	79.2%	45,783	5,589	8.6%
Total core commissions and fees	$ 1,136,252	$ 939,996	$ 196,256	20.9%	$ 171,396	$ 24,860	2.6%

The reconciliation of the above internal growth schedule to the total Commissions and Fees included in the Consolidated Statements of Income for the years ended December 31, 2012 and 2011 is as follows:

(in thousands)	For the Year Ended December 31, 2012	2011
Total core commissions and fees	$ 1,136,252	$ 939,996
Profit-sharing contingent commissions	43,683	43,198
Guaranteed supplemental commissions	9,146	12,079
Divested business	—	10,689
Total commissions and fees	$ 1,189,081	$ 1,005,962

(in thousands, except percentages) 2011	For the Year Ended December 31, 2011	2010	Total Net Change	Total Net Growth %	Less Acquisition Revenues	Internal Net Growth $	Internal Net Growth %
Retail [1]	$ 580,304	$ 544,004	$ 36,300	6.7 %	$ 57,541	$ (21,241)	(3.9)%
National Programs	148,842	152,209	(3,367)	(2.2)%	1,140	(4,507)	(3.0)%
Wholesale Brokerage	156,664	151,822	4,842	3.2 %	1,186	3,656	2.4 %
Services	64,875	46,486	18,389	39.6 %	17,773	616	1.3 %
Total core commissions and fees	$ 950,685	$ 894,521	$ 56,164	6.3 %	$ 77,640	$ (21,476)	(2.4)%

The reconciliation of the above internal growth schedule to the total Commissions and Fees included in the Consolidated Statements of Income for the years ended December 31, 2011 and 2010 is as follows:

(in thousands)	For the Year Ended December 31, 2011	2010
Total core commissions and fees	$ 950,685	$ 894,521
Profit-sharing contingent commissions	43,198	54,732
Guaranteed supplemental commissions	12,079	13,352
Divested business	—	4,312
Total commissions and fees	$ 1,005,962	$ 966,917

(1) *The Retail Division figures include commissions and fees reported in the "Other" column of the Segment Information in Note 15 of the Notes to the Consolidated Financial Statements, which includes corporate and consolidation items.*

RETAIL DIVISION

The Retail Division provides a broad range of insurance products and services to commercial, public and quasi-public, professional and individual insured customers. Approximately 89.9% of the Retail Division's commissions and fees revenue is commission-based. Because most of our other operating expenses do not change as premiums fluctuate, we believe that most of any fluctuation in the commissions, net of related compensation, which we receive will be reflected in our pre-tax income.

Financial information relating to Brown & Brown's Retail Division is as follows:

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

[1] *NMF=Not a meaningful figure*

The Retail Division's total revenues in 2013 increased 13.0%, or $83.9 million, over the same period in 2012, to $728.3 million. Profit-sharing contingent commissions and GSCs in 2013 increased $4.7 million, or 23.6%, over 2012, to $24.4 million, primarily due to improved loss ratios resulting in increased profitability for insurance companies in 2013. The $80.8 million net increase in core commissions and fees revenue resulted from the following factors: (i) an increase of approximately $79.5 million related to core commissions and fees revenue from acquisitions that had no comparable revenues in 2012; (ii) a decrease of $7.5 million related to commissions and fees revenue recorded in 2012 from business divested during 2013; and (iii) the remaining net increase of $9.0 million primarily related to net new business. The Retail Division's internal growth rate for core organic commissions and fees revenue was 1.5% for 2013, and was driven by slightly increasing insurable exposure units in most areas of the United States, and slight increases in general insurance premium rates.

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

The Retail Division's total revenues in 2012 increased 6.1%, or $37.2 million, over the same period in 2011, to $644.4 million. Profit-sharing contingent commissions and GSCs in 2012 decreased $4.1 million, or 17.2%, from 2011, to $19.7 million, primarily due to increased loss ratios resulting in lower profitability for insurance companies in 2011, and to the fact that two national insurance carriers who provided us GSC contracts in 2011 changed to profit-sharing contingency contracts in 2012. The $38.9 million net increase in core commissions and fees revenue resulted from the following factors: (i) an increase of approximately $38.7 million related to core commissions and fees revenue from acquisitions that had no comparable revenues in 2011, (ii) a decrease of $8.5 million related to commissions and fees revenue recorded in 2011 from business divested or transferred to the Wholesale Brokerage Division during 2012, and (iii) the remaining net increase of $8.7 million primarily related to net new business. The Retail Division's internal growth rate for core organic commissions and fees revenue was 1.5% for 2012, and resulted primarily from stabilizing insurable exposure units with slightly stronger upward pressure on general insurance premium rates.

Income before income taxes for 2012 increased 5.4%, or $7.4 million, over the same period in 2011, to $145.2 million. Included in the $7.4 million net increase in income before income taxes is another $7.4 million net expense increase in change in estimated acquisition earn-out payables and a $0.3 million net expense increase from amortization, depreciation and inter-company interest changes. Excluding these items and the $4.1 million decrease in profit-sharing contingent commissions and GSCs, income before income taxes for 2012 increased $19.2 million over 2011, of which $8.7 million originated from new acquisitions that were stand-alone operations, and $10.5 million was generated by offices in existence in both 2011 and 2012. Of the $10.5 million increase from existing offices, $8.7 million ($1.4 million of fold-in acquired revenues) was attributed to organic growth of core commissions and fees, $5.6 million cost savings from other operating expenses, $0.5 reduction in non-cash stock-based compensation, but partially offset by $4.9 million increase in compensation and employee benefits. The $4.9 million net increase in compensation and employee benefits was primarily due to the one-time producer bonuses of $6.8 million paid to commissioned producers whose 2012 production exceeded their 2011 production by at least five percent, which was partially offset by a reduction of approximately $2.0 million less staff salaries. The $5.6 million reduction in other operating expenses was primarily related to reductions in occupancy/office rents, legal and claims settlements, insurance expense, and data processing costs.

NATIONAL PROGRAMS DIVISION

The National Programs Division provides professional liability and related package products for certain professionals delivered through nationwide networks of independent agents, and markets targeted products and services designated for specific industries, trade groups, public and quasi-public entities and market niches. Like the Retail Division and the Wholesale Brokerage Division, the National Programs Division's revenues are primarily commission-based.

Financial information relating to our National Programs Division is as follows:

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

[1] *NMF=Not a meaningful figure*

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

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

The National Programs Division's total revenues in 2012 increased $88.5 million to $252.9 million, a 53.8% increase over 2011. Profit-sharing contingent commissions and GSCs in 2012 increased $3.2 million over 2011, due primarily to profit-sharing contingent commissions earned at our Arrowhead operation. Of the $84.4 million net increase in core commissions and fees for National Programs: (i) an increase of approximately $83.3 million related to the core commissions and fees revenue from acquisitions that had no comparable revenues in 2011; and (ii) a net increase of $1.1 million was primarily related to net new business. Therefore, the National Programs Division's internal growth rate for core organic commissions and fees revenue was 0.8% for 2012. Of the $1.1 million of net new business, $2.2 million related to a net increase in commissions and fees revenue at Proctor, which was partially offset by $1.7 million of net lost business in our facultative reinsurance facility, and the remaining $0.6 million of net new business was generated by various other programs.

Income before income taxes for 2012 decreased 14.8%, or $9.0 million, from the same period in 2011, to $51.5 million. This net decrease was due to: (i) a reduction of $5.6 million from the offices that existed in both 2012 and 2011, primarily as a result of reduced profit-sharing contingent commissions and GSCs of $1.3 million and increased compensation expense mainly related to increased staffing levels at Proctor, (ii) loss before income taxes and change in estimated acquisition earn-out payables of ($4.8) million related to new acquisitions that were stand-alone offices (primarily the Arrowhead acquisition), and (iii) a $1.4 million income credit generated from the change in estimated acquisition earn-out payables. Income before income taxes and inter-company interest expense related to new acquisitions that were stand-alone offices (primarily the Arrowhead acquisition) that had no comparable earnings in the same period of 2011 was approximately $21.7 million for 2012; however those earnings were offset by $25.0 million of inter-company interest expense allocation.

WHOLESALE BROKERAGE DIVISION

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

Financial information relating to our Wholesale Brokerage Division is as follows:

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

[1] *NMF=Not a meaningful figure*

The Wholesale Brokerage Division's total revenues for 2013 increased 14.4%, or $26.3 million, over the same period in 2012, to $209.9 million. Profit-sharing contingent commissions and GSCs for 2013 increased $1.3 million over the same period of 2012. The $25.4 million net increase in core commissions and fees revenue resulted from the following factors: (i) an increase of approximately $4.3 million related to the core commissions and fees revenue from acquisitions that had no comparable revenues in the same period of 2012; and (ii) the remaining net increase of $21.1 million primarily related to net new business and continued increases in premium rates on many lines of insurance, but primarily on coastal property. As such, the Wholesale Brokerage Division's internal growth rate for core organic commissions and fees revenue was 12.6% for 2013.

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

The Wholesale Brokerage Division's total revenues for 2012 increased 5.4%, or $9.4 million, over the same period in 2011, to $183.6 million. Profit-sharing contingent commissions and GSCs for 2012 decreased $1.2 million from the same period of 2011, primarily due to developed losses and increased loss ratios experienced by our insurance carrier partners. Of the $11.5 million net increase in core commissions and fees revenue: (i) an increase of approximately $3.6 million related to the core commissions and fees revenue from acquisitions that had no comparable revenues in the same period of 2011; (ii) a decrease of $1.5 million related to commissions and fees revenue recorded in 2011 from business divested or transferred from the Retail Division during 2012; and (iii) the remaining net increase of $9.4 million primarily related to net new business and continued increases in premium rates on many lines of insurance, but primarily on coastal property. As such, the Wholesale Brokerage Division's internal growth rate for core organic commissions and fees revenue was 6.1% for 2012.

Income before income taxes for 2012 increased 18.7%, or $6.8 million over the same period in 2011 to $43.4 million, primarily due to a net reduction in the inter-company interest expense allocation of $3.5 million. Additionally, while total revenues increased by $9.4 million, employee compensation and benefits cost increased $4.3 million, and other operating expenses increased by $2.1 million. Employee compensation and benefit expense increased primarily due to higher bonus expense as a result of the Division's increased profitability, and $1.2 million in new producer salaries. Other operating expenses increased as a result of higher costs for data processing, telephone and inter-company overhead charges.

SERVICES DIVISION

The Services Division provides insurance-related services, including third-party claims administration ("TPA") and comprehensive medical utilization management services in both the workers' compensation and all-lines liability arenas, as well as Medicare set-aside services, Social Security disability and Medicare benefits advocacy services, and catastrophe claims adjusting services.

Unlike our other segments, nearly all of the Services Division's 2013 commissions and fees revenue was generated from fees, which are not significantly affected by fluctuations in general insurance premiums.

Financial information relating to our Services Division is as follows:

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

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

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

The Services Division's total revenues for 2012 increased /6.9%, or $50.8 million, over 2011, to $116.7 million. Of the $51.4 million net increase in core commissions and fees revenue: (i) an increase of approximately $45.8 million related to the core commissions and fees revenue from acquisitions that had no comparable revenues in the same period of 2011; and (ii) the remaining net increase $5.6 million primarily related to net new business. As such, the Services Division's internal growth rate for core organic commissions and fees revenue was 8.6% for 2012.

Income before income taxes in 2012 increased $9.0 million over 2011. This net increase was due to: (i) a net increase of $1.2 million from the offices that existed in both 2012 and 2011, excluding the impact of the change in estimated acquisition earn-out payables, (ii) income before income taxes and change in estimated acquisition earn-out payables of $5.2 million related to new acquisitions that were stand-alone offices, and (iii) a $2.6 million income credit generated from the change in estimated acquisition earn-out payables. Income before income taxes, and inter-company interest expense and change in estimated acquisition earn-out payables, related to new acquisitions that were stand-alone offices that had no comparable earnings in the same period of 2011 totaled approximately $8.8 million for 2012; however, those earnings were partially offset by $3.6 million of inter-company interest expense allocation.

OTHER

As discussed in Note 15 of the Notes to Consolidated Financial Statements, the "Other" column in the Segment Information table includes all income and expenses not allocated to reportable segments, as well as corporate-related items, including the inter-company interest expense charges to reporting segments.

LIQUIDITY AND CAPITAL RESOURCES

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

Our cash and cash equivalents of $219.8 million at December 31, 2012 reflected a decrease of $66.5 million from the $286.3 million balance at December 31, 2011. During 2012, $220.3 million of cash was provided from operating activities. Also during this period, $425.1 million of cash was used for acquisitions, $13.5 million was used for acquisition earn-out payments, $24.0 million was used for additions to fixed assets, $200.0 million was provided from proceeds received on new long-term debt, and $49.5 million was used for payment of dividends.

Our cash and cash equivalents of $286.3 million at December 31, 2011 reflected an increase of $13.3 million from the $273.0 million balance at December 31, 2010. During 2011, $237.5 million of cash was provided from operating activities. Also during this period, $166.1 million of cash was used for acquisitions, $8.8 million was used for acquisition earn-out payments, $13.6 million was used for additions to fixed assets, $102.1 million was used for payments on long-term debt and $46.5 million was used for payment of dividends. Additionally, in the third quarter of 2011, we borrowed $100.0 million on our Master Agreement to fund the repayment of our $100.0 million of Series A Senior Notes that matured on September 15, 2011.

On January 9, 2012, we completed the acquisition of Arrowhead for a total cash purchase price of $397.0 million, subject to certain adjustments and potential earn-out payments of up to $5 million in the aggregate following the third anniversary of the acquisition's closing date. We financed the acquisition through various modified and new credit facilities.

