

SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934  
For the quarterly period ended September 30, 1998.  
or

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934  
For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission file number 0-7201.

POE & BROWN, INC.  
(Exact name of Registrant as specified in its charter)

Florida

59-0864469

(State or Other Jurisdiction of  
Incorporation or Organization)

(I.R.S. Employer  
Identification Number)

220 S. Ridgewood Ave., Daytona Beach, FL

32115

(Address of Principal Executive Offices)

(Zip Code)

Registrant's telephone number, including area code: (904) 252-9601

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months, and (2) has been subject to such filing requirements for the past 90 days. Yes  No

The number of shares of the Registrant's common stock, \$.10 par value, outstanding as of November 1, 1998 was 13,500,857.

POE & BROWN, INC.

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For The Quarter Ended September 30, 1998

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PART I. FINANCIAL INFORMATION

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ITEM 1: FINANCIAL STATEMENTS

POE & BROWN, INC.

CONDENSED CONSOLIDATED STATEMENTS OF INCOME (Unaudited)  
(In thousands, except per share data)

	For the three months ended September 30,		For the nine months ended September 30,	
	1998	1997	1998	1997
<b>REVENUES</b>				
Commissions and fees	\$37,868	\$30,920	\$111,928	\$94,440
Investment income		896	933	2,484
Other income		54	213	9
				3,087
				747
Total revenues	38,818	32,066	114,421	98,274
<b>EXPENSES</b>				
Employee compensation and benefits		20,183	16,175	58,938
Other operating expenses		7,074	6,406	22,845
Interest and amortization	1,788	1,254	4,751	4,718
				49,505
				20,605
Total expenses	29,045	23,835	86,534	74,828
Income before income taxes		9,773	8,231	27,887
Income taxes	3,764	3,128	10,919	23,446
				9,138
NET INCOME	\$ 6,009	\$ 5,103	\$ 16,968	\$14,308
Other comprehensive income, net of tax:				
Unrealized (loss) gain on securities:				
Unrealized holding (loss) gain, net of tax benefit of \$598 and tax effect of \$(528) for the three-month periods ended September 30, 1998 and 1997, respectively, and net of tax benefit of \$2,030 and tax effect of \$(27) for the nine-month periods ended September 30, 1998 and 1997, respectively				
	(916)	945	(3,248)	43
Comprehensive Income	\$ 5,093	\$ 6,048	\$ 13,720	\$14,351
Basic and diluted earnings per share	\$ .45	\$ .39	\$ 1.27	\$ 1.10
Dividend declared per share	\$ .11	\$ .0933	\$ .31	\$ .2667
Diluted shares outstanding		13,476	13,169	13,408
			13,169	13,408
				13,056

See notes to condensed consolidated financial statements.

POE & BROWN, INC.

CONDENSED CONSOLIDATED BALANCE SHEETS  
(In thousands)

	(Unaudited) September 30, 1998	December 31, 1997
<b>ASSETS</b>		
Cash and cash equivalents	\$ 32,339	\$ 47,726
Short-term investments	933	1,299
Premiums, commissions and fees receivable	63,295	62,148
Other current assets	10,023	6,507
Total current assets	106,590	117,680
Fixed assets, net	13,335	11,863
Intangible assets, net	76,476	49,593
Investments	7,220	11,480
Other assets	5,166	3,513
Total assets	\$208,787	\$194,129
<b>LIABILITIES</b>		
Premiums payable to insurance		

companies	\$	88,285	\$	74,598
Premium deposits and credits due				
customers		6,935		7,035
Accounts payable and accrued expenses		18,972		15,826
Current portion of long-term debt		3,825		5,339
		<u>          </u>		<u>          </u>
Total current liabilities		118,017		102,798
Long-term debt		4,804		4,093
Deferred income taxes		1,922		3,951
Other liabilities		7,243		6,145
		<u>          </u>		<u>          </u>
Total liabilities		131,986		116,987
		<u>          </u>		<u>          </u>
SHAREHOLDERS' EQUITY				
Common stock, par value \$.10				
per share: authorized 70,000				
shares; issued 13,501 shares				
at 1998 and 13,107 shares at 1997		1,350		1,311
Retained earnings		71,955		69,087
Accumulated other comprehensive income		3,496		6,744
		<u>          </u>		<u>          </u>
Total shareholders' equity		76,801		77,142
		<u>          </u>		<u>          </u>
Total liabilities and shareholders' equity		\$208,787		\$194,129
		=====		=====

See notes to condensed consolidated financial statements

POE & BROWN, INC.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (Unaudited)  
(In thousands)

For the nine months ended September 30,

	1998	1997
	<u>          </u>	<u>          </u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	\$ 16,968	\$ 14,308
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	6,960	6,299
Net gains on sales of investments, fixed assets and customer accounts	(6)	(990)
Premiums, commissions and fees receivable, decrease	3,567	10,231
Other assets (decrease)	(1,000)	(718)
Premiums payable to insurance companies, increase (decrease)	5,566	(6,231)
Premium deposits and credits due customers (decrease)	(100)	(2,065)
Accounts payable and accrued expenses, increase	468	2,669
Other liabilities, increase (decrease)	604	(186)
	<u>          </u>	<u>          </u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	33,027	23,317
	<u>          </u>	<u>          </u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to fixed assets	(3,034)	(2,079)
Payments for businesses acquired, net of cash acquired	(26,088)	(1,837)
Proceeds from sales of fixed assets and customer accounts	213	435
Purchases of investments	(1,097)	(252)
Proceeds from sales of investments	754	557
	<u>          </u>	<u>          </u>
NET CASH USED IN INVESTING ACTIVITIES	(29,252)	(3,176)
	<u>          </u>	<u>          </u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on long-term debt	(7,596)	(2,458)
Exercise of stock options and issuances of stock	1,278	1,044
Purchases of stock for stock option plan, employee stock purchase plan and performance stock plan	(8,835)	(1,664)
Cash dividends paid	(4,009)	(3,398)
	<u>          </u>	<u>          </u>
NET CASH USED IN FINANCING ACTIVITIES	(19,162)	(6,476)
	<u>          </u>	<u>          </u>
Net (decrease) increase in cash and cash equivalents	(15,387)	13,665

Cash and cash equivalents at beginning of period		47,726		31,786
CASH AND CASH EQUIVALENTS AT END OF PERIOD	\$	32,339	\$	45,451

See notes to condensed consolidated financial statements.

POE & BROWN, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

SEPTEMBER 30, 1998

Note 1 - Basis of Financial Reporting

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with generally accepted accounting principles for interim financial information and with the instructions for Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. For further information, refer to the consolidated financial statements and the notes thereto included in the Company's Annual Report on Form 10-K for the year ended December 31, 1997.

