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BROWN & BROWN INC  
Form S-4/A  
October 03, 2001

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AS FILED WITH THE SECURITIES AND EXCHANGE COMMISSION ON OCTOBER 2, 2001

REGISTRATION STATEMENT NO. 333-67408

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SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

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AMENDMENT NO. 1 TO

FORM S-4  
REGISTRATION STATEMENT  
UNDER  
THE SECURITIES ACT OF 1933

-----  
BROWN & BROWN, INC.  
(Exact name of registrant as specified in its charter)  
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FLORIDA  
-----

6411  
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59-0864469  
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(State or other jurisdiction of  
incorporation or organization)

(Primary Standard Industrial  
Classification Code Number)

(I.R.S. Employer  
Identification Number)

220 SOUTH RIDGEWOOD AVENUE  
DAYTONA BEACH, FLORIDA 32114  
(386) 252-9601

(Address, including zip code, and telephone number, including area code,  
of registrants' principal executive offices)

LAUREL L. GRAMMIG, ESQ.  
VICE PRESIDENT, SECRETARY AND GENERAL COUNSEL  
401 EAST JACKSON STREET, SUITE 1700  
TAMPA, FLORIDA 33602  
(813) 222-4100

(Name, address, including zip code, and telephone number,  
including area code, of agent for service)

COPY TO:  
CHESTER E. BACHELLER, ESQ.  
HOLLAND & KNIGHT LLP  
400 NORTH ASHLEY DRIVE, SUITE 2300  
TAMPA, FLORIDA 33602  
PHONE: (813) 227-6431  
FAX: (813) 229-0134  
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APPROXIMATE DATE OF COMMENCEMENT OF PROPOSED SALE TO THE PUBLIC: As  
soon as practicable after the effective time of the merger described herein.

If the securities being registered on this form are being offered in  
connection with the formation of a holding company and there is compliance with  
General Instruction G, please check the following box. [ ]

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If this form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. [ ] \_\_\_\_\_

If this form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. [ ] \_\_\_\_\_

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	Amount to be Registered (1)	Proposed Maximum Offering Price per Share			Propose Maximu Aggrega Offering P (3)
		(1)	(2)	(3)	
Common Stock, par value \$.10 per share.....	686,059	\$	9.16	\$	6,288,

(1) Represents the estimated maximum number of shares of the common stock of the Registrant that may be issued to the holders of shares of common stock of Raleigh, Schwarz & Powell, Inc. pursuant to an Agreement and Plan of Reorganization, dated as of July 25, 2001, as amended. To the extent a greater number of shares of common stock are required to be issued pursuant to the terms of the Agreement and Plan of Reorganization due to a decrease in stock price, then such greater number of shares shall be deemed to be registered by this Registration Statement.

(2) Calculated by dividing the proposed maximum aggregate offering price by the estimated number of shares of the Registrant common stock being registered on this Registration Statement.

(3) Calculated pursuant to Rule 457(f) of the Securities Act of 1933, as amended, on the basis of the book value, as of December 31, 2000, of the shares of Raleigh, Schwarz & Powell to be acquired by the Registrant in the merger.

(4) The registration fee was previously paid.

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THE REGISTRANT HEREBY AMENDS THIS REGISTRATION STATEMENT ON SUCH DATE OR DATES AS MAY BE NECESSARY TO DELAY ITS EFFECTIVE DATE UNTIL THE REGISTRANT SHALL FILE A FURTHER AMENDMENT WHICH SPECIFICALLY STATES THAT THIS REGISTRATION STATEMENT SHALL THEREAFTER BECOME EFFECTIVE IN ACCORDANCE WITH SECTION 8(a) OF THE SECURITIES ACT OF 1933 OR UNTIL THIS REGISTRATION STATEMENT SHALL BECOME EFFECTIVE ON SUCH DATE AS THE COMMISSION, ACTING PURSUANT TO SAID SECTION 8(a), MAY DETERMINE.

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THE INFORMATION IN THIS PROSPECTUS IS NOT COMPLETE AND MAY BE CHANGED. WE MAY NOT SELL THE SECURITIES OFFERED BY THIS PROSPECTUS UNTIL THE REGISTRATION STATEMENT FILED WITH THE SECURITIES AND EXCHANGE COMMISSION IS EFFECTIVE.

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SUBJECT TO COMPLETION, DATED OCTOBER 2, 2001

(RALEIGH, SCHWARZ & POWELL LOGO)

(BROWN & BROWN LOGO)

### MERGER PROPOSED -- YOUR VOTE IS VERY IMPORTANT

The boards of directors of Brown & Brown, Inc. and Raleigh, Schwarz & Powell, Inc. have agreed to the merger of Raleigh, Schwarz & Powell and a wholly-owned subsidiary of Brown & Brown. Your vote, as a shareholder of Raleigh, Schwarz & Powell or as a participant in its Employee Stock Ownership Plan ("ESOP"), is now needed to approve the merger.

In the merger, Brown & Brown will issue shares of Brown & Brown common stock in exchange for all outstanding shares of Raleigh, Schwarz & Powell common stock. Brown & Brown common stock is traded on The New York Stock Exchange under the symbol "BRO." After the merger, Raleigh, Schwarz & Powell will be a wholly-owned subsidiary of Brown & Brown and will change its name to "Brown & Brown of Washington, Inc."

The Raleigh, Schwarz & Powell board has unanimously approved the merger and recommends that you approve it. The Raleigh, Schwarz & Powell board has scheduled a special meeting for Raleigh, Schwarz & Powell's shareholders to approve the merger. The special meeting will be held:

Thursday, October 25, 2001  
8:30 a.m., Pacific Time  
1201 Pacific Avenue, Ninth Floor  
Education Center  
Tacoma, Washington 98402

If you are a direct shareholder, please take the time to vote by completing and returning the enclosed proxy card in the enclosed postage-paid envelope. Even if you plan to attend the special meeting, please complete and return the enclosed proxy card. ESOP participants should complete the enclosed ESOP direction letter and return it in the enclosed postage-paid envelope. The ESOP direction letter will direct the ESOP fiduciary, Consulting Fiduciaries, Inc., how to vote the shares of Raleigh, Schwarz & Powell common stock allocated to your ESOP account at the special meeting. If you are both a direct shareholder and an ESOP participant, you should complete and return both a proxy card and an ESOP direction letter.

If you are a direct shareholder, please also execute, as applicable, the enclosed indemnification agreement, contribution agreement, escrow agreement, non-competition agreement, release and spousal consent. Each of these agreements is attached as an annex to the accompanying proxy statement/prospectus and is more fully described in the accompanying proxy statement/prospectus under the heading "Other Agreements."

This document serves as a prospectus of Brown & Brown relating to the issuance of shares of Brown & Brown common stock in connection with the proposed merger and a proxy statement of Raleigh, Schwarz & Powell in connection with the special meeting of shareholders of Raleigh, Schwarz & Powell to approve the merger. We encourage you to read this entire document carefully. Please see "Where You Can Find More Information" on page 83 for additional information

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about Brown & Brown on file with the Securities and Exchange Commission.

The accompanying notice of meeting and proxy statement/prospectus explain the proposed merger and provide specific information concerning the special meeting. Please read these materials carefully.

YOU SHOULD ALSO CAREFULLY CONSIDER THE RISK FACTORS IN THE MERGER DESCRIBED BEGINNING ON PAGE 12.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved the shares of Brown & Brown common stock to be issued in connection with the merger, or determined if this proxy statement/prospectus is truthful or complete. Any representation to the contrary is a criminal offense. This proxy statement/prospectus does not constitute an offer to sell or a solicitation of an offer to buy any securities in any jurisdiction where an offer or solicitation would be illegal.

This proxy statement/prospectus is dated October , 2001 and is expected to be first sent or given to shareholders and ESOP participants on October , 2001.

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RALEIGH, SCHWARZ & POWELL, INC.  
1201 PACIFIC AVENUE, SUITE 1000  
TACOMA, WASHINGTON 98402

### NOTICE OF SPECIAL MEETING OF SHAREHOLDERS To Be Held On October 25, 2001

To the Shareholders of Raleigh, Schwarz & Powell, Inc.:

Notice is hereby given that a special meeting of shareholders of Raleigh, Schwarz & Powell, Inc. will be held on Thursday, October 25, 2001, at 8:30 a.m., Pacific Time, at 1201 Pacific Avenue, Ninth Floor, Education Center, Tacoma, Washington 98402.

You are cordially invited to attend the special meeting. The purpose of the special meeting is to consider and vote on a proposal to approve and adopt the Agreement and Plan of Reorganization, dated as of July 25, 2001, as amended, among Brown & Brown, Inc., Brown & Brown of Washington, Inc., Raleigh, Schwarz & Powell, Inc. and the Raleigh, Schwarz & Powell, Inc. Employee Stock Ownership Plan ("ESOP"). Pursuant to the merger agreement, Raleigh, Schwarz & Powell will become a wholly-owned subsidiary of Brown & Brown through the merger of Brown & Brown of Washington, Inc., with and into Raleigh, Schwarz & Powell. Upon completion of the merger, each share of Raleigh, Schwarz & Powell common stock outstanding immediately prior to the merger will be cancelled and converted into the right to receive shares of Brown & Brown common stock, and the Raleigh, Schwarz & Powell shareholders will receive, based on their respective ownership interests in Raleigh, Schwarz & Powell, a number of shares of Brown & Brown common stock equal to:

- the difference of \$32,896,490 minus 82.24% of the amount by which the consolidated total net worth (as defined in the merger agreement) of Raleigh, Schwarz & Powell and its affiliate, Golden Gate Holdings, Inc., is less than \$13,000,000 at the effective time of the merger, divided by

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- the average closing price of Brown & Brown common stock as reported on The New York Stock Exchange for the 20 consecutive trading day period ending at the close of business on the third business day before the merger becomes effective.

This proposal is more fully described later in the proxy statement/prospectus attached to this notice.

Only shareholders of record at the close of business on September 28, 2001 are entitled to notice of and to vote at the special meeting and any adjournments or postponements of the special meeting. Participants in the ESOP who have shares allocated to their accounts at the close of business on September 28, 2001, are eligible to instruct the ESOP fiduciary, Consulting Fiduciaries, Inc., on the voting of those shares by completing, signing and timely returning the enclosed ESOP direction letter.

Your vote is important. Even if you plan to attend the special meeting, please vote now. To vote as a shareholder, please complete, date and sign the enclosed proxy card and promptly return it in the envelope provided. To vote as an ESOP participant, please complete, date and sign the enclosed ESOP direction letter and promptly return it in the envelope provided.

By order of the Board of Directors,

Secretary

TACOMA, WASHINGTON  
OCTOBER \_\_, 2001

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### QUESTIONS AND ANSWERS ABOUT THE MERGER

The following questions and answers are intended to address briefly some commonly asked questions regarding the merger. These questions and answers may not address all questions that may be important to you as a Raleigh, Schwarz & Powell shareholder. Please refer to the more detailed information contained elsewhere in this proxy statement/prospectus and the annexes attached to this proxy statement/prospectus.

Q: WHAT IS THE MERGER?