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

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

CONTRACTUAL CASH OBLIGATIONS

As of December 31, 2013, our contractual cash obligations were as follows:

(in thousands)	Total	Less Than 1 Year	1-3 Years	4-5 Years	After 5 Years
Long-term debt	$ 480,000	$ 100,000	$ 280,000	$ 100,000	$ —
Other liabilities	42,653	15,612	14,262	4,978	7,801
Operating leases	174,486	34,972	59,216	38,224	42,074
Interest obligations	38,327	13,294	17,345	7,688	—
Unrecognized tax benefits	391	—	391	—	—
Maximum future acquisition contingency payments	130,584	24,167	100,325	6,092	—
Total contractual cash obligations	$ 866,441	$ 188,045	$ 471,539	$ 156,982	$ 49,875

DEBT

In July 2004, we completed a private placement of $200.0 million of unsecured senior notes (the "Notes"). The $200.0 million was divided into two series: (1) Series A, which closed on September 15, 2004, for $100.0 million due in 2011 and bore interest at 5.57% per year; and (2) Series B, which closed on July 15, 2004, for $100.0 million due in 2014 and bearing interest at 6.08% per year. We have used the proceeds from the Notes for general corporate purposes, including acquisitions and repayment of existing debt. On September 15, 2011, the $100.0 million of Series A Notes were redeemed on their normal maturity date. As of December 31, 2013 and December 31, 2012, there was an outstanding balance on the Notes of $100.0 million.

On December 22, 2006, we entered into a Master Shelf and Note Purchase Agreement (the "Master Agreement") with a national insurance company (the "Purchaser"). On September 30, 2009, we and the Purchaser amended the Master Agreement to extend the term of the agreement until August 20, 2012. The Purchaser also purchased Notes issued by us in 2004. The Master Agreement provides for a $200.0 million private uncommitted "shelf" facility for the issuance of senior unsecured notes over a three-year period, with interest rates that may be fixed or floating and with such maturity dates, not to exceed ten years, as the parties may determine. The Master Agreement includes various covenants, limitations and events of default similar to the Notes issued in 2004. The initial issuance of notes under the Master Agreement occurred on December 22, 2006, through the issuance of $25.0 million in Series C Senior Notes due December 22, 2016, with a fixed interest rate of 5.66% per year. On February 1, 2008, $25.0 million in Series D Senior Notes due January 15, 2015, with a fixed interest rate of 5.37% per year, were issued. On September 15, 2011, and pursuant to a Confirmation of Acceptance, dated January 21, 2011 (the "Confirmation"), in connection with the Master Agreement, $100.0 million in Series E Senior Notes due September 15, 2018, with a fixed interest rate of 4.50% per year, were issued. The Series E Senior Notes were issued for the sole purpose of retiring the Series A Senior Notes. As of December 31, 2013 and December 31, 2012, there was an outstanding debt balance of $150.0 million attributable to notes issued under the provisions of the Master Agreement. The Master Agreement expired on September 30, 2012 and was not extended.

On October 12, 2012, we entered into a Master Note Facility Agreement (the "New Master Agreement") with another national insurance company (the "New Purchaser"). The New Purchaser also purchased Notes issued by us in 2004. The New Master Agreement provides for a $125.0 million private uncommitted "shelf" facility for the issuance of unsecured senior notes over a three-year period, with interest rates that may be fixed or floating and with such maturity dates, not to exceed ten years, as the parties may determine. The New Master Agreement includes various covenants, limitations and events of default similar to the Master Agreement. At December 31, 2013 and December 31, 2012, there were no borrowings against this facility.

On June 12, 2008, we entered into an Amended and Restated Revolving Loan Agreement dated as of June 3, 2008 (the "Prior Loan Agreement"), with a national banking institution, amending and restating the Revolving Loan Agreement dated September 29, 2003, as amended (the "Revolving Agreement"), to, among other things, increase the lending commitment to $50.0 million (subject to potential increases up to $100.0 million) and to extend the maturity date from December 20, 2011, to June 3, 2013. The Revolving Agreement initially provided for a revolving credit facility in the maximum principal amount of $75.0 million. After a series of amendments that provided covenant exceptions for additional notes issued or to be issued under the Master Agreement and relaxed or deleted certain other covenants, the maximum principal amount was reduced to $20.0 million. The Revolving Agreement was amended and restated by the SunTrust Revolver (as defined in the below paragraph).

On January 9, 2012, we entered into: (1) an amended and restated revolving and term loan credit agreement (the "SunTrust Agreement") with SunTrust Bank ("SunTrust") that provides for (a) a $100.0 million term loan (the "SunTrust Term Loan") and (b) a $50.0 million revolving line of credit (the "SunTrust Revolver") and (2) a $50.0 million promissory note (the "JPM Note") in favor of JPMorgan Chase Bank, N.A. ("JPMorgan"), pursuant to a letter agreement executed by JP Morgan (together with the JPM Note, (the "JPM Agreement") that provided for a $50.0 million uncommitted line of credit bridge facility (the "JPM Bridge Facility"). The SunTrust Term Loan, the SunTrust Revolver and the JPM Bridge Facility were each funded on January 9, 2012, and provided the financing for the Arrowhead acquisition. The SunTrust Agreement amended and restated the Prior Loan Agreement.

The maturity date for the SunTrust Term Loan and the SunTrust Revolver is December 31, 2016, at which time all outstanding principal and unpaid interest will be due. Both the SunTrust Term Loan and the SunTrust Revolver may be increased by up to $50.0 million (bringing the total available to $150.0 million for the SunTrust Term Loan and $100.0 million for the SunTrust Revolver). The calculation of interest and fees for the SunTrust Agreement is generally based on our funded debt-to-EBITDA ratio. Interest is charged at a rate equal to 1.00% to 1.40% above LIBOR or 1.00% below the Base Rate, each as more fully described in the SunTrust Agreement. Fees include an up-front fee, an availability fee of 0.175% to 0.25%, and a letter of credit margin fee of 1.00% to 1.40%. The obligations under the SunTrust Term Loan and SunTrust Revolver are unsecured and the SunTrust Agreement includes various covenants, limitations and events of default that are customary for similar facilities for similar borrowers and that are substantially similar to those contained in the Prior Loan Agreement.

The maturity date for the JPM Bridge Facility was February 3, 2012, at which time all outstanding principal and unpaid interest would have been due. On January 26, 2012, we entered into a term loan agreement (the "JPM Agreement") with JPMorgan that provided for a $100.0 million term loan (the "JPM Term Loan"). The JPM Term Loan was fully funded on January 26, 2012, and provided the financing to fully repay (1) the JPM Bridge Facility and (2) the SunTrust Revolver. As a result of the January 26, 2012 financing and repayments, the JPM Bridge Facility was terminated and the SunTrust Revolver's amount outstanding was reduced to zero. At December 31, 2013 and December 31, 2012, there were no borrowings against the SunTrust Revolver.

The maturity date for the JPM Term Loan is December 31, 2016, at which time all outstanding principal and unpaid interest will be due. Interest is charged at a rate equal to the Alternative Base Rate or 1.00% above the Adjusted LIBOR Rate, each as more fully described in the JPM Agreement. Fees include an up-front fee. The obligations under the JPM Term Loan are unsecured and the JPM Agreement includes various covenants, limitations and events of default that are customary for similar facilities for similar borrowers.

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

The maturity date for the Wells Fargo Revolver is December 31, 2016, at which time all outstanding principal and unpaid interest will be due. The Wells Fargo Revolver may be increased by up to $50.0 million (bringing the total available to $100.0 million). The calculation of interest and fees for the Wells Fargo Agreement is generally based on our funded debt-to-EBITDA ratio. Interest is charged at a rate equal to 1.00% to 1.40% above LIBOR or 1.00% below the Base Rate, each as more fully described in the Wells Fargo Agreement. Fees include an up-front fee, an availability fee of 0.175% to 0.25%, and a letter of credit margin fee of 1.00% to 1.40%. The obligations under the Wells Fargo Revolver are unsecured and the Wells Fargo Agreement includes various covenants, limitations and events of default that are customary for similar facilities for similar borrowers. The Wells Fargo Revolver was drawn down in the amount of $30.0 million on July 1, 2013. There were no borrowings against the Wells Fargo Revolver as of December 31, 2013.

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

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

The Notes, the Master Agreement, the SunTrust Agreement, the JPM Agreement and the Bank of America Agreement require that we maintain certain financial ratios and comply with certain other covenants. We were in compliance with all such covenants as of December 31, 2013 and December 31, 2012.

Neither we nor our subsidiaries has ever incurred off-balance sheet obligations through the use of, or investment in, off-balance sheet derivative financial instruments or structured finance or special purpose entities organized as corporations, partnerships or limited liability companies or trusts.

We believe that our existing cash, cash equivalents, short-term investment portfolio and funds generated from operations, together with the SunTrust Revolver, the New Master Agreement, and the Wells Fargo Revolver will be sufficient to satisfy our normal liquidity needs through at least the end of 2014. These liquidity needs include the total net consideration of $602.5 million to be paid for the ownership interests of Wright (in addition, contingent consideration of up to $37.5 million may be payable if Wright completes certain agreed-upon acquisitions prior to closing). We currently anticipate financing this transaction with a combination of cash and proceeds from one or more existing or new credit facilities. We may seek to raise additional capital through either the private or public debt markets to increase our cash and debt capacity. Additionally, we believe that funds generated from future operations will be sufficient to satisfy our normal liquidity needs, including the required annual principal payments on our long-term debt.

Historically, much of our cash has been used for acquisitions. If additional acquisition opportunities should become available that exceed our current cash flow, we believe that given our relatively low debt-to-total-capitalization ratio, we would be able to raise additional capital through either the private or public debt markets. This incurrence of additional debt, however, could negatively impact our capital structure and liquidity. In addition, if we are unable to raise as much additional debt as we want, or at all, we could issue additional equity to finance an acquisition which could have a dilutive effect on our current shareholders.

Consolidated Statements of Income

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

See accompanying notes to consolidated financial statements.

Consolidated Balance Sheets

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

See accompanying notes to consolidated financial statements.

Consolidated Statements of Shareholders' Equity

(in thousands, except per share data)	Common Stock Shares Outstanding	Common Stock Par Value	Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Income	Total
Balance at January 1, 2011	142,795	$ 14,279	$ 286,997	$ 1,205,061	$ 7	$ 1,506,344
Net income				163,995		163,995
Common stock issued for employee stock benefit plans	545	55	18,859			18,914
Income tax benefit from exercise of stock benefit plans			916			916
Common stock issued to directors	12	1	287			288
Cash dividends paid ($0.3250 per share)				(46,494)		(46,494)
Balance at December 31, 2011	143,352	14,335	307,059	1,322,562	7	1,643,963
Net income and comprehensive income				184,045		184,045
Net unrealized holding gain on available-for-sale securities					(7)	(7)
Common stock issued for employee stock benefit plans	501	50	19,549			19,599
Income tax benefit from exercise of stock benefit plans			8,659			8,659
Common stock issued to directors	25	3	605			608
Cash dividends paid ($0.3450 per share)				(49,534)		(49,534)
Balance at December 31, 2012	143,878	14,388	335,872	1,457,073	—	1,807,333
Net income				217,112		217,112
Common stock issued for employee stock benefit plans	1,541	154	33,730			33,884
Income tax benefit from exercise of stock benefit plans			2,358			2,358
Cash dividends paid ($0.37 per share)				(53,546)		(53,546)
Balance at December 31, 2013	**145,419**	**$ 14,542**	**$ 371,960**	**$ 1,620,639**	**$ —**	**$ 2,007,141**

See accompanying notes to consolidated financial statements.

Consolidated Statements of Cash Flows

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

See accompanying notes to consolidated financial statements.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

NATURE OF OPERATIONS

Brown & Brown, Inc., a Florida corporation, and its subsidiaries (collectively, "Brown & Brown" or the "Company") is a diversified insurance agency, wholesale brokerage, insurance programs and services organization that markets and sells to its customers insurance products and services, primarily in the property and casualty area. Brown & Brown's business is divided into four reportable segments: the Retail Division, which provides a broad range of insurance products and services to commercial, public entity, professional and individual customers; the Wholesale Brokerage Division, which markets and sells excess and surplus commercial insurance and reinsurance, primarily through independent agents and brokers; the National Programs Division, which provides professional liability and related package products for certain professionals delivered through nationwide networks of independent agents, and markets targeted products and services designated for specific industries, trade groups, governmental entities and market niches; and the Services Division, which provides insurance-related services, including third-party claims administration and comprehensive medical utilization management services in both the workers' compensation and all-lines liability arenas, as well as Medicare set-aside services, Social Security disability and Medicare benefits advocacy services, and catastrophe claims adjusting services.

PRINCIPLES OF CONSOLIDATION

The accompanying Consolidated Financial Statements include the accounts of Brown & Brown, Inc. and its subsidiaries. All significant intercompany account balances and transactions have been eliminated in the Consolidated Financial Statements.

REVENUE RECOGNITION

Commission revenues are recognized as of the effective date of the insurance policy or the date on which the policy premium is billed to the customer, whichever is later. Commission revenues related to installment billings at the Company's subsidiary, Arrowhead General Insurance Agency, Inc. ("Arrowhead"), are recorded on the later of the effective date of the policy or the first installment billing. At those dates, the earnings process has been completed, and Brown & Brown can reliably estimate the impact of policy cancellations for refunds and establish reserves accordingly. The reserve for policy cancellations is based upon historical cancellation experience adjusted for known circumstances. The policy cancellation reserve was $8,010,000 and $7,174,000 at December 31, 2013 and 2012, respectively, and it is periodically evaluated and adjusted as necessary. Subsequent commission adjustments are recognized upon receipt of notification from the insurance companies. Commission revenues are reported net of commissions paid to sub-brokers or co-brokers. Profit-sharing contingent commissions from insurance companies are recognized when determinable, which is when such commissions, or official notification of the amount of such commissions is received. Fee income is recognized as services are rendered.