Results of operations for the three- and nine-month periods ended September 30, 1998 are not necessarily indicative of the results that may be expected for the year ending December 31, 1998.

Note 2 - Basic and Diluted Earnings Per Share

All share and per-share information in the financial statements has been adjusted to give effect to the 3-for-2 common stock split which became effective on February 27, 1998.

Basic earnings per share is based upon the weighted average number of shares outstanding. Diluted earnings per share is adjusted for the dilutive effect of stock options. Earnings per share is the same on both a basic and a diluted basis.

As of December 31, 1997, the Company adopted Statement of Financial Accounting Standards No. 128, "Earnings per Share" (SFAS 128). All prior-period EPS information is required to be restated. The Company's basic and fully diluted earnings per share (EPS) for the period ended September 30, 1997 computed under SFAS 128 is not different than previously computed.

	Three Months Ended Sept. 30, 1998		Nine Months Ended Sept. 30, 1997		1998	1997
<b>BASIC EARNINGS PER SHARE</b>						
Net Income	\$ 6,009	\$ 5,103			\$16,968	\$14,308
Weighted average shares outstanding	13,476	13,167		13,408		13,053
Basic earnings per share	\$ .45	\$ .39		\$ 1.27		\$ 1.10
<b>DILUTED EARNINGS PER SHARE</b>						
Weighted average number of shares outstanding	13,476	13,167		13,408		13,053
Net effect of dilutive stock options, based on the treasury stock method	-	2		-	3	
Total diluted shares used in computation	13,476	13,169		13,408		13,056
Diluted earnings per share	\$ .45	\$ .39		\$ 1.27		\$ 1.10

The Company has adopted SFAS No. 130, "Reporting Comprehensive Income", in the first quarter of 1998, and has reported comprehensive income on the accompanying consolidated statements of income.

Note 3 - Acquisitions

During the third quarter of 1998, the Company acquired substantially all of the assets of MacMillan-Buchanan Insurance Agency, of Melbourne, Florida; Lake Sumter Insurance, of Wildwood, Florida; Franchini Consolidated Agency, of Albuquerque, New Mexico; Gulfcoast Commercial Insurance, of Naples, Florida and KRB

& Associates, of Houston, Texas. There were no acquisitions of agency assets during the third quarter of 1997.

During the second quarter of 1998, the Company acquired substantially all of the assets of the John F. Phillips Insurance Agency, of Prescott, Arizona; Harris Insurance Services, of Las Vegas, Nevada; the Fordham Agency, of St. Petersburg, Florida; Adlerman, Click & Co., of Princeton, New Jersey; Zel Schwanz & Associates, of Phoenix, Arizona; and the Fort Lauderdale office of Hilb, Rogal and Hamilton Company. There were no acquisitions of agency assets during the second quarter of 1997.

During the first quarter of 1998, the Company acquired substantially all of the assets of Arizona General Insurance, of Tucson, Arizona; Boynton Brothers & Company, of Perth Amboy, New Jersey; Great Northern Insurance, of Phoenix, Arizona; and the Heine-Miles Insurance Agency, of Phoenix, Arizona. During the first quarter of 1997, the Company acquired substantially all of the assets of Dade Underwriters Insurance Agency, of Aventura, Florida and Willits Insurance Agency, of Ft. Lauderdale, Florida.

These acquisitions have been accounted for using the purchase method of accounting. The results of operations for the acquired companies have been combined with those of the Company since their respective acquisition dates. If the acquisitions had occurred at the beginning of the periods presented, the Company's results of operations would be as shown in the following table. These unaudited pro forma results are not necessarily indicative of the actual results of operations that would have occurred had the acquisitions actually been made at the beginning of the respective periods

NINE-MONTH PERIOD ENDED SEPTEMBER 30 (Unaudited),  
(In thousands, except per share data)

	1998	1997
Operating revenue	\$119,782	\$112,367
Income before income taxes	28,250	25,117
Net income	17,232	15,321
Earnings per share	\$ 1.29	\$ 1.16

During the third quarter of 1998, the Company issued 92,188 shares of its common stock in exchange for all of the outstanding stock of Jerry F. Nichols & Associates, located in Naples, Florida. During the quarter, the Company also issued 65,131 shares of its common stock for all of the outstanding stock of Boulton Agency, Inc., located in Miami, Florida. During the third quarter of 1997 the Company issued 25,471 shares of its common stock for all of the outstanding stock of Shanahan, McGrath & Bradley, Inc., an Arizona corporation.

During the second quarter of 1998, the Company issued 278,765 shares of its common stock in exchange for all of the outstanding stock of Daniel-James Insurance Agency, Inc., an Ohio corporation with offices in Perrysburg, Ohio and Indianapolis, Indiana, and for all of the outstanding membership interests of Becky-Lou Realty Limited, an Ohio limited liability company with offices in Perrysburg, Ohio.

During the first quarter of 1998, the Company issued 22,500 shares of its common stock in exchange for all of the outstanding stock of Thim Insurance Agency, Inc., an Arizona corporation.

These acquisitions have been accounted for as poolings-of-interests; however, due to the immaterial nature of the transactions, the Company's consolidated financial statements have not been restated for all periods prior to the transactions. The operating results of each company for periods prior to their respective acquisitions are not material to the Company's consolidated operating results.

Note 4 - Long-Term Debt

The Company continues to maintain its credit agreement with a major insurance company under which \$4 million (the maximum amount available for borrowing) was outstanding at September 30, 1998, at an interest rate equal to the prime lending rate plus one percent (9.0% at September 30, 1998). In accordance with the amendment to the loan agreement dated August 1, 1998, the available amount will decrease by \$1 million each October beginning in 2000.

In November, 1994, the Company entered into a revolving credit facility with a national banking institution that provides for borrowings of up to \$10 million. As of September 30, 1998, there were no outstanding borrowings against the line of credit.

Note 5 - Contingencies

The Company is not a party to any legal proceedings other than various claims and lawsuits arising in the normal course of business. Management of the Company does not believe that any such claims or lawsuits will have a material effect on the Company's financial condition or results of operations.