A: In the merger, a wholly-owned subsidiary of Brown & Brown, named Brown & Brown of Washington, Inc., will be merged with and into Raleigh, Schwarz & Powell. Raleigh, Schwarz & Powell will survive the merger as a wholly-owned subsidiary of Brown & Brown and will change its name to "Brown & Brown of Washington, Inc." The filing of articles of merger in

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the office of the Secretary of State of the State of Washington is referred to in this proxy statement/prospectus as the effective time of the merger.

For a more complete description of the merger, see the section entitled "The Merger" on page 22.

**Q:** WHAT WILL THE SHAREHOLDERS OF RALEIGH, SCHWARZ & POWELL RECEIVE IN THE MERGER?

**A:** Upon completion of the merger, each share of Raleigh, Schwarz & Powell common stock then outstanding will be cancelled and converted into the right to receive shares of Brown & Brown common stock, and the Raleigh, Schwarz & Powell shareholders will receive, based on their respective ownership interests in Raleigh, Schwarz & Powell, shares of Brown & Brown common stock equal to:

- \$32,896,490 minus 82.24% of the amount by which the total consolidated net worth (as defined in the merger agreement) of Raleigh, Schwarz & Powell and its affiliate, Golden Gate Holdings, Inc., is less than \$13,000,000 at the effective time of the merger, divided by
- the average of the closing prices of Brown & Brown common stock as reported on The New York Stock Exchange for the 20 consecutive trading day period ending at the close of business on the third business day immediately before the merger becomes effective.

The following table provides hypothetical calculations of the number of shares of Brown & Brown common stock to be issued to Raleigh, Schwarz and Powell shareholders as if the merger had become effective on July 25, 2001, the date on which the merger agreement was signed, and on September 28, 2001, the record date. These calculations are provided as examples only, as the actual number of shares of Brown & Brown common stock to be issued to Raleigh, Schwarz & Powell shareholders cannot be determined until the completion of the merger.

Solely for the purpose of illustrating the calculation of the number of shares of Brown & Brown common stock to be issued in the merger, the following hypothetical calculations assume that: (1) 183,115(1) shares of Raleigh, Schwarz & Powell common stock are issued and outstanding; and (2) the consolidated total net worth of Raleigh, Schwarz & Powell and its affiliate, Golden Gate Holdings, Inc., is \$13,000,000, at the effective time of the merger.

Date	Average Closing Price of Brown & Brown Common Stock	Number of Shares of Brown & Brown Common Stock to be Issued Per Share of Raleigh, Schwarz & Powell	Equivalent Pri Raleigh, Schwa Powell Common
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July 25, 2001	\$ 43.9735	4.0854	\$ 179.65
September 28, 2001	\$ 44.5990	4.0281	\$ 179.65

- (1) This number excludes 1,543 shares registered in the names of two former employees and held in escrow under pledge agreements to secure Raleigh, Schwarz & Powell's payment for those shares in annual payments through 2003. With Brown & Brown's consent, Raleigh, Schwarz & Powell may pre-pay the amounts owed, and obtain possession of the pledged shares, prior to the closing of the merger. Upon termination of the pledge, the shares shall become authorized but unissued shares of Raleigh, Schwarz & Powell.

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Q: WILL A PORTION OF THE SHARES ISSUED IN THE MERGER BE PLACED IN ESCROW?

A: Yes. As a condition of the merger, 10% of the shares of Brown & Brown common stock otherwise deliverable upon the merger to each holder of Raleigh, Schwarz & Powell common stock will be deposited in escrow. Accordingly, Raleigh, Schwarz & Powell shareholders will not receive 10% of the initial merger consideration to which they would otherwise be entitled at the effective time of the merger. Escrowed shares that are not needed to satisfy Brown & Brown's indemnification claims made within one year after the effective time of the merger will be distributed to the former Raleigh, Schwarz & Powell shareholders, and the Raleigh, Schwarz & Powell Employee Stock ownership Plan ("ESOP") or its participants, pro rata. Subject to certain restrictions set forth in the indemnification agreement or the merger agreement, the escrow agent may sell any or all of the escrowed shares in brokers' transactions on any national securities exchange upon which such securities are traded, provided the proceeds of any such sale or transfer remain in escrow until one year after the effective time of the merger. For a more complete description of the indemnification and escrow arrangements, see the section entitled "Other Agreements--Indemnification Agreement between Shareholders and Brown & Brown" on page 38 and "--Escrow Agreements" on page 38.

Q: WHAT ARE THE RALEIGH, SCHWARZ & POWELL SHAREHOLDERS AND THE ESOP PARTICIPANTS BEING ASKED TO APPROVE?

A: The Raleigh, Schwarz & Powell shareholders and the ESOP participants are being asked to approve the merger agreement, the merger and the related transactions, which are collectively sometimes referred to in this proxy statement/prospectus as the proposal.

Q: DOES THE BOARD OF DIRECTORS OF RALEIGH, SCHWARZ & POWELL RECOMMEND VOTING IN FAVOR OF THE PROPOSAL?

A: Yes. After careful consideration, Raleigh, Schwarz & Powell's board of directors recommends that its shareholders vote FOR the proposal.

For a more complete description of the recommendation of Raleigh, Schwarz & Powell's board of directors, see the section entitled "The Merger--Recommendation of Raleigh, Schwarz & Powell Board of Directors"

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on page 25.

Q: ARE THERE RISKS I SHOULD CONSIDER IN DECIDING WHETHER TO VOTE FOR THE MERGER?

A: Yes. We have set out under the heading "Risk Factors" beginning on page 12 of this proxy statement/prospectus a number of risk factors that you should carefully consider before voting.

Q: HOW DO DIRECT SHAREHOLDERS VOTE?

A: If you are a direct shareholder, you may choose one of the following ways to cast your vote:

- by completing the enclosed proxy card and returning it in the enclosed postage-paid envelope; or
- by appearing and voting in person at the special meeting.

If you return your signed proxy card but fail to mark whether you are voting FOR or against the proposal, your shares will be voted for approval of the proposal.

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Q: HOW DO ESOP PARTICIPANTS VOTE?

A: A separate ESOP direction letter for ESOP participants is included with this proxy statement/prospectus. Please complete and mail your signed ESOP direction letter in the enclosed return envelope as soon as possible, so that it is received no later than October 23, 2001. The Board of Trustees of the ESOP (the "ESOP trustee") has appointed an independent fiduciary, Consulting Fiduciaries, Inc. (the "ESOP fiduciary"), to act as an "investment manager" within the meaning of Section 3(38) of ERISA. Participants may direct the ESOP fiduciary as to how to vote the shares in each participant's account. The ESOP fiduciary will tabulate the votes received from the ESOP participants and will provide instructions to the ESOP trustee as to the voting of such shares as directed by the ESOP participants. The ESOP trustee will vote all unallocated ESOP shares and any ESOP shares not directed by a participant, in the manner directed by the ESOP fiduciary, subject to the ESOP trustee's fiduciary obligations under ERISA.

Q: WHAT DO I NEED TO DO NOW?

A: Direct Raleigh, Schwarz & Powell shareholders should mail their completed and signed proxy card in the enclosed postage-paid envelope addressed to Vandenberg Johnson & Gandara as soon as possible. Such direct shareholders should also execute each of the enclosed ancillary agreements and mail each of the signed documents, along with your Raleigh, Schwarz & Powell stock certificates, in the enclosed postage-paid envelope.

ESOP participants should mail their completed and signed direction letter in the enclosed, postage-paid envelope addressed to the ESOP fiduciary, Consulting Fiduciaries, Inc. If you are both a direct

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shareholder and an ESOP participant, you should complete and return both the proxy card to Vandenberg Johnson & Gandara and the ESOP direction letter to Consulting Fiduciaries, Inc.

You are urged to read this proxy statement/prospectus carefully, including all of the annexes, and to consider how the merger will affect you as a shareholder and/or an ESOP participant.

Q: MAY I CHANGE MY VOTE?

A: If you are a shareholder, you may withdraw your proxy or change your vote by:

- sending written revocation of your proxy;
- submitting a new properly completed and signed proxy by mail; or
- voting in person at the Raleigh, Schwarz & Powell special meeting.

If you are an ESOP participant, you are not entitled to revoke or change your ESOP direction letter.

Q: SHOULD I SEND IN RALEIGH, SCHWARZ & POWELL STOCK CERTIFICATES NOW?

A: Yes. If you are a direct Raleigh, Schwarz & Powell shareholder, please return your Raleigh, Schwarz & Powell stock certificates in the envelope provided. Upon completion of the merger and receipt of your Raleigh, Schwarz & Powell stock certificates and any other required documents, your Raleigh, Schwarz & Powell stock certificates will be canceled and you will receive Brown & Brown stock certificates representing the number of whole shares of Brown & Brown common stock to which you are entitled under the merger agreement.

If you are an ESOP participant, the ESOP trustee, as record holder of the shares of Raleigh, Schwarz & Powell common stock allocated to your ESOP account, will surrender the stock certificates representing such shares.

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Q: WHEN WILL I BE ABLE TO SELL MY SHARES?

A: Upon completion of the merger, subject to restrictions relating to pooling-of-interests accounting, all shares of Brown & Brown common stock received by Raleigh, Schwarz & Powell shareholders in connection with the merger will be tradeable on The New York Stock Exchange. If a shareholder is considered an affiliate of Raleigh, Schwarz & Powell or Brown & Brown under the Securities Act of 1933, as amended (the "Securities Act"), in order to sell shares of Brown & Brown common stock, that shareholder must comply with the resale provisions of Rule 145(d) under the Securities Act or sell the shares as otherwise permitted under the Securities Act.

Q: WHEN DO YOU EXPECT THE MERGER TO BE COMPLETED?

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A: Brown & Brown and Raleigh, Schwarz & Powell are working toward completing the merger as soon as practicable after the Raleigh, Schwarz & Powell shareholders approve the proposal. However, the merger is subject to a number of conditions, including, but not limited to, Brown & Brown's satisfaction, in its sole discretion, with the results of its due diligence investigation of Raleigh, Schwarz & Powell. We hope to complete the merger by the end of October 2001.

Q: WILL I RECOGNIZE A GAIN OR LOSS ON THE TRANSACTION?

A: Brown & Brown and Raleigh, Schwarz & Powell expect that if the merger is completed, you will not recognize gain or loss for federal income tax purposes. You are urged to consult your own tax advisor to determine your particular tax consequences.

For a more complete description of the tax consequences of the merger, see the section entitled "The Merger--Material Federal Income Tax Considerations" on page 31.

Q: AM I ENTITLED TO DISSENTERS' RIGHTS?

A: If the merger occurs, Raleigh, Schwarz & Powell shareholders who do not vote their Raleigh, Schwarz & Powell shares in favor of the merger may be entitled to dissenters' rights under Washington law. ESOP participants are not entitled to dissenters' rights.

For a more complete description of dissenters' rights, see the section entitled "The Raleigh, Schwarz & Powell Special Meeting--Dissenters' Rights" on page 21.

Q: WHOM SHOULD I CONTACT WITH QUESTIONS?