USE OF ESTIMATES

The preparation of Consolidated Financial Statements in conformity with accounting principles generally accepted in the United States of America ("U.S. GAAP") requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, as well as disclosures of contingent assets and liabilities, at the date of the Consolidated Financial Statements, and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from those estimates.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents principally consist of demand deposits with financial institutions and highly liquid investments with quoted market prices having maturities of three months or less when purchased.

RESTRICTED CASH AND INVESTMENTS, AND PREMIUMS, COMMISSIONS AND FEES RECEIVABLE

In its capacity as an insurance agent or broker, Brown & Brown typically collects premiums from insureds and, after deducting its authorized commissions, remits the net premiums to the appropriate insurance company or companies. Accordingly, as reported in the Consolidated Balance Sheets, "premiums" are receivable from insureds. Unremitted net insurance premiums are held in a fiduciary capacity until Brown & Brown disburses them. Brown & Brown invests these unremitted funds only in cash, money market accounts, tax-free variable-rate demand bonds and commercial paper held for a short term. In certain states in which Brown & Brown operates, the use and investment alternatives for these funds are regulated and restricted by various state laws and agencies. These restricted funds are reported as restricted cash and investments on the Consolidated Balance Sheets. The interest income earned on these unremitted funds is reported as investment income in the Consolidated Statements of Income.

In other circumstances, the insurance companies collect the premiums directly from the insureds and remit the applicable commissions to Brown & Brown. Accordingly, as reported in the Consolidated Balance Sheets, "commissions" are receivables from insurance companies. "Fees" are primarily receivables due from customers.

INVESTMENTS

Certificates of deposit and other securities having maturities of more than three months when purchased are reported at cost and are adjusted for other-than-temporary market value declines.

FIXED ASSETS

Fixed assets, including leasehold improvements, are carried at cost, less accumulated depreciation and amortization. Expenditures for improvements are capitalized, and expenditures for maintenance and repairs are expensed to operations as incurred. Upon sale or retirement, the cost and related accumulated depreciation and amortization are removed from the accounts and the resulting gain or loss, if any, is reflected in other income. Depreciation has been determined using the straight-line method over the estimated useful lives of the related assets, which range from three to 15 years. Leasehold improvements are amortized on the straight-line method over the shorter of the useful life of the improvement or the term of the related lease.

GOODWILL AND AMORTIZABLE INTANGIBLE ASSETS

The excess of the purchase price of an acquisition over the fair value of the identifiable tangible and amortizable intangible assets is assigned to goodwill. While goodwill is not amortizable, it is subject to assessment at least annually, and more frequently in the presence of certain circumstances, for impairment by application of a fair value-based test. The Company compares the fair value of each reporting unit with its carrying amount to determine if there is potential impairment of goodwill. If the fair value of the reporting unit is less than its carrying value, an impairment loss is recorded to the extent that the fair value of the goodwill within the reporting unit is less than its carrying value. Fair value is estimated based on multiples of earnings before interest, income taxes, depreciation, amortization and change in estimated acquisition earn-out payables ("EBITDAC"), or on a discounted cash flow basis. Brown & Brown completed its most recent annual assessment as of November 30, 2013 and determined that the fair value of goodwill exceeded the carrying value of such assets. In addition, as of December 31, 2013, there are no accumulated impairment losses.

Amortizable intangible assets are stated at cost, less accumulated amortization, and consist of purchased customer accounts and non-compete agreements. Purchased customer accounts and non-compete agreements are amortized on a straight-line basis over the related estimated lives and contract periods, which range from five to 15 years. Purchased customer accounts primarily consist of records and files that contain information about insurance policies and the related insured parties that are essential to policy renewals.

The carrying value of amortizable intangible assets attributable to each business or asset group comprising Brown & Brown is periodically reviewed by management to determine if there are events or changes in circumstances that would indicate that its carrying amount may not be recoverable. Accordingly, if there are any such changes in circumstances during the year, Brown & Brown assesses the carrying value of its amortizable intangible assets by considering the estimated future undiscounted cash flows generated by the corresponding business or asset group. Any impairment identified through this assessment may require that the carrying value of related amortizable intangible assets be adjusted; however, no impairments were recorded for the years ended December 31, 2013, 2012 and 2011.

INCOME TAXES

Brown & Brown records income tax expense using the asset-and-liability method of accounting for deferred income taxes. Under this method, deferred tax assets and liabilities are recognized for the expected future tax consequences of temporary differences between the financial statement carrying values and the income tax bases of Brown & Brown's assets and liabilities.

Brown & Brown files a consolidated federal income tax return and has elected to file consolidated returns in certain states. Deferred income taxes are provided for in the Consolidated Financial Statements and relate principally to expenses charged to income for financial reporting purposes in one period and deducted for income tax purposes in other periods.

NET INCOME PER SHARE

Effective in 2009, the Company adopted new Financial Accounting Standards Board ("FASB") authoritative guidance that states that unvested share-based payment awards that contain non-forfeitable rights to dividends or dividend equivalents are participating securities and, therefore, are included in computing earnings per share ("EPS") pursuant to the two-class method. The two-class method determines EPS for each class of common stock and participating securities according to dividends or dividend equivalents and their respective participation rights in undistributed earnings. Performance stock shares granted to employees under the Company's Performance Stock Plan and under the Company's Stock Incentive Plan are considered participating securities as they receive non-forfeitable dividend equivalents at the same rate as common stock.

Basic EPS is computed based on the weighted average number of common shares (including participating securities) issued and outstanding during the period. Diluted EPS is computed based on the weighted average number of common shares issued and outstanding plus equivalent shares, assuming the exercise of stock options. The dilutive effect of stock options is computed by application of the treasury-stock method. The following is a reconciliation between basic and diluted weighted average shares outstanding for the years ended December 31:

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

FAIR VALUE OF FINANCIAL INSTRUMENTS

The carrying amounts of Brown & Brown's financial assets and liabilities, including cash and cash equivalents, restricted cash and investments, investments, premiums, commissions and fees receivable, premiums payable to insurance companies, premium deposits and credits due customers and accounts payable, at December 31, 2013 and 2012, approximate fair value because of the short-term maturity of these instruments. The carrying amount of Brown & Brown's long-term debt approximates fair value at December 31, 2013 and 2012 because the related coupon rate approximates the current market rate.

STOCK-BASED COMPENSATION

The Company grants stock options and non-vested stock awards to its employees, officers and directors. The Company uses the modified-prospective method to account for share-based payments. Under the modified-prospective method, compensation cost is recognized for all share-based payments granted on or after January 1, 2006 and for all awards granted to employees prior to January 1, 2006 that remained unvested on that date. The Company uses the alternative-transition method to account for the income tax effects of payments made related to stock-based compensation.

The Company uses the Black-Scholes valuation model for valuing all stock options and shares purchased under the Employee Stock Purchase Plan (the "ESPP"). Compensation for non-vested stock awards is measured at fair value on the grant date based upon the number of shares expected to vest. Compensation cost for all awards is recognized in earnings, net of estimated forfeitures, on a straight-line basis over the requisite service period.

NOTE 2 BUSINESS COMBINATIONS

ACQUISITIONS IN 2013

During 2013, Brown & Brown acquired the assets and assumed certain liabilities of ten insurance intermediaries, all of the stock of one insurance intermediary and a book of business (customer accounts). The aggregate purchase price of these acquisitions was $519,794,000, including $408,072,000 of cash payments, the issuance of $552,000 in other payables, the assumption of $106,079,000 of liabilities and $5,091,000 of recorded earn-out payables. All of these acquisitions were acquired primarily to expand Brown & Brown's core businesses and to attract high-quality personnel. Acquisition purchase prices are typically based on a multiple of average annual operating profit earned over a one—to three-year period within a minimum and maximum price range. The recorded purchase price for all acquisitions consummated after January 1, 2009 included an estimation of the fair value of liabilities associated with any potential earn-out provisions. Subsequent changes in the fair value of earn-out obligations will be recorded in the consolidated statement of income when incurred.

The fair value of earn-out obligations is based on the present value of the expected future payments to be made to the sellers of the acquired businesses in accordance with the provisions outlined in the respective purchase agreements. In determining fair value, the acquired business's future performance is estimated using financial projections developed by management for the acquired business and reflects market participant assumptions regarding revenue growth and/or profitability. The expected future payments are estimated on the basis of the earn-out formula and performance targets specified in each purchase agreement compared to the associated financial projections. These payments are then discounted to present value using a risk-adjusted rate that takes into consideration the likelihood that the forecasted earn-out payments will be made.

Based on the acquisition date and the complexity of the underlying valuation work, certain amounts included in the Company's Condensed Consolidated Financial Statements may be provisional and thus subject to further adjustments within the permitted measurement period, as defined in Accounting Standards Codification ("ASC") Topic 805—*Business Combinations*.

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

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

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

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

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

The weighted average useful lives for the acquired amortizable intangible assets are as follows: purchased customer accounts, 15.0 years; and non-compete agreements, 5.0 years.

Goodwill of $295,944,000 was allocated to the Retail, National Programs, Wholesale Brokerage and Services Divisions in the amounts of $257,196,000, $27,091,000, ($812,000) and $12,469,000, respectively. Of the total goodwill of $295,944,000, $41,663,000 is currently deductible for income tax purposes and $249,190,000 is non-deductible. The remaining $5,091,000 relates to the recorded earn-out payables and will not be deductible until it is earned and paid.

The results of operations for the acquisitions completed during 2013 have been combined with those of the Company since their respective acquisition dates. The total revenues and income before income taxes from the acquisitions completed through December 31, 2013, included in the Condensed Consolidated Statement of Income for the twelve months ended December 31, 2013, were $63,797,000 and $872,000, respectively. If the acquisitions had occurred as of the beginning of the period, the Company's results of operations would be as shown in the following table. These unaudited pro forma results are not necessarily indicative of the actual results of operations that would have occurred had the acquisitions actually been made at the beginning of the respective periods.

(UNAUDITED) *(in thousands, except per share data)*	For the Year Ended December 31,	
	2013	2012
Total revenues	**$ 1,439,918**	$ 1,329,262
Income before income taxes	**$ 373,175**	$ 329,291
Net income	**$ 226,562**	$ 198,826
Net income per share:		
Basic	**$ 1.57**	$ 1.39
Diluted	**$ 1.55**	$ 1.36
Weighted average number of shares outstanding:		
Basic	**141,033**	139,634
Diluted	**142,624**	142,010

ACQUISITIONS IN 2012

During 2012, Brown & Brown acquired the assets and assumed certain liabilities of 19 insurance intermediaries, all of the stock of one insurance intermediary and a book of business (customer accounts). The aggregate purchase price of these acquisitions was $667,586,000, including $483,933,000 of cash payments, the issuance of notes payable of $59,000, the issuance of $25,439,000 in other payables, the assumption of $136,676,000 of liabilities and $21,479,000 of recorded earn-out payables. The 'other payables' amount includes $22,061,000 that the Company is obligated to pay all shareholders of Arrowhead on a pro rata basis for certain pre-merger corporate tax refunds and certain estimated potential future income tax credits that were created by net operating loss carryforwards originating from transaction-related tax benefit items. All of these acquisitions were acquired primarily to expand Brown & Brown's core businesses and to attract high-quality personnel. Acquisition purchase prices are typically based on a multiple of average annual operating profit earned over a one—to three-year period within a minimum and maximum price range. The recorded purchase price for all acquisitions consummated after January 1, 2009 included an estimation of the fair value of liabilities associated with any potential earn-out provisions. Subsequent changes in the fair value of earn-out obligations will be recorded in the consolidated statement of income when incurred.

The fair value of earn-out obligations is based on the present value of the expected future payments to be made to the sellers of the acquired businesses in accordance with the provisions outlined in the respective purchase agreements. In determining fair value, the acquired business's future performance is estimated using financial projections developed by management for the acquired business and reflects market participant assumptions regarding revenue growth and/or profitability. The expected future payments are estimated on the basis of the earn-out formula and performance targets specified in each purchase agreement compared to the associated financial projections. These payments are then discounted to present value using a risk-adjusted rate that takes into consideration the likelihood that the forecasted earn-out payments will be made.

The acquisitions made in 2012 have been accounted for as business combinations and are as follows:

(in thousands) Name	Business Segment	2012 Date of Acquisition	Cash Paid	Note Payable	Other Payable	Recorded Earn-out Payable	Net Assets Acquired	*Maximum Potential Earn-out Payable*
Arrowhead General Insurance Agency Superholding Corporation	National Programs; Services	January 9	$ 396,952	$ —	$ 22,061	$ 3,290	$ 422,303	*$ 5,000*
Insurcorp & GGM Investments LLC (d/b/a Maalouf Benefit Resources)	Retail	May 1	15,500	—	900	4,944	21,344	*17,000*
Richard W. Endlar Insurance Agency, Inc.	Retail	May 1	10,825	—	—	2,598	13,423	*5,500*
Texas Security General Insurance Agency, Inc.	Wholesale Brokerage	September 1	14,506	—	2,182	2,124	18,812	*7,200*
Behnke & Associates, Inc.	Retail	December 1	9,213	—	—	1,126	10,339	*3,321*
Rowlands & Barranca Agency, Inc.	Retail	December 1	8,745	—	—	2,401	11,146	*4,000*
Other	Various	Various	28,192	59	296	4,996	33,543	*14,149*
Total			$ 483,933	$ 59	$ 25,439	$ 21,479	$ 530,910	*$ 56,170*

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

(in thousands)	Arrowhead	Insurcorp	Endlar	Texas Security	Behnke	Rowlands	Other	Total
Cash	$ 61,786	$ —	$ —	$ —	$ —	$ —	$ —	$ 61,786
Other current assets	69,051	180	305	1,866	—	—	422	71,824
Fixed assets	4,629	25	25	45	25	30	158	4,937
Goodwill	321,128	14,745	8,044	10,845	6,430	8,363	21,085	390,640
Purchased customer accounts	99,675	6,490	5,230	6,229	3,843	3,367	13,112	137,946
Non-compete agreements	100	22	11	14	41	21	243	452
Other assets	1	—	—	—	—	—	—	1
Total assets acquired	556,370	21,462	13,615	18,999	10,339	11,781	35,020	667,586
Other current liabilities	(107,579)	(118)	(192)	(187)	—	(635)	(1,477)	(110,188)
Deferred income taxes, net	(26,488)	—	—	—	—	—	—	(26,488)
Total liabilities assumed	(134,067)	(118)	(192)	(187)	—	(635)	(1,477)	(136,676)
Net assets acquired	$ 422,303	$ 21,344	$ 13,423	$ 18,812	$ 10,339	$ 11,146	$ 33,543	$530,910

The weighted average useful lives for the acquired amortizable intangible assets are as follows: purchased customer accounts, 15.0 years; and non-compete agreements, 5.0 years.