The Company's significant non-cash investing and financing activities are as follows:

	For the nine-month period ended Sept. 30,	
(in thousands)	1998	1997
Unrealized (depreciation) appreciation of available-for-sale securities net of tax benefit of \$2,030 for 1998 and tax effect of \$(27) in 1997	\$(3,248)	\$ 43
Long-term debt issued for purchased customer accounts	3,463	-
Notes received on the sale of fixed assets and customer accounts	1,011	228
Common stock issued in acquisitions	12,128	144
Cash paid during the year for:		
Interest	745	464
Income taxes	9,992	8,314

Item 2: MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Results of Operations

**Net Income.** Net income for the third quarter of 1998 was \$6,009,000, or \$.45 per share, compared with net income in the third quarter of 1997 of \$5,103,000, or \$.39 per share, an 18% increase. Net income for the nine months ended September 30, 1998 was \$16,968,000, or \$1.27 per share, compared with 1997 same period net income of \$14,308,000, or \$1.10 per share, a 19% increase.

**Commissions and Fees.** Commissions and fees for the third quarter of 1998 increased \$6,948,000, or 22%, from the same period in 1997. This increase is primarily attributable to revenues from acquired agencies. Commissions and fees for the nine months ended September 30, 1998 were \$111,928,000 compared to \$94,440,000 for the same period in 1997, a 19% increase. The 1998 increase is due to approximately \$15,372,000 of revenues from acquired agencies, with the remainder due to new business production.

**Investment Income.** Investment income for the quarter and nine-month periods ended September 30, 1998 decreased \$37,000 and \$603,000, respectively, from the same periods in 1997, primarily due to a decrease in available cash to invest and a decrease in recorded gains in the sale of certain investments.

**Other Income.** Other income for the third quarter ended September 30, 1998 decreased \$159,000 over the same period in 1997, primarily due to reductions in gains from the sale of customer accounts and other assets. Other income for the nine-month period ended September 30, 1998 decreased \$738,000 over the same period in 1997, due primarily to the disposition of the assets of the Company's Charlotte, North Carolina office, in the first quarter of 1998, which resulted in a loss of \$518,000.

**Employee Compensation and Benefits** Employee compensation and benefits increased 25% and 19%, respectively, during the three-month and nine-month periods ended September 30, 1998 over the same periods in 1997. These increases primarily relate to the addition of new employees as a result of acquisitions. Employee compensation and benefits as a percentage of total revenue increased to 52% in both the three- and nine-month periods ended September 30, 1998, compared to 50% in each of the same periods in 1997.

**Other Operating Expenses.** Other operating expenses for the third quarter of 1998 increased \$668,000, or 10%, over the same period in 1997, primarily due to acquisitions, but decreased as a percentage of total revenues from 20% to 18%. Other operating expenses increased \$2,240,000 for the nine months ended September 30, 1998 versus the prior year, but decreased as a percentage of total revenues from 21% to 20%.

**Interest and Amortization.** Interest and amortization increased \$534,000, or 43%, and \$33,000, or 1%, for the three- and nine-month periods ended September 30, 1998, respectively, over the same periods in 1997. The increase for the three-month period is primarily due to increased amortization from acquisitions. The change for the nine-month period is due to increased amortization from acquisitions, offset by the effect of a one-time write-off of the remaining intangible assets related to a terminated agreement in the second quarter of 1997.

Liquidity and Capital Resources

The Company's cash and cash equivalents of \$32,339,000 at September 30, 1998 decreased by \$15,387,000 from \$47,726,000 at December 31, 1997. During the nine months ended September 30, 1998, \$33,027,000 of cash was provided from operating activities. From both this amount and existing cash balances, \$26,088,000 was used to acquire businesses, \$8,835,000 was used for purchases of the Company's stock, \$7,596,000 was used to repay long-term debt, \$4,009,000 was used for payment of dividends, and \$3,034,000 was used for additions to fixed assets. The current ratio at September 30, 1998 was 0.90 compared to 1.14 as of December 31, 1997.

The Company has a revolving credit agreement with a major insurance company under which up to \$4 million presently may be borrowed at an interest rate equal to the prime lending rate plus one percent. The amount of available credit will decrease by \$1 million each year beginning in October 2000 in accordance with the August 1, 1998 amendment to the original loan agreement. As of September 30, 1998, the maximum amount of borrowings was outstanding. In November 1994, the Company entered into a revolving credit facility with a national banking institution that provides for available borrowings of up to \$10 million. As of September 30, 1998, there were no borrowings against this line of credit. The Company believes that its existing cash, cash equivalents, short-term investments portfolio, funds generated from operations, and available credit facility borrowings are sufficient to satisfy its normal financial needs.

#### Year 2000 Date Conversion

Year 2000 issues relate to system failures or errors resulting from computer programs and embedded computer chips which utilize dates with only two digits instead of four digits to represent a year. A data field with two digits representing a year may result in an error or failure due to the inability of a system to recognize "00" as the Year 2000. The Company is reviewing its computer systems for Year 2000 readiness and is implementing a plan to resolve existing issues.

The Company has evaluated and identified the risks of failure of its information and financial systems which may be adversely affected by Year 2000 issues. This internal assessment is approximately 60% complete at present and the Company expects to finish the assessment process by the end of January 1999. To date, limited testing of systems has been performed. The Company may conduct further testing and/or an external evaluation following the conclusion of its internal assessment. To date, approximately \$120,000 has been expended in systems upgrades directly relating to Year 2000 issues. Present estimates for further expenditures to address Year 2000 issues are between \$300,000 and \$750,000.

Based on its assessments to date, the Company believes it will not experience any material disruption as a result of Year 2000 issues in processing information, interfacing with key vendors, or with processing orders and billing. However, the Year 2000 issue creates risk for the Company from unforeseen problems in its own computer systems and from third parties on which the Company relies. Accordingly, the Company is requesting assurances from software vendors from which it has purchased or from which it may purchase software that the software sold to the Company will continue to correctly process date information through the Year 2000 and beyond. In addition, the Company is querying its independent brokers and insurance carriers as to their progress in identifying and addressing problems that their computer systems may experience in correctly processing date information as the year 2000 approaches and thereafter. However, there are no assurances that the Company will identify all date-handling problems in its business systems or that the Company will be able to successfully remedy Year 2000 compliance issues that are discovered.

To the extent that the Company is unable to resolve its Year 2000 issues prior to January 1, 2000, operating results could be adversely affected. In addition, the Company could be adversely affected if other entities (e.g., insurance carriers and independent agents through which the Company brokers business) not affiliated with the Company do not appropriately address their own Year 2000 compliance issues in advance of their occurrence. There is also risk that insureds may attempt to recover damages from the Company if their insurance policies procured with the assistance of the Company are believed by such insureds to cover Year 2000-related claims, but do not do so. The impact of these potential legal disputes cannot be reasonably estimated. At present, the Company has not developed contingency plans but intends to determine whether to develop any such plan early in 1999. There can be no assurance that Year 2000 issues will not have a material adverse effect on the Company's business, results of operation and financial condition.

