

BROWN & BROWN INC
Form DEF 14A
March 24, 2016

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of the
Securities Exchange Act of 1934
Filed by the Registrant Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

CONFIDENTIAL, FOR USE OF THE COMMISSION ONLY (AS PERMITTED BY RULE 14a-6(e)(2))

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to §240.14a-12

BROWN & BROWN, INC.

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

No fee required.

Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3)

Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

Fee paid previously with preliminary materials.

Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

2016 PROXY STATEMENT AND NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

March 24, 2016

Dear Shareholder:

You are invited to attend the Annual Meeting of Shareholders (the “Meeting”) of Brown & Brown, Inc. (the “Company”), which will be held in the Atlantic Room of The Shores Resort, 2637 South Atlantic Avenue, Daytona Beach, Florida 32118, on Wednesday, May 4, 2016 at 9:00 a.m. (EDT).

This year, we are again pleased to take advantage of the Securities and Exchange Commission rule allowing companies to furnish proxy materials to their shareholders via the Internet. We believe that this e-proxy process expedites shareholders’ receipt of proxy materials, while lowering the costs and reducing the environmental impact of the Meeting. On March 24, 2016, we mailed to our beneficial shareholders a notice containing instructions on how to access our Proxy Statement and Annual Report and how to vote online (the “Notice”). All other shareholders will continue to receive a paper copy of the Proxy Statement, Proxy Card and Annual Report by mail. The Proxy Statement contains instructions on how you can (i) receive a paper copy of the Proxy Statement, Proxy Card and Annual Report if you only received a Notice by mail, or (ii) elect to receive your Proxy Statement and Annual Report over the Internet if you received them by mail this year.

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

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

Sincerely,

J. Powell Brown
Chief Executive Officer

BROWN & BROWN, INC.
220 South Ridgewood Avenue
Daytona Beach, Florida 32114
Notice of Annual Meeting
of Shareholders
May 4, 2016

The Annual Meeting of Shareholders (the "Meeting") of Brown & Brown, Inc. (the "Company") will be held in the Atlantic Room of The Shores Resort, 2637 South Atlantic Avenue, Daytona Beach, Florida 32118, on Wednesday, May 4, 2016 at 9:00 a.m. (EDT), for the following purposes:

1.
To elect twelve (12) nominees to the Company's Board of Directors;
2.
To ratify the appointment of Deloitte & Touche LLP as Brown & Brown, Inc.'s independent registered public accountants for the fiscal year ending December 31, 2016;
3.
To approve, on an advisory basis, the compensation of named executive officers;
4.
To reapprove the material terms of the performance goals under the Company's 2010 Stock Incentive Plan pursuant to Internal Revenue Code Section 162(m);
5.
To approve an amendment to the Company's 2010 Stock Incentive Plan to increase the number of shares available for issuance under the plan; and
6.
To transact such other business as may properly come before the Meeting or any adjournment thereof.

The Board of Directors has fixed the close of business on February 29, 2016 as the record date for the determination of shareholders entitled to notice of and to vote at the Meeting and any postponements or adjournments of the Meeting.

For your convenience, we are also offering an audio webcast of the Meeting. To access the webcast, please visit the "Investor Relations" section of our website (www.bbinsurance.com) shortly before the Meeting time and follow the instructions provided. A replay of the webcast will be available on our website beginning the afternoon of May 4, 2016, and continuing for 30 days thereafter.

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

By Order of the Board of Directors

Robert W. Lloyd
Corporate Secretary
Daytona Beach, Florida
March 24, 2016

Important Notice Regarding the Availability of Proxy Materials for the Shareholder Meeting to be Held on
May 4, 2016

The Proxy Statement and Annual Report to Shareholders are available at:
www.viewproxy.com/bbinsurance/2016

BROWN & BROWN, INC.

PROXY STATEMENT

ANNUAL MEETING AND PROXY SOLICITATION INFORMATION

On March 24, 2016, we mailed to our beneficial shareholders of record as of the close of business on February 29, 2016 a notice containing instructions on how to access this Proxy Statement and our Annual Report online and how to vote online (the "Notice"), and thereafter, we began mailing these proxy materials to all other shareholders. These proxy materials are made available to shareholders in connection with the solicitation of proxies by the Board of Directors of Brown & Brown, Inc. to be voted at the Annual Meeting of Shareholders, to be held in the Atlantic Room of The Shores Resort, 2637 South Atlantic Avenue, Daytona Beach, Florida 32118 at 9:00 a.m. (EDT) on Wednesday, May 4, 2016, and at any postponement or adjournment thereof (the "Meeting"). The close of business on February 29, 2016 has been fixed as the record date for the determination of shareholders entitled to notice of and to vote at the Meeting. At the close of business on the record date, we had outstanding 138,610,502 shares of \$0.10 par value common stock, entitled to one vote per share.