A: If you have more questions about the merger, you should contact:

Raleigh, Schwarz & Powell, Inc.  
1201 Pacific Avenue, Suite 1000  
Tacoma, Washington 98402  
Attn: John P. Folsom  
Phone: (253) 396-5500

If you are an ESOP participant, you can also contact:

Consulting Fiduciaries, Inc.  
400 Skokie Boulevard  
Suite 260  
Northbrook, Illinois 60062  
Attn: Sy Zilberstein  
Phone: (847) 559-9837

You may also obtain additional information about Brown & Brown from documents filed with the Securities and Exchange Commission by following the instructions in the section entitled "Where You Can Find More Information" on page 83.

SUMMARY

This summary, together with the preceding Questions and Answers section, highlights selected information from this proxy statement/prospectus and may not contain all of the information that is important to you. To understand the merger fully and for a more complete description of the terms of the merger, you should read carefully this entire document and the documents to which we have referred you. See "Where You Can Find More Information" on page 83. We have included page references parenthetically to direct you to a more complete description of the topics in this summary.

THE COMPANIES (PAGES 53 TO 61)

Brown & Brown, Inc.  
401 East Jackson Street, Suite 1700  
Tampa, Florida 33602  
Phone: (813) 222-4100

Brown & Brown is a diversified insurance brokerage and agency that markets and sells primarily property and casualty insurance products and services to its clients. Because Brown & Brown does not engage in underwriting activities, it does not assume underwriting risks. Instead, Brown & Brown acts in an agency capacity to provide its clients with targeted, customized risk management products.

Raleigh, Schwarz & Powell, Inc.  
1201 Pacific Avenue, Suite 1000  
Tacoma, Washington 98402  
Phone: (253) 396-5500

Raleigh, Schwarz & Powell is a property/casualty and employee benefits insurance consulting and brokerage firm providing services to both commercial and individual customers throughout the Pacific Northwest. Although its target geographic market runs along the "I-5 corridor" from Northern California into Canada, Raleigh, Schwarz & Powell services clients located as far south as San Diego and Los Angeles and as far north as Alaska from three main offices: Seattle, Washington, San Rafael, California, and its headquarters in Tacoma, Washington.

THE MERGER (PAGE 22)

In the merger, a wholly-owned subsidiary of Brown & Brown will merge with and into Raleigh, Schwarz & Powell, and as a result, Raleigh, Schwarz & Powell will be the surviving corporation of the merger and will change its name to "Brown & Brown of Washington, Inc." If the merger becomes effective, each share of Raleigh, Schwarz & Powell common stock then outstanding will be cancelled and converted into the right to receive shares of Brown & Brown common stock, and the Raleigh, Schwarz & Powell shareholders will receive, based on their respective ownership interests in Raleigh, Schwarz & Powell, shares of Brown & Brown common stock equal to:

- \$32,896,490 minus 82.24% of the amount by which the total consolidated net worth (as defined in the merger agreement) of Raleigh, Schwarz & Powell and its affiliate, Golden Gate

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Holdings, Inc., is less than \$13,000,000 at the effective time of the merger, divided by

- the average of the closing prices of Brown & Brown common stock as reported on The New York Stock Exchange for the 20 consecutive trading day period ending at the close of business on the third business day immediately before the merger becomes effective.

The Agreement and Plan of Reorganization, or merger agreement, is attached to this proxy statement/prospectus as Annex A. Brown & Brown and Raleigh, Schwarz & Powell encourage you to read the merger agreement carefully.

### REASONS FOR THE MERGER (PAGES 24 TO 25)

Following are the principal reasons why the Raleigh, Schwarz & Powell board of directors approved the merger:

- For over twelve years Raleigh, Schwarz & Powell has used the federal income tax benefits available through its ESOP to provide the liquidity to repurchase the shares of retiring shareholders and ESOP

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participants. Raleigh, Schwarz & Powell projects that the volume of retirement purchases in the next two to ten years will outstrip the ESOP's capacity to acquire shares on a tax-beneficial basis.

- Acquiring shares of retiring shareholders and ESOP participants with after-tax cash flow will inhibit Raleigh, Schwarz & Powell's ability to remain competitive by limiting the cash and other resources available to continue the expansion necessary to effectively compete, given the consolidation activity in the insurance brokerage industry.
- Raleigh, Schwarz & Powell faces increased competition from larger brokers with new local offices. To remain competitive and achieve greater revenue mass, Raleigh, Schwarz & Powell needs to continue to acquire smaller regional brokers. Without a liquid stock to use as consideration in acquisitions, further expansion is expected to become more difficult.
- Exchanging Raleigh, Schwarz & Powell common stock for publicly traded Brown & Brown common stock is expected to increase shareholders' liquidity.
- Raleigh, Schwarz & Powell will no longer be required to purchase for cash the shares of Raleigh, Schwarz & Powell stock distributed by the ESOP to participants who retire or leave the company.
- The merger provides Raleigh, Schwarz & Powell's shareholders with the opportunity to participate in a combined entity with greater financial stability and the potential for increased economic growth and diversification.
- The merger may result in cost savings.

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In short, the Raleigh, Schwarz & Powell board of directors believes that the merger offers Raleigh, Schwarz & Powell's shareholders, customers and employees a unique opportunity to realize the benefits created by combining the two companies.

The Brown & Brown board of directors believes that the merger presents Brown & Brown with an opportunity to expand its geographical presence consistent with its overall business strategy. The Brown & Brown board of directors also believes that there are opportunities to increase the efficiency of the combined companies.

The Raleigh, Schwarz & Powell board of directors believes that the terms of the merger are fair to, and in the best interests of, Raleigh, Schwarz & Powell and its shareholders. The board of directors has unanimously approved the merger agreement and the merger, and recommends that you vote FOR the proposal to approve the merger agreement and the merger.

The potential benefits of the merger may not be achieved. See the sections entitled "Risk Factors--Risks Related to the Merger" on page 12, "The Merger-- Brown & Brown Reasons for the Merger" on page 24 and "The Merger--Raleigh, Schwarz & Powell Reasons for the Merger" on pages 24 to 25.

### OPINION OF THE ESOP FIDUCIARY'S FINANCIAL ADVISOR (PAGE 25)

Duff & Phelps LLC was retained by the ESOP fiduciary and ESOP trustee to advise it as to the fairness of the terms and conditions of the merger, on account of the shares of Raleigh, Schwarz & Powell common stock held by the ESOP. On July 25, 2001, Duff & Phelps delivered to the ESOP fiduciary and ESOP trustee its written opinion that, as of such date and based upon and subject to the matters set forth therein, the terms and conditions of the merger, including the aggregate consideration to be received in the merger by the shareholders of Raleigh, Schwarz & Powell and its affiliate, Golden Gate Holdings, Inc., are fair and reasonable to the ESOP from a financial point of view. A copy of the written opinion of Duff & Phelps is attached to this proxy statement/prospectus as Annex I.

### CONDITIONS TO THE COMPLETION OF THE MERGER (PAGE 36)

The completion of the merger is subject to the prior satisfaction of a number of conditions, including the following:

- approval of the merger, the merger agreement and the related transactions by the holders of at least two-thirds of the outstanding shares of common stock of Raleigh, Schwarz & Powell;

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- Brown & Brown and Raleigh, Schwarz & Powell will have timely obtained all governmental approvals, and no law or order preventing the completion of the merger will have been enacted;

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- execution of employment agreements with Brown & Brown by those employees of Raleigh, Schwarz & Powell specified in a schedule to the merger agreement to be delivered prior to completion of the merger;
- execution of non-competition agreements by those Raleigh, Schwarz & Powell shareholders specified in a schedule to the merger agreement to be delivered prior to completion of the merger;
- the truth and correctness, in all material respects, of the representations and warranties of Brown & Brown, Raleigh, Schwarz & Powell and Brown & Brown of Washington, Inc. in the merger agreement as of the effective time of the merger;
- Brown & Brown's and Brown & Brown of Washington, Inc.'s satisfaction, in their sole discretion, with the results of Brown & Brown's due diligence investigation of Raleigh, Schwarz & Powell;
- the Securities and Exchange Commission declaring effective the registration statement on Form S-4, of which this proxy statement/prospectus is a part, registering the issuance of Brown & Brown common stock in the merger;
- Brown & Brown and Raleigh, Schwarz & Powell will have performed in all material respects all obligations required to be performed by them under the merger agreement;
- Raleigh, Schwarz & Powell's receipt of a legal opinion from the Assistant General Counsel of Brown & Brown;
- Brown & Brown's and Brown & Brown of Washington, Inc.'s receipt of a legal opinion from counsel to Raleigh, Schwarz & Powell;
- Brown & Brown's and Brown & Brown of Washington, Inc.'s confirmation of its belief when it signed the letter of intent that the merger and the issuance of Brown & Brown common stock will qualify for treatment for accounting purposes as a pooling-of-interests transaction, and the exercise by holders of no more than 10% of the outstanding shares of Raleigh, Schwarz & Powell common stock of dissenters' rights;
- delivery by Raleigh, Schwarz & Powell of those schedules required under the merger agreement, in form and substance satisfactory to Brown & Brown and Brown & Brown of Washington, Inc.;
- execution of an escrow agreement by Brown & Brown and each of the Raleigh, Schwarz & Powell shareholders (excluding the ESOP), in the form attached to this proxy statement/prospectus as Annex D;
- execution of an escrow agreement by Brown & Brown and the ESOP in the form attached to this proxy statement/prospectus as Annex E;
- execution of a release by each of the Raleigh, Schwarz & Powell shareholders in the form attached to this proxy statement/prospectus as Annex F;



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- execution of an indemnification agreement by Brown & Brown and each of the Raleigh, Schwarz & Powell shareholders (excluding the ESOP), in the form attached to this proxy statement/prospectus as Annex B; and
- delivery by each of the Raleigh, Schwarz & Powell shareholders of his or her Raleigh, Schwarz & Powell stock certificates.

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RECORD DATE; VOTE REQUIRED FOR APPROVAL (PAGE 19)

You may vote for approval of the merger if you owned Raleigh, Schwarz & Powell common stock at the close of business on September 28, 2001. If you had shares of Raleigh, Schwarz & Powell common stock allocated to your ESOP account at the close of business on September 28, 2001, you are eligible to direct the ESOP fiduciary on the voting of those shares by completing, signing and timely returning the enclosed ESOP direction letter to the ESOP fiduciary.

Under applicable law and under Raleigh, Schwarz & Powell's charter documents, the affirmative vote of holders of at least two-thirds of the shares of Raleigh, Schwarz & Powell common stock outstanding on the record date is required to approve the merger.

As of the record date, Raleigh, Schwarz & Powell had 183,115 shares of common stock outstanding, which number excludes 1,543 shares registered in the names of two former employees and held in escrow under pledge agreements to secure Raleigh, Schwarz & Powell's payment for those shares in annual payments through 2003. With Brown & Brown's consent, Raleigh, Schwarz & Powell may pre-pay the amounts owed, and obtain possession of the pledged shares, prior to the closing of the merger. Upon termination of the pledge, the shares shall become authorized but unissued shares of Raleigh, Schwarz & Powell. Each share of Raleigh, Schwarz & Powell common stock outstanding on the record date entitles its holder to one vote. As of the record date, the directors, executive officers of Raleigh, Schwarz & Powell and their affiliates beneficially owned common stock representing approximately 18.56% of all the outstanding shares of Raleigh, Schwarz & Powell common stock. As of the record date, the ESOP held 116,340 shares of Raleigh, Schwarz & Powell common stock (including shares held by former employees who have not received final payment for their account, which shares the ESOP shall vote according to the direction letters executed by such former employees).