#### ITEM 3: QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Not Applicable.

ITEM 1 - LEGAL PROCEEDINGS

The Company is involved in various pending or threatened proceedings by or against the Company or one or more of its subsidiaries which involve routine litigation relating to insurance risks placed by the Company and other contractual matters. The Company's management does not believe that any of such pending or threatened proceedings will have a material adverse effect on the Company's financial position or results of operations.

ITEM 2 - CHANGE IN SECURITIES AND USE OF PROCEEDS

Effective July 1, 1998 and August 4, 1998, the Company acquired all of the outstanding shares of Jerry F. Nichols & Associates, Inc. (Nichols) and Boulton Agency, Inc. (Boulton), respectively. In exchange for all of the outstanding stock of Nichols and Boulton, the Company issued 92,188 and 65,131 shares, respectively, of the Company's common stock to the former shareholders of those agencies. The Company's shares were offered and sold privately in both transactions and no underwriting was involved in either transaction.

The Company issued the shares without registration under the Securities Act of 1993 (the "Act"). The Company relied upon the exemptions set forth in Section 4(2) of the Act and Rule 505 (in the case of the Boulton transaction) and Rule 506 (in the case of the Nichols transaction) of Regulation D, promulgated thereunder. In each transaction, the Company (i) made available to the purchasers the information required by Rule 502(b) of Regulation D, (ii) did not offer the shares by means of any advertisement, general solicitation or other means proscribed by Rule 502(c) of Regulation D, (iii) informed the purchasers of the limitations on resale of the shares and placed an appropriate restrictive legend on the share certificates, and (iv) filed a notice on Form D with the Securities and Exchange Commission within 15 days after the sale.

In the Nichols transaction, the Company shares were offered privately by the issuer to fewer than 35 purchasers and the issuer reasonably believed that each purchaser (or representative of such purchaser) had such knowledge and experience in financial and business matters that he was capable of evaluating the merits and risks of the prospective investment. In the Boulton transaction, (i) the aggregate offering price of the Company shares offered to the purchasers, together with all other Company shares offered during the prior twelve months in reliance on an exemption under Rule 505, did not exceed \$5 million, and (ii) the shares were offered privately to fewer than 35 purchasers.

ITEM 6 - EXHIBITS AND REPORTS ON FORM 8-K

(a) Exhibits

- Exhibit 3a - Amended and Restated Articles of Incorporation (filed herewith)
- Exhibit 3b - Amended and Restated Bylaws (incorporated by reference to Exhibit 3b to Form 10-K for the year ended December 31, 1996)
- Exhibit 10c(2) - Extension to Loan Agreement, dated August 1, 1998, between the Registrant and Continental Casualty Company (filed herewith)
- Exhibit 10k - Employment Agreement, dated May 6, 1998, between the Registrant and Kenneth E. Hill (filed herewith)
- Exhibit 10l - Deferred Compensation Agreement, dated May 6, 1998, between Brown & Brown, Inc. and Kenneth E. Hill (filed herewith)
- Exhibit 10m - Letter Agreement, dated May 4, 1998, between the Registrant and Kenneth E. Hill (filed herewith)
- Exhibit 11 - Statement re: Computation of Basic and Diluted Earnings Per Share
- Exhibit 27 - Financial Data Schedule (for SEC use only)

(b) There were no reports filed on Form 8-K during the quarter ended September 30, 1998.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

POE & BROWN, INC.

Date: November 13, 1998

/s/ WILLIAM A. ZIMMER

financial officer and principal

William A. Zimmer  
Chief Financial Officer and Treasurer  
(duly authorized officer, principal)



accounting officer)

AMENDED AND RESTATED  
ARTICLES OF INCORPORATION  
OF  
POE & BROWN, INC.

Poe & Brown, Inc. (the "Corporation") hereby files the following Amended and Restated Articles of Incorporation under the Florida Business Corporation Act:

ARTICLE I

The name of the Corporation shall be Poe & Brown, Inc.

ARTICLE II

Section 1. The general nature of the business or businesses to be transacted by the Corporation is the acting as an agent or broker in the sale of all forms of insurance.

In addition, the Corporation may engage in any activity or business permitted under the laws of the United States and of the State of Florida.

Section 2. The Corporation shall also have power:

(a) To construct, erect, repair and remodel buildings and structures of all types for itself and others and to manufacture, purchase, or otherwise acquire, and to own, mortgage, pledge, sell, assign, transfer or otherwise dispose of, and to invest in, trade in, deal in and with, goods, wares, merchandise, personal property and services of every class, kind and description; except that it is not to conduct a banking, safe deposit, trust, insurance surety, express, railroad, canal, telephone, telegraph or cemetery company, a building and loan association, mutual fire insurance association, cooperative association, fraternal benefit society, state fair or exposition.

(b) To act as broker, agent or factor for any person, firm or corporation.

(c) To purchase, lease or otherwise acquire real and personal property and leaseholds thereof and interest therein, and to own, hold, manage, develop, improve, equip, maintain and operate, and to sell, convey, exchange, lease or otherwise alienate and dispose of, and to mortgage, pledge or otherwise encumber any and all such property and any and all legal and equitable rights thereunder and interests therein.

(d) To borrow or raise money for any of the purposes of the Corporation, and from time to time without limit as to amount, to draw, make, accept, endorse, execute and issue promissory notes, drafts, bills of exchange, warrants, bonds, debentures and other negotiable and non-negotiable instruments and evidences of indebtedness, and to secure payment thereof and any interest therein by mortgage, pledge, conveyance, or other assignment in trust, in whole or in part, of the assets of the Corporation, real, personal or mixed, including contract rights, whether at the time owned or thereafter acquired.

(e) To guarantee, endorse, purchase, hold, sell, transfer, mortgage, pledge or otherwise acquire or dispose of the shares of the capital stock of, or any bonds, security, or other evidences of indebtedness created by any other corporation of the State of Florida or any other state or government, and while owner of such stock to exercise all the rights, powers, and privileges of ownership, including the right to vote such stock.

(f) To enter into, make, perform and carry out contracts and arrangements of every sort and kind which may be necessary or convenient for the business of the Corporation or business of a similar nature, with any person, firm, corporation, association or syndicate, or any private, public or municipal body existing under the government of the United States or any state, territory, colony or dependency thereof or foreign government so far as or to the extent that the same may be done or performed pursuant to law.

(g) To enter into, or become a partner in, any agreement for sharing profits, union of interests, cooperation, joint venture or otherwise, with any person, firm or corporation now carrying on or about to carry on any business which this Corporation has the direct or incidental authority to pursue.