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

Shares represented by duly executed proxies in the accompanying form that we receive prior to the Meeting will be voted at the Meeting. If you specify in the proxy a choice with respect to any matter to be acted upon, the shares represented by such proxy will be voted as specified. If your proxy card is signed and returned without specifying a vote or an abstention, the shares represented by such proxy will be voted according to the recommendation of the Board of Directors.

The Board of Directors recommends a vote "FOR" the following five proposals:

the election of twelve (12) nominees to Brown & Brown, Inc.'s Board of Directors;

the ratification of the appointment of Deloitte & Touche LLP as Brown & Brown, Inc.'s independent registered public accountants for the fiscal year ending December 31, 2016;

the approval, on an advisory basis, of the compensation of named executive officers;

the reapproval of the material terms of the performance goals under Brown & Brown, Inc.'s 2010 Stock Incentive Plan ("SIP") pursuant to Internal Revenue Code Section 162(m); and

the approval of an amendment to the SIP to increase the number of shares available for issuance under the SIP.

The Board of Directors knows of no other matters that may be brought before the Meeting. However, if any other matters are properly presented for action, it is the intention of the named proxies to vote on them according to their best judgment.

If your shares are held in a stock brokerage account, or by a bank or other nominee, you have the right to provide instructions on voting as requested by your broker, bank or nominee. Under the rules of the New York Stock Exchange (the "NYSE"), your broker, bank or nominee is permitted to vote your shares on the second proposal concerning the ratification of the appointment of Deloitte & Touche LLP as our independent registered public

accountants for the fiscal year ending December 31, 2016 even if your broker, bank or nominee has not been given specific voting instructions as to this matter. Your broker, bank or nominee is not permitted to vote your shares on the first, third, fourth or fifth proposals.

After you have returned a proxy, you may revoke it at any time before it is voted by taking one of the following actions: (i) giving written notice of the revocation to our Corporate Secretary at 220 S. Ridgewood Ave., Daytona Beach, Florida 32114, or by email to annualmeeting@bbins.com; (ii) executing and delivering a proxy with a later date; or (iii) voting in person at the Meeting. Votes cast by proxy or in person at the Meeting will be tabulated by Alliance Advisors, LLC, and by one or more inspectors of election appointed at the Meeting, who will also determine whether a quorum is present for the transaction of business. A quorum is present when a majority in interest of all the common stock outstanding is represented by shareholders present in person or by proxy.

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Shares of the common stock represented by proxies received by the Company (whether through the return of the enclosed proxy card, by telephone or over the Internet), where the shareholder has specified his or her choice with respect to the proposals described in this Proxy Statement (including the election of directors), will be voted in accordance with the specification(s) so made. If your proxy is properly executed but does not contain voting instructions, or if you vote via telephone or the Internet without indicating how you want to vote with respect to any item, your shares will be voted “FOR” the election of all nominees for the Board of Directors; “FOR” the ratification of the appointment of Deloitte & Touche LLP as the Company’s independent registered public accountants for the fiscal year ending December 31, 2016; “FOR” the advisory vote to approve named executive officer compensation; “FOR” the reapproval of the material terms of the performance goals under the Company’s 2010 Stock Incentive Plan (SIP) pursuant to Internal Revenue Code Section 162(m); and “FOR” the approval of the amendment of the SIP.

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

If the shares you own are held in “street name” by a broker or other nominee entity and you provide instructions to the broker or nominee as to how to vote your shares, your broker or other nominee entity, as the record holder of your shares, is required to vote your shares according to your instructions. Under the NYSE rules, certain proposals, such as the ratification of the appointment of the Company’s registered public accountants, are considered “routine” matters, and brokers and other nominee entities generally may vote on such matters on behalf of beneficial owners who have not furnished voting instructions. For “non-routine” matters, such as the election of directors, the “say on pay” advisory vote, the reapproval of the material terms of the performance goals under the SIP pursuant to Internal Revenue Code Section 162(m), and the approval of an amendment to the SIP, brokers and other nominee entities may not vote unless they have received voting instructions from the beneficial owner. A “broker non-vote” occurs when a broker or other nominee entity does not vote on a particular proposal because it does not have authority under the NYSE rules to vote on that particular proposal without receiving voting instructions from the beneficial owner.