ESCROW AGREEMENTS (PAGE 38)

As a condition of the merger, each Raleigh, Schwarz & Powell shareholder must execute and deliver an escrow agreement, under which 10% of the total number of shares of Brown & Brown common stock otherwise deliverable upon the effective time of the merger to each holder of Raleigh, Schwarz & Powell common stock will be deposited in escrow to secure the indemnification obligations of such shareholders. Accordingly, Raleigh, Schwarz & Powell shareholders will not receive 10% of the initial merger consideration to which they would otherwise be entitled at the effective time of the merger. The escrowed shares will remain available to compensate Brown & Brown for one year

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from the effective time of the merger. If a claim is asserted prior to the one-year anniversary of the closing and the claim has not been resolved by the one-year anniversary, shares will remain in escrow in an amount sufficient to satisfy the claim until the claim has been resolved, even if the one-year period has elapsed. Escrowed shares that are not needed to satisfy indemnification claims made within one year after the effective time of the merger will be distributed to the former Raleigh, Schwarz & Powell shareholders, and the ESOP or its participants, pro rata.

### INDEMNIFICATION AGREEMENT BETWEEN THE SHAREHOLDERS AND BROWN & BROWN (PAGE 38)

As a condition of the merger, other than the ESOP, each Raleigh, Schwarz & Powell shareholder must execute and deliver an indemnification agreement that provides that such Raleigh, Schwarz & Powell shareholder will jointly and severally indemnify Brown & Brown for certain damages. Raleigh, Schwarz & Powell shareholders will not be required to indemnify Brown & Brown unless the aggregate claims for such damages exceed \$25,000, and only to the extent such claims exceed such initial \$25,000. The maximum indemnification obligation of the shareholders as a whole is limited to the aggregate value, as of the effective time of the merger, of the Brown & Brown shares of common stock received in the merger; provided, however, that the maximum liability of each shareholder who owns less than 2,000 shares of Raleigh, Schwarz & Powell common stock prior to July 25, 2001, and certain shareholders named in the indemnification agreement shall be limited to the aggregate value, as of the effective time of the merger, of the merger consideration received by such shareholder.

### TERMINATION OF THE MERGER AGREEMENT (PAGE 37)

Before completion of the merger, the merger agreement may be terminated by the parties' mutual consent. In addition, subject to qualifications, the merger agreement may be terminated by either of the parties under any of the following circumstances:

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- if the merger is not completed by August 31, 2001, provided that if delays in the registration of the Brown & Brown common stock prevent the merger from occurring by that date, then the parties shall agree to extend the termination date to November 30, 2001;
- if any permanent injunction or other order of a court or other competent authority preventing consummation of the merger shall have become final and non-appealable; or
- if there shall have been a material breach of any representation, warranty, covenant or agreement by the non-terminating party which breach shall not have been cured prior to the consummation of the merger.

On August 31, 2001, the parties agreed to extend the termination date of the merger agreement to November 30, 2001.

### ACCOUNTING TREATMENT OF THE MERGER (PAGE 31)

Brown & Brown intends to account for the merger as a

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pooling-of-interests for financial reporting and accounting purposes under generally accepted accounting principles.

### INTERESTS OF EXECUTIVE OFFICERS OF RALEIGH, SCHWARZ & POWELL (PAGE 30)

In considering the recommendation of the Raleigh, Schwarz & Powell board of directors, you should be aware that John P. Folsom, President of Raleigh, Schwarz & Powell, has interests in the merger that are different from, or in addition to, those of Raleigh, Schwarz & Powell shareholders generally. As a condition of the merger, Mr. Folsom is required to enter into an employment agreement, generally upon the same terms and conditions as all other employees of Raleigh, Schwarz & Powell, that provides for his continued employment with the surviving corporation of the merger. As a result of these interests, Mr. Folsom could be more likely to vote in favor of the proposal than shareholders without these interests.

### DISSENTERS' RIGHTS (PAGE 21)

Raleigh, Schwarz & Powell shareholders may dissent by voting against the merger. A dissenting holder who complies with the requirements of the Washington Business Corporation Act will have the right to demand payment for, and appraisal of, the value of his shares. In the event that a holder exercises such dissenters' rights, the aggregate consideration to be received by Raleigh, Schwarz & Powell shareholders will be reduced by the number of shares of Brown & Brown common stock that such dissenting shareholder would have received in the merger. Under applicable law, no dissenting shareholder has any right to contest the validity of the merger or to have the merger set aside or rescinded, except in an action to test whether the number of shares or other interests required to approve the merger have been legally voted in favor of the merger or unless the merger is fraudulent with respect to the shareholder or the corporation. ESOP participants do not have dissenters' rights.

### MATERIAL FEDERAL INCOME TAX CONSIDERATIONS (PAGE 31)

We have attempted to structure the merger so that, in general, Brown & Brown, Brown & Brown's shareholders, Raleigh, Schwarz & Powell and Raleigh, Schwarz & Powell's shareholders will not recognize gain or loss for federal income tax purposes in connection with the merger.

Tax matters are very complicated, and the tax consequences of the merger to you will depend on the facts of your own situation. You should consult your tax advisor for a full understanding of the tax consequences of the merger to you.

### COMPARISON OF SHAREHOLDER RIGHTS (PAGE 74)

The rights of shareholders of Raleigh, Schwarz & Powell as shareholders of Brown & Brown after the merger will be governed by Brown & Brown's existing amended and restated articles of incorporation and its existing amended and restated bylaws. Those rights significantly differ from the current rights of Raleigh, Schwarz & Powell shareholders under Raleigh, Schwarz & Powell's articles of incorporation and bylaws.

### MARKET PRICE INFORMATION (PAGE 52)

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Shares of Brown & Brown common stock are listed on The New York Stock Exchange. On June 28, 2001, the last full trading day prior to the public announcement of the proposed merger, Brown & Brown's common stock closed at \$42.10 per share. On October 1, 2001, the latest practicable date before the printing of this proxy statement/prospectus, Brown & Brown's common stock closed at \$53.25 per share. The common stock of Raleigh, Schwarz & Powell is not traded on an established public trading market. The companies urge you to obtain current market quotations for the Brown & Brown common stock.

THIS SUMMARY MAY NOT CONTAIN ALL OF THE INFORMATION THAT IS IMPORTANT TO YOU. YOU SHOULD CAREFULLY READ THIS ENTIRE DOCUMENT AND THE OTHER DOCUMENTS INCLUDED ELSEWHERE IN THIS PROXY STATEMENT/PROSPECTUS FOR A MORE COMPLETE UNDERSTANDING OF THE MERGER. IN PARTICULAR, YOU SHOULD READ THE DOCUMENTS ATTACHED TO THIS PROXY STATEMENT/PROSPECTUS, INCLUDING THE MERGER AGREEMENT, WHICH IS ATTACHED TO THIS PROXY STATEMENT/PROSPECTUS AS ANNEX A.

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### SELECTED HISTORICAL FINANCIAL INFORMATION OF BROWN & BROWN

The following table sets forth Brown & Brown's selected consolidated financial data for each of the five years ended December 31, 2000 and the six-month periods ended June 30, 2001 and 2000, respectively. Such information has been prepared from the audited consolidated financial statements and the unaudited consolidated financial statements of Brown & Brown. You should read this information together with the audited consolidated financial statements and other financial information contained elsewhere in this proxy statement/prospectus.

	Six Months Ended June 30, (1)		Year ended		
	2001	2000	2000	1999	
					(in thousands, except per share)
<b>INCOME STATEMENT DATA:</b>					
Commissions and fees(3) .....	\$157,615	\$112,195	\$204,862	\$183,681	\$1
Total revenues .....	160,735	114,703	209,706	188,391	1
Total expenses .....	120,202	87,843	155,728	144,382	1
Income before taxes .....	40,533	26,860	53,978	44,009	
Net income .....	24,733	16,494	33,186	26,789	
<b>PER SHARE DATA:</b>					
Net income per share .....	0.82	0.56	1.16	0.94	
Weighted average number of shares outstanding:					
Basic .....	29,766	29,353	28,660	28,437	
Diluted .....	30,090	29,379	28,663	28,445	
Dividends declared per share .....	0.1500	0.1300	0.2700	0.2300	

Six Months Ended  
June 30,

Year ended

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	2001 -----	2000 -----	2000 -----	1999 -----	---
			(in thousands, except per share)		
BALANCE SHEET DATA:					
Total assets .....	444,678	269,223	276,719	244,423	2
Long-term debt .....	82,832	5,995	2,736	5,086	
Shareholders' equity(4) .....	139,910	109,736	121,911	103,005	

- (1) All share and per-share information has been restated to give effect to the two-for-one common stock split, which became effective August 23, 2000. The stock split was effected as a stock dividend. Prior year results have been restated to reflect, among other acquisitions, the stock acquisitions of The Flagship Group, WMH and Huffman & Associates, and Mangus Insurance & Bonding in 2000; The Huval Companies, Spencer & Associates and SAN of East Central Florida in the first quarter of 2001; and The Young Agency, Inc. in the second quarter of 2001.
- (2) All share and per-share information has been restated to give effect to the three-for-two common stock split, which became effective February 27, 1998 and the two-for-one common stock split, which became effective August 23, 2000. Each stock split was effected as a stock dividend. Prior years' results have been restated to reflect, among other acquisitions, the stock acquisitions of Daniel-James in 1998; Ampher-Ross and Signature Insurance Group in 1999; Bowers, Schumann & Welch, the Flagship Group, WMH and Huffman & Associates, and Mangus Insurance & Bonding in 2000. This information is consistent with the Company's Annual Report on Form 10-K for the year ended December 31, 2000.
- (3) See Notes 2 and 3 to consolidated financial statements for information regarding business purchase transactions which impacts the comparability of this information.
- (4) Shareholders' equity as of December 31, 2000, 1999, 1998, 1997 and 1996 included net increases of \$2,495,000, \$4,922,000, \$5,540,000, \$6,744,000 and \$6,511,000, respectively, as a result of the company's application of SFAS 115, "Accounting for Certain Investments in Debt and Equity Securities."

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RISK FACTORS

You should carefully consider the following matters in deciding whether to vote in favor of the merger. These matters have been grouped under two separate headings: "Risks Related to the Merger," which discusses the risks of combining our companies, risks under the merger agreement and potential conflicts of interest, and "Industry and Business Risks," which discusses the risks of the industry and our business. Unless the context otherwise requires, the terms "we," "us," "our" and "Brown & Brown" refer to Brown & Brown, Inc. See "Cautionary Statement Concerning Forward-Looking Statements."

RISKS RELATED TO THE MERGER

BROWN & BROWN AND RALEIGH, SCHWARZ & POWELL MAY NOT ACHIEVE THE BENEFITS THEY EXPECT FROM THE MERGER.