(h) To include in its Bylaws any regulatory or restrictive provisions relating to the proposed sale, transfer of other disposition of any of its outstanding stock by any of its stockholders or in the event of the death of any of its stockholders. The manner and form, as well as all relevant terms, conditions and details hereof shall be determined by the stockholders of this Corporation provided, however, that no such regulatory or restrictive provision shall affect the rights of third parties without actual knowledge thereof, unless such provision shall be noted upon the certificate evidencing the ownership of said stock.

(i) In general, to do any and all of the acts and things herein set forth to the same extent as natural persons could do and in any part of the world, as principal, factor, agent, contractor, broker or otherwise, either alone or in company with any entity or individual; to establish one or more offices, both within the State of Florida and any part or parts of the world, at which meetings of directors may be held and all or any part of the Corporation's business may be conducted;

and to exercise all or any of its corporate powers and rights in the State of Florida and in any and all other states, territories, districts, dependencies, colonies or possessions in the United States of America and in any foreign countries.

To do everything necessary, proper, advisable or convenient for the accomplishment of any of the purposes or the attainment of any of the objects or the furtherance of any of the powers herein set forth, and to do every other act and thing incidental thereto or connected therewith, to the extent permitted by law.

### ARTICLE III

The number of shares of capital stock authorized to be issued by this Corporation is 70,000,000 shares of Common Stock, par value \$.10 per share.

### ARTICLE IV

The amount of capital with which this Corporation will begin business will be Five Hundred Dollars (\$500).

### ARTICLE V

This Corporation shall have perpetual existence.

### ARTICLE VI

The principal office of the Corporation shall be located at 608 Jackson Street, in Tampa, Hillsborough County, Florida, or at such other place as the Board of Directors may direct; and the Corporation shall have the power to establish branch offices and other places of business at such other places, within or without the State of Florida, as may be determined and deemed expedient by the Board of Directors.

### ARTICLE VII

The Board of Directors shall consist of not less than three (3) directors. The number of directors may be increased or diminished from time to time by action in accordance with the Bylaws of the Corporation. All of the said directors shall be at least twenty-one (21) years of age and at least one of them shall be a citizen of the United States.

### ARTICLE VIII

The names and post office addresses of the first officers and Board of Directors, who, subject to these Articles of Incorporation, the Bylaws of this Corporation and the laws of the State of Florida, shall hold office for the first year of the Corporation's existence or until their successors are elected and have qualified, are:

President	W. F. Poe	7702 Park Drive	Tampa, Florida
Vice President	William T. Driscoll, Jr.	2903 Beach Drive	Tampa, Florida
Vice President	William C. McElmurray	101 Adalia	Tampa, Florida
Secretary-Treasurer	Charles W. Poe	4807 Sunset Blvd.	Tampa, Florida

The initial Board of Directors shall consist of the foregoing individuals.

### ARTICLE IX

The name and post office addresses of each subscriber to these Articles of Incorporation, and the number of shares of common stock each agrees to take, are:

W.F. Poe	7702 Park Drive	20 shares
	Tampa, Florida	
William T. Driscoll, Jr.	2903 Beach Drive	20 shares
	Tampa, Florida	
Charles W. Poe	4807 Sunset Blvd.	20 shares
	Tampa, Florida	

the proceeds of which will amount to at least \$600.00.

### ARTICLE X

Section 1. For the regulation of the business and for the conduct of the affairs of the Corporation, to create, divide, limit and regulate the powers of the Corporation, the directors and the stockholders, provision is made as follows:

(a) General authority is hereby conferred upon the Board of Directors of the Corporation, except as the stockholders may otherwise from time to time provide or direct, to fix the consideration for which the shares of stock of the Corporation shall be issued and disposed of, and to provide when and how such consideration shall be paid.

(b) Meetings of the incorporators, of the stockholders, and of

the directors of the Corporation, for all purposes, may be held at any place, either inside or outside of the State of Florida.

(c) All corporate powers, including the sale, mortgage, hypothecation, and pledge of the whole or any part of the corporate property, shall be exercised by the Board of Directors, except as otherwise expressly provided by law.

(d) The Board of Directors shall have power from time to time to fix and determine and vary the amount of the working capital of the Corporation and direct and determine the use and disposition of any surplus or net profits over and above the capital stock paid in, and in its discretion, the Board of Directors may use and apply any such surplus or

accumulated profits in purchasing or acquiring bonds or other obligations of the Corporation or shares of its own capital stock, to such extent, in such manner and upon such terms as the Board of Directors may deem expedient, but any shares of such capital stock so purchased or acquired may not be resold unless such shares shall have been retired in the manner provided by law for the purpose of decreasing the Corporation's capital stock.

(e) The Board of Directors shall have the power of fixing the compensation, by way of salaries and/or bonuses, and/or pensions, of the employees, the agents, the officers, and directors, all or each of them, in such sum and form and amount as may seem reasonable in and by their discretion.

(f) The Board of Directors may designate from their number an executive committee, which shall, for the time being, in the intervals between meetings of the Board and to the extent provided by the Bylaws and authorized by law, exercise the powers of the Board of Directors in the management of the affairs and business of the Corporation.

(g) Any one or more or all of the directors may be removed, either with or without cause, at any time, by the vote of the stockholders holding a majority of the stock entitled to vote of the Corporation, at any special meeting, and thereupon the term of each director or directors who shall have been so removed shall forthwith terminate, and there shall be a vacancy or vacancies in the Board of Directors, to be filled as provided by the Bylaws.

(h) Any officers of the Corporation may be removed either with or without cause, at any time, by vote of a majority of the Board of Directors.

(i) No contract or other transaction between the Corporation and any other corporation shall be affected or invalidated by the fact that any one or more of the directors or officers of this Corporation is or are interested in or is a director or officer or are directors or officers of such other corporation, nor shall such contract or other transaction be affected by the fact that the directors or officers of the Corporation are personally interested therein. Any director or directors, officer or officers, individually or jointly, may be a party or parties to or may be interested in any contract or transaction of or with this Corporation or in which this Corporation is interested; and no contract, act or transaction of this Corporation with any person or persons, firm, association, or corporations shall be affected or invalidated by the fact that any director or directors or officer or officers of this Corporation is a party or are parties to, or interested in, such contract, act or transaction or in any way connected with such person or persons, firm, association or corporation, and each and every person who may become a director or officer of this Corporation is hereby relieved, as far as is legally permissible, from any disability which might otherwise prevent him from contracting with the Corporation for the benefit of himself or of any firm, association or corporation in which he may be in anywise interested.