Goodwill of $390,640,000, was allocated to the Retail, National Programs, Wholesale Brokerage and Services Divisions in the amounts of $57,856,000, $289,378,000, $11,656,000 and $31,750,000, respectively. Of the total goodwill of $390,640,000, $52,730,000 is currently deductible for income tax purposes and $316,431,000 is non-deductible. The remaining $21,479,000 relates to the recorded earn-out payables and will not be deductible until it is earned and paid.

The results of operations for the acquisitions completed during 2012 have been combined with those of the Company since their respective acquisition dates. The total revenues and income before income taxes from the acquisitions completed through December 31, 2012, included in the Condensed Consolidated Statement of Income for the twelve months ended December 31, 2012, were $129,472,000 and $898,000, respectively. If the acquisitions had occurred as of the beginning of the period, the Company's results of operations would be as shown in the following table. These unaudited pro forma results are not necessarily indicative of the actual results of operations that would have occurred had the acquisitions actually been made at the beginning of the respective periods.

(UNAUDITED) *(in thousands, except per share data)*	For the Year Ended December 31, 2012	2011
Total revenues	$ 1,230,408	$ 1,163,341
Income before income taxes	$ 315,051	$ 313,706
Net income	$ 190,228	$ 190,174
Net income per share:		
Basic	$ 1.33	$ 1.33
Diluted	$ 1.30	$ 1.31
Weighted average number of shares outstanding:		
Basic	139,364	138,582
Diluted	142,010	140,264

ACQUISITIONS IN 2011

During 2011, Brown & Brown acquired the assets and assumed certain liabilities of 37 insurance intermediaries, all of the stock of one insurance intermediary and several books of business (customer accounts). The aggregate purchase price of these acquisitions was $214,822,000, including $167,444,000 of cash payments, the issuance of $1,194,000 in notes payable, the assumption of $15,659,000 of liabilities and $30,525,000 of recorded earn-out payables. All of these acquisitions were acquired primarily to expand Brown & Brown's core businesses and to attract high-quality personnel. Acquisition purchase prices are typically based on a multiple of average annual operating profit earned over a one-to three-year period within a minimum and maximum price range. The recorded purchase price for all acquisitions consummated after January 1, 2009 included an estimation of the fair value of liabilities associated with any potential earn-out provisions. Subsequent changes in the fair value of earn-out obligations will be recorded in the consolidated statement of income when incurred.

The fair value of earn-out obligations is based on the present value of the expected future payments to be made to the sellers of the acquired businesses in accordance with the provisions outlined in the respective purchase agreements. In determining fair value, the acquired business's future performance is estimated using financial projections developed by management for the acquired business and reflects market participant assumptions regarding revenue growth and/or profitability. The expected future payments are estimated on the basis of the earn-out formula and performance targets specified in each purchase agreement compared to the associated financial projections. These payments are then discounted to present value using a risk-adjusted rate that takes into consideration the likelihood that the forecasted earn-out payments will be made.

The acquisitions made in 2011 have been accounted for as business combinations and are as follows:

(in thousands) Name	Business Segment	2011 Date of Acquisition	Cash Paid	Note Payable	Recorded Earn-out Payable	Net Assets Acquired	*Maximum Potential Earn-out Payable*
Balcos Insurance, Inc.	Retail	January 1	$ 8,611	$ —	$ 1,595	$ 10,206	*$ 5,766*
Associated Insurance Service, Inc. et al.	Retail	January 1	12,000	—	1,575	13,575	*6,000*
United Benefit Services Insurance Agency LLC et al.	Retail	February 1	14,283	—	2,590	16,873	*8,442*
First Horizon Insurance Group, Inc. et al.	Retail	April 30	25,060	—	—	25,060	—
Fitzharris Agency, Inc. et al.	Retail	May 1	6,159	—	888	7,047	*3,832*
Corporate Benefit Consultants, LLC	Retail	June 1	9,000	—	2,038	11,038	*4,520*
Sitzmann, Morris & Lavis Insurance Agency, Inc. et al.	Retail	November 1	40,460	—	6,228	46,688	*19,000*
Snapper Shuler Kenner, Inc. et al.	Retail	November 1	7,493	—	1,318	8,811	*3,988*
Industry Consulting Group, Inc.	National Programs	November 1	9,133	—	3,877	13,010	*5,794*
Colonial Claims Corporation et al.	Services	December 23	9,950	—	4,248	14,198	*8,000*
Other	Various	Various	25,295	1,194	6,168	32,657	*12,865*
Total			$ 167,444	$ 1,194	$ 30,525	$ 199,163	*$ 78,207*

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

(in thousands)	Balcos	AIS	United	FHI	FA	CBC
Cash	$ —	$ —	$ —	$ 5,170	$ —	$ —
Other current assets	187	252	438	1,640	77	227
Fixed assets	20	100	20	134	60	6
Goodwill	6,486	9,055	10,049	15,254	7,244	6,738
Purchased customer accounts	3,530	4,086	7,045	8,088	3,351	4,046
Non-compete agreements	42	92	45	10	21	21
Other assets	—	—	4	9	—	—
Total assets acquired	10,265	13,585	17,601	30,305	10,753	11,038
Other current liabilities	(59)	(10)	(728)	(3,790)	(3,706)	—
Deferred income taxes, net	—	—	—	(1,455)	—	—
Other liabilities	—	—	—	—	—	—
Total liabilities assumed	(59)	(10)	(728)	(5,245)	(3,706)	—
Net assets acquired	$ 10,206	$ 13,575	$ 16,873	$ 25,060	$ 7,047	$ 11,038

(in thousands)	SML	SSK	ICG	CC	Other	Total
Cash	$ —	$ —	$ —	$ —	$ —	$ 5,170
Other current assets	1,372	247	336	—	1,059	5,835
Fixed assets	465	45	100	60	65	1,075
Goodwill	31,601	5,818	9,564	8,070	18,465	128,344
Purchased customer accounts	13,995	2,726	7,161	6,094	13,746	73,868
Non-compete agreements	42	12	11	23	187	506
Other assets	4	—	5	—	2	24
Total assets acquired	47,479	8,848	17,177	14,247	33,524	214,822
Other current liabilities	(791)	(37)	(1,096)	(49)	(867)	(11,133)
Deferred income taxes, net	—	—	—	—	—	(1,455)
Other liabilities	—	—	(3,071)	—	—	(3,071)
Total liabilities assumed	(791)	(37)	(4,167)	(49)	(867)	(15,659)
Net assets acquired	$ 46,688	$ 8,811	$ 13,010	$ 14,198	$ 32,657	$ 199,163

The weighted average useful lives for the above acquired amortizable intangible assets are as follows: purchased customer accounts, 15.0 years; noncompete agreements, 5.0 years.

Goodwill of $128,344,000, was assigned to the Retail, National Programs and Services Divisions in the amounts of $108,420,000, $11,853,000 and $8,071,000, respectively. Of the total goodwill of $128,344,000, $84,105,000 is currently deductible for income tax purposes and $13,714,000 is non-deductible. The remaining $30,525,000 relates to the recorded acquisition earn-out payables and will not be deductible until it is earned and paid.

The results of operations for the acquisitions completed during 2011 have been combined with those of the Company since their respective acquisition dates. The total revenues and income before income taxes from the acquisitions completed through December 31, 2011 included in the Condensed Consolidated Statement of Income for the twelve months ended December 31, 2011 were $40,291,000 and $7,223,000, respectively. If the acquisitions had occurred as of the beginning of the comparable prior annual reporting period, the Company's estimated results of operations would be as shown in the following table. These unaudited pro forma results are not necessarily indicative of the actual results of operations that would have occurred had the acquisitions actually been made at the beginning of the respective periods.

(UNAUDITED) *(in thousands, except per share data)*	For the Year Ended December 31, 2011	2010
Total revenues	$ 1,058,142	$ 1,059,857
Income before income taxes	$ 283,404	$ 291,944
Net income	$ 171,805	$ 177,464
Net income per share:		
Basic	$ 1.20	$ 1.25
Diluted	$ 1.19	$ 1.23
Weighted average number of shares outstanding:		
Basic	138,582	137,924
Diluted	140,264	139,318

For acquisitions consummated prior to January 1, 2009, additional consideration paid to sellers as a result of purchase price earn-out provisions are recorded as adjustments to intangible assets when the contingencies are settled. The net additional consideration paid by the Company in 2013 as a result of these adjustments totaled $873,000, all of which was allocated to goodwill. Of the $873,000 net additional consideration paid, $873,000 was issued in other payables. The net additional consideration paid by the Company in 2012 as a result of these adjustments totaled $2,907,000, all of which was allocated to goodwill. Of the $2,907,000 net additional consideration paid, $2,907,000 was paid in cash.

As of December 31, 2013, the maximum future contingency payments related to all acquisitions totaled $130,584,000, all of which relates to acquisitions consummated subsequent to January 1, 2009.

ASC Topic 805—*Business Combinations* is the authoritative guidance requiring an acquirer to recognize 100% of the fair values of acquired assets, including goodwill, and assumed liabilities (with only limited exceptions) upon initially obtaining control of an acquired entity. Additionally, the fair value of contingent consideration arrangements (such as earn-out purchase arrangements) at the acquisition date must be included in the purchase price consideration. As a result, the recorded purchase prices for all acquisitions consummated after January 1, 2009 include an estimation of the fair value of liabilities associated with any potential earn-out provisions. Subsequent changes in these earn-out obligations will be recorded in the consolidated statement of income when incurred. Potential earn-out obligations are typically based upon future earnings of the acquired entities, usually between on and three years.

As of December 31, 2013, the fair values of the estimated acquisition earn-out payables were re-evaluated and measured at fair value on a recurring basis using unobservable inputs (Level 3). The resulting additions, payments, and net changes, as well as the interest expense accretion on the estimated acquisition earn-out payables, for the years ended December 31, were as follows:

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

Of the $43,058,000 estimated acquisition earn-out payables as of December 31, 2013, $6,312,000 was recorded as accounts payable and $36,746,000 was recorded as other non-current liabilities. Of the $52,987,000 in estimated acquisition earn-out payables as of December 31, 2012, $10,164,000 was recorded as accounts payable and $42,823,000 was recorded as other non-current liabilities.

NOTE 3 GOODWILL

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

(in thousands)	Retail	National Programs	Wholesale Brokerage	Services	Total
Balance as of January 1, 2012	$ 823,573	$ 149,802	$ 273,783	$ 76,311	$1,323,469
Goodwill of acquired businesses	58,148	289,378	14,271	31,750	393,547
Goodwill disposed of relating to sales of businesses	(5,502)	—	—	—	(5,502)
Balance as of December 31, 2012	876,219	439,180	288,054	108,061	1,711,514
Goodwill of acquired businesses	257,196	27,964	(812)	12,469	296,817
Goodwill disposed of relating to sales of businesses	(2,158)	—	—	—	(2,158)
Balance as of December 31, 2013	**$ 1,131,257**	**$ 467,144**	**$ 287,242**	**$ 120,530**	**$2,006,173**

NOTE 4 AMORTIZABLE INTANGIBLE ASSETS

Amortizable intangible assets at December 31 consisted of the following:

(in thousands)	2013 Gross Carrying Value	2013 Accumulated Amortization	2013 Net Carrying Value	2013 Weighted Average Life (Years)	2012 Gross Carrying Value	2012 Accumulated Amortization	2012 Net Carrying Value	2012 Weighted Average Life (Years)
Purchased customer accounts	**$ 1,120,719**	**$ (505,137)**	**$ 615,582**	**14.9**	$1,005,031	$ (439,623)	$ 565,408	14.9
Non-compete agreements	**28,115**	**(24,809)**	**3,306**	**7.0**	25,320	(24,190)	1,130	7.2
Total	**$ 1,148,834**	**$ (529,946)**	**$ 618,888**		$1,030,351	$ (463,813)	$ 566,538	

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

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

NOTE 5 INVESTMENTS

Investments at December 31 consisted of the following:

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

The following table summarizes the proceeds and realized gains/(losses) on equity securities and certificates of deposit for the years ended December 31:

(in thousands)	Proceeds	Gross Realized Gains	Gross Realized Losses
2013	**$ 15,662**	**$ —**	**$ —**
2012	$ 10,654	$ 13	$ —
2011	$ 12,950	$ 124	$ —

NOTE 6 FIXED ASSETS

Fixed assets at December 31 consisted of the following:

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

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

NOTE 7 ACCRUED EXPENSES AND OTHER LIABILITIES

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

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

NOTE 8 LONG-TERM DEBT

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

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

In July 2004, the Company completed a private placement of $200.0 million of unsecured senior notes (the "Notes"). The $200.0 million was divided into two series: (1) Series A, which closed on September 15, 2004, for $100.0 million due in 2011 and bore interest at 5.57% per year; and (2) Series B, which closed on July 15, 2004, for $100.0 million due in 2014 and bearing interest at 6.08% per year. The Company has used the proceeds from the Notes for general corporate purposes, including acquisitions and repayment of existing debt. On September 15, 2011, the $100.0 million of Series A Notes were redeemed on their normal maturity date. As of December 31, 2013 and December 31, 2012, there was an outstanding balance on the Notes of $100.0 million.