Brown & Brown and Raleigh, Schwarz & Powell will need to successfully

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execute a number of post-merger tasks in order to realize any benefits or synergies from the merger. Key tasks include:

- retaining and assimilating the key personnel of Raleigh, Schwarz & Powell;
- successfully marketing the existing products and services of each company to the other company's users and customers;
- developing new services that utilize the assets of both companies;
- maintaining existing relationships with partners and establishing new partner relationships; and
- maintaining uniform standards, controls, procedures and policies.

The successful execution of these post-merger tasks will involve considerable risk and may not be successful. These risks include:

- the potential disruption of each company's ongoing business and distraction of its management;
- the difficulty of incorporating acquired technology and rights in the combined company's products and services;
- unanticipated expenses relating to technology integration;
- the impairment of relationships with customers, users and employees as a result of any problems with the integration of services and personnel; and
- potential unknown liabilities associated with the acquired business.

If the combined company does not succeed in addressing these risks or any other problems encountered in connection with the merger, it may not achieve the benefits it expects from the merger.

FAILURE TO COMPLETE THE MERGER COULD NEGATIVELY AFFECT THE OPERATING RESULTS OF BROWN & BROWN AND RALEIGH, SCHWARZ & POWELL.

If the merger is not completed for any reason, Brown & Brown and Raleigh, Schwarz & Powell may experience a number of adverse consequences, including the following:

- the price of Brown & Brown common stock may decline to the extent that the current market price of Brown & Brown common stock reflects a market assumption that the merger will be completed;
- an adverse reaction for investors and potential investors of both companies, reducing the value of their stock and their future financing opportunities; and

- the parties' costs related to the merger, including legal and

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accounting fees, will be paid even if the merger is not completed.

### THE MERGER COULD HARM KEY THIRD PARTY RELATIONSHIPS.

The proposed merger may harm the present and potential relationships of Brown & Brown and Raleigh, Schwarz & Powell with customers and other third parties with whom they have relationships. Uncertainties following the merger may cause these parties to delay decisions regarding these relationships. Any changes in these relationships could harm the surviving company's business. Raleigh, Schwarz & Powell could experience a decrease in expected revenue as a consequence of uncertainties associated with the merger.

### THE ANNOUNCEMENT OF THE MERGER AGREEMENT COULD RESULT IN LOSS OF EMPLOYEES BEFORE COMPLETION OF THE MERGER.

Employees of a company are often uncertain as to their future employment during the period between the time the company enters into a merger agreement and the time the merger is completed. It is possible that employees will seek employment elsewhere. Whether or not the merger occurs, Raleigh, Schwarz & Powell may not be able to retain some of its key employees. If any of Raleigh, Schwarz & Powell's key employees leave, its business, results of operations and financial condition could suffer.

### THE EXECUTIVE OFFICERS OF RALEIGH, SCHWARZ & POWELL HAVE DIFFERENT INTERESTS FROM YOURS THAT MAY INFLUENCE THEM TO SUPPORT OR APPROVE THE MERGER.

The executive officers of Raleigh, Schwarz & Powell have interests that are different from, or are in addition to, those of Raleigh, Schwarz & Powell shareholders generally. Specifically, the executive officers of Raleigh, Schwarz & Powell will become employees of the surviving corporation, and each of the executive officers will enter into employment agreements with the surviving corporation. As a result, these executive officers could be more likely to vote to approve the proposal than Raleigh, Schwarz & Powell shareholders who do not have these interests.

### ISSUANCE OF ADDITIONAL SHARES OF BROWN & BROWN MAY REDUCE BROWN & BROWN'S SHARE PRICE.

In connection with the merger, Brown & Brown will issue new shares of its common stock to current Raleigh, Schwarz & Powell shareholders. The total number of shares of Brown & Brown common stock to be issued to Raleigh, Schwarz & Powell shareholders will not be determined until the effective time of the merger, and will depend upon the price of Brown & Brown common stock, which may fluctuate significantly. The issuance of additional shares of Brown & Brown common stock in the merger will dilute Brown & Brown's results of operations on a per-share basis. This dilution could reduce the market price of Brown & Brown common stock unless and until the combined company achieves revenue growth or cost savings and other business economies sufficient to offset the effect of the issuance of additional shares. There can be no assurance that Brown & Brown will achieve revenue growth, cost savings or other business economies from the merger.

### A PORTION OF YOUR SHARES WILL BE HELD IN ESCROW FOR A PERIOD OF AT LEAST ONE YEAR.

Upon completion of the merger, 10% of the shares of Brown & Brown common stock issued at the closing of the merger to the Raleigh, Schwarz & Powell shareholders will be delivered to an escrow agent to secure the indemnification obligations of Raleigh, Schwarz & Powell shareholders. The escrowed shares, or any proceeds thereof, are to remain in escrow until one year after the closing of the merger. If Brown & Brown successfully asserts a claim

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while the escrowed shares remain in escrow, you may not receive all or part of the escrowed shares.

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### INDUSTRY AND BUSINESS RISKS

WE CANNOT ACCURATELY FORECAST OUR COMMISSION REVENUES BECAUSE OUR COMMISSIONS DEPEND ON PREMIUM RATES CHARGED BY INSURANCE COMPANIES, WHICH HISTORICALLY HAVE VARIED AND, AS A RESULT, HAVE BEEN DIFFICULT TO PREDICT.

We are primarily engaged in insurance agency and brokerage activities, and derive revenues from commissions paid by insurance companies and fees for administration and benefit consulting services. We do not determine insurance premiums. Historically, property and casualty premiums have been cyclical in nature and have varied widely based on market conditions. Since the mid-1980s, general premium levels have been depressed as a result of the expanded underwriting capacity of insurance companies and increased competition. In many cases, insurance companies have lowered commission rates and increased volume requirements. Significant reductions in premium rates occurred during the years 1986 through 1998 and continued, although to a lesser degree, through 1999. As a result of increasing "loss ratios" (the comparison of incurred losses plus loss adjustment expense against earned premiums) of insurance carriers through 1999, there was a general increase in premium rates beginning in the first quarter of 2000 and continuing through the second quarter of 2001. Although the premium increases varied by line of business, geographical region, insurance carrier and specific underwriting factors, it was the first time since 1986 that we operated in an environment of increased premiums for four consecutive quarters. Premium rates are determined by insurers based on a fluctuating market. Because we do not determine the timing and extent of premium pricing changes, we cannot accurately forecast our commission revenues, including whether they will significantly decline. As a result, our budgets for future acquisitions, capital expenditures, dividend payments, loan repayments and other expenditures may have to be adjusted to account for unexpected changes in revenues.

WE DERIVE A SUBSTANTIAL PORTION OF OUR COMMISSION REVENUES FROM ONE INSURANCE COMPANY, THE LOSS OF WHICH COULD RESULT IN ADDITIONAL EXPENSE AND LOSS OF MARKET SHARE.

The programs offered by our National Programs Division are primarily underwritten by the CNA Insurance Companies (CNA). For the year ended December 31, 2000, approximately \$7.5 million, or 37.3%, of our National Programs Division's commissions and fees were generated from policies underwritten by CNA. During the same period, our National Programs Division represented 9.8% of our total commission and fee revenues. In addition, for the same period, approximately \$7.4 million, or 5.1%, of our Retail Division's total commissions and fees were generated from policies underwritten by CNA. Accordingly, revenues attributable to CNA represent approximately 7.2% of our total commissions and fees. These dollar amounts and percentages represent a decline in recent years of revenues generated by policies underwritten by CNA. This decline results from certain of our programs and program accounts moving from CNA to other carriers such as, for example, our Lawyer's Protector Plan(R) moving from CNA to Clarendon National Insurance Company in November of 1999.

We have an agreement with CNA relating to each program underwritten by it and each such agreement provides for either six months' or one year's advance



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notice of termination. In addition, we have an existing credit agreement with CNA under which \$2 million was outstanding as of September 18, 2001. Upon the occurrence of an event of default by us under this credit agreement, including our termination of any insurance program agreement with CNA, CNA may, at its option, declare any unpaid balance due and payable on demand. If our relationship with CNA were terminated, we believe that other insurance companies would be available to underwrite the business, although some additional expense and loss of market share would result.

BECAUSE OUR BUSINESS IS HIGHLY CONCENTRATED IN ARIZONA, FLORIDA AND NEW YORK, ADVERSE ECONOMIC CONDITIONS OR REGULATORY CHANGES IN THESE STATES COULD ADVERSELY AFFECT OUR FINANCIAL CONDITION.

For the year ended December 31, 2000, our Retail Division derived \$14.9 million, or 10.4%, and \$83.0 million, or 57.7%, of its commissions and fees from its Arizona and Florida operations, respectively, constituting 7.3% and 40.5%, respectively, of our total commissions and fees. We believe that these revenues are attributable predominately to clients in Arizona and Florida. Additionally, as a result of the Riedman Insurance acquisition in January 2001, we now have four additional Florida offices and have folded other Riedman insurance business into our existing Florida offices. For the year ended December 31, 2000, Riedman derived \$9.9 million, or 18.2% of its commissions and fees, from its Florida operations. Additionally, as a result of this acquisition, we now have 19 offices in New York, where \$15.1 million, or 27.8%, of Riedman's insurance business was concentrated as of December 31, 2000. We believe the regulatory environment for insurance agencies in Arizona, Florida and New York currently is no more restrictive than in other states. The insurance business is a state-regulated industry, and therefore, state legislatures may enact laws that adversely affect the insurance industry. Because our business is concentrated in a few states, we face greater exposure to unfavorable changes in regulatory conditions in those states

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than insurance agencies whose operations are more diversified through a greater number of states. In addition, the occurrence of adverse economic conditions, natural disasters, or other circumstances specific to Arizona, Florida and/or New York could adversely affect our financial condition and results of operations.

LOSS OF THE SERVICES OF J. HYATT BROWN, OUR CHAIRMAN, PRESIDENT AND CHIEF EXECUTIVE OFFICER, COULD ADVERSELY AFFECT OUR FINANCIAL CONDITION AND FUTURE OPERATING RESULTS.

Although we operate with a decentralized management system, the loss of the services of J. Hyatt Brown, our Chairman, President and Chief Executive Officer, who beneficially owns approximately 17.7% of our outstanding common stock as of September 18, 2001, could adversely affect our financial condition and future operating results. We maintain a \$5 million "key man" life insurance policy with respect to Mr. Brown. We also maintain a \$20 million insurance policy on the lives of Mr. Brown and his wife. Under the terms of an agreement with Mr. and Mrs. Brown, at the option of the Brown estate, we will purchase, upon the death of the later to die of Mr. Brown or his wife, shares of our common stock owned by Mr. and Mrs. Brown up to the maximum number that would exhaust the proceeds of the policy.

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OUR GROWTH STRATEGY DEPENDS IN PART ON THE ACQUISITION OF INSURANCE AGENCIES, WHICH MAY NOT BE AVAILABLE ON ACCEPTABLE TERMS IN THE FUTURE AND WHICH, IF CONSUMMATED, MAY NOT BE ADVANTAGEOUS TO US.