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

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

In order to pass, each of Proposals 2, 3, 4 and 5 must receive the affirmative vote of a majority of the votes cast on the Proposal. A broker non-vote will not have an effect on these proposals. An abstention will not have an effect on Proposals 2, 3 and 4; however, pursuant to NYSE rules applicable to Proposal 5, an abstention will be considered a “vote cast” and therefore have the effect of a negative vote on the Proposal.

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

Our executive office is located at 220 South Ridgewood Avenue, Daytona Beach, Florida 32114 (telephone number (386) 252-9601).

SECURITY OWNERSHIP OF MANAGEMENT AND CERTAIN BENEFICIAL OWNERS

The following table sets forth, as of February 29, 2016, the record date for the Meeting, information as to our common stock beneficially owned by (1) each of our directors, all of whom are director nominees, (2) each Named Executive Officer named in the Summary Compensation Table, (3) all of our directors and current executive officers as a group and (4) any person or entity whom we know to be the beneficial owner of more than five percent of the outstanding shares of our common stock.

Name of Beneficial Owner(1)	Amount and Nature of Beneficial Ownership(2)(3)(4)	Percent of Total
J. Hyatt Brown(5)	20,985,855	15.14%
Samuel P. Bell, III	33,286	*
Hugh M. Brown(6)	18,386	*
J. Powell Brown(7)	1,614,636	1.16%
Bradley Currey, Jr.	330,172	*
Theodore J. Hoepner	51,286	*
James S. Hunt	4,243	*
Toni Jennings	18,951	*
Timothy R.M. Main	8,205	*
H. Palmer Proctor, Jr.(8)	9,567	*
Wendell S. Reilly	109,236	*
Chilton D. Varner	30,376	*
Charles H. Lydecker(9)	416,946	*
J. Scott Penny(10)	451,376	*
Anthony T. Strianese	249,043	*
R. Andrew Watts	63,046	*
Chris L. Walker	74,428	*
All current directors and executive officers as a group (18 persons)(11)	24,299,138	17.49%
BlackRock Inc.(12) 55 East 52nd Street New York, NY 10022	8,225,168	5.93%
The Vanguard Group, Inc.(13) 100 Vanguard Boulevard Malvern, PA 19355	8,875,767	6.40%

*

Less than 1%.

(1)

Unless otherwise indicated, the address of such person is c/o Brown & Brown, Inc., 220 South Ridgewood Avenue, Daytona Beach, Florida 32114.

(2)

Beneficial ownership of shares, as determined in accordance with applicable SEC rules, includes shares as to which a person has or shares voting power and/or investment power, or as to which a person has the right to acquire beneficial ownership within the next 60 days. We have been informed that all shares shown are held of record with sole voting

and investment power, except as otherwise indicated.

(3)

The number and percentage of shares owned by the following persons include the indicated number of shares owned through our 401(k) plan as of February 29, 2016: Mr. Powell Brown — 18,695; Mr. Watts — 0; Mr. Lydecker — 0; Mr. Penny — 24,377; Mr. Strianese — 0; Mr. Walker — 0; and all current directors and executive officers as a group — 71,939.

The number and percentage of shares owned by the following persons also include the indicated number of shares which such persons have been granted under our Performance Stock Plan (“PSP”) as of February 29, 2016: Mr. Powell Brown — 70,332; Mr. Watts — 0; Mr. Lydecker — 59,588; Mr. Penny — 55,488; Mr. Strianese — 38,576; Mr. Walker — 3

0; and all current directors and executive officers as a group — 182,032. The number and percentage of shares owned by Mr. Powell Brown also includes 344,357 shares which Mr. Powell Brown has been granted under our SIP. These PSP and, in the case of Mr. Powell Brown, SIP shares in some cases have voting and dividend rights due to satisfaction of the first condition of vesting based on stock price performance, but the holders thereof currently have no power to sell or dispose of the shares, and the shares are subject to forfeiture.