On December 22, 2006, the Company entered into a Master Shelf and Note Purchase Agreement (the "Master Agreement") with a national insurance company (the "Purchaser"). On September 30, 2009, the Company and the Purchaser amended the Master Agreement to extend the term of the agreement until August 20, 2012. The Purchaser also purchased Notes issued by the Company in 2004. The Master Agreement provides for a $200.0 million private uncommitted "shelf" facility for the issuance of senior unsecured notes over a three-year period, with interest rates that may be fixed or floating and with such maturity dates, not to exceed ten years, as the parties may determine. The Master Agreement includes various covenants, limitations and events of default similar to the Notes issued in 2004. The initial issuance of notes under the Master Agreement occurred on December 22, 2006, through the issuance of $25.0 million in Series C Senior Notes due December 22, 2016, with a fixed interest rate of 5.66% per year. On February 1, 2008, $25.0 million in Series D Senior Notes due January 15, 2015, with a fixed interest rate of 5.37% per year, were issued. On September 15, 2011, and pursuant to a Confirmation of Acceptance, dated January 21, 2011 (the "Confirmation"), in connection with the Master Agreement, $100.0 million in Series E Senior Notes due September 15, 2018, with a fixed interest rate of 4.50% per year, were issued. The Series E Senior Notes were issued for the sole purpose of retiring the Series A Senior Notes. As of December 31, 2013 and December 31, 2012, there was an outstanding debt balance of $150.0 million attributable to notes issued under the provisions of the Master Agreement. The Master Agreement expired on September 30, 2012 and was not extended.

On October 12, 2012, the Company entered into a Master Note Facility Agreement (the "New Master Agreement") with another national insurance company (the "New Purchaser"). The New Purchaser also purchased Notes issued by us in 2004. The New Master Agreement provides for a $125.0 million private uncommitted "shelf" facility for the issuance of unsecured senior notes over a three-year period, with interest rates that may be fixed or floating and with such maturity dates, not to exceed ten years, as the parties may determine. The New Master Agreement includes various covenants, limitations and events of default similar to the Master Agreement. At December 31, 2013 and December 31, 2012, there were no borrowings against this facility.

On June 12, 2008, the Company entered into an Amended and Restated Revolving Loan Agreement dated as of June 3, 2008 (the "Prior Loan Agreement"), with a national banking institution, amending and restating the Revolving Loan Agreement dated September 29, 2003, as amended (the "Revolving Agreement"), to, among other things, increase the lending commitment to $50.0 million (subject to potential increases up to $100.0 million) and to extend the maturity date from December 20, 2011, to June 3, 2013. The Revolving Agreement initially provided for a revolving credit facility in the maximum principal amount of $75.0 million. After a series of amendments that provided covenant exceptions for additional notes issued or to be issued under the Master Agreement and relaxed or deleted certain other covenants, the maximum principal amount was reduced to $20.0 million. The Revolving Agreement was amended and restated by the SunTrust Revolver (as defined in the below paragraph).

On January 9, 2012, the Company entered into: (1) an amended and restated revolving and term loan credit agreement (the "SunTrust Agreement") with SunTrust Bank ("SunTrust") that provides for (a) a $100.0 million term loan (the "SunTrust Term Loan") and (b) a $50.0 million revolving line of credit (the "SunTrust Revolver") and (2) a $50.0 million promissory note (the "JPM Note") in favor of JPMorgan Chase Bank, N.A. ("JPMorgan"), pursuant to a letter agreement executed by JP Morgan (together with the JPM Note, (the "JPM Agreement") that provided for a $50.0 million uncommitted line of credit bridge facility (the "JPM Bridge Facility"). The SunTrust Term Loan, the SunTrust Revolver and the JPM Bridge Facility were each funded on January 9, 2012, and provided the financing for the Arrowhead acquisition. The SunTrust Agreement amended and restated the Prior Loan Agreement.

The maturity date for the SunTrust Term Loan and the SunTrust Revolver is December 31, 2016, at which time all outstanding principal and unpaid interest will be due. Both the SunTrust Term Loan and the SunTrust Revolver may be increased by up to $50.0 million (bringing the total available to $150.0 million for the SunTrust Term Loan and $100.0 million for the SunTrust Revolver). The calculation of interest and fees for the SunTrust Agreement is generally based on the Company's funded debt-to-EBITDA ratio.

Interest is charged at a rate equal to 1.00% to 1.40% above LIBOR or 1.00% below the Base Rate, each as more fully described in the SunTrust Agreement. Fees include an up-front fee, an availability fee of 0.175% to 0.25%, and a letter of credit margin fee of 1.00% to 1.40%. The obligations under the SunTrust Term Loan and SunTrust Revolver are unsecured and the SunTrust Agreement includes various covenants, limitations and events of default that are customary for similar facilities for similar borrowers and that are substantially similar to those contained in the Prior Loan Agreement.

The maturity date for the JPM Bridge Facility was February 3, 2012, at which time all outstanding principal and unpaid interest would have been due. On January 26, 2012, the Company entered into a term loan agreement (the "JPM Agreement") with JPMorgan that provided for a $100.0 million term loan (the "JPM Term Loan"). The JPM Term Loan was fully funded on January 26, 2012, and provided the financing to fully repay (1) the JPM Bridge Facility and (2) the SunTrust Revolver. As a result of the January 26, 2012 financing and repayments, the JPM Bridge Facility was terminated and the SunTrust Revolver's amount outstanding was reduced to zero. At December 31, 2013 and December 31, 2012, there were no borrowings against the SunTrust Revolver.

The maturity date for the JPM Term Loan is December 31, 2016, at which time all outstanding principal and unpaid interest will be due. Interest is charged at a rate equal to the Alternative Base Rate or 1.00% above the Adjusted LIBOR Rate, each as more fully described in the JPM Agreement. Fees include an up-front fee. The obligations under the JPM Term Loan are unsecured and the JPM Agreement includes various covenants, limitations and events of default that are customary for similar facilities for similar borrowers.

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

The maturity date for the Wells Fargo Revolver is December 31, 2016, at which time all outstanding principal and unpaid interest will be due. The Wells Fargo Revolver may be increased by up to $50.0 million (bringing the total available to $100.0 million). The calculation of interest and fees for the Wells Fargo Agreement is generally based on our funded debt-to-EBITDA ratio. Interest is charged at a rate equal to 1.00% to 1.40% above LIBOR or 1.00% below the Base Rate, each as more fully described in the Wells Fargo Agreement. Fees include an up-front fee, an availability fee of 0.175% to 0.25%, and a letter of credit margin fee of 1.00% to 1.40%. The obligations under the Wells Fargo Revolver are unsecured and the Wells Fargo Agreement includes various covenants, limitations and events of default that are customary for similar facilities for similar borrowers. The Wells Fargo Revolver was drawn down in the amount of $30.0 million on July 1, 2013. There were no borrowings against the Wells Fargo Revolver as of December 31, 2013.

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

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

The Notes, the Master Agreement, the SunTrust Agreement and the JPM Agreement require the Company to maintain certain financial ratios and comply with certain other covenants. The Company was in compliance with all such covenants as of December 31, 2013 and 2012.

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

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

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

NOTE 9 INCOME TAXES

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

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

A reconciliation of the differences between the effective tax rate and the federal statutory tax rate for the years ended December 31 is as follows:

	2013	2012	2011
Federal statutory tax rate	**35.0%**	35.0%	35.0%
State income taxes, net of federal income tax benefit	**3.5**	4.3	3.5
Non-deductible employee stock purchase plan expense	**0.3**	0.3	0.3
Non-deductible meals and entertainment	**0.3**	0.3	0.3
Other, net	**0.2**	(0.3)	0.3
Effective tax rate	**39.3%**	39.6%	39.4%

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for income tax reporting purposes.

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

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

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

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

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

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

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

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

The Company recognizes interest and penalties related to uncertain tax positions in income tax expense. As of December 31, 2013 and 2012, the Company had approximately $121,000 and $79,000 of accrued interest and penalties related to uncertain tax positions, respectively.

The total amount of unrecognized tax benefits that would affect the Company's effective tax rate if recognized was $391,000 s of December 31, 2013 and $294,000 as of December 31, 2012. The Company does not expect its unrecognized tax benefits to change significantly over the next 12 months.

As a result of a 2006 Internal Revenue Service ("IRS") audit, the Company agreed to accrue at each December 31, for tax purposes only, a known amount of profit-sharing contingent commissions represented by the actual amount of profit-sharing contingent commissions received in the first quarter of the related year, with a true-up adjustment to the actual amount received by the end of the following March. Since this method for tax purposes differs from the method used for book purposes, it will result in a current deferred tax asset as of December 31 each year which will reverse by the following March 31 when the related profit-sharing contingent commissions are recognized for financial accounting purposes.

The Company is subject to taxation in the United States and various state jurisdictions. The Company is also subject to taxation in the United Kingdom. In the United States, federal returns for fiscal years 2011 through 2013 remain open and subject to examination by the Internal Revenue Service. The Company files and remits state income taxes in various states where the Company has determined it is required to file state income taxes. The Company's filings with those states remain open for audit for the fiscal years 2008 through 2013. In the United Kingdom, the Company's filings remain open for audit for the fiscal years 2012 and 2013.

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

NOTE 10 EMPLOYEE SAVINGS PLAN

The Company has an Employee Savings Plan (401(k)) in which substantially all employees with more than 30 days of service are eligible to participate. Under this plan, Brown & Brown makes matching contributions, of up to 2.5% of each participant's annual compensation. Further, the Plan authorizes the Company to make a discretionary profit-sharing contribution each year, which equaled 1.5% of each eligible employee's compensation in each of the past three years. The Company's contributions to the plan totaled $14,819,000 in 2013, $14,266,000 in 2012, and $11,866,000 in 2011.

NOTE 11 STOCK-BASED COMPENSATION

PERFORMANCE STOCK PLAN

In 1996, Brown & Brown adopted and the shareholders approved a performance stock plan, under which until the suspension of the plan in 2010, up to 14,400,000 Performance Stock Plan ("PSP") shares could be granted to key employees contingent on the employees' future years of service with Brown & Brown and other performance-based criteria established by the Compensation Committee of the Company's Board of Directors. Before participants may take full title to Performance Stock, two vesting conditions must be met. Of the grants currently outstanding, specified portions will satisfy the first condition for vesting based on 20% incremental increases in the 20-trading-day average stock price of Brown & Brown's common stock from the price on the business day prior to date of grant. Performance Stock that has satisfied the first vesting condition is considered "awarded shares." Awarded shares are included as issued and outstanding common stock shares and are included in the calculation of basic and diluted EPS. Dividends are paid on awarded shares and participants may exercise voting privileges on such shares. Awarded shares satisfy the second condition for vesting on the earlier of a participant's: (i) 15 years of continuous employment with Brown & Brown from the date shares are granted to the participants (or, in the case of the July 2009 grant to Powell Brown, 20 years); (ii) attainment of age 64 (on a prorated basis corresponding to the number of years since the date of grant); or (iii) death or disability. On April 28, 2010, the PSP was suspended and any remaining authorized but unissued shares, as well as any shares forfeited in the future, will be reserved for issuance under the 2010 Stock Incentive Plan (the "SIP").

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

The Company uses a path-dependent lattice model to estimate the fair value of PSP grants on the grant date.

A summary of PSP activity for the years ended December 31, 2013, 2012 and 2011 is as follows:

	Weighted-Average Grant Date Fair Value	Granted Shares	Awarded Shares	Shares Not Yet Awarded
Outstanding at January 1, 2011	$ 7.32	5,791,854	3,391,519	2,400,335
Granted	$ —	—	—	—
Awarded	$ 9.56	—	447,154	(447,154)
Vested	$ 6.01	(106,490)	(106,490)	—
Forfeited	$ 9.48	(753,552)	(386,914)	(366,638)
Outstanding at December 31, 2011	$ 8.08	4,931,812	3,345,269	1,586,543
Granted	$ —	—	—	—
Awarded	$ 8.09	—	7,743	(7,743)
Vested	$ 3.29	(877,224)	(877,224)	—
Forfeited	$ 13.06	(363,566)	(81,283)	(282,283)
Outstanding at December 31, 2012	$ 8.72	3,691,022	2,394,505	1,296,517
Granted	$ —	—	—	—
Awarded	$ 10.25	—	122,021	(122,021)
Vested	$ 4.01	(119,364)	(119,364)	—
Forfeited	$ 8.73	(1,200,371)	(101,310)	(1,099,061)
Outstanding at December 31, 2013	**$ 8.62**	**2,371,287**	**2,295,852**	**75,435**

The total fair value of PSP grants that vested during each of the years ended December 31, 2013, 2012 and 2011 was $3,729,000, $23,034,000 and $2,384,000, respectively.