(j) Subject always to Bylaws made by the stockholders, the Board of Directors may make Bylaws and from time to time alter, amend or repeal any Bylaws, but any Bylaws made by the Board of Directors may be altered or repealed by the stockholders.

(k) No holder of shares of the capital stock of any class of the Corporation shall have any pre-emptive or preferential right of subscription to any shares of any class of stock of the Corporation, whether now or hereafter authorized, or to any obligations convertible into stock of the Corporation, issued or sold, nor any right of subscription to any thereof other than such, if any, as the Board of Directors, in its discretion, may from time to time determine and at such price as the Board of Directors may from time to time fix; and any shares of stock or convertible obligations which the corporation may determine to offer for subscription to the holders of stock may, as the Board of Directors shall determine, be offered to more than one class of stock, in such proportions as between said classes of stock as the Board of Directors in its discretion may determine. As used in this paragraph, the expression "convertible obligations" shall include any notes, bonds or other evidences of indebtedness to which are attached or with which are issued warrants or other rights to purchase stock of the Corporation of any class or classes; and the Board of Directors is hereby expressly authorized, in its discretion, in connection with the issue of any obligations or stock of the Corporation (but without intending hereby to limit its general power so to do in any other cases) to grant rights or options to purchase stock of the Corporation of any class upon such terms and during such periods

as the Board of Directors shall determine, and to cause such rights or options to be evidenced by such warrants or other instruments as it may deem advisable.

(1) The Bylaws of the Corporation may provide for the indemnification of the officers and directors of the Corporation for their actions and omissions up to the maximum extent permitted by law.

ARTICLE XI

These Articles of Incorporation may be amended in the manner provided by law. Every amendment shall be approved by the Board of Directors, proposed by them to the stockholders, and approved at a stockholders' meeting by a majority of the stock entitled to vote thereon, unless all the directors and all the stockholders sign a written statement manifesting their intention that a certain amendment of these Articles of Incorporation be made.

The undersigned officer of Poe & Brown, Inc. has executed these Amended and Restated Articles of Incorporation this 18th day of May, 1998.

POE & BROWN, INC.

By: /s/ JAMES L. OLIVIER

James L. Olivier  
Vice President

CERTIFICATE

The undersigned officer of Poe & Brown, Inc. (the "Corporation") hereby supplies this Certificate to the Corporation's Amended and Restated Articles of Incorporation pursuant to Section 607.1007(4), Florida Statutes:

1. The foregoing Amended and Restated Articles of Incorporation contain an amendment to the Corporation's Articles of Incorporation requiring shareholder approval. The amendment consists of deleting the old Article III in its entirety and replacing it with the new Article III.

2. The amendment to the Articles of Incorporation was adopted by a vote of the shareholders of the Corporation at the Corporation's Annual Meeting of Shareholders on April 29, 1998. The number of votes cast for the amendment by the shareholders was sufficient for approval.

IN WITNESS WHEREOF, the undersigned officer of the Corporation has executed this Certificate this 18th day of May, 1998.

POE & BROWN, INC.

By: /s/ JAMES L. OLIVIER

James L. Olivier  
Vice President

EXTENSION TO LOAN AGREEMENT

This Extension to Loan Agreement dated as of the 1st day of August, 1998 between Continental Casualty Company, an Illinois insurance company ("Company") and Poe and Brown, Inc., a Florida corporation ("Agency").

WHEREAS, Company and Agency entered into a Loan Agreement dated August 23, 1991 as amended by First Amendment to Loan Agreement dated April 12, 1993 ("Loan Agreement"), and in conjunction therewith the Agency executed a Promissory Installment Note dated August 23, 1991 ("Note") and Collateral Assignment of Commissions and Security Agreement of even date therewith as amended by First Amendment to Collateral Assignment of Commissions and Security Agreement dated April 28, 1993 ("Security Agreement"); and,

WHEREAS, pursuant to the merger agreement dated December 29, 1992 ("Merger Agreement"), Azure Acquisition Corporation, a newly formed Florida corporation which is wholly-owned by the Agency ("Newco") and Brown & Brown, Inc., a Florida corporation have merged, the surviving corporation being Brown & Brown, Inc., now a wholly-owned subsidiary of the Agency; and,

WHEREAS, pursuant to the Merger Agreement, the Agency's Articles of Incorporation have been amended to change the Agency's name from "Poe & Associates, Inc." to "Poe and Brown, Inc."; and,

WHEREAS, the Company and the Agency, entered into Second Amendment to Loan Agreement dated July 1, 1993 to provide for the aforesaid change of name, and to amend the name Poe & Associates, Inc. to Poe and Brown, Inc.

WHEREAS, as of August 1, 1998 the principal balance of the loan is \$4,000,000. In accordance with the terms of the Loan Agreement and Note, the Agency is obligated to reduce the principal amount of the loan by \$1,000,000 on August 1, 1998 and on each August 1st thereafter until August 1, 2001, when the entire outstanding balance is due in full.

WHEREAS, the Company and the Agency desire to extend the term of the loan to August 1, 2003 and defer the payments of the principal amount of the note and loan due on August 1, 1998 and August 1, 1999.

NOW, THEREFORE, for and in consideration of the mutual covenants and conditions contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Company and Agency agree as follows:

1. Effective as of August 1, 1998, the date "August 1, 2001" in the second paragraph of Section 3 of the Loan Agreement shall be amended to "August 1, 2003."
2. Effective as of August 1, 1998, the following shall be inserted after the second sentence in Section 2.B of the Loan Agreement:

"On August 1, 1998 and August 1, 1999 the funds available for disbursement (and the principal amount of the Note and the Loan) will not be reduced on the anniversary date of this Agreement. Commencing on August 1, 2000 and each subsequent year, the amount of funds available for disbursement (and the principal amount of the Note and Loan) shall be reduced by \$1,000,000 on the anniversary date of this Agreement irrespective of any amount repaid by the Borrower hereunder.

This Extension to Loan Agreement is only a supplement to the Loan Agreement and is not a novation thereof. Except as expressly provided in this Extension to Loan Agreement, all terms and conditions of the Loan Agreement shall remain in full force and effect.

IN WITNESS WHEREOF, this Extension to Loan Agreement has been duly executed by the Company and Agency as of the date first appearing in this Amendment.

ATTEST:

CONTINENTAL CASUALTY COMPANY

\_\_\_\_\_  
Assistant Secretary

By: /s/ THOMAS TAYLOR

Title: \_\_\_\_\_

POE & BROWN INC.