In addition, the number and percentage of shares owned by the following persons include the indicated number of shares which such persons have been granted under our SIP in the form of Performance-Triggered Stock Grants (“PTSGs”) as of February 29, 2016: Mr. Powell Brown — 28,002; Mr. Watts — 35,558; Mr. Lydecker — 46,554; Mr. Penny — 46,554; Mr. Strianese — 50,506; Mr. Walker — 34,147; and all current directors and executive officers as a group — 213,000. These PTSGs have voting and dividend rights, but the holders thereof have no power to sell or dispose of the shares, and the shares are subject to forfeiture in the event that the recipient does not continue to be employed with us for a specified number of years following the date of grant. For further information concerning the terms of these grants please see the section titled, “Compensation Discussion and Analysis — 2015 SIP Awards,” below.

(4)

On February 27, 2008, the indicated number of options was granted to the following persons under the 2000 Incentive Stock Option (“ISO”) Plan: Mr. Powell Brown — 175,000; Mr. Watts — 0; Mr. Lydecker — 100,000; Mr. Penny — 100,000; Mr. Strianese — 100,000; Mr. Walker — 0; and all current directors and executive officers as a group — 375,000. Of these grant amounts, the indicated number of options were exercisable by the following persons under the ISO Plan as of February 29, 2016 or within 60 days thereafter (excluding options that are subject to vesting to the extent that performance-based conditions are satisfied during such period): Mr. Powell Brown — 70,000; Mr. Watts — 0; Mr. Lydecker — 0; Mr. Penny — 34,589; Mr. Strianese — 60,000; Mr. Walker — 0; and all current directors and executive officers as a group — 164,589; and therefore, the underlying shares are deemed to be beneficially owned.

(5)

Of the shares beneficially owned by Mr. Hyatt Brown, 20,886,328 are held of record by Ormond Riverside, Limited Partnership, of which Swakopmund, Inc. is the General Partner that has voting and investment power over such shares. Swakopmund, Inc. is 100% owned by the Swakopmund Trust of 2009, a revocable trust created by Mr. Hyatt Brown, who is the sole trustee thereof and retains the sole voting and investment powers with respect to all the shares of Swakopmund, Inc. An additional 31,527 shares are beneficially owned jointly with Mr. Hyatt Brown’s spouse, and these shares have shared voting and investment power, and an additional 68,000 shares are held in an IRA account.

(6)

Mr. Hugh Brown’s ownership includes 400 shares owned by his spouse, as to which he disclaims beneficial ownership.

(7)

Mr. Powell Brown’s ownership includes 9,171 shares owned by children living in his household, as to which he disclaims beneficial ownership.

(8)

Mr. Proctor’s ownership includes 224 shares owned by his spouse, as to which he disclaims beneficial ownership.

(9)

Mr. Lydecker ceased to be an executive officer of the Company as of September 16, 2015, in connection with the Company’s realignment of its Retail Division, of which Mr. Lydecker presently serves as a Regional President.

(10)

Mr. Penny’s ownership includes 96 shares owned by children living in his household, as to which he disclaims beneficial ownership, and 202,924 shares owned jointly with spouse.

(11)

Includes amounts beneficially owned by all our current directors and executive officers as of February 29, 2016, as a group.

(12)
The amount shown is derived from a Schedule 13G filed by BlackRock, Inc. (“BlackRock”) on or around January 25, 2016 reporting beneficial ownership as of December 31, 2015. According to the Schedule 13G, BlackRock has sole voting power over 7,765,893 shares and sole dispositive power over 8,225,168 shares.

(13)
The amount shown is derived from a Schedule 13G filed by The Vanguard Group (“Vanguard”), as amended on or around February 10, 2016 reporting beneficial ownership as of December 31, 2015. According to the Schedule 13G, Vanguard has sole voting power over 90,544 shares and sole dispositive power over 8,793,128 shares.

MANAGEMENT

Directors and Executive Officers

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

Name	Position	Age	Year First Became a Director
J. Hyatt Brown	Chairman of the Board	78	1993
Samuel P. Bell, III	Director	76	1993
Hugh M. Brown	Director	80	2004
J. Powell Brown	Director; President and Chief Executive Officer	48	2007
Bradley Currey, Jr.	Director	85	1995
Theodore J. Hoepner	Director	74	1994
James S. Hunt	Director	60	2013
Toni Jennings	Director	66	2007(1)
Timothy R.M. Main	Director	50	2010
H. Palmer Proctor, Jr.	Director	48	2012
Wendell S. Reilly	Director	58	2007
Chilton D. Varner	Director	73	2004
Richard A. Freebourn, Sr.			