STOCK INCENTIVE PLAN

On April 28, 2010, the shareholders of Brown & Brown, Inc. approved the Stock Incentive Plan ("SIP") that provides for the granting of stock options, stock and/or stock appreciation rights to employees and directors contingent on criteria established by the Compensation Committee of the Company's Board of Directors. The principal purpose of the SIP is to attract, incentivize and retain key employees by offering those persons an opportunity to acquire or increase a direct proprietary interest in the Company's operations and future success. The SIP includes a sub-plan applicable to Decus Insurance Brokers Limited ("Decus") which, together with its parent company, Decus Holdings (U.K.) Limited, are the Company's only foreign subsidiaries. The shares of stock reserved for issuance under the SIP are any shares that are authorized for issuance under the PSP and not already subject to grants under the PSP, and that were outstanding as of April 28, 2010, the date of suspension of the PSP, together with PSP shares and SIP shares forfeited after that date. As of April 28, 2010, 6,046,768 shares were available for issuance under the PSP, which were then transferred to the SIP. To date stock grants to employees under the SIP generally vest in four-to-ten years, subject to the achievement of certain performance criteria by grantees, and the achievement of consolidated EPS growth at certain levels by the Company, over three-to-five-year measurement periods.

In 2010, 187,040 shares were granted under the SIP. This grant was conditioned upon the surrender of 187,040 shares previously granted under the PSP in 2009, which were accordingly treated as forfeited PSP shares. The vesting conditions of this grant were identical to those provided for in connection with the 2009 PSP grant; thus the target stock prices and the periods associated with satisfaction of the first and second conditions of vesting were unchanged. Additionally, grants totaling 5,205 shares were made in 2010 to Decus employees under the SIP sub-plan applicable to Decus.

In 2011, 2,375,892 shares were granted under the SIP. Of this total, 24,670 shares were granted to Decus employees under the SIP sub-plan applicable to Decus. As of December 31, 2012, 37,408 of the granted shares had satisfied the first condition of vesting and had been "awarded", meaning that dividends are paid on awarded shares and participants may exercise voting privileges on such shares.

In 2012, 814,545 shares were granted under the SIP, primarily related to the Arrowhead acquisition. As of December 31, 2012, no shares had met the first condition for vesting.

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

Additionally, non-employee members of the Board of Directors received shares annually issued pursuant to the SIP as part of their annual compensation. A total of 36,919 SIP shares were issued to these directors in 2011 and 2012, of which 11,682 were issued in January 2011, 12,627 in January 2012, and 12,610 in December 2012. The shares issued in December 2012 were issued at that earlier time rather than in January 2013 pursuant to action of the Board of Directors. No additional shares were granted or issued to the non-employee members of the Board of Directors in 2013.

At December 31, 2013, 2,207,098 shares were available for future grants, of which 318,134 are reserved for grants with PSP-type vesting conditions.

The Company uses the closing stock price on the day prior to the grant date to determine the fair value of SIP grants and then applies an estimated forfeiture factor to estimate the annual expense. Additionally, the Company uses the path-dependent lattice model to estimate the fair value of grants with PSP-type vesting conditions as of the grant date. SIP shares that satisfied the first vesting condition for PSP-like grants or the established performance criteria are considered awarded shares. Awarded shares are included as issued and outstanding common stock shares and are included in the calculation of basic and diluted EPS.

A summary of SIP activity for the years ended December 31, 2013, 2012 and 2011 is as follows:

	Weighted-Average Grant Date Fair Value	Granted Shares	Awarded Shares	Shares Not Yet Awarded
Outstanding at January 1, 2011	$ 12.62	192,245	38,449	153,796
Granted	$ 23.94	2,375,892	—	2,375,892
Awarded	$ 11.41	—	(1,041)	1,041
Vested	$ —	—	—	—
Forfeited	$ 23.94	(90,080)	—	(90,080)
Outstanding at December 31, 2011	$ 23.06	2,478,057	37,408	2,440,649
Granted	$ 22.59	814,545	—	814,545
Awarded	$ —	—	—	—
Vested	$ —	—	—	—
Forfeited	$ 23.62	(135,291)	—	(135,291)
Outstanding at December 31, 2012	$ 22.91	3,157,311	37,408	3,119,903
Granted	$ 31.95	3,719,974	—	3,719,974
Awarded	$ 30.71	—	966,215	(966,215)
Vested	$ —	—	—	—
Forfeited	$ 23.88	(271,184)	(7,906)	(263,278)
Outstanding at December 31, 2013	**$ 27.96**	**6,606,101**	**995,717**	**5,610,384**

EMPLOYEE STOCK PURCHASE PLAN

The Company has a shareholder-approved Employee Stock Purchase Plan ("ESPP") with a total of 12,000,000 authorized shares of which 1,246,838 were available for future subscriptions as of December 31, 2013. Employees of the Company who regularly work more than 20 hours per week are eligible to participate in the ESPP. Participants, through payroll deductions, may allot up to 10% of their compensation, to a maximum of $25,000, to purchase Company stock between August 1st of each year and the following July 31st (the "Subscription Period") at a cost of 85% of the lower of the stock price as of the beginning or end of the Subscription Period.

The Company estimates the fair value of an ESPP share option as of the beginning of the Subscription Period as the sum of: (1) 15% of the quoted market price of the Company's stock on the day prior to the beginning of the Subscription Period, and (2) 85% of the value of a one-year stock option on the Company stock using the Black-Scholes option-pricing model. The estimated fair value of an ESPP share option as of the Subscription Period beginning in August 2013 was $8.36. The fair values of an ESPP share option as of the Subscription Periods beginning in August 2012 and 2011, were $5.84 and $4.27, respectively.

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

For the five months ended December 31, 2013, 2012 and 2011 (portions of the 2013-2014, 2012-2013 and 2011-2012 plan years), 222,526, 246,164, and 230,481 shares of common stock (from authorized but unissued shares), respectively, were subscribed to by ESPP participants for proceeds of approximately $5,937,000, $5,278,000 and $3,810,000, respectively.

INCENTIVE STOCK OPTION PLAN

On April 21, 2000, Brown & Brown adopted, and the shareholders approved, a qualified incentive stock option plan (the "ISOP") that provides for the granting of stock options to certain key employees for up to 4,800,000 shares of common stock. On December 31, 2008, the ISOP expired. The objective of the ISOP was to provide additional performance incentives to grow Brown & Brown's pre-tax income in excess of 15% annually. The options were granted at the most recent trading day's closing market price and vest over a one-to-10-year period, with a potential acceleration of the vesting period to three-to-six years based upon achievement of certain performance goals. All of the options expire 10 years after the grant date.

The Company uses the Black-Scholes option-pricing model to estimate the fair value of stock options on the grant date. The risk-free interest rate is based upon the U.S. Treasury yield curve on the date of grant with a remaining term approximating the expected term of the option granted. The expected term of the options granted is derived from historical data; grantees are divided into two groups based upon expected exercise behavior and are considered separately for valuation purposes. The expected volatility is based upon the historical volatility of the Company's common stock over the period of time equivalent to the expected term of the options granted. The dividend yield is based upon the Company's best estimate of future dividend yield.

A summary of stock option activity for the years ended December 31, 2013, 2012 and 2011 is as follows:

Stock Options	Shares Under Option	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Term *(in years)*	Aggregate Intrinsic Value *(in thousands)*
Outstanding at January 1, 2011	1,875,170	$ 17.53	5.4	$ 17,147
Granted	—	$ —		
Exercised	(52,589)	$ 18.48		
Forfeited	(438,044)	$ 17.28		
Expired	—	$ —		
Outstanding at December 31, 2011	1,384,537	$ 17.58	4.4	$ 14,587
Granted	—	$ —		
Exercised	(645,745)	$ 16.64		
Forfeited	—	$ —		
Expired	—	$ —		
Outstanding at December 31, 2012	738,792	$ 18.39	4.9	$ 8,891
Granted	—	$ —		
Exercised	(115,847)	$ 17.56		
Forfeited	—	$ —		
Expired	—	$ —		
Outstanding at December 31, 2013	**622,945**	**$ 18.55**	**4.1**	**$ 7,289**
Ending vested and expected to vest at December 31, 2013	622,945	$ 18.55	4.1	$ 7,289
Exercisable at December 31, 2013	422,945	$ 18.48	4.2	$ 5,460
Exercisable at December 31, 2012	162,792	$ 17.82	4.0	$ 1,243
Exercisable at December 31, 2011	396,985	$ 18.16	5.4	$ 1,774

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

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

The total intrinsic value of options exercised, determined as of the date of exercise, during the years ended December 31, 2013, 2012 and 2011 was $1,558,000, $5,780,000 and $333,000, respectively. The total intrinsic value is calculated as the difference between the exercise price of all underlying awards and the quoted market price of the Company's stock for all in-the-money stock options at December 31, 2013, 2012 and 2011, respectively.

There are no option shares available for future grant under the ISOP since this plan expired as of December 31, 2008.

SUMMARY OF NON-CASH STOCK-BASED COMPENSATION EXPENSE

The non-cash stock-based compensation expense for the years ended December 31 is as follows:

(in thousands)	2013	2012	2011
Stock Incentive Plan	**$ 15,934**	$ 9,288	$ 5,320
Employee Stock Purchase Plan	**3,538**	2,856	2,126
Performance Stock Plan	**2,310**	2,612	2,661
Incentive Stock Option Plan	**821**	1,109	1,087
Total	**$ 22,603**	$ 15,865	$ 11,194

SUMMARY OF UNRECOGNIZED COMPENSATION EXPENSE

As of December 31, 2013, there was approximately $133.9 million of unrecognized compensation expense related to all non-vested share-based compensation arrangements granted under the Company's stock-based compensation plans. That expense is expected to be recognized over a weighted-average period of 6.9 years.

NOTE 12 SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION

Brown & Brown's significant non-cash investing and financing activities for the years ended December 31 are summarized as follows:

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

NOTE 13 COMMITMENTS AND CONTINGENCIES

OPERATING LEASES

Brown & Brown leases facilities and certain items of office equipment under non-cancelable operating lease arrangements expiring on various dates through 2042. The facility leases generally contain renewal options and escalation clauses based upon increases in the lessors' operating expenses and other charges. Brown & Brown anticipates that most of these leases will be renewed or replaced upon expiration. At December 31, 2013, the aggregate future minimum lease payments under all non-cancelable lease agreements were as follows:

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

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

LEGAL PROCEEDINGS

The Company records losses for claims in excess of the limits of, or outside the coverage of, applicable insurance at the time and to the extent they are probable and estimable. In accordance with ASC Topic 450—*Contingencies*, the Company accrues anticipated costs of settlement, damages, losses for liability claims and, under certain conditions, costs of defense, based on historical experience or to the extent specific losses are probable and estimable. Otherwise, the Company expenses these costs as incurred. If the best estimate of a probable loss is a range rather than a specific amount, the Company accrues the amount at the lower end of the range.

The Company's accruals for legal matters that were probable and estimable were not material at December 31, 2013 and 2012. We continue to assess certain litigation and claims to determine the amounts, if any, that management believes will be paid as a result of such claims and litigation and, therefore, additional losses may be accrued and paid in the future, which could adversely impact the Company's operating results, cash flows and overall liquidity. The Company maintains third-party insurance policies to provide coverage for certain legal claims, in an effort to mitigate its overall exposure to unanticipated claims or adverse decisions. However, as (i) one or more of the Company's insurance carriers could take the position that portions of these claims are not covered by the Company's insurance, (ii) to the extent that payments are made to resolve claims and lawsuits, applicable insurance policy limits are eroded and (iii) the claims and lawsuits relating to these matters are continuing to develop, it is possible that future results of operations or cash flows for any particular quarterly or annual period could be materially affected by unfavorable resolutions of these matters. Based on the A. M. Best ratings of these third-party insurers, management does not believe there is a substantial risk of an insurer's material nonperformance related to any current insured claims.

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

NOTE 14 QUARTERLY OPERATING RESULTS (UNAUDITED)

Quarterly operating results for 2013 and 2012 were as follows:

(in thousands, except per share data)	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
2013				
Total revenues	**$ 335,012**	**$ 325,792**	**$ 359,310**	**$ 343,165**
Total expenses	**$ 235,521**	**$ 239,571**	**$ 263,855**	**$ 266,723**
Income before income taxes	**$ 99,491**	**$ 86,221**	**$ 95,455**	**$ 76,442**
Net income	**$ 60,131**	**$ 52,007**	**$ 57,749**	**$ 47,225**
Net income per share:				
Basic	**$ 0.42**	**$ 0.36**	**$ 0.40**	**$ 0.32**
Diluted	**$ 0.41**	**$ 0.36**	**$ 0.39**	**$ 0.32**
2012				
Total revenues	$ 302,486	$ 290,916	$ 303,800	$ 302,830
Total expenses	$ 219,696	$ 219,771	$ 222,151	$ 233,603
Income before income taxes	$ 82,790	$ 71,145	$ 81,649	$ 69,227
Net income	$ 49,433	$ 42,471	$ 49,504	$ 42,637
Net income per share:				
Basic	$ 0.34	$ 0.30	$ 0.34	$ 0.30
Diluted	$ 0.34	$ 0.29	$ 0.34	$ 0.29

Quarterly financial results are affected by seasonal variations. The timing of the Company's receipt of profit-sharing contingent commissions, policy renewals and acquisitions may cause revenues, expenses and net income to vary significantly between quarters.

NOTE 15 SEGMENT INFORMATION

Brown & Brown's business is divided into four reportable segments: the Retail Division, which provides a broad range of insurance products and services to commercial, public and quasi-public entities, and to professional and individual customers; the National Programs Division, which provides professional liability and related package products for certain professionals delivered through nationwide networks of independent agents, and markets targeted products and services designed for specific industries, trade groups, public and quasi-public entities, and market niches; the Wholesale Brokerage Division, which markets and sells excess and surplus commercial and personal lines insurance, and reinsurance, primarily through independent agents and brokers; and the Services Division, which provides insurance-related services, including third-party claims administration and comprehensive medical utilization management services in both the workers' compensation and all-lines liability arenas, as well as Medicare set-aside services, Social Security disability and Medicare benefits advocacy services and catastrophe claims adjusting services.