Our growth strategy includes the acquisition of insurance agencies. Our ability to successfully identify suitable acquisition candidates, complete acquisitions, integrate acquired businesses into our operations, and expand into new markets, will require us to continue to implement and improve our operations, financial, and management information systems. For example, most of our offices manage their clients' information using The Application Manager For Windows (WinTAM) computer program by Applied Systems. Part of the added time and expense related to newly acquired agencies includes the integration of an acquired agency's existing computer system into ours. Further, integrated, acquired entities may not achieve levels of revenue, profitability, or productivity comparable to our existing locations, or otherwise perform as expected. In addition, we compete for acquisition and expansion opportunities with entities that have substantially greater resources. Acquisitions also involve a number of special risks, such as: diversion of management's attention; difficulties in the integration of acquired operations and retention of personnel; entry into unfamiliar markets; unanticipated problems or legal liabilities; and tax and accounting issues, some or all of which could have a material adverse effect on the results of our operations and our financial condition.

OUR CURRENT MARKET SHARE MAY DECREASE AS A RESULT OF INCREASED COMPETITION FROM INSURANCE COMPANIES AND THE FINANCIAL SERVICES INDUSTRY.

The insurance agency business is highly competitive and we actively compete with numerous firms for clients and insurance carriers, many of which have relationships with insurance companies or have a significant presence in niche insurance markets, that may give them an advantage over us. Because relationships between insurance agencies and insurance carriers or clients are often local or regional in nature, this potential competitive disadvantage is particularly pronounced outside of Florida.

A number of insurance companies are engaged in the direct sale of insurance, primarily to individuals, and do not pay commissions to agents and brokers. However, to date, such direct writing has had relatively little effect on our operations, primarily because our Retail Division is commercially oriented.

In addition, to the extent that the Gramm-Leach-Bliley Financial Services Modernization Act of 1999 and regulations newly enacted thereunder permit banks, securities firms and insurance companies to affiliate, the financial services industry may experience further consolidation, and we therefore may experience increased competition from insurance companies and the financial services industry, as a growing number of larger financial institutions increasingly, and aggressively, offer a wider variety of financial services, including insurance, than we currently offer.

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PROPOSED TORT REFORM LEGISLATION, IF ENACTED, COULD DECREASE DEMAND FOR LIABILITY INSURANCE, THEREBY REDUCING OUR COMMISSION REVENUES.

Legislation concerning tort reform is currently being considered in the United States Congress and in several states. Among the provisions being considered for inclusion in such legislation are limitations on damage awards, including punitive damages, and various restrictions applicable to class action

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lawsuits, including lawsuits asserting professional liability of the kind for which insurance is offered under policies sold by our National Programs Division, particularly our Physicians' Protector Plan(R) and Professional Protector Plan(R) for Dentists. Enactment of these or similar provisions by Congress, or by states in which we sell insurance, could result in a reduction in the demand for liability insurance policies or a decrease in policy limits of such policies sold, thereby reducing our commission revenues.

WE COMPETE IN A HIGHLY REGULATED INDUSTRY, WHICH MAY RESULT IN INCREASED EXPENSES OR RESTRICTIONS ON OUR OPERATIONS.

We conduct business in a number of states and are subject to comprehensive regulation and supervision by government agencies in many of the states in which we do business. The primary purpose of such regulation and supervision is to provide safeguards for policyholders rather than to protect the interests of stockholders. The laws of the various state jurisdictions establish supervisory agencies with broad administrative powers with respect to, among other things, licensing to transact business, licensing of agents, admittance of assets, regulating premium rates, approving policy forms, regulating unfair trade and claims practices, establishing reserve requirements and solvency standards, requiring participation in guarantee funds and shared market mechanisms, and restricting payment of dividends.

Also, in response to perceived excessive cost or inadequacy of available insurance, states have from time to time created state insurance funds and assigned risk pools, which compete directly, on a subsidized basis, with private insurance providers. We act as agents and brokers for state insurance funds such as these in California, Nevada, and certain other states. These state funds could choose to reduce the sales or brokerage commissions we receive. Any such event, in a state in which we have substantial operations, such as Florida, Arizona or New York, could substantially affect the profitability of our operations in such state, or cause us to change our marketing focus. Further, state insurance regulators and the National Association of Insurance Commissioners continually re-examine existing laws and regulations, and such re-examination may result in the enactment of insurance-related laws and regulations, or the issuance of interpretations thereof, that adversely affect our business.

CARRIER OVERRIDE AND CONTINGENT COMMISSIONS ARE LESS PREDICTABLE THAN USUAL, WHICH IMPAIRS OUR ABILITY TO FORECAST THE AMOUNT OF SUCH COMMISSIONS THAT WE WILL RECEIVE.

We derive a portion of our revenues from carrier override and contingent commissions. The aggregate of these commissions generally accounts for 3.1% to 5.3% of our total revenues. Contingent commissions are paid by insurance companies and are based on the profit that the underwriter makes on the overall volume of business that we place with that insurance company. We generally receive these commissions in the first and second quarters of each year. Override commissions are paid by insurance companies based on the volume of business that we place with them and are generally paid over the course of the year. Due to recent changes in our industry, including changes in underwriting criteria due in part to the high loss ratios experienced by insurance companies, we cannot predict the payment of these commissions as well as we have been able to in the past. Further, we have no control over the ability of insurance companies to estimate loss reserves, which affects our ability to make profit-sharing calculations. Because these commissions affect our revenues, any decrease in their payment to us could adversely effect our operations.

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WE HAVE NOT DETERMINED THE AMOUNT OF RESOURCES AND THE TIME THAT WILL BE NECESSARY TO ADEQUATELY RESPOND TO RAPID TECHNOLOGICAL CHANGE IN OUR INDUSTRY, WHICH MAY ADVERSELY AFFECT OUR BUSINESS AND OPERATING RESULTS.

Frequent technological changes, new products and services and evolving industry standards are all influencing the insurance business. The Internet, for example, is increasingly used to transmit benefits and related information to clients and to facilitate business-to-business information exchange and transactions. We believe that the development and implementation of new technologies will require additional investment of our capital resources in the future. We have not determined, however, the amount of resources and the time that this development and implementation may require, which may result in short-term, unexpected interruptions to our business, or may result in a competitive disadvantage in price and/or efficiency, as we endeavor to develop or implement new technologies.

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QUARTERLY AND ANNUAL VARIATIONS IN OUR COMMISSIONS THAT RESULT FROM THE TIMING OF POLICY RENEWALS AND THE NET EFFECT OF NEW AND LOST BUSINESS PRODUCTION MAY HAVE UNEXPECTED EFFECTS ON OUR RESULTS OF OPERATIONS.

Our commission income (including contingent commissions but excluding fees), which typically accounts for approximately 86% to 89% of our total annual revenues, can vary quarterly or annually due to the timing of policy renewals and the net effect of new and lost business production. The factors that cause these variations are not within our control. Specifically, consumer demand for insurance products can influence the timing of renewals, new business and lost business, which includes generally policies that are not renewed, and cancellations. In addition, as discussed, we rely on insurance companies for the payment of certain commissions. Because these payments are processed internally by these insurance companies, we may not receive a payment that is otherwise expected from a particular insurance company in one of our quarters or years until after the end of that period, which can adversely affect our ability to budget for significant future expenditures.

Quarterly and annual fluctuations in revenues based on increases and decreases associated with the timing of policy renewals have had an adverse effect on our financial condition in the past, and we may experience such effects in the future.

OUR STOCK PRICE MAY BE VOLATILE AND YOU MAY BE UNABLE TO RESELL YOUR SHARES AT OR ABOVE THE PRICE OF BROWN & BROWN COMMON STOCK AT THE EFFECTIVE TIME OF THE MERGER.

The market price of our common stock may be subject to significant fluctuations in response to various factors, including:

- quarterly fluctuations in our operating results;
- changes in securities analysts' estimates of our future earnings; and
- our loss of significant customers or significant business developments relating to us or our competitors.

Our common stock's market price also may be affected by our ability to meet analysts' expectations and any failure to meet such expectations, even if

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minor, could cause the market price of our common stock to decline. In addition, stock markets have generally experienced a high level of price and volume volatility, and the market prices of equity securities of many companies have experienced wide price fluctuations not necessarily related to the operating performance of such companies. These broad market fluctuations may adversely affect our common stock's market price. In the past, securities class action lawsuits frequently have been instituted against companies following periods of volatility in the market price of such companies' securities. If any such litigation is instigated against us, it could result in substantial costs and a diversion of management's attention and resources, which could have a material adverse effect on our business, results of operations and financial condition.

For a summary of recent fluctuations in the market price of our common stock, please see the table under "Market Price and Dividend Information" on page 52. In our current fiscal year (through October 1, 2001) the sales prices of our shares have fluctuated from a high of \$54.35 per share to a low of \$28.75 per share.

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### CAUTIONARY STATEMENT CONCERNING FORWARD-LOOKING STATEMENTS

We believe this document contains "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. These statements are subject to risks and uncertainties and are based on the beliefs and assumptions of management of Brown & Brown and Raleigh, Schwarz & Powell, based on information currently available to each company's management. When we use words such as "believes," "expects," "anticipates," "intends," "plans," "estimates," "should," "likely" or similar expressions, we are making forward-looking statements. Forward-looking statements include the information concerning possible or assumed future results of operations of Brown & Brown set forth under "Summary," "Risk Factors," "The Merger--Background of the Merger," "The Merger--Brown & Brown Reasons for the Merger," "The Merger--Raleigh, Schwarz & Powell Reasons for the Merger," "The Merger--Recommendation of Raleigh, Schwarz & Powell Board of Directors," "Description of Brown & Brown" and "Description of Raleigh, Schwarz & Powell."

Forward-looking statements are not guarantees of performance. They involve risks, uncertainties and assumptions. The future results and shareholder values of Brown & Brown or Raleigh, Schwarz & Powell may differ materially from those expressed in the forward-looking statements. Many of the factors that will determine these results and values are beyond our ability to control or predict. Shareholders are cautioned not to put undue reliance on any forward-looking statements. For those statements, we claim the protection of the safe harbor for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995.

For a discussion of some of the factors that may cause actual results to differ materially from those suggested by the forward-looking statements, please read carefully the information under "Risk Factors." In addition to the risk factors and other important factors discussed elsewhere in this proxy statement/prospectus, you should understand that the following important factors could affect the future results of Brown & Brown and could cause results to differ materially from those suggested by the forward-looking statements:

- material adverse changes in economic conditions in the markets that Brown & Brown and Raleigh, Schwarz & Powell serve;

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- increased competitive pressures, which may affect use of Brown & Brown's and Raleigh, Schwarz & Powell's services and impede Brown & Brown's ability to maintain its market share and pricing goals;
- Brown & Brown's ability to integrate the operations of Raleigh, Schwarz & Powell into its operations;
- changes in laws or regulations, third party relations and approvals and decisions of courts, regulators and governmental bodies which may adversely affect Brown & Brown's and Raleigh, Schwarz & Powell's businesses or ability to compete; and
- other risks and uncertainties as may be detailed from time to time in Brown & Brown's public announcements and Securities and Exchange Commission filings.