By: /s/ WILLIAM ZIMMER

Title: Chief Financial Officer

## POE &amp; BROWN, INC.

## EMPLOYMENT AGREEMENT

THIS EMPLOYMENT AGREEMENT is entered into by and between POE & BROWN, INC., hereinafter called the "Company" and KENNETH E. HILL, hereinafter called "Employee." The parties wish to memorialize their agreement concerning the continuation of Employee's employment with Company through April 30, 2005, the compensation to be paid to Employee by Company during the period May 1, 1998 through April 30, 2005, and related matters pertaining to Employee's employment with the Company.

1. Definitions - "Company" means Poe & Brown, Inc. and with respect to paragraph 8, hereof, also means its subsidiaries, affiliated companies and any company operated or supervised by the Company, as well as any successor entity formed by merger or acquisition, including any company that may acquire a majority of the stock of Poe & Brown, Inc. "Employee" means Kenneth E. Hill and with respect to paragraph 9 hereof also means any company or business in which employee has a controlling or managing interest.

2. Employment - The Company hereby employs Employee upon the terms and conditions set forth in this Agreement.

3. Term - The term of the Agreement shall be continuous until April 30, 2005.

4. Extent of Duties - Employee shall perform such duties as agreed upon from time to time by Employee and the officers of the Company. During the term of his employment under this Agreement, Employee shall not directly or indirectly engage in the insurance business in any of its phases, either as a broker, agent, solicitor, consultant or participant, in any manner or in any firm or corporation engaged in the business of insurance or re-insurance, except for account of the Company or as directed by the Company. It is understood and agreed that the restrictive covenants contained in this paragraph 4 are a material portion of the consideration to Company under this Agreement, and, so long as such covenants are complied with and this Agreement has not terminated due to the death of Employee, Company's obligations under paragraph 5, below, shall be irrevocable.

5. Compensation - Commencing May 1, 1998, Employee shall receive annual salary as indicated below, less applicable taxes, to be paid in accordance with normal Company payroll practices.

May 1, 1998	\$250,000
May 1, 1999	\$260,000
May 1, 2000	\$270,000
May 1, 2001	\$280,000
May 1, 2002	\$290,000
May 1, 2003	\$300,000
May 1, 2004	\$310,000

6. Benefits - Employee shall be entitled to enjoy the same benefits and privileges as conferred upon any other employees of comparable rank within the Company. This includes plans such as life and health insurance, sick pay, paid vacation and employee discounts. Employee acknowledges that the applicable benefits have been explained to him.

7. (a) Employee recognizes and acknowledges that the Confidential Information (as hereafter defined) constitutes valuable, secret, special, and unique assets of Company. Employee covenants and agrees that, during the term of this agreement and following its expiration, he will not disclose the Confidential Information to any person, firm, corporation, association, or other entity for any reason or purpose without the express written approval of Company and will not use the Confidential Information except in Company's business. It is expressly understood and agreed that the Confidential Information is the property of Company and must be immediately returned to Company upon demand therefor. The term Confidential Information includes each, every, and all written documentation related to Company or its business that is not public information, whether furnished by Company or compiled by Employee, including but not limited to: (1) lists of the Company's customers, companies, accounts and records pertaining thereto; (2) customer lists, prospect lists, policy forms, and/or rating information, expiration dates, information on risk characteristics, information concerning insurance markets for large or unusual risks, and all types of written information customarily used by Company or available to the Employee; (3) information related to any of Company's programs and marketing strategies; (4) underwriting information received from customers; and (5) Employee's recollection of Confidential Information.

(b) For a period of two (2) years following the expiration of this Agreement, Employee specifically agrees not to solicit, accept, nor service, directly or indirectly, as insurance solicitor, insurance agent, insurance broker, insurance wholesaler, managing general agent, consultant, or otherwise, for Employee's accounts or the accounts of any other agent, or broker, or insurer, either as officer, director, stockholder, owner, partner, employee, promoter, consultant, manager, or otherwise, any insurance or bond business of any kind or character from any person, firm, corporation, or other entity, that is a customer or account of the Company during the term of this Agreement or from any prospective customer or account to whom the Company

made proposals while Employee was employed by Company. Should a court of competent jurisdiction declare any of the covenants set forth in this paragraph unenforceable due to an unreasonable restriction of duration, geographical area or otherwise, each of the parties hereto agrees that such court shall be empowered to rewrite or reform any such covenant and shall grant Company injunctive relief reasonably necessary to protect its interest.

(c) Employee agrees that Company shall have the right to communicate the terms of this Agreement to any third parties, including but not limited to, any past, present or prospective employer of Employee. Employee waives any right to assert any claim for damages against Company or any officer, employee or agent of Company arising from disclosure of the terms of this paragraph.

(d) In the event of the breach or threatened breach of the provisions of this paragraph, Company shall be entitled to injunctive relief as well as any other applicable remedies at law or in equity.

8. Organizing Competitive Businesses; Soliciting Company Employees - Employee agrees that so long as he is working for Company he will not undertake the planning or organizing of any business activity competitive with the work he performs. Employee agrees that he will not, for a period of two (2) years following termination of employment with Company, directly or indirectly, solicit any of the Company's employees to work for Employee or any other competitive company.

9. Protection of Company Property - All records, files manuals, lists of customers, blanks, forms, materials, supplies, computer programs and other materials furnished to the Employee by the Company, used by him on its behalf, or generated or obtained by him during the course of his employment, shall be and remain the property of Company. Employee shall be deemed the bailee thereof for the use and benefit of Company and shall safely keep and preserve such property, except as consumed in the normal business operations of Company. Employee acknowledges that this property is confidential and is not readily accessible to Company's competitors.

10. Attorney Fees - Should either party be required to retain counsel to enforce any provision of this Agreement, the prevailing party in any resulting litigation shall be entitled to recover, in addition to any other remedy obtained, all expenses and attorney's fees incurred, including fees and expenses incurred at the trial and appellate levels of all court, administrative, arbitration, and alternative dispute resolution proceedings.

11. Assignment - Employee agrees that Company may assign this Agreement to any entity in connection with any sale of some or all of Company's assets or subsidiary corporations, or the merger by Company with or into any business entity.

12. Notices - Any notices required or permitted to be given under this Agreement shall be sufficient in writing and if sent by Certified Mail to:

Employee at:

8 Moss Point Drive  
Ormond Beach, Florida 32174

and to the Company at:

401 E. Jackson Street, Suite 1700  
Tampa, Florida 33602

or such other address as either shall give to the other in writing for this purpose.

13. Waiver of Breach - The waiver of either party of a breach of any provision of the Agreement shall not operate or be construed as a waiver of any subsequent breach by the other party.