Brown & Brown conducts all of its operations within the United States of America, except for one wholesale brokerage operation based in London, England, and retail operations in Bermuda and the Cayman Islands. These operations earned $12.2 million, $9.7 million and $9.1 million of total revenues for the years ended December 31, 2013, 2012 and 2011, respectively. Long-lived assets held outside of the United States during each of these three years were not material.

The accounting policies of the reportable segments are the same as those described in Note 1. Brown & Brown evaluates the performance of its segments based upon revenues and income before income taxes. Inter-segment revenues are eliminated.

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

	Year Ended December 31, 2013					
(in thousands)	Retail	National Programs	Wholesale Brokerage	Services	Other	Total
Total revenues	$ 728,324	$ 292,130	$ 209,907	$ 131,489	$ 1,429	$ 1,363,279
Investment income	$ 82	$ 19	$ 22	$ 1	$ 514	$ 638
Amortization	$ 38,052	$ 14,593	$ 11,550	$ 3,698	$ 39	$ 67,932
Depreciation	$ 5,847	$ 5,399	$ 2,794	$ 1,623	$ 1,822	$ 17,485
Interest expense	$ 34,407	$ 24,014	$ 2,565	$ 7,321	$ (51,867)	$ 16,440
Income before income taxes	$ 166,316	$ 58,379	$ 53,822	$ 24,518	$ 54,574	$ 357,609
Total assets	$ 2,992,087	$ 1,335,911	$ 927,825	$ 277,652	$ (1,883,967)	$ 3,649,508
Capital expenditures	$ 6,847	$ 4,743	$ 1,931	$ 1,811	$ 1,034	$ 16,366

	Year Ended December 31, 2012					
(in thousands)	Retail	National Programs	Wholesale Brokerage	Services	Other	Total
Total revenues	$ 644,429	$ 252,943	$ 183,565	$ 116,736	$ 2,359	$ 1,200,032
Investment income	$ 108	$ 20	$ 22	$ 1	$ 646	$ 797
Amortization	$ 34,639	$ 13,936	$ 11,280	$ 3,680	$ 38	$ 63,573
Depreciation	$ 5,181	$ 4,600	$ 2,718	$ 1,278	$ 1,596	$ 15,373
Interest expense	$ 26,641	$ 25,674	$ 3,974	$ 8,602	$ (48,794)	$ 16,097
Income before income taxes	$ 145,214	$ 51,491	$ 43,355	$ 16,770	$ 47,981	$ 304,811
Total assets	$ 2,420,759	$ 1,183,191	$ 837,364	$ 238,430	$ (1,551,686)	$ 3,128,058
Capital expenditures	$ 5,732	$ 9,633	$ 3,383	$ 2,519	$ 2,761	$ 24,028

	Year Ended December 31, 2011					
(in thousands)	Retail	National Programs	Wholesale Brokerage	Services	Other	Total
Total revenues	$ 607,199	$ 164,427	$ 174,158	$ 65,972	$ 1,786	$ 1,013,542
Investment income	$ 102	$ ——	$ 34	$ 128	$ 1,003	$ 1,267
Amortization	$ 33,373	$ 7,770	$ 11,032	$ 2,541	$ 39	$ 54,755
Depreciation	$ 5,046	$ 2,937	$ 2,594	$ 590	$ 1,225	$ 12,392
Interest expense	$ 27,688	$ 1,381	$ 7,495	$ 5,746	$ (28,178)	$ 14,132
Income before income taxes	$ 137,807	$ 60,465	$ 36,511	$ 7,729	$ 28,009	$ 270,521
Total assets	$ 2,155,413	$ 680,251	$ 712,212	$ 166,060	$ (1,106,925)	$ 2,607,011
Capital expenditures	$ 6,102	$ 1,968	$ 2,658	$ 689	$ 2,191	$ 13,608

NOTE 16 SUBSEQUENT EVENT

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

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

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Shareholders of
Brown & Brown, Inc.
Daytona Beach, Florida

We have audited the accompanying consolidated balance sheets of Brown & Brown, Inc. and subsidiaries (the "Company") as of December 31, 2013 and 2012, and the related consolidated statements of income, shareholders' equity, and cash flows for each of the three years in the period ended December 31, 2013. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of Brown & Brown, Inc. and subsidiaries as of December 31, 2013 and 2012, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2013, in conformity with accounting principles generally accepted in the United States of America.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the Company's internal control over financial reporting as of December 31, 2013, based on the criteria established in *Internal Control—Integrated Framework (1992)* issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated February 28, 2014 expressed an unqualified opinion on the Company's internal control over financial reporting.

Deloitte & Touche LLP

Certified Public Accountants
Jacksonville, Florida
February 28, 2014

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Shareholders of
Brown & Brown, Inc.
Daytona Beach, Florida

We have audited the internal control over financial reporting of Brown & Brown, Inc. and subsidiaries (the "Company") as of December 31, 2013, based on criteria established in *Internal Control—Integrated Framework (1992)* issued by the Committee of Sponsoring Organizations of the Treadway Commission. As described in Management's Report on Internal Control over Financial Reporting, management excluded from its assessment the internal control over financial reporting at Beecher Carlson Holdings, Inc. and ICA, Inc. (collectively the "2013 Excluded Acquisitions"), which were acquired during 2013 and whose financial statements constitute 2.6% and 10.8% of net and total assets, respectively, 3.4% of revenues, and 2.2% of net income of the consolidated financial statement amounts as of and for the year ended December 31, 2013. Accordingly, our audit did not include the internal control over financial reporting of the 2013 Excluded Acquisitions. The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed by, or under the supervision of, the company's principal executive and principal financial officers, or persons performing similar functions, and effected by the company's board of directors, management, and other personnel to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of the inherent limitations of internal control over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may not be prevented or detected on a timely basis. Also, projections of any evaluation of the effectiveness of the internal control over financial reporting to future periods are subject to the risk that the controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2013, based on the criteria established in *Internal Control—Integrated Framework (1992)* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated financial statements as of and for the year ended December 31, 2013 of the Company and our report dated February 28, 2014 expressed an unqualified opinion on those financial statements.

Deloitte & Touche LLP

Certified Public Accountants
Jacksonville, Florida
February 28, 2014

Management's Report on Internal Control Over Financial Reporting

The management of Brown & Brown, Inc. and its subsidiaries ("Brown & Brown") is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Securities Exchange Act Rule 13a-15(f). Under the supervision and with the participation of management, including Brown & Brown's principal executive officer and principal financial officer, Brown & Brown conducted an evaluation of the effectiveness of internal control over financial reporting based on the framework in *Internal Control—Integrated Framework (1992)* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

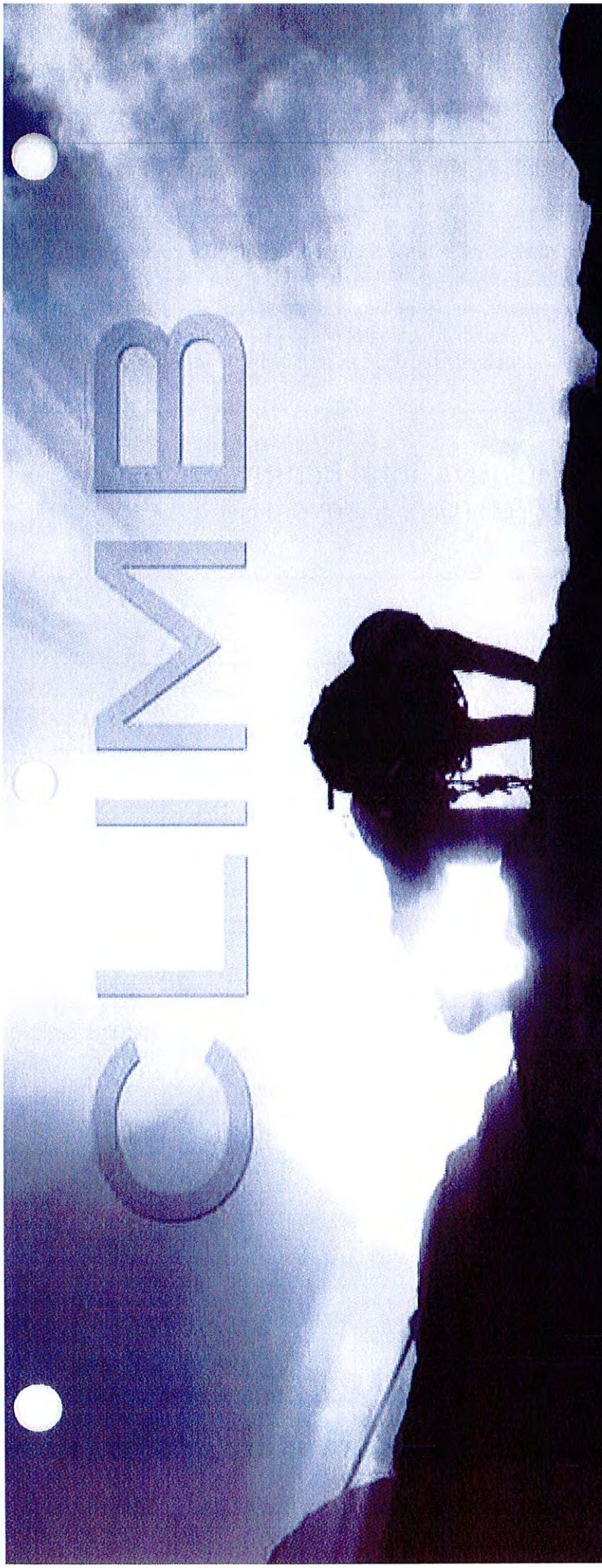
In conducting Brown & Brown's evaluation of the effectiveness of its internal control over financial reporting, Brown & Brown has excluded the following acquisitions completed by Brown & Brown during 2013: Beecher Carlson Holdings, Inc. and ICA, Inc. (collectively the "2013 Excluded Acquisitions"), which were acquired during 2013 and whose financial statements constitute 2.6% and 10.8% of net and total assets, respectively, 3.4% of revenues, and 2.2% of net income of the consolidated financial statement amounts as of and for the year ended December 31, 2013. Refer to Note 2 to the Consolidated Financial Statements for further discussion of these acquisitions and their impact on Brown & Brown's Consolidated Financial Statements.

Based on Brown & Brown's evaluation under the framework in *Internal Control—Integrated Framework (1992)* issued by the Committee of Sponsoring Organizations of the Treadway Commission, management concluded that internal control over financial reporting was effective as of December 31, 2013. Management's internal control over financial reporting as of December 31, 2013 has been audited by Deloitte & Touche LLP, an independent registered public accounting firm, as stated in their report which is included herein.

Brown & Brown, Inc.
Daytona Beach, Florida
February 28, 2014

J. Powell Brown
Chief Executive Officer

Cory T. Walker
Chief Financial Officer



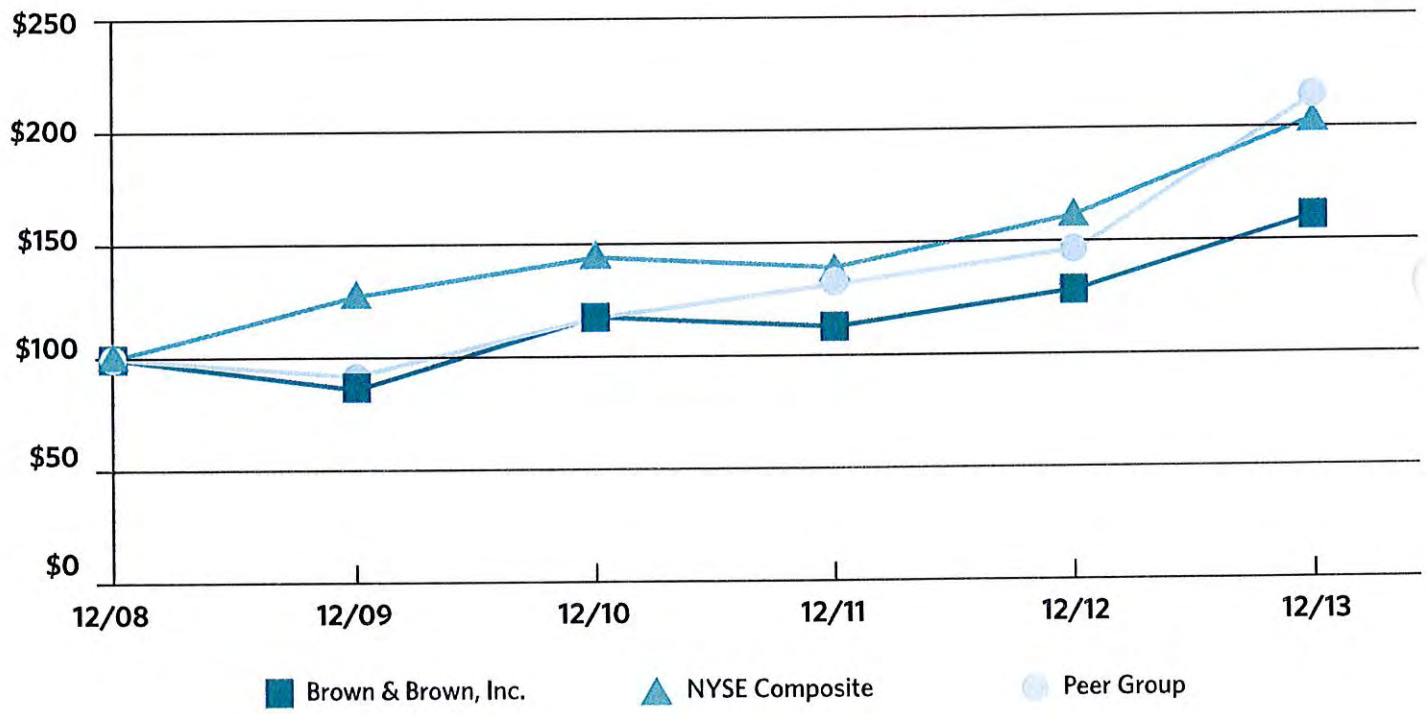
Breaking Barriers®

Performance Graph

The following graph is a comparison of five-year cumulative total stockholder returns for our common stock as compared with the cumulative total stockholder return for the NYSE Composite Index, and a group of peer insurance broker and agency companies (Aon plc, Arthur J. Gallagher & Co, Marsh & McLennan Companies, and Willis Group Holdings plc). The returns of each company have been weighted according to such companies' respective stock market capitalizations as of December 31, 2008 for the purposes of arriving at a peer group average. The total return calculations are based upon an assumed $100 investment on December 31, 2008, with all dividends reinvested.