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YOU SHOULD READ THIS PROXY STATEMENT/PROSPECTUS AND THE OTHER DOCUMENTS REFERRED TO IN THIS PROXY STATEMENT/PROSPECTUS COMPLETELY AND WITH THE UNDERSTANDING THAT OUR ACTUAL FUTURE RESULTS MAY BE MATERIALLY DIFFERENT FROM WHAT WE EXPECT. ALL FORWARD-LOOKING STATEMENTS ATTRIBUTABLE TO US ARE EXPRESSLY QUALIFIED BY THESE CAUTIONARY STATEMENTS.

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### THE RALEIGH, SCHWARZ & POWELL SPECIAL MEETING

#### GENERAL

Raleigh, Schwarz & Powell will hold a special meeting of shareholders (which may be adjourned, postponed or rescheduled) as follows:

Thursday, October 25, 2001  
8:30 a.m., Pacific Time  
1201 Pacific Avenue, Ninth Floor  
Education Center  
Tacoma, Washington 98402

At the special meeting, the Raleigh, Schwarz & Powell shareholders will consider and vote upon the Agreement and Plan of Reorganization, dated as of July 25, 2001, as amended, among Brown & Brown, Raleigh, Schwarz & Powell and Brown & Brown of Washington, Inc., a wholly-owned subsidiary of Brown & Brown, and the merger. Pursuant to the Agreement and Plan of Reorganization, or merger agreement, Raleigh, Schwarz & Powell will become a wholly-owned subsidiary of Brown & Brown through the merger of Brown & Brown of Washington, Inc., with and into Raleigh, Schwarz & Powell.

#### RECORD DATE; QUORUM

Only direct holders of Raleigh, Schwarz & Powell common stock as of the close of business on the record date, September 28, 2001, may vote at the special meeting. If you are an ESOP participant, you may attend the meeting, but

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you will not be able to vote. You may, however, direct the ESOP fiduciary how to vote the shares allocated to your ESOP account, as described below.

On the record date, 183,115 shares of Raleigh, Schwarz & Powell common stock were outstanding, which number excludes 1,543 shares registered in the names of two former employees and held in escrow under pledge agreements to secure Raleigh, Schwarz & Powell's payment for those shares in annual payments through 2003. With Brown & Brown's consent, Raleigh, Schwarz & Powell may pre-pay the amounts owed, and obtain possession of the pledged shares, prior to the closing of the merger. Upon termination of the pledge, the shares shall become authorized but unissued shares of Raleigh, Schwarz & Powell.

Of the 183,115 shares outstanding, 66,775, or 37% of the shares, were held directly by 20 individual shareholders, and the remaining 116,340 shares, or 63% of the shares, were held by the ESOP. Holders of at least 91,558 shares, representing a majority of the Raleigh, Schwarz & Powell shares outstanding, must be present, either in person or by proxy, at the special meeting in order to take binding action on any matter. The ESOP trustee is expected to be present at the special meeting. Therefore, all of the shares held by the ESOP will be present and a quorum will be established.

### REQUIRED VOTE

Each share of Raleigh, Schwarz & Powell common stock outstanding as of the close of business on September 28, 2001, entitles the holder to one vote at the special meeting. Completion of the merger requires the approval of the merger agreement by the affirmative vote of the holders of at least two-thirds of the voting power of the outstanding shares of Raleigh, Schwarz & Powell common stock. Because the vote is based on the number of shares outstanding rather than on the number of votes cast, failure to vote your shares is effectively a vote against approval of the merger. In addition, abstentions will have the same effect as votes against approval of the merger. You may vote your shares in one of the following ways:

- (1) by completing and returning the accompanying proxy card; or
- (2) by appearing and voting in person at the special meeting.

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### VOTING AND REVOCATION OF PROXIES AND ESOP DIRECTION LETTERS

#### VOTING AND REVOCATION OF PROXIES BY SHAREHOLDERS

If you are a direct Raleigh, Schwarz & Powell shareholder and vote your shares of Raleigh, Schwarz & Powell common stock by signing a proxy, your shares will be voted at the special meeting as you indicate on your proxy card. If no instructions are indicated on your signed proxy card, your shares of Raleigh, Schwarz & Powell common stock will be voted "FOR" the approval of the merger. Please promptly return your completed and signed proxy card to Vandenberg Johnson & Gandara, Suite 1900, 1201 Pacific Avenue, Tacoma, Washington 98402, Attn: Mark R. Patterson, Esq.

You may revoke your proxy at any time before the proxy is voted at the special meeting. A proxy may be revoked prior to the vote at the special meeting in any of the following ways:

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- by submitting a written revocation to Vandenberg Johnson & Gandara, Suite 1900, 1201 Pacific Avenue, Tacoma, Washington 98402, Attn: Mark R. Patterson, Esq.;
- by submitting a new proxy dated after the date of the proxy that is being revoked; or
- by voting in person at the special meeting.

However, simply attending the special meeting will not revoke a proxy. If you do not hold your shares of Raleigh, Schwarz & Powell common stock in your own name, you may revoke a previously given proxy by following the revocation instructions provided by the party who is the registered owner of the shares.

The Raleigh, Schwarz & Powell board of directors is not aware of any other business to be brought before the special meeting. If, however, other matters are properly brought before the special meeting or any adjournment or postponement of the special meeting, the persons appointed as proxies will have discretionary authority to vote the shares represented by duly executed proxies in accordance with their discretion and judgment.

Please include your Raleigh, Schwarz & Powell stock certificates when returning the enclosed proxy card.

### VOTING ESOP DIRECTION LETTERS BY ESOP PARTICIPANTS

ESOP participants who have shares allocated to their accounts in the ESOP should complete the enclosed ESOP direction letter. Please promptly return your signed ESOP direction letter in the enclosed envelope or mail it to Consulting Fiduciaries, Inc., 400 Skokie Boulevard, Northbrook, Illinois 60062. The ESOP direction letter, when executed, will direct the ESOP fiduciary how to vote the shares allocated to your ESOP account. The ESOP fiduciary will direct the ESOP trustee how to vote any shares that have not been allocated under the ESOP and any allocated shares that were not voted by the ESOP participants. Once you sign and return your ESOP direction letter you are not entitled to revoke such ESOP direction letter.

### SOLICITATION OF PROXIES AND ESOP DIRECTION LETTERS

Raleigh, Schwarz & Powell will bear the costs of soliciting proxies and ESOP direction letters to vote on the merger agreement at the special meeting. Raleigh, Schwarz & Powell and Brown & Brown will each bear its own expenses in connection with the cost of filing, printing and distributing this proxy statement/prospectus. Officers, directors and employees of Raleigh, Schwarz & Powell may also solicit proxies and ESOP direction letters from shareholders and ESOP participants by telephone, mail, the Internet or in person. However, they will not be paid for soliciting proxies.

### SURRENDER OF CERTIFICATES

If you are a direct Raleigh, Schwarz & Powell shareholder, please return your Raleigh, Schwarz & Powell stock certificates in the envelope provided. Upon completion of the merger and receipt of your Raleigh, Schwarz & Powell stock certificates and any other required documents, your Raleigh, Schwarz & Powell stock certificates will be canceled and you will receive Brown & Brown stock certificates representing the number of whole shares of Brown &



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Brown common stock to which you are entitled under the merger agreement.

### DISSENTERS' RIGHTS

The following is a summary of Title 23B of the Washington Business Corporation Act Chapter 23B.13 Dissenters' Rights, which sets forth the procedures that a dissenting Raleigh, Schwarz & Powell shareholder must follow in order to perfect dissenters' rights under Washington law. Raleigh, Schwarz & Powell shareholders should carefully review Washington law, which is attached to this proxy statement/prospectus as Annex J, as well as the information discussed below to determine their dissenters' rights.

If a Raleigh, Schwarz & Powell shareholder elects to exercise its dissenters' rights, such shareholder must do ALL of the following:

- (1) prior to the special meeting, deliver to Raleigh, Schwarz & Powell a written notice demanding payment for its shares if the merger is approved; and
- (2) not vote in favor of the merger agreement. If a Raleigh, Schwarz & Powell shareholder returns a signed proxy but does not specify a vote against approval of the merger, then the proxy will be voted for approval of the merger, which will have the effect of waiving that shareholder's dissenters' rights.

All written objections and demands for payment should be addressed to: Raleigh, Schwarz & Powell, Inc., 1201 Pacific Avenue, Suite 1000, Tacoma, Washington 98402, Attention: John P. Folsom.

Within 10 days of the effective time of the merger, Raleigh, Schwarz & Powell will give written notice to each dissenting shareholder stating where the demand for payment must be sent, informing holders of uncertificated shares to what extent transfer of the shares will be restricted after the payment demand is received, supplying a form for the demand of such payment and setting a date by which Raleigh, Schwarz & Powell must receive the payment demand.

By the date set forth in Raleigh, Schwarz & Powell's notice, a dissenting shareholder must demand payment, certify that it acquired beneficial ownership of the shares before the date set forth in Raleigh, Schwarz & Powell's notice and deposit with Raleigh, Schwarz & Powell the shareholder's certificates. Raleigh, Schwarz & Powell will pay each dissenting shareholder who timely complied with these requirements the amount Raleigh, Schwarz & Powell estimates to be the fair value of the dissenting shareholder's shares, plus accrued interest.

Under Washington law, a dissenting shareholder may notify Raleigh, Schwarz & Powell in writing of its own estimate of the fair value of its shares and amount of interest due if:

- it believes the amount paid is less than the fair value of its shares, or the interest due was incorrectly calculated;
- Raleigh, Schwarz & Powell fails to make payment within 60 days after the date set forth demanding payment; or
- Raleigh, Schwarz & Powell does not effect the proposed merger and does not return the deposited certificates or release the

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transfer restrictions imposed on uncertificated shares within 60 days after the date set forth demanding payment.

If a demand for payment remains unsettled, within 60 days after receiving the payment demand Raleigh, Schwarz & Powell must petition the Washington court to determine the fair value of the shares plus accrued interest. If Raleigh, Schwarz & Powell does not timely commence the proceeding, it must pay each dissenting shareholder whose demand remains unsettled the amount demanded.

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### THE MERGER

This section of this proxy statement/prospectus describes some aspects of the proposed merger. While Brown & Brown and Raleigh, Schwarz & Powell believe that the description covers the material terms of the merger and the related transactions, this summary may not contain all of the information that is important to you. You should read this entire document and the other documents referred to in this proxy statement/prospectus carefully for a more complete understanding of the merger. In addition, important business and financial information about Brown & Brown is contained elsewhere in this proxy statement/prospectus.

#### BACKGROUND OF THE MERGER

On February 1, 2001, John P. Folsom, the President of Raleigh, Schwarz & Powell, contacted Michael Paschke of Brown & Brown, to inquire if Brown & Brown had an interest in a business association with Raleigh, Schwarz & Powell, and its affiliated company Golden Gate Holdings. Raleigh, Schwarz & Powell and its affiliates also contacted representatives of other companies to discuss joint business opportunities and potential business combinations or strategic partnerships between these companies and Raleigh, Schwarz & Powell.

On February 13, 2001, at a meeting of the board of directors of Raleigh, Schwarz & Powell, the management of Raleigh, Schwarz & Powell and members of the board discussed management's projections of the ESOP's potential inability to continue to provide the liquidity to acquire the shares and ESOP accounts of retiring employees on a pre-tax basis, and various financing alternatives, including the possibility of being acquired to allow Raleigh, Schwarz & Powell's business to grow and remain competitive.