14. Binding Effect - This Agreement shall be binding on and inure to the benefit of the respective parties and their respective heirs, legal representatives, successors and assigns.

15. Florida Law to Govern; Venue - This Agreement shall be governed by and construed according to the laws of the State of Florida. Any action to enforce or interpret this Agreement shall be brought in Volusia County, Florida.

WITNESSES:

AGREED TO:

KENNETH E. HILL

/s/ JANET JEWELL

/s/ KENNETH E. HILL

Kenneth E. Hill

/s/ DIANE JONE

Date: 5/6/98

as to Employee

POE & BROWN, INC.



/s/ WILLIAM ZIMMER

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By: /s/ J. HYATT BROWN

/s/ JANE S. JENS

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Name: J. Hyatt Brown

as to Poe & Brown

Title: CEO

Date: 5/6/98

## DEFERRED COMPENSATION AGREEMENT

This Deferred Compensation Agreement is made and entered into this 6 day of May, 1998, by and between Brown & Brown, Inc., a Florida corporation and wholly-owned subsidiary of Poe & Brown, Inc. (collectively, "Company"), and Kenneth E. Hill ("Hill").

## Background

The parties entered into an Agreement dated April 27, 1993, which they now wish to clarify to reflect, among other things, that Hill may begin to receive payments prior to the date that he retires from employment with the Company, and to fix the amounts to be paid to Hill by the Company. Therefore, the parties are entering into this Deferred Compensation Agreement, which will replace the Agreement described above.

## Terms

1. Payments to Hill. (a) In consideration of services which have been rendered to the Company by Hill prior to the date of this Deferred Compensation Agreement and for other good and valuable consideration, receipt of which is hereby acknowledged, commencing June 1, 1998, and continuing annually thereafter for a period of ten years, the Company will pay Hill the sum of Two Hundred and Seventy-Six Thousand Seven Hundred Ninety-Two and 00/100 Dollars (\$276,792.00) per annum, less applicable payroll taxes, which shall be withheld by the Company. Company shall be responsible for payment of the employer's portion of FICA and Medicare tax related to these payments. It is understood and agreed that any and all loans made to Hill by the Company have been fully repaid, and that Hill has no further obligation to the Company for any such loans.

(b) If Hill dies before receiving ten annual payments, the Company shall continue to make such annual payments to Hill's wife if she survives him, or to the personal representative of Hill's estate in the event that Hill's wife fails to survive him. In the event that Hill's wife survives Hill, but dies before all ten payments provided for herein have been made by the Company, the Company shall pay the remaining annual payments to the personal representative of Hill's estate, or to such other beneficiary or beneficiaries as may have been designated by Hill to the Company in writing, or in his last will.

2. Entire Agreement. Upon execution of this Deferred Compensation Agreement, the Agreement between the parties dated April 27, 1993, shall terminate, and have no further force or effect, and neither party shall have any rights under that agreement.

3. Successors and Assigns. This Deferred Compensation Agreement shall be binding on and inure to the benefit of any successor or successors of the Company and the legal representatives and heirs of Hill.

IN WITNESS WHEREOF, the parties have executed this Deferred Compensation Agreement this \_\_\_ day of May, 1998.

WITNESSES:

COMPANY

/s/ WILLIAM ZIMMER

By: /s/ J. HYATT BROWN

/s/ JANE S. JENS

J. Hyatt Brown

President

As to Company

/s/ JANET JEWELL

/s/ KENNETH E. HILL

/s/ DIANE JONES

Kenneth E. Hill

As to Hill

May 4, 1998

Ken Hill  
Poe & Brown, Inc.  
220 S. Ridgewood Avenue  
Daytona Beach, FL 32114

Re: Health Insurance; Life Insurance

Dear Ken:

This will confirm that, in consideration of the agreements entered into between Poe & Brown, Inc. (the "Company") and you this date, the Company has agreed to the following arrangement in the event of your death during the first four years of the term of the Addendum to Employment Agreement, that is, prior to April 30, 2002: the Company will pay to your spouse \$10,000 per year (or a prorated fraction thereof for each portion of a year) for use in purchasing health insurance benefits for herself and any covered dependents for each year or portion thereof after the expiration of the 36-month period during which your spouse and covered dependents would be eligible to purchase continuation coverage pursuant to the Consolidated Omnibus Budget Reconciliation Act of 1985 (COBRA) and the terms of the Company's medical plan, and prior to May 1, 2005.

This will further confirm the Company's agreement to purchase, and to keep in effect throughout the term of your Employment Agreement, that is, until April 30, 2005, a life insurance policy naming your wife if she survives you, or the personal representative of your estate, if your wife fails to survive you, or such other beneficiary or beneficiaries as you may designate to the Company in writing, as beneficiaries. The life insurance policy is intended to supply to your designated beneficiary an amount representing the balance of the annual salary payments provided for in your Employment Agreement which remain unpaid at the time of your death.

Sincerely,

POE & BROWN, INC.

/s/ J. HYATT BROWN

J. Hyatt Brown  
Chairman, President and  
Chief Executive Officer

Exhibit 11 - Statement Re: Computation of Basic and Diluted Earnings Per Share (Unaudited)

		Three Months Ended Sept. 30, 1998		Nine Months Ended Sept. 30, 1997		1998	1997
<b>BASIC EARNINGS PER SHARE</b>							
Net Income		\$ 6,009	\$ 5,103	\$16,968		\$14,308	
Weighted average shares outstanding	\$13,476	\$13,167	\$13,408	\$13,053			
Basic earnings per share	\$ .45	\$ .39	\$ 1.27	\$ 1.10			
<b>DILUTED EARNINGS PER SHARE</b>							
Weighted average number of shares outstanding	13,476	13,167	13,408	13,053			
Net effect of dilutive stock options, based on the treasury stock method	-	2	-	3			
Total diluted shares used in computation	13,476	13,169	13,408	13,056			
Diluted earnings per share	\$ .45	\$ .39	\$ 1.27	\$ 1.10			

This Schedule contains summary financial information extracted from the financial statements of Poe & Brown, Inc. for the nine months ended September 30, 1998, and is qualified in its entirety by reference to such financial statements.

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9-MOS	DEC-31-1998	
	SEP-30-1998	
		32,339
		8,153
		63,295
		0
		0
	106,590	
		32,142
	(18,807)	
	208,787	
	118,017	
		0
	0	
		0
		1,350
		75,451
208,787		
		0
	114,421	
		0
		86,534
		0
		0
	4,751	
	27,887	
		10,919
	16,968	
		0
		0
		0
		16,968
		1.27
		1.27