Comparison of 5 Year Cumulative Total Return

Among Brown & Brown, Inc., the NYSE Composite Index, and a Peer Group



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

We caution that the stock price performance shown in the graph should not be considered indicative of potential future stock price performance.

Ten-Year Financial Summary

(in thousands, except per share data, percentages and other information)	2013	2012	2011
REVENUES			
Commissions and fees	$ 1,355,503	$ 1,189,081	$ 1,005,962
Investment income	638	797	1,267
Other income, net	7,138	10,154	6,313
Total revenues	1,363,279	1,200,032	1,013,542
EXPENSES			
Employee compensation and benefits	683,000	608,506	508,675
Non-cash stock-based compensation	22,603	15,865	11,194
Other operating expenses	195,677	174,389	144,079
Amortization	67,932	63,573	54,755
Depreciation	17,485	15,373	12,392
Interest	16,440	16,097	14,132
Change in estimated acquisition earn-out payables	2,533	1,418	(2,206)
Total expenses	1,005,670	895,221	743,021
Income before income taxes	357,609	304,811	270,521
Income taxes	140,497	120,766	106,526
Net Income	$ 217,112	$ 184,045	$ 163,995
Employee compensation and benefits as % of total revenue	50.1%	50.7%	50.2%
Other operating expenses as % of total revenue	14.4%	14.5%	14.2%
EARNINGS PER SHARE INFORMATION			
Net income per share – diluted	$ 1.48	$ 1.26	$ 1.13
Weighted average number of shares outstanding – diluted	142,624	142,010	140,264
Dividends paid per share	$ 0.3700	$ 0.3450	$ 0.3250
YEAR-END FINANCIAL POSITION			
Total assets	$ 3,649,508	$ 3,128,058	$ 2,607,011
Long-term debt	$ 380,000	$ 450,000	$ 250,033
Total shareholders' equity	$ 2,007,141	$ 1,807,333	$ 1,643,963
Total shares outstanding	145,419	143,878	143,352
OTHER INFORMATION			
Number of full-time equivalent employees at year-end	6,992	6,438	5,557
Total revenues per average number of employees (2)	$ 203,020	$ 191,729 (3)	$ 186,949
Stock price at year-end	$ 31.39	$ 25.46	$ 22.63
Stock price earnings multiple at year-end (4)	21.2	20.2	20.0
Return on beginning shareholders' equity (5)	12%	11%	11%

(1) Includes an $18,664 gain on the sale of our investment in Rock-Tenn Company.

(2) Represents total revenues divided by the average of the number of full-time equivalent employees at the beginning of the year and the number of full-time equivalent employees at the end of the year.

(3) Of the 881 increase in the number of full-time equivalent employees from 2011 to 2012, 523 employees related to the January 9, 2012 acquisition of Arrowhead, and therefore, are considered to be full-time equivalent as of January 1, 2012. Thus, the average number of full-time equivalent employees for 2012 is considered to be 6,259.

Year Ended December 31							
2010	2009	2008	2007	2006	2005	2004
$ 966,917	$ 964,863	$ 965,983	$ 914,650	$ 864,663	$ 775,543	$ 638,267
1,326	1,161	6,079	30,494[1]	11,479	6,578	2,715
5,249	1,853	5,492	14,523	1,862	3,686	5,952
973,492	967,877	977,554	959,667	878,004	785,807	646,934
487,820	484,680	485,783	444,101	404,891	374,943	314,221
6,845	7,358	7,314	5,667	5,416	3,337	2,625
135,851	143,389	137,352	131,371	126,492	105,622	84,927
51,442	49,857	46,631	40,436	36,498	33,245	22,146
12,639	13,240	13,286	12,763	11,309	10,061	8,910
14,471	14,599	14,690	13,802	13,357	14,469	7,156
(1,674)	—	—	—	—	—	—
707,394	713,123	705,056	648,140	597,963	541,677	439,985
266,098	254,754	272,498	311,527	280,041	244,130	206,949
104,346	101,460	106,374	120,568	107,691	93,579	78,106
$ 161,752	$ 153,294	$ 166,124	$ 190,959	$ 172,350	$ 150,551	$ 128,843
50.1%	50.1%	49.7%	46.3%	46.1%	47.7%	48.6%
14.0%	14.8%	14.1%	13.7%	14.4%	13.4%	13.1%
$ 1.12	$ 1.08	$ 1.17	$ 1.35	$ 1.22	$ 1.08	$ 0.93
139,318	137,507	136,884	136,357	135,886	135,033	133,994
$ 0.3125	$ 0.3025	$ 0.2850	$ 0.2500	$ 0.2100	$ 0.1700	$ 0.1450
$ 2,400,814	$ 2,224,226	$ 2,119,580	$ 1,960,659	$ 1,807,952	$ 1,608,660	$ 1,249,517
$ 250,067	$ 250,209	$ 253,616	$ 227,707	$ 226,252	$ 214,179	$ 227,063
$ 1,506,344	$ 1,369,874	$ 1,241,741	$ 1,097,458	$ 929,345	$ 764,344	$ 624,325
142,795	142,076	141,544	140,673	140,016	139,383	138,318
5,286	5,206	5,398	5,047	4,733	4,540	3,960
$ 185,568	$ 182,549	$ 187,181	$ 196,251	$ 189,368	$ 184,896	$ 173,046
$ 23.94	$ 17.97	$ 20.90	$ 23.50	$ 28.21	$ 30.54	$ 21.78
21.4	16.6	17.9	17.4	23.1	28.3	23.4
12%	12%	15%	21%	23%	24%	26%

(4) Stock price at year-end divided by net income per share-diluted.

(5) Represents net income divided by total shareholders' equity as of the beginning of the year.

All share and per-share information has been adjusted to give effect to the 2-for-1 common stock split which became effective November 29, 2005.

Weighted average number of shares outstanding-diluted has been adjusted to give effect for the two-class method of calculating earnings per share as described in Note 1 to the Consolidated Financial Statements.

Shareholder Information

Corporate Offices

220 South Ridgewood Avenue
Daytona Beach, Florida 32114
(386) 252-9601

655 North Franklin Street
Suite 1900
Tampa, Florida 33602
(813) 222-4100

Outside Counsel

Holland & Knight LLP
100 North Tampa Street
Suite 4100
Tampa, Florida 33602

Corporate Information and Shareholder Services

The Company has included, as Exhibits 31.1 and 31.2, and 32.1 and 32.2 to its Annual Report on Form 10-K for the fiscal year 2013 filed with the Securities and Exchange Commission, certificates of the Chief Executive Officer and Chief Financial Officer of the Company certifying the quality of the Company's public disclosure. The Company has also submitted to the New York Stock Exchange a certificate from its Chief Executive Officer certifying that he is not aware of any violation by the Company of New York Stock Exchange corporate governance listing standards.

A copy of the Company's 2013 Annual Report on Form 10-K will be furnished without charge to any shareholder who directs a request in writing to:

Corporate Secretary
Brown & Brown, Inc.
655 North Franklin Street
Suite 1900
Tampa, Florida 33602

A reasonable charge will be made for copies of the exhibits to the Form 10-K.

Annual Meeting

The Annual Meeting of Shareholders of Brown & Brown, Inc. will be held:

May 7, 2014
9:00 a.m. (EDT)
The Shores Resort
2637 South Atlantic Avenue
Daytona Beach, Florida 32118

Transfer Agent and Registrar

American Stock Transfer & Trust Company
6201 15th Avenue
Brooklyn, New York 11219
(800) 937-5449
email: info@amstock.com
www.amstock.com

Independent Registered Public Accounting Firm

Deloitte & Touche LLP
One Independent Drive
Suite 2801
Jacksonville, Florida 32202

Stock Listing

The New York Stock Exchange Symbol: BRO

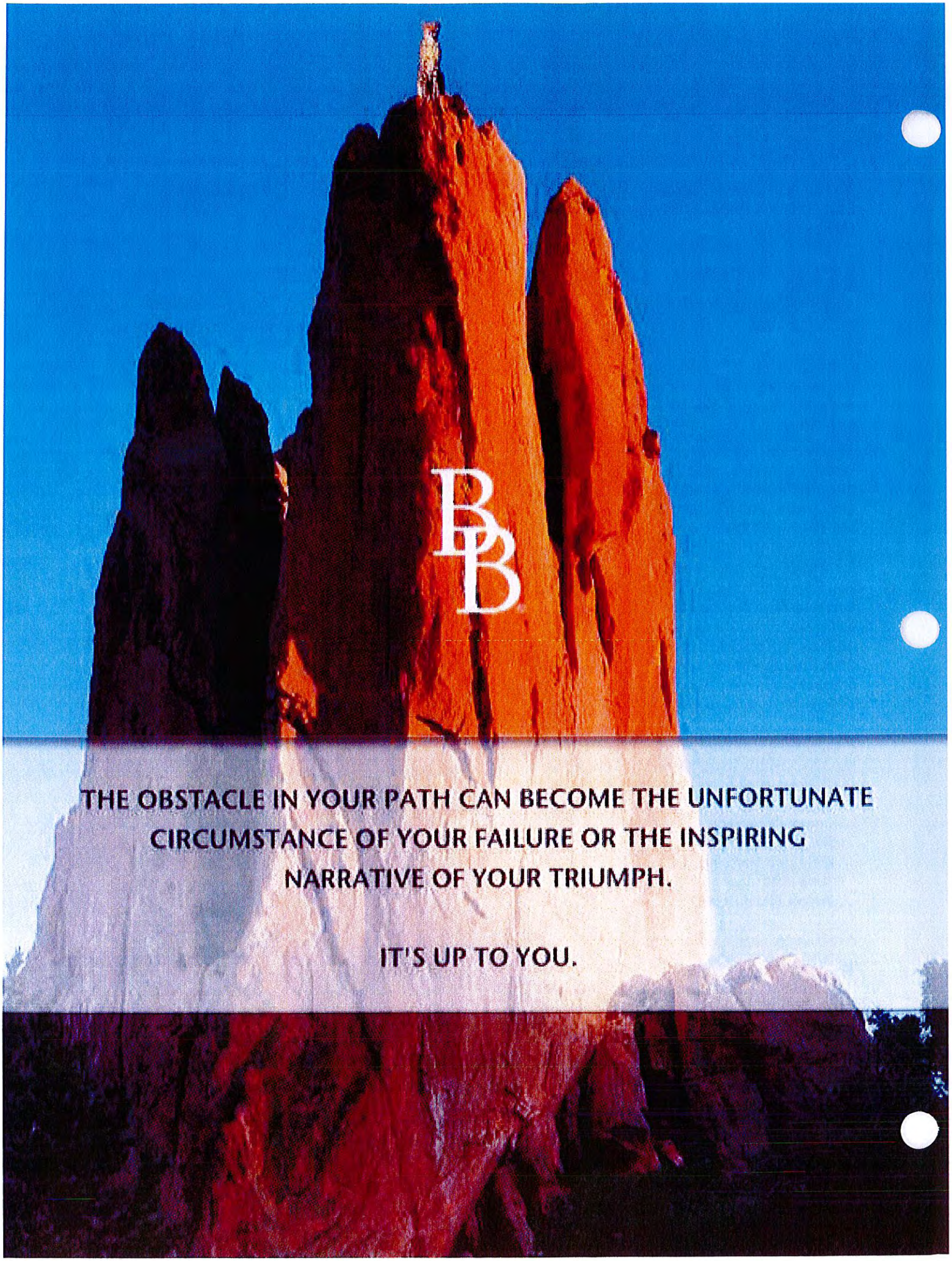
Approximate number of shareholders of record as of February 19, 2014, was 1,204. Closing price per share on that date was $29.78.

Market Price of Common Stock

	Stock Price Range		Cash Dividends per Common Share
	High	Low	
2013			
1st Quarter	$ 32.08	$ 25.31	$ 0.09
2nd Quarter	$ 33.24	$ 30.00	$ 0.09
3rd Quarter	$ 35.13	$ 30.55	$ 0.09
4th Quarter	$ 33.69	$ 27.76	$ 0.10
2012			
1st Quarter	$ 25.00	$ 21.85	$ 0.085
2nd Quarter	$ 27.32	$ 23.42	$ 0.085
3rd Quarter	$ 28.17	$ 24.71	$ 0.085
4th Quarter	$ 27.31	$ 24.88	$ 0.09

Additional Information

Information concerning the services of Brown & Brown, Inc., as well as access to current financial releases, is available on the Internet. Brown & Brown's address is www.bbinsurance.com.


BB
THE OBSTACLE IN YOUR PATH CAN BECOME THE UNFORTUNATE CIRCUMSTANCE OF YOUR FAILURE OR THE INSPIRING NARRATIVE OF YOUR TRIUMPH.
IT'S UP TO YOU.