On March 13, 2001, Mr. Folsom and Darrell Prater of Raleigh, Schwarz & Powell and Mr. Paschke and Kenneth Kirk of Brown & Brown met at the offices of Brown & Brown in Phoenix, Arizona. At this meeting, Raleigh, Schwarz & Powell and Brown & Brown discussed Brown & Brown's strategies and the opportunities for Raleigh, Schwarz & Powell to support Brown & Brown's strategies.

Effective as of March 23, 2001, Brown & Brown and Raleigh, Schwarz & Powell entered into a confidentiality letter agreement.

On April 19, 2001, Mr. Folsom and Mr. Prater of Raleigh, Schwarz & Powell met with Mr. Paschke and Mr. Kirk of Brown & Brown in Seattle and Tacoma, and had discussions relating to a possible combination.

On May 7, 2001, Mr. Paschke and Mr. Kirk of Brown & Brown met with Mr. Folsom and Mr. Prater of Raleigh, Schwarz & Powell in Phoenix. At that meeting, the members of Raleigh, Schwarz & Powell management presented the representatives of Brown & Brown with an overview of Raleigh, Schwarz & Powell's services, business strategy and sales and marketing plans.

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On May 8, 2001, Mr. Folsom and Mr. Prater met with Mr. Kirk and J. Hyatt Brown, Chairman, Chief Executive Officer and President of Brown & Brown, in Seattle, regarding the status of due diligence and potential benefits from a combination of the two companies.

Between May 8, 2001 and May 20, 2001, Brown & Brown and its legal and financial advisors conducted a preliminary due diligence review of Raleigh, Schwarz & Powell. During this period, Mr. Folsom and Mr. Prater continued to negotiate with executives of other companies regarding the terms, including the consideration to Raleigh, Schwarz & Powell shareholders, of a potential business combination transaction with these companies.

Between May 20, 2001 and June 27, 2001, the management teams of Brown & Brown and Raleigh, Schwarz & Powell conducted extensive negotiation sessions regarding the terms and conditions of an agreement relating to the possible combination between the companies. During this period, Messrs. Folsom and Prater requested that each of the leading potential acquirers of Raleigh, Schwarz & Powell submit its "best offer" in order for the board to evaluate whether to proceed with a transaction with the party, or any business combination transaction.

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On May 24, 2001, the board of directors of Raleigh, Schwarz & Powell met to discuss the status of discussions with Brown & Brown, as well as possible alternative financing and strategic transactions with other companies. The board authorized Messrs. Folsom and Prater to continue exploratory discussions with multiple parties, including Brown & Brown, with whom discussions were then in progress, in an effort to maximize the value to be received by Raleigh, Schwarz & Powell shareholders in any transaction.

On June 5, 2001, the board of directors of Raleigh, Schwarz & Powell met to discuss the progress of negotiations with Brown & Brown and the status of the responses from other potential acquirers. The board of directors of Raleigh, Schwarz & Powell authorized the management of Raleigh, Schwarz & Powell to continue negotiating the terms of a possible combination. The board of directors authorized the engagement of the services of several consultants to advise Raleigh, Schwarz & Powell and the ESOP in the evaluation of the financial alternatives it was considering.

On June 14, 2001, Brown & Brown's board of directors held a meeting and discussed the terms and conditions of the proposed merger. At that meeting, Brown & Brown's board of directors unanimously voted to approve the principal terms of the proposed merger and authorized management to negotiate and execute the merger agreement and related agreements.

On June 27, 2001, the board of directors of Raleigh, Schwarz & Powell, together with the senior management of Raleigh, Schwarz & Powell and its financial and legal advisors, held an extensive discussion evaluating the relative merits of the potential combinations, including the financial and valuation analyses of the proposed transaction (and the opinion prepared by Duff & Phelps for the benefit of the ESOP fiduciary and ESOP trustee), and volatility risks relating to each company's stock and the likely timing of, and risks to, closing each transaction. The board of directors of Raleigh, Schwarz & Powell agreed that the Brown & Brown proposal constituted a superior transaction, and approved the execution of a letter of intent with Brown & Brown, including exclusivity provisions that restricted Raleigh, Schwarz & Powell from soliciting acquisition offers from third parties.

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On June 27, 2001, Raleigh, Schwarz & Powell and Brown & Brown signed a letter of intent setting forth the principal terms of the acquisition of Raleigh, Schwarz & Powell by Brown & Brown. One of the principal terms was the ratio of exchange of stock. The letter of intent also contained exclusivity provisions in order to permit the parties to conduct further due diligence and to negotiate a definitive merger agreement. Under the letter of intent, Raleigh, Schwarz & Powell agreed not to solicit acquisition offers from third parties before September 25, 2001. After they signed the letter of intent, Raleigh, Schwarz & Powell and Brown & Brown began negotiating the definitive merger agreement. The execution of the letter of intent was announced in a press release that was issued on June 28, 2001.

On July 2, 2001, Brown & Brown delivered to Raleigh, Schwarz & Powell and its outside legal counsel drafts of a merger agreement.

On July 16, 2001, the board of directors of Raleigh, Schwarz & Powell met to discuss the terms and conditions of the proposed merger and the merger agreement. At that meeting, the board of directors of Raleigh, Schwarz & Powell voted to approve the proposed merger agreement and related agreements and authorized management to finalize and execute the agreements.

On July 25, 2001, the merger agreement was executed. The terms of the merger were announced in a joint press release that was issued before the opening of the stock market on July 26, 2001.

On August 10, 2001, Raleigh, Schwarz & Powell and Brown & Brown executed the amendment to the merger agreement to refine the terms of the merger agreement consistent with the companies' original intent as set forth in the letter of intent, dated June 27, 2001.

Pursuant to the terms of the merger agreement, either of the parties could terminate the merger agreement if the merger was not completed by August 31, 2001, provided that if delays in the registration of the Brown & Brown common stock prevented the merger from occurring prior to that date, then the parties were required to agree to extend the termination date to November 30, 2001. On August 31, 2001, Brown & Brown and Raleigh, Schwarz & Powell agreed to extend the date of termination of the merger agreement to November 30, 2001.

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### BROWN & BROWN REASONS FOR THE MERGER

The board of directors of Brown & Brown carefully considered whether to approve the merger and the merger agreement. In making its decision, the board of directors identified several potential benefits of the merger that it believes will contribute to the success of the combined company. These potential benefits include, among other things:

- One of Brown & Brown's business strategies is to expand into new geographic markets by making selective and complementary acquisitions. Brown & Brown's board of directors believes that the merger with Raleigh, Schwarz & Powell provides an opportunity for Brown & Brown to expand into markets in which Brown & Brown previously has not had a significant presence; and
- through discussions with the management of Raleigh, Schwarz & Powell and reviews of Raleigh, Schwarz & Powell's operations,

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Brown & Brown's management determined that opportunities exist to reduce costs of operations if the companies were combined.

Based on these and other strategic factors, the Brown & Brown board of directors determined that approval of the merger agreement and the merger were in the best interests of Brown & Brown and its shareholders. Accordingly, the board of directors voted unanimously to approve the merger.

### RALEIGH, SCHWARZ & POWELL REASONS FOR THE MERGER

The decision of the Raleigh, Schwarz & Powell board of directors to enter into the merger agreement and to recommend that Raleigh, Schwarz & Powell shareholders approve the merger agreement, the merger and related transactions was the result of the Raleigh, Schwarz & Powell board of director's careful consideration of a range of strategic alternatives, including potential business combinations with companies other than Brown & Brown, and the pursuit of a long-term independent business strategy for Raleigh, Schwarz & Powell that might involve additional financing.

During the course of its deliberations, the board of directors of Raleigh, Schwarz & Powell considered, with the assistance of management and financial and legal counsel, a number of factors that the board of directors believes make the merger attractive to Raleigh, Schwarz & Powell's shareholders and could contribute to the success of the surviving corporation, including the following:

- ESOP LIMITATIONS. For over twelve years Raleigh, Schwarz & Powell has used the federal income tax benefits available through its ESOP to provide the liquidity to repurchase the shares of retiring shareholders and ESOP participants. Raleigh, Schwarz & Powell projects that the volume of retirement purchases in the next two to ten years will outstrip the ESOP's capacity to acquire shares on a tax beneficial basis. Acquiring shares of retiring shareholders and ESOP participants with after-tax cash flow will inhibit Raleigh, Schwarz & Powell's ability to remain competitive by limiting the cash and other resources available to continue the expansion necessary to effectively compete, given the consolidation activity in the insurance brokerage industry.
- GREATER LIQUIDITY. To date, there has been no public market for the shares of Raleigh, Schwarz & Powell's capital stock, and all outstanding shares are subject to restrictions on resale imposed by securities laws. By contrast, Brown & Brown's common stock is publicly traded on The New York Stock Exchange and, subject to restrictions relating to pooling-of-interests, the shares of Brown & Brown common stock to be issued to Raleigh, Schwarz & Powell's shareholders and ESOP participants in the merger will be tradable on The New York Stock Exchange. The merger may allow Raleigh, Schwarz & Powell's shareholders and ESOP participants to achieve liquidity of their investment sooner than they might otherwise have been able.
- INCREASED COMPETITION. Raleigh, Schwarz & Powell faces increasing competition from other insurance brokerage firms. Raleigh, Schwarz & Powell believes that a combination with a larger company with the resources of Brown & Brown may provide a number of competitive advantages. By combining with Brown & Brown, Raleigh, Schwarz & Powell may also reduce the risks associated with seeking additional financing and pursuing its revenue goals as an independent company.

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- FAVORABLE PRICE. The board of directors of Raleigh, Schwarz & Powell also believes that the price offered by Brown & Brown compares favorably to the current market valuations of other companies in Raleigh, Schwarz & Powell's industry. The board of directors was made aware of the opinion delivered by Duff & Phelps to the

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ESOP fiduciary and ESOP trustee to the effect that (1) the consideration to be received by the ESOP for its shares of Raleigh, Schwarz & Powell common stock pursuant to the transactions contemplated by the merger agreement and (2) the terms and conditions of the transactions contemplated by the merger agreement, are fair and reasonable to the ESOP from a financial point of view. See the section entitled "The Merger - Opinion of the ESOP Fiduciary's Financial Advisor."

- ADDITIONAL COST-SAVINGS AND BENEFITS. Raleigh, Schwarz & Powell believes that the merger will offer the shareholders of the combined company the potential benefits described above under the heading "The Merger--Brown & Brown Reasons for the Merger." In addition, the merger would provide Raleigh, Schwarz & Powell access to Brown & Brown's greater financial, technological and human resources to continue to develop Raleigh, Schwarz & Powell's services and greater sales and marketing resources to help promote those services more broadly.

In addition, Raleigh, Schwarz & Powell's board of directors considered a number of potentially negative factors relating to the merger, including the following:

- by becoming a part of a much larger company, Raleigh, Schwarz & Powell will have less autonomy and independence in setting its strategic goals;
- the fixed value of the consideration to be issued in the merger to Raleigh, Schwarz & Powell's shareholders;
- the risk that the potential